



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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 S\$'000		% Increase/ (Decrease)
		1H2025	1H2024	
Revenue	5	2,212	2,337	(5)
Other (losses)/gains – net	6	(82)	324	(125)
Interest income		1	10	(90)
Expenses				
Raw materials and consumables used		(54)	(34)	59
Employee benefits	7	(1,168)	(1,055)	11
Depreciation of property and equipment		(375)	(325)	15
Amortisation of intangible assets		(7)	-	100
Others	8	(579)	(857)	(32)
Finance costs	9	(202)	(117)	73
Total expenses		(2,385)	(2,388)	
(Loss)/Profit before income tax		(254)	283	
Income tax expense	10	(312)	(259)	20
(LOSS)/PROFIT FOR THE PERIOD, NET OF TAX		(566)	24	
Other comprehensive (loss)				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation loss				
- Loss on translating foreign operations		(234)	(432)	(46)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(800)	(408)	
(Loss)/Profit for the period attributable to owners of the Company		(566)	24	
Total comprehensive loss for the period attributable to owners of the Company		(800)	(408)	
<u>(Loss)/Profit per share for the period attributable to the owners of the Company during the period (in cents)</u>		S\$		
- Basic		(0.0021)	0.0001	
- Diluted		(0.0021)	0.0001	

Condensed Interim Statements of Financial Position

		GROUP S\$'000		COMPANY S\$'000	
	Note	As at 30/06/2025	As at 31/12/2024	As at 30/06/2025	As at 31/12/2024
ASSETS					
Current assets					
Cash and bank balances		443	414	65	118
Trade and other receivables	11	428	602	20	21
Other assets	12	122	94	60	31
Income tax receivable		431	183	-	-
		1,424	1,293	145	170
Non-current assets					
Investments in subsidiaries		-	-	80	80
Investment in associate	13	-	-	-	-
Loans to subsidiaries		-	-	6,234	6,212
Property and equipment	14	9,858	9,197	84	125
Intangible assets	15	53	65	-	-
Deferred tax assets		256	288	-	-
		10,167	9,550	6,398	6,417
Total assets		11,591	10,843	6,543	6,587
LIABILITIES					
Current liabilities					
Trade and other payables	16	699	541	4,108	3,845
Borrowings	17	4,822	4,352	4,117	3,722
Loan from a subsidiary		-	-	5,590	5,590
Lease liabilities		66	88	66	88
Income tax payable		-	-	-	-
		5,587	4,981	13,881	13,245
Net current liabilities		(4,163)	(3,688)	(13,736)	(13,075)
Non-current liabilities					
Lease liabilities		13	33	13	33
Defined benefit plan		874	1,015	-	-
Borrowings	17	3,475	2,372	-	-
		4,362	3,420	13	33
Total liabilities		9,949	8,401	13,894	13,278
Net assets/(liabilities)		1,642	2,442	(7,351)	(6,691)
EQUITY					
Equity attributable to owners of the Company					
Share capital	18	127,339	127,339	127,339	127,339
Reserves	19	666	1,333	4,619	4,619
Accumulated losses		(126,363)	(126,230)	(139,309)	(138,649)
Total equity		1,642	2,442	(7,351)	(6,691)

Condensed Interim Consolidated Statement of Cash Flows

		GROUP S\$'000	
		1H2025	1H2024
Cash Flows from Operating Activities			
(Loss)/Profit before tax		(254)	283
Adjustments for:			
Unrealised foreign exchange gain		(621)	(274)
Depreciation of property and equipment		375	325
Amortisation of intangible assets		7	-
Interest expense	9	202	117
Interest income		(1)	(10)
Loss on voluntary liquidation of a dormant subsidiary	6	828	-
Operating cash flows before working capital changes		536	441
Changes in working capital			
Receivables		110	(176)
Payables		52	53
Cash flows generated from operating activities		698	318
Tax paid		(564)	(563)
Net cash flows generated from/(used in) operating activities		134	(245)
Cash Flows from Investing Activities			
Purchase of property and equipment	14	(1,675)	(2,357)
Interest received		1	10
Net cash flows used in investing activities		(1,674)	(2,347)
Cash Flows from Financing Activities			
Repayment of borrowings		(1,258)	(171)
Repayments for lease liabilities		(42)	(40)
Interest paid		(166)	(102)
Proceeds from borrowings		3,062	1,425
Net cash flows generated from financing activities		1,596	1,112
Net increase/(decrease) in cash and cash equivalents		56	(1,480)
Cash and cash equivalents at the beginning of the period		414	3,080
Effect of changes in foreign exchange rates on cash and cash equivalents		(27)	(36)
Cash and cash equivalents at the end of the period		443	1,564

