Notes to Quarterly Report

1. Basis of Accounting and Accounting Policies.

These condensed consolidated interim financial statements for the period ended 31 March 2026, 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 2025 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 14.8% to RM27.845 million as compared to RM32.693 million in previous year corresponding quarter. The profit before taxation for the current quarter decreased by 8.1% to RM2.284 million from RM2.484 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 – Export sales reduced by approximately 12% mainly due to strengthening of the Malaysia Ringgit against USD. Domestic sales were down by about average 15% in Q1 of FY 2026 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 Q1 of 2026 had softened by about 19% compared to previous year corresponding period.

(b) The impostion of SST on rental payable since July 2025 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 Q1 of FY 2026, the discount for Cuckoo Napure trade receivables and reversal of service income amounting to approximately RM1.511 million and a reversal of provision for expected credit loss of approximately RM0.073 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 %
	31/03/2026	31/12/2025	
	RM'000	RM'000	
Revenue	27,845	31,530	- 11.7%
Operating profit	1,933	1,009	+ 91.6%
Other income	445	598	- 25.6%
Finance cost	(94)	(349)	+ 73.1%
Profit before taxation	2,284	1,258	+ 81.6%
Profit after taxation	1,826	1,728	+ 5.7%
Profit attributable to Ordinary Equity holders of the parent	1,826	1,728	+ 5.7%

The revenue for current quarter decreased by 11.7% to RM27.845 million from RM31.530 million in the preceding quarter mainly due to slower domestic operations in the current quarter. The higher operating profit for the current quarter was mainly due to lower impairment and expected credit lost for the Cuckoo Napure Rental sales.

14. Other Income / Expenses

	Current Quarter	Preceding Year Corresponding Quarter
	RM'000	RM'000
Interest income	71	83
Other income / (expenses)	374	233
Changes in (provision for) / recovery of doubtful debts	-	-
Gain/(loss) on disposal of property, plant and equipment	-	-
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 March 2026
Tax effect of	RM'000
Timing difference between excess of capital allowance over accumulated depreciation on property, plant & equipment	2,675
Timing difference on tax liability of interest / service income recognition	2,960
Total	5,635

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 1st Quarter ended 2026					
	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	-	413	-	552	-	965
Unsecured	-	-	-	-	-	-

	As at 1st 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	-	810	-	1,253	-	2,063
Unsecured	-	-	-	-	-	-

(b) Group net gearing or net cash position

	Current Quarter	Preceding Year Corresponding Quarter
	RM'000	RM'000
Total borrowings	(965)	(2,063)
Cash	13,807	17,309
Net (borrowings) / cash	12,842	15,246
Net assets	74,946	76,189
Net gearing ratio	Net cash	Net cash

Commentaries on Group Borrowings and Debt Securities

(i) Total borrowings decreased from RM2.063 million to RM0.965 million against previous year corresponding quarter with positive cashflow from operations.

(ii) The net cash position decreased to RM12.842 million in Q1 of 2026 from RM15.246 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	965

Notes to Quarterly Report (continued)

18. Financial Instruments under MFRS 139

As at 31 March 2026, 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	-	(741)	(764)	(23)
	Total	-	(741)	(764)	(23)

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 Current 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 29 May 2026.

25. Dividend

The proposed first interim dividend of 1.5 sen per ordinary shares amounting to approximately RM3.77 million was paid in Mar 2026.

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 244,071,824 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 March 2026
	RM'000
Profit attributable to ordinary equity holders of the parent	1,826
No. of ordinary shares of RM0.10 each (net of treasury shares)	244,072
Net EPS – Basic (sen)	0.75
Net EPS – Diluted (sen)	0.75

On Behalf of the Board

Dato' Eric Lee
Managing Director

29 May 2026