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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2026

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

	Note	GROUP S$'000 2Q2026	S$'000 2Q2025	% Increase/ (Decrease)	S$'000 1H2026	S$'000 1H2025	% Increase/ (Decrease)
Revenue	5	835	995	(16)	1,478	2,212	(33)
Other gains/(losses) − net	6	472	305	55	593	(82)	823
Interest income		1	-	100	1	1	-
Expenses							
Raw materials and consumables used		(8)	(19)	(58)	(17)	(54)	(69)
Employee benefits	7	(500)	(519)	(4)	(1,096)	(1,168)	(6)
Depreciation of property and equipment		(268)	(188)	43	(539)	(375)	44
Amortisation of intangible assets		(5)	(3)	67	(9)	(7)	29
Others	8	(264)	(262)	1	(519)	(579)	(10)
Finance costs	9	(106)	(117)	(9)	(210)	(202)	4
Total expenses		**(1,151)**	**(1,108)**		**(2,390)**	**(2,385)**	
Profit/(Loss) before income tax		**157**	**192**		**(318)**	**(254)**	
Income tax expense	10	(94)	(171)	(45)	(144)	(312)	(54)
PROFIT/(LOSS) FOR THE PERIOD, NET OF TAX		**63**	**21**		**(462)**	**(566)**	
Other comprehensive loss							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation loss							
- Loss on translating foreign operations		(732)	(455)	61	(920)	(234)	293
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(669)**	**(434)**		**(1,382)**	**(800)**	
Profit/(Loss) for the period attributable to owners of the Company		**63**	**21**		**(462)**	**(566)**	
Total comprehensive loss for the period attributable to owners of the Company		**(669)**	**(434)**		**(1,382)**	**(800)**	
Profit/(Loss) per share (S$ cents)							
- Basic		0.0002	0.0001		(0.0017)	(0.0021)	
- Diluted		0.0002	0.0001		(0.0017)	(0.0021)	

Condensed Interim Statements of Financial Position

	Note	GROUP S$'000 As at 30/06/2026	GROUP S$'000 As at 31/12/2025	COMPANY S$'000 As at 30/06/2026	COMPANY S$'000 As at 31/12/2025
ASSETS					
Current assets					
Cash and bank balances		460	342	95	49
Trade and other receivables	11	307	275	420	60
Other assets	12	74	92	36	33
Income tax receivable		268	525	-	-
		1,109	**1,234**	**551**	**142**
Non-current assets					
Investments in subsidiaries		-	-	80	80
Investment in associate	13	-	-	-	-
Loans to subsidiaries		-	-	6,255	6,233
Property and equipment	14	9,026	9,971	171	44
Intangible assets	15	65	50		-
Deferred tax assets		416	329	-	-
		9,507	**10,350**	**6,506**	**6,357**
Total assets		**10,616**	**11,584**	**7,057**	**6,499**
LIABILITIES					
Current liabilities					
Other payables	16	1,061	1,193	4,718	4,460
Borrowings	17	6,136	5,240	5,212	4,412
Loan from a subsidiary		-	-	5,590	5,590
Lease liabilities		89	29	89	29
		7,286	**6,462**	**15,609**	**14,491**
Net current liabilities		**(6,177)**	**(5,228)**	**(15,058)**	**(14,349)**
Non-current liabilities					
Lease liabilities		83	11	83	11
Defined benefit plan		1,021	1,022	-	-
Borrowings	17	2,678	3,159	-	-
		3,782	**4,192**	**83**	**11**
Total liabilities		**11,068**	**10,654**	**15,692**	**14,502**
Net (liabilities)/assets		**(452)**	**930**	**(8,635)**	**(8,003)**
EQUITY					
Equity attributable to owners of the Company					
Share capital	18	127,339	127,339	127,339	127,339
Reserves	19	(1,616)	347	3,576	4,619
Accumulated losses		(126,175)	(126,756)	(139,550)	(139,961)
Total equity		**(452)**	**930**	**(8,635)**	**(8,003)**