Condensed Interim Statements of Changes in Equity

Group

	Attributable to owners of the Company					
	Share capital	Share option reserve	Currency translation reserve	Other reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2025						
Balance at 1 January 2025	127,339	4,619	(5,021)	1,735	(126,230)	2,442
Loss for the period	-	-	-	-	(566)	(566)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(234)	-	-	(234)
Total comprehensive loss for the period	-	-	(234)	-	(566)	(800)
Voluntary liquidation of dormant subsidiary	-	-	-	(433)	433	-
Balance at 30 June 2025	127,339	4,619	(5,255)	1,302	(126,363)	1,642
1H2024						
Balance at 1 January 2024	127,339	4,619	(4,838)	1,735	(126,064)	2,791
Profit for the period	-	-	-	-	24	24
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(432)	-	-	(432)
Total comprehensive loss for the period	-	-	(432)	-	24	(408)
Balance at 30 June 2024	127,339	4,619	(5,270)	1,735	(126,040)	2,383

Company

	Share capital	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
1H2025				
Balance at 1 January 2025	127,339	4,619	(138,649)	(6,691)
Loss for the period	-	-	(660)	(660)
Total comprehensive loss for the period	-	-	(660)	(660)
Balance at 30 June 2025	127,339	4,619	(139,309)	(7,351)
1H2024				
Balance at 1 January 2024	127,339	4,619	(137,287)	(5,329)
Loss for the period	-	-	(653)	(653)
Total comprehensive loss for the period	-	-	(653)	(653)
Balance at 30 June 2024	127,339	4,619	(137,940)	(5,982)

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Southern Archipelago Ltd. (the “Company”) is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six-month ended 30 June 2025 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are investment holding; sterilisation, decontamination and polymerisation services; hospitality management and property development.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2025 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 2024.

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.

As at 30 June 2025, the Group and Company are in a net current liability position of S\$4,163,000 and S\$13,736,000 (which includes a loan from a 100% owned subsidiary of S\$5,590,000) respectively. This condition may cast significant doubt on the ability of the Group and Company to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, the directors of the Group and Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial period ended 30 June 2025 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 and
- The Board and the 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.

Management has assessed the cash flow forecasts of the Group and Company for the next 12 months and concluded that there will be sufficient cash flows and resources to allow the Group and Company to continue its operations and meet its obligations for the foreseeable future. The Board has assessed the ability of the Group and Company to meet its short-term obligations as and when it falls due and is also of the opinion that the Group and Company will be able to raise the necessary funds for its working capital purposes when required.

Breach of Loan Covenant and Shareholder Support

As at 30 June 2025, the Group breached one of the loan covenants under a loan facility, which may result in the outstanding loan principal of approximately S\$1.00 million becoming repayable on demand. The breach arose from a non-cash accounting adjustment rather than actual operating losses. The management is in discussion with the lender to regularise the breach and/or obtain a waiver.

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 2025 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 2024.

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 expected credit losses ("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 – 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
1 January 2025 to 30 June 2025					
External revenues	-	2,212	-	-	2,212
Segment results	(1,467)	1,802	(4)	(2)	329
Interest income	-*	1	-	-	1
Finance costs	(74)	(128)	-	-	(202)
Depreciation and amortisation	(42)	(340)	-	-	(382)
Reportable segment (loss)/profit before income tax	(1,583)	1,335	(4)	(2)	(254)
Other material item					
Capital expenditure					
- property and equipment	-	1,675	-	-	1,675
Segment assets	319	11,014	-	2	11,335
Unallocated assets – deferred tax assets					256
Consolidated total assets					11,591
Segment liabilities	4,723	5,224	-	2	9,949
Consolidated total liabilities					9,949

