



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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2025

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

	Note	GROUP					
		S\$'000		%	S\$'000		%
		2H2025	2H2024	Increase/ (Decrease)	FY2025	FY2024	Increase/ (Decrease)
Revenue	5	1,749	2,480	(29)	3,961	4,817	(18)
Other gains/(losses) – net	6	162	(52)	412	80	272	(71)
Interest income		1	2	(50)	2	12	(83)
Expenses							
Raw materials and consumables used		(69)	(42)	64	(123)	(76)	62
Employee benefits	7	(1,103)	(1,208)	(9)	(2,271)	(2,263)	-
Depreciation of property and equipment		(412)	(407)	1	(787)	(732)	8
Amortisation of intangible assets	15	(7)	(7)	-	(14)	(7)	100
Other expenses	8	(583)	(660)	(12)	(1,162)	(1,517)	(23)
Finance costs	9	(220)	(155)	42	(422)	(271)	56
Total expenses		(2,394)	(2,479)		(4,779)	(4,866)	
(Loss)/Profit before income tax		(482)	(49)		(736)	235	
Income tax credit/(expenses)	10	113	(129)	(188)	(199)	(388)	(49)
LOSS FOR THE PERIOD/YEAR		(369)	(178)		(935)	(153)	
Other comprehensive (loss)/income							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Actuarial loss on defined benefit plans		(25)	(13)	92	(25)	(13)	92
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation							
- (Loss)/Gain on translating foreign operations		(1,147)	249	(561)	(1,381)	(183)	655
- Reclassification of currency translation reserves upon liquidation of subsidiary		828	-	100	828	-	100
Other comprehensive (loss)/income for the period/year, net of tax		(344)	236		(578)	(196)	
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR		(713)	58		(1,513)	(349)	
Loss for the period attributable to equity holders		(369)	(178)		(935)	(153)	
Total comprehensive (loss)/income for the period attributable to equity holders		(713)	58		(1,513)	(349)	
Loss per share (S\$ cents)							
- Basic		(0.0013)	(0.0006)		(0.0034)	(0.0006)	
- Diluted		(0.0013)	(0.0006)		(0.0034)	(0.0006)	

Condensed Interim Statements of Financial Position

Note	GROUP S\$'000		COMPANY S\$'000	
	As at 31/12/2025	As at 31/12/2024	As at 31/12/2025	As at 31/12/2024
ASSETS				
Current assets				
	342	414	49	118
11	275	602	60	21
12	92	94	33	31
	537	183	-	-
	1,246	1,293	142	170
Non-current assets				
	-	-	80	80
13	-	-	-	-
	-	-	6,233	6,212
14	9,971	9,197	44	125
15	50	65	-	-
	316	288	-	-
	10,337	9,550	6,357	6,417
Total assets	11,583	10,843	6,499	6,587
LIABILITIES				
Current liabilities				
16	1,193	541	4,460	3,845
17	5,240	4,352	4,412	3,722
	-	-	5,590	5,590
	29	88	29	88
	6,462	4,981	14,491	13,245
Net current liabilities	(5,216)	(3,688)	(14,349)	(13,075)
Non-current liabilities				
	11	33	11	33
	1,022	1,015	-	-
17	3,159	2,372	-	-
	4,192	3,420	11	33
Total liabilities	10,654	8,401	14,502	13,278
Net assets/(liabilities)	929	2,442	(8,003)	(6,691)
EQUITY				
Equity attributable to owners of the Company				
18	127,339	127,339	127,339	127,339
19	347	1,333	4,619	4,619
	(126,757)	(126,230)	(139,961)	(138,649)
Total equity	929	2,442	(8,003)	(6,691)