Condensed Interim Consolidated Statement of Cash Flows

	Note	GROUP S$'000 1H2026	1H2025
Cash Flows from Operating Activities			
Loss before tax		(318)	(254)
Adjustments for:			
Unrealised foreign exchange gain		(582)	(621)
Depreciation of property and equipment		539	375
Amortisation of intangible assets		9	7
Property and equipment written off	6	-*	-
Loss on voluntary liquidation of a dormant subsidiary	6	-	828
Loss allowance on trade receivables	8	-*	-
Write-back of loss allowance on other receivables	8	(10)	-
Interest expense	9	210	202
Interest income		(1)	(1)
Operating cash flows before working capital changes		**(153)**	**536**
Changes in working capital			
Receivables		(25)	110
Payables		(65)	52
Cash flows (used in)/generated from operating activities		**(243)**	**698**
Tax paid		(23)	(564)
Net cash flows (used in)/generated from operating activities		**(266)**	**134**
Cash Flows from Investing Activities			
Purchase of property and equipment	14	(3)	(1,675)
Acquisition of intangible assets		(27)	-
Interest received		1	1
Net cash flows used in investing activities		**(29)**	**(1,674)**
Cash Flows from Financing Activities			
Repayment of borrowings		(311)	(1,258)
Repayments for lease liabilities		(44)	(42)
Interest paid		(171)	(166)
Proceeds from borrowings		962	3,062
Net cash flows generated from financing activities		**436**	**1,596**
Net increase in cash and cash equivalents		141	56
Cash and cash equivalents at the beginning of the period		342	414
Effect of changes in foreign exchange rates on cash and cash equivalents		(23)	(27)
Cash and cash equivalents at the end of the period		**460**	**443**

**: < S$1,000*

Condensed Interim Statements of Changes in Equity

Group

	Attributable to owners of the Company					
	Share capital S$'000	**Share option reserve S$'000**	**Currency translation reserve S$'000**	**Other reserve S$'000**	**Accumulated losses S$'000**	**Total S$'000**
1H2026						
Balance at 1 January 2026	127,339	4,619	(5,573)	1,301	(126,756)	930
Loss for the period	-	-	-	-	(462)	(462)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(920)	-	-	(920)
Total comprehensive loss for the period	**-**	**-**	**(920)**	**-**	**(462)**	**(1,382)**
Share options expired	-	(1,043)	-	-	1,043	-
Balance at 30 June 2026	**127,339**	**3,576**	**(6,493)**	**1,301**	**(126,175)**	**(452)**
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	-	-	-	(434)	434	-
Balance at 30 June 2025	**127,339**	**4,619**	**(5,255)**	**1,301**	**(126,362)**	**1,642**

Company

	Share capital S$'000	**Share option reserve S$'000**	**Accumulated losses S$'000**	**Total S$'000**
1H2026				
Balance at 1 January 2026	127,339	4,619	(139,961)	(8,003)
Loss for the period	-	-	(632)	(632)
Total comprehensive loss for the period	**-**	**-**	**(632)**	**(632)**
Share options expired	-	(1,043)	1,043	-
Balance at 30 June 2026	**127,339**	**3,576**	**(139,550)**	**(8,635)**
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)**

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Southern Archipelago Ltd. (the "Company") is incorporated and domiciled in Singapore. It was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 June 2000. These condensed interim consolidated financial statements as at, and for, the three months and six months ended 30 June 2026 comprise the financial position of 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, decontamination and polymerisation services;
(b) property development; and
(c) hospitality and wellness.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2026 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 and are to be read in conjunction with the Group's audited financial statements as at, and for, the financial year ended 31 December 2025. 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$0.46 million for the financial period ended 30 June 2026 and as at that date, the Group's and the Company's net current liabilities are S$6.18 million and S$15.06 million respectively. The Group and the Company are in a net liability position of S$0.45 million and S$8.64 million respectively. 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 30 June 2026 remains appropriate after taking into account the following factors:

- Despite recording a loss position in 1Q2026 of S$525,000, the Group expects the sterilisation business segment to generate positive operating cash flows over the next 12 months following the completion of its capacity expansion. This expectation is supported by a 30% quarter-on-quarter revenue increase in 2Q2026 to S$0.84 million (1Q2026: S$0.64 million) and turnaround to a net profit position in 2Q2026 of S$63,000;
- The Board and the management team of the Group ("Management") are actively exploring viable fundraising and capital structure options to secure additional working capital where required, including but not limited to additional shareholders' loan, the extension of existing shareholder loans and capital fundraising from shareholders; and
- The Company's substantial shareholder will continue providing financial support to enable the Group to meet its obligations as and when they fall due for at least the next 12 months from the date of these condensed interim financial statements.

