



SOUTHERN ARCHIPELAGO LTD.
(formerly known as Blumont Group Ltd.)
(Company Registration No. 199302554G)
(Incorporated in the Republic of Singapore)

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

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

	Note	GROUP		% Increase/ (Decrease)
		S\$'000		
		1H2022	1H2021	
Revenue	5	2,129	1,783	19
Other gains – net	6	166	190	(13)
Interest income		10	1	900
Expenses				
Raw materials and consumables used		(36)	(18)	100
Employee benefits	7	(2,576)	(833)	209
Write-back of impairment loss on investment in associate		90	-	100
Depreciation of property and equipment		(290)	(310)	(6)
Others	8	(789)	(397)	99
Finance costs	9	(121)	(110)	10
Total expenses		(3,722)	(1,668)	
Share of results of an associate		(90)	(24)	275
(Loss)/Profit before income tax		(1,507)	282	
Income tax expenses	10	(162)	(243)	(33)
(LOSS)/PROFIT FOR THE PERIOD, NET OF TAX		(1,669)	39	
Other comprehensive loss				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation loss				
- Loss on translating foreign operations		(250)	(269)	(7)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(1,919)	(230)	
(Loss)/Profit for the period attributable to Company		(1,669)	39	
Total comprehensive loss for the period attributable to Company		(1,919)	(230)	
<u>(Loss)/Earnings per share for profit for the period attributable to the owners of the Company during the period</u>				
- Basic		(0.0061)	0.0001	
- Diluted		(0.0061)	0.0001	

Condensed Interim Statements of Financial Position

	Note	GROUP S\$'000		COMPANY S\$'000	
		As at 30/06/2022	As at 31/12/2021	As at 30/06/2022	As at 31/12/2021
ASSETS					
Current assets					
Cash and bank balances		1,942	1,455	342	306
Other financial assets	11	-	-	-	-
Trade and other receivables	12	397	404	-	-
Other assets	13	2,016	251	69	23
Income tax receivable		-	171	-	-
		<u>4,355</u>	<u>2,281</u>	<u>411</u>	<u>329</u>
Asset held for sale	15	4,391	4,500	-	-
		8,746	6,781	411	329
Non-current assets					
Investments in subsidiaries		-	-	132	108
Investment in associate	16	-	-	-	-
Loans to subsidiaries		-	-	10,224	9,956
Property and equipment	17	3,482	3,795	58	72
Development property	14	-	-	-	-
Deferred tax assets		297	256	-	-
		<u>3,779</u>	<u>4,051</u>	<u>10,414</u>	<u>10,136</u>
Total assets		12,525	10,832	10,825	10,465
LIABILITIES					
Current liabilities					
Trade and other payables	18	2,586	3,030	3,940	4,082
Borrowings	19	6,243	5,510	6,082	5,332
Loan from a subsidiary		-	-	5,590	5,590
Lease liabilities		35	53	35	53
Income tax payable		72	-	-	-
		<u>8,936</u>	<u>8,593</u>	<u>15,647</u>	<u>15,057</u>
Net current liabilities		(190)	(1,812)	(15,236)	(14,728)
Non-current liabilities					
Lease liabilities		11	19	11	19
Defined benefit plan		1,042	994	-	-
Borrowings	19	1,593	-	600	-
		<u>2,646</u>	<u>1,013</u>	<u>611</u>	<u>19</u>
Total liabilities		11,582	9,606	16,258	15,076
Net assets/(liabilities)		943	1,226	(5,433)	(4,611)
EQUITY					
Equity attributable to owners of the Company					
Share capital	20	127,339	127,339	127,339	127,339
Reserves	21	876	(510)	3,511	1,875
Accumulated losses		(127,272)	(125,603)	(136,283)	(133,825)
Total equity		943	1,226	(5,433)	(4,611)

