

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 AND FULL YEAR ENDED 31 DECEMBER 2023

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

	Note	S\$'000		%	S\$'000		%
		2H2023	2H2022		FY2023	FY2022	
Revenue	5	2,500	2,708	(8)	5,196	4,837	7
Other gains – net	6	617	2,186	(72)	463	2,352	(80)
Interest income		25	85	(71)	52	95	(45)
Expenses							
Raw materials and consumables used		(30)	(55)	(45)	(71)	(91)	(22)
Employee benefits	7	(1,123)	(1,555)	(28)	(2,847)	(4,131)	(31)
Depreciation of property and equipment		(345)	(308)	12	(697)	(598)	17
Others	8	(645)	(1,372)	(53)	(1,264)	(2,161)	(42)
Finance costs	9	(126)	(117)	8	(246)	(238)	3
Total expenses		(2,269)	(3,407)		(5,125)	(7,219)	
Profit before income tax		873	1,572		586	65	
Income tax expenses	10	(314)	(392)	(20)	(543)	(554)	(2)
PROFIT/(LOSS) FOR THE PERIOD/YEAR		559	1,180		43	(489)	
Other comprehensive (loss)/income							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Actuarial (loss)/gain on defined benefit plans		(30)	15	(300)	(30)	15	(300)
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation							
- Loss on translating foreign operations		(849)	(87)	876	(381)	(337)	13
Other comprehensive loss for the period/year, net of tax		(879)	(72)		(411)	(322)	
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR		(320)	1,108		(368)	(811)	
Profit/(Loss) for the period attributable to equity holders		559	1,180		43	(489)	
Total comprehensive (loss)/income for the period attributable to equity holders		(320)	1,108		(368)	(811)	
Earning/(Loss) per share (S\$ cents)							
- Basic		0.0021	0.0043		0.0002	(0.0018)	
- Diluted		0.0021	0.0043		0.0002	(0.0018)	

Condensed Interim Statements of Financial Position

		GROUP S\$'000		COMPANY S\$'000	
	Note	As at 31/12/2023	As at 31/12/2022	As at 31/12/2023	As at 31/12/2022
ASSETS					
Current assets					
Cash and bank balances		3,080	7,344	375	5,121
Trade and other receivables	11	437	486	20	-
Other assets	12	152	124	33	103
		3,669	7,954	428	5,224
Asset held for sale	13	-	-	-	-
		3,669	7,954	428	5,224
Non-current assets					
Investments in subsidiaries		-	-	91	81
Investment in associate	14	-	-	-	-
Loans to subsidiaries		-	-	6,227	5,496
Property and equipment	15	4,946	4,177	197	49
Deferred tax assets		272	264	-	-
		5,218	4,441	6,515	5,626
Total assets		8,887	12,395	6,943	10,850
LIABILITIES					
Current liabilities					
Trade and other payables	16	522	1,201	3,311	3,470
Borrowings	17	3,372	6,587	3,182	6,432
Loan from a subsidiary		-	-	5,590	5,590
Lease liabilities		80	23	80	23
Income tax payable		175	148	-	-
		4,149	7,959	12,163	15,515
Net current liabilities		(480)	(5)	(11,735)	(10,291)
Non-current liabilities					
Lease liabilities		109	9	109	9
Defined benefit plan		975	932	-	-
Borrowings	17	863	866	-	-
		1,947	1,807	109	9
Total liabilities		6,096	9,766	12,272	15,524
Net assets/(liabilities)		2,791	2,629	(5,329)	(4,674)
EQUITY					
Equity attributable to owners of the Company					
Share capital	18	127,339	127,339	127,339	127,339
Reserves	19	1,516	1,367	4,619	4,089
Accumulated losses		(126,064)	(126,077)	(137,287)	(136,102)
Total equity		2,791	2,629	(5,329)	(4,674)

