



**REDEFINING OPPORTUNITIES
PUSHING BOUNDARIES**

ANNUAL REPORT 2022

This interactive PDF allows you to access information easily, and navigate between sections through the links provided.

 Content page

 Previous Page

 Next Page

BOLD AND FEARLESS.



The cover design is powerful and visually striking. The infinity symbol represents MARC's commitment to pushing boundaries and achieving its transformational goals. The use of a continuous free line for the symbol adds to the idea of infinite possibilities and potential.

The colour of the background conveys a sense of boldness and fearlessness, which is consistent with MARC's commitment to taking daring steps to achieve its goals. Overall, the cover design conveys a strong and clear message about MARC's vision and determination to succeed.

CONTENTS

INTRODUCTION

SERVICES AND PEOPLE

CORPORATE INFORMATION

FINANCIAL STATEMENTS

REVIEW OF BUSINESS AND OPERATIONS



ABOUT MARC GROUP OF COMPANIES



Malaysian Rating Corporation Berhad (MARC) is a public limited company that offers financial services that specialise in the area of credit rating assessment, data analytics, and ESG. MARC as the parent company, acts as the sole shareholder of the group's subsidiaries, which include MARC Ratings Berhad, MARC Data Sdn Bhd, MARC Solutions Sdn Bhd, and MARC Learning Sdn Bhd, each providing distinct product offerings.

MARC has a long-standing track record of rating corporates, domestic toll roads, power plants, water assets, and ports. In recent years, MARC has also established itself as a reputable player in green financing and has rated the majority of solar power and sustainable projects in Malaysia.

MARC's rating universe encompasses sovereigns, financial institutions, state governments, and investment managers. The company also publishes independent research on the domestic bond and sukuk markets, industry trends, and economic issues of general interest to the investing public.

Aside from its core businesses, MARC has also ventured into new business segments such as data analytic offerings, risk framework solutions, and advisory. MARC is also active in the sustainability segment, providing Impact Bond Assessments that assess environmental, social, and governance (ESG) risks and ESG Framework Advisory.

MARC's shareholders include international credit rating agencies, major investment banks, insurance companies, and stockbrokers in Malaysia. As part of its ongoing corporate transformation, MARC transferred its regulatory license as a credit rating agency to its wholly owned subsidiary MARC Ratings Berhad, effective January 1, 2022.

MARC continues to stand as an independent institution with over 27 years of experience across its product offerings, including credit ratings, economic and bond market research, training, credit risk assessment and data and analytics. The group aims to set up a foundation for more sustainable growth in the future by focusing on strengthening existing businesses and widening revenue streams.

CORPORATE VISION

SOLUTIONS BEYOND RISK

MARC's corporate vision statement embodies our commitment to providing solutions beyond risk, and MARC's continuing focus to be a bespoke provider across our offerings, encompassing ratings, solutions, data, analytics and learning.



CORPORATE MILESTONES

CORPORATE MILESTONES

2012

- Rated the RM23.35 billion Sukuk Musharakah issued by PLUS Berhad which was the world's largest single rated sukuk issued by a corporate. The PLUS Berhad sukuk was named the 2012 Malaysia Deal of the Year by Islamic Finance News, the 2012 Best Corporate Sukuk by The Asset magazine and the 2012 Best Islamic Finance Deal of the Year in Southeast Asia by Alpha Southeast Asia magazine.

2015

- Named as Malaysia's Project Finance Rating Agency of the Year by The Asset magazine.
- Rated the second-largest single project sukuk issued in the global market, the RM8.98 billion Sukuk Murabahah issued by Jimah East Power Sdn Bhd to fund the development of a 2x1,000-megawatt ultra-supercritical coal-fired plant.
- Rated the issuance programme of RM10.0 billion for CIMB Group Holdings Berhad.
- Rated the issuance programme of RM10.0 billion for Malayan Banking Berhad.
- Launched Investment Manager Ratings, a new rating offering to assess the quality of fund management companies.

2017

- Voted as the 2017 Best Islamic Rating Agency by GIFA.
- Rated the world's largest Green Sustainable and Responsible Investment (SRI) Sukuk, the RM1.0 billion Sukuk Murabahah issued by Quantum Solar Park (Semenanjung) Sdn Bhd to finance construction of the largest solar power project in Southeast Asia.
- Rated the RM400.0 million Sukuk Wakalah issued by Beijing Enterprise Water Group (M) Limited, the first ever ringgit-denominated sukuk issued by a Chinese conglomerate for a water infrastructure project.
- Rated the RM3.0 billion Multi-Currency Islamic Medium-Term Notes Programme (Sukuk Murabahah) issued by Fortune Premiere Sdn Bhd, a wholly-owned subsidiary of IOI Properties Group Berhad.

2019

- Named as Malaysia's Rating Agency of the Year by The Asset magazine.
- Voted as the 2019 Best Islamic Rating Agency by GIFA.
- Rated the RM10.0 billion Sukuk Programme issued by Sunway Treasury Sukuk Sdn Bhd.
- Rated the Islamic Medium-Term Notes Programme of up to RM3.5 billion by DRB-HICOM Berhad.
- Rated the Islamic Medium-Term Notes Programme of up to RM1.0 billion by Penang Port Sdn Bhd.
- Rated the RM1.0 billion Perpetual Sukuk Musharakah Programme by WCT Holdings Berhad.
- Assigned financial institution ratings to China Construction Bank (Malaysia) Berhad.

2014

- Voted as the 2014 Best Islamic Rating Agency by Global Islamic Finance Awards (GIFA).
- Rated the RM2.0 billion perpetual Sukuk Musharakah issued by DRB-HICOM Berhad, the first Islamic sukuk issued by a corporate in the Malaysian debt market.
- Rated the RM5.35 billion sukuk issued by CIMB Islamic Bank, the first Islamic bank to issue a Basel III-compliant Tier 2 junior sukuk in the Malaysian debt capital market.

2016

- Named as Malaysia's Project Finance Rating Agency of the Year by The Asset magazine.
- Voted as the 2016 Best Islamic Rating Agency by GIFA.
- Rated the RM400.0 million Sukuk Wakalah issued by Islamic Development Bank, its first ringgit-denominated sukuk.
- Rated Malaysia's largest offering of project sukuk for the year of RM3.64 billion multi-tranche Sukuk Wakalah issued by Lebuhraya DUKE Fasa 3 Sdn Bhd which IFR Asia Awards 2016 recognised as the 2016 Islamic Issue of the Year.

2018

- Named as Malaysia's Rating Agency of the Year by The Asset magazine.
- Voted as the 2018 Best Islamic Rating Agency by GIFA.
- Rated the RM245.0 million Green SRI Sukuk Wakalah issued by Sinar Kamiri Sdn Bhd.
- Rated the RM240.0 million Green SRI Sukuk Murabahah issued by UiTM Solar Power Sdn Bhd.
- Launched Impact Bond Assessments (IBAs) which can be assigned to green bonds, social bonds or sustainability bonds including sukuk which are issued under Malaysia's SRI Sukuk Framework.

CORPORATE MILESTONES

2021

- Named as Malaysia's Rating Agency of the Year and Project Finance Rating Agency of the Year by The Asset magazine.
- Recognised by The Asset magazine for its role as external reviewer for Small Medium Enterprise Development Bank Malaysia Berhad's (SME Bank) RM500 million ASEAN Sustainability Sukuk, which was named Best Sustainability Sukuk 2021.
- Voted as the 2021 Best Islamic Rating Agency by GIFA.
- Rated the RM2.0 billion Islamic Medium-Term Notes Programme (Sukuk Musharakah) and RM2.0 billion Perpetual Sukuk Programme issued by UMW Holdings Berhad.
- Rated the Islamic Medium-Term Notes Programme of up to RM3.0 billion (which shall include Sustainability IMTNs) and Islamic Commercial Papers Programme of up to RM1.0 billion, with a combined limit in nominal value of up to RM3.0 billion issued by SME Bank.
- Rated the Islamic Medium-Term Notes and Islamic Commercial Papers programmes with a combined limit of up to RM3.0 billion issued by F&N Capital Sdn Bhd.
- Rated the RM3.0 billion Islamic Medium-Term Notes Programme issued by S P Setia Berhad.

2020

- Named as Malaysia's Rating Agency of the Year by The Asset magazine.
- Voted as the 2020 Best Islamic Rating Agency by GIFA.
- Rated the RM3.0 billion Perpetual Sukuk Wakalah Programme issued by TG Excellence Berhad.
- Rated the Islamic Medium-Term Notes Programme of up to RM3.0 billion issued by Pengerang LNG (Two) Sdn Bhd.
- Rated the RM4.5 billion Sukuk Musharakah Programme issued by Sime Darby Property Berhad.
- Rated the RM4.5 billion Sukuk Musharakah Programme issued by Sime Darby Property Berhad.
- Rated the Sukuk Murabahah/Multi-Currency Medium-Term Notes Programme with a combined limit of up to RM2.0 billion issued by OSK Rated Bond Sdn Bhd.
- Rated the RM5.0 billion Islamic Medium-Term Notes Programme issued by Bank Pembangunan Malaysia Berhad.

2022

- Awarded for its role as external reviewer of SME Bank's RM500 million ASEAN Sustainability Wakala Bi Al-istithmar Sukuk, which won the Best ASEAN Sustainability Sukuk (Malaysia).
- Voted as the 2022 Best Islamic Rating Agency by GIFA.
- Rated the Islamic Medium-Term Notes (Sukuk Wakalah) Programme of up to RM3.0 billion by KPJ Healthcare Berhad's SPV, Point Zone (M) Sdn Bhd.
- Rated the (TPGSB) Sukuk Wakalah programme of up to RM10.0 billion by TNB Power Generation Sdn Bhd.
- Rated the sukuk programme of up to RM5.5 billion by Amanat Lebuh Raya Rakyat Berhad.
- Recognised for its Sustainability Sukuk Assessment for Agrote Business (M)'s RM200 million ASEAN Sustainability SRI Murabaha Sukuk, which won the Most Innovative Deal (Sustainable Finance).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Dr Nik Norzrul Thani N. Hassan Thani
- Chairman
(Joined on 1 February 2021 and appointed as Chairman effective 30 April 2023)

Dr. Veerinderjeet Singh
(Joined on 17 April 2017)

Ng Kok Kheng
(Joined on 1 April 2021)

Toi See Jong
(Joined on 17 April 2017)

Tan Nyat Chuan
(Joined on 1 May 2021)

Wendy Cheong
(Joined on 1 March 2021)

RATING COMMITTEE

Sharizad Juma'at – Chairman
Datuk Jamaludin Nasir
Rajan Paramesran
Lee Jin Ghee, Kirby
Krishna Kumar

MARC RATINGS BERHAD

Rajan Paramesran
Chief Rating Officer

Hafiza Abdul Rashid
Deputy Chief Rating Officer

Mohd Izazee Ismail
Head, Ratings Portfolio,
Financial Institutions

Sharidan Salleh
Head, Ratings Portfolio,
Oil & Gas and Power Industry

Taufiq Kamal
Head, Ratings Portfolio,
Property & Conglomerates

Yazmin Abdul Aziz
Head, Ratings Portfolio, Structured
Finance, Properties, Retail

Quah Boon Huat
Senior Economist
Economic Research

COMPANY SECRETARIES

Cynthia Gloria Louis
(MAICSA No.: 7008306)
(SSM PC No: 201908003061)

Chew Mei Ling
(MAICSA No.: 7019175)
(SSM PC No: 201908003178)

LEGAL FIRM

Messrs. Chooi & Company + Cheang & Ariff
CCA @ Bangsar,
Level 5, Menara BRDB,
285, Jalan Maarof,
Bukit Bandaraya,
59000 Kuala Lumpur

AUDITOR

Deloitte PLT
Chartered Accountants
Level 16, Menara LGB,
1 Jalan Wan Kadir,
Taman Tun Dr Ismail,
60000 Kuala Lumpur

REGISTERED OFFICE

19-07, Level 19, Q Sentral,
2A Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur
Tel : +603 2717 2900
Fax : +603 2717 2920
Email : marc@marc.com.my
Website: www.marc.com.my

BOARD OF DIRECTORS

BOARD OF DIRECTORS



1
NG KOK KHENG
Independent
Non-Executive Director

2
WENDY CHEONG
Non-Independent
Non-Executive Director

3
**DATUK SERI DR NIK NORZRUL
THANI N. HASSAN THANI**
Independent Non-Executive Chairman

4
DR. VEERINDERJEET SINGH
Independent
Non-Executive Director

5
TAN NYAT CHUAN
Independent
Non-Executive Director

6
TOI SEE JONG
Independent
Non-Executive Director

BOARD OF DIRECTORS PROFILES



DATUK SERI DR NIK NORZRUL THANI N. HASSAN THANI

Independent Non-Executive Chairman
(effective 30 April 2021)

Joined the Board	2021
Board Committee	Nomination and Remuneration
Subsidiary (as Director)	MARC Data Sdn Bhd (effective 1 May 2021)

Datuk Seri Dr Nik is Chairman of T7 Global Berhad. In 2017, he was appointed by the Ministry of International Trade & Industry as Chairman of the Malaysia-Singapore Business Council. Datuk Seri Dr Nik is a Director of several public companies including Amanah Saham Nasional Berhad, Cagamas Holdings Berhad, Pertama Digital Berhad and Sime Darby Plantation Berhad.

Datuk Seri Dr Nik Norzrul Thani is practising with Malaysia's largest law firm, Zaid Ibrahim & Co. (in association with KPMG Law). The firm is also a member of KPMG's Global Legal Services network, spanning across 84 jurisdictions and comprise of 3,200 lawyers with deep expertise and experience to provide top quality legal advice as part of an integrated solution. Prior to this, he was practising with Baker & McKenzie in Singapore.

Datuk Seri Dr Nik graduated with LL.B (Hons) from University of Buckingham, Masters in Law (LL.M) from Queen Mary College, University of London, and Ph.D in Law from the School of Oriental and African Studies

(SOAS), University of London, and is a Barrister-at-Law, Lincoln's Inn. In addition, he also possesses a Post-Graduate Diploma in Syariah Law and Practice (with distinction) from the International Islamic University Malaysia, and is a member of the Chartered Institute of Marketing (United Kingdom). He is also a Fellow of the Financial Services Institute of Australasia (FINSIA) and has also been admitted as a Practising Member of the Chartered Institute of Islamic Finance Professionals. Datuk Seri Dr Nik was a Visiting Fulbright Scholar at Harvard Law School (1996-1997) and Chevening Visiting Fellow at the Oxford Centre of Islamic Studies, Oxford University (2004/2005). Datuk Seri Dr Nik is also a registered Notary Public.

Datuk Seri Dr Nik is the author of "Legal Aspects of the Malaysian Financial System", and co-author of "The Law and Practice of Islamic Banking & Finance", "An Introduction to Islamic and Conventional Corporate Finance" and "Corporate Governance and Ethics in Malaysia".



DR. VEERINDERJEET SINGH

Independent Non-Executive Director

Joined the Board	2017
Board Committee (as Chairman)	Audit and Risk
Subsidiary (as Chairman)	MARC Ratings Berhad (effective 1 May 2021)

Dr. Veerinderjeet's career as a tax specialist spans over 40 years and includes roles as an Inland Revenue Officer, Tax Partner/Executive Director at Arthur Andersen and Ernst & Young in Malaysia; and Associate Professor in Taxation at the University of Malaya. He is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

He was the past President of the MIA, MICPA and Chartered Tax Institute of Malaysia (CTIM). A noted authority on Malaysian taxation, he is a frequent speaker on the subject and has authored numerous books and articles in local and international tax, law and accounting journals. He was also a member of the Tax Reform Committee which was established by the Minister of Finance in September 2018. He is the current Chair of the Ethics Standards Board of MIA.

Dr. Veerinderjeet is the Non-Executive Chairman of Tricor Services (Malaysia) Sdn Bhd (which provides various business expansion, outsourcing, tax advisory,

governance and risk management services). He is also an Independent Non-Executive Director of AmBank (M) Berhad and UMW Holdings Berhad.

He is a member of the Board of Trustees of the Amsterdam-based International Bureau of Fiscal Documentation, a member of the Paris-based Tax Commission of the International Chamber of Commerce (ICC) and a former trustee of the Malaysian Tax Research Foundation. He was appointed Vice Chair of the ICC's Global Taxation Commission in June 2022 for a three-year term.

Dr. Veerinderjeet received a first-class honours degree in Accounting from the University of Malaya and a doctorate from Universiti Putra Malaysia.

BOARD OF DIRECTORS PROFILES



TOI SEE JONG

Independent Non-Executive Director

Joined the Board	2017
Board Committee (as Chairman)	Nomination and Remuneration
Subsidiary (as Director)	MARC Ratings Berhad <i>(effective 18 January 2021)</i>

Mr. Toi is the CEO of Tokio Marine Life Insurance Malaysia Bhd. He was the former President of the Life Insurance Association of Malaysia (LIAM) from 2015 until March 30, 2018, and presently sits on the Management Committee for LIAM. He is also a Director of Malaysian Life Reinsurance Group Berhad (MLRe).

He qualified as an actuary in the United Kingdom and has 31 years of experience in the insurance industry in

Malaysia as well as in China, Singapore, and Hong Kong. His previous experience encompassed various roles in major international firms as well as senior positions in early-stage insurance companies.