Condensed Interim Consolidated Statement of Cash Flows

	GROUP S\$'000	
	1H2022	1H2021
Cash Flows from Operating Activities		
(Loss)/Profit before tax	(1,507)	282
Adjustments for:		
Unrealised foreign exchange gain	-*	(102)
Write-off of property and equipment	1	-
Depreciation of property and equipment	290	310
Gain on disposal of property and equipment	-*	-
Share of results of an associate	90	24
Write-back of impairment loss on investment in associate	(90)	-
Interest expense	121	110
Interest income	(10)	(1)
Share-based payment expense	1,636	-
Operating cash flows before working capital changes	531	623
Changes in working capital		
Receivables	(1,875)	(84)
Payables	(436)	70
Cash flows (used in)/generated from operating activities	(1,780)	609
Tax refund/(paid)	38	(257)
Net cash flows (used in)/generated from operating activities	(1,742)	352
Cash Flows from Investing Activities		
Purchase of property and equipment	(21)	(83)
Interest received	10	1
Proceeds from disposal of property and equipment	-*	-
Investment in associate	-	(398)
Net cash flows used in investing activities	(11)	(480)
Cash Flows from Financing Activities		
Repayment of borrowings	(265)	(170)
Repayments for lease liabilities	(26)	(9)
Interest paid	(51)	(32)
Proceeds from borrowings	2,601	500
Net cash flows generated from financing activities	2,259	289
Net increase in cash and cash equivalents	506	161
Cash and cash equivalents at the beginning of the period	1,455	917
Effect of changes in foreign exchange rates on cash and cash equivalents	(19)	(9)
Cash and cash equivalents at the end of the period	1,942	1,069

*: < S\$1,000

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	
1H2022						
Balance at 1 January 2022	127,339	1,875	(4,120)	1,735	(125,603)	1,226
Loss for the period	-	-	-	-	(1,669)	(1,669)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(250)	-	-	(250)
Total comprehensive loss for the period	-	-	(250)	-	(1,669)	(1,919)
Share based payment	-	1,636	-	-	-	1,636
Balance at 30 June 2022	127,339	3,511	(4,370)	1,735	(127,272)	943
1H2021						
Balance at 1 January 2021	127,339	-	(5,830)	1,735	(120,261)	2,983
Profit for the period	-	-	-	-	39	39
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(269)	-	-	(269)
Total comprehensive (loss)/income for the period	-	-	(269)	-	39	(230)
Balance at 30 June 2021	127,339	-	(6,099)	1,735	(120,222)	2,753

Company

	Share capital	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
1H2022				
Balance at 1 January 2022	127,339	1,875	(133,825)	(4,611)
Total comprehensive loss for the period	-	-	(2,458)	(2,458)
Share based payment	-	1,636	-	1,636
Balance at 30 June 2022	127,339	3,511	(136,283)	(5,433)
1H2021				
Balance at 1 January 2021	127,339	-	(127,840)	(1,501)
Total comprehensive loss for the period	-	-	(550)	(550)
Balance at 30 June 2021	127,339	-	(129,390)	(2,051)

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Southern Archipelago Ltd. (formerly known as Blumont Group 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 2022 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 sterilisation and polymerisation services, hospitality management and property development.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. 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 2021.

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 2022, the Group and Company are in a net current liability position of S\$190,000 and S\$15,236,000 (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 2022 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 from the date of approval of the condensed financial statements;
- The Group has implemented various cost containing measures to generate savings and conserve financial resources such as cost reductions.
- Following shareholders’ approval at the EGM held on 14 March 2022, the disposal of land, currently recorded as asset held for sale, is expected to realise cash proceeds of approximately S\$6.32 million (RM 20 million); and
- The Board and the management are currently exploring possible fundraising options to secure financing commitments to allow the Group and Company to have access to additional working capital where required. As announced on 1 October 2021, the Company has proposed a renounceable non-underwritten rights cum warrants issue to raise funds to strengthen the Group and Company’s financial position and expand the capital base of the Group and Company.

It is noted that the cash and bank balance of the Group is approximately S\$1,942,000. Management has assessed the cash flow forecasts of the Group for the next 12 months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future. The Board has assessed the ability of the Group to meet its short-term obligations as and when it falls due and is also of the opinion that the Group will be able to raise the necessary funds for its working capital purposes when required.

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 2022 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 2021.

2.2 Use of Judgements and Estimates (con't)

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.

(v) Asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use and measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

As at 30 June 2022, the Group's asset held for sale is measured at the carrying amount prior to reclassification from development property as disclosed in Note 15.

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.

(ii) Share-based payment transactions

Management engaged an independent professional valuer to perform the valuation and determine the fair value of the Company's share option as at grant date. In determining the fair value, the valuer used an option pricing model which involves certain estimates and assumption. In relying on the valuation, management has exercised its judgement and is satisfied that the valuation method is appropriate and the assumptions used are reasonable.

