

RECRON (MALAYSIA) SDN. BHD.
Financial Statements
For the year ended 31st December, 2024

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF RECRON (MALAYSIA) SDN. BHD.

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE FIT-FOR-CONSOLIDATION FINANCIAL
INFORMATION

Our opinion

In our opinion, the accompanying special purpose fit-for-consolidation financial information ("FFC financial information") of Recron (Malaysia) Sdn. Bhd. ("the Company") are prepared, in all material respects, in accordance with group accounting policies of Reliance Industries Limited.

What we have audited

We have audited the accompanying special purpose FFC financial information of the Company, which comprise the balance sheet as at 31 December 2024, and the profit and loss statement, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial information, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the special purpose FFC financial information" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation

We draw attention to Note B.1 to the special purpose FFC financial information of the Company, which describes the basis of its preparation. The special purpose FFC financial information of the Company dealt with by this report, have been prepared in accordance with the group accounting policies of Reliance Industries Limited to enable their incorporation into the consolidated financial statements of Reliance Industries Limited and not to report on the Company as a separate entity. Our opinion is not modified in respect of this matter.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF RECRON (MALAYSIA) SDN. BHD. (CONTINUED)

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION (CONTINUED)

Responsibilities of the Directors for the special purpose FFC financial information

The Directors of the Company are responsible for the preparation of the special purpose FFC financial information of the Company in accordance with the group accounting policies of Reliance Industries Limited described in Note B.1 to the special purpose FFC financial information of the Company. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of special purpose FFC financial information of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose FFC financial information of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the special purpose FFC financial information

Our objectives are to obtain reasonable assurance about whether the special purpose FFC financial information of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose FFC financial information of the Company.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the special purpose FFC financial information of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF RECRON (MALAYSIA) SDN. BHD. (CONTINUED)

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION (CONTINUED)

Auditors' responsibilities for the audit of the special purpose FFC financial information (continued)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose FFC financial information of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RESTRICTION ON USE AND DISTRIBUTION

This special purpose FFC financial information of the Company has been prepared for purposes of providing information to Reliance Industries Limited to enable it to prepare its consolidated financial statements. As a result, the special purpose FFC financial information of the Company may not be suitable for another purpose.

This report is intended solely for the Directors of Recron (Malaysia) Sdn. Bhd. and should not be used by or distributed to other parties.

PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

TAN LAI YIAN (03601/10/2023 J)

Chartered Accountant

Kuala Lumpur

24 April 2025

Recron (Malaysia) Sdn. Bhd.

Balance Sheet

As at December 31, 2024

RM Million

Particulars	Notes	As at December 31, 2024	As at December 31, 2023
ASSETS			
Non- Current Assets			
Property, plant and equipment	1	850.68	905.89
Capital work-in-progress	1	15.04	28.16
Deferred tax assets (net)	2	25.20	10.96
Total Non- Current Assets		890.92	945.01
Current Assets			
Inventories	3	319.30	300.00
Financial Assets			
Trade receivables	4	351.74	135.25
Amount due from ultimate holding company		23.20	-
Cash and cash equivalents	5	3.31	0.31
Other financial assets	6	2.07	2.04
Other Current Assets	7	1.94	2.68
Total Current Assets		701.56	440.28
Total Assets		1,592.48	1,385.29
EQUITY AND LIABILITIES			
Equity			
Share Capital	8	542.99	542.99
Other Equity		311.28	385.62
Total equity attributable to owners of Recron (Malaysia) Sdn. Bhd.		854.27	928.61
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Borrowings	9	129.39	236.36
Trade payables	10	262.83	99.67
Amount due to ultimate holding company		219.96	0.05
Amount due to a related company		78.37	79.56
Other financial liabilities	11	32.41	26.25
Other current liabilities	12	15.25	14.79
Total Current Liabilities		738.21	456.68
Total Liabilities		738.21	456.68
Total Equity and Liabilities		1,592.48	1,385.29