Breach of Loan Covenant by Company

As at 30 June 2026, the Company was in breach of a loan covenant which requires the Group to maintain a minimum net tangible asset ("NTA") of S$1.00 million. The Group is in a net liability position of S$0.45 million as at 30 June 2026. 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

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of Judgements and Estimates

In preparing the condensed interim financial statements, management has made judgements, 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 judgements in applying accounting policies

The application of judgements 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 (cont'd)

(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.
- Hospitality and wellness – provision of hotel management and wellness services.
- Property – long-term holding of properties for rental and related income.

4.1 Reportable Segments

1 April 2026 to 30 June 2026	Investment holding S$'000	Sterilisation S$'000	Hospitality and wellness S$'000	Property S$'000	Total S$'000
External revenues	**-**	**835**	**-**	**-**	**835**
Segment results	(108)	1,146	(1)	(2)	1,035
Interest income	-*	1	-	-	1
Finance costs	(34)	(72)	-	-	(106)
Employee benefits	(208)	(292)	-	-	(500)
Depreciation and amortisation	(29)	(244)	-	-	(273)
Reportable segment (loss)/profit before income tax	**(379)**	**539**	**(1)**	**(2)**	**157**
Other material item					
Capital expenditure					
- property and equipment	176	-	-	-	176
- intangible assets	-	13	-	-	13
	176	13	-	-	189
Segment assets	**306**	**9,892**	**-**	**2**	**10,200**
Unallocated assets – deferred tax assets					416
Consolidated total assets					**10,616**
Segment liabilities	**6,008**	**5,059**	**-**	**1**	**11,068**
Consolidated total liabilities					**11,068**

: < S$1,000

1 April 2025 to 30 June 2025	Investment holding S$'000	Sterilisation S$'000	Hospitality and wellness S$'000	Property S$'000	Total S$'000
External revenues	**-**	**995**	**-**	**-**	**995**
Segment results	(106)	1,129	(2)	(2)	1,019
Interest income	-	-	-	-	-
Finance costs	(47)	(70)	-	-	(117)
Employee benefits	(215)	(304)	-	-	(519)
Depreciation and amortisation	(21)	(170)	-	-	(191)
Reportable segment (loss)/profit before income tax	**(389)**	**585**	**(2)**	**(2)**	**192**
Other material item					
Capital expenditure					
- property and equipment	-	694	-	-	694
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

4.1 Reportable Segments (cont'd)

1H2026	Investment holding S$'000	Sterilisation S$'000	Hospitality and wellness S$'000	Property S$'000	Total S$'000
External revenues	**-**	**1,478**	**-**	**-**	**1,478**
Segment results	(222)	1,763	(3)	(3)	1,535
Interest income	-*	1	-	-	1
Finance costs	(63)	(147)	-	-	(210)
Employee benefits	(415)	(681)	-	-	(1,096)
Depreciation and amortisation	(50)	(498)	-	-	(548)
Reportable segment (loss)/profit before income tax	**(750)**	**438**	**(3)**	**(3)**	**(318)**
Other material item					
Capital expenditure					
- property and equipment	177	1	-	-	178
- intangible assets	-	27	-	-	27
	177	28	-	-	205
Segment assets	**306**	**9,892**	**-**	**2**	**10,200**
Unallocated assets – deferred tax assets					416
Consolidated total assets					**10,616**
Segment liabilities	**6,008**	**5,059**	**-**	**1**	**11,068**
Consolidated total liabilities					**11,068**