Condensed Interim Consolidated Statement of Cash Flows

		GROUP S\$'000	
		2025	2024
Cash Flows from Operating Activities			
(Loss)/Profit before tax		(736)	235
Adjustments for:			
Unrealised foreign exchange gain		(753)	(143)
Depreciation of property and equipment		787	732
Amortisation of intangible assets		14	7
Allowance for impairment loss of other receivables – third party	8	70	-
Loss allowance on trade receivables	8	33	-
Loss on lease modification	8	7	-
Interest expense	9	422	271
Interest income		(2)	(12)
Loss on voluntary liquidation of a dormant subsidiary	6	828	-
Operating cash flows before working capital changes		670	1,090
Changes in working capital			
Receivables		115	(113)
Payables		662	11
Cash flows generated from operations		1,447	988
Tax paid		(627)	(760)
Net cash generated from operating activities		820	228
Cash Flows from Investing Activities			
Purchase of property and equipment	14	(2,396)	(5,029)
Acquisition of intangible assets	15	(5)	(66)
Interest received		2	12
Net cash used in investing activities		(2,399)	(5,083)
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(81)	(80)
Repayment of borrowings		(1,749)	(620)
Proceeds from borrowings		3,720	3,120
Interest paid		(356)	(228)
Net cash generated from financing activities		1,534	2,192
Net decrease in cash and bank balances		(45)	(2,663)
Cash and bank balances at the beginning of the year		414	3,080
Effect of changes in foreign exchange rates on cash and bank balances		(27)	(3)
Cash and bank balances at the end of the year		342	414

*: < 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	
2025						
Balance at 1 January 2025	127,339	4,619	(5,021)	1,735	(126,230)	2,442
Loss for the year	-	-	-	-	(935)	(935)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(553)	-	-	(553)
Actuarial loss on defined benefit plan	-	-	-	-	(25)	(25)
Total comprehensive loss for the year	-	-	(553)	-	(960)	(1,513)
Voluntary liquidation of dormant subsidiary	-	-	-	(433)	433	-
Balance at 31 December 2025	127,339	4,619	(5,574)	1,302	(126,757)	929
2024						
Balance at 1 January 2024	127,339	4,619	(4,838)	1,735	(126,064)	2,791
Loss for the year	-	-	-	-	(153)	(153)
Other comprehensive loss, net of tax:						
Foreign currency translation loss	-	-	(183)	-	-	(183)
Actuarial loss on defined benefit plan	-	-	-	-	(13)	(13)
Total comprehensive loss for the year	-	-	(183)	-	(166)	(349)
Balance at 31 December 2024	127,339	4,619	(5,021)	1,735	(126,230)	2,442

Company

	Share capital	Share option reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
2025				
Balance at 1 January 2025	127,339	4,619	(138,649)	(6,691)
Loss for the year	-	-	(1,312)	(1,312)
Total comprehensive loss for the year	-	-	(1,312)	(1,312)
Balance at 31 December 2025	127,339	4,619	(139,961)	(8,003)
2024				
Balance at 1 January 2024	127,339	4,619	(137,287)	(5,329)
Loss for the year	-	-	(1,362)	(1,362)
Total comprehensive loss for the year	-	-	(1,362)	(1,362)
Balance at 31 December 2024	127,339	4,619	(138,649)	(6,691)

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Southern Archipelago Ltd. (the “Company”) is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. These condensed interim consolidated financial statements as at, and for, the six month and full year ended 31 December 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 the Group are those relating to:

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

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2025 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 and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2025. 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 its performance of the Group since the last interim financial statements for the six months period ended 30 June 2025.

The accounting policies adopted by the Group are consistent with those used in its most recent audited financial statements in accordance with SFRS(I)s, 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 and all values are rounded to the nearest thousand (“S\$’000”) as indicated.

As at 31 December 2025, the Group and Company are in a net current liability position of S\$5,216,000 and S\$14,349,000 (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 31 December 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;
- 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; and
- The Company’s shareholder has provided a written undertaking to continue providing financial support to the Group.

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.

Breach Of Loan Covenant by Company

The Company is in breach of a loan covenant requiring the Company to maintain a minimum Group Net Tangible Assets (“NTA”) of S\$2.00 million. As at 31 December 2025, the NTA of the Group amounted to approximately S\$0.93 million.

The management team of the Group (“Management”) has informed the bank of the breach, and the bank has verbally indicated a willingness to accommodate this technical covenant breach, subject to its internal review by April 2026. The management is currently engaging with the bank and assessing the potential impact on the Company in the event that the bank does not provide a waiver.

While the breach may constitute an event of default under the loan agreement, which may entitle the bank to, amongst others, to demand immediate repayment for all outstanding sums amounting to S\$1.00 million as at 31 December 2025, for the avoidance of doubt, the Company has not received any notice of default or letter of demand from the bank in relation to the breach of the abovementioned covenant as at the date of this announcement.

2.1 New and Amended Standards Adopted by the Group

The adoption of various new and 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 2025.

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

(a) Critical judgments in applying accounting policies

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

(i) Impairment of investments in subsidiaries

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

(ii) Impairment of investment in an associate

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

(iii) Loss allowance for trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime 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) is assessed during year end.