Recron (Malaysia) Sdn. Bhd.
Statement of Profit and Loss
For the year ended December 31, 2024

RM Million

Particulars	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Continuing operations			
Revenue from operations			
Sale of products	13	3,141.56	2,304.83
		3,141.56	2,304.83
Other income	14	0.46	1.30
Total income		3,142.02	2,306.13
Expenses			
Cost of materials consumed		1,708.11	1,627.94
Purchase of traded goods		638.23	-
Changes in inventories of finished goods and work-in-progress	15	(12.21)	(58.02)
Employee benefit expenses	16	140.38	133.29
Finance costs	17	17.22	19.88
Depreciation / Amortisation	1	60.61	58.98
Other expenses	18	651.68	564.69
Total expenses		3,204.02	2,346.76
Loss before tax		(62.00)	(40.63)
Taxation			
- Deferred tax		14.24	18.13
Loss for the year		(47.76)	(22.50)
Other comprehensive income			
<i>a) Items that will be reclassified to profit or loss</i>			
Foreign currency translation differences		(26.58)	40.93
Total comprehensive income for the year attributable to equity holders		(74.34)	18.43

Recron (Malaysia) Sdn. Bhd.

Statement of changes in equity for the year ended December 31, 2024

RM Million

Particulars	Share capital	Reserves and Surplus		Sub Total	Total
		Exchange fluctuation reserve	Retained earnings		
As at December 31, 2023	542.99	164.39	221.23	385.62	928.61
Total comprehensive income for the year	-	(26.58)	(47.76)	(74.34)	(74.34)
As at December 31, 2024	542.99	137.81	173.47	311.28	854.27

Recron (Malaysia) Sdn. Bhd.

Statement of Cash Flows

For the year ended December 31, 2024

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
A. Cash flows from operating activities		
Net Loss before tax as per profit and loss statement	(62.00)	(40.63)
Adjusted for:		
Gain on Sale / Discard of Assets (Net)	-	(0.26)
Depreciation / Amortisation	60.61	58.98
Effect of Exchange Rate Change	0.66	(0.89)
Finance Costs	17.22	19.88
Operating Profit before Working Capital Changes	16.49	37.08
Adjusted for:		
Trade and Other Receivables	(225.52)	137.68
Inventories	(29.19)	(58.14)
Trade and Other Payables	179.08	(33.08)
Intercompany balances	202.96	178.93
Net Cash from Operating Activities	143.82	262.47
B. Cash flows from investing activities		
Payment for Property, Plant and Equipment (net)	(19.69)	(39.74)
Proceeds from disposal of Property, Plant and Equipment	-	4.76
Net Cash Used in Investing Activities	(19.69)	(34.98)
C. Cash flows from financing activities		
Short Term Borrowings (Net)	(103.45)	(209.09)
Interest Paid	(17.39)	(20.12)
Net Cash Used in Financing Activities	(120.84)	(229.21)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.29	(1.72)
Opening Balance of Cash and Cash Equivalents	0.31	0.51
Effects of exchange rate changes on cash and cash equivalents	(0.29)	1.52
Closing Balance of Cash and Cash Equivalents	3.31	0.31

RECRON (MALAYSIA) SDN. BHD.

**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024**

A BACKGROUND AND CORPORATE INFORMATION

Recron (Malaysia) Sdn. Bhd. (“the Company”) is a private limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office and principal place of business of the Company is as follows:

Suite 7.01 - 7.03
Level 7, Wisma Goldhill
67, Jalan Raja Chulan
50200 Kuala Lumpur

The principal activities of the Company are the manufacture of polyester resin, fibre, yarn and fabric; undertaking of fabrics’ bleaching, dyeing, printing and finishing. During the year, the Company engaged in the trading of petrochemicals commodities.

Other than the changes mentioned above, there have been no significant changes in the nature of these activities during the financial year.

B BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

The Fit-for-Consolidation Financial Information (the “FFC Financial Information”) of Recron (Malaysia) Sdn. Bhd. (the “Company”) has been prepared in conformity with the group accounting policies of Reliance Industries Limited (“RIL”). The group accounting policies of RIL are based on the recognition and measurement principles of Indian Accounting Standard (Ind AS), other accounting principles generally accepted in India and fit-for-consolidation adjustments described below. The FFC Financial Information have been prepared only to enable their incorporation into the consolidated financial statements of Reliance Industries Limited and not to report on the Company as a separate entity. The FFC Financial Information do not include the disclosures as required under Ind AS in its entirety. The FFC Financial Information have been prepared on the historical cost basis except as stated in significant accounting policies in Note B.2.

The preparation of FFC Financial Information in conformity with group accounting policies of RIL requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reported financial period. Although these estimates are based on the Company’s best knowledge of current events and actions, actual results could differ from those estimates.

As at 31 December 2024, the Company had net current liabilities of RM 36.65 million. The ultimate holding company, Reliance Industries Limited, continues to provide necessary support to enable the Company to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. In view of this continuing financial support, the Directors have prepared the FFC Financial Information on a going concern basis.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Property, plant and equipment**

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment initially recognised comprises its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not amortised as it has an infinite life. Leasehold land is amortised in equal installments over the remaining balance of the lease period since acquisition, ranging from 58 to 70 years. The straight line method is used to write off the cost of other assets over the term of their estimated useful lives as follows:

Buildings	25 - 30 years
Plant and machinery	15 - 30 years
Furniture and office equipment	5 years
Motor vehicles	5 years

Capital Work-in-progress is not depreciated until the asset is fully completed and ready for its intended use. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and loss on disposals are determined by comparing proceeds with carrying amount of the assets, and are recognised in the profit or loss

At each reporting date, the Company assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Finance leases are capitalised at the leases inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. All other leases are classified as operating leases.

The respective leased assets are included in the balance sheet based on their nature. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the profit and loss statement on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the profit and loss statement in the period in which they are incurred.

(d) Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell.

Cost is determined using the weighted average method and comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Impairment of non-financial assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's or cash-generating unit ("CGU") fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(g) Employee Benefits**Short Term Employee Benefits**

Wages, salaries, paid annual leave and sick leave, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within "Other current liabilities" in the balance sheet.

Post-Employment Benefits**Defined Contribution Plans**

The Company contributes to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Company has no further payment obligations. The Company's contributions are charged to the profit or loss in the financial year to which they relate.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Taxation**

The tax expense for the financial year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated using the tax rates (and tax laws) enacted or substantively enacted at the end of the reporting date in the country where the Company operates and generates taxable income.

Deferred tax is provided on all taxable temporary differences. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Current and deferred assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(i) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Foreign currencies**

Items included in the FFC Financial Information are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is United States Dollar ("US\$"). The FFC Financial Information are presented in Ringgit Malaysia ("RM"), which is the Company's presentation currency .

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign exchange gains and losses are presented in profit and loss statement within 'other expenses'.

The results and financial position of the Company are translated from the functional currency into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each profit and loss statement are translated at average exchange rates (unless this average is not a reasonable approximation of the exchange rates at the dates of the transactions, in which case income and expense items are translated at the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

(k) Revenue recognition

Revenue comprises the invoiced value for the sale of goods, net of sales taxes, rebates and discounts. Sales of goods is recognised as revenue when significant risk and rewards of ownership of the goods has been transferred to the customer.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(I) Financial instruments**Financial assets**(i) Initial recognition and measurement:**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

(ii) Subsequent measurement*Financial assets carried at amortised cost (AC)*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model as follows:

Financial assets at amortised cost

The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

RECRON (MALAYSIA) SDN. BHD.**NOTES TO THE FIT-FOR-CONSOLIDATION FINANCIAL INFORMATION FOR THE YEAR ENDED
31 DECEMBER 2024 (CONTINUED)****B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Financial instruments (continued)**Financial liabilities**(i) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

(ii) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(m) Share capital**(i) Ordinary shares**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(ii) Preference shares

Preference shares are classified as financial liabilities or as equity in accordance with the substance of the contractual arrangement, not merely its legal form.

