MARC

THRIVING THROUGH ADVERSITY

ANNUAL REPORT

2021

TABLE OF CONTENTS

Cohesive and transformative.

The cover comprises images and a circle. The images represent the notions of teamwork, nature, digitalisation and online networking. They are chosen to highlight how MARC has progressed and transformed in these aspects amid adversity during the reporting year. The images are enclosed in a circle to symbolise unity and cohesiveness, qualities that are instrumental in driving MARC's growth as an entity.

All of the above surround the report theme, making them the focal point of the cover design.

INTRODUCTION

About the MARC Group of Companies
Corporate Vision
Corporate Milestones
Corporate Information

ABOUT THE MARC GROUP OF COMPANIES

Malaysian Rating Corporation Berhad (MARC) was established in 1996. Our overarching focus since inception has been, and continues to be, on delivering information, insights, solutions and benchmarks to contribute towards more robust and sustainable capital markets.

MARC's key capabilities are in infrastructure, project and structured finance, given our long-standing track record in rating domestic toll roads, power plants, water assets and ports. Our clients also include big players/corporates from the oil and gas, construction, building materials, real estate, commodities and retail segments. MARC has also established its credentials in green financing, having rated the majority of solar power projects in Malaysia.

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

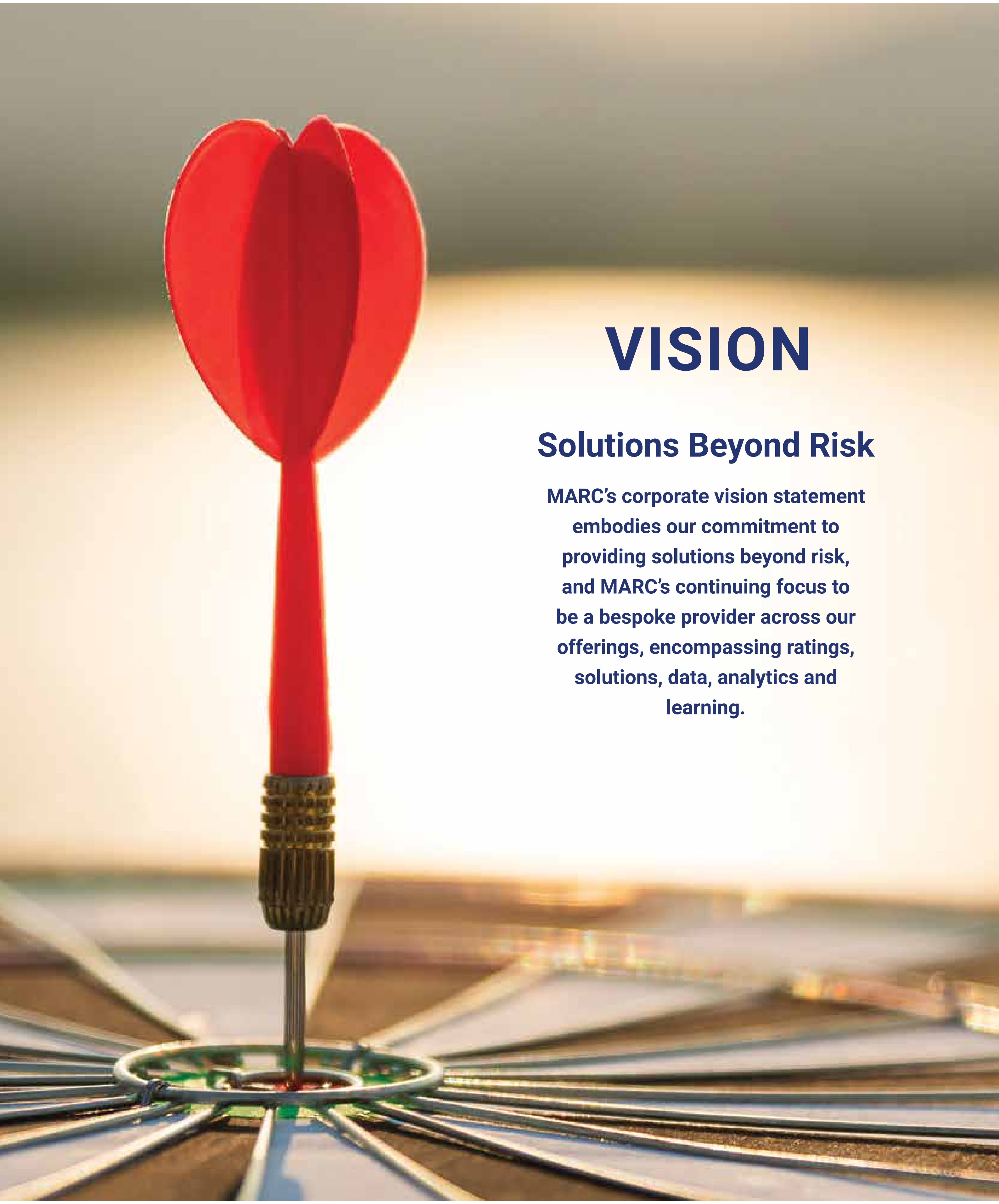
MARC recently ventured into new business segments, providing the market with up-to-date data analytic offerings, as well as risk framework solutions and advisory. We are also active in the sustainability segment through our Impact Bond Assessments which provide a comprehensive assessment of environmental, social and governance (ESG) risks, which is recognised by Securities Commission Malaysia (SC).

A public limited company, our shareholders comprise international credit rating agencies, major investment banks, insurance companies and stockbrokers in Malaysia.

Effective January 1, 2022, MARC transferred its regulatory licence as a credit rating agency with the SC and the Bank Negara Malaysia-accredited External Credit Assessment Institution status to its wholly-owned subsidiary MARC Ratings Berhad (MARC Ratings).

MARC, as the parent company, acts as the sole shareholder of the group's subsidiaries, which also include MARC Learning Sdn Bhd, MARC Solutions Sdn Bhd and MARC Data Sdn Bhd, each providing distinct product offerings. The status transfer is part of MARC's ongoing corporate transformation process to set up the foundation for more sustainable growth in the future by focusing on strengthening existing businesses and widening revenue streams.

MARC stands firm as an independent institution with over 25 years of experience across its product offerings encompassing credit ratings, economic and bond market research, training, credit risk assessment and consultation as well as data and analytics.



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

2011

- MARC became the first domestic credit rating agency to be registered pursuant to the Securities Commission Malaysia's Guidelines on the registration of Credit Rating Agencies

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

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

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

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

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

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

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

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 Islamic Medium-Term Notes Programme (Sukuk Murabahah) of up to RM5.0 billion issued by Malaysian Resources Corporation 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

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 our 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

MARC

BOARD OF DIRECTORS

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

Dr. Veerinderjeet Singh

Toi See Jong

Wendy Cheong
(Joined on March 1, 2021)

Ng Kok Kheng
(Joined on April 1, 2021)

Tan Nyat Chuan
(Joined on May 1, 2021)

RATING COMMITTEE

Dr. Loh Leong Hua - Chairman

Datuk Jamaludin Nasir

Rajan Paramesran

Lee Jin Ghee, Kirby

Sharizad Juma'at

MANAGEMENT

Datuk Jamaludin Nasir
Group Chief Executive Officer

Ahmad Feizal Sulaiman Khan
Chief Business Officer

Nina Wirasatria Md Husni
Chief Strategy Officer

Yap Ngee Heong, Jack
Head, Business Origination

Khaireny Mohamed Khalid
Head, Human Capital

Daniel Wan Faizul Wan Zulkefli
Head, Group IT

MARC RATINGS BERHAD

Rajan Paramesran
Chief Rating Officer

Firdaos Rosli
Chief Economist

Mohd Izazee Ismail
Head, Rating Portfolio, Financial Institutions

Sharidan Salleh
Head, Rating Portfolio, Project Finance and Energy

Taufiq Kamal
Head, Rating Portfolio, Construction, Property, Plantation and Retailing

Hafiza Abdul Rashid
Head, Rating Portfolio, Infrastructure and Telecommunications

Quah Boon Huat
Senior Economist, Economic Research Division

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,
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Website: www.marc.com.my

CORPORATE INFORMATION

Ng Kok Kheng
Independent
Non-Executive
Director

Datuk Seri Dr Nik Norzrul Thani N. Hassan Thani
Independent
Non-Executive
Chairman

Tan Nyat Chuan
Independent
Non-Executive
Director

Toi See Jong
Independent
Non-Executive
Director

Dr. Veerinderjeet Singh
Independent
Non-Executive
Director

Wendy Cheong
Non-Independent
Non-Executive
Director

DATUK SERI DR NIK NORZRUL THANI N. HASSAN THANI

Independent Non-Executive Chairman
(effective April 30, 2021)

Joined the Board	**: 2021**
Board Committee	**: Nomination and Remuneration**
Subsidiary (as Director)	**: MARC Data Sdn Bhd**

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 and MUFG Bank (Malaysia) Berhad.

Datuk Seri Dr Nik is Chairman and Senior Partner at Zaid Ibrahim & Co., the largest law firm in Malaysia and a member of ZICO Law, the premier ASEAN law network. 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

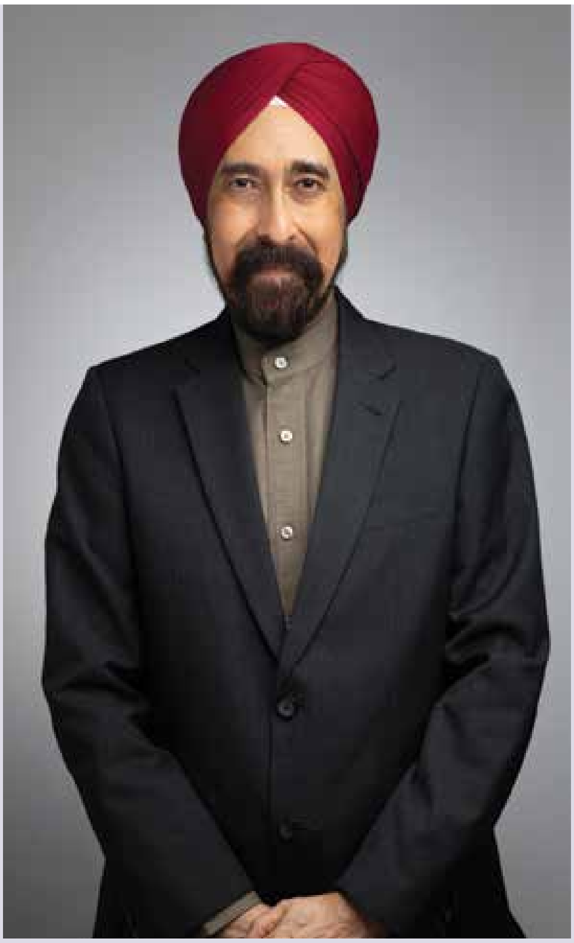
Joined the Board	**: 2017**
Committee (as Chairman)	**: Audit and Risk**
Subsidiary (as Chairman and Director)	**: MARC Ratings Berhad**

Dr. Veerinderjeet's career as a tax specialist spans over 38 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), Malaysian Institute of Certified Public Accountants (MICPA) as well as the Chartered Tax Institute of Malaysia (CTIM).

He is the current President of the MIA and MICPA, and was also the past President of 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.