Mr. Toi holds an honours degree in Actuarial Science Statistics from Heriot-Watt University, Edinburgh, Scotland and is a Fellow of the Faculty of Actuaries.

BOARD OF DIRECTORS PROFILES



WENDY CHEONG

Non-Independent Non-Executive Director

Joined the Board	2021
Board Committee	Nomination and Remuneration
Subsidiary (as Director)	MARC Ratings Berhad, MARC Solutions Sdn Bhd <i>(effective 1 May 2021)</i>

Wendy Cheong is currently Managing Director-Regional Head of Asia Pacific for Moody's Investors Service (MIS), and Chief Executive Officer of MIS Singapore, based in Singapore. In this role, Wendy develops and leads Moody's growth strategy in both developed and emerging markets in the region. She is the senior representative for Moody's in Asia Pacific and is responsible for regional operations, overseeing policy and regulatory outreach, coordinating Moody's global initiatives, and providing oversight of affiliates, joint ventures and Moody's domestic market strategies in the region.

A senior management and strategy professional experienced in leading and transforming international business operations, Wendy acts as an Executive Director for majority of Moody's Asia entities. She also serves as a Non-Executive Director on Moody's numerous domestic affiliate boards, including China Chengxin Credit Rating Group, Korea Investors Service, Inc., Malaysian Rating Corporation Berhad and ICRA Limited, which is a publicly-listed firm listed on the India Stock Exchange.

Wendy joined Moody's in 2010 as an Assistant Director at Content Strategy in Moody's Analytics and has since

held senior positions in strategy and management roles across business lines in Hong Kong and New York to build strategic vision, drive business growth and enhance market impact. She has served as Chief of Staff to the President of Moody's Investors Service; Representative Director for MIS in Hong Kong, while also serving as Senior Vice President – Head of APAC Strategy & Business Management; and Director and Senior Product Strategist at Moody's Analytics.

Wendy is the Global Executive Sponsor for the Moody's Women's Business Resource Group, and she currently sits on the Board of the Asian Venture Philanthropy Network (AVPN), a leading non-profit network of over 600 organizations across 34 countries that mobilizes capital for impact investing. She held leadership roles in several external women in finance organisations, including ASIFMA, and founded the Asia Pacific Women's BRG in Moody's.

Before joining Moody's, Wendy held senior strategy, sales and marketing positions at Prudential PLC in Hong Kong, as well as at Singapore Telecoms in Singapore. She holds a BA in Southeast Asian Studies from the National University of Singapore.

BOARD OF DIRECTORS PROFILES



NG KOK KHENG

Independent Non-Executive Director

Joined the Board	2021
Board Committee	Audit and Risk
Subsidiary (as Director)	MARC Solutions Sdn Bhd (effective 1 May 2021)

Mr. Ng is the CEO of Great Eastern General Insurance (Malaysia) Berhad (GEGM). He is a Director of Persatuan Insurans Am Malaysia (PIAM) and has been on the Management Committee (now Board of Directors) of PIAM since 2017, Convenor of the Finance and ERM Sub-Committee from 2018 to 2022, Convenor of the Technical Committee from 2022 and Deputy Chairman since 2019. He was a Council Member and Chairman of the Audit Committee of the Malaysian Motor Insurance Pool (MMIP) from 2013 to 2020 and its Deputy Chairman from 2017. He was on the Board of Insurance Services Malaysia Berhad (ISM) from 2011 to 2017 and its Audit Committee Chairman from 2013. He was also a Member of the Supervisory Board of the Central Administration Bureau (CAB - an industry reinsurance-coinsurance

placement and premium exchange platform) from 2009 to 2016 and its Chairman from 2013.

He joined GEGM (then Overseas Assurance Corporation (Malaysia) Berhad) in 2002 and was appointed the CEO in 2007. He has over 30 years of experience in the insurance industry, having been involved in roles as underwriter, technical risk management, insurance broker and business development.

Mr. Ng holds a Bachelor of Engineering (Civil) from the Royal Melbourne Institute of Technology and a Master of Science from Universiti Putra Malaysia. Mr. Ng is also a Fellow of the Malaysian Insurance Institute.

BOARD OF DIRECTORS PROFILES



TAN NYAT CHUAN

Independent Non-Executive Director

Joined the Board	2021
Board Committee	Audit and Risk
Subsidiary (as Director)	MARC Data Sdn Bhd, MARC Learning Sdn Bhd

Mr. Tan has 34 years of banking and payments experience in the financial industry, of which 32 years was with Bank Negara Malaysia. He has worked in Banking Supervision, Treasury Risk Management, and Payments Policy, and had also served as the Chief Audit Executive. His last position with the Central Bank was Assistant Governor where he had oversight responsibility for BNM's Finance (Financial Accounting and Reporting, Payments, and Treasury Settlement) Department, Digital and Technology Department, Cyber Security, Payments Oversight Department and Payments Development.

Upon his retirement, he joined SWIFT, a leading global company that provides network and financial messaging services to financial institutions and market

infrastructures across more than 200 countries. During his two year tenure at SWIFT, he held the position of Senior Director Business Innovation ASEAN, engaging regional stakeholders in a wide spectrum of cross border payment related initiatives. Mr. Tan was also recently appointed as an advisor for the Grab Financial Group effective February 15, 2022, focussing on Grab's financial services in Malaysia.

Mr. Tan has also served as a non-executive board member and a member of the Board Audit and Risk Committee of Payments Network Malaysia Sdn Bhd (PayNet) and Malaysian Electronic Clearing Corp Sdn Bhd (MyClear).

RATING COMMITTEE OF MARC RATINGS BERHAD



1

SHARIZAD JUMA'AT

External Member - Chairman of the Committee

2

DATUK JAMALUDIN NASIR

Internal Member - Group Chief Executive Officer

3

RAJAN PARAMESRAN

Internal Member - Chief Rating Officer

4

LEE JIN GHEE, KIRBY

External Member

5

KRISHNA KUMAR

External Member

RATING COMMITTEE PROFILES



SHARIZAD JUMA'AT

Chairman of the Committee

Madam Sharizad has more than 30 years of debt capital market experience, encompassing equity, treasury, fixed income, credit analysis, private equity, and property investment. Her most recent roles were as CEO of RHB Islamic International Asset Management Berhad, Head of Institutional Business of RHB Asset Management (RHBAM) Group, and Regional Head of RHBAM Islamic Business where she was responsible for driving business in Malaysia, Singapore, Indonesia, and Hong Kong for the group's retail, wholesale, and institutional markets.

She also served as the CEO of AmanahRaya Investment Management Sdn Bhd from 2004 to 2013 where she was instrumental in the setting up of AmanahRaya REITs and its listing on Bursa Malaysia. Prior to this, Madam Sharizad served with the Employees Provident Fund as its Head of Equity Investments and Head of Treasury/Fixed Income, for over 18 years. She commenced her career at Permodalan Nasional Berhad as a research analyst.

Madam Sharizad is active on the speaking circuit, where she regularly participates as a panel speaker in conferences related to capital markets and Shariah business, and as a participant in asset and wealth management roundtable discussions.

Upon her retirement from RHB Asset Management Group in May 2020, she currently sits on several Investment Advisory Committees and is also a Board member.

She holds a Bachelor of Biochemistry degree (Honours) from Universiti Kebangsaan Malaysia and an MBA specialising in Finance from Michigan State University, East Lansing, USA. She also participated in the Senior Leadership Management Programme at Harvard University, Boston, USA.

Madam Sharizad was appointed to the RC on 26 October 2020.

RATING COMMITTEE PROFILES



DATUK JAMALUDIN NASIR

Datuk Jamaludin is MARC's Group Chief Executive Officer. He has served on the RC since September 1, 2014. Datuk Jamaludin previously served as Chairman of the RC from 1 September 2019 to 30 November 2019.

Please refer to page 22 for his full profile.



RAJAN PARAMESRAN

Chief Rating Officer, MARC Ratings Berhad
Executive Director, MARC Learning Sdn Bhd

Rajan is MARC Ratings' Chief Rating Officer. He has served on the RC since 1 July 2014.

Please refer to page 24 for his full profile.



LEE JIN GHEE, KIRBY

Mr. Lee has more than 17 years of debt capital market experience, encompassing structured finance, project finance, and large, complex corporate finance restructuring transactions covering the Southeast Asian region. He is also experienced in credit rating for a wide range of industries and corporate borrowers in Malaysia. He was formerly the Head of Debt Capital Markets at Citigroup Malaysia, where he was involved in providing corporate advisory and funding solutions to Malaysian corporates. Before Citigroup, he served as the Head of Infrastructure, Utilities, and Real Estate Ratings at a domestic credit rating agency, where he was an analyst for 10 years.

He holds a Bachelor of Science in Production Engineering and Management degree from the Loughborough University of Technology, UK, and an MBA specialising in Finance from Bayes Business School (formerly known as CASS Business School), UK.

Mr. Lee was appointed as a member of the RC on 1 October 2019.

RATING COMMITTEE PROFILES



KRISHNA KUMAR

Mr. Kumar is a highly experienced professional with over 28 years of expertise in investment banking, credit, trade finance, consumer and business banking, and risk management. He has held various senior roles in the industry, including Chief Financial Services Officer at Agrobank, Head of Commercial and SME Finance at Al Rajhi Bank, and Head of International Asset Management at Maybank International. Mr. Kumar has also presented at the Regional Symposium in South Korea organized by UN-FAO, APRACA, NACF, and AFMA, where he shared Agrobank's contribution to marketing and finance of the organic supply chain in Malaysia.

In addition to his industry experience, Mr. Kumar serves on the Professional Credit Examination Committee at the Asian Institute of Chartered Bankers and is the Accreditation Assessor for the Finance Accreditation Agency in Kuala Lumpur. He was also a Taskforce Member for Bank Negara Malaysia, where he contributed to product development for Small and Medium Size Enterprises in Malaysia. Mr. Kumar actively conducts various trade seminars for government departments as well as credit, trade, early care, and recovery for bankers.

Mr. Kumar holds a Master's in business administration and management from Southern Cross University, Australia.

He was appointed to the RC on 5 March 2023.

SENIOR MANAGEMENT

SENIOR MANAGEMENT

1

RAFIDZ RASIDDI

Chief Executive Officer
MARC Data Sdn Bhd

2

QUAH BOON HUAT

Senior Economist
MARC Ratings Berhad

3

RAJAN PARAMESRAN

Chief Rating Officer
MARC Ratings Berhad

4

DATUK JAMALUDIN NASIR

Group Chief Executive
Officer

5

HAFIZA ABDUL RASHID

Deputy Chief Rating Officer
MARC Ratings Berhad

6

MOHAMMAD FARISH MOHD NOOR

Chief Financial Officer
MARC Berhad

7

YAP NGEE HEONG, JACK

Chief Commercial Officer
MARC Berhad



SENIOR MANAGEMENT PROFILES



DATUK JAMALUDIN NASIR

Group Chief Executive Officer

Subsidiaries:

CEO/Executive Director, MARC Ratings Berhad
Executive Director, MARC Data Sdn Bhd
Executive Director, MARC Solutions Sdn Bhd
Executive Director, MARC Learning Sdn Bhd

Datuk Jamaludin is the Group Chief Executive Officer (GCEO) of MARC. He has wide financial services experience, gained over three decades in senior management, origination and business development, credit and risk management in the commercial, corporate and investment banking space.

Over the course of his career, Datuk Jamaludin has held leadership roles at several banks, including that of Deputy Chief Executive Officer of Asian Finance Bank (now MBSB), Group Chief Credit Officer of Maybank, General Manager of Dresdner Bank AG, Director/Chief Operating Officer of Dresdner Kleinwort Benson and Head of Corporate Banking and Capital Markets of Kwong Yik Bank Berhad (now RHB Bank Berhad). He was also a Board member of Bank Pembangunan Malaysia Berhad and Maybank Investment Bank Berhad. During his tenure at Maybank Investment Bank, he served as a member of its Executive Committee and Credit & Underwriting Review Committee.

Datuk Jamaludin currently serves as the Independent Non-Executive Chairman of Bursa-listed Kotra Industries Berhad and sits on its Audit Committee. Datuk Jamaludin was a member of the Technical Committee of the Finance Accreditation Agency (FAA), which is an independent quality assurance and accreditation committee body for the financial services industry.

Datuk Jamaludin holds an MBA from Texas A&M International University, USA (formerly known as Laredo State University) and a Bachelor of Science degree in Finance & Business Economics as well as a Bachelor of Economics degree from Southern Illinois University, USA.



MOHAMMAD FARISH MOHD NOOR

Chief Financial Officer, MARC Berhad

On 19 September 2022, Mohammad Farish was appointed the Chief Financial Officer of MARC. He is responsible for the overall strategy and operations of MARC's finance, corporate governance, risk management and IT.

As a Fellow Chartered Accountant (FCA ANZ) and financial expert, Mohammad Farish has extensive experience in various industries in Malaysia and Australia. With over 26 years of experience, he began his career in 1996 as an Auditor with Ernst & Young and also served in several senior and leadership roles in Petronas, the Rio Tinto Group in Australia, the MMC Group of Companies and its subsidiaries, and OPUS International (M) Berhad (a subsidiary of UEM Edgenta Berhad).

Before joining MARC, Mohammad Farish served as the Chief Financial Officer of Chemical Company of Malaysia Berhad.

Mohammad Farish is a member of the Malaysian Institute of Accountants and Chartered Accountants in Australia and New Zealand. He holds a Bachelor of Commerce in Accounting & Finance from the University of Melbourne, Australia.

SENIOR MANAGEMENT PROFILES



YAP NGEE HEONG, JACK

Chief Commercial Officer, MARC Berhad

Jack was recently appointed as MARC's Chief Commercial Officer in September 2022. He first joined the company in 2015 as Head of Business Origination and has spent nearly eight years there. Jack is responsible for driving business development, overseeing strategic communications, and managing ESG strategy and operations.

With years of experience in the finance and banking industry, Jack began his career as a Service Consultant at Standard Chartered Bank before moving on as an Account Relationship Manager at Kuwait Finance House.

Before joining MARC, he served as the Unit Head for Islamic Corporate Banking at RHB Banking Group. Among his notable achievements at the RHB Banking Group were his participation and structuring of the of the Musyarakah Musawamah Perpetual Sukuk which was awarded the Musyarakah Deal of the Year 2013 and Perpetual Deal of the Year 2013 by the Islamic Finance News Awards (IFN).

Jack is a graduate of the University of Sunderland, where he obtained his Bachelor of Arts in Business Management.

SENIOR MANAGEMENT PROFILES



RAJAN PARAMESRAN

**Chief Rating Officer, MARC Ratings Berhad
Executive Director, MARC Learning Sdn Bhd**

Rajan has been the Chief Rating Officer since 1 July 2014. He joined MARC in 2008 and served as the head of several rating portfolios. In his current position, Rajan is responsible for the overall stewardship and development of the ratings operations.

He has longstanding experience in the finance industry, beginning his career with United Asian Bank Berhad in 1985. He subsequently joined Rating Agency Malaysia Berhad as an analyst responsible for rating assignments on corporates and financial institutions.

His work experience also includes stints with investment banks Peregrine Fixed Income Ltd and BNP Paribas, both in Singapore, where he provided credit research and analytical coverage primarily on Southeast Asian corporates. Prior to joining MARC, Rajan worked with the New Straits Times Group as a senior writer on its weekly property publication section.

Rajan holds a Bachelor of Science in Mathematics from the University of Malaya and a Master of Business Studies from University College Dublin, Ireland.



RAFIDZ RASIDDI

Chief Executive Officer, MARC Data Sdn Bhd

Rafidz Rasiddi was appointed the CEO of MARC Data Sdn Bhd on 1 December 2022, where he is responsible for overseeing the company's strategy, business and operations. He has over 30 years of experience in the financial services and capital markets industry and has held various senior and leadership positions in several established and leading Malaysian financial institutions.

He has been the Director of Corporate Finance and Head of Strategic Assets at CIMB, Country-Head of CIMB-GK Securites in Thailand, Head of Investment Banking at RHB Investment Bank, CEO of Alliance Investment Bank, Deputy CEO and Head of Corporate Investment Banking at MIDF Amanah Investment Bank, and President/Group Managing Director of Bank Pembangunan.

Immediately before joining MARC Data, Rafidz served as the Chief Strategy Officer of Merchante Asia Sdn Bhd.

Rafidz holds a BSc in Economics from City, University of London, United Kingdom, and an MBA from Alliance Manchester Business School, United Kingdom.

SENIOR MANAGEMENT PROFILES



HAFIZA ABDUL RASHID

Deputy Chief Rating Officer, MARC Ratings Berhad

Hafiza was appointed as MARC's Deputy Chief Rating Officer in September 2022. She has been with the company since 2019, joining as the Rating Portfolio Head of Infrastructure and Telecommunications.

She began her career at BBMB Factoring Berhad before moving to RAM Ratings Services Berhad where Hafiza spent close to 18 years acquiring experience in credit analysis across various sectors, including consumer products and services, manufacturing, infrastructure, and banking.

Before joining MARC, Hafiza served as General Manager in the Risk & Compliance Department of UEM Group Berhad for nearly eight years. Her responsibilities include identifying and analysing risks and opportunities for UEM and its group of companies.