Preference shares classified as equity are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Non-cumulative redeemable preference shares (NCRPS) issued by the Company are classified as equity as the Company has the right but not an obligation to pay dividends and has a right to redeem the NCRPS (in full or in part) at any time at redemption price of RM 1.00 per NCRPS.

(iii) Dividend distribution

The Company establishes a distribution policy whereby cash dividends can only be paid out of retained profits.

Dividend distribution to the Company's shareholders is recognised directly in equity and as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Recron (Malaysia) Sdn. Bhd.

Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024

Note - 1

Property, plant and equipment and Capital work-in-progress

RM Million

Description	Gross Block					Depreciation					Net Block	
	As at December 31, 2023	Forex on conversion	Addition/ adjustments	Deduction/ adjustments	As at December 31, 2024	As at December 31, 2023	Forex on conversion	For the year	Deduction/ adjustments	As at December 31, 2024	As at December 31, 2023	As at December 31, 2024
Tangible assets												
Leasehold land	145.86	(4.57)	-	-	141.29	29.04	(0.93)	1.79	-	29.90	116.82	111.39
Freehold land	3.31	-	-	-	3.31	-	-	-	-	-	3.31	3.31
Buildings	541.36	(16.58)	-	-	524.78	319.86	(10.27)	18.95	-	328.54	221.50	196.24
Plant & Machinery	1,406.11	(43.72)	31.91	-	1,394.30	843.79	(26.80)	39.07	-	856.06	562.32	538.24
Furniture & fixtures	24.39	(0.75)	0.40	-	24.04	22.45	(0.71)	0.80	-	22.54	1.94	1.50
Vehicles	5.36	(0.16)	-	-	5.20	5.36	(0.16)	-	-	5.20	-	-
Total	2,126.39	(65.78)	32.31	-	2,092.92	1,220.50	(38.87)	60.61	-	1,242.24	905.89	850.68
Capital work-in-progress	28.16	(0.50)	-	(12.62)	15.04	-	-	-	-	-	28.16	15.04

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 2****Deferred tax assets / (liabilities) (net)**

RM Million

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate prevalent in the jurisdictions the Company operates in. The movement on the deferred tax account is as follows:

Particulars	As at December 31, 2024	As at December 31, 2023
Deferred tax asset/(liabilities) (net) At the start of the year	10.96	(7.17)
Credit to profit or loss account	14.24	18.13
Deferred tax asset (net) At the end of the year	<u>25.20</u>	<u>10.96</u>

Deferred tax liabilities and assets at the end of the reporting period and deferred tax (credit) / charge in profit or loss and other comprehensive income are as under:

Particulars	At the start of the year	(Charge)/ Credit to profit or loss	Charge to Other Comprehensive Income	At the end of the year
Year ended December 31, 2024				
Deferred tax liabilities / asset in relation to:				
Property, Plant and Equipment	(178.19)	10.20	-	(167.99)
Investment tax allowance	135.81	4.78	-	140.59
Unutilised tax losses	42.79	2.18	-	44.97
Others	10.55	(2.92)	-	7.63
Total	10.96	14.24	-	25.20
Year ended December 31, 2023				
Deferred tax liabilities / asset in relation to:				
Property, Plant and Equipment	(181.89)	3.70	-	(178.19)
Investment tax allowance	173.10	(37.29)	-	135.81
Unutilised tax losses	1.07	41.72	-	42.79
Others	0.55	10.00	-	10.55
Total	(7.17)	18.13	-	10.96

Deferred tax assets are not recognised for temporary differences where it is not probable that the differences will reverse in the foreseeable future and taxable profits will not be available against which the temporary difference can be utilised.