Condensed Interim Consolidated Statement of Cash Flows

		GROUP S\$'000	
	2023		2022
Cash Flows from Operating Activities			
Profit before tax		586	65
Adjustments for:			
Unrealised foreign exchange loss		72	284
Depreciation of property and equipment		697	598
Write-off of property and equipment	6	1	2
Write-off of other payables	6	(37)	(570)
Gain on disposal of asset held for sale	6	-	(1,808)
Gain/(Loss) on disposal of property and equipment	6	-*	-*
Gain on voluntary liquidation of a dormant subsidiary	6	-	(78)
Interest expense	9	246	238
Interest income		(52)	(95)
Share-based payment expense	7	530	2,214
Operating cash flows before working capital changes		2,043	850
Changes in working capital			
Receivables		(93)	44
Payables		(105)	(649)
Cash flows generated from operations		1,845	245
Tax paid		(516)	(275)
Net cash generated/(used in) from operating activities		1,329	(30)
Cash Flows from Investing Activities			
Purchase of property and equipment	15	(1,334)	(1,372)
Proceeds from disposal of asset held-for-sale		-	5,596
Proceeds from disposal of property and equipment		28	-*
Interest received		52	95
Net cash (used in)/generated from investing activities		(1,254)	4,319
Cash Flows from Financing Activities			
Principal repayment of lease liabilities		(72)	(54)
Repayment of borrowings		(3,557)	(676)
Proceeds from borrowings		351	2,698
Interest paid		(766)	(155)
Net cash (used in) / generated financing activities		(4,044)	1,813
Net (decrease)/increase in cash and bank balances		(3,969)	6,102
Cash and bank balances at the beginning of the year		7,344	1,455
Effect of changes in foreign exchange rates on cash and bank balances		(295)	(213)
Cash and bank balances at the end of the year		3,080	7,344

*: < 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	
2023						
Balance at 1 January 2023	127,339	4,089	(4,457)	1,735	(126,077)	2,629
Profit for the year	-	-	-	-	43	43
Other comprehensive income, net of tax:						
Foreign currency translation loss	-	-	(381)	-	-	(381)
Actuarial loss on defined benefit plan	-	-	-	-	(30)	(30)
Total comprehensive (loss)/income for the year	-	-	(381)	-	13	(368)
Share based payment	-	530	-	-	-	530
Balance at 31 December 2023	127,339	4,619	(4,838)	1,735	(126,064)	2,791
2022						
Balance at 1 January 2022	127,339	1,875	(4,120)	1,735	(125,603)	1,226
Loss for the year	-	-	-	-	(489)	(489)
Other comprehensive income, net of tax:						
Foreign currency translation loss	-	-	(337)	-	-	(337)
Actuarial gain on defined benefit plan	-	-	-	-	15	15
Total comprehensive loss for the year	-	-	(337)	-	(474)	(811)
Share based payment	-	2,214	-	-	-	2,214
Balance at 31 December 2022	127,339	4,089	(4,457)	1,735	(126,077)	2,629

Company

	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
2023				
Balance at 1 January 2023	127,339	4,089	(136,102)	(4,674)
Loss for the year	-	-	(1,185)	(1,185)
Total comprehensive loss for the year	-	-	(1,185)	(1,185)
Share based payment	-	530	-	530
Balance at 31 December 2023	127,339	4,619	(137,287)	(5,329)
2022				
Balance at 1 January 2022	127,339	1,875	(133,825)	(4,611)
Loss for the year	-	-	(2,277)	(2,277)
Total comprehensive loss for the year	-	-	(2,277)	(2,277)
Share based payment	-	2,214	-	2,214
Balance at 31 December 2022	127,339	4,089	(136,102)	(4,674)

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Southern Archipelago Ltd. (the “Company”) is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six month and full year ended 31 December 2023 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 2023 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 interim financial statements for the period ended 30 June 2023.

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 31 December 2023, the Group and Company are in a net current liability position of S\$480,000 and S\$11,735,000 (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 2023 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.

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 2023 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 2023.

2.2 Use of Judgements and Estimates (cont'd)

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 are 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 sterilisation 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

1 July 2023 to 31 December 2023

External revenues

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
Segment results	(557)	1,919	(11)	(32)	1,319
Interest income	1	24	-	-	25
Finance costs	(81)	(45)	-	-	(126)
Depreciation	(43)	(302)	-	-	(345)
Reportable segment (loss)/profit before income tax	(680)	1,596	(11)	(32)	873

Other material item

Capital expenditure - property and equipment	-	1,159	-	-	1,159
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Segment assets

Unallocated assets – deferred tax assets	711	7,882	5	17	8,615
Consolidated total assets					8,887

Segment liabilities

Unallocated liabilities - current income tax liabilities	3,874	2,038	5	4	5,921
Consolidated total liabilities					6,096

1 July 2022 to 31 December 2022

External revenues

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
Segment results	(579)	2,237	(4)	258	1,912
Interest income	5	14	-	66	85
Finance costs	(71)	(46)	-	-	(117)
Depreciation	(26)	(282)	-	-	(308)
Reportable segment (loss)/profit before income tax	(671)	1,923	(4)	324	1,572