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 also 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 and a former trustee of the Malaysian Tax Research Foundation. He is also an Adjunct Professor at the School of Business, Monash University Malaysia.



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

TOI SEE JONG

Independent Non-Executive Director
Joined the Board : 2017
Committee (as Chairman) : Nomination and Remuneration
Subsidiary (as Director) : MARC Ratings Berhad

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 30 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.

WENDY CHEONG

Non-Independent Non-Executive Director

Joined the Board	**: 2021**
Committee	**: Nomination and Remuneration**
Subsidiary (as Director)	**: MARC Ratings Berhad, MARC Solutions Sdn Bhd**

Ms. Cheong is currently Managing Director-Regional Head of Asia Pacific for Moody's Investors Service (MIS), based in Hong Kong. In this role, she 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, Ms. Cheong acts as an Executive Director for the majority of Moody's Asia entities. She also serves as a Non-Executive Director on Moody's numerous domestic affiliate boards, including Korea Investors Service, Inc., MARC and ICRA Limited, which is a publicly-listed firm listed on the India Stock Exchange.

Ms. Cheong 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.

Ms. Cheong 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 mobilises 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, Ms. Cheong 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.

NG KOK KHENG

Independent Non-Executive Director
Joined the Board : 2021
Committee : Audit and Risk
Subsidiary (as Director) : MARC Solutions Sdn Bhd

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 since 2018 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.

TAN NYAT CHUAN

Independent Non-Executive Director
Joined the Board : 2021
Committee : Audit and Risk
Subsidiary (as Director) : MARC Data 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 (BNM). 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. He spent two years with SWIFT as Senior Director, Business Innovation for the ASEAN region, engaging stakeholders on a wide spectrum of cross-border payments related areas. Mr. Tan was also recently appointed as an advisor for the Grab Financial Group's operations in Malaysia effective February 15, 2022.

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).

Datuk Jamaludin Nasir
Group Chief Executive Officer

Lee Jin Ghee, Kirby

Rajan Paramesran
Chief Rating Officer,
MARC Ratings Berhad

Sharizad Juma'at

Dr. Loh Leong Hua
Chairman of the Committee

DR. LOH LEONG HUA

Chairman of the Committee

Dr. Loh Leong Hua currently sits on the Boards of Malaysia Building Society Berhad (MBSB), Pacific & Orient Insurance Co. Berhad and WTK Holdings Berhad as an Independent Non-Executive Director. He has previously served as a Board member of MBSB Bank Berhad before being appointed on the holding company, MBSB.

He has wide exposure in areas of banking and financial services that include insurance and credit rating. Since 1994, he held several senior executive positions in a few Malaysian banking groups and later on he held board positions in several private companies and companies listed on the main market of Bursa Malaysia, which are engaged in different sectors of the economy. Among his various directorship roles, he was previously a Director of Asian Finance Bank Berhad, YKGI Holdings Berhad, and was a Member of the Board Risk Committee of a State Government Economic Development Agency in Sarawak. He was also a board member of Transnational Insurance Brokers (M) Sdn Bhd, a licenced insurance & takaful brokerage firm for several years.

He holds a doctorate from Universiti Kebangsaan Malaysia and is also an Advanced Management Programme graduate from The Wharton School at University of Pennsylvania, USA. He is a Fellow of the Institute of Corporate Directors Malaysia (ICDM).

Dr. Loh was appointed as the Rating Committee (RC) on July 15, 2018, and was subsequently appointed Acting Chairman of the RC on January 1, 2020. He was named as Chairman of the RC on June 1, 2020.

DATUK JAMALUDIN NASIR

Group Chief Executive Officer
Executive Director, MARC Ratings Berhad

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 September 1, 2019 to November 30, 2019.

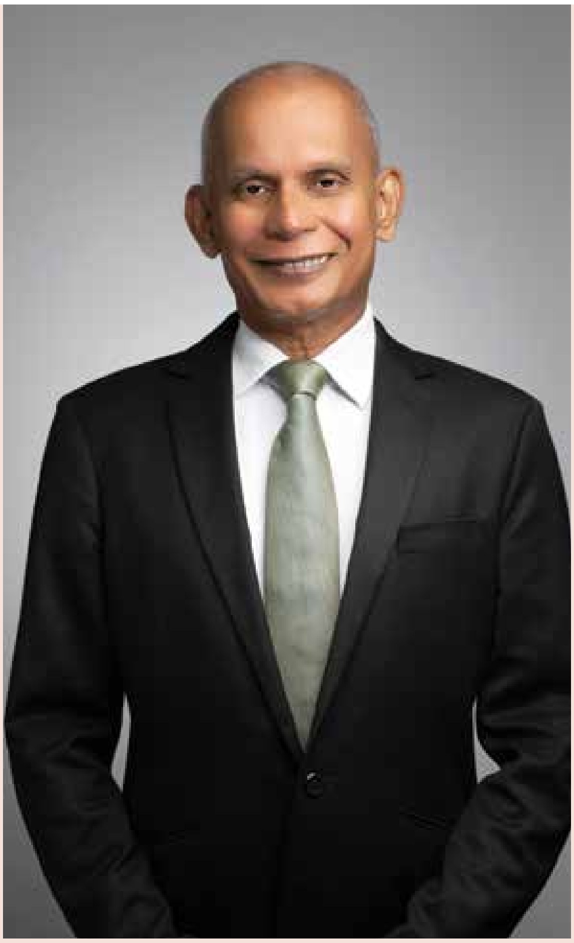
Please refer to page 25 for his full profile.

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 July 1, 2014.

Please refer to page 27 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 on a wide range of industries and corporate borrowers in Malaysia. He was formerly the head of debt capital markets in Citigroup Malaysia, where he was involved in providing corporate advisory and funding solutions to Malaysian corporates. Prior to 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 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 October 1, 2019.

SHARIZAD JUMA'AT

Madam Sharizad has more than 30 years of debt capital market experience, encompassing equity, treasury, fixed income, credit analysis, private equity, property and compliance. 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 Amanah Raya 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, over an 18-year period. 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.

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

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

SENIOR MANAGEMENT

Nina Wirasatria Md Husni
Chief Strategy Officer

Firdaos Rosli
Chief Economist, MARC Ratings Berhad
Executive Director, MARC Learning Sdn Bhd

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

Datuk Jamaludin Nasir
Group Chief Executive Officer

Ahmad Feizal Sulaiman
Chief Business Officer
Executive Director, MARC Learning Sdn Bhd

DATUK JAMALUDIN NASIR

Group Chief Executive Officer

Subsidiaries: **MARC Ratings Berhad**
MARC Solutions Sdn Bhd
MARC Data Sdn Bhd
MARC Learning Sdn Bhd

Datuk Jamaludin is the Group Chief Executive Officer (GCEO) of MARC. Datuk Jamaludin 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, 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.

AHMAD FEIZAL SULAIMAN KHAN

Chief Business Officer
Executive Director, MARC Learning Sdn Bhd

As Chief Business Officer, Ahmad Feizal leads the business division which includes business origination and development, and strategic communications. The business division is responsible for driving the growth of MARC's rating and non-rating businesses. Ahmad Feizal is also an Executive Director of MARC Learning Sdn Bhd, the learning and development arm of the MARC Group of companies.

Ahmad Feizal started his career in Dublin, Ireland, as an auditor with BDO Simpson Xavier. Upon his return to Malaysia, he joined CIMB Investment Bank Berhad's Corporate Finance team and later joined Bank Islam's Capital Markets team. He was instrumental in the recapitalisation of Bank Islam, which saw Dubai Investment Group emerge as a substantial new shareholder of the bank in 2006.

Prior to joining MARC in 2014, Ahmad Feizal was the Head of Wholesale Banking of Century Banking Corporation, the first Islamic bank in Mauritius, where he was credited with the execution of the first Commodity Murabahah Financing and the first Islamic Commercial Certificate (Wakalah) issuance in Mauritius. He also had a stint heading a property development company in Dubai before returning to Malaysia. With a career spanning more than 20 years and across four continents, Ahmad Feizal has accumulated a wealth of experience in various roles in corporate finance, capital markets, real estate and business management.

Ahmad Feizal is a Fellow Chartered Accountant of Ireland and holds a Bachelor of Science in Accounting and Financial Analysis from University of Warwick, UK.

NINA WIRASATRIA MD HUSNI

Chief Strategy Officer

Wira was appointed as MARC's Chief Strategy Officer on January 3, 2022 and is responsible for executing the Group's strategic initiatives to meet future goals and achieve sustainable financial growth. He also oversees the support divisions within the Group, including finance, administration, information technology, compliance, governance and risk management.

He began his career as an assurance associate with PricewaterhouseCoopers in 2005 and moved up to the position of Manager, where he was involved in the planning and execution of assurance and business advisory assignments for Malaysia's largest conglomerates across the plantations, services, automotive and manufacturing sectors. Wira then joined Ahmad Zaki Resources Berhad (AZRB) in 2011 as a Senior Manager and held various roles within the company, including a four-year stint in Indonesia. Prior to joining MARC, his last position in AZRB was as the Group Financial Controller.

He has accumulated over 17 years of extensive experience in driving full spectrum accounting and financial management operations towards supporting strategic business planning, strengthening financial controls and statutory compliance.

Wira holds a Bachelor of Business in Accounting and Finance from the University of Technology Sydney, Australia. He also completed his Master of Commerce from the University of Sydney Business School. He is a Member of the Chartered Accountants of Australia & New Zealand and the Malaysian Institute of Accountants.

RAJAN PARAMESRAN

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

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

Rajan has longstanding experience in the finance industry, beginning his career with United Asian Bank Berhad. 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.

FIRDAOS ROSLI

Chief Economist, MARC Ratings Berhad
Executive Director, MARC Learning Sdn Bhd

Firdaos joined MARC as Head of Economic Research on November 2, 2020, bringing with him over 15 years of experience in economic development. He was appointed Chief Economist in July 2021 and is responsible for economic, sovereign and sub-sovereign rating as well as fixed-income macroeconomic research output.

Prior to joining MARC, Firdaos served with the Institute of Strategic and International Studies (ISIS) Malaysia from January 2011 to October 2020 where he last served as the Director of Economics, Trade and Regional Integration. During his time with ISIS, he also served as a short-term external consultant to the World Bank and was a former EXCO member of the Malaysia-Japan Economic Association.

Firdaos holds a Bachelor of Arts in Accounting and Finance from Lancaster University, UK. He also completed his Master of Public Policy from the London School of Economics and Political Science as a 2019/2020 Chevening scholar.