Hafiza obtained her Bachelor of Business Administration (Finance) and Master of Business Administration (Finance) degrees from Western Illinois University in the United States.



QUAH BOON HUAT

**Senior Economist
MARC Ratings Berhad**

Quah Boon Huat is a Senior Economist with MARC since 2014, where he is responsible for conducting sovereign credit ratings. Prior to this, he was an Economic Consultant at the OECD Development in Paris.

His career in economic research began as a Research Fellow at the Malaysian Institute of Economic Research, where he served as a consultant on projects run by international research institutions to develop practical policy recommendations for economic integration among the economies of ASEAN and East Asia.



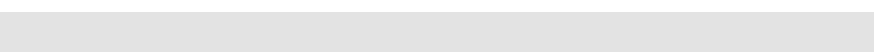
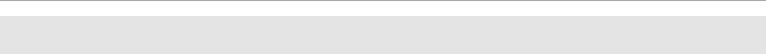
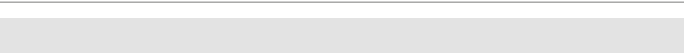
Boon Huat's experience also includes working as an Economist in the British High Commission's Southeast Asia Economic Team.

Prior to entering the field of economic research, Boon Huar worked in corporate and offshore banking, foreign exchange, equity index derivatives, and equities. He holds degrees in Economics from Nagoya University, Japan and the University of Malaya.

FINANCIAL HIGHLIGHTS


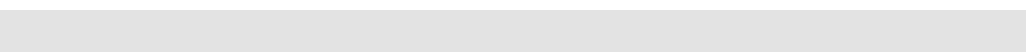
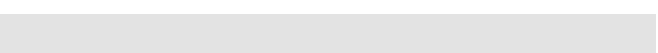
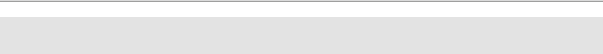
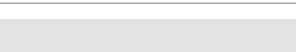
REVENUE: BY GROUP

AMOUNT DENOTED IN RM'000

2022		23,228
2021		23,691
2020		18,987
2019		16,645
2018		14,914



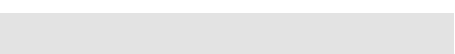
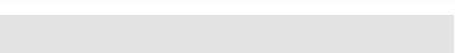
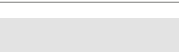
PROFIT BEFORE TAX: BY GROUP

AMOUNT DENOTED IN RM'000

2022		8,675
2021		9,691
2020		6,184
2019		5,701
2018		2,828

PROFIT AFTER TAX: BY GROUP



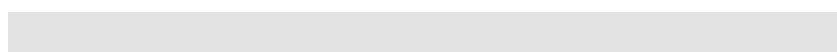
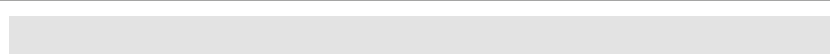
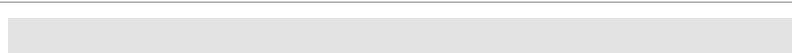
AMOUNT DENOTED IN RM'000

2022		6,403
2021		7,408
2020		4,703
2019		4,705
2018		1,878

FINANCIAL HIGHLIGHTS

SHAREHOLDERS' FUND: BY GROUP

AMOUNT DENOTED IN RM'000

2022		67,038
2021		62,632
2020		59,222
2019		58,521
2018		55,816



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Malaysian Rating Corporation Berhad (MARC), I am pleased to share the 2022 Annual Report and Audited Financial Statements of the Company.



We have had a successful year, which is a testament to our strategic investments in key growth areas, as well as our commitment to operational excellence. I am proud of the resilience and flexibility our business model has demonstrated in the face of the global pandemic and economic challenges. Our speedy adaptation to changing market dynamics has successfully enabled us to meet customer needs and deliver value.

FUTURE FOCUSED

As the global economy recovers from the aftermath of the COVID-19 pandemic, we remain cautiously optimistic about Malaysia's economy, particularly due to its well-developed infrastructure, competitive manufacturing and services sectors, substantial natural resources, and a GDP growth of 8.7% recorded in 2022 - an increase from 3.1% in 2021.

Following a global decline in merchandise trade volume forecasted for 2023 by the World Trade Organization at 1.0% (2022: 3.5%), we observe Malaysia's real export and import growth moderating significantly to 3.6% (2022: 12.8%) and 4.0% (2022:14.2%).

Despite challenges in the high-yield segment with no issuance for two consecutive years, the Malaysian corporate bond market has remained stable at RM153 billion, up from RM114 billion in 2021. With 93.8% of issuances rated AA or higher reaching a fresh high of RM75 billion in 2022 compared with RM34 billion in 2021, this indicates strong confidence in the market overall.

“

At MARC, we take great pride in incorporating ESG features into our business operations through sustainability initiatives that reduce our carbon footprint as well as promote responsible business practices across all aspects of our operations. This is carried out with the aim of achieving sustainable performance while ensuring long-term value creation for stakeholders alike.”

According to the Securities Commission Malaysia's Annual Report 2022, the Malaysian bond market, total bonds, and sukuk outstanding grew to RM1.9 trillion in 2022 from RM1.7 trillion in 2021, reflecting higher levels of bond and sukuk fundraising in the market. The overall Malaysian Government Securities (MGS) yield curve shifted upward, tracking the movements of the global bond market. This was driven by expectations of continued monetary policy normalisation globally and domestically, given elevated inflationary pressures. Meanwhile, the domestic bond market witnessed lower foreign interest, with net outflows amounting to -RM9.8 billion in 2022 (2021: net inflow of RM33.6 billion).

JOURNEY TO BECOME MORE SUSTAINABLE

At MARC, we take great pride in incorporating ESG features into our business operations through sustainability initiatives that reduce our carbon footprint as well as promote responsible business practices across all aspects of our operations. This is carried out with



CHAIRMAN'S STATEMENT

the aim of achieving sustainable performance while ensuring long-term value creation for stakeholders alike.

CORPORATE GOVERNANCE

As MARC expands its operations and establishes subsidiaries such as MARC Ratings Berhad, MARC Data Sdn Bhd, MARC Solutions Sdn Bhd, and MARC Learning Sdn Bhd, each offering unique products and services, our Board of Directors takes an active role in overseeing strategic initiatives and risk management and upholding the MARC Group's ethical standards, all while delivering value to our investors. This is why we remain committed to reinforcing our governance framework by aligning our policies with the best practices in our industry.

MOVING AHEAD

As MARC forges ahead with even greater commitment, we are excited to seize opportunities while upholding our values of sustainability, responsibility, and creating lasting value, using our ongoing transformation plans to deliver optimal results for all stakeholders involved.

APPRECIATION

I would also like to thank all shareholders, clients, employees, and partners for their continued support. May we continue striving toward excellence and perseverance as we look forward to another outstanding year ahead!

DATUK SERI DR NIK NORZUL THANI N. HASSAN THANI
Chairman

GCEO'S STATEMENT

GCEO'S STATEMENT

REDEFINING OPPORTUNITIES, PUSHING BOUNDARIES

In the face of challenging local and global economic and political environments in 2022, which were affected by the Russia-Ukraine war, the lingering impact of the pandemic, and the increasing frequency of natural disasters due to climate change, our business and stakeholders' interests have been significantly impacted. These challenges have put people's and companies' livelihoods at risk, caused macroeconomic instability and loss of jobs, and resulted in soaring energy and food prices, impacting communities locally and across the world.



“

As a purpose-driven financial services group, MARC is committed to creating a sustainable future for our stakeholders. We are taking proactive measures to mitigate potential risks and ensure the well-being of our employees, clients, and communities. Additionally, we are carefully considering the long-term impact of these global issues on our business and adjusting our strategies accordingly in line with our business plan for 2021–2025.

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As a purpose-driven financial services group, MARC is committed to creating a sustainable future for our stakeholders. We are taking proactive measures to mitigate potential risks and ensure the well-being of our employees, clients, and communities. Additionally, we are carefully considering the long-term impact of these global issues on our business and adjusting our strategies accordingly in line with our business plan for 2021–2025.

Our commitment to sustainability as well as environmental, social and governance (ESG) aspects remains unwavering, and we will continue to reinforce our efforts in these areas as we navigate challenges ahead. We are proud of the progress we made in 2022, as we expanded our ambitions and pushed forward with our transformation journey, all while sustaining a positive financial performance.

BUSINESS REVIEW AND OUTLOOK

In line with our strategic direction to “Redefine Opportunities, Push Boundaries”, the Group achieved a successful outcome in 2022, sustaining our positive financial performance through strategic collaborations that have facilitated our expansion into new markets and new products that enhanced our competitive advantage alongside acquisition of new skillsets. In particular, our expertise in the burgeoning ESG services sector, namely sustainability ratings, will continue to grow.





MARC is well-positioned to continue on its growth trajectory while empowering stakeholders for years to come. Our unwavering commitment to our clients remains steadfast, and we will continue to provide superior products and services to meet their ever-changing needs.

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HIGHLIGHTS OF MARC'S ACTIVITIES IN 2022

MARC organised several conferences and webinars throughout the year, to engage with its external stakeholders and market players. These events provided a platform for finance professionals and practitioners to meet, exchange ideas, and foster growth in the Malaysian capital market. In March, MARC participated in Moody's Inside ASEAN webinar series, with three panellists providing financial insights to the audience from across the region. Also, in the same month, MARC hosted the MARC360: Sustainable Development Financing 2022 Virtual Conference over two half



days, targeting professionals from the financial and banking industry.

On June 11, 2022, MARC held its 26th Annual General Meeting (AGM) virtually, themed "Thriving Through Adversity". The meeting saw the approval of the company's financial results and final dividend for the financial year ending December 31, 2021.

The second edition of the MARC Malaysian Bond and Sukuk Virtual Conference 2022 (MMBS 2022) was held on July 27-28, with the keynote address delivered by the Chairman of Securities Commission Malaysia, Dato' Seri Dr. Awang Adek Haji Hussin. In September, MARC was part of the panel session on "Financing Sustainable Affordable Housing through Capital Markets" at Cagamas' Developing & Financing Green Housing in Asia Conference.

MARC presented awards to high achievers of its Lead Managers' League Tables for 2021 on September 22, 2022, in an awards

ceremony held at The Majestic Hotel Kuala Lumpur. These league tables are published annually, and rank lead managers based on the volume and number of lead-arranged bond and sukuk issuances rated by MARC Ratings. RHB Investment Bank Berhad secured the top position in the issue count category, while Maybank Investment Bank Berhad and HSBC Amanah Malaysia Berhad secured second and third positions, respectively. RHB Investment Bank Berhad also topped the 2021 Lead Managers' League Tables by issued value, followed by Maybank Investment Bank Berhad in second place and CIMB Investment Bank Berhad in third place.

To end the year, MARC hosted two MARC360 virtual conferences, discussing the Malaysian economic outlook and challenges, and also the property outlook for 2023.

FINANCIAL REVIEW

MARC Group's total top line revenue was RM23.23 million in 2022, a

slight decrease from RM23.69 million in 2021. Profit before tax was RM8.68 million compared to RM9.69 million in 2021. These strong financial outcomes reflect the trust that the financial community, including investors and players, has in our rating activities. Our rating stability and long-term accuracy are comparable to those of international rating agencies, further strengthening this confidence.

RATING PERFORMANCE

In 2022, MARC Ratings played a leading role in the domestic sukuk and bond market, assigning 27 new issue ratings with a total programme size of RM29.1 billion and affirming 115 issue ratings, compared to 22 new issue ratings worth RM28.9 billion and 108 rating affirmations in 2021.

There were two downgrades and two upgrades in MARC Ratings' corporate portfolio in 2022. Relative to 2021's downgrade-to-upgrade ratio of 1.3x when downgrades exceeded upgrades by four to three, 2022's downgrade-to-upgrade ratio of 1.0x suggests improving credit quality. With

this, 2022's annual corporate downgrade rate fell to a four-year low of 2.2% (2021: 4.8%), well below the long-term average of 5.7%. It is not surprising that given the fewer downgrades, there were no severe negative rating actions. One high-yield issuer saw its rating fall three notches while the other, an investment-grade issuer, saw its rating fall by a single notch. The upgrade rate also dropped to 2.2% versus 3.6% in the preceding year. It also remained lower than the long-term average of 4.9%. The two upgraded issuers — one from infrastructure & utilities and the other from plantation — were rated at the investment grade level at the beginning of the year.

In 2022, MARC Ratings' corporate portfolio recorded two rating defaults, the first time in four years. As a result, the annual corporate default rate came in at 2.2%, slightly above the long-term average of 1.8%. The two defaulting issuers had been rated C — i.e. at the lowest non-default high-yield category — at the start of 2022. Their subsequent defaults unsurprisingly pushed the high-yield category's long-term average default rate higher to 8.0% (2000-

2021 average: 7.4%). Meanwhile, the long-term average default rate for the investment grade category remained unchanged at 0.7%.

As affirmations dominated rating actions in MARC Ratings' corporate portfolio in 2022, the ratings stability rate edged higher to 93.3% (2021: 91.6%). This brought the long-term average rating stability rate modestly higher to 87.5% (2000-2021 average: 87.3%). It is worth noting that MARC Ratings' corporate portfolio ratings stability rate has consistently clocked above 90.0% since 2013. This is due to the dominance of investment-grade issuers with inherently higher credit strength, as opposed to high-yielding issuers which are susceptible to rating volatility.

MARC Ratings' corporate portfolio ratings methodology has been consistently effective in ranking and ordering credit risk in predicting defaults. The ratings accuracy ratio came in at 73.6%, marginally higher than the 71.0% recorded in the 1998-2021 period as all defaults came from the lowest non-default rating category of C.

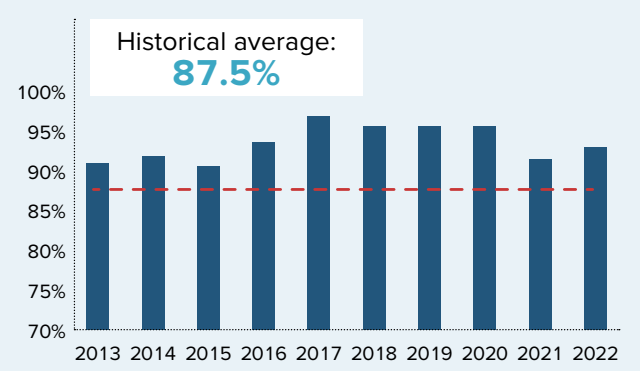
HIGHLIGHTS

MARC'S TOTAL REVENUE
RM23.23 mil

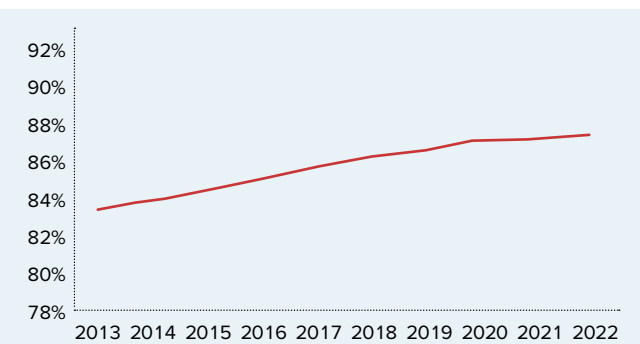
PROFIT BEFORE TAX
RM8.68 mil



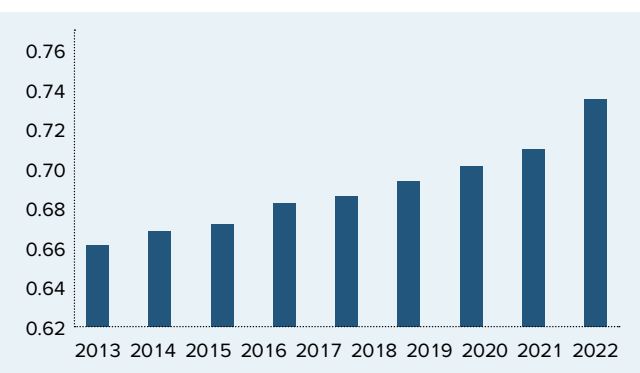
MARC Ratings' Historical Ratings Stability Since 2013



MARC Ratings' Long-Term Stability Ratio



MARC Ratings' Long-Term Accuracy Ratio



Noteworthy sukuk programmes rated by MARC Ratings last year include:

KPJ Healthcare Berhad's SPV - Point Zone (M) Sdn Bhd's Islamic Medium-Term Notes (Sukuk Wakalah) Programme of

up to RM3.0 billion.

TNB Power Generation Sdn Bhd's (TPGSB) Sukuk Wakalah Programme of

up to RM10.0 billion.

Amanat Lebuhraya Rakyat Berhad's sukuk Programme of

up to RM5.5 billion

Projek Lebuhraya Usahasama Berhad's Islamic Medium-Term Notes (MTN) Programme of

up to RM25.2 billion

ACCOLADES

In 2022, MARC Ratings received several accolades from the international finance community, affirming its position as a leading player in the industry. The company was awarded for its role as external reviewer of SME Bank's RM500 million ASEAN Sustainability Wakala Bi Al- istithmar Sukuk, which won the Best ASEAN Sustainability Sukuk (Malaysia).