Other material item

Capital expenditure - property and equipment	18	1,346	-	-	1,364
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Segment assets

Unallocated assets – deferred tax assets	5,350	6,747	8	26	12,131
Consolidated total assets					12,395

Segment liabilities

Unallocated liabilities - current income tax liabilities	7,633	1,971	-	14	9,618
Consolidated total liabilities					9,766

4.1 Reportable Segments (con't)

	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
2023					
External revenues	-	5,196	-	-	5,196
Segment results	(1,821)	3,132	(16)	182	1,477
Interest income	7	45	-	-	52
Finance costs	(155)	(91)	-	-	(246)
Depreciation	(85)	(612)	-	-	(697)
Reportable segment (loss)/profit before income tax	(2,054)	2,474	(16)	182	586
Other material item					
Capital expenditure					
- property and equipment	235	1,331	-	-	1,566
Segment assets	711	7,882	5	17	8,615
Unallocated assets – deferred tax assets					272
Consolidated total assets					8,887
Segment liabilities	3,874	2,038	5	4	5,921
Unallocated liabilities - current income tax liabilities					175
Consolidated total liabilities					6,096
	Investment holding S\$'000	Sterilisation S\$'000	Hospitality and wellness S\$'000	Property S\$'000	Total S\$'000
2022					
External revenues	-	4,837	-	-	4,837
Segment results	(3,023)	3,598	(4)	235	806
Interest income	6	23	-	66	95
Finance costs	(171)	(67)	-	-	(238)
Depreciation	(52)	(546)	-	-	(598)
Reportable segment (loss)/profit before income tax	(3,240)	3,008	(4)	301	65
Other material item					
Capital expenditure					
- property and equipment	30	1,355	-	-	1,385
Segment assets	5,350	6,747	8	26	12,131
Unallocated assets – deferred tax assets					264
Consolidated total assets					12,395
Segment liabilities	7,633	1,971	-	14	9,618
Unallocated liabilities - current income tax liabilities					148
Consolidated total liabilities					9,766

4.2 Geographical information

As at 31 December 2023

	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	197
Indonesia	5,196	4,749
	5,196	4,946

As at 31 December 2022

	External Revenues S\$'000	Non-current assets^^ S\$'000
Singapore	-	49
Indonesia	4,837	4,128
	4,837	4,177

^^ : 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>31 Dec 2023</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2022</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2022</u> S\$'000
Revenue from sterilisation services	2,500	2,708	5,196	4,837

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 ended</u> <u>31 Dec 2023</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2022</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2022</u> S\$'000
Currency exchange gain/(loss) – net	565	(388)	387	(247)
Gain on disposal of asset held for sale	-	1,808	-	1,808
Gain/(Loss) on disposal of property and equipment	-	-	-*	-*
Write-off of property and equipment	-	(2)	(1)	(2)
Write-off of other payables	37	570	37	570
Gain on voluntary liquidation of a dormant subsidiary	-	78	-	78
Miscellaneous income	15	120	40	145
	617	2,186	463	2,352

*: < S\$1,000

7. Employee benefits

	Group			
	<u>6 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2022</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2022</u> S\$'000
Short-term employee benefits	957	845	2,048	1,702
Post-employment benefits	20	18	39	36
Other long-term employee benefits	146	114	230	179
Share-based payment expense	-	578	530	2,214
	<u>1,123</u>	<u>1,555</u>	<u>2,847</u>	<u>4,131</u>
<i>Comprised:</i>				
Directors of the Company	152	432	536	1,341
Director of the Group's subsidiaries	148	160	328	336

The share-based payment expense relates to the fair value recognised for employee services received during the year in return for share options granted.

8. Other expenses

	Group			
	<u>6 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2022</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2022</u> S\$'000
Audit fees:				
- auditor of the Company	53	45	93	82
- other auditors	5	9	10	15
Other fees paid/payable to auditor of the Company	-	-	-	35
Legal, professional and consultancy fees	107	101	165	288
Loss allowance on trade receivables	-	-	5	-
Upkeep expenses	124	110	229	217
Directors' fees	51	51	103	103
Travelling expenses	53	49	103	77
Postage and telecommunication expenses	7	7	15	13
Printing and stationery expenses	3	1	10	6
Staff training and welfare expenses	36	22	76	60
Marketing and advertising	11	63	27	67
Provision for withholding tax expense	52	52	103	103
Sundry expenses	2	75	3	95
SGX expenses	17	17	35	35
Real property gains tax	-	482	-	482
Others	124	288	287	483
	<u>645</u>	<u>1,372</u>	<u>1,264</u>	<u>2,161</u>