Particulars	As at December 31, 2024	As at December 31, 2023
Tax recognised in Statement of Profit and Loss		
Current tax *		
In respect of the current year	-	-
In respect of prior year	-	-
Deferred tax		
In respect of the current year	14.24	18.13
Total Tax credit	14.24	18.13

* No provision for current income tax has been made as the Company has unutilised tax losses and investment tax allowances to be utilised against future taxable profits.

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 2****Deferred tax assets / (liabilities) (net) (continued)**

RM Million

The tax credit for the year can be reconciled to the accounting loss as follows:

Particulars	As at December 31, 2024	As at December 31, 2023
Loss before tax from continuing operations	(62.00)	(40.63)
Tax calculated at the Malaysian tax rate of 24% (2023: 24%)	(14.88)	(9.75)
Adjustments:		
Expenses not deducted for tax purposes	5.34	5.66
Recognition of deductible temporary difference previously not recognised	(3.40)	6.60
Foreign exchange differences*	(1.30)	(20.64)
Tax credit recognised in Statement of Profit and Loss	(14.24)	(18.13)

* For tax purposes, all transactions in RM are recorded in RM and transactions in currencies other than RM are translated to RM using the spot rate on date of transaction in determining taxable income/loss in deriving tax expense/credit. The Company's functional currency is USD. As a result, there is foreign exchange differences.

Note - 3**Inventories**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Raw Materials (Including Material In Transit)*	67.85	58.78
Work-in-Progress	29.10	27.63
Finished Goods	157.20	152.29
Stores, Chemicals and Packing Materials (Including Material In Transit)*	65.15	61.30
Total	319.30	300.00

* Includes RM 11.91 million (2023: RM 6.06 million) in respect of material in transit.

Note - 4**Trade receivables**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Trade receivables	351.74	135.25
Total	351.74	135.25

Credit terms of trade receivables ranged from 0 to 90 days, backed by letters of credit, bank guarantees or partial advance.

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 5****Cash and cash equivalents**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Cash on Hand	0.02	0.01
Balances with Banks	3.29	0.30
Cash and cash equivalents as per balance sheet	3.31	0.31

Bank balances are deposits held at call with banks.

Note - 6**Other financial assets - Current**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Deposits	2.07	2.04
Total	2.07	2.04

Note - 7**Other current assets**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Prepayments	1.51	2.46
Other receivables	0.43	0.22
Total	1.94	2.68

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 8****Share capital**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Issued, Subscribed and Paid up		
Equity Shares of RM 1 each fully paid up	113.19	113.19
Non-Cumulative Redeemable Preference Shares of RM 1 each fully paid up	429.80	429.80
Total	542.99	542.99

The holders of the NCRPS have a right to receive out of profits of the Company a Non-Cumulative Preferential Dividend at a rate as may be determined by the Directors from time to time, in priority over the ordinary shares.

The Company shall have the rights, at any time to redeem the NCRPS (in full or in part) at redemption price of RM1.00 per NCRPS provided that not less than thirty (30) days' notice or such shorter notice as the holders may agree in writing have been given. No NCRPS shall be redeemable otherwise than in accordance with the provision of Section 72 of the Companies Act 2016 and no NCRPS redeemed by the Company shall be capable of reissue.

Note - 9**Short term Borrowings**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Unsecured		
Other borrowings		
From banks		
Foreign currency loans	46.65	231.61
Other currency loans	82.74	4.75
Total	129.39	236.36

All the borrowings are backed by a corporate guarantee/comfort letter from the ultimate holding company, Reliance Industries Limited.

Subsequent, to financial year end, corporate guarantee/comfort letter from the ultimate holding company, Reliance Industries Limited is no longer required by the Banks. As a result, the ultimate holding company has withdrawn its corporate guarantee/comfort letter.