It was also recognised for its Sustainability Sukuk Assesment for Agrote Business (M)'s RM200 million ASEAN Sustainability SRI Murabaha Sukuk, which won Most Innovative Deal (Sustainable Finance).

Additionally, MARC Ratings was honoured as the Best Islamic Rating Agency of the Year 2022 at the 12th Global Islamic Finance Awards (GIFA). These awards reinforce MARC's motivation to continue promoting sustainability in the Islamic capital markets.



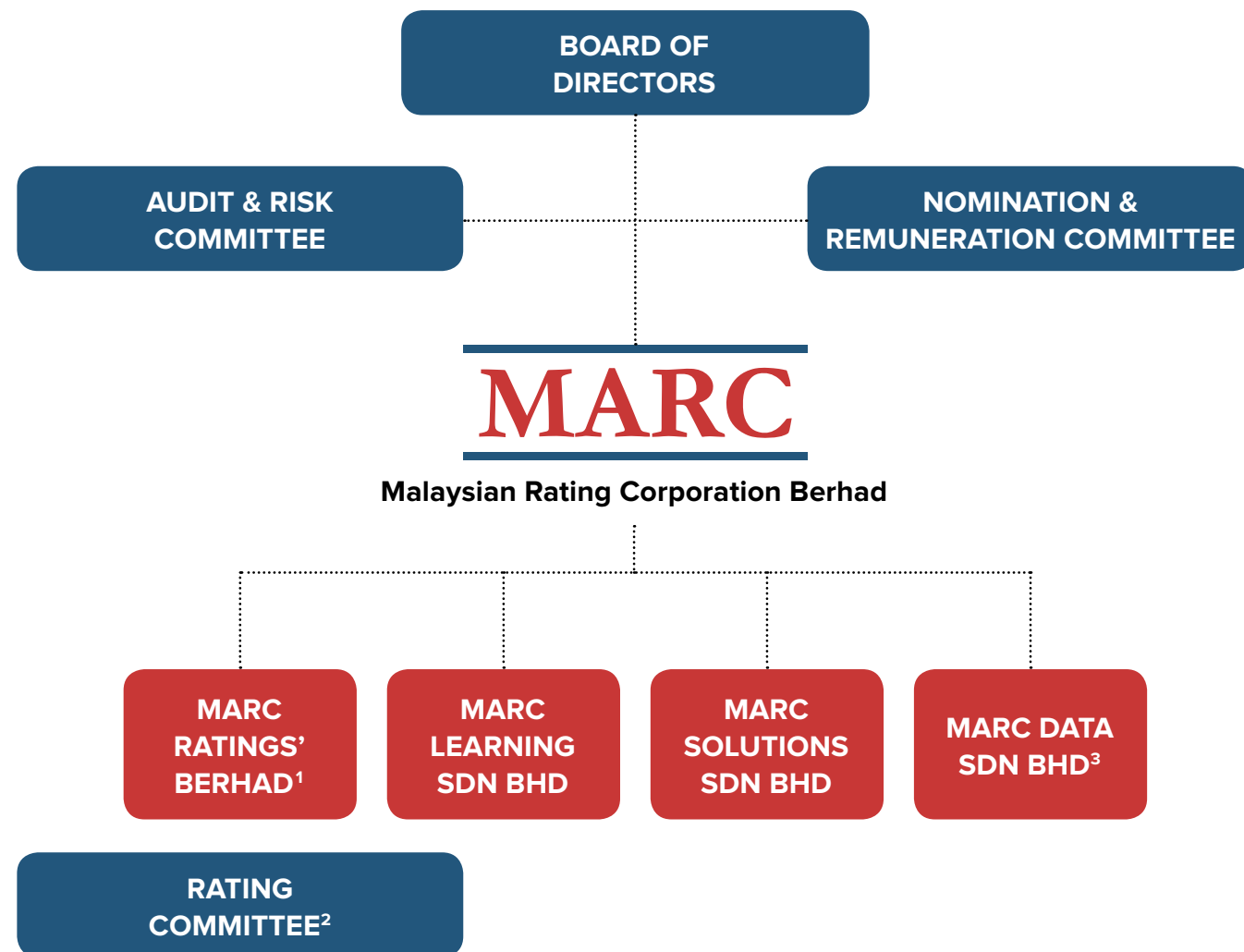
TAKING MARC TO THE FOREFRONT

MARC remains committed to continue delivering value to its clients while maintaining a focus on excellence and innovation. Over the past year, we have invested in our people, processes, and technology to enhance our operations and improve the quality of our products and services.

I would like to extend my appreciation to our employees, whose hard work and dedication have been instrumental in MARC's accomplishments. Their efforts will also enable MARC to stay ahead of the competition and create value for our shareholders over the long term. I am looking forward to another successful year in 2023.

DATUK JAMALUDIN NASIR
Group Chief Executive Officer

CORPORATE GOVERNANCE STRUCTURE



¹ Transfer of credit rating license from Malaysian Rating Corporation Berhad (MARC) to MARC Ratings Berhad effective 1 January 2022.

² Rating Committee resides under MARC Ratings Berhad effective 1 January 2022 (previously under MARC).

³ Credit Reporting Agency license for MARC Data Sdn Bhd effective 15 September 2021.

ROLES AND FUNCTIONS



BOARD OF DIRECTORS

- The Board of Directors (the Board) oversees the interests of the stakeholders for the sustainability and overall success of the Company.
- The role of the Board is to ensure the effective governance of the Company, set policies, monitor the performance of the Company, and support the management in the running of the Company.
- The Board is committed to the highest standards of corporate governance, which promotes Board and management accountability and stewardship, ensures regulatory compliance and fosters stakeholder confidence in the Company.

RATING COMMITTEE

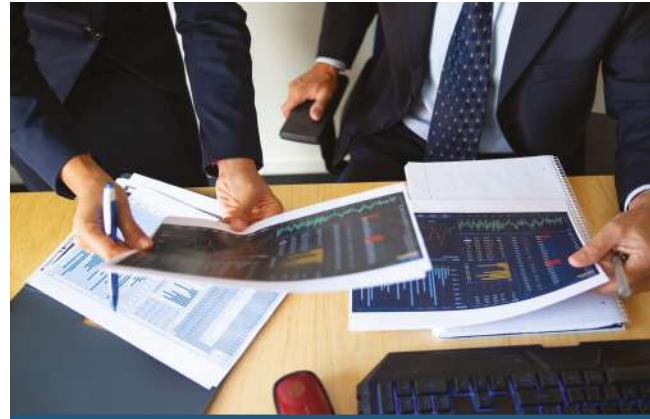
- The role of the Rating Committee (RC) is to deliberate and assign/affirm new ratings and surveillance ratings, review rating actions, provide an independent collective view, and review/approve the rating methodologies applied.
- The RC ensures that rating decisions are based on sufficient information, incorporating all considerations pertinent for the rating at hand and applying MARC Ratings' approved rating methodologies.
- The RC functions independently from the Board, meets as and when required to ensure timely rating actions, and comprises members who meet the eligibility criteria as set by the Securities Commission.

AUDIT AND RISK COMMITTEE

- The Audit and Risk Committee (ARC) is responsible for the oversight of MARC's financial reporting, including the integrity of the Company's financial statements and compliance framework as well as having oversight on governance and risk management. The ARC assists the Board in setting the risk appetite and ensuring the effective controls are in place.
- The ARC reviews the performance of the Company's internal and external auditors and their reports on a risk-based planning approach. As part of its role, the committee monitors compliance with the Company's Code of Conduct and other internal policies as well as legal and regulatory requirements.
- The ARC oversees group-wide risk management strategy, policies and mitigation efforts.

NOMINATION AND REMUNERATION COMMITTEE

- The Nomination and Remuneration Committee (NRC) is responsible for assessing, reviewing, and recommending to the Board appointments of the Group Chief Executive Officer (GCEO), Board and RC members to promote the highest standards while seeking qualified candidates. The NRC provides an oversight of the appropriate structure of the Board, Board Committees, and the RC.
- The NRC also assesses, reviews and recommends to the Board remuneration matters of the GCEO, Directors, as well as members of the RC.
- The NRC extends its responsibility to ensure that the Company's remuneration policies and practices are reasonable and fair, and that rewards for performance are sufficient to attract and retain high-calibre staff.



ANALYTIC CHINESE WALL POLICY

- The Chinese Wall Policy serves to ensure that Rating Analysts have the necessary independence to express their respective opinions, free from the improper influence of other employees and third parties and from financial and commercial considerations.
- The Policy also aims to protect the confidentiality of information given to the Ratings Division in connection with the rating process.



MARC CODE OF CONDUCT

- MARC's Code of Conduct sets forth prescribed standards for MARC's employees regarding the ethical conduct of its business. The Code incorporates regulatory requirements of the Securities Commission Malaysia's Guidelines on Registration of Credit Rating Agencies and to comply with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. It also reflects substantial adherence to the International Organisation of Securities Commissions Code of Conduct (IOSCO) Fundamentals for Credit Ratings Agencies.
- In addition, this Code incorporates provisions from the Best Practices Framework adopted by the Association of Credit Rating Agencies in Asia (ACRAA) and Malaysian Code of Corporate Governance (MCCG).



PERSONAL INVESTMENT AND TRADING OF SECURITIES POLICY

- The Personal Investment and Trading of Securities Policy establishes a standard of conduct for MARC's employees, directors and Rating Committee members regarding their dealings in personal investment and trading of securities.
- Accordingly, this Policy aims to prevent any real or apparent conflicts of interest which may be used by MARC's employees or non-employees for their own direct or indirect personal gain.



BUSINESS CONTINUITY MANAGEMENT POLICY

- The Business Continuity Management Policy is designed to outline the procedures, processes and systems necessary to resume or restore the business operation of MARC as swiftly and smoothly as possible.
- The purpose of this Policy is to prepare MARC to deal with disaster recovery in the event of major and extended services outages caused by factors beyond the organisation's control, such as natural disasters and manmade events, and to restore services to the widest extent possible in a minimum time frame.
- The proper implementation of business continuity planning will ensure the survival of the organisation, protect corporate assets, and minimise financial loss and the loss of customers in the event of a disaster or when facing succession issues.



POLICY ON CONFLICT OF INTEREST FOR ANALYSTS AND RATING COMMITTEE MEMBERS

- MARC's Policy on Conflict of Interest for Analysts and Rating Committee Members serves to define and manage potential conflicts of interest on behalf of analysts and Rating Committee members.
- Purposeful compliance with this Policy will avoid both actual bias and appearance of bias and ensure that conflict of interest disclosures are made and disclosed in a manner that will allow users of MARC's credit ratings to make an informed decision about the existence and the impact of conflicts of interest.



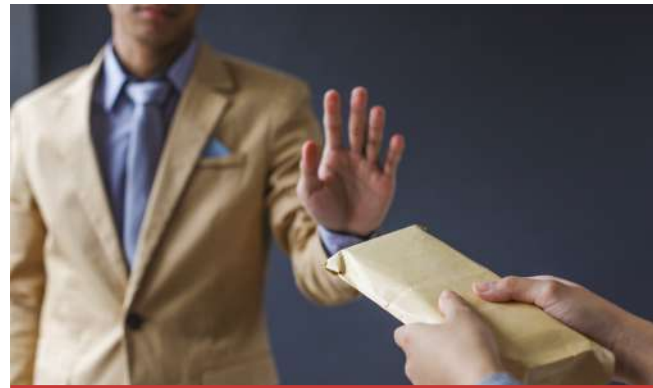
MARC'S COMPLIANCE FRAMEWORK POLICIES

- This compliance framework serves to provide an explicit commitment to MARC's stakeholders, including our regulator, of the organisation's commitment to regulatory compliance as well as compliance with our core values, internal policies and procedures and code of conduct.
- The compliance framework is designed with the aim to minimise compliance risks and also to instill a compliance culture, based on preventing, detecting, and responding to compliance issues.



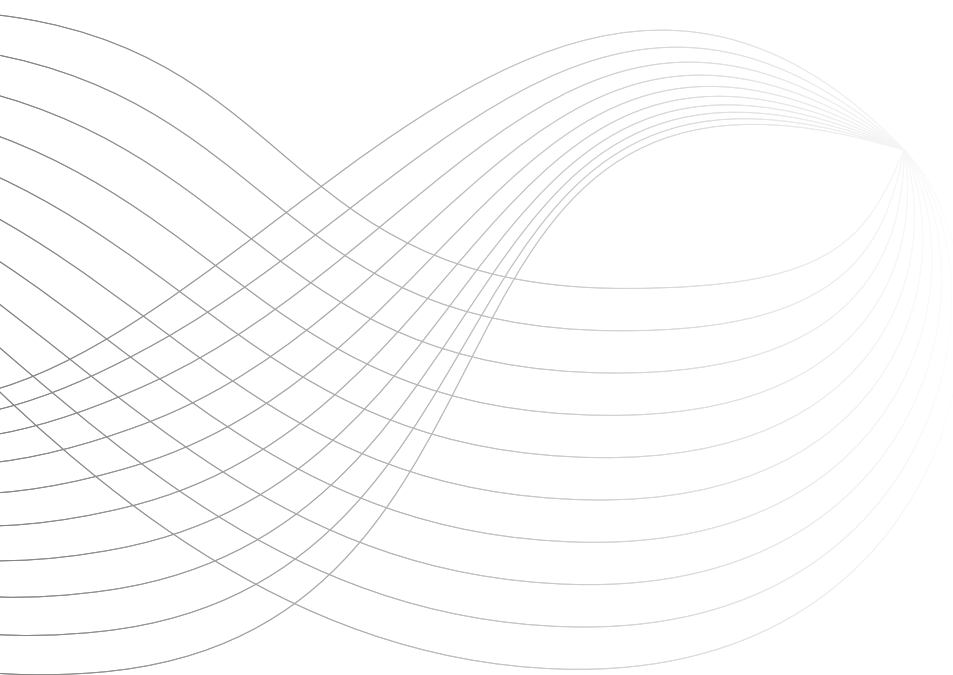
WHISTLEBLOWING POLICY

- MARC’s Whistleblowing Policy serves to promote and maintain high standards of transparency, accountability and ethics in the workplace. Ensuring that a process is in place to allow employees to report alleged improper or unlawful conduct without fear of retribution is an integral component of MARC’s zero tolerance for inappropriate or unlawful workplace conduct.
- MARC is committed to maintaining an atmosphere of mutual workplace respect and appropriate business behaviour which is vital to the integrity and success of the organisation. To this end, MARC has in place a sound and effective whistleblowing policy.



ANTI-BRIBERY & CORRUPTION POLICY

- MARC, including its subsidiaries, has a zero-tolerance position against all forms of bribery and corruption. MARC has a policy to operate its business with integrity, transparency and ethics. MARC’s Anti-Bribery & Corruption Policy sets out the responsibilities of MARC, and of those working for MARC on observing and upholding MARC’s position on bribery and corruption.



MARC RATINGS BERHAD



MARC Ratings Berhad (MARC Ratings) was incorporated as a public limited company to undertake the business of providing credit rating services, as well as economic and fixed-income research publications, on behalf of MARC group of companies.

MARC Ratings provides issue ratings for corporate and structured finance projects as well as financial institutions. MARC Ratings also provides ratings on credit enhancement providers, insurance and reinsurance companies, and investment managers. To ensure full transparency, MARC’s website provides access to our key rating methodologies.

MARC Ratings provides investors with its in-house economics team’s outlook on the domestic economy as well as in-depth commentaries on Malaysia’s annual budget and Bank Negara Malaysia’s (BNM) policy publications. MARC Ratings also publishes country risk assessments on a regular basis.

MARC Ratings publishes its annual rating default and transition studies to help investors form an opinion of the default potential of its ratings, its outlook on the domestic bond market, as well as rating and bond market commentaries at regular intervals.

MARC Ratings web subscription service includes premium or basic access to its Credit Analysis Reports and CreditMapper. Investors, bankers and credit professionals can also purchase individual reports through MARC Online.

Effective 1 January 2022, MARC transferred its regulatory licence as a credit rating agency with the Securities Commission Malaysia and the Bank Negara Malaysia-accredited External Credit Assessment Institution status to MARC Ratings.

The status transfer was part of MARC’s ongoing corporate transformation process to set the foundation for more sustainable growth in the future by focusing on strengthening existing businesses and widening product offerings.

MARC RATINGS SERVICES

MARC Ratings provides issue ratings for corporate and structured finance projects as well as financial institutions. MARC Ratings also provides ratings on credit enhancement providers, insurance and reinsurance companies, and investment managers. To ensure full transparency, MARC's corporate website provides access to our key rating methodologies.

1. Corporate Credit Ratings

Corporate Credit Ratings are a measure of a corporate's intrinsic ability and overall capacity for timely repayment of its financial obligations. These are voluntary ratings that may be sought by companies to enhance corporate governance and transparency.

2. Sukuk and Bond Ratings

Sukuk Ratings assess the likelihood of timely repayment of the instruments issued under the various Islamic financing contracts. MARC Ratings' assigned ratings on fixed income sukuk essentially reflect its opinion on the likelihood of full and timely payment of obligations under the sukuk. The assigned rating(s) is differentiated from ratings on conventional debt offerings and other fixed income Islamic capital market instruments. MARC Ratings adds "IS" as a subscript to eight long-term rating categories from "AAA" to "D" and "MARC-1" to "D" is the short-term rating scale used to differentiate its sukuk ratings.