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 companies, transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation – providing contract sterilisation 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 2022 to 30 June 2022					
External revenues	-	2,129	-	-	2,129
Segment results	(2,444)	1,361	-	(23)	(1,106)
Interest income	1	9	-	-	10
Finance costs	(100)	(21)	-	-	(121)
Depreciation	(26)	(264)	-	-	(290)
Write-back of impairment loss on investment in associate	90	-	-	-	90
Share of loss of associate	-	-	(90)	-	(90)
Reportable segment (loss)/profit before income tax	(2,479)	1,085	(90)	(23)	(1,507)
Other material item					
Capital expenditure - property and equipment	12	9	-	-	21
Segment assets	459	6,789	10	4,970	12,228
Unallocated assets – deferred tax assets					297
Consolidated total assets					12,525
Segment liabilities	8,622	2,221	-	667	11,510
Unallocated liabilities - current income tax liabilities					72
Consolidated total liabilities					11,582
1 January 2021 to 30 June 2021					
External revenues	-	1,783	-	-	1,783
Segment results	(394)	1,192	-	(73)	725
Interest income	-*	1	-	-	1
Finance costs	(78)	(32)	-	-*	(110)
Depreciation	(24)	(286)	-	-	(310)
Share of loss of associate	-	-	(24)	-	(24)
Reportable segment (loss)/profit before income tax	(496)	875	(24)	(73)	282
Other material item					
Capital expenditure - property and equipment	-	83	-	-	83
Segment assets	1,477	4,921	-	4,592	10,990
Unallocated assets – deferred tax assets					273
Consolidated total assets					11,263
Segment liabilities	6,857	1,485	-	168	8,510
Consolidated total liabilities					8,510

*: < S\$1,000

4.2 Geographical Information

As at 30 June 2022	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	58
Indonesia	2,129	3,424
	2,129	3,482

As at 30 June 2021	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	797
Malaysia	-	4,498
Indonesia	1,783	3,857
	1,783	9,152

^^ : 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 2022</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2021</u> S\$'000
Revenue from sterilisation services	2,129	1,783

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

6. Other Gains - Net

	Group	
	<u>6 months ended</u> <u>30 Jun 2022</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2021</u> S\$'000
Currency exchange gain – net	141	163
Loss on disposal of financial assets	-	-*
Gain on disposal of property and equipment	-*	-
Loss on property and equipment written off	(1)	-
Miscellaneous income	26	27
	166	190

*: < S\$1,000

7. Employee Benefits

	Group	
	<u>6 months ended</u> <u>30 Jun 2022</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2021</u> S\$'000
Short-term employee benefits	857	757
Contribution to defined contribution plans	18	15
Defined benefits plans	65	61
Share-based payment expense	1,636	-
	<u>2,576</u>	<u>833</u>
 <i>Comprised:</i>		
Directors of the Company	910	114
Directors of the Group's subsidiaries	176	129

8. Other Expenses

	Group	
	<u>6 months ended</u> <u>30 Jun 2022</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2021</u> S\$'000
Audit fees:		
- auditor of the Company	37	28
- other auditors	6	11
Other fees paid to auditor of the Company	35	-
Legal, professional and consultancy fees	187	32
Upkeep expenses	107	53
Directors' fees	52	50
Travelling expenses	28	4
Postage and telecommunication expenses	6	8
Printing and stationery expenses	5	14
Staff training and welfare expenses	38	31
Marketing and advertising	4	-
Provision for withholding tax expense	51	51
Sundry expenses	20	22
SGX expenses	18	18
Others	195	75
	<u>789</u>	<u>397</u>

9. Finance Costs

	Group	
	<u>6 months ended</u> <u>30 Jun 2022</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2021</u> S\$'000
Interest expense		
- loans from banks	40	32
- loans from shareholders	79	75
- lease liabilities	2	3
	<u>121</u>	<u>110</u>

10. Income Tax Expense

The Group calculates the period 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 2022</u> S\$'000	<u>6 months ended</u> <u>30 Jun 2021</u> S\$'000
Income tax expense comprised:		
Current income tax expense	206	243
Deferred income tax credit relating to origination and reversal of temporary differences	(44)	-*
	162	243

*: < S\$1,000

11. Other Financial Assets

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As as 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
<i>Equity investments measured at fair value through profit or loss</i>				
<u>Equity securities - Singapore</u>				
Balance at the beginning of the period/year	-	120	-	120
Disposals	-	(-)*	-	(-)*
Fair value loss	-	(120)	-	(120)
Balance at the end of the period/year	-	-	-	-

*: < S\$1,000

The instruments are all mandatorily measured at fair value through profit or loss.