Top row (left to right)

Jack Yap Ngee Heong
Head, Business Origination

Khaireny Mohamed Khalid
Head, Human Capital

Daniel Wan Faizul Wan Zulkefli
Head, Group IT

Bottom row (left to right)

Taufiq Kamal
Head, Ratings Portfolio, Property and Conglomerates

Hafiza Abdul Rashid
Head, Ratings Portfolio, Infrastructure and Telecommunications

Mohd Izazee Ismail
Head, Ratings Portfolio, Financial Services Institutions

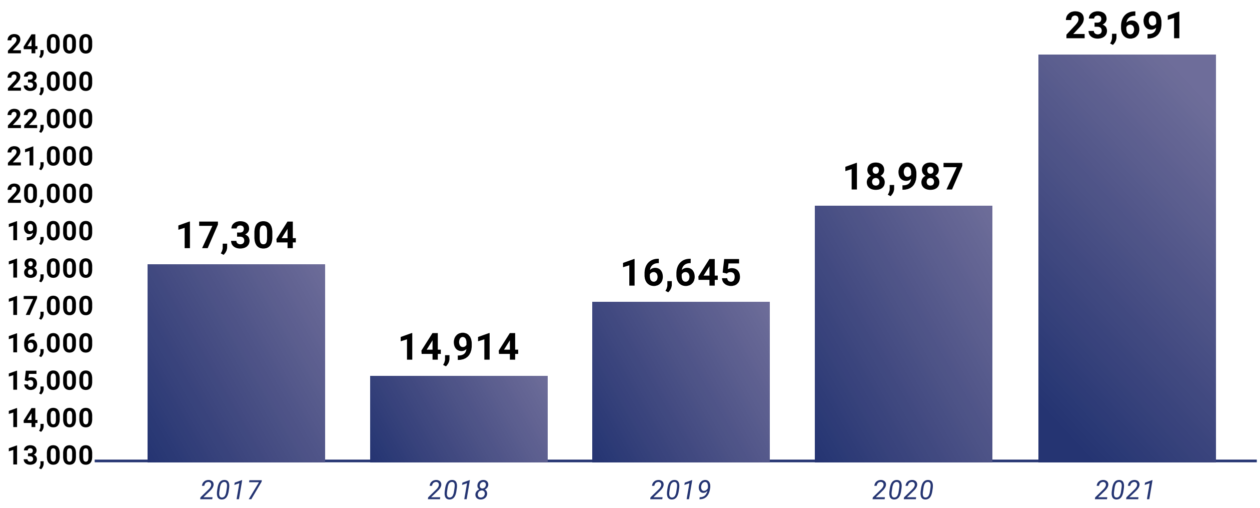
Sharidan Salleh
Head, Ratings Portfolio, Oil & Gas and Power

Quah Boon Huat
Senior Economist, Economic Research Division

REVIEW OF BUSINESS AND OPERATIONS

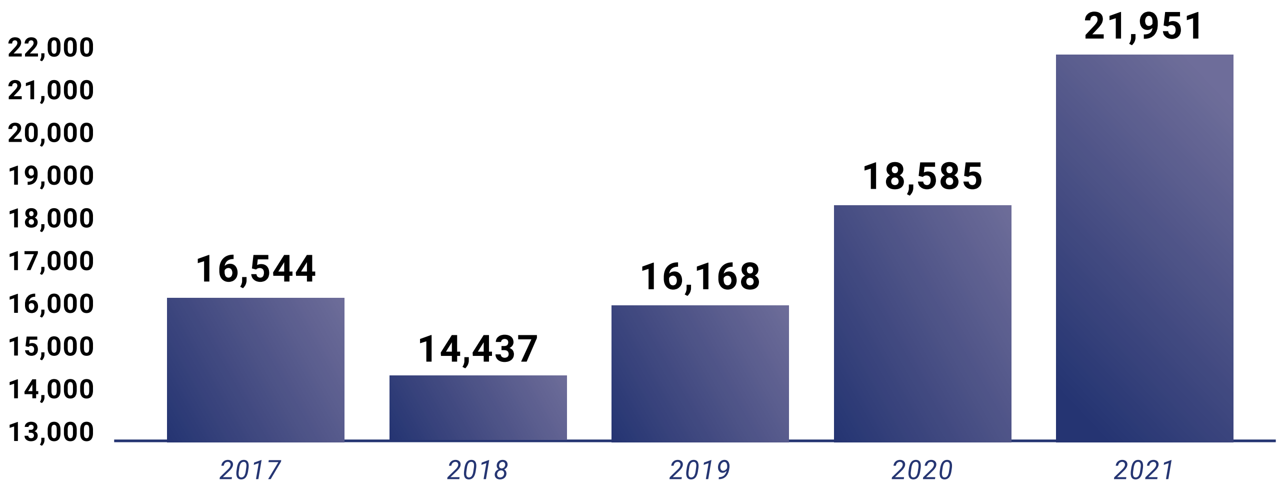
REVENUE: BY GROUP

(Amount denoted in RM'000)



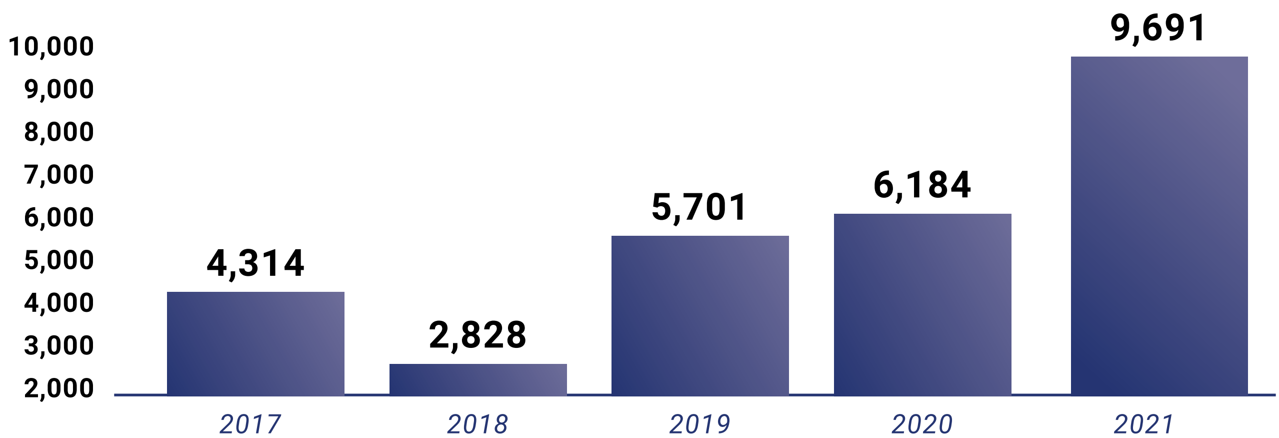
REVENUE: BY COMPANY

(Amount denoted in RM'000)



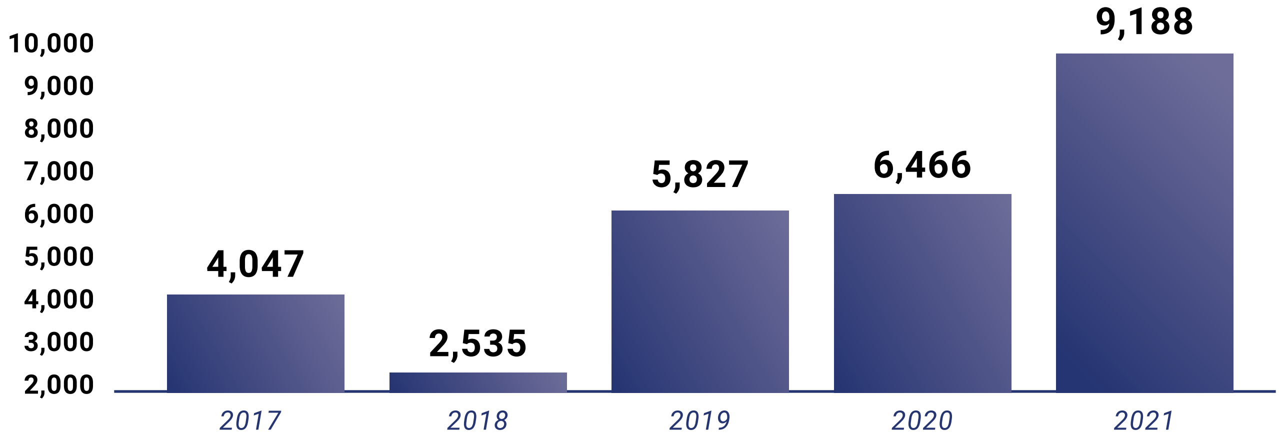
PROFIT BEFORE TAX: BY GROUP

(Amount denoted in RM'000)



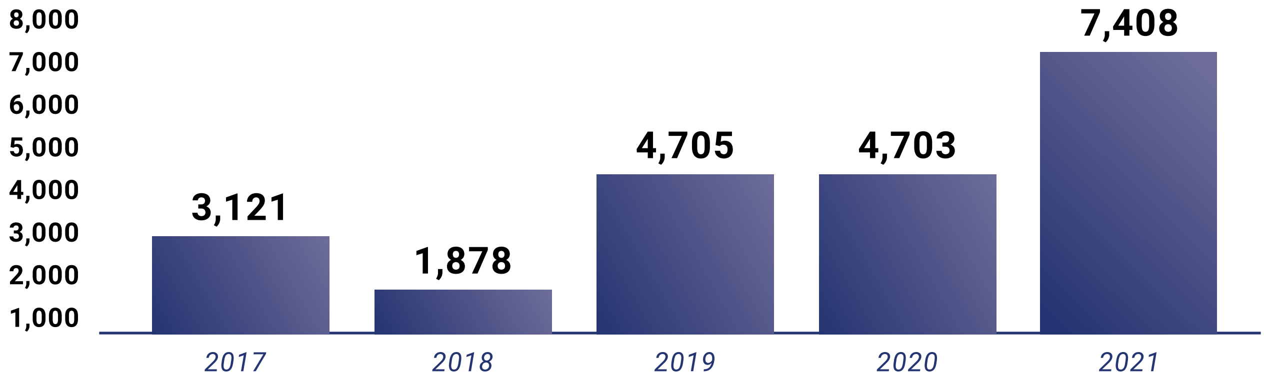
PROFIT BEFORE TAX: BY COMPANY

(Amount denoted in RM'000)



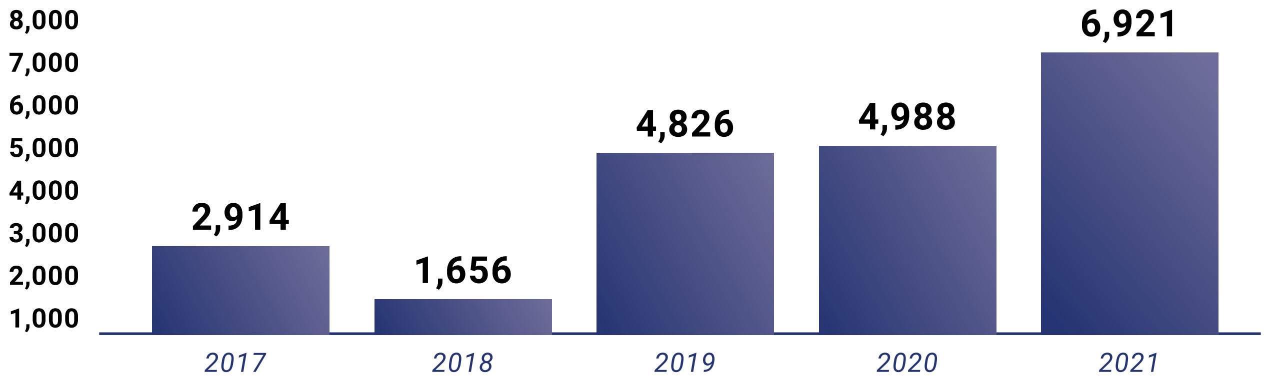
PROFIT AFTER TAX: BY GROUP

(Amount denoted in RM'000)