Meanwhile, Bond Ratings, which is applicable to conventional instruments, assess the likelihood of timely repayment of principal and interest payments over the term to maturity of such debts.

3. Project Finance Ratings

Project Finance Ratings are opinions on the credit quality of a project's debt where such obligations are repaid through project cash flows. MARC Ratings' project finance analytical framework focuses on identifying specific project risks, assessing the risk mitigation and risk allocation measures in place. MARC Ratings' analytical focus is on the feasibility of the project and its sensitivity to the impact of potentially adverse factors over the stages in its life cycle.

4. Solar Power Project Finance Ratings

Solar Power Project Finance Ratings outline the approach to assessing utility-scale grid connected solar power plants which are financed on a non-recourse, project finance basis. The rating considerations mainly focus on solar project risks such as regulatory, offtaker, site resources risk and technological risks.

5. Financial Institution Ratings

Financial Institution Ratings assess the creditworthiness of financial institutions, i.e., commercial and investment banks and finance companies.

6. Insurer Financial Strength Ratings

Insurer Financial Strength Ratings essentially assess the financial security characteristics of an insurance company on its ability to meet its policyholder obligations in accordance with the terms of their insurance contracts.

7. Structured Finance Ratings

Structured Finance Ratings assess the likelihood of timely repayment of principal and interest payments on debt securities issued by a corporate, usually a single purpose vehicle, against stable income generating assets, e.g., hire purchase receivables, toll collections, rental income, etc.

8. Sovereign Ratings

Sovereign Ratings are intended to be assessments of the ability and willingness of a sovereign government to repay its debt obligations in full and in a timely manner. These ratings will be assigned to sovereign governments based on a domestic rating scale, providing an indication of their creditworthiness relative to other domestic and foreign issuers in our rating universe.

9. Impact Bond Assessments

MARC Ratings provides independent external review services for bonds or sukuk issued under the following standards/principles: Securities Commission Malaysia's Sustainable and Responsible Investment (SRI) Sukuk Framework; ASEAN Green Bond Standards; ASEAN Sustainability Bonds Standards; ASEAN Social Bond Standards; the International Capital Market Association (ICMA) Green Bond Principles or Social Bond Principles or Sustainability Bond Guidelines; as well as UN Sustainable Development Goals (SDGs) thematic corporate/project finance bonds/sukuk; conventional and Shariah-compliant SRI thematic bond/sukuk funds. Undertaken in accordance with MARC Ratings' criteria, these assessments help inform sustainably minded investors or lenders in their assessment of the environmental and/or social benefits of their investment or financings.

10. Economic Research

MARC Ratings provides investors with its inhouse economics team's outlook on the domestic economy as well as in-depth commentaries on Malaysia's budget and BNM's annual report. MARC Ratings also publishes country risk assessments on a regular basis.

11. Fixed-Income Research

MARC Ratings publishes its annual rating default and transition studies to help investors form an opinion of the default potential of its ratings, its outlook on the domestic bond market, as well as rating and bond market commentaries at regular intervals.

12. Investment Manager Ratings

Investment Manager Ratings provide a relative assessment as to the quality of the investment or fund management entity and its vulnerability to financial and operational failure. The Investment Manager Rating is a composite rating based on the evaluation of five essential components of the entity's business, operational and financial profiles. The rating considers the investment manager's standing and reputation in the industry, the depth of its investment expertise, the robustness of its portfolio management and risk management infrastructure processes, track record and governance arrangements.

13. Islamic Financial Institution Governance Ratings

Islamic Financial Institution (IFI) Governance Ratings assess the corporate governance of an Islamic financial institution. IFI governance ratings are an assessment of how the IFI promotes sound governance, transparency, and accountability as well as institutional capacity building for improved governance.

14. Expected Loss Ratings for Corporate Issuances Supported by Partial Third-Party Guarantees

The Expected Loss (EL) Ratings on partial credit guarantee-supported corporate financings represent MARC Ratings' opinion of relative loss severity given default. The credit risk mitigating effect of a partial credit guarantee is recognised by allowing the guaranteed exposure to be treated as if it were an exposure to a higher rated guarantor. These ratings provide investors with insight into the loss severity dimension of credit risk.

MARC DATA SDN BHD

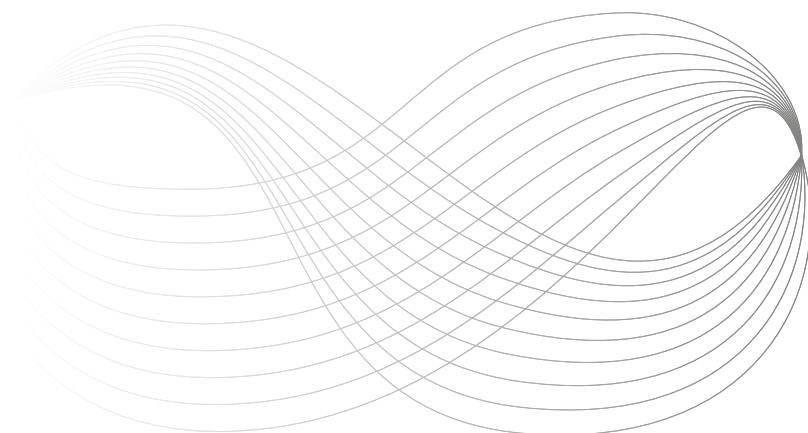


MARC Data Sdn Bhd (MARC Data) was established on 16 December 2020 and is the newest subsidiary of MARC Group. MARC Data was granted a Credit Reporting Agency license by the Ministry of Finance in September 2021, and is committed to helping its clients make informed and responsible decisions by deriving valuable insights from large amounts of data.

Through advanced data analytics, MARC Data is able to provide clients with key insights into current market trends, industry performance, and customer behaviour.

At MARC Data our mission is to empower our clients with the knowledge and tools needed to make

intelligent decisions based on carefully analysed data. We understand that in today's fast-paced business world, data is critical to success. Therefore, we are committed to providing our clients with the highest level of accuracy, reliability and timeliness in our credit reporting and data analytics services.



MARC SOLUTIONS SDN BHD

MARC Solutions Sdn Bhd's (MARC Solutions) principal activities revolve around the new business lines that were created within MARC in 2018, primarily credit risk or environmental, social, and governance (ESG) risk analytics solutions; and sustainability-linked offerings. The changing market landscape, technology, regulation and changing customer objectives offer growth opportunities in areas such as analytics and consulting and non-credit sustainability type assessments.

With sustainable finance on the rise, the prospects are bright for mainstreaming sustainable bond and sukuk issuance. MARC Solutions is proud to play a role in facilitating sustainable finance; in 2019, MARC Solutions completed its first green and sustainability bond assessments. Moving forward, MARC Solutions will continue to develop sustainability-related analytical offerings with a view to influencing more vigorous discourse in corporate boardrooms on sustainability and corporate regeneration.

1. Analytics Consulting (Risk Models)

MARC Solutions provides analytics consulting services to entities which are implementing Credit Risk models for their credit risk management needs. The scope of these services comprises internal rating model validation and enhancement services, and bespoke credit scoring model development services. In such engagements, MARC Solutions conducts an evaluation of the design and methodology underlying the client's credit model for corporate portfolios to identify the gaps vis-à-vis regulatory requirements, assess the precision and reliability of existing rating systems and the actions needed to close those gaps.

2. Analytics Consulting (Bespoke)

MARC Solutions also works with clients on designing, building, and implementing a range of bespoke analytics solutions for their business needs and in compliance with relevant regulations. The target segment for these services is institutions that play important roles in supporting the transition to a sustainable economy on the financing line of action. To assist clients in strengthening their own in-house analytics resources, we provide knowledge transfer programmes as a part of our services.

3. Sustainability-Related Advisory

MARC Solutions has developed a suite of sustainability-related assessment services and framework for corporates which are intended to guide their core business towards achieving economic, social and environmental sustainability. The assessment services include private assessments that are designed to influence more vigorous discourse on sustainability and corporate regeneration in corporate boardrooms.

4. Corporate Debt Advisory

MARC Solutions offers strategy and debt advisory, and other corporate services for corporates. The services include tailored advice to address their corporate needs with regard to corporate debt restructuring, refinancing, rollover or renegotiations of debt facilities, corporate and business strategy optimisation, mergers and acquisition advisory and integration, commercial, as well as operational and business due diligence.

5. CreditMapper

MARC's CreditMapper is a quick and simple credit risk assessment tool that generates credit scores for unrated entities with or without the user's qualitative input. CreditMapper allows credit assessments to be produced in a shorter time and with considerably less effort.

MARC LEARNING SDN BHD



MARC Learning Sdn Bhd (MARC Learning) is a training and development arm that specialises in offering programs related to debt capital markets, risk management, project finance, economics, fintech, and blockchain. Besides that, MARC Learning offers soft skills training related to communication and customer service, human resource, and project management. The company aims to support the growth of the domestic debt capital market by providing training courses that raise the standards of participants.

MARC Learning offers both pre-recorded and online webinars that ranges from two to fourteen hours. The webinars include pre- and post-assessments to measure the participants' understanding of the material. The courses are delivered by experienced trainers who are professionals in various fields in the corporate world.

It's worth noting that MARC Learning courses are accredited by the Securities Industry Development Corporation (SIDC) and Continuing Professional Education (CPE). This accreditation ensures that the courses meet the necessary standards and requirements for professionals in the industry.

Public Learning

MARC Learning offers pre-recorded courses, live virtual webinars, and public learning courses that meet the requirements set by the SIDC. These options can be helpful for individuals who want to learn more about specific topics or industries.

Customised Learning

Customised in-house training courses that can be tailored to meet the specific needs of each organisation. This means that the course content, duration, and number of participants can be adjusted based on the client's requirements. MARC Learning aims to create engaging and interactive programmes to ensure that participants thoroughly understand the material being presented.



CORPORATE EVENTS AND AWARDS

30 – 31 March 2022

MARC360: SUSTAINABLE DEVELOPMENT FINANCING 2022 VIRTUAL CONFERENCE

In 2022, the first MARC360 conference on sustainable development financing was held virtually and attracted professionals from the financial and banking industries. Over two half days, the conference explored the themes of “Sustainable Energy Innovations in the Age of Climate Change” and “Emerging Global Sustainability Trends.”

11 June 2022

26TH ANNUAL GENERAL MEETING: THRIVING THROUGH ADVERSITY

The 26th Annual General Meeting (AGM) of MARC was held virtually under the theme of “Thriving Through Adversity.” During the meeting, the company's financial results and final dividend for the fiscal year ending on 31 December 2021, were approved.

27 – 28 July 2022

MARC MALAYSIAN BOND AND SUKUK VIRTUAL CONFERENCE 2022

For the second time, MARC organized the MARC Malaysian Bond and Sukuk Virtual Conference 2022 (MMBS 2022) on 27-28 July. The event featured a keynote address by Dato' Seri Dr Awang Adek Haji Hussin, the Chairman of Securities Commission Malaysia.

CORPORATE EVENTS AND AWARDS

24 September 2022

LEAD MANAGERS' LEAGUE TABLES AWARDS



MARC recognised its high-achieving lead managers in the 2021 Lead Managers' League Tables, which ranks managers by the volume and number of issuances they lead-arranged and which were rated by MARC Ratings in that year. RHB Investment Bank Berhad led the issue count league table for MARC Ratings rated debt and sukuk programmes/issuances, with Maybank Investment Bank Berhad taking second place and HSBC Amanah Malaysia Berhad ranking third. Additionally, RHB Investment Bank Berhad topped the Lead Managers' League Tables by issued value for the same year, followed by Maybank Investment Bank Berhad in second place and CIMB Investment Bank Berhad in third place.

7 December 2022

MARC360: MALAYSIAN ECONOMY OUTLOOK & CHALLENGES



On 7 December 2022, MARC organized a discussion on the Malaysian economy entitled "MARC360: Malaysian Economic Outlook and Challenges." The session delved into various economic issues, including the country's fiscal condition, global economic factors, and developments after GE15. The panel featured esteemed speakers, including Dr. Nungsari Ahmad Radhi, an economist, and Board of Trustees member at Yayasan Rahimah bt Yusof, and Prof. Jomo Kwame Sundaram, a Senior Adviser at Khazanah Research Institute.

15 December 2022

MARC360: PROPERTY OUTLOOK 2023



On 15 December 2022, MARC held its final virtual discussion of the year, titled MARC360: Property Outlook 2023. The discussion covered several topics, including the 2023 domestic and global interest rate outlook and its impact on the economy, current property trends such as sustainable development and the integration of ESG considerations, and challenges that the property industry may face in the future, such as end-financing issues and rising construction costs.

The panel featured Dr. Mohd Afzanizam Abdul Rashid, Head of Economics & Research Department at Employees' Provident Fund, Mr. Mohd Imran Tan Sri Mohamad Salim, Group Managing Director of Malaysian Resources Corporation Berhad (MRCB), and Dato' Azmir Merican, Group Managing Director of Sime Darby Property Berhad. The session was moderated by Mr. Alex Yeow Wai Siaw, Group Chief Executive Officer of Star Media Group Berhad.

AWARDS



In 2022, The Asset honoured MARC Ratings with two prestigious titles. The company was awarded for its role as external reviewer of SME Bank's RM500 million ASEAN Sustainability Wakala Bi Al-istithmar Sukuk, which won Best ASEAN Sustainability Sukuk (Malaysia), and it was also recognised for its Sustainability Sukuk Assessment for Agrote Business (M)'s RM200 million ASEAN Sustainability SRI Murabaha Sukuk, which won the Most Innovative Deal (Sustainable Finance). Additionally, MARC Ratings was named as the Best Islamic Rating Agency of the Year 2022 at the 12th Global Islamic Finance Awards (GIFA).

CORPORATE SOCIAL RESPONSIBILITY

August 2022

MARC PRESENTS ZAKAT TO THE UNDERPRIVILEGED



MARC's corporate social responsibility (CSR) initiative for 2022 included donations to asnaf students at two higher learning institutions. The Group's staff contributed zakat deductions totalling RM57,500, which were obtained from Majlis Agama Islam Wilayah Persekutuan (MAIWP). This year, MARC's CSR initiative focused on education, with the goal of alleviating the financial burden of students. A total of 115 asnaf students from International Islamic University Malaysia (IIUM) and University of Malaya (UM) received the donations, which were presented by MARC Group Chief Executive Officer Datuk Jamaludin Nasir.

MARC IN THE NEWS

17 January 2022

MBSB Bank's RM5bil sukuk rated favourably by MARC



<https://www.nst.com.my/business/2022/01/763598/mbsb-banks-rm5bil-sukuk-rated-favourably-marc>

5 March 2022

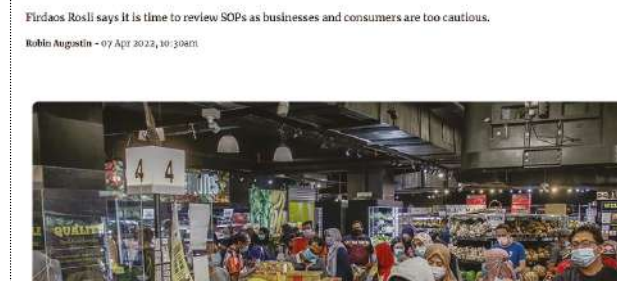
Economic normalisation likely means returning to slow growth trajectory



<https://www.thestar.com.my/business/business-news/2022/03/05/economic-normalisation-likely-means-returning-to-slow-growth-trajectory>

11 May 2022

Economist blames Covid fearmongering for slow recovery



<https://www.freemalaysiatoday.com/category/nation/2022/04/07/economist-blames-covid-fearmongering-for-slow-recovery/>

10 February 2022

MARC sees Malaysia's headline inflation moderating slightly in 2022



<https://www.theedgemarkets.com/article/marc-sees-malaysias-headline-inflation-moderating-slightly-2022>

7 April 2022

Economist blames Covid fearmongering for slow recovery



<https://www.freemalaysiatoday.com/category/nation/2022/04/07/economist-blames-covid-fearmongering-for-slow-recovery/>

8 June 2022

MARC Ratings affirms Malaysia's sovereign rating at AAA



<https://www.thesundaily.my/home/marc-ratings-affirms-malaysias-sovereign-rating-at-aaa-GX9303392>

MARC IN THE NEWS

7 July 2022

Malaysia's inflation to accelerate in coming months: MARC

By NST Business - July 7, 2022 @ 8:44pm



<https://www.nst.com.my/business/2022/07/811621/malaysias-inflation-accelerate-coming-months-marc>

16 August 2022

Johor Port plans RM1b Islamic bond scheme

Syafiqah Gaim / theedgemarkets.com August 16, 2022 10:21 pm +08



<https://www.theedgemarkets.com/article/johor-port-plans-rm-1b-islamic-bond-scheme>

23 September 2022

Govt should restructure economy, says MARC

Friday, 23 Sep 2022

BUSINESS
PETALING JAYA: The government should be looking into restructuring the country's economy starting with the 12th Malaysia Plan (12MP), says MARC Rating Corp Bhd.

Group chief executive officer Datuk Jamaludin Nasir said economic restructuring should be implemented in order for the people to shift to the middle and higher economic level, from the current low-level economy where it is still largely dependent on low production costs and foreign labour.