**: < S$1,000*

1H2025	Investment holding S$'000	Sterilisation S$'000	Hospitality and wellness S$'000	Property S$'000	Total S$'000
External revenues	**-**	**2,212**	**-**	**-**	**2,212**
Segment results	(1,046)	2,549	(4)	(2)	1,497
Interest income	-*	1	-	-	1
Finance costs	(74)	(128)	-	-	(202)
Employee benefits	(421)	(747)	-	-	(1,168)
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*

4.2 Geographical Information

As at 30 June 2026	External Revenues S$'000	Non-current assets^^ S$'000
Singapore	-	171
Indonesia	1,478	8,920
	1,478	**9,091**

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**

^^ : 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			
	3 months ended 30 Jun 2026 S$'000	3 months ended 30 Jun 2025 S$'000	6 months ended 30 Jun 2026 S$'000	6 months ended 30 Jun 2025 S$'000
Revenue from sterilisation services	835	995	1,478	2,212

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			
	3 months ended 30 Jun 2026 S$'000	3 months ended 30 Jun 2025 S$'000	6 months ended 30 Jun 2026 S$'000	6 months ended 30 Jun 2025 S$'000
Currency exchange gain – net	458	293	575	674
Property and equipment written off	-	-	-*	-
Loss on voluntary liquidation of a dormant subsidiary	-	-	-	(828)
Miscellaneous income	14	12	18	72
	472	305	593	(82)

**: < S$1,000*

7. Employee Benefits

	Group			
	3 months ended 30 Jun 2026	3 months ended 30 Jun 2025	6 months ended 30 Jun 2026	6 months ended 30 Jun 2025
	S$'000	S$'000	S$'000	S$'000
Short-term employee benefits	461	487	1,016	1,033
Contribution to defined contribution plan	9	10	18	21
Defined benefits plans	30	22	62	114
	500	519	1,096	1,168
Comprised:				
Directors of the Company	74	74	170	162
Director of the Group's subsidiary	71	63	155	159

8. Other Expenses

	Group			
	3 months ended 30 Jun 2026	3 months ended 30 Jun 2025	6 months ended 30 Jun 2026	6 months ended 30 Jun 2025
	S$'000	S$'000	S$'000	S$'000
Audit fees:				
- auditor of the Company	25	25	50	49
- other auditors	2	2	4	4
Legal, professional and consultancy fees	24	11	41	25
Loss allowance on trade receivables	-*	-	-*	-
Write-back of loss allowance on other receivables	(10)	-	(10)	-
Upkeep expenses	14	28	65	57
Directors' fees	27	27	52	52
Travelling expenses	12	6	15	11
Postage and telecommunication expenses	4	4	8	9
Printing and stationery expenses	-	11	-	11
Staff training and welfare expenses	40	30	53	60
Marketing and advertising	4	2	6	7
Provision for withholding tax expense	-	26	-	51
Sundry expenses	-	20	1	43
SGX expenses	9	9	18	18
Others	113	61	216	182
	264	262	519	579

9. Finance Costs

	Group			
	3 months ended 30 Jun 2026 S$'000	3 months ended 30 Jun 2025 S$'000	6 months ended 30 Jun 2026 S$'000	6 months ended 30 Jun 2025 S$'000
Interest expense				
- loans from banks	82	87	167	163
- loans from shareholders	21	29	40	36
- lease liabilities	3	1	3	3
	106	117	210	202

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			
	3 months ended 30 Jun 2026 S$'000	3 months ended 30 Jun 2025 S$'000	6 months ended 30 Jun 2026 S$'000	6 months ended 30 Jun 2025 S$'000
Income tax expense comprised:				
Current income tax	94	173	181	300
Deferred tax	(72)	(2)	(109)	12
	22	171	72	312
Under-provision in prior years:				
Current income tax expense	72	-	72	-
	94	171	144	312

11. Trade and Other Receivables

	Group		Company	
	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000
Trade receivables				
- third parties (a)	261	229	-	-
Less: Loss allowance	(30)	(32)	-	-
Trade receivables - net	231	197	-	-
Other receivables				
- third parties	131	147	20	20
Less: Loss allowance	(55)	(69)	(20)	(20)
Other receivables - net	76	78	-	-
Amount due from subsidiary	-	-	420	60
Total trade and other receivables	307	275	420	60

