# Notes to Quarterly Report

## 1. Basis of Accounting and Accounting Policies.

These condensed consolidated interim financial statements for the period ended 31 December 2025, have been prepared in accordance with MRFS 134, Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements. The Group prepared its financial statements in accordance with applicable Malaysian Financial Reporting Standards ("MFRS").

## 2. Audit Report on Financial Statements.

The financial statements of the Group for the financial year ended 31 December 2024 have been reported without any audit qualification.

## 3. Seasonal or Cyclical Factors

The business activities of the Group tend to have higher sales near the year end festive season but are not significantly affected by any cyclical factors.

## 4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There is no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

## 5. Material Changes in Estimates

There is no material change in estimates for the period under review.

## 6. Issuance and Repayment of Debt and Equity Securities

There is no issuance or repayment of any debt and equity securities during the period under review.

## 7. Segmental Information for the Current Financial Period

No segmental information is presented, as the Group is principally involved in latex bedding business with operations in Malaysia and no overseas plant or office.

## 8. Valuation of Property, Plant and Equipment

All assets under the Group have not been revalued and are carried at historical cost.

## 9. Effect of Changes in the Composition of the Group

There is no change in the composition of the Group during the period under review.

## 10. Status of the Corporate Proposals

There is no corporate proposal being undertaken by the Group as at the reporting date.

## Notes to Quarterly Report (continued)

**11. Profit Forecast / Guarantee**

Not applicable.

**12. Discussion and Analysis on Group's Financial Performance**

(a) Financial review for current quarter and financial year to date

The revenue of the Group for the current quarter decreased by 23.2% to RM31.530 million as compared to RM41.059 million in previous year corresponding quarter. The profit before taxation for the current quarter decreased by 53.1% to RM1.178 million from RM2.513 million in the previous year corresponding quarter. The lower performance were mainly due the following reasons.

The main factors affecting the financial performances are as follow:

(i) The market condition – Both export and domestic sales were slow in Q4 of FY 2025 across the different sales channels.

(ii) Level of operating activities – The level of operating activities was below optimal level.

(iii) Key factors affecting revenue, costs and profit margin

(a) The average latex price. The latex price in Q4 of 2025 had softened by about 7% compared to previous year corresponding period.

(b) The global trade uncertainty caused by the US reciprocal tariff had resulted in a squeeze in our export product margin.

(c) The increase in minimum wages since February 2025 had resulted in higher labour cost.

(d) The reported 23.2% drop in revenue for current quarter compared to last year corresponding period was caused by an one-off adjustment in previous year on the reclassification of discounts on Cuckoo Napure trade receivables. Without the adjustment, the current quarter revenue would report a decrease by about 15% compared to previous year corresponding quarter.

(e) The impostion of SST on rental payable had increased the Group's operating expenses in our retail and roadshow operations.

(iv) Unusual or one-off issue – there is no unusual or one-off issue for the quarter under review.

(v) Diversification or penetration into new market – there is no diversification or significant new market penetration for the period under review.

(vi) Merger and acquisition exercises – there is no merger and acquisition activities for the period under review.

(vii) New contracts / termination of existing contract – there is no significant new contract or termination of existing contract for the period under review.

(viii) Impairment of Assets or receivables – In Q4 of FY 2025, the discount for Cuckoo Napure trade receivables and reversal of service income amounting to approximately RM2.217 million and a provision for expected credit loss of approximately RM0.221 million.

(ix) Fair value gain / loss on investment – there is no fair value gain or loss on investment for the period under review.

(x) Foreign labour issue – the Group is having sufficient workforce for our operating activities.

## Notes to Quarterly Report (continued)

### 13. Financial Review for current quarter compared with immediate preceding quarter

| | Current Quarter | Immediate Preceding Quarter | Changes % |
|---|---|---|---|
| | 31/12/2025 | 30/09/2025 | |
| | RM'000 | RM'000 | |
| Revenue | 31,530 | 29,864 | + 5.6% |
| Operating profit | 929 | 595 | + 56.1% |
| Other income | 598 | 337 | + 77.4% |
| Finance cost | (349) | (17) | - 1952.9% |
| Profit before taxation | 1,178 | 915 | + 28.7% |
| Profit after taxation | 1,662 | 817 | + 103.4% |
| Profit attributable to Ordinary Equity holders of the parent | 1,662 | 817 | + 103.4% |

The revenue for current quarter increased by 5.6% to RM31.530 million from RM29.864 million in the preceding quarter mainly due to improved sales from domestic operations in the current quarter.

### 14. Other Income / Expenses

| | Current Quarter | Preceding Year Corresponding Quarter |
|---|---|---|
| | RM'000 | RM'000 |
| Interest income | 47 | 74 |
| Other income / (expenses) | 520 | 494 |
| Changes in (provision for) / recovery of doubtful debts | - | - |
| Gain/(loss) on disposal of property, plant and equipment | 31 | - |
| Changes in (provision for) / recovery of stocks | - | - |

### 15. Deferred Tax

The deferred tax liabilities on deductible temporary differences recognised in the financial statements as required under the MFRS 112 were as follows: -

| | YTD ended 31 December 2025 |
|---|---|
| Tax effect of | RM'000 |
| Timing difference between excess of capital allowance over accumulated depreciation on property, plant & equipment | 2,742 |
| Timing difference on tax liability of interest / service income recognition | 2,876 |
| Total | 5,618 |