12. Trade and Other Receivables

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As as 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Trade receivables				
- third parties (a)	288	293	-	-
Less: Loss allowance	(-)*	(-)*	-	-
Trade receivables - net	288	293	-	-
Other receivables - third parties	109	111	-	-
Total trade and other receivables	397	404	-	-

*: < 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 (2021: 30 to 60 days).

13. Other Assets

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Inventories	1	1	-	-
Deposits	52	20	50	18
Prepayments	1,963	230	19	5
Total other assets	<u>2,016</u>	<u>251</u>	<u>69</u>	<u>23</u>

14. Development Property

	Group	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Balance at the beginning of the period/year	-	4,579
Transfer to asset held for sale (Note 15)	-	(4,500)
Currency exchange difference	-	(79)
Balance at the end of the period/year	<u>-</u>	<u>-</u>

The Group had entered into a sales and purchase agreement with third party to dispose the abovementioned land which was approved at the extraordinary general meeting ("EGM") convened on 14 March 2022. Accordingly, the carrying amount of S\$4.5 million was reclassified from development property to asset held for sale.

15. Asset Held for Sale

	Group	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Balance at the beginning of the period/year	4,500	-
Transfer from development property (Note 14)	-	4,500
Currency exchange difference	(109)	-
Balance at the end of the period/year	<u>4,391</u>	<u>4,500</u>

On 15 September 2021, the Group entered into a sales and purchase agreement for the disposal of the Shah Alam land for a total cash consideration of RM20 million (approximately S\$6.47 million). The sale has yet to be concluded as at 30 June 2022.

16. Investment in Associate

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Balance at the beginning of the period/year	690	-	729	-
Addition during the period/year	-	729	-	729
Share of loss of associate	(90)	(39)	-	-
Balance at the end of the period/year	<u>600</u>	<u>690</u>	<u>729</u>	<u>729</u>
Less: Allowance for impairment loss	(600)	(690)	(729)	(729)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 30 June 2022, the Group and the Company has fully impaired its investment in an associate to profit or loss, the recoverable amount of which was determined to be S\$Nil on the basis that the associate is in a net total liability position as at 30 June 2022.

17. Property and Equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to S\$21,000 (30 June 2021: S\$83,000) and disposed of assets amounting to S\$Nil (30 June 2021: S\$Nil)

18. Trade and Other Payables

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
<u>Current</u>				
Other payables (a)	676	948	669	948
Amounts due to directors (b)	30	8	30	8
Deposit payable (c)	632	647	-	-
Interest payable (d)	694	624	2,747	2,422
Accrued operating expenses	554	803	494	704
Total trade and other payables	<u>2,586</u>	<u>3,030</u>	<u>3,940</u>	<u>4,082</u>

- (a) The Group's other payables include professional fees and general legal advice of S\$665,000 (2021: S\$813,909).
(b) The amounts due to directors are unsecured, interest-free and repayable on demand in cash.
(c) The Group's deposit payable includes deposit received from a third party in relation to the sales and purchase agreement entered for the sale of the Group's leasehold land in Malaysia.
(d) Interest payable relates to loan from shareholders and loan from subsidiary.

19. Borrowings

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured - Loans from bank (a)	161	178	-	-
Unsecured - Loans from bank (b)	1,000	-	1,000	-
Unsecured - Loans from shareholders (c)	5,082	5,332	5,082	5,332
	<u>6,243</u>	<u>5,510</u>	<u>6,082</u>	<u>5,332</u>
<u>Amount repayable after one year</u>				
Secured - Loans from bank (a)	993	-	-	-
Unsecured - Loans from bank (b)	600	-	600	-
	<u>1,593</u>	<u>-</u>	<u>600</u>	<u>-</u>
Total borrowings	<u>7,836</u>	<u>5,510</u>	<u>6,682</u>	<u>5,332</u>

- (a) Loans from banks are secured over the Group's freehold land and building. The loans from bank bear an interest of 7.99% (2021: between 10% and 11%) per annum.
(b) Loans from bank are unsecured and bears interest of 2.50% plus bank's Cost of Funds.
(c) Loans from shareholders are unsecured and bears interest between 3% and 4% (2021: between 3% and 4%) per annum.