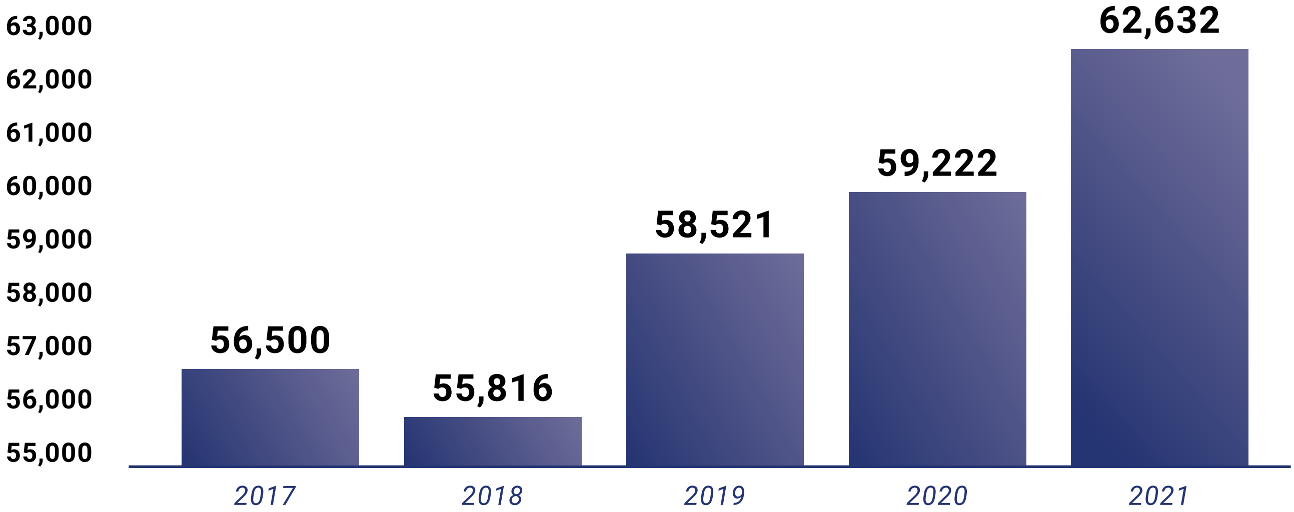
PROFIT AFTER TAX: BY COMPANY

(Amount denoted in RM'000)



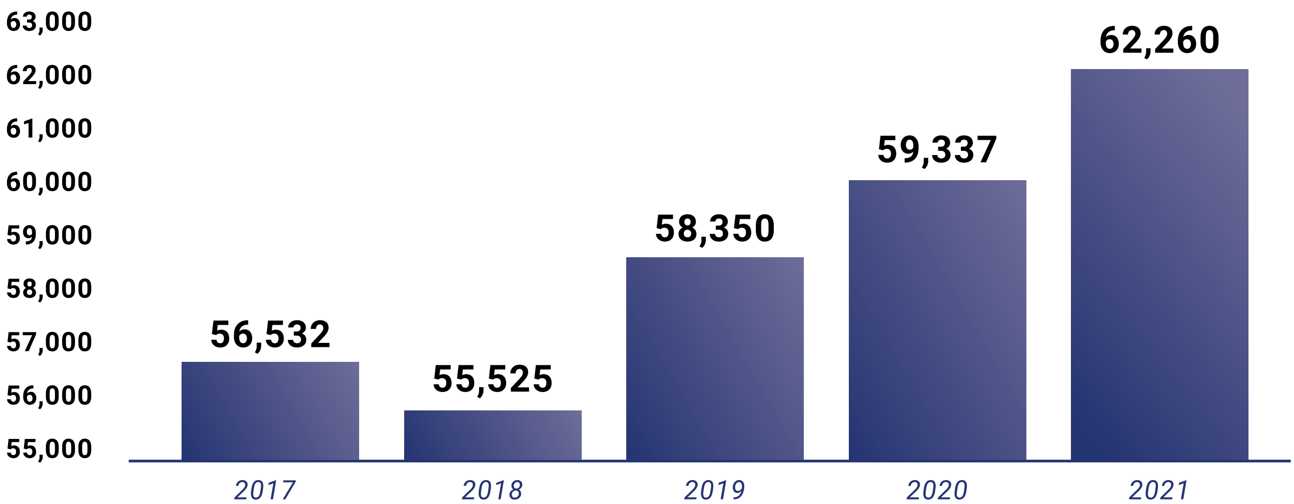
SHAREHOLDERS' FUND: BY GROUP

(Amount denoted in RM'000)



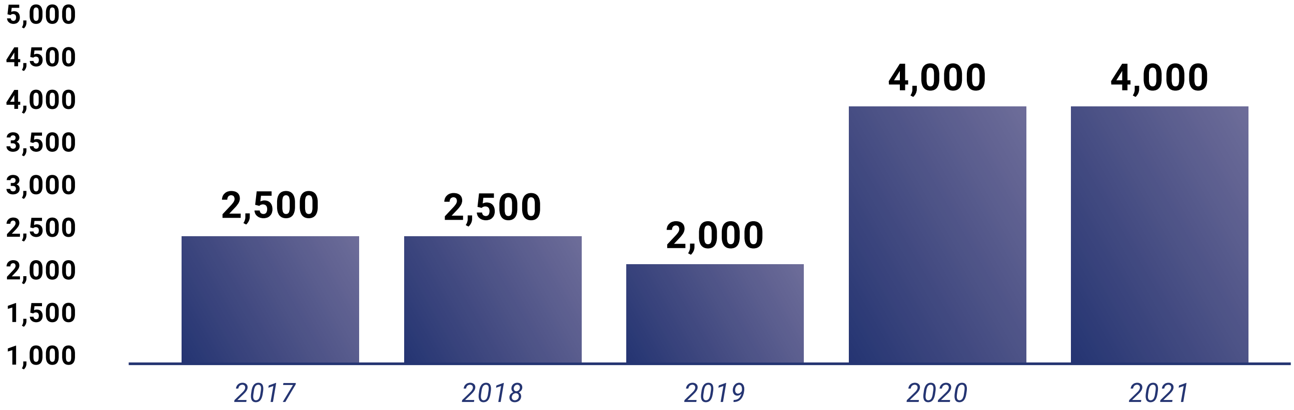
SHAREHOLDERS' FUND: BY COMPANY

(Amount denoted in RM'000)



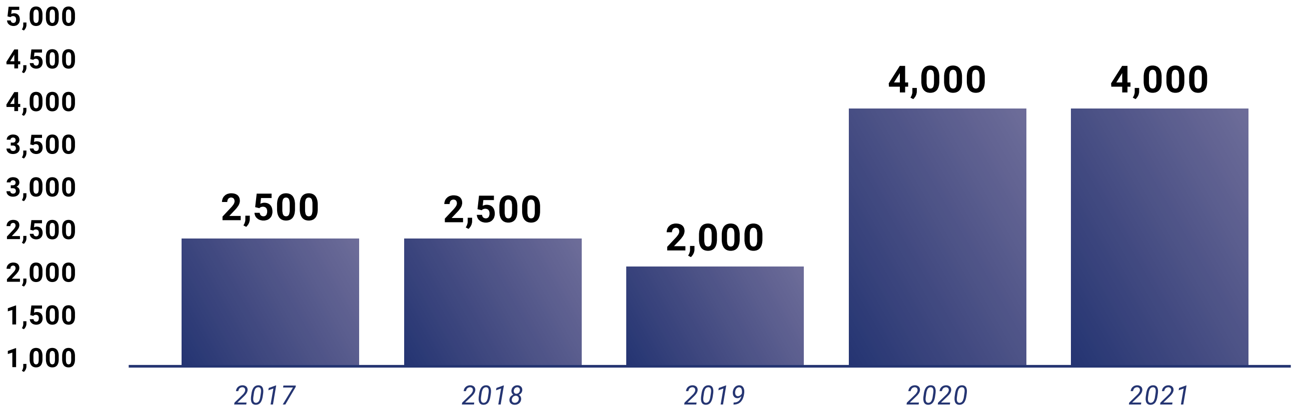
DIVIDEND PAYOUT: BY GROUP

(Amount denoted in RM'000)



DIVIDEND PAYOUT: BY COMPANY

(Amount denoted in RM'000)



Dear Shareholders,

It is with great pleasure, in my inaugural year as Chairman, that I share MARC's achievements in 2021. The accomplishments underscore our perseverance and relevance as an essential component of the Malaysian financial market ecosystem. Net earnings reached record-breaking levels and major milestones were achieved in branching out to new markets and ultimately in achieving our objective as a trusted financial services provider.

DATUK SERI DR NIK NORZRUL THANI N. HASSAN THANI
Chairman

2021 was marked by continued uncertainty, mainly due to resurgences of COVID-19 outbreaks which had a systemic impact on markets and businesses globally. Lockdown measures imposed by governments around the world have caused widespread economic disruption which brought the global economy into recession.

We are, however, cautiously optimistic about Malaysia's economic recovery; GDP growth is currently forecast at 5.7%, taking into consideration that all states are now in the final phase of the National Recovery Plan (NRP) and any COVID-19 resurgences will not significantly hinder Malaysia's economic reopening.

Growth shall continue to be primarily driven by a rebound in domestic demand arising from improved private consumption and the gradually improving labour market. Private investment growth shall continue to improve at 6.7% (2021: 2.6%) with the unemployment rate to improve to 4.0% in 2022 (2021: 4.6%).

On the external front, developments before the emergence of the Omicron variant had been relatively positive. With this factor coming into play, downside risks to both domestic and external outlooks will loom larger. Down the road, we expect the World Trade Organisation (WTO) to downgrade its 2022 global merchandise trade volume forecast of 4.7% (2021E: 10.8%). Meanwhile, the IMF has indicated that it expects the spread of Omicron to slow global economic recovery. Against this backdrop, we see Malaysia's real export and import growth moderating significantly to 2.0% (2021: 15.9%) and 1.8% (2021: 18.5%).

The Malaysian corporate bond market, however, remained stable with local corporate bond issuances in 2021 amounting to RM114.2 billion, up from RM104.6 billion in 2020. Highly rated issuers continued to dominate primary market activities with bonds rated AA and above accounting for 93.8% of rated issuances. Notably, AAA-rated bond issuance rose to a fresh high of RM34.3 billion in 2021 compared with RM23.1 billion in 2020. Meanwhile, there was no issuance from the high-yield segment for the second consecutive year, an indication that it has remained challenging for lower-rated issuers to tap into the bond market. With Malaysia's economic growth expected to remain on track, we predict corporate bond issuance to moderate slightly in 2022 to between RM100.0 billion and RM110.0 billion.

Sustainability is now increasingly on the agenda of many organisations. Based on the United Nations' Sustainable Development Goals (SDGs), countries have pledged to end poverty, protect the planet and ensure that all people enjoy peace and prosperity, by 2030. In working towards these goals, organisations that fail to address environmental and social risks will be less resilient to the challenges of our time, and thus put their own existence at risk. As such, financing must encourage a more sustainable future.