The Company has not defaulted in the repayment of the borrowings or in the payment of interest thereon to any lender during the financial year.

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 10****Trade payables**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Trade payables	241.10	89.22
Trade accruals	21.73	10.45
Total	262.83	99.67

Note - 11**Other financial liabilities**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Interest accrued but not due on Borrowings	0.05	0.25
Other Payables	32.36	26.00
Total	32.41	26.25

Note - 12**Other current liabilities**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Staff cost payables	15.25	14.79
Total	15.25	14.79

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 13****Revenue from operations**

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Sale of Products	3,141.56	2,304.83
Total	3,141.56	2,304.83

Note - 14**Other income**

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Other Non Operating Income		
Gain on disposal of property, plant and equipment	-	1.30
Others	0.46	-
Total	0.46	1.30

Note - 15**Changes In Inventories Of Finished Goods, Stock-In-Trade And Work-In-Progress**

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Inventories (at close)		
Finished Goods / Stock-in-Trade	157.20	152.29
Work-in-Progress	29.10	27.63
	186.30	179.92
Inventories (at commencement)		
Finished Goods / Stock-in-Trade	152.29	87.25
Work-in-Progress	27.63	28.00
	179.92	115.25
Exchange due to translation	(5.83)	6.65
Total	(12.21)	(58.02)

Note - 16**Employee benefit expenses**

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Salaries and Wages	123.83	116.12
Contribution to Provident and Other Funds	7.52	7.49
Staff Welfare Expenses	9.03	9.68
Total	140.38	133.29

Included in the staff costs is director's remuneration comprising:

Salaries and Bonus -	1.77	3.03
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The estimated monetary value of benefits-in-kind provided to the directors of the Company was approximately RM 0.05 million (2023: 0.09 million).

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 16****Employee benefit expenses (continued)****Defined contribution plan**

RM Million

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Employer's Contribution to Provident Fund	7.52	7.49
Total	7.52	7.49

Note - 17**Finance costs**

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Interest Expenses	17.22	19.88
Total	17.22	19.88

Note - 18**Other expenses**

RM Million

Particulars	Year ended December 31, 2024	Year ended December 31, 2023
Manufacturing Expenses		
Stores, Chemicals and Packing Materials	138.51	141.60
Electric Power, Fuel and Water	273.75	253.71
Labour Processing and Machinery Hire Charges	3.32	2.99
Repairs to Building	0.73	0.92
Repairs to Machinery	3.99	5.95
Exchange Difference (Net)	2.30	(3.45)
Selling and Distribution Expenses		
Warehousing and distribution expenses	184.68	119.97
Brokerage, Commission and Discounts	6.60	5.95
Other selling and distribution expenses	0.18	0.14
Establishment Expenses		
Professional Fees	2.33	0.95
General Expenses	21.14	20.95
Rent	1.91	1.96
Insurance	6.44	6.97
Rates & Taxes	3.03	2.72
Other Repairs	2.10	1.62
Travelling Expenses	0.47	0.52
Payment to Auditors	0.19	0.18
Loss on Sale /Discard of Fixed Assets	-	1.04
Charity and Donations	0.01	-
Total	651.68	564.69

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 19****Capital Commitments**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	4.58	3.92

Note - 20**FINANCIAL INSTRUMENTS BY CATEGORY**

RM Million

Particulars	As at December 31, 2024	As at December 31, 2023
Financial assets measured at amortised cost		
Receivables (excluding prepayments and advances paid)	353.81	137.29
Amount due from ultimate holding company	23.20	-
Cash and cash equivalents	3.31	0.31
Total financial assets	380.32	137.60
Financial liabilities measured at amortised cost		
Payables and accrued liabilities (excluding staff cost payables)	295.24	125.92
Amount due to ultimate holding company	219.96	0.05
Amount due to a related company	78.37	79.56
Borrowings	129.39	236.36
Total financial liabilities	722.96	441.89

Note - 21**Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Director of the Company. The Company operates only in one Business Segment i.e. petrochemicals and hence does not have any reportable Segments as per Company accounting policies.