20. Share Capital

	Group and Company			
	<u>As at 30 June 2022</u>		<u>As at 31 Dec 2021</u>	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Beginning and end of period/year	<u>27,570,762,183</u>	<u>127,339</u>	<u>27,570,762,183</u>	<u>127,339</u>

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

20. Share Capital (Cont'd)

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 2022, there were outstanding options for conversion into 1,160,000,00 (31 Dec 2021: 1,160,000,00) ordinary shares.

Blumont Performance Share Plan (the "Blumont PSP")

No incentive share awards under the Blumont PSP have been granted for the six months ended 30 June 2022 (31 Dec 2021: Nil).

21. Reserves

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Composition:				
Currency translation reserve	(4,370)	(4,120)	-	-
Other reserves	1,735	1,735	-	-
Share option reserve	3,511	1,875	3,511	1,875
	<u>876</u>	<u>(510)</u>	<u>3,511</u>	<u>1,875</u>

22. Related Party Transactions

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

23. 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 2022 and 31 December 2020.

	Group		Company	
	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000	<u>As at 30 Jun 2022</u> S\$'000	<u>As at 31 Dec 2021</u> S\$'000
Financial assets				
<u>At amortised cost</u>				
Cash and bank balances	1,942	1,455	342	306
Trade and other receivables	397	404	-	-
Other assets	52	20	50	18
Total	<u>2,391</u>	<u>1,879</u>	<u>392</u>	<u>324</u>
<u>Fair value through Profit or Loss</u>				
Other financial assets	-	-	-	-
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables	2,586	3,030	3,940	4,082
Borrowings	7,836	5,510	6,682	5,332
Loan from a subsidiary	-	-	5,590	5,590
Lease liabilities	46	72	46	72
Total	<u>10,468</u>	<u>8,612</u>	<u>16,258</u>	<u>15,076</u>

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

	Group		Company	
	<u>As at 30 Jun 2022</u>	<u>As at 31 Dec 2021</u>	<u>As at 30 Jun 2022</u>	<u>As at 31 Dec 2021</u>
Net asset/(liability) value per ordinary share (in cents)	0.0034	0.0044	(0.0197)	(0.0167)

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) and its subsidiaries as at 30 June 2022 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

Revenue

Revenue increased by S\$0.35 million to S\$2.13 million for 1H2022 (1H2021: S\$1.78 million), mainly due to improved performance of the sterilisation segment of the Group as it recovers from the COVID-19 pandemic during the reporting period.

Other Gains – Net

Other gains decreased by S\$0.02 million to S\$0.17 million for 1H2022 (1H2021: S\$0.19 million), mainly due to lower currency exchange gain during the reporting period.

Interest income increased by S\$9,000 to S\$10,000 for 1H2022 (1H2021: S\$1,000) mainly due to higher bank balance held in interest earning bank accounts.

Expenses

Raw materials and consumables used increased by S\$18,000 to S\$36,000 in 1H2022 (1H2021: S\$18,000). The increase in raw materials and consumables used were in line with the increase in sterilisation segment revenue.

Employee benefits expenses increased by S\$1.74 million to S\$2.58 million in 1H2022 (1H2021: S\$0.83 million), mainly due to share-based payment expense recognised during the reporting period for Blumont ESOS 2013 amounting S\$1.64m.

Write-back of impairment loss on investment in associate of S\$0.90 million pertaining to reversal of impairment loss on investment in associate recognised in prior year after taking up the share of associate's results for the reporting period.

Other expenses increased by S\$0.39 million to S\$0.79 million in 1H2022 (1H2021: S\$0.40 million), mainly due to increase in upkeep expense and legal and professional fees incurred during the reporting period.

Finance costs increased by S\$0.01 million to S\$0.12 million in 1H2022 (1H2021: S\$0.11 million), mainly due to increase in interest on new bank loans taken up during reporting period.

Share of result of associate of S\$90,000 pertaining to share of loss of investment in associate, Labrador Hill Pte. Ltd. for the reporting period.

Income Tax Expenses

Income tax expenses decreased by S\$0.08 million to S\$0.16 million in 1H2022 (1H2021: S\$0.24 million), mainly due to deferred tax credit recognised 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\$0.25 million for 1H2022 (1H2021: S\$0.27 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*.