# Notes to Quarterly Report (continued)

## 16. Group Borrowings

(a) The Group borrowings as at the end of the reporting quarter are as follows:

| | As at 4th Quarter ended 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Non-current | | Current | | Total Borrowings | |
| | Foreign denomination RM'000 | RM denomination RM'000 | Foreign denomination RM'000 | RM denomination RM'000 | Foreign denomination RM'000 | RM denomination RM'000 |
| Secured | - | 475 | - | 702 | - | 1,177 |
| Unsecured | - | - | - | - | - | - |

| | As at 4th Quarter ended 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Non-current | | Current | | Total Borrowings | |
| | Foreign denomination RM'000 | RM denomination RM'000 | Foreign denomination RM'000 | RM denomination RM'000 | Foreign denomination RM'000 | RM denomination RM'000 |
| Secured | - | 1,178 | - | 1,470 | - | 2,648 |
| Unsecured | - | - | - | - | - | - |

(b) Group net gearing or net cash position

| | Current Quarter | Preceding Year Corresponding Quarter |
|---|---|---|
| | RM'000 | RM'000 |
| Total borrowings | (1,177) | (2,648) |
| Cash | 22,075 | 22,228 |
| Net (borrowings) / cash | 20,898 | 19,580 |
| Net assets | 79,374 | 80,096 |
| Net gearing ratio | Net cash | Net cash |

Commentaries on Group Borrowings and Debt Securities

(i) Total borrowings decreased from RM2.648 million to RM1.177 million against previous year corresponding quarter with positive cashflow from operations.

(ii) The net cash position increased to RM20.898 million in Q4 of 2025 from RM19.580 million in previous year corresponding quarter.

(iii) The interest rates are stable for the period under review.

(iv) The Group occasionally financed certain import purchase denominated in USD using Foreign Currency Trade Loan (FCTL). The Group is having more USD proceeds from export than USD imports thus is practicing natural hedging for USD imports as well as settlement of FCTL.

## 17. Contingent Liabilities

| | RM'000 |
|---|---|
| Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries | 1,177 |

## Notes to Quarterly Report (continued)

### 18. Financial Instruments under MFRS 139

As at 31 December 2025, the unrealised gains or loss for the Group is as follows:

| | Derivatives / year end balances | Contract value RM'000 | Balance Sheet value RM'000 | Fair value RM'000 | Unrealised gain/(loss) RM'000 |
|---|---|---|---|---|---|
| 1 | Foreign Exchange Contracts | | | | |
| | - Less than 1 year | - | - | - | - |
| 2 | Trade related balances | - | (1,811) | (1,742) | 69 |
| | Total | - | (1,811) | (1,742) | 69 |

### 19. Foreign Exchange Exposure / Hedging Policy

The main export currency is USD. The Group has imports in USD for certain of its raw materials and trading goods. The Group practices natural hedging for export proceeds with import payments and may occasionally hedge some of the expected excess USD proceeds.

### 20. Trade Receivables

The Group practices prudent credit control with average debtor days of within 1 to 2 months.

### 21. Related Party Transactions

There are no significant related party transactions during the period under review.

### 22. Material Impairment of Fixed Assets

There is no material impairment of assets during the period under review.

### 23. Prospects for the Next Financial Year

The Board expects that the changes in any of the following factors may have a direct impact on the performance of the Group in 2026:

(i) The volatility in demand from oversea market, especially the rapid appreciation of Ringgit against the US Dollar.

(ii) Key Raw Material – The fluctuation of the centrifuged latex price which is the main raw materials for the Group's operation.

(iii) The Cuckoo Napure mattress collaboration – this division contributed about 16% of total group revenue. The performance is dependent on the demand on our Cuckoo Napure mattress through the Cuckoo distribution network.

(iv) Foreign Exchange - The changes in exchange rate especially the US Dollar which remains the main foreign currency for our export business, would impact on the Group's operations and margins.

(v) Consumer sentiment and confidence level in spending.

## Notes to Quarterly Report (continued)

### 23. Prospects for the Current Financial Year (continued)

(vi) Property sector - The health of the property sector will have direct impact on furnishing requirements, any recovery in the residential property sector would have positive impact on the Group performance.

(vii) Workers – Any revision to the minimum wages or the labour law that may cause the labour cost to hike.

### 24. Material Litigation

The Group does not have any material litigation as at 26 February 2026.

### 25. Dividend

For FY 2025, the Board proposed an first interim dividend of 1.5 sen per ordinary shares amounting to approximately RM3.77 million.

### 26. Significant Subsequent Events

There are no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

### 27. Net Earnings Per Ordinary Share

The earnings per ordinary share is calculated based on the Group's profit after taxation on the number of ordinary shares of 251,653,024 in issue (net of treasury shares). The number of ordinary shares has been increased pursuant to the bonus issue of one share for every two ordinary shares which was completed in June 2024.

| | YTD ended 31 December 2025 |
|---|---|
| | RM'000 |
| Profit attributable to ordinary equity holders of the parent | 5,192 |
| No. of ordinary shares of RM0.10 each (net of treasury shares) | 251,653 |
| Net EPS – Basic (sen) | 2.06 |
| Net EPS – Diluted (sen) | 2.06 |

On Behalf of the Board

**Dato' Eric Lee**
**Managing Director**

26 February 2026