3. Seasonal operations

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

4. Segment and Revenue Information

The Group is organised into four business segments:

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

4.1 Reportable Segments

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
1 July 2025 to 31 December 2025					
External revenues	-	1,749	-	-	1,749
Segment results	(678)	841	(3)	(4)	156
Interest income	-*	1	-	-	1
Finance costs	(60)	(160)	-	-	(220)
Depreciation and amortisation	(40)	(379)	-	-	(419)
Reportable segment (loss)/profit before income tax	(778)	303	(3)	(4)	(482)
Other material item					
Capital expenditure					
- property and equipment	-	721	-	-	721
- intangible assets	-	4	-	-	4
	-	725	-	-	725
Segment assets	131	11,131	-	5	11,267
Unallocated assets – deferred tax assets					316
Consolidated total assets					11,583
Segment liabilities	5,077	5,572	-	5	10,654
Consolidated total liabilities					10,654

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
1 July 2024 to 31 December 2024					
External revenues	-	2,480	-	-	2,480
Segment results	(649)	1,167	7	(7)	518
Interest income	-*	2	-	-	2
Finance costs	(80)	(75)	-	-	(155)
Depreciation and amortisation	(43)	(371)	-	-	(414)
Reportable segment (loss)/profit before income tax	(772)	723	7	(7)	(49)
Other material item					
Capital expenditure					
- property and equipment	18	2,672	-	-	2,690
- intangible assets	-	66	-	-	66
	18	2,738	-	-	2,756
Segment assets	382	10,166	-	7	10,555
Unallocated assets – deferred tax assets					288
Consolidated total assets					10,843
Segment liabilities	4,368	4,030	-	3	8,401
Consolidated total liabilities					8,401

4.1 Reportable Segments (con't)

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
2025					
External revenues	-	3,961	-	-	3,961
Segment results	(2,145)	2,643	(7)	(6)	485
Interest income	-*	2	-	-	2
Finance costs	(134)	(288)	-	-	(422)
Depreciation and amortisation	(82)	(719)	-	-	(801)
Reportable segment (loss)/profit before income tax	(2,361)	1,638	(7)	(6)	(736)
Other material item					
Capital expenditure					
- property and equipment	-	2,396	-	-	2,396
- intangible assets	-	4	-	-	4
	-	2,400	-	-	2,400
Segment assets	131	11,131	-	5	11,267
Unallocated assets – deferred tax assets					316
Consolidated total assets					11,583
Segment liabilities	5,077	5,572	-	5	10,654
Consolidated total liabilities					10,654

*: < S\$1,000

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
2024					
External revenues	-	4,817	-	-	4,817
Segment results	(1,298)	2,540	-*	(9)	1,233
Interest income	-*	12	-	-	12
Finance costs	(158)	(113)	-	-	(271)
Depreciation and amortisation	(86)	(653)	-	-	(739)
Reportable segment (loss)/profit before income tax	(1,542)	1,786	-*	(9)	235
Other material item					
Capital expenditure					
- property and equipment	19	5,028	-	-	5,047
- intangible assets	-	66	-	-	66
	19	5,094	-	-	5,113
Segment assets	382	10,166	-	7	10,555
Unallocated assets – deferred tax assets					288
Consolidated total assets					10,843
Segment liabilities	4,368	4,030	-	3	8,401
Consolidated total liabilities					8,401

4.2 Geographical information

As at 31 December 2025	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	44
Indonesia	3,961	9,977
	3,961	10,021

As at 31 December 2024	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	125
Indonesia	4,817	9,137
	4,817	9,262

^^ : 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</u> <u>ended</u> <u>31 Dec 2025</u> S\$'000	<u>6 months</u> <u>ended</u> <u>31 Dec 2024</u> S\$'000	<u>12 months</u> <u>ended</u> <u>31 Dec 2025</u> S\$'000	<u>12 months</u> <u>ended</u> <u>31 Dec 2024</u> S\$'000
Revenue from sterilisation services	1,749	2,480	3,961	4,817

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

6. Other gains/(losses) – net

	Group			
	<u>6 months</u> <u>ended</u> <u>31 Dec 2025</u> S\$'000	<u>6 months</u> <u>ended</u> <u>31 Dec 2024</u> S\$'000	<u>12 months</u> <u>ended</u> <u>31 Dec 2025</u> S\$'000	<u>12 months</u> <u>ended</u> <u>31 Dec 2024</u> S\$'000
Currency exchange gain/(loss)– net	145	(98)	819	209
Loss on voluntary liquidation of a dormant subsidiary	-	-	(828)	-
Miscellaneous income	17	46	89	63
	162	(52)	80	272