9. Finance costs

	Group			
	<u>6 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2022</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2022</u> S\$'000
Interest expense				
- loans from banks	105	89	207	129
- loan from shareholders	16	27	30	106
- lease liabilities	5	1	9	3
	<u>126</u>	<u>117</u>	<u>246</u>	<u>238</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>31 Dec 2023</u> S\$'000	<u>6 months ended</u> <u>31 Dec 2022</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2023</u> S\$'000	<u>12 months ended</u> <u>31 Dec 2022</u> S\$'000
Income tax expense comprised:				
Current income tax expense	319	324	545	530
Deferred tax	(8)	40	(5)	(4)
	<u>311</u>	<u>364</u>	<u>540</u>	<u>526</u>
(Under)/Overprovision in prior period/year				
Current income tax expense	-	61	-	61
Deferred tax	3	(33)	3	(33)
	<u>314</u>	<u>392</u>	<u>543</u>	<u>554</u>

11. Trade and other receivables

	Group		Company	
	<u>As at 31 Dec 2023</u> S\$'000	<u>As at 31 Dec 2022</u> S\$'000	<u>As at 31 Dec 2023</u> S\$'000	<u>As at 31 Dec 2022</u> S\$'000
Trade receivables				
- third parties (a)	278	352	-	-
Less: Loss allowance	(5)	-*	-	-
Trade receivables - net	<u>273</u>	<u>352</u>	<u>-</u>	<u>-</u>
Other receivables - third parties	<u>164</u>	<u>134</u>	<u>20</u>	<u>-</u>
Total trade and other receivables	<u>437</u>	<u>486</u>	<u>20</u>	<u>-</u>

*: < S\$1,000

- (a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2022: 30 to 60 days).

12. Other assets

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Deposits	26	52	24	50
Prepayments	126	72	9	53
Total other assets	152	124	33	103

13. Asset held for sale

	Group	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Balance at the beginning of the year	-	4,500
Disposal	-	(4,414)
Currency translation differences	-	(86)
Balance at the end of the year	-	-

In FY2022, the sale of the development property was completed and the Group received the full settlement of the remaining RM18.0 million (approximately S\$5.6million).

14. Investment in associate

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at the beginning of the year	594	690	729	729
Addition during the year	-	-	-	-
Share of loss of associate	(248)	(96)	-	-
Balance at the end of the year	346	594	729	729
Less: Allowance for impairment loss	(346)	(594)	(729)	(729)
	-	-	-	-

As at 31 December 2023, 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 2023.

15. Property and equipment

During the six months ended 31 December 2023, the Group acquired assets amounting to S\$1,159,000 (31 December 2022: S\$1,364,000) and disposed of assets amounting to S\$31,000 (31 December 2022: S\$203,000).

During the year ended 31 December 2023, the Group acquired assets amounting to S\$1,566,000 (including right of use asset amounting to S\$232,000) (31 December 2022: S\$1,385,000) and disposed of assets amounting to S\$31,000 (31 December 2022: S\$203,000).

16. Trade and other payables

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Other payables (a)	54	46	51	43
Deposit payable	-*	-	-	-
Interest payable (b)	186	707	3,011	3,024
Accrued operating expenses	282	448	249	403
Total trade and other payables	522	1,201	3,311	3,470

*: < S\$1,000

- (a) The Group and the Company's other payables include professional fees and general legal advice of S\$21,000 (2022: S\$37,000).
- (b) Interest payable relates to loan from a shareholder and loan from subsidiary.

17. Borrowings

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured - Loans from banks (a)	190	155	-	-
Unsecured - Loans from banks (b)	1,800	1,600	1,800	1,600
Unsecured - Loan from a shareholder (c)	1,382	4,832	1,382	4,832
	3,372	6,587	3,182	6,432
<u>Amount repayable after one year</u>				
Secured - Loans from banks (a)	863	866	-	-
Total borrowings	4,235	7,453	3,182	6,432

- (a) Loans from banks are secured over the Group's freehold land and building. The loans from banks bear an interest of 8% (2022: between 6.8% and 8%) per annum.
- (b) Loans from banks are unsecured and bears interest of 2.5% plus bank's Cost of Funds.
- (c) Loan from a shareholder are unsecured and bears interest of 2% (2022: 2%) per annum.