The Government of Malaysia's (GoM) sukuk issuance on April 28, 2021 marked the issuance of the first global sustainability sukuk. Malaysia issued its first sustainability Islamic trust certificates, comprising an USD800 million 10-year tranche (sustainability sukuk) and a USD500 million 30-year tranche. According to the Securities Commission Malaysia (SC), Malaysia accounted for about 19% of the USD8.35 billion of bonds and sukuk issued under the ASEAN Standards as at end-December 2020. Given the government incentives, it will not be surprising to see a higher number of issuances within the Sustainable and Responsible Investment (SRI) sukuk space over the next few years.

To that end, we endeavour to ensure that our sustainability offerings continue to be relevant in the Malaysian capital markets.

To that end, we endeavour to ensure that our sustainability offerings continue to be relevant in the Malaysian capital markets. In 2021, we continued to provide our sustainability offerings through our Impact Bond Assessments and expanded our offerings to include Sustainability Framework Advisory. Our role as a trusted financial services provider is an essential component within the Malaysian financial market ecosystem and is systemically important in instilling stability within the economy. While we, as an organisation, are always mindful of our roles in this regard, the events in 2021 have underscored how important it is that we continue to play our part with sustainability in mind, even in the most challenging of circumstances.

Within MARC itself, we had embarked on a group-wide corporate transformation exercise that was completed at the beginning of this year with the successful transfer of MARC's rating licence to its wholly-owned subsidiary MARC Ratings Berhad, effective January 1, 2022. With a more integrated organisational structure, we look to further develop our expertise in our varied business streams and expand our market reach. In addition to this, we also reviewed our current human resource initiatives, in order to fully optimise the mechanisms already in place and build capabilities for human capital sustainability. We want to ensure that MARC continuously offers growth opportunities for staff, and in turn our employees can envision a viable long-term career path.

On behalf of the Board, I wish to express our sincere appreciation to our stakeholders for your support through the years. I would also like to take this opportunity to thank the previous chairman Datuk Azizan Haji Abd Rahman for his contributions and leadership in navigating MARC to where it is today. A big thank you also goes to Dato' Muthanna Abdullah, Madam Leong Bee Lian and Mr Chua Seck Guan for their invaluable guidance to the organisation. We wish them all the very best in their future endeavours. We are also pleased to welcome new members of the board, Ms Wendy Cheong, Mr Ng Kok Kheng and Mr Tan Nyat Chuan, and we look forward to their insights and contributions to the Group.

To team MARC, thank you for your vigour, drive and spirit in overcoming this past challenging year and still managing to deliver outstanding results. As we continue to innovate and provide value to all our stakeholders, let us carry on the momentum and create a prosperous year for everyone in FY2022.

THRIVING THROUGH ADVERSITY

This past year was again another challenging period with the continuing COVID-19 pandemic. Periodic resurgence of multiple variants of the virus led to uncertainty, yet MARC continued to thrive through the emerging risks defining the COVID-19 landscape. Even though most restrictions and control measures gradually started to ease domestically and globally, both the economic and social impact could still be felt all around.

DATUK JAMALUDIN NASIR
Group Chief Executive Officer

Despite pandemic-related disruptions and having to adapt to the new normal, MARC successfully managed to deliver an outstanding performance yet again, improving on our achievement in the previous year by recording the highest ever top line revenue since MARC's establishment in 1995.

In 2021, the MARC team showed tremendous resilience, perseverance and resolve to support one another and maintain an agile way of working. All the while, they continued to embody the integral values we uphold in doing business and displayed the commitment to continue delivering the objectives of our stakeholders. This gives confidence about the way we will deal with future events, and how we will be able to do so in a sustainable manner.

STREAMLINING GROUP-WIDE OPERATIONS

In an effort that began a year earlier, MARC completed its corporate reorganisation exercise with the transfer of its rating licence to its wholly-owned subsidiary MARC Ratings Berhad, effective January 1, 2022. With the streamlining of ratings-related services and economic research into MARC Ratings, the group is poised for even bigger growth momentum in the year ahead.

The group's other subsidiaries also made headway in their respective fields. MARC Data, our analytical and digital hub, was accorded the licence to operate as a credit reporting agency by the Ministry of Finance. MARC Learning further expanded its offerings and extended its market reach, with SIDC-approved programmes for equity and bond market professionals, and HRDCorp-claimable programmes. MARC Solutions now includes sustainability advisory in its many offerings.

By streamlining our businesses this way, we are enhancing the ways we serve our clients and our ability to reach new markets. MARC will continue to focus on its core efficiencies but work towards further realising its strategic transformation plan. I am confident that we will operate even more efficiently and deliver even stronger results in the future, providing integrated solutions that will support the nation's economic recovery.

MARC EVENTS IN 2021

Themed "Sustainable Transformation for a Resilient Future", we held our 25th Annual General Meeting via virtual streaming on May 24, 2021. During this virtual AGM, the company's financial results and final dividend for financial year ending December 31, 2020 were approved.

MARC Ratings published its 2021 Lead Managers' League Tables, and RHB Investment Bank Berhad once again topped the issued value league table of MARC-rated debt and sukuk programmes/issuances. Maybank Investment Bank Berhad was the 1st runner-up, followed by CIMB Investment Bank Berhad as the 2nd runner-up. The issue count league table of MARC-rated debt and sukuk programmes/issuances was also led by RHB Investment Bank Berhad. Maybank Investment Bank Berhad was the 1st runner-up, while HSBC Amanah Malaysia Berhad was the 2nd runner-up.

As a means of engaging with our external stakeholders, MARC continues to organise various events throughout the year, such as conferences and webinars. These serve as platforms for finance professionals and practitioners to gather and exchange ideas, as well as to ensure the continued growth and sustainability of the Malaysian capital market.

MARC hosted its inaugural MARC Malaysian Bond & Sukuk Conference 2021 virtual conference over three half-days on May 19-21, 2021, where the keynote address was delivered by Datuk Syed Zaid Albar, Executive Chairman, Securities Commission Malaysia. In continuation of its MARC360 conference series, MARC also organised the second iteration in the event series with its MARC360: Sustainable Infra 2021 virtual conference over two half-days on November 25-26, 2021. The virtual conference was officiated by Senior Minister of Works, Yang Berhormat Dato' Sri Haji Fadillah Bin Haji Yusof.

In an effort to more directly reach the public, MARC is also involved in many media engagements, such as having our dedicated MARCViews column in The Star, and regular interviews with BFM. These serve as avenues for us to regularly share our views on current issues and trends.

FINANCIAL REVIEW

In 2021, MARC's total revenue improved by 25% to RM23.69 million (2020: RM18.99 million). Profit before taxes increased to RM9.69 million (2020: RM6.18 million). The improvement in MARC's financial results mirrors the confidence of the financial community, including players and investors, in our rating activities, given our sturdy rating stability and long-term accuracy comparable to international rating agencies, as well as in our non-rating services, which recorded a marked increase in revenue compared to 2020.

RATING PERFORMANCE

In 2021, MARC Ratings assigned 22 new issue ratings with a total programme size of RM28.9 billion along with 108 issue rating affirmations, compared to 18 new issue ratings totalling RM32.1 billion together with 114 issue rating affirmations in 2020. MARC Ratings continues to play its leadership role in the sustainable development of the domestic sukuk and bond market.

Noteworthy sukuk programmes rated by MARC Ratings last year include:

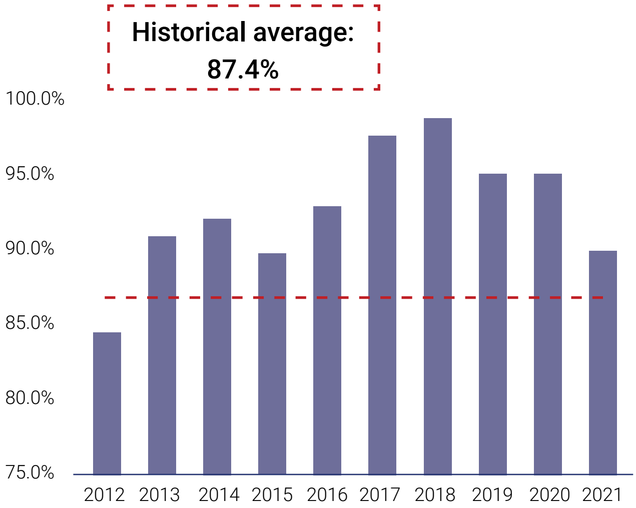
- Small Medium Enterprise Development Bank Malaysia Berhad's (SME Bank) Islamic Medium-Term Notes Programme of up to RM3.0 billion (which shall include Sustainability IMTNs) and Islamic Commercial Papers Programme of up to RM1.0 billion, with a combined limit in nominal value of up to RM3.0 billion
- UMW Holdings Berhad's RM2.0 billion Islamic Medium-Term Notes Programme (Sukuk Musharakah) and RM2.0 billion Perpetual Sukuk Programme
- F&N Capital Sdn Bhd's Islamic Medium-Term Notes and Islamic Commercial Papers programmes with a combined limit of up to RM3.0 billion
- SP Setia Berhad's RM3.0 billion Islamic Medium-Term Notes Programme

In 2021, MARC Ratings recorded four downgrades and three upgrades but zero defaults, compared to three downgrades and no upgrades/defaults in 2020. Rating drift remained negative but improved to -1.2% (2020: -4.3%). Downgrade rate came in marginally higher than the previous year, while upgrade rate reached its highest level in more than a decade, highlighting the differential impact of the COVID-19 pandemic across industries.

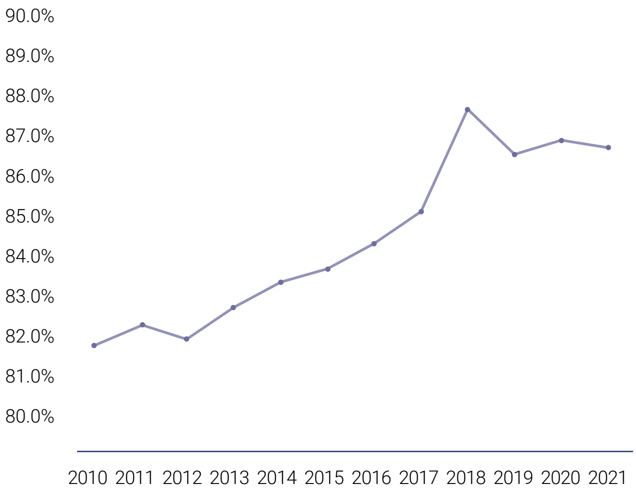
As a result of increased rating migration, ratings stability edged lower to 91.6% in 2021 (2020: 95.7%) but remained above its historical average of 87.4% since 2000. The sturdy ratings stability was primarily due to the dominance of high-grade issuers with stronger business resilience to crises.

The absence of severe negative rating actions or rating cliffs underscores our continuous timely rating action. Over the long term, the ratings accuracy ratio came in at 71.0%, marginally higher than the 70.1% reported in the previous default study. This scenario implies an improvement in the effectiveness of MARC Ratings in measuring relative default risk.