(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	
	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000
Deposits	25	25	23	23
Prepayments	49	67	13	10
Total other assets	74	92	36	33

13. Investment in Associate

As at 30 June 2026, the Group and the Company have continued to fully impair its investment in an associate, the recoverable amount of which was determined to be S$ Nil (31 December 2025: S$ Nil) on the basis that the associate is in a net liabilities position as at 30 June 2026.

14. Property and Equipment

During the three months ended 30 June 2026, the Group acquired assets amounting to S$176,000 (2Q 2025: S$694,000).

During the six months ended 30 June 2026, the Group acquired assets amounting to S$178,000 (30 June 2025: S$1,675,000).

15. Intangible Assets

	Group Software S$'000
At 31 December 2025	
Cost	70
Accumulated amortisation	(20)
Net carrying amount	50
6 months ended 30 June 2026	
Opening net carrying amount	50
Additions	27
Amortisation during the period	(9)
Currency translation differences	(3)
Closing net carrying amount	65
Cost	97
Accumulated amortisation	(29)
Currency translation differences	(3)
Net carrying amount	65

16. Other Payables

	Group		Company	
	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000
Current				
Other payables	411	570	7	24
Deposit payable	9	8	-	-
Interest payable (a)	341	302	4,459	4,154
Accrued operating expenses	300	313	252	282
Other payables	1,061	1,193	4,718	4,460

**: < S$1,000*

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

17. Borrowings

	Group		Company	
	As at 30 Jun 2026 S$'000	**As at 31 Dec 2025** S$'000	**As at 30 Jun 2026** S$'000	**As at 31 Dec 2025** S$'000
Amount repayable within one year or on demand				
Secured - Loans from banks (a)	924	828	-	-
Unsecured - Loans from banks (b)	1,000	1,000	1,000	1,000
Unsecured - Loans from shareholders (c)	4,212	3,412	4,212	3,412
	6,136	5,240	5,212	4,412
Amount repayable after one year				
Secured - Loans from banks (a)	2,678	3,159	-	-
Total borrowings	8,814	8,399	5,212	4,412

(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 bear interest of 2.5% plus bank's Cost of Funds.

(c) Loans from shareholders are unsecured. One of these loans bears 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			
	As at 30 June 2026		**As at 31 Dec 2025**	
	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 2026 and 31 December 2025.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 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 1,160,000,000 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 2026, all options granted under Blumont ESOS 2013 have fully vested and there were outstanding options exercisable into 895,000,000 (31 Dec 2025: 1,160,000,000) ordinary shares. During the six-month period ended 30 June 2026, 265,000,000 options expired unexercised (31 Dec 2025: Nil).

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 and six months ended 30 June 2026 (31 Dec 2025: Nil).

19. Reserves

	Group		Company	
	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000
Composition:				
Currency translation reserve	(6,493)	(5,573)	-	-
Other reserves	1,301	1,301	-	-
Share option reserve	3,576	4,619	3,576	4,619
	(1,616)	347	3,576	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 2026 and 31 December 2025.

	Group		Company	
	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000	As at 30 Jun 2026 S$'000	As at 31 Dec 2025 S$'000
Financial assets				
At amortised cost				
Cash and bank balances	460	342	95	49
Trade and other receivables	307	275	420	60
Loans to subsidiaries	-	-	6,255	6,233
Other assets (deposits)	25	25	23	23
Total	792	642	6,793	6,365
Financial liabilities				
At amortised cost				
Other payables	1,061	1,193	4,718	4,460
Borrowings	8,814	8,399	5,212	4,412
Loan from a subsidiary	-	-	5,590	5,590
Lease liabilities	172	40	172	40
Total	10,047	9,632	15,692	14,502

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

	Group		Company	
	As at 30 Jun 2026	As at 31 Dec 2025	As at 30 Jun 2026	As at 31 Dec 2025
Net (liability)/asset value per ordinary share (in cents)	(0.0016)	0.0034	(0.0313)	(0.0290)

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed interim full year consolidated statement of financial position of Southern Archipelago Ltd. and its subsidiaries as at 30 June 2026 and the related condensed consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-months period then ended and certain explanatory notes have not been audited or reviewed by the Company's Independent Auditors.