18. Share capital

	Group and Company			
	<u>As at 31 Dec 2023</u>		<u>As at 31 Dec 2022</u>	
	Number of	S\$'000	Number of	S\$'000
	ordinary shares		ordinary shares	
Beginning and end of the year	27,570,762,183	127,339	27,570,762,183	127,339

During the six months ended 31 December 2023, there is no change in the Group and Company's share capital.

The Company did not hold any treasury shares as at 31 December 2023 (31 December 2022: Nil).

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

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 2023, there were outstanding options for conversion into 1,160,000,000 (31 Dec 2022: 1,160,000,000) ordinary shares.

The Blumont ESOS 2013 had expired on 21 April 2023.

Blumont Performance Share Plan (the "Blumont PSP")

The Blumont PSP had expired on 21 April 2023.

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

At an Extraordinary General Meeting held on 10 August 2023, the members of the Company approved the SAL ESOS 2023 and SAL PSP 2023, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The rules of the SAL ESOS 2023 and SAL PSP 2023 are substantially similar to the rules of the Blumont ESOS 2013 and Blumont PSP. However, as there have been amendments to the Listing Manual, the Companies Act, and the Securities and Futures Act 2001 of Singapore since April 2013, the rules of the SAL ESOS 2023 and SAL PSP 2023 have taken into account such amendments.

The SAL ESOS 2023 and SAL PSP 2023 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Ng Keok Chai (Chairman), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The SAL ESOS 2023 and SAL PSP 2023 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 10 August 2023. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

No share options under the SAL ESOS 2023 and incentive share awards under the SAL PSP 2023 have been granted since its adoption.

19. Reserves

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Composition:				
Currency translation reserve	(4,838)	(4,457)	-	-
Other reserve	1,735	1,735	-	-
Share option reserve	4,619	4,089	4,619	4,089
	<u>1,516</u>	<u>1,367</u>	<u>4,619</u>	<u>4,089</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 2023 and 31 December 2022.

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
<u>At amortised cost</u>				
Cash and bank balances	3,080	7,344	375	5,121
Trade and other receivables	437	486	20	-
Other assets	26	52	24	50
Loans to subsidiaries	-	-	6,227	5,496
Total	3,543	7,882	6,646	10,667

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables	522	1,201	3,311	3,470
Borrowings	4,235	7,453	3,182	6,432
Loan from a subsidiary	-	-	5,590	5,590
Lease liabilities	189	32	189	32
Total	4,946	8,686	12,272	15,524

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

	Group		Company	
	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>	<u>As at 31 Dec 2023</u>	<u>As at 31 Dec 2022</u>
Net asset/(liability) value per ordinary share (in cents)	0.0101	0.0095	(0.0193)	(0.0170)

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position Southern Archipelago Ltd. and its subsidiaries as at 31 December 2023 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 certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

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

Other Gains – Net

Other gains decreased by S\$1.89 million amounting to a gain of S\$0.46 million for 2023 (2022: S\$2.35 million), mainly due to one-off gain from disposal of asset held for sale in the prior year.

Interest income decreased by S\$43,000 to S\$52,000 for 2023 (2022: S\$95,000) mainly due to one-off interest charged for extension of payment due from the asset held for sale buyer in the prior year.

Expenses

Raw materials and consumables used decreased by S\$20,000 to S\$71,000 in 2023 (2022: S\$91,000), mainly due to fewer materials consumed by the sterilisation business.

Employee benefits expenses decreased by S\$1.28 million to S\$2.85 million in 2023 (2022: S\$4.13 million), mainly due to lower share-based payment expense recognised during the year for Blumont ESOS 2013.

Depreciation of property and equipment increased by S\$0.10 million to S\$0.70 million in 2023 (2022: S\$0.60 million), mainly due to higher depreciation incurred for new cobalt rods purchased in Oct 2022.

Other expenses decreased by S\$0.90 million to S\$1.26 million in 2023 (2022: S\$2.16 million), mainly due to one-off real property gains tax incurred on sale of asset held for sale during the prior year and lower legal and professional fees incurred for corporate exercises during the year.

Other Comprehensive Income

Actuarial loss on defined benefit plans of S\$0.03 million for 2023 (2022: gain of S\$0.02 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\$0.38 million for 2023 (2022: S\$0.34 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) 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\$4.27 million or 58% from S\$7.35 million as at 31 December 2022 to S\$3.08 million as at 31 December 2023, mainly due to partial repayment of loan from a shareholder amounting to S\$4.0 million.