*: < S\$1,000

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
1 January 2024 to 30 June 2024					
External revenues	-	2,337	-	-	2,337
Segment results	(649)	1,373	(7)	(2)	715
Interest income	-*	10	-	-	10
Finance costs	(79)	(38)	-	-	(117)
Depreciation	(43)	(282)	-	-	(325)
Reportable segment (loss)/profit before income tax	(771)	1,063	(7)	(2)	283
Other material item					
Capital expenditure					
- property and equipment	1	2,356	-	-	2,357
Segment assets	691	8,513	7	16	9,227
Unallocated assets – deferred tax assets					287
Consolidated total assets					9,514
Segment liabilities	4,274	2,849	3	5	7,131
Consolidated total liabilities					7,131

*: < S\$1,000

4.2 Geographical Information

As at 30 June 2025

	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	84
Indonesia	2,212	9,827
	2,212	9,911

As at 30 June 2024

	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	155
Indonesia	2,337	6,653
	2,337	6,808

^^ : 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>6 months ended</u> <u>30 Jun 2025</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2024</u> S\$'000
Revenue from sterilisation services	2,212	2,337

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 (Losses)/Gains - Net

	Group	
	<u>6 months ended</u> <u>30 Jun 2025</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2024</u> S\$'000
Currency exchange gain – net	674	307
Loss on voluntary liquidation of a dormant subsidiary	(828)	-
Miscellaneous income	72	17
	(82)	324

7. Employee Benefits

	Group	
	<u>6 months ended</u>	<u>6 months ended</u>
	<u>30 Jun 2025</u>	<u>30 Jun 2024</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Short-term employee benefits	1,033	963
Contribution to defined contribution plans	21	21
Defined benefits plans	114	71
	<u>1,168</u>	<u>1,055</u>
<i>Comprised:</i>		
Directors of the Company	162	169
Directors of the Group's subsidiaries	<u>159</u>	<u>160</u>

8. Other Expenses

	Group	
	<u>6 months ended</u>	<u>6 months ended</u>
	<u>30 Jun 2025</u>	<u>30 Jun 2024</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Audit fees:		
- auditor of the Company	49	47
- other auditors	4	4
Legal, professional and consultancy fees	25	75
Upkeep expenses	57	57
Directors' fees	52	52
Travelling expenses	11	56
Postage and telecommunication expenses	9	7
Printing and stationery expenses	11	16
Staff training and welfare expenses	60	65
Marketing and advertising	7	10
Provision for withholding tax expense	51	51
Sundry expenses	43	1
SGX expenses	18	18
Expenses incurred for disposal of cobalt waste	-	126
Others	182	272
	<u>579</u>	<u>857</u>

9. Finance Costs

	Group	
	<u>6 months ended</u>	<u>6 months ended</u>
	<u>30 Jun 2025</u>	<u>30 Jun 2024</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Interest expense		
- loans from banks	163	97
- loans from shareholders	36	16
- lease liabilities	3	4
	<u>202</u>	<u>117</u>

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>6 months ended</u> <u>30 Jun 2025</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2024</u> S\$'000
Income tax expense comprised:		
Current income tax expense	300	282
Deferred tax	12	(23)
	<u>312</u>	<u>259</u>

11. Trade and Other Receivables

	Group		Company	
	<u>As at 30 Jun 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 30 Jun 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Trade receivables				
- third parties (a)	269	440	-	-
Less: Loss allowance	-*	-*	-	-
Trade receivables - net	<u>269</u>	<u>440</u>	<u>-</u>	<u>-</u>
Other receivables - third parties	159	162	20	21
Total trade and other receivables	<u>428</u>	<u>602</u>	<u>20</u>	<u>21</u>

*: < S\$1,000

- (a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2024: 30 to 60 days).

12. Other Assets

	Group		Company	
	<u>As at 30 Jun 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 30 Jun 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Deposits	24	26	22	24
Prepayments	98	68	38	7
Total other assets	<u>122</u>	<u>94</u>	<u>60</u>	<u>31</u>

13. Investment in Associate

As at 30 June 2025, 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 six months ended 30 June 2025, the Group acquired assets amounting to S\$1,675,000 (30 June 2024: S\$2,357,000).