*: < S\$1,000

7. Employee benefits

	Group			
	<u>6 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2024</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2024</u> S\$'000
Short-term employee benefits	959	1,012	1,992	1,975
Post-employment benefits	21	21	42	42
Other long-term employee benefits	123	175	237	246
	<u>1,103</u>	<u>1,208</u>	<u>2,271</u>	<u>2,263</u>
<i>Comprised:</i>				
Directors of the Company	134	179	296	399
Director of the Group's subsidiary	146	159	305	319

8. Other expenses

	Group			
	<u>6 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2024</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2024</u> S\$'000
Audit fees:				
- auditor of the Company	50	49	99	96
- other auditors	4	4	8	8
Legal, professional and consultancy fees	45	35	70	110
Loss allowance on trade receivables	33	-	33	-
Allowance for impairment loss on other receivables – third party	70	-	70	-
Upkeep expenses	105	137	162	194
Directors' fees	51	51	103	103
Travelling expenses	9	18	19	74
Postage and telecommunication expenses	12	11	21	18
Printing and stationery expenses	-*	-*	11	16
Staff training and welfare expenses	(7)	7	53	72
Marketing and advertising	17	13	24	23
Provision for withholding tax expense	(52)	52	-	103
Sundry expenses	8	33	51	34
SGX expenses	17	17	35	35
Expenses incurred for disposal of cobalt waste	-	44	-	170
Loss on lease modification	7	-	7	-
Others	214	189	396	461
	<u>583</u>	<u>660</u>	<u>1,162</u>	<u>1,517</u>

*: < S\$1,000

9. Finance costs

	Group			
	<u>6 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2024</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2024</u> S\$'000
Interest expense				
- loans from banks	183	123	346	220
- loans from shareholders	36	28	72	43
- lease liabilities	1	4	4	8
	220	155	422	271

10. Income tax (credit)/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>31 Dec 2025</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2024</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2025</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2024</u> S\$'000
Income tax expense comprised:				
Current income tax (credit)/expense	(53)	122	247	404
Deferred tax	(61)	(4)	(49)	(27)
	(114)	118	198	377
Under-provision in prior period/year				
Deferred tax	1	11	1	11
	(113)	129	199	388

11. Trade and other receivables

	Group		Company	
	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Trade receivables				
- third parties (a)	229	440	-	-
Less: Loss allowance	(32)	-*	-	-
Trade receivables - net	197	440	-	-
Other receivables				
- third parties	147	162	20	21
Less: Loss allowance	(69)	-	(20)	-
Other receivables - net	78	162	-	21
Amount due from subsidiary	-	-	60	-
Total trade and other receivables	275	602	60	21

*: < 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 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Deposits	25	26	23	24
Prepayments	67	68	10	7
Total other assets	<u>92</u>	<u>94</u>	<u>33</u>	<u>31</u>

13. **Investment in associate**

As at 31 December 2025, 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 31 December 2025.

14. **Property and equipment**

During the six months ended 31 December 2025, the Group acquired assets amounting to S\$721,000 (31 December 2024: S\$2,690,000) and disposed of assets amounting to S\$Nil (31 December 2024: S\$94,000).

During the year ended 31 December 2025, the Group acquired assets amounting to S\$2,396,000 (31 December 2024: S\$5,047,000) and disposed of assets amounting to S\$Nil (31 December 2024: S\$94,000).

15. **Intangible assets**

	Group Software S\$'000
At 30 June 2025	
Cost	72
Accumulated amortisation	(14)
Currency translation differences	(5)
Net carrying amount	<u>53</u>
6 months ended 31 December 2025	
Opening net carrying amount	53
Additions	5
Amortisation during the period	(7)
Currency translation differences	(1)
Closing net carrying amount	<u>50</u>
At 31 December 2025	
Cost	77
Accumulated amortisation	(21)
Currency translation differences	(6)
Net carrying amount	<u>50</u>

16. Trade and other payables

	Group		Company	
	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
<u>Current</u>				
Other payables	570	16	24	7
Deposit payable	8	-*	-	-
Interest payable (a)	302	230	4,154	3,569
Accrued operating expenses	313	295	282	269
Total trade and other payables	<u>1,193</u>	<u>541</u>	<u>4,460</u>	<u>3,845</u>