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 22****Related party disclosures****(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:**

Sr.	Name of the related party	Relationship
1	Reliance Industries Limited	Ultimate holding company
2	Reliance Industries (Middle East) DMCC	Immediate holding company
3	RP Chemicals (Malaysia) Sdn. Bhd.	Fellow subsidiary
4	Jio Platforms Limited	Fellow subsidiary

(ii) Transactions during the year with related parties :

RM Million

Sr	Particulars	Ultimate holding company	Key Managerial personnel	Others	Total
1	Cost of materials consumed - Purchase of Raw material	1.88	-	1,125.94	1,127.82
		<i>0.71</i>	-	<i>1,290.86</i>	<i>1,291.57</i>
2	Purchase of traded goods	339.76	-	-	339.76
		-	-	-	-
3	Warehousing and distribution expenses	1.87	-	-	1.87
		-	-	-	-
4	Professional Fees	-	-	1.04	1.04
		-	-	<i>0.32</i>	<i>0.32</i>
5	General Expenses - Payment of Corporate guarantee charges	1.33	-	-	1.33
		<i>0.82</i>	-	-	<i>0.82</i>
6	Revenue from operations - Sale of traded goods	23.78	-	-	23.78
		-	-	-	-
7	Employee benefit expenses	-	1.77	-	1.77
		-	<i>3.03</i>	-	<i>3.03</i>

Figures in italic represents Previous Year's amounts.

(iii) Outstanding balances with related parties :

RM Million

Sr	Particulars	Relationship	As at December 31, 2024	As at December 31, 2023
1	Amount Receivable:			
	Reliance Industries Limited	Ultimate holding company	23.20	-
2	Amount Payable:			
	Reliance Industries Limited	Ultimate holding company	219.96	0.05
	RP Chemicals (Malaysia) Sdn. Bhd.	Fellow subsidiary	78.37	79.56

Recron (Malaysia) Sdn. Bhd.**Notes To The Fit-For-Consolidation Financial Information For The Year Ended 31 December 2024****Note - 22****Related party disclosures (continued)****(iv) Disclosure in Respect of Major Related Party Transactions during the year :**

RM Million

Sr	Particulars	Relationship	As at December 31,2024	As at December 31, 2023
1	Purchases of raw materials:			
	Reliance Industries Limited	Ultimate holding company	1.88	0.71
	RP Chemicals (Malaysia) Sdn. Bhd.	Fellow subsidiary	1,125.94	1,290.86
2	Purchases of traded goods:			
	Reliance Industries Limited	Ultimate holding company	339.76	-
3	Warehousing and distribution expenses :			
	Reliance Industries Limited	Ultimate holding company	1.87	-
4	Professional Fees			
	Jio Platforms Limited	Fellow subsidiary	1.04	0.32
5	General Expenses:			
	Reliance Industries Limited	Ultimate holding company	1.33	0.82
6	Sale of traded goods			
	Reliance Industries Limited	Ultimate holding company	23.78	-

RECRON (MALAYSIA) SDN. BHD.

STATEMENT BY DIRECTORS

We, Gunjan Sharma and Chatterjee Sumanta, two of the Directors of Recron (Malaysia) Sdn. Bhd, (the “Company”) state that, in the opinion of the Directors, the fit-for-consolidation balance sheet of the Company as of 31 December 2024 and the related profit and loss statement, statement of changes in equity and statement of cash flows for the year then ended (“FFC financial information”) and notes to the FFC financial information including a summary of significant accounting policies, as set out on pages 5 to 27 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2024 and of the results and cash flows of the Company for the year ended on that date in accordance with the group accounting policies of Reliance Industries Limited (“RIL”).

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 April 2025.

GUNJAN SHARMA
DIRECTOR

CHATTERJEE SUMANTA
DIRECTOR