15. Intangible Assets

	Group Software S\$'000
At 31 December 2024	
Cost	72
Accumulated amortisation	(7)
Currency translation differences	-*
Net carrying amount	<u>65</u>
6 months ended 30 June 2025	
Opening net carrying amount	65
Additions	-
Amortisation during the year	(7)
Currency translation differences	(5)
Closing net carrying amount	<u>53</u>
Cost	72
Accumulated amortisation	(14)
Currency translation differences	(5)
Net carrying amount	<u>53</u>

*: < S\$1,000

16. Trade and Other Payables

	Group		Company	
	As at 30 Jun 2025	As at 31 Dec 2024	As at 30 Jun 2025	As at 31 Dec 2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Other payables	145	16	8	7
Deposit payable	8	-*	-	-
Interest payable (a)	265	230	3,859	3,569
Accrued operating expenses	281	295	241	269
Total trade and other payables	<u>699</u>	<u>541</u>	<u>4,108</u>	<u>3,845</u>

*: < S\$1,000

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

17. Borrowings

	Group		Company	
	As at 30 Jun 2025	As at 31 Dec 2024	As at 30 Jun 2025	As at 31 Dec 2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured - Loans from banks (a)	705	630	-	-
Unsecured - Loans from banks (b)	1,250	1,500	1,250	1,500
Unsecured - Loans from shareholders (c)	<u>2,867</u>	<u>2,222</u>	<u>2,867</u>	<u>2,222</u>
	4,822	4,352	4,117	3,722
<u>Amount repayable after one year</u>				
Secured - Loans from banks (a)	3,475	2,372	-	-
Total borrowings	<u>8,297</u>	<u>6,724</u>	<u>4,117</u>	<u>3,722</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% (2024: 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% per annum (2024: Two loans bearing fixed interest rate ranging from 2.00% to 4.50% per annum). The remaining loans carry a variable interest rate of 2.90% to 3.90% (2024: 4.00% to 4.65%) per annum, which is renewed and compounded weekly.

18. Share Capital

	Group and Company			
	<u>As at 30 June 2025</u>		<u>As at 31 Dec 2024</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 30 June 2025 and 31 December 2024.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2025 and 31 December 2024.

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 30 June 2025, Blumont ESOS 2013 has fully vested and there were outstanding options for conversion into 1,160,000,00 (31 Dec 2024: 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 six months ended 30 June 2025 (31 Dec 2024: Nil).

19. Reserves

	Group		Company	
	<u>As at 30 Jun 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 30 Jun 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Composition:				
Currency translation reserve	(5,255)	(5,021)	-	-
Other reserves	1,302	1,735	-	-
Share option reserve	4,619	4,619	4,619	4,619
	666	1,333	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 30 June 2025 and 31 December 2024.

	Group		Company	
	<u>As at 30 Jun 2025</u>	<u>As at 31 Dec 2024</u>	<u>As at 30 Jun 2025</u>	<u>As at 31 Dec 2024</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financial assets				
<u>At amortised cost</u>				
Cash and bank balances	443	414	65	118
Trade and other receivables	428	602	20	21
Loans to subsidiaries	-	-	6,234	6,212
Other assets (deposits)	24	26	22	24
Total	895	1,042	6,341	6,375
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables	699	541	4,108	3,845
Borrowings	8,297	6,724	4,117	3,722
Loan from a subsidiary	-	-	5,590	5,590
Lease liabilities	79	121	79	121
Total	9,075	7,386	13,894	13,278

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

	Group		Company	
	<u>As at 30 Jun 2025</u>	<u>As at 31 Dec 2024</u>	<u>As at 30 Jun 2025</u>	<u>As at 31 Dec 2024</u>
Net asset/(liability) value per ordinary share (in cents)	0.0060	0.0089	(0.0267)	(0.0243)

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 30 June 2025 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 six-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

Other (Losses)/Gains – Net

Other (losses)/gains decreased by S\$0.40 million to losses of S\$0.08 million for 1H2025 (1H2024: gains of S\$0.32 million), mainly due to one-off loss on voluntary liquidation of a dormant subsidiary offset by currency exchange gain recognised during the reporting period.

Interest Income

Interest income decreased by S\$9,000 to S\$1,000 for 1H2025 (1H2024: S\$10,000) mainly due to interest rate cuts and lower bank balance held in interest earning bank accounts.