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

Commentary on the Condensed Interim Statement of Financial Position

Cash and bank balances increased by S\$0.49 million or 33% from S\$1.45 million as at 31 December 2021 to S\$1.94 million as at 30 June 2022, mainly due to proceeds from new bank loans taken up, offset by prepayment for cobalt rods, prepayment of real property gains tax to tax authorities and repayment of other payables.

Other assets increased by S\$1.77 million or 703% from S\$0.25 million as at 31 December 2021 to S\$2.02 million as at 30 June 2022, mainly due to prepayment of real property gains tax to tax authorities for the proposed sale of land and prepayment for cobalt rods.

Income tax receivable decreased by S\$0.17 million or 100% from S\$0.17 million as at 31 December 2021 to S\$Nil as at 30 June 2022, mainly due to tax over paid in prior years recovered during the reporting period.

Property and equipment decreased by S\$0.31 million or 8% from S\$3.79 million as at 31 December 2021 to S\$3.48 million as at 30 June 2022, mainly due to depreciation of S\$0.29 million.

Deferred tax assets increased by S\$0.04 million or 16% from S\$0.26 million as at 31 December 2021 to S\$0.30 million as at 30 June 2022, mainly due to increase of deductible temporary differences arising from the sterilisation segment of the Group.

Trade and other payables decreased by S\$0.44 million or 15% from S\$3.03 million as at 31 December 2021 to S\$2.59 million as at 30 June 2022, mainly due to repayment of previously accrued expenses S\$0.52 million which is offset by increase of interest payable S\$0.07 million.

Borrowings, including current and non-current, increased by S\$2.33 million or 42% from S\$5.51 million as at 31 December 2021 to S\$7.84 million as at 30 June 2022, mainly due to proceeds from new bank loans.

Lease liabilities, including current and non-current, decreased by S\$0.03 million or 36% from S\$0.07 million as at 31 December 2021 to S\$0.05 million as at 30 June 2022, mainly due to repayment of lease .

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 better performance of the sterilisation segment of the Group during the reporting period is in line with the recovery from the worldwide economic crisis brought about by the coronavirus (COVID-19) pandemic. The sterilisation business is expected to sustain this improved performance in the second half of 2022.

Hospitality and wellness

(a) Investment in Labrador Hill Pte. Ltd.

In November 2020, the Company signed a share sale and purchase agreement with Eco-Luxe Pte. Ltd. ("Eco-Luxe") to purchase 51,000 shares, representing 51% of the entire issued and fully-paid equity capital of Labrador Hill Pte. Ltd. ("LHPL") for a purchase consideration of S\$1,377,000.

On 1 April 2021, the Company has completed the transaction to acquire 27% shares in LHPL, and the option to acquire the balance 24% shares in LHPL has expired on 31 March 2022.

LHPL operates the Villa Samadhi Hotel and Tamarind Hill restaurant in Singapore. As with all hospitality and wellness businesses, the COVID-19 pandemic has impacted the LHPL in their hotel, restaurant, function and wellness businesses. For the upcoming 2022, the management assessed and foresee that the easing of restrictions and possible opening up of the international borders to certain low risk countries following the completion of vaccination program by various countries will turnaround the operation of LHPL.

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

Hospitality and wellness (Cont'd)

(b) Proposed Acquisition

As announced on 1 October 2021, the Company entered into a share sale agreement ("Mendol SPA") with all the shareholders of Mendol Investments Pte. Ltd. ("Mendol", and together with its subsidiaries, "Mendol Group") ("Mendol Vendors") to acquire 100% of the issued shares in Mendol ("Mendol Acquisition"); Mendol Vendors include Strategic Premium Pte. Ltd., Luminous Global Inc., Genprop Pte. Ltd., Wong Ho Kit, Sim Swee Yoke, Golden Prosperity LLP and Tiara Gateway Pte. Ltd. (a wholly-owned subsidiary of Landmarks Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad).

The Company also entered into a share sale agreement ("Seychelles SPA") with Tiara Gateway Pte. Ltd. ("Tiara Vendor"), being one of the vendors in the Mendol SPA, to acquire (i) 100% of the issued shares in Hinako Investments Pte. Ltd. and (ii) 60% of the issued shares in Prime Holdings Pte. Ltd., Enggano Investments Pte. Ltd. and Mesawak Investments Pte. Ltd. ("Seychelles Companies") ("Seychelles Acquisition").