*: < S\$1,000

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

17. Borrowings

	Group		Company	
	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured - Loans from banks (a)	828	630	-	-
Unsecured - Loans from banks (b)	1,000	1,500	1,000	1,500
Unsecured - Loans from shareholders (c)	3,412	2,222	3,412	2,222
	<u>5,240</u>	<u>4,352</u>	<u>4,412</u>	<u>3,722</u>
<u>Amount repayable after one year</u>				
Secured - Loans from banks (a)	3,159	2,372	-	-
Total borrowings	<u>8,399</u>	<u>6,724</u>	<u>4,412</u>	<u>3,722</u>

(a) Loans from bank are secured over the Group's freehold land and building. The loans from bank bear an 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% (2024: 2.00% to 4.50%) per annum. The remaining loans carry a variable interest rate of 2.15% 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 31 Dec 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 the year	<u>27,570,762,183</u>	<u>127,339</u>	<u>27,570,762,183</u>	<u>127,339</u>

During the six months and full year ended 31 December 2025, there is no change in the Group and Company's share capital.

The Company did not hold any treasury shares as at 31 December 2025 (31 December 2024: Nil).

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

18. Share capital (con't)

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 31 December 2025, there were outstanding options for conversion into 1,160,000,000 (31 Dec 2024: 1,160,000,000) ordinary shares.

The Blumont ESOS 2013 had fully vested on 22 April 2023.

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 and full year ended 31 December 2025 (31 Dec 2024: Nil).

19. Reserves

	Group		Company	
	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Composition:				
Currency translation reserve	(5,574)	(5,021)	-	-
Other reserve	1,302	1,735	-	-
Share option reserve	4,619	4,619	4,619	4,619
	<u>347</u>	<u>1,333</u>	<u>4,619</u>	<u>4,619</u>

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire or are forfeited, the amount from the share option reserve is transferred to retained earnings.

20. Related Party Transactions

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

21 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2025 and 31 December 2024.

	Group		Company	
	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Financial assets				
<u>At amortised cost</u>				
Cash and bank balances	342	414	49	118
Trade and other receivables	275	602	60	21
Other assets (deposits)	25	26	23	24
Loans to subsidiaries	-	-	6,233	6,212
Total	642	1,042	6,365	6,375

	Group		Company	
	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000	<u>As at 31 Dec 2025</u> S\$'000	<u>As at 31 Dec 2024</u> S\$'000
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables	1,193	541	4,460	3,845
Borrowings	8,399	6,724	4,412	3,722
Loan from a subsidiary	-	-	5,590	5,590
Lease liabilities	40	121	40	121
Total	9,632	7,386	14,502	13,278

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

	Group		Company	
	<u>As at 31 Dec 2025</u>	<u>As at 31 Dec 2024</u>	<u>As at 31 Dec 2025</u>	<u>As at 31 Dec 2024</u>
Net asset/(liability) value per ordinary share (in cents)	0.0034	0.0089	(0.0290)	(0.0242)

23. Subsequent events

On 21 January 2026, the Company announced that the member's voluntary liquidation for Raintree Rock Sdn. Bhd, a wholly owned subsidiary of the Company, has been completed (the "Completion").

The Completion is not expected to have any material impact on the earnings per share or net tangible assets of the Group for the financial year ending 31 December 2026.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of Southern Archipelago Ltd. and its subsidiaries as at 31 December 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-month period then ended and full financial year ended 31 December 2025, and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

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

Revenue

Revenue decreased by S\$0.86 million to S\$3.96 million for 2025 (2024: S\$4.82 million), primarily due to increased competition and challenging macroeconomic conditions in Indonesia, which resulted in lower sales volume, and unfavorable foreign exchange difference arising from the translation to the Group's presentation currency.

Other Gains/(Losses) – Net

Other gains/(losses) - net decreased by S\$0.19 million to S\$0.08 million for 2025 (2024: S\$0.27 million), mainly due to currency exchange gain recognised during the year offset by a one-off loss on voluntary liquidation of a dormant subsidiary.

Interest Income

Interest income decreased by S\$10,000 to S\$2,000 for 2025 (2024: S\$12,000) mainly due to lower bank balance held in interest earning bank accounts.

Expenses

Raw materials and consumables used increased by S\$0.04 million to S\$0.12 million for 2025 (2024: S\$0.08 million), mainly due to new consumable assets purchased for use in expanded warehouse.