Expenses

Raw materials and consumables used increased by S\$20,000 to S\$54,000 in 1H2025 (1H2024: S\$34,000), mainly due to consumables purchased for the expansion of sterilisation business.

Employee benefits expenses increased by S\$0.11 million to S\$1.17 million in 1H2025 (1H2024: S\$1.06 million), mainly due to increase of headcount during the reporting period for the expansion of sterilisation business.

Depreciation of property and equipment increased by S\$0.05 million to S\$0.38 million in 1H2025 (1H2024: S\$0.33 million), mainly due to higher depreciation incurred for new cobalt rods purchased in Jul 2024.

Amortisation of intangible assets of S\$7,000 pertains to amortisation of new software purchased in the end of prior year,

Other expenses decreased by S\$0.28 million to S\$0.58 million in 1H2025 (1H2024: S\$0.86 million), mainly due to one-off fees and duty charges for the disposal of cobalt waste, bank charges for loan processing fees and licenses fees for the expansion of sterilisation business incurred in the prior reporting period.

Finance costs increased by S\$0.08 million to S\$0.20 million in 1H2025 (1H2024: S\$0.12 million), mainly due to interest charged on new bank loans taken up during the reporting period.

Income Tax Expenses

Income tax expenses increased by S\$0.05 million to S\$0.31 million in 1H2025 (1H2024: S\$0.26 million), mainly due to higher chargeable income for sterilisation business during the reporting 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\$0.23 million for 1H2025 (1H2024: S\$0.43 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

Trade and other receivables decreased by S\$0.17 million or 28% from S\$0.60 million as at 31 December 2024 to S\$0.43 million as at 30 June 2025 mainly due to lower trade receivables due from third parties.

Other assets increased by S\$0.03 million or 33% from S\$0.09 million as at 31 December 2024 to S\$0.12 million as at 30 June 2025, mainly due to prepayments made for the Group's operating expenses.

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

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

Current income tax receivable increased by S\$0.25 million or 139% from S\$0.18 million as at 31 December 2024 to S\$0.43 million as at 30 June 2025, mainly due to refundable VAT and over-estimated income tax paid previously.

Intangible assets decreased by S\$0.02 million or 29% from S\$0.07 million as at 31 December 2024 to S\$0.05 million as at 30 June 2025 mainly due to amortisation of software purchased by the sterilisation business.

Deferred tax assets decreased by S\$0.03 million or 10% from S\$0.29 million as at 31 December 2024 to S\$0.26 million as at 30 June 2025, primarily due to foreign exchange difference arising from the translation to the Group's presentation currency. There were no significant movement in the functional currencies of the respective subsidiaries.

Trade and other payables increased by S\$0.16 million or 30% from S\$0.54 million as at 31 December 2024 to S\$0.70 million as at 30 June 2025, mainly due to accrued fees relating to the expansion of sterilisation business.

Borrowings, including current and non-current, increased by S\$1.58 million or 24% from S\$6.72 million as at 31 December 2024 to S\$8.30 million as at 30 June 2025, mainly due to additional bank loans and shareholder loans taken up.

Lease liabilities, including current and non-current, decreased by S\$0.04 million or 33% from S\$0.12 million as at 31 December 2024 to S\$0.08 million as at 30 June 2025, mainly due to repayment of lease liabilities.

Defined benefit plan decreased by S\$0.15 million or 15% from S\$1.02 million as at 31 December 2024 to S\$0.87 million as at 30 June 2025, primarily due to foreign exchange difference arising from the translation to the Group's presentation currency. There were no significant movement in the functional currencies of the respective subsidiaries.

As at 30 June 2025, the Group had a negative working capital of S\$4.16 million (31 December 2024: S\$3.69 million). The Company intends to fund its operation 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 sterilisation business is expected to complete the expansion of its business capacity in the second half of 2025. The management expects the sterilisation business will improve and continue to generate positive operating cashflow.

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 six months ended 30 June 2025.

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 six months ended 30 June 2025 to be false or misleading.

On behalf of the Board of Directors

Alan Chin Yu
Executive Director

Ng Keok Chai
Lead Independent 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 August 2025