"We should relocate our resources to make sure that we are upping our economic value chain from the low-cost economy to the middle and higher economy by improving our local production, research and development and talent, parallel with how we are good at bringing good companies into the country.

"The restructuring (of the economy) should be taking place now when people are starting to be concerned about the country's economy," he told reporters after

<https://www.thestar.com.my/business/business-news/2022/09/23/govt-should-restructure-economy-says-marc>

28 October 2022

Bank Negara to raise OPR next week, says MARC

By NST Business - October 28, 2022 @ 7:41pm



<https://www.nst.com.my/business/2022/10/844564/bank-negara-raise-opr-next-week-says-marc>

11 November 2022

MARC assigns AA-IS rating to MyEG's RM1b Islamic MTN programme, with stable outlook

Shauzi Ding / theedgemarkets.com November 11, 2022 15:45 pm +08



<https://www.theedgemarkets.com/article/marc-assigns-aa-is-rating-myegs-rm-1b-islamic-mtn-programme-stable-outlook>

19 December 2022

MARC Ratings affirms AAAIS rating for TNB unit's RM10 bil sukuk programme

Syafiqah Salim / theedgemarkets.com December 19, 2022 13:09 pm +08



<https://www.theedgemarkets.com/article/marc-ratings-affirms-aaais-rating-tnb-units-rm-10-bil-sukuk-programme>

FINANCIAL STATEMENTS



DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of **MALAYSIAN RATING CORPORATION BERHAD** have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the business of research, analysis, rating, evaluation and appraisal of the obligation, dues, debts, commitments and the like including debentures, bonds, shares, stocks and other securities issued by or on behalf of any person, including any government, government of any states in a federation of states, agency or local authority or any other office of any government or of any state in a federation of states, statutory body, corporation, body corporate or unincorporate whether within or outside Malaysia.

Effective 1 January 2022, the Company transferred its regulatory licence as a credit rating agency with the Securities Commission Malaysia to its subsidiary, MARC Ratings Berhad ("MRB"). Bank Negara Malaysia has also accredited MRB as an External Credit Assessment Institution.

On 25 October 2022, the Company has changed its principal activities to be a holding company with provision of management services.

The principal activities of the subsidiaries are as stated in Note 15 to the financial statements. There have been no significant changes in the nature of these principal activities of the subsidiaries during the financial year.

RESULTS OF OPERATIONS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	6,403,401	604,049

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2021 were as follows:

	RM
In respect of the financial year ended 31 December 2021 as reported in the directors' report of that year:	
A first and final single tier dividend of 10%, on 20,000,000 ordinary shares, declared on 28 April 2022 and paid on 19 July 2022	2,000,000

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Toi See Jong*
Datuk Seri Dr Nik Norzrul Thani Bin N. Hassan Thani*
Cheong Huay Huay Wendy*
Dr Veerinderjeet Singh A/L Tejwant Singh*
Ng Kok Kheng*
Tan Nyat Chuan*

* The directors in office at the date of this report are also respective directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of this report are:

Datuk Jamaludin Bin Nasir
Rajaseharan A/L Paramesran
Firdaos Bin Rosli (Resigned on 12 August 2022)
Ahmad Feizal Bin Sulaiman Khan (Resigned on 16 September 2022)

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The details of the directors' remuneration for the financial year ended 31 December 2022 are set out below:

	The Group RM	The Company RM
Non-executive:		
Fees	493,650	403,540
Other emoluments	55,120	55,120
Benefits-in-kind	18,320	18,320
Total non-executive directors' remuneration (including benefits-in-kind)	567,090	476,980

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance for doubtful debts had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance which is maintained on a group basis by the Company in respect of liabilities arising from acts committed in their respective capacity as, Directors and Officers of the Company subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Company was RM10,000,000 whilst the total amount of premium paid by Company during the financial year was RM14,141.

There were no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

DIRECTORS' REPORT

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors for the Group and of the Company for the financial year ended 31 December 2022 amounting to RM68,000 and RM25,000 respectively.

AUDITORS

The auditors, Deloitte PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 April 2023.

Datuk Seri Dr Nik Norzrul Thani bin N. Hassan Thani

Dr Veerinderjeet Singh A/L Tejwant Singh

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Datuk Seri Dr Nik Norzrul Thani bin N. Hassan Thani and Dr Veerinderjeet Singh A/L Tejwant Singh, being two of the directors of Malaysian Rating Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 63 - 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 April 2023.

Datuk Seri Dr Nik Norzrul Thani bin N. Hassan Thani

Dr Veerinderjeet Singh A/L Tejwant Singh

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Mohammad Farish Bin Mohd Noor, being the officer primarily responsible for the financial management of Malaysian Rating Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 63 - 113 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Mohammad Farish Bin
Mohd Noor at Kuala Lumpur in the
Federal Territory on 26 April 2023

Mohammad Farish Bin Mohd Noor

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Rating Corporation Berhad
(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT
to the members of Malaysian Rating Corporation Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysian Rating Corporation Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 - 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and of 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 approved standards on auditing in Malaysia and 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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.
- 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 Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's or 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 financial statements of the Group and 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 Group or of the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Rating Corporation Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KOK PEI LOO
Partner - 03524/08/2024 J
Chartered Accountant

26 April 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	23,228,362	23,691,335	8,419,163	21,950,567
Cost of services rendered		(6,295,836)	(5,811,913)	-	(5,436,401)
Gross profit		16,932,526	17,879,422	8,419,163	16,514,166
Other items of income					
Interest income	5	407,684	383,290	144,267	378,302
Distribution income	6	457,664	677,479	437,774	665,261
Dividend income	7	87,061	109,584	87,061	109,584
Net foreign exchange (loss)/gain:					
Realised		(7,759)	(65)	13	(211)
Unrealised		19	13	19	13
Net gain/(loss) on financial assets held at fair value through profit or loss ("FVTPL"):					
Realised		-	1,189	-	1,189
Unrealised		176,733	(337,626)	183,500	(329,661)
Other income	8	10,742	232	73,482	529,139
Other items of expense					
Public relations and marketing		(66,534)	(59,862)	(62,439)	(59,862)
Administrative expenses		(9,322,931)	(8,963,149)	(8,553,102)	(8,619,462)
Profit before tax	9	8,675,205	9,690,507	729,738	9,188,458
Income tax expense	12	(2,271,804)	(2,282,512)	(125,689)	(2,267,038)
Profit for the year		6,403,401	7,407,995	604,049	6,921,420

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022 (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other comprehensive income				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net gain from changes in fair value on equity instruments at fair value through other comprehensive income ("FVTOCI")	2,503	1,735	2,503	1,735
Other comprehensive income for the year, net of tax	2,503	1,735	2,503	1,735
Total comprehensive income for the year	6,405,904	7,409,730	606,552	6,923,155

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	12,781,507	13,100,429	12,781,507	13,100,429
Intangible assets	14	58,642	-	58,642	-
Investment in subsidiaries	15	-	-	11,000,004	11,000,004
Deferred tax assets	16	1,189,956	965,807	792,491	924,237
Investment securities	17	46,627	5,019,124	46,627	5,019,124
		14,076,732	19,085,360	24,679,271	30,043,794
Current assets					
Trade and other receivables	18	4,875,428	1,957,778	365,978	1,852,547
Amount due from subsidiaries	19	-	-	1,026,015	359,167
Tax recoverable		1,160,091	-	1,121,679	-
Investment securities	17	31,361,300	25,951,904	30,343,925	24,947,652
Deposits with licenced financial institutions	20	20,092,020	18,843,604	5,374,837	8,493,604
Cash and bank balances	21	1,234,415	2,260,691	54,018	1,729,360
		58,723,254	49,013,977	38,286,452	37,382,330
Total assets		72,799,986	68,099,337	62,965,723	67,426,124
Equity and liabilities					
Current liabilities					
Other payables and accruals	22	4,514,608	5,079,990	2,099,144	4,820,469
Income tax payable		1,247,467	387,340	-	345,628
		5,762,075	5,467,330	2,099,144	5,166,097
Net current assets		52,961,179	43,546,647	36,187,308	32,216,233
Total liabilities		5,762,075	5,467,330	2,099,144	5,166,097
Net assets		67,037,911	62,632,007	60,866,579	62,260,027

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022 (cont'd.)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Equity attributable to owner of the parent					
Share capital	23	20,000,000	20,000,000	20,000,000	20,000,000
Retained earnings	24	47,039,453	42,636,052	40,868,121	42,264,072
Other reserves	25	(1,542)	(4,045)	(1,542)	(4,045)
Total equity		67,037,911	62,632,007	60,866,579	62,260,027
Total equity and liabilities		72,799,986	68,099,337	62,965,723	67,426,124

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Note	Share capital RM	Distributable - Retained earnings RM	Non-distributable Fair value adjustment reserve RM	Total equity RM
Group					
At 1 January 2021		20,000,000	39,228,057	(5,780)	59,222,277
Total comprehensive income		-	7,407,995	1,735	7,409,730
Transaction with shareholders:					
Dividends	31	-	(4,000,000)	-	(4,000,000)
At 31 December 2021		20,000,000	42,636,052	(4,045)	62,632,007
At 1 January 2022		20,000,000	42,636,052	(4,045)	62,632,007
Total comprehensive income		-	6,403,401	2,503	6,405,904
Transaction with shareholders:					
Dividends	31	-	(2,000,000)	-	(2,000,000)
At 31 December 2022		20,000,000	47,039,453	(1,542)	67,037,911

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022 (cont'd.)

	Note	Share capital RM	Distributable - Retained earnings RM	Non- distributable Fair value adjustment reserve RM	Total equity RM
Company					
At 1 January 2021		20,000,000	39,342,652	(5,780)	59,336,872
Total comprehensive income		-	6,921,420	1,735	6,923,155
Transaction with shareholders:					
Dividends	31	-	(4,000,000)	-	(4,000,000)
At 31 December 2021		20,000,000	42,264,072	(4,045)	62,260,027
At 1 January 2022		20,000,000	42,264,072	(4,045)	62,260,027
Total comprehensive income		-	604,049	2,503	606,552
Transaction with shareholders:					
Dividends	31	-	(2,000,000)	-	(2,000,000)
At 31 December 2022		20,000,000	40,868,121	(1,542)	60,866,579

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Operating activities				
Withdrawals from/(Deposits with) licenced financial institutions	5,653,938	(2,713,604)	5,449,672	5,136,396
Cash receipts from operations	27,279,759	24,004,045	9,689,729	22,627,660
Cash paid for operating expenses	(22,737,114)	(13,290,715)	(10,563,879)	(12,337,938)
Cash paid for low-value assets leases	(25,800)	(26,640)	(25,800)	(26,640)
Other cash receipts/(payments)	41,438	220,924	3,289	(6,251)
Cash from operations	10,212,221	8,194,010	4,553,011	15,393,227
Taxes paid	(2,795,917)	(3,184,222)	(1,461,250)	(3,204,850)
Net cash flows generated from operating activities	7,416,304	5,009,788	3,091,761	12,188,377
Investing activities				
Dividend received	87,061	109,584	87,061	109,584
Purchase of investment securities	(257,663)	(20,078,510)	(237,773)	(19,078,510)
Proceeds from disposal of investment securities	-	11,347,069	-	11,347,069
Investment in subsidiaries	-	-	-	(11,000,000)
Advances (to)/from subsidiaries	-	-	(666,848)	227,175
Interest received	828,900	1,543,689	579,886	1,542,404
Purchase of property, plant and equipment	(139,867)	(176,625)	(139,867)	(176,625)
Purchase of intangible assets	(59,890)	-	(59,890)	-
Proceeds from disposal of property, plant and equipment	1,201	2,171	1,201	2,171
Net cash flows generated from/(used in) investing activities	459,742	(7,252,622)	(436,230)	(17,026,732)
Financing activities				
Dividends paid (Note 31)	(2,000,000)	(4,000,000)	(2,000,000)	(4,000,000)
Net cash flows used in financing activities	(2,000,000)	(4,000,000)	(2,000,000)	(4,000,000)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022 (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Net increase/(decrease) in cash and cash equivalents	5,876,046	(6,242,834)	655,531	(8,838,355)
Effect of exchange rate changes on cash and cash equivalents	32	(198)	32	(198)
Cash and cash equivalents at beginning of year	4,760,691	11,003,723	1,729,360	10,567,913
Cash and cash equivalents at end of year	10,636,769	4,760,691	2,384,923	1,729,360
Cash and cash equivalents comprise:				
Deposits (Note 20)	20,092,020	18,843,604	5,374,837	8,493,604
Cash and bank balances (Note 21)	1,234,415	2,260,691	54,018	1,729,360
	21,326,435	21,104,295	5,428,855	10,222,964
Less: Deposits with maturity more than 3 months	(10,689,666)	(16,343,604)	(3,043,932)	(8,493,604)
	10,636,769	4,760,691	2,384,923	1,729,360

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The registered office and the principal business of the Company is located at 19-07, Level 19 Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The principal activities of the Company are to carry on the business of research, analysis, rating, evaluation and appraisal of the obligation, dues, debts, commitments and the like including debentures, bonds, shares, stocks and other securities issued by or on behalf of any person, including any government, government of any states in a federation of states, agency or local authority or any other office of any government or of any state in a federation of states, statutory body, corporation, body corporate or unincorporate whether within or outside Malaysia.

Effective 1 January 2022, the Company transferred its regulatory licence as a credit rating agency with the Securities Commission Malaysia to its subsidiary, MARC Ratings Berhad ("MRB"). Bank Negara Malaysia has also accredited MRB as an External Credit Assessment Institution.

On 25 October 2022, the Company has changed its principal activities to be a holding company with provision of management services.

The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of these principal activities of the subsidiaries during the financial year.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies as disclosed in Note 2.4.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Group and of the Company.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Amendments to MFRSs that are mandatorily effective for the current year

In the current financial year, the Group and the Company have adopted the following relevant Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for annual periods beginning on or after 1 January 2022:

Description	Effective for annual financial year beginning on or after
Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

2.3 Standards and Amendments in issue but not yet effective

As at the date of authorisation of these financial statements, the following relevant new and revised Standards and Amendments to MFRSs have been issued by the MASB but are not yet effective and have not been adopted by the Group and the Company.

Description	Effective for annual financial year beginning on or after
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 9 and MFRS 17 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current and Non-current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	date to be announced by MASB

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and Amendments in issue but not yet effective (cont'd.)

The directors anticipate that the abovementioned new Standards and Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these new Standards and Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the year of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Group, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss.

The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expenses and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Business combination (cont'd.)

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's presentation currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

(ii) Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Foreign currency (cont'd.)

(iii) Foreign currency exchange rate

The principal rate used for every unit of foreign currency ruling at the reporting date is as follows:

	2022	2021
		RM
United States Dollars	4.42	4.18

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company, and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Furniture, fittings and office equipment: 5 years
- Motor vehicles: 5 years
- Computers: 2 to 4 years
- Renovation: 3 to 5 years
- Building: 50 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Intangible asset and amortisation

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised.

The Group's and the Company's intangible asset consists of computer software. The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over 2 years to 4 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of non-financial assets (cont'd.)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statements of profit or loss.

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

(i) Initial recognition and subsequent measurement

The Group and the Company determine the classification of their financial assets at initial recognition, and the category include financial assets at fair value through other comprehensive income ("FVTOCI") for debt and equity instruments, FVTPL and amortised cost ("AC").

(a) Financial assets at FVTOCI (debt instruments)

The Group and the Company measure debt instruments at FVTOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company do not have any debt instruments at FVTOCI during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(b) Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statements of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its unquoted equity investments under this category.

(c) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives or financial assets acquired principally for the purpose of selling in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at AC or at FVTOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

The Group's and the Company's financial assets at FVTPL include investments in unquoted club membership, real estate investment trusts and unit trusts under this category.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(d) Financial assets at AC

A financial asset is measured at AC if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Group and the Company include in this category trade receivables and other receivables, amount due from subsidiaries, deposits with licenced financial institutions and cash and bank balances.

Subsequent to initial recognition, financial assets at AC are measured at AC using the effective interest or yield method. Gains and losses are recognised in profit or loss when the financial assets at AC are derecognised or impaired, and through the amortisation process.

The Group's and the Company's financial assets at AC include investment in corporate bonds under this category.

(e) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the financial asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
- The Group and the Company have transferred substantially all the risks and rewards of the financial asset; or
- The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Group and the Company have transferred its rights to receive cash flows from a financial asset or has entered into a "pass through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognised to the extent of the Group's and the Company's continuing involvement in the financial asset. In that case, the Group and the Company also recognise an associated financial liability. The transferred financial asset and associated financial liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

2. Significant accounting policies (cont'd.)

2.10 Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement (cont'd.)

(f) Impairment of financial assets

Expected credit loss ("ECL") are derived from unbiased and probability-weighted credit losses determine by evaluating a range of possible outcomes and considering future economic conditions.

At each reporting date, the Group and the Company assess whether there have been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the remaining expected life between reporting date and the date of initial recognition. The Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information.

The Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For financial assets measured at amortised cost, the Group and the Company apply the simplified approach as permitted by MFRS 9 which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. The ECL is computed based on provisional matrix.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established an internal credit rating for the Company and a provision matrix for the subsidiaries that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flow, cash and cash equivalent comprise cash and deposits with financial institutions with original maturity of three (3) months or less.