Amortisation of intangible assets increased by S\$7,000 to S\$14,000 for 2025 (2024: S\$7,000), mainly due to new software purchased by the sterilisation business in 2H2024 and during the year.

Other expenses decreased by S\$0.36 million to S\$1.16 million for 2025 (2024: S\$1.52 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 year.

Finance costs increased by S\$0.15 million to S\$0.42 million for 2025 (2024: S\$0.27 million), mainly due to interest charged on additional bank loans and shareholders loans taken up.

Income Tax Expenses

Income tax expenses decreased by S\$0.19 million to S\$0.20 million for 2025 (2024: S\$0.39 million), mainly due to lower chargeable income for sterilisation business during the year.

Other Comprehensive Income

Actuarial loss on defined benefit plans of S\$0.03 million for 2025 (2024: S\$0.01 million) relates to the adjustments on remeasurement of net defined benefit liability of the Group based on actuarial report obtained at end of the reporting period.

Foreign currency translation loss on translating foreign operations of S\$1.38 million for 2025 (2024: S\$0.18 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 decreased by S\$0.07 million or 17% from S\$0.41 million as at 31 December 2024 to S\$0.34 million as at 31 December 2025, mainly due to payment made for the ongoing construction for the expansion of the sterilisation business offset by loan proceeds and positive cash flow from operating activities.

Trade and other receivables decreased by S\$0.32 million or 53% from S\$0.60 million as at 31 December 2024 to S\$0.28 million as at 31 December 2025 mainly due to lower trade receivables due from third parties.

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

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

Income tax receivable increased by S\$0.36 million or 200% from S\$0.18 million as at 31 December 2024 to S\$0.54 million as at 31 December 2025, mainly due to refundable VAT and over-estimated 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 31 December 2025 mainly due to amortisation of software purchased by the sterilisation business.

Trade and other payables increased by S\$0.65 million or 120% from S\$0.54 million as at 31 December 2024 to S\$1.19 million as at 31 December 2025, mainly due to unsettled expenses relating to the expansion of sterilisation business.

Borrowings, including current and non-current, increased by S\$1.68 million or 25% from S\$6.72 million as at 31 December 2024 to S\$8.40 million as at 31 December 2025, mainly due to additional bank loans and shareholders loans taken up.

Lease liabilities, including current and non-current, decreased by S\$0.08 million or 67% from S\$0.12 million as at 31 December 2024 to S\$0.04 million as at 31 December 2025, mainly due to repayment of lease liabilities.

As at 31 December 2025, the Group had a negative working capital of S\$5.22 million (31 December 2024: S\$3.69 million). The Company intends to fund its operation through the Group's internal resources, loans from shareholders, 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 has completed the expansion of its business capacity in 2026. The management expects the sterilisation business will improve and continue to generate positive operating cashflow for 2026.

Other businesses

Striking-off of a Subsidiary

The Accounting and Corporate Regulatory Authority of Singapore has notified that Eufhoria Pte. Ltd. ("Eufhoria"), a dormant wholly-owned subsidiary of the Company, has been struck off from the Register of Companies on 2 October 2025.

The striking-off of Eufhoria is not expected to have any material impact on the earnings per share or net tangible assets of the Group for the current financial year.

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 second half and full year ended 31 December 2025.

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 year ended 31 December 2025 to be false or misleading.

On behalf of the Board of Directors

Alan Chin Yu
Executive Director

John Lee Yow Meng
Chief Financial Officer and Executive Director

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

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

9. Review of performance of the Group – turnover and earnings

Please refer to point 2 above.

10. Breakdown of sales

	<u>Financial year</u> <u>ended 31 Dec 2025</u> S\$'000	<u>Group</u> <u>Financial year</u> <u>ended 31 Dec 2024</u> S\$'000	% Increase/(decrease)
Sales reported for first half year	2,212	2,337	(5)
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(566)	25	(2,458)
Sales reported for second half year	1,749	2,480	(29)
Operating loss after tax before deducting non-controlling interests reported for second half year	(369)	(178)	107

11. **Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Bryan Nicholas Lee Mun Hei	44	Son of substantial shareholder, Mr Lee Teck Yuen	Chief Executive Officer, 1 July 2024	Nil

BY ORDER OF THE BOARD
Southern Archipelago Ltd.

John Lee Yow Meng
Chief Financial Officer and Executive Director
25 February 2026