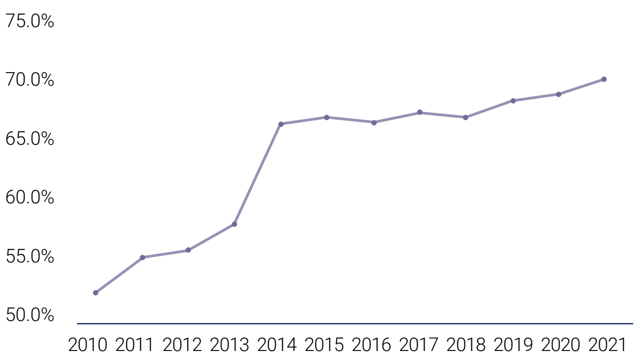
MARC Ratings' Historical Ratings Stability Since 2012



MARC Ratings' Long-Term Stability Ratio



MARC Ratings' Long-Term Accuracy Ratio



As such, for the coming 2022, MARC looks well-placed to maintain its steady financial performance.

ACCOLADES

MARC continued to receive recognition from the international finance community in 2021. MARC was named Rating Agency of the Year (Malaysia) and Project Finance Rating Agency of the Year (Malaysia) for the year 2021 by Hong Kong-based The Asset magazine. In addition to this, MARC was also awarded for its role as the external reviewer of SME Bank's RM500 million ASEAN Sustainability Sukuk, which was named Best Sustainability Sukuk for 2021.

MARC was also named the Best Islamic Rating Agency of the Year 2021 at the 11th Global Islamic Finance Awards (GIFA). This further cements our position as a leader in the sukuk rating space and will drive us to continue championing the sustainability of the Islamic capital markets.

DIVIDENDS

We are committed to sharing MARC's results and providing key information with our shareholders. In line with our transformation initiatives aimed at growing future Group revenue, we are pleased to declare that the Board has approved a first and final single tier dividend of 10 sen.

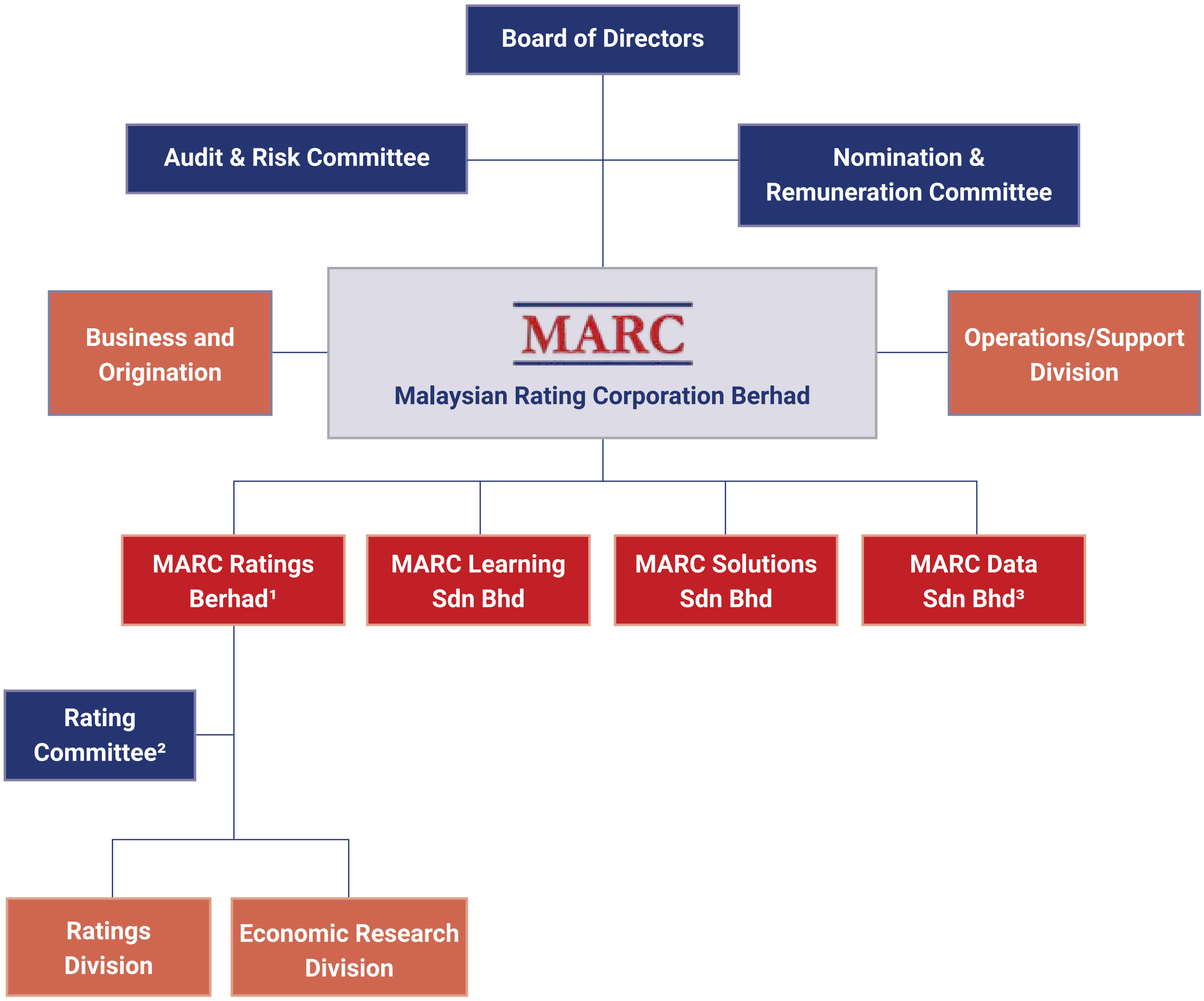
LOOKING TOWARDS A PROGRESSIVE FUTURE

Managing to execute our business strategy in times of great unpredictability is a reflection of MARC's solid fundamentals and robust business continuity plan. While the pandemic was still crippling many industries and companies, we managed to deliver an exceptional financial performance in 2021. Our unique collection of businesses has continued to thrive through the adversity by providing effective and relevant solutions to our clients. As such, for the coming 2022, MARC looks well-placed to maintain its steady financial performance.

Despite our resilience, we are not immune from risks and will continue to evaluate emerging risks, as well as opportunities. As a diversified business, MARC will continuously work towards creating value for our shareholders and stakeholders alike. With a clear sustainable growth strategy, we will continue to adapt to any disruptions and changing conditions, with the aim to continue being relevant in the domestic financial market ecosystem.

We at MARC are excited about our future and the many ways we will meet our clients' evolving needs as we help them navigate in decoding risk and unlocking opportunities. I offer my heartfelt thanks to our employees for their untiring efforts, and to our shareholders and clients for their continued support and confidence in us. With this, I am looking forward to a prosperous and successful year ahead.

CORPORATE GOVERNANCE STRUCTURE



1. Transfer of credit rating licence from Malaysian Rating Corporation Berhad (MARC) to MARC Ratings Berhad effective January 1, 2022
2. Rating Committee resides under MARC Ratings Berhad effective January 1, 2022 (previously under MARC)
3. Credit Reporting Agency licence for MARC Data Sdn Bhd effective September 15, 2021

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's 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 SC.

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 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 on 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 FIREWALLS POLICY

- The Analytic Firewalls Policy (the 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'S CODE OF CONDUCT

- MARC's Code of Conduct (the Code) 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 Rating Agencies.
- In addition, this Code incorporates provisions from the Best Practices Framework adopted by the Association of Credit Rating Agencies in Asia (ACRAA).

PERSONAL INVESTMENT AND TRADING OF SECURITIES POLICY

- The Personal Investment and Trading of Securities Policy (the 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 (the 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 man-made 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 (the Policy) 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

- 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-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-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.

SERVICES AND PEOPLE

MARC Ratings
MARC Solutions Sdn Bhd
MARC Data Sdn Bhd
MARC Learning Sdn Bhd
Corporate Events and Awards
Corporate Social Responsibility
MARC in the News

RATINGS DIVISION

BUSINESS AND ORIGINATION

OPERATIONS/SUPPORT DIVISION

ECONOMIC RESEARCH DIVISION

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

Effective January 1, 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

1. Ratings

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.

2. 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. Corporate Credit Ratings (cont'd.)

These ratings are useful for:
- benchmarking a company against its peers
- enhancing investors' confidence
- market profiling
- reducing time for future debt ratings
- enhancing a company's standing for counterparty risk purposes
- facilitating credit evaluation for bank borrowings and bank credit lines

3. Corporate Debt Ratings

Corporate Debt Ratings assess the likelihood of timely repayment of principal and interest payments over the term to maturity of such debts.

4. 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.

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. 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 takes into account 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.

8. Islamic Financial Institution Ratings

Islamic Financial Institution (IFI) 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. Sukuk 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) are differentiated from ratings on conventional debt offerings and other fixed-income Islamic capital market instruments. MARC 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.

14. Economic Research

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 budget and BNM's annual report. MARC Ratings also publishes country risk assessments on a regular basis.

15. 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.

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 (PD Models)

MARC Solutions provides analytics consulting services to entities which are implementing Probability of Default (PD) 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 PD 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 are 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 modelling 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 and Debt Restructuring 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. Impact Bond Assessments

Through MARC Solutions, MARC 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 Bond Standards; ASEAN Social Bond Standards; the International Capital Market Association's (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's criteria, these assessments help inform sustainably minded investors or lenders in their assessment of the environmental and/or social benefits of their investments or financings.

6. Credit Mapper

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

MARC Data Sdn Bhd (MARC Data) was incorporated as a private limited company on December 16, 2020 and is the data, analytical and digital hub for MARC. This newest subsidiary of the MARC Group of Companies focuses on data mining, provisioning and integration via its products, analytical tools and credit reporting services, upon approval by the Ministry of Finance.

Data Analytics

MARC Data analyses industry-wide financial data, including processed data and statistical analysis, from a variety of resources. These data will be structured into customisable formats as a means to provide solutions in addressing a company's current and future analytical needs.

MARC Data also processes all ratings-related information published in MARC's rating universe and translates these into sets of data to be made available to the general public including financial institutions, insurance companies and banks on a common shared platform.

Credit Reporting

Having been awarded a Credit Reporting Agency licence by Malaysia's Ministry of Finance, MARC Data provides credit reporting services to small and medium enterprises (SMEs), corporates and financial institutions. These services include detailed pre-screening business checks on an entity's top-line information and latest audited financial information, as well as comprehensive analysis and comparison of the entity's full financial information.

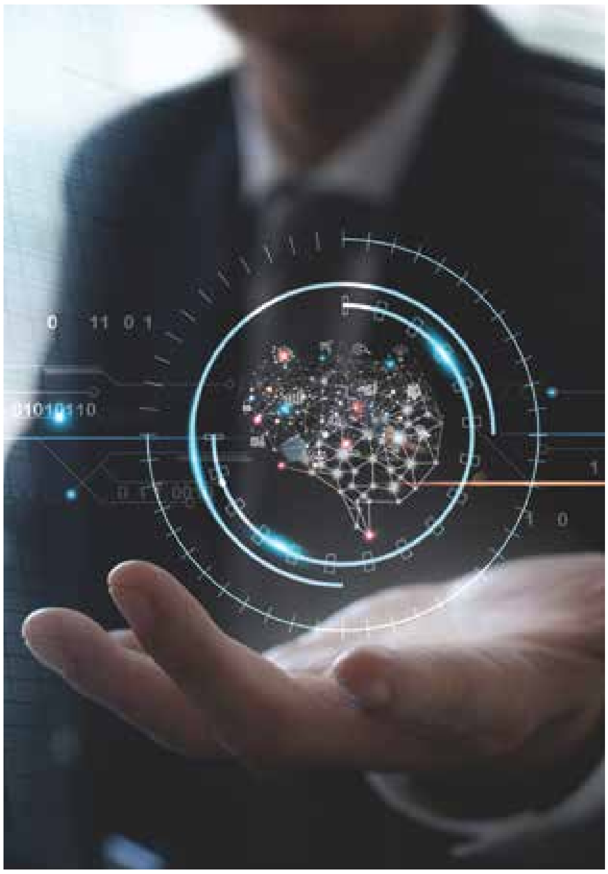
MARC LEARNING SDN BHD

MARC Learning Sdn Bhd (MARC Learning) is the training and development solutions arm of the MARC Group of Companies. Given MARC's expertise in credit rating, MARC Learning aims to nurture a progressive and savvy domestic debt capital market. Our focus is to deliver training programmes that raise the standard of participants and support market growth.