2.12 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

This category includes all financial liabilities, other than those measured at FVTPL. The Group and the Company include other payables and accruals in this category.

Financial liabilities are measured initially at fair value, plus directly attributable transaction costs, except in the case of financial liabilities at fair value through profit or loss and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws. The companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.15 Leases

(i) Classification

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices. The Group and the Company combine lease and non-lease components, in cases where splitting the non-lease component is not possible.

(ii) Recognition and initial measurement

(1) The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use asset representing the right of use of the underlying assets.

Right-of-use ("ROU") assets

The Group and the Company recognise ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

(1) The Group and the Company as lessee (cont'd.)

Right-of-use ("ROU") assets (cont'd.)

The cost of ROU assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Group and the Company are reasonably certain to exercise that option. Unless the Group and the Company are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment assessment.

The impairment policy for ROU assets are in accordance with impairment of non-financial assets as described in Note 2.9.

Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentive receivables), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating a lease, if the lease term reflects the Group and the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group and the Company use incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest/profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

(2) Short term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group and the Company also apply the lease of low-value assets recognition exemption to leases of assets that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense when incurred.

2.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company, and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Revenue from services

- Revenue from rating and surveillance services is recognised at the point in time when services are rendered upon completion of milestones and deliverables.
- Revenue from subscriptions and sale of reports and data is recognised according to the service period.
- Revenue from seminars, training and conferences is recognised at the point in time upon completion of services rendered.
- Revenue from technical collaboration is recognised at the point in time upon completion of services rendered.
- Revenue from management fee is recognised at the point in time upon completion of services rendered.

(ii) Interest income

Interest income is recognised using the effective interest method over the term of underlying investments.

(iii) Distribution income

Distribution income is recognised when the right of the payment has been established.

(iv) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Income tax for the year comprises current and deferred tax. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales and service tax

Revenues are recognised at net of the amount of sales and service tax ("SST"). Expenses and assets are recognised including the amount of SST. The net amount of SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.19 Fair value measurement

The Group and the Company measure financial instruments at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Fair value measurement (cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities.
- (ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.
- (iii) Level 3 - input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving higher degree of judgement and complexity, are as follows:

3.1 Impairment of financial investment portfolio

The Group and the Company review their financial investments at AC under MFRS 9 which requires that the ECL be recognised at each reporting date to reflect changes in credit risk. MFRS 9 incorporates forward looking and historical, current and forecasted information into ECL estimation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.1 Impairment of financial investment portfolio (cont'd.)

In carrying out the impairment review, the management's judgment is required for determination whether the investment is impaired based on certain indicators such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligor and determination of ECL that reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.2 Impairment of trade receivables

As disclosed in Note 2.10, the Group and the Company have made significant judgements in the impairment of trade receivables applying simplified approach in the calculation of ECL.

3.3 Deferred tax assets

The Group and the Company assess at the end of the reporting period whether there is probable and sufficient future taxable profits will be available against which the deductible temporary differences and other tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Rating and surveillance fees	21,045,937	21,234,187	-	21,234,187
Seminars, training, conferences, subscriptions and publications	935,804	875,450	2,792	644,183
Technical collaboration fee/advisories	1,200,371	1,535,048	11,371	25,547
Management fee	-	-	8,405,000	-
Recoverable expenses	46,250	46,650	-	46,650
	23,228,362	23,691,335	8,419,163	21,950,567

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

4. REVENUE (CONT'D.)

Timing of revenue recognition

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Services transferred at a point in time	22,548,695	23,037,945	8,416,371	21,306,384
Services transferred over time	679,667	653,390	2,792	644,183
	23,228,362	23,691,335	8,419,163	21,950,567

The Group and the Company have applied the practical expedient in MFRS 15: 121(a) allowing non-disclosure of the amount of the transaction price allocated to the remaining performance obligations for services transferred over time.

5. INTEREST INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deposits and money market	406,906	383,290	140,978	378,302
Advances to subsidiaries	-	-	3,271	-
Loans and receivables	778	-	18	-
	407,684	383,290	144,267	378,302

6. DISTRIBUTION INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial investments at FVTPL	257,664	477,479	237,774	465,261
Financial investments at amortised cost	200,000	200,000	200,000	200,000
	457,664	677,479	437,774	665,261

7. DIVIDEND INCOME

Dividend income represents income from financial assets at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

8. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Management fee income	-	-	-	396,000
Shared service income	-	-	72,280	132,907
Gain on disposal of property, plant and equipment	1,199	232	1,199	232
Others	9,543	-	3	-
	10,742	232	73,482	529,139

Shared service income comprises of costs allocated to subsidiaries in respect of salary and benefits arising from the service agreement which took effect from 2019.

Management fee income relates to the income received from subsidiaries in respect of allocation of shared services (administrative, finance, risk management and office facilities) rendered by the holding company to the subsidiaries. As disclosed in Note 1, the Company has changed its principal activities to be a holding company with provision of management services during the current financial year. As a result, management fee income for financial year ended 31 December 2022 is recognised as revenue as disclosed in Note 4.

9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration	68,000	63,000	25,000	50,000
Expense from low-value assets leases	25,800	26,640	25,800	26,640
Consultancy fee expense 26(a)	-	-	381,776	-
Depreciation of property, plant and equipment 13	458,787	447,966	458,787	447,966
Amortisation of intangible assets 14	1,248	12,345	1,248	12,345
Employee benefits expense 10	11,787,355	11,377,315	5,986,065	10,862,453
Allowance/(Writeback) of ECL 18(a)(i)	115,551	131,730	(38,531)	131,730

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries and bonuses	9,983,098	9,684,495	5,082,104	9,252,119
Contributions to defined contribution plan	1,505,293	1,457,859	775,387	1,393,835
Social security contributions	44,566	41,139	19,578	39,103
Other benefits	254,398	193,822	108,996	177,396
	11,787,355	11,377,315	5,986,065	10,862,453

11. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-executive:				
Fees	493,650	397,340	403,540	397,340
Other emoluments	55,120	71,500	55,120	71,500
Benefits-in-kind	18,320	54,088	18,320	54,088
Total non-executive directors' remuneration (including benefits-in-kind)	567,090	522,928	476,980	522,928

12. INCOME TAX EXPENSE

Major components of income tax expense

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current income tax:				
- Malaysian income tax	2,501,422	2,597,672	-	2,540,628
- (Over)/(Under) provision in respect of previous years	(5,469)	138,533	(6,057)	138,533
	2,495,953	2,736,205	(6,057)	2,679,161

12. INCOME TAX EXPENSE (CONT'D.)

Major components of income tax expense (cont'd.)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred income tax (Note 16):				
- Origination and reversal of temporary differences	(239,697)	(325,519)	116,198	(283,949)
- Over/(Under) provision in respect of previous years	15,548	(128,174)	15,548	(128,174)
	(224,149)	(453,693)	131,746	(412,123)
Income tax expense recognised in profit or loss	2,271,804	2,282,512	125,689	2,267,038

Reconciliation between tax expense and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Accounting profit before tax	8,675,205	9,690,507	729,738	9,188,458
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	2,082,049	2,325,722	175,137	2,205,230
Tax effect of:				
Non-deductible expenses	124,097	211,638	90,657	207,238
Income not subject to taxation	(154,370)	(155,789)	(149,596)	(155,789)
(Over)/(Under) provision of income tax in respect of previous years	(5,469)	138,533	(6,057)	138,533
Deferred tax assets not recognised	209,949	-	-	-
Utilisation of tax losses previously not recognised	-	(109,418)	-	-
Over/(Under) provision of deferred tax in respect of previous years	15,548	(128,174)	15,548	(128,174)
Income tax expense recognised in profit or loss	2,271,804	2,282,512	125,689	2,267,038

12. INCOME TAX EXPENSE (CONT'D.)

Reconciliation between tax expense and accounting profit (cont'd.)

As mentioned in Note 2, the tax effects of deductible temporary differences and unused tax losses which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The estimated amount of deductible temporary differences and unused tax losses, for which the net deferred tax assets is not recognised in the financial statements of the Group due to uncertainty of realisation, is as follows:

	Group	
	2022	2021
	RM	RM
Deductible temporary differences arising from other payables and accruals	192,993	-
Unused tax losses	681,794	-
	874,787	-
Deferred tax assets not recognised at 24%	209,949	-

The unused tax losses which are subject to agreement by the tax authorities, are available for offset against the future chargeable profits.

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the Group's tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028). Unused tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

	Unused tax losses	
	RM	Expiry in year
2022	681,794	2032

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fittings, and office equipment	Motor vehicles	Computers	Renovation	Building	Total
	RM	RM	RM	RM	RM	RM

Group and Company

Cost

At 1 January 2021	372,102	389,165	542,052	262,782	13,963,345	15,529,446
Additions	19,780	-	131,845	25,000	-	176,625
Disposals	(17,927)	-	(15,761)	(3,894)	-	(37,582)
At 31 December 2021/ 1 January 2022	373,955	389,165	658,136	283,888	13,963,345	15,668,489
Additions	5,283	8,106	126,478	-	-	139,867
Disposal	-	(7,138)	-	-	-	(7,138)
At 31 December 2022	379,238	390,133	784,614	283,888	13,963,345	15,801,218

Accumulated depreciation

At 1 January 2021	306,151	89,909	478,575	220,740	1,060,362	2,155,737
Charge for the year (Note 9)	32,371	76,405	46,185	13,738	279,267	447,966
Disposals	(17,684)	-	(14,066)	(3,893)	-	(35,643)
At 31 December 2021/ 1 January 2022	320,838	166,314	510,694	230,585	1,339,629	2,568,060
Charge for the year (Note 9)	22,203	77,621	65,126	14,570	279,267	458,787
Disposals	-	(7,136)	-	-	-	(7,136)
At 31 December 2022	343,041	236,799	575,820	245,155	1,618,896	3,019,711

Net carrying amount

At 31 December 2021	53,117	222,851	147,442	53,303	12,623,716	13,100,429
At 31 December 2022	36,197	153,334	208,794	38,733	12,344,449	12,781,507

The carrying amount of fully depreciated assets that are still in use amounted to RM1,268,507 (2021: RM1,130,746).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

14. INTANGIBLE ASSETS

	Computer Software RM
Group and Company	
Cost	
At 1 January 2021 and 31 December 2021 and 1 January 2022	275,198
Additions	59,890
At 31 December 2022	335,088
Accumulated amortisation	
At 1 January 2021	262,853
Charge for the year (Note 9)	12,345
At 31 December 2021 and 1 January 2022	275,198
Charge for the year (Note 9)	1,248
At 31 December 2022	276,446
Net carrying amount	
At 31 December 2021	-
At 31 December 2022	58,642

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Unquoted shares, at cost	11,000,004	11,000,004

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Proportion (%) of ownership interest	
			2022	2021
<i>Held by the Company:</i>				
MARC Solutions Sdn. Bhd.*	Malaysia	Consultancy management & advisory	100	100
MARC Learning Sdn. Bhd.*	Malaysia	Training	100	100
MARC Ratings Berhad*	Malaysia	Other financial service activities	100	100
MARC Data Sdn. Bhd.*	Malaysia	Collection agencies and credit bureaus data processing	100	100

* Audited by Deloitte PLT, Malaysia

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

16. DEFERRED TAX ASSETS

Deferred income tax as at 31 December relates to the following:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	965,807	512,114	924,237	512,114
Recognised in profit or loss (Note 12)	224,149	453,693	(131,746)	412,123
At 31 December	1,189,956	965,807	792,491	924,237

Presented after appropriate offsetting as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax assets	1,257,695	980,524	860,230	938,954
Deferred tax liabilities	(67,739)	(14,717)	(67,739)	(14,717)
	1,189,956	965,807	792,491	924,237

The components and movement of the deferred tax assets and liabilities during the financial year are as follows:

Deferred tax assets

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax assets (before offsetting):				
Temporary differences arising from:				
Allowance for ECL	48,078	35,686	26,438	35,686
Bonus provision	680,280	870,078	395,191	846,005
Deferred revenue	117,174	74,760	26,438	57,263
Unused tax losses	356,110	-	356,110	-
Unabsorbed capital allowances	56,053	-	56,053	-
	1,257,695	980,524	860,230	938,954
Offsetting	(67,739)	(14,717)	(67,739)	(14,717)
Deferred tax assets (after offsetting)	1,189,956	965,807	792,491	924,237
Deferred tax liabilities (before offsetting):				
Temporary differences arising from:				
Property, plant and equipment	67,739	14,717	67,739	14,717
Offsetting	(67,739)	(14,717)	(67,739)	(14,717)
Deferred tax liabilities (after offsetting)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

17. INVESTMENT SECURITIES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current				
<i>FVTPL</i>				
(Quoted in Malaysia)				
Unit trust funds	24,683,365	24,166,844	23,665,990	23,162,592
Real estate investment trusts	1,682,935	1,765,060	1,682,935	1,765,060
	26,366,300	25,931,904	25,348,925	24,927,652
(Unquoted in Malaysia)				
Club membership	20,000	20,000	20,000	20,000
<i>Amortised cost</i>				
(Quoted in Malaysia)				
4.0% p.a.* RM corporate bonds due 8 February 2023	4,975,000	-	4,975,000	-
Total current investment securities	31,361,300	25,951,904	30,343,925	24,947,652
Non-current				
<i>FVTOCI</i>				
(Unquoted outside Malaysia)				
Equity instruments	46,627	44,124	46,627	44,124
<i>Amortised cost</i>				
(Quoted in Malaysia)				
4.0% p.a.* RM corporate bonds due 8 February 2023	-	4,975,000	-	4,975,000
Total non-current investment securities	46,627	5,019,124	46,627	5,019,124
Total investment securities	31,407,927	30,971,028	30,390,552	29,966,776

* p.a.: per annum

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

18. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Trade receivables	(a)	4,405,862	1,584,980	104,493	1,485,217
Accrued receivables		144,715	-	-	-
		4,550,577	1,584,980	104,493	1,485,217
Other receivables					
Interest receivables		138,428	102,758	97,921	99,055
Refundable deposits		22,740	22,926	21,740	22,926
Sundry receivables		322	190	130	-
Prepayments		72,451	246,924	50,784	245,349
Others		90,910	-	90,910	-
		324,851	372,798	261,485	367,330
Total trade and other receivables		4,875,428	1,957,778	365,978	1,852,547

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (2021: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade receivables	4,670,102	1,733,669	214,651	1,633,906
Allowance for expected credit loss (Note 18(a)(i))	(264,240)	(148,689)	(110,158)	(148,689)
	4,405,862	1,584,980	104,493	1,485,217
Lifetime non-credit impaired	4,413,411	1,595,498	104,553	1,495,735
Lifetime credit impaired	256,691	138,171	110,098	138,171
Gross carrying amount	4,670,102	1,733,669	214,651	1,633,906
ECL:				
Non-credit impaired	7,549	10,518	60	10,518
Credit impaired	256,691	138,171	110,098	138,171
	264,240	148,689	110,158	148,689
Net carrying amount	4,405,862	1,584,980	104,493	1,485,217

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Reconciliation allowance for expected credit loss are is follows:

(i) Reconciliation of allowance for expected credit loss

	Lifetime non-credit impaired RM	Group Lifetime credit impaired RM	Total RM
Lifetime ECL			
At 1 January 2022	10,518	138,171	148,689
(Reversals)/Allowance made	(2,969)	118,520	115,551
At 31 December 2022	7,549	256,691	264,240

At 1 January 2021	15,349	1,610	16,959
(Reversals)/Allowance made	(4,831)	136,561	131,730
At 31 December 2021	10,518	138,171	148,689

	Lifetime non-credit impaired RM	Company Lifetime credit impaired RM	Total RM
Lifetime ECL			
At 1 January 2022	10,518	138,171	148,689
Reversals	(10,458)	(28,073)	(38,531)
At 31 December 2022	60	110,098	110,158

At 1 January 2021	15,349	1,610	16,959
(Reversals)/Allowance made	(4,831)	136,561	131,730
At 31 December 2021	10,518	138,171	148,689

18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

(ii) Ageing analysis of gross trade receivables

The ageing analysis of the Group's and the Company's gross trade receivables is as follows:

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Neither past due nor impaired balances	608,594	93,253	-	20,140
1 to 30 days past due	2,071,498	563,034	-	542,234
31 to 60 days past due	426,263	722,655	11,371	722,655
61 to 90 days past due	395,221	112,761	-	106,911
91 to 120 days past due	200,340	92,671	-	92,671
121 to 150 days past due	222,222	11,124	-	11,124
151 to 180 days past due	395,811	138,171	-	138,171
more than 180 days past due	350,153	-	203,280	-
	4,061,508	1,640,416	214,651	1,613,766
	4,670,102	1,733,669	214,651	1,633,906

19. AMOUNT DUE FROM SUBSIDIARIES, NET

	Company 2022 RM	2021 RM
(a) MARC Solutions Sdn. Bhd.		
Amount due from subsidiary:		
Shared service cost	343,764	307,992
Payments on behalf	7,110	-
Advances	340,000	-
Interest on advances	1,236	-
Management fee	701,600	383,000
Amount due to subsidiary	(872,726)	(485,000)
(b) MARC Learning Sdn. Bhd.		
Amount due from subsidiary:		
Shared service cost	-	125,023
Management fee	5,100	13,000
Amount due to subsidiary	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

19. AMOUNT DUE FROM SUBSIDIARIES, NET (CONT'D.)

	Company	
	2022 RM	2021 RM
(c) MARC Ratings Berhad		
Amount due from subsidiary:		
Shared service cost	1,878	-
Payments on behalf	17,337	5,618
Cost of commencement	-	2,000
Management fee	65,000	-
Amount due to subsidiary	(52,812)	-
(d) MARC Data Sdn. Bhd.		
Amount due from subsidiary:		
Shared service cost	8,167	-
Payments on behalf	7,549	5,534
Advances	377,000	-
Interest on advances	1,943	-
Cost of commencement	2,000	2,000
Management and rental fee	133,400	-
Amount due to subsidiary	(61,531)	-
	1,026,015	359,167

The amount due from/to subsidiaries are repayable on demand, trade and non-trade in nature, unsecured and interest-free except from advances to subsidiaries which bears a 1.5% interest rate per month. There is no ECL charged during the financial year.