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$0.73 million to S$1.48 million for 1H2026 (1H2025: S$2.21 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$0.67 million to gains of S$0.59 million for 1H2026 (1H2025: losses of S$0.08 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.

Expenses

Raw materials and consumables used decreased by S$0.03 million to S$0.02 million in 1H2026 (1H2025: S$0.05 million), in line with the lower revenue.

Depreciation of property and equipment increased by S$0.16 million to S$0.54 million in 1H2026 (1H2025: S$0.38 million), mainly due to additional depreciation on costs incurred for the expansion of sterilisation business.

Amortisation of intangible assets increased by S$2,000 to S$9,000 in 1H2026 (1H2025: S$7,000), mainly due to amortisation of new software purchased during the period,

Other expenses decreased by S$0.06 million to S$0.52 million in 1H2026 (1H2025: S$0.58 million), mainly due to nil provision for withholding tax recognised during the period.

Income Tax Expenses

Income tax expenses decreased by S$0.17 million to S$0.14 million in 1H2026 (1H2025: S$0.31 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$0.92 million for 1H2026 (1H2025: S$0.23 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

Cash and bank balances increased by S$0.12 million or 35% from S$0.34 million as at 31 December 2025 to S$0.46 million as at 30 June 2026, mainly due to proceeds from shareholder loans.

Trade and other receivables increased by S$0.03 million or 12% from S$0.28 million as at 31 December 2025 to S$0.31 million as at 30 June 2026 mainly due to higher trade receivables due from third parties.

Other assets decreased by S$0.02 million or 20% from S$0.09 million as at 31 December 2025 to S$0.07 million as at 30 June 2026, mainly due to prepayments made for software purchased by the sterilisation business capitalised as intangible assets.

2. Review of Performance of the Group (Cont'd)

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

Current income tax receivable decreased by S$0.26 million or 49% from S$0.53 million as at 31 December 2025 to S$0.27 million as at 30 June 2026, mainly due to refundable income tax received during the period.

Intangible assets increased by S$0.02 million or 30% from S$0.05 million as at 31 December 2025 to S$0.07 million as at 30 June 2026 mainly due to capitalisation of new software by the sterilisation business during the period.

Deferred tax assets increased by S$0.09 million or 26% from S$0.33 million as at 31 December 2025 to S$0.42 million as at 30 June 2026, mainly due to increase in deductible temporary differences recognised during the period.

Other payables decreased by S$0.13 million or 11% from S$1.19 million as at 31 December 2025 to S$1.06 million as at 30 June 2026, mainly due to settlement of outstanding payment relating to the expansion of sterilisation business.

Lease liabilities, including current and non-current, increased by S$0.13 million or 330% from S$0.04 million as at 31 December 2025 to S$0.17 million as at 30 June 2026, mainly due to extension of lease for office premise that the Company entered into during the period.

As at 30 June 2026, the Group had a negative working capital of S$6.18 million (31 December 2025: S$5.23 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 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 planned given Indonesia's macroeconomic and political conditions and a market-driven shift in export demand, which have dampened industrial demand and sharpened local competition.

Revenue improved 30% quarter-on-quarter from S$0.64 million in 1Q2026 to S$0.84 million in 2Q2026 and turnaround from a net loss of S$525,000 to a net profit of S$63,000, an early indicator of stabilising demand as the Group targets new customers. Management expects the segment to generate positive operating cash flow as these 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 six months ended 30 June 2026.

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 2026 to be false or misleading.

On behalf of the Board of Directors

Alan Chin Yu	John Lee Yow Meng
Executive Director	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 of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD
Southern Archipelago Ltd.

John Lee Yow Meng
Chief Financial Officer and Executive Director
13 August 2026