MARC Learning offers training courses that are primarily related to debt capital markets, risk management, project finance and economics.

We also provide fintech and blockchain programmes. We provide both pre-recorded and online webinars, with each webinar averaging about four hours. All MARC webinars have pre-and post-assessments.

Delivered by highly knowledgeable, dedicated and experienced trainers who are also professionals in a variety of fields in the corporate world, all of our courses are Securities Industry Development Corporation (SIDC) and Continuing Professional Education (CPE)-accredited.



Public Learning

MARC Learning provides public learning courses, prerecorded courses and live virtual webinars. All webinars offered fulfil the requirements determined by the SC.

Customised Learning

MARC Learning also provides customised in-house training courses to suit the varying needs of individual institutions. The course content, duration and number of participants can be tailored and customised according to client requirements. MARC Learning will strive to curate the programme's content to promote engagement, interaction and thorough understanding among participants.

LEAD MANAGERS' LEAGUE TABLE AWARDS

9 APRIL 2021

RHB Investment Bank Berhad topped the issued value league table of MARC-rated debt and sukuk programmes/issuances. Maybank Investment Bank Berhad came in second place, followed by CIMB Investment Bank Berhad in third place. The issue count league table of MARC-rated debt and sukuk programmes/issuances was also led by RHB Investment Bank Berhad. Maybank Investment Bank Berhad was the runner-up, while in third place was HSBC Amanah Malaysia Berhad.

ANNUAL GENERAL MEETING: SUSTAINABLE TRANSFORMATION FOR A RESILIENT FUTURE

24 MAY 2021

MARC held its 25th Annual General Meeting virtually, which was broadcast from MARC's premises.

MARC MALAYSIAN BOND & SUKUK CONFERENCE 2021

19-21 MAY 2021

MARC hosted its inaugural MARC Malaysian Bond & Sukuk Conference 2021 virtual conference over three half-days on May 19-21, 2021. It served as a platform for finance professionals to gather and exchange ideas to ensure the continued growth and sustainability of the Malaysian capital market. The keynote address was delivered by Datuk Syed Zaid Albar, Executive Chairman, Securities Commission Malaysia.

THE ASSET'S TRIPLE A RATING AGENCY OF THE YEAR AWARD

MARC was named Rating Agency of the Year (Malaysia) and Project Finance Rating Agency of the Year (Malaysia) for the year 2021 by Hong Kong-based The Asset magazine. Additionally, MARC was also awarded for its role as the external reviewer of Small Medium Enterprise Development Bank Malaysia Berhad's (SME Bank) RM500 million ASEAN Sustainability Sukuk, which was named Best Sustainability Sukuk for 2021.

CORPORATE EVENTS AND AWARDS (CONT'D.)

GLOBAL ISLAMIC FINANCE AWARDS

14 SEPTEMBER 2021

MARC was named the Best Islamic Rating Agency of the Year 2021 at the 11th Global Islamic Finance Awards (GIFA). The online awards ceremony was streamed live across different platforms on September 14, 2021, where more than 70 awards were presented to winners globally.

MARC360: SUSTAINABLE INFRA 2021

25-26 NOVEMBER 2021

The MARC360: Sustainable Infra 2021 webinar series was held over two half-days and focused on sustainable infrastructure as well as the ongoing issues and trends in the sector. The event was officiated by Senior Minister of Works, Yang Berhormat Dato' Sri Haji Fadillah Bin Haji Yusof.

CORPORATE SOCIAL RESPONSIBILITY

CSR EVENT WITH SEKOLAH KEBANGSAAN BUKIT LANJAN

13 MARCH 2021

MARC distributed food care packages to families of students from MARC's adopted school, Sekolah Kebangsaan Bukit Lanjan (SKBL). This initiative is a continuation of the relationship MARC has fostered with SKBL over many years.

CSR ZAKAT TO UNDERPRIVILEGED

10 MAY 2021

As part of MARC's CSR initiative for the year 2021, MARC made donations to the underprivileged, comprising zakat deductions from MARC staff which were obtained from Majlis Agama Islam Wilayah Persekutuan (MAIWP). The main recipients of this donation were 100 needy students selected by the Petaling Utama District Education Office. These students were represented virtually by teachers from their respective schools. Other beneficiaries included the National Cancer Council Malaysia (MAKNA) and ARBA International Waqf (L) Foundation (ARBA Foundation).

8 JANUARY 2021

MARC expects another round of debt-led stabilisation policy in Malaysia in 2021

11 JANUARY 2021

MARC: Governments' response to Covid-19 surge a challenge to vaccine-fuelled recovery

20 JANUARY 2021

Malaysian Rating Corporation: Maintaining OPR at 1.75pc will help support the ringgit

5 FEBRUARY 2021

MARC lowers 2021 GDP growth forecast to 5.6%

24 FEBRUARY 2021

MARC says 2021 investments unlikely to return to pre-pandemic level

17 MARCH 2021

Negative rating pressure on Malaysia will continue — MARC

18 MARCH 2021

MARC's caution – no let-up in negative rating pressure

13 APRIL 2021

MARC fears govt may overstretch 12MP to meet SPV2030 targets

19 MAY 2021

19 MAY 2021

14 JULY 2021

19 JULY 2021

MARC: Sukuk will remain dominant in Malaysian debt market

MARC

Appetite for Malaysia's corporate bond, sukuk issuances to remain high: MARC chief

MARC further cuts Malaysia's 2021 growth forecast to 3.9%

Shared Prosperity Vision needs major overhaul, says economist

PETALING JAYA: The government's Shared Prosperity Vision (SPV) 2030 requires a major overhaul in light of current economic circumstances, according to the chief economist of a ratings agency.

Malaysian Rating Corporation Bhd (MARC) chief economist Firdaos Rosli said the SPV had overly ambitious targets even without taking into account the impact of the Covid-19 pandemic, such as aiming for the gross domestic product (GDP) to reach RM3.4 trillion by 2030.

It also targeted an average GDP growth rate of 4.7% annually from 2021 to 2030 and for employees' compensation to hit 48% of the GDP, compared with 35.7% in 2018.

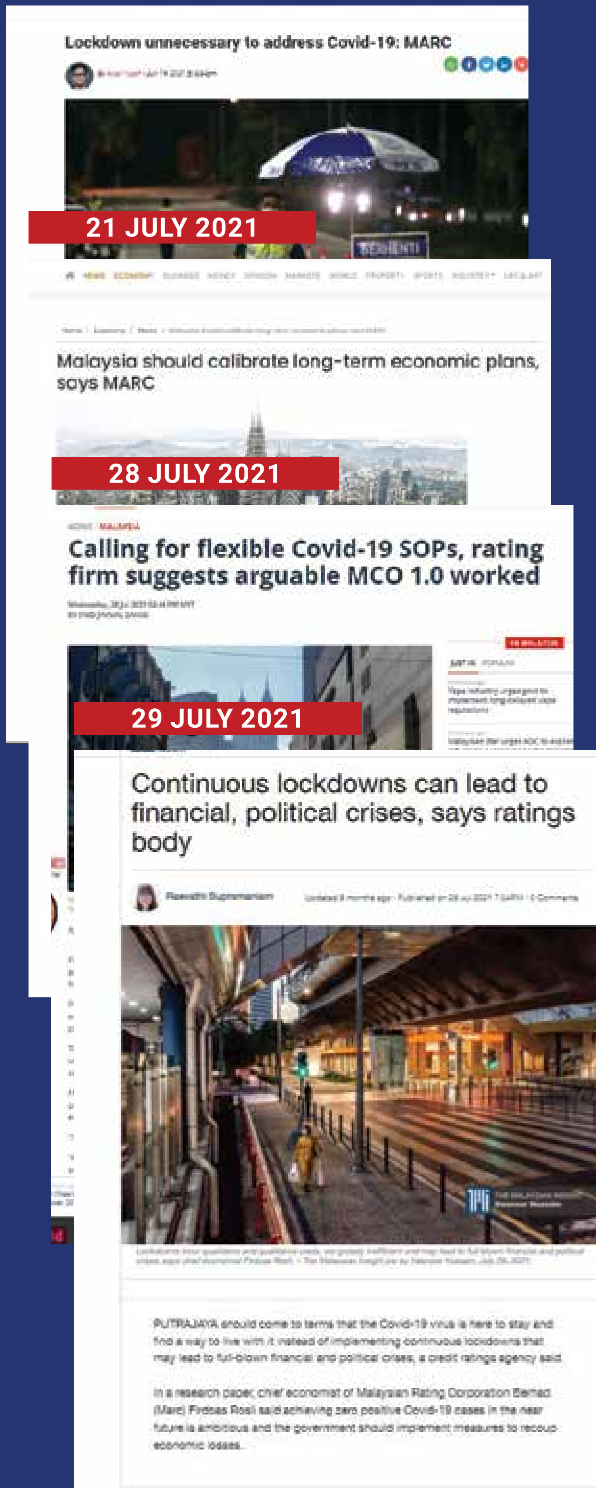
Firdaos said most of the economic development plans and initiatives formulated by Putrajaya had been internally driven rather than external, adding that the nation's growth model was still based on the New Economic Policy (NEP) introduced in 1971.