The proposed Mendol Acquisition and Seychelles Acquisition will be for an aggregate consideration of S\$78,363,393 to be satisfied by the allotment and issue of an aggregate 15,672,678,600 new ordinary shares in the capital of the Company ("Shares") at the issue price of S\$0.005 per new Share.

On 30 June 2022, it was announced that the Company, Mendol Vendors and Tiara Vendor (collectively, "Parties") have agreed to extend the Cut-Off Date for the fulfilment of the conditions precedent set out in the Mendol SPA and Seychelles SPA to 31 August 2022 (or such later date as the Parties may mutually agree in writing). In consideration of this extension, the parties further agreed to review the key terms of the Mendol SPA and Seychelles SPA and that the results of such review and any agreed amendment to the key terms of the Mendol SPA and Seychelles SPA being mutually satisfactory to the Seller and the Buyer be included in the Mendol SPA and Seychelles SPA as an additional Condition.

The Board will announce at the appropriate juncture as and when material and significant developments are achieved in relation to the Proposed Acquisition.

Asset Held for Sale

As announced on 15 September 2021, the Company's indirect wholly-owned subsidiary, Trackplus Sdn. Bhd., has entered into a sale and purchase agreement with Armani Alliance Sdn. Bhd. ("Purchaser") for the sale of a property located at No. 8 Jalan Lompat Galah 13/36, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia, ("Property") for an aggregate consideration of RM20.0 million (approximately S\$6.32 million).

At the extraordinary general meeting ("EGM") convened on 14 March 2022, shareholders of the Company have approved the proposed sale of the property and the Conditions Precedent have been fulfilled. The balance contract sum of RM18.0 million ("Balance Consideration") was due on 14 July 2022 ("Expiry Date"). As of to-date, per terms of the sale and purchase agreement, the Purchaser has been granted an extension of two (2) months from the Expiry Date to complete the purchase. The Purchaser will be required to pay interest on the unpaid Balance Consideration at the rate of eight percentum (8%) per annum calculated on a daily basis for this extended period.

Other businesses

As announced on 1 October 2021, the Company has proposed a renounceable non-underwritten rights cum warrants issue of up to 10,810,860,196 new Shares ("Rights Shares") with up to 32,432,580,588 free detachable and transferable warrants ("Warrants"), assuming completion of the Proposed Acquisition in Note (b) above, or up to 6,892,690,546 Rights Shares with up to 20,678,071,638 Warrants, in the event the Proposed Acquisition is not completed.

The allotment ratio is One (1) Rights Share for every four (4) existing Shares held by Entitled Shareholders (as defined herein) as at a record date to be determined by the Board ("Record Date"), fractional entitlements to be disregarded, and three (3) Warrants for every one (1) Rights Share subscribed, at Issue price of S\$0.001 per Rights Share ("Issue Price") and exercise price of S\$0.001 per Warrant ("Exercise Price") for each new Share ("Warrant Shares").

As at 1 October 2021, the Company has an Existing Share Capital comprising 27,570,762,183 ordinary shares and 1,160,000,000 outstanding options under the Company's Employee Share Option Scheme 2013 ("Options"), which are exercisable not earlier than the first anniversary of 17 June 2021, being the date of grant of the Options. Assuming Completion of the Proposed Acquisition in Note (b) and none of the Options are exercised, the Company will have an Enlarged Share Capital comprising 43,243,440,783 Shares.

On 30 June 2022, the Securities Industry Council had granted a whitewash waiver to the Company to waive the obligation of Tiara Gateway Pte. Ltd. to make a mandatory general offer for the Company under Rule 14 of the Singapore Code on Takeovers and Mergers arising from the Rights cum Warrants Issue (the "Whitewash Waiver"), subject to conditions being met.

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

Other businesses (Cont'd)

The Proposed Rights cum Warrants Issue is subject to approval by the shareholders of the Company. The Company will convene an extraordinary general meeting ("EGM") to seek the approval of Shareholders for the Proposed Rights cum Warrants Issue. The circular containing inter alia, further information on the Proposed Rights cum Warrants Issue, the Whitewash Waiver and enclosing the notice of EGM therewith, will be despatched by the Company to Shareholders in due course.

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 2022.

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 2022 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
11 August 2022