Trade and other receivables decreased by S\$0.05 million or 10% from S\$0.49 million as at 31 December 2022 to S\$0.44 million as at 31 December 2023 mainly due to decrease of trade receivables due from third parties.

Other assets increased by S\$0.03 million or 25% from S\$0.12 million as at 31 December 2022 to S\$0.15 million as at 31 December 2023, mainly due to prepayment for new equipment by the sterilisation business.

Property and equipment increased by S\$0.77 million or 18% from S\$4.18 million as at 31 December 2022 to S\$4.95 million as at 31 December 2023, mainly due to construction in progress recognised for the expansion of sterilisation business.

Trade and other payables decreased by S\$0.68 million or 57% from S\$1.20 million as at 31 December 2022 to S\$0.52 million as at 31 December 2023, mainly due to partial repayment of interest on loan from a shareholder and lower legal and professional fees accrued for corporate exercises.

Borrowings, including current and non-current, decreased by S\$3.21 million or 43% from S\$7.45 million as at 31 December 2022 to S\$4.24 million as at 31 December 2023, mainly due to partial repayment of loan from a shareholder.

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

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

Lease liabilities, including current and non-current, increased by S\$0.16 million or 533% from S\$0.03 million as at 31 December 2022 to S\$0.19 million as at 31 December 2023, mainly due to a new lease for office premise that the Company entered into during the year.

Income tax payable increased by S\$0.03 million or 20% from S\$0.15 million as at 31 December 2022 to S\$0.18 million as at 31 December 2023, mainly due to higher chargeable income which is in line with the increase in sterilisation segment revenue.

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 began expansion plans during the year which will further increase the segment's sales capacity and is expected to continue performing well in 2024.

Hospitality and wellness

Proposed Acquisition

As announced on 1 October 2021, the Company entered into a share sale agreement ("Mendol SPA") dated 1 October 2021 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) (as amended, modified and supplemented by a first supplemental agreement dated 31 March 2022, a second supplemental agreement dated 5 April 2022, a third supplemental agreement dated 30 June 2022, a fourth supplemental agreement dated 30 August 2022, a fifth supplemental agreement dated 31 October 2022 and a sixth supplemental agreement dated 7 July 2023).

The Company also entered into a share sale agreement ("Seychelles SPA") dated 1 October 2021 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 each of Prime Holdings Pte. Ltd., Enggano Investments Pte. Ltd. and Mesawak Investments Pte. Ltd. ("Seychelles Companies") ("Seychelles Acquisition") (as amended, modified and supplemented by a first supplemental agreement dated 31 March 2022, a second supplemental agreement dated 5 April 2022, a third supplemental agreement dated 30 June 2022, a fourth supplemental agreement dated 30 August 2022, a fifth supplemental agreement dated 31 October 2022 and a sixth supplemental agreement dated 7 July 2023).

On 29 December 2023, the Company announced that pursuant to various discussions between the Parties, the Parties to the SPAs have mutually agreed to enter into and have on 29 December 2023, entered into, termination agreements to terminate the respective SPAs and the transactions contemplated thereunder.

Other businesses

As announced on 1 October 2021, the Company has proposed a renounceable non-underwritten Rights cum Warrants issue to strengthen the Group's financial position and expand the capital base of the Group. In the event that the Proposed Acquisition is completed, the Rights cum Warrants issue will be used to fund the operation of the new business or, in the alternative, to fund the Business Expansion of the Company.

The Company subsequently announced on 31 October 2022 a reduction in the scope of the Proposed Acquisition and correspondingly updated that the size of the Rights cum Warrants Issue would similarly be reduced.

On 29 December 2023, the Company announced that it has decided to terminate the proposal to carry out a Rights cum Warrants Issue. The Company would reassess various options available to it, before determining the next course of action, including if any fund raising is necessary to implement any corporate action. The Company will keep Shareholders updated as and when there are material developments.

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 2023.

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 2023 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.

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 2023</u> S\$'000	<u>Group</u> <u>Financial year</u> <u>ended 31 Dec 2022</u> S\$'000	<u>%</u> <u>Increase/(decrease)</u> <u>S\$'000</u>
Sales reported for first half year	2,696	2,129	27
Operating loss after tax before deducting non-controlling interests reported for first half year	(516)	(1,669)	(69)
Sales reported for second half year	2,500	2,708	(8)
Operating profit after tax before deducting non-controlling interests reported for second half year	559	1,180	(52)

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

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD
Southern Archipelago Ltd.

John Lee Yow Meng
Chief Financial Officer and Executive Director
27 February 2024