20. DEPOSITS WITH LICENCED FINANCIAL INSTITUTIONS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits with:				
licenced financial institutions	20,092,020	18,843,604	5,374,837	8,493,604

NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

20. DEPOSITS WITH LICENCED FINANCIAL INSTITUTIONS (CONT'D.)

The weighted average effective interest rates and average maturity of deposits at the reporting date were as follows:

	Group		Company	
	2022	2021	2022	2021
Weighted average effective interest rates (%)	3.61	2.11	3.55	2.19
Average maturity (days)	107	137	107	140

21. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash at banks	1,233,034	2,259,458	53,793	1,729,060
Cash on hand	1,381	1,233	225	300
	1,234,415	2,260,691	54,018	1,729,360

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bonus provision	2,944,598	3,625,323	1,646,628	3,525,022
Accrued operating expenses	366,966	273,750	276,339	212,441
Deferred revenue	555,505	413,172	93,182	340,268
Sales and service tax	556,259	547,383	6,022	525,213
Others	91,280	220,362	76,973	217,525
	4,514,608	5,079,990	2,099,144	4,820,469

Movements in bonus provision as at year end are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of year	3,625,323	2,482,358	3,525,022	2,482,358
Utilisation	(3,609,463)	(2,419,928)	(3,509,162)	(2,419,928)
Additions	2,928,738	3,562,893	1,630,768	3,462,592
At end of year	2,944,598	3,625,323	1,646,628	3,525,022

23. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
			RM	RM
Issued and fully paid				
At 1 January/31 December	20,000,000	20,000,000	20,000,000	20,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

24. RETAINED EARNINGS

The entire retained earnings of the Group and of the Company are available for distribution of dividend under the single-tier income tax system.

25. OTHER RESERVES

Other reserves consists of fair value adjustment reserve which represents the cumulative fair value changes, net of tax, of FVTOCI financial assets.

26. RELATED PARTY DISCLOSURES

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2022	2021
	RM	RM
Advances from a subsidiary	(5,244,000)	-
Advances to subsidiaries	762,000	-
Interest expense	(27,848)	-
Interest income	3,271	-
Shared service fee income	72,280	132,907
Management fee income	8,405,000	396,000
Cost of commencement	-	4,000
Consultancy fee expense	(381,776)	-

26. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Short-term employee benefits	4,483,436	1,785,926	3,097,167	1,785,926
Defined contribution plan	718,794	282,521	503,457	282,521
	5,202,230	2,068,447	3,600,624	2,068,447

Key management personnel is defined as the Group Chief Executive Officer, Chief Business Officer, Chief Commercial Officer, Chief Financial Officer, Chief Strategic Officer, Chief Rating Officer, Chief Economist, Acting Head, Economic Research and Chief Executive Officer.

27. Operating lease commitments

The Group and the Company have entered into commercial leases on the use of office equipment. These leases have an average tenure of between three to five years with no contingent rent provision included in the contracts.

Future minimum rentals payable under non-cancellable operating lease at the reporting date are as follows:

	Group and Company	
	2022	2021
	RM	RM
Not later than 1 year	12,900	25,800
Later than 1 year but not later than 5 years	-	12,900
	12,900	38,700

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 2022 and 2021.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

A. Fair value of financial instruments that are carried at fair value (cont'd.)

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1		Level 2		Level 3		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
Financial assets:								
<i>FVTPL</i>								
(Quoted in Malaysia)								
Unit trust funds	24,683,365	24,166,844	-	-	-	-	24,683,365	24,166,844
Real estate investment trusts	1,682,935	1,765,060	-	-	-	-	1,682,935	1,765,060
(Unquoted in Malaysia)								
Club membership	-	-	20,000	20,000	-	-	20,000	20,000
<i>FVTOCI</i>								
(Unquoted outside Malaysia)								
Equity instruments	-	-	46,627	44,124	-	-	46,627	44,124
At 31 December	26,366,300	25,931,904	66,627	64,124	-	-	26,432,927	25,996,028

For the financial year ended 31 December 2022 and 31 December 2021, there is no Level 3 financial assets at the Group.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

A. Fair value of financial instruments that are carried at fair value (cont'd.)

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1		Level 2		Level 3		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM
Company								
Financial assets:								
<i>FVTPL</i>								
(Quoted in Malaysia)								
Unit trust funds	23,665,990	23,162,592	-	-	-	-	23,665,990	23,162,592
Real estate investment trusts	1,682,935	1,765,060	-	-	-	-	1,682,935	1,765,060
(Unquoted in Malaysia)								
Club membership	-	-	20,000	20,000	-	-	20,000	20,000
<i>FVTOCI</i>								
(Unquoted outside Malaysia)								
Equity instruments	-	-	46,627	44,124	-	-	46,627	44,124
At 31 December	25,348,925	24,927,652	66,627	64,124	-	-	25,415,552	24,991,776

For the financial year ended 31 December 2022 and 31 December 2021, there is no Level 3 financial assets at the Company.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

B. Fair value of financial instruments that are not carried at fair value

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the reporting date approximate their carrying amounts as shown in the statements of financial position, except for the financial assets as disclosed below.

	Group and Company			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Financial assets:				
At amortised cost				
4.0% p.a. RM corporate bonds due 8 February 2023	4,975,000	5,045,000	4,975,000	5,120,000

(i) Equity instruments (unquoted outside Malaysia)

These equity instruments represent ordinary shares in a Bahraini rating agency that is not quoted on any market and does not have any comparable industry peer that is listed. The fair value is based on the net total asset of the Bahraini rating agency, an institution incorporated in Bahrain.

(ii) Club membership (unquoted)

The fair value of the Company's investment in club membership is measured based on Level 2 fair value measurement derived from quoted market price of the golf club membership.

C. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Amount due from subsidiaries, net	19
Deposits with licenced financial institutions	20
Cash and bank balances	21
Other payables and accruals	22

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Executive Officer and Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy to receive part payment from customers upon signing of rating engagement letters in order to mitigate credit risks. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial assets.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company actively manage their operating cash flows and the availability of their funding so as to ensure that all repayment and funding needs are met. As part of their overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

All financial assets and financial liabilities are expected to be realised in the next financial year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits with licenced financial institutions and in short term money market funds.

Sensitivity analysis for interest rate risk

Sensitivity analysis has not been disclosed because the Group and the Company have no significant net exposure to interest rate risk as at the reporting date.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are not significantly exposed to transactional currency exposures as the majority of the Group's and the Company's transactions, assets and liabilities are denominated in their functional currency.

The Group and the Company are also exposed to currency translation risk arising from its net investments in Bahrain. The Group's and the Company's net investments in Bahrain are not hedged as currency positions in USD are considered to be long-term in nature.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risk arising from its investment in real estate investment trusts ("REITs") and unit trust funds. These instruments are classified as FVTPL. The Group and the Company do not have exposure to commodity price risk.

The Group's and the Company's objective is to manage investment returns and market price risk by maintaining a diversified portfolio with steady yields within its investments. The Board of Directors approves the Group's and the Company's composition of investments and the approved composition limits are monitored by the management.

Sensitivity analysis for market price risk

At the reporting date, if the market value had been 5% higher/lower, with all other variables held constant, the Group's and the Company's profit before tax would have been RM84,147 (2021: RM88,253) higher/lower, arising as a result of an increase/decrease in the fair value of investments in real estate investment trusts ("REITs") classified as FVTPL. Based on past records, the impact of changes in the market value of the unit trust funds, with all variable held constant, is immaterial to the Group's and the Company's profit before tax and equity.

30. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a sustainable capital position in order to support its business and operations.

The Group and Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

MARC Ratings Berhad, a subsidiary of the Company is required by the Securities Commission ("SC") vide its Guidelines on Registration of Credit Rating Agencies (under Paragraph 4.03) revised on 10 January 2023 to maintain minimum shareholders' funds unimpaired by losses of RM10 million, or such amount as may be specified by the SC at all times, to operate independently and to withstand economic and financial pressures. This externally imposed capital requirement has been complied with by the subsidiary company for the financial year ended 31 December 2022.

31. DIVIDENDS

	Group and Company	
	2022	2021
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- A first and final single tier dividend of 10% at 10 sen per ordinary share (2021: A first and final single tier dividend of 20% at 20 sen per ordinary share)	2,000,000	4,000,000

LIST OF SHAREHOLDERS

31 DECEMBER 2022

No.	Shareholder	Percentage (%)
1.	Moody's Asia Pacific Limited	19.450
2.	CARE Ratings Limited	10.000
3.	JF Apex Securities Berhad	4.900
4.	Kenanga Investment Bank Berhad	4.900
5.	MIDF Amanah Investment Bank Berhad	4.900
6.	Rashid Hussain Berhad (In Members' Voluntary Liquidation)	4.900
7.	RHB Investment Bank Berhad	4.900
8.	TA Enterprise Berhad	4.900
9.	MSIG Insurance (Malaysia) Bhd	4.250
10.	Malaysian Reinsurance Berhad	4.100
11.	AmSecurities Holding Sdn. Bhd.	4.000
12.	Manulife Holdings Berhad	3.500
13.	Zurich Life Insurance Malaysia Berhad	3.500
14.	Chubb Insurance Malaysia Berhad	3.300
15.	Generali Insurance Malaysia Berhad (formerly known as AXA Affin General Insurance Berhad)	2.500
16.	Inter-Pacific Securities Sdn. Bhd.	2.350
17.	Lonpac Insurance Bhd.	2.350
18.	Public Investment Bank Berhad	2.350
19.	Affin Hwang Investment Bank Berhad	2.000
20.	KAF Investment Bank Berhad	2.000
21.	Maybank Investment Bank Berhad	2.000
22.	Berjaya Sompo Insurance Berhad	1.175
23.	Prudential Assurance Malaysia Berhad	1.175
24.	Sun Life Malaysia Assurance Berhad	0.600

NOTICE OF THE 27TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh (27th) Annual General Meeting ("AGM") of the shareholders of Malaysian Rating Corporation Berhad ("MARC") will be held virtually through live streaming from the Broadcast Venue at 19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 31 May 2023 at 3.00 p.m. to consider the following items of business:

AGENDA

As Ordinary Business:-

- To receive the Audited Financial Statements together with the Reports of the Directors and Auditors for the financial year ended 31 December 2022.
- To approve the payment of Group Directors' Fees for an amount up to RM900,000 for the period from the 27th AGM to the 28th AGM of the Company:- *(Resolution 1)*

Company: RM508,000
Subsidiaries: RM392,000
- To approve the payment of Group Directors' Benefits for an amount up to RM173,000 from the 27th AGM to the 28th AGM of the Company:- *(Resolution 2)*

Company: RM71,000
Subsidiaries: RM102,000
- To re-appoint Messrs Deloitte PLT (LLP0010145-LCA & AF 0080) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 3)*

As Special Business:-

- To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:-

Ordinary Resolution

- Authority to Allot and Issue Shares by Directors

"**THAT** pursuant to Sections 75 & 76 of the Companies Act, 2016 and subject always to the approval(s) from governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being AND THAT such authority shall continue be in force until the conclusion of the next Annual General Meeting of the Company." *(Resolution 4)*

- To transact any other business for which due notice shall have been given.

NOTICE OF THE 27TH ANNUAL GENERAL MEETING

By Order of the Board

CYNTHIA GLORIA LOUIS

(MAICSA No. 7008306)

(SSM PC No. 201908003061)

CHEW MEI LING

(MAICSA No. 7019175)

(SSM PC No. 201908003178)

Company Secretaries

Kuala Lumpur

9 May 2023

Notes:

- (1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders are not required to attend the 27th AGM in person at the Broadcast Venue on the day of the meeting.*
- (2) *Any member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A member can appoint any person as his proxy.*
- (3) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointer is a corporation, under its Common Seal or the hand of its attorney.*
- (4) *The Proxy Form or Certificate of Appointment of Corporate Representative or Power of Attorney must be deposited at the Registered Office of the Company at 19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur or sent via e-mail to marccosec@corporatepartners.com.my not later than Monday, 29 May 2023 at 3.00 p.m.*
- (5) *The invitation to participate at the 27th AGM will be sent to the email address provided by the shareholders. A shareholder who has appointed a proxy or authorised representative or attorney is required to provide their email address to participate at the 27th AGM not later than Monday, 29 May 2023 at 3.00 p.m.*

As the 27th AGM is a virtual AGM, shareholders who are unable to participate in this 27th AGM may appoint the Chairman of the meeting as their proxy and indicate the voting instructions in the proxy form.

NOTICE OF THE 27TH ANNUAL GENERAL MEETING

Explanatory Note on Ordinary Business and Special Business:-

(6) **Resolution 1- Ordinary Resolution – Directors' Fees**

The Company is seeking approval of the shareholders for the proposed Directors' Fees for an amount up to RM900,000 for the Group to commensurate with their roles and responsibilities:-

Company: RM508,000

Subsidiaries: RM392,000

(7) **Resolution 2 – Ordinary Resolution – Directors' Benefits**

The benefits include meeting allowance payable for attending Board, Board Committee Meetings and Meetings of Members for the Group. The estimated amount of RM173,000 is derived from the estimated number of meetings to be held by the Group from the 27th AGM to the 28th AGM:-

Company: RM71,000

Subsidiaries: RM102,000

(8) **Resolution 4 – Ordinary Resolution – Authority to Allot and Issue Shares by Directors**

The proposed Ordinary Resolution (Resolution 4), if passed, will empower Directors of the Company to allot and issue shares up to an aggregate amount not exceeding ten per centum (10%) of the issued share capital of the Company for the time being and for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

PROXY FORM

27TH ANNUAL GENERAL MEETING

MARC

No. of Shares:

I/We _____ (name as per NRIC, in capital letters), NRIC No./Company No. _____ (new) _____ (old) of _____ (full address)

being a member(s) of **MALAYSIAN RATING CORPORATION BERHAD (“Company”)**, hereby appoint _____ (name of proxy as per NRIC, in capital letters) NRIC/Passport No. _____ (new) _____ (old) of _____ (full address)

and email address at _____ or failing him/her, the Chairman of Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Seventh (27th) Annual General Meeting (“AGM”) of the Company to be held virtually through live streaming from the Broadcast Venue at 19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Wednesday, 31 May 2023 at 3.00 p.m and at any adjournment thereof in the manner indicated below.

My/our proxy is to vote on resolutions set out below as indicated by an “X” in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

RESOLUTION NO.	RESOLUTION	FOR	AGAINST
1.	To approve the payment of Group Directors’ Fees for the period from the 27 th AGM to the 28 th AGM of the Company.		
2.	To approve the payment of Group Directors’ Benefits from the 27 th AGM to the 28 th AGM of the Company.		
3.	To re-appoint Messrs Deloitte PLT as Auditors.		
4.	Authority to Issue Shares by Directors.		

Dated this day of _____ 2023

Signed by the said _____

In the presence of said _____

Notes:

- (1) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders are not required to attend the 27th AGM in person at the Broadcast Venue on the day of the meeting.*
- (2) *Any member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A member can appoint any person as his proxy.*
- (3) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointer is a corporation, under its Common Seal or the hand of its attorney.*
- (4) *The Proxy Form or Certificate of Appointment of Corporate Representative or Power of Attorney must be deposited at the Registered Office of the Company at 19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur or sent via e-mail to marccosec@corporatepartners.com.my not later than Monday, 29 May 2023 at 3.00 p.m.*
- (5) *The invitation to participate at the 27th AGM will be sent to the email address provided by the shareholders. A shareholder who has appointed a proxy or authorised representative or attorney is required to provide their email address to participate at the 27th AGM not later than Monday, 29 May 2023 at 3.00 p.m.*

As the 27th AGM is a virtual AGM, shareholders who are unable to participate in this 27th AGM may appoint the Chairman of the meeting as their proxy and indicate the voting instructions in the proxy form.

PERSONAL DATA NOTICE

By submitting the proxy form, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the AGM (including any adjournment thereof).

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MALAYSIAN RATING CORPORATION BERHAD

(Registration No. 199501035601 (364803-V))

19-07, Level 19, Q Sentral,
2A Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur

(Fold here)

MALAYSIAN RATING CORPORATION BERHAD

199501035601 (364803-V)

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