19 JULY 2021

21 JULY 2021

28 JULY 2021

29 JULY 2021



Lockdown unnecessary to address Covid-19: MARC

Malaysia should calibrate long-term economic plans, says MARC

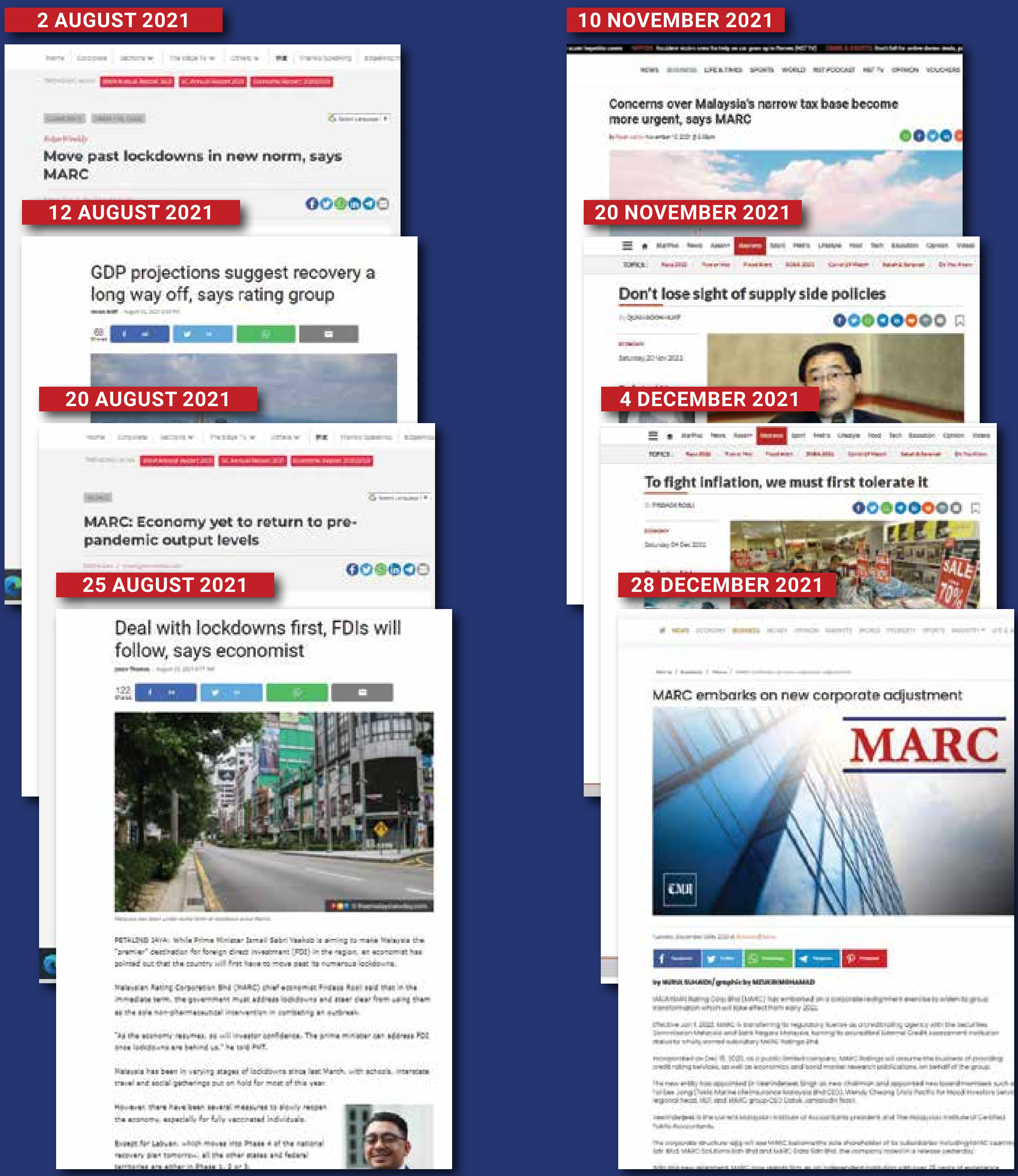
Calling for flexible Covid-19 SOPs, rating firm suggests arguable MCO 1.0 worked

Continuous lockdowns can lead to financial, political crises, says ratings body

Pasupathi Supramaniam

PUTRAJAYA should come to terms that the Covid-19 virus is here to stay and find a way to live with it instead of implementing continuous lockdowns that may lead to full-blown financial and political crises, a credit ratings agency said.

In a research paper, chief economist of Malaysian Rating Corporation Berhad (Marc) Firdaos Rosli said achieving zero positive Covid-19 cases in the near future is ambitious and the government should implement measures to recoup economic losses.



2 AUGUST 2021

Move past lockdowns in new norm, says MARC

12 AUGUST 2021

GDP projections suggest recovery a long way off, says rating group

20 AUGUST 2021

MARC: Economy yet to return to pre-pandemic output levels

25 AUGUST 2021

Deal with lockdowns first, FDIs will follow, says economist

10 NOVEMBER 2021

Concerns over Malaysia's narrow tax base become more urgent, says MARC

20 NOVEMBER 2021

Don't lose sight of supply side policies

4 DECEMBER 2021

To fight inflation, we must first tolerate it

28 DECEMBER 2021

MARC embarks on new corporate adjustment

FINANCIAL STATEMENT

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 2021.

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.

The principal activities of the subsidiaries are as stated in Note 15 to the financial statements.

There have been no significant changes to these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	7,407,995	6,921,420

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 2020 were as follows:

	RM
In respect of the financial year ended 31 December 2020 as reported in the directors' report of that year:	
A first and final single tier dividend of 20%, on 20,000,000 ordinary shares, declared on 22 April 2021 and paid on 23 June 2021	4,000,000

A first and final single tier dividend of 10 sen or equivalent to a net cash flow of RM2,000,000 in respect of the financial year ended 31 December 2021, had been declared on 28 April 2022. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

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 (Appointed on 1 February 2021)*
Cheong Huay Huay Wendy (Appointed on 1 March 2021)*
Dr Veerinderjeet Singh A/L Tejwant Singh*
Ng Kok Kheng (Appointed on 1 April 2021)*
Tan Nyat Chuan (Appointed on 1 May 2021)*
Chua Seck Guan (Resigned on 1 February 2021)
Datuk Azizan bin Haji Abd Rahman (Retired on 29 April 2021)
Dato' Muthanna bin Abdullah (Retired on 29 April 2021)
Leong Bee Lian (Retired on 29 April 2021)

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

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 as disclosed in Note 11 to the financial statements) 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.

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.

(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.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 32 to the financial statements. There are no significant adjusting events after the statements of financial position date up to the date when the financial statements are authorised for issuance, which is within the period from 1 January 2022 to 28 April 2022.

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 the Company during the year was RM14,056.

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

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors for the financial year is as disclosed in Note 9 to the financial statements.

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 28 April 2022.

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 71 to 112 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 2021 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 28 April 2022.

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, Datuk Jamaludin Bin Nasir, 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 71 to 112 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 Datuk Jamaludin Bin
Nasir at Kuala Lumpur in the Federal
Territory on 28 April 2022

Before me,

Datuk Jamaludin Bin Nasir

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 2021, and the 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 71 to 112.

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 2021, 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 fullfiled 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.

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

- 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 the Company to cease to continue as a going concern.

- 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 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 of 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 MATTERS

(1) 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.

(2) The financial statements of the Group and of the Company for the preceding financial year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 April 2021.

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

Mak Wai Kit
Partner - 03546/12/2022 J
Chartered Accountant

28 April 2022

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	23,691,335	18,987,074	21,950,567	18,585,209
Cost of services rendered		(5,811,913)	(4,311,519)	(5,436,401)	(4,270,935)
Gross profit		17,879,422	14,675,555	16,514,166	14,314,274
Other items of income					
Interest income	5	383,290	761,902	378,302	761,902
Distribution income	6	677,479	597,880	665,261	597,880
Dividend income	7	109,584	96,527	109,584	96,527
Net foreign exchange (loss)/gain:					
Realised		(65)	(1,670)	(211)	(1,670)
Unrealised		13	(6)	13	(6)
Net gain/(loss) on financial assets held at fair value through profit or loss ("FVTPL"):					
Realised		1,189	-	1,189	-
Unrealised		(337,626)	(561,765)	(329,661)	(561,765)
Other income	8	232	115,242	529,139	756,620
Other items of expense					
Public relations and marketing		(59,862)	(158,671)	(59,862)	(158,671)
Administrative expenses		(8,963,149)	(9,340,713)	(8,619,462)	(9,339,459)
Profit before tax	9	9,690,507	6,184,281	9,188,458	6,465,632
Income tax expense	12	(2,282,512)	(1,481,734)	(2,267,038)	(1,478,025)
Profit for the year		7,407,995	4,702,547	6,921,420	4,987,607
Other comprehensive income/(loss)					
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Net gain/(loss) from changes in fair value on equity instruments at fair value through other comprehensive income ("FVTOCI")		1,735	(1,045)	1,735	(1,045)
Other comprehensive income/(loss) for the year, net of tax		1,735	(1,045)	1,735	(1,045)
Total comprehensive income for the year		7,409,730	4,701,502	6,923,155	4,986,562

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

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Assets					
Non-current assets					
Property, plant and equipment	13	13,100,429	13,373,709	13,100,429	13,373,709
Intangible assets	14	-	12,345	-	12,345
Investment in subsidiaries	15	-	-	11,000,004	4
Deferred tax assets	16	965,807	512,114	924,237	512,114
Investment securities	17	5,019,124	5,017,389	5,019,124	5,017,389
		19,085,360	18,915,557	30,043,794	18,915,561
Current assets					
Trade and other receivables	18	1,957,778	2,621,068	1,852,547	2,596,061
Amount due from subsidiaries, net	19	-	-	359,167	586,343
Tax recoverable		-	35,960	-	-
Investment securities	17	25,951,904	17,544,683	24,947,652	17,544,683
Deposits	20	18,843,604	23,235,000	8,493,604	23,235,000
Cash and bank balances	21	2,260,691	1,398,723	1,729,360	962,913
		49,013,977	44,835,434	37,382,330	44,925,000
Total assets		68,099,337	63,750,991	67,426,124	63,840,561
Equity and liabilities					
Current liabilities					
Other payables	22	5,079,990	3,657,398	4,820,469	3,632,373
Income tax payable		387,340	871,316	345,628	871,316
		5,467,330	4,528,714	5,166,097	4,503,689
Net current assets		43,546,647	40,306,720	32,216,233	40,421,311
Total liabilities		5,467,330	4,528,714	5,166,097	4,503,689
Net assets		62,632,007	59,222,277	62,260,027	59,336,872
Equity attributable to owner of the parent					
Share capital	23	20,000,000	20,000,000	20,000,000	20,000,000
Retained earnings		42,636,052	39,228,057	42,264,072	39,342,652
Other reserves	24	(4,045)	(5,780)	(4,045)	(5,780)
Total equity		62,632,007	59,222,277	62,260,027	59,336,872
Total equity and liabilities		68,099,337	63,750,991	67,426,124	63,840,561

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM	Distributable Retained earnings RM	Non-distributable Fair value adjustment reserve RM	Total equity RM
Group					
At 1 January 2020		20,000,000	38,525,510	(4,735)	58,520,775
Total comprehensive income/(loss)		-	4,702,547	(1,045)	4,701,502
Transaction with shareholders:					
Dividends	30	-	(4,000,000)	-	(4,000,000)
At 31 December 2020		20,000,000	39,228,057	(5,780)	59,222,277
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	30	-	(4,000,000)	-	(4,000,000)
At 31 December 2021		20,000,000	42,636,052	(4,045)	62,632,007

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM	Distributable Retained earnings RM	Non-distributable Fair value adjustment reserves RM	Total equity RM
Company					
At 1 January 2020		20,000,000	38,355,045	(4,735)	58,350,310
Total comprehensive income/(loss)		-	4,987,607	(1,045)	4,986,562
Transaction with shareholders:					
Dividends	30	-	(4,000,000)	-	(4,000,000)
At 31 December 2020		20,000,000	39,342,652	(5,780)	59,336,872
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	30	-	(4,000,000)	-	(4,000,000)
At 31 December 2021		20,000,000	42,264,072	(4,045)	62,260,027

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Operating activities				
(Deposits with)/Withdrawals from licenced financial institutions	(2,863,604)	(334,782)	5,136,396	(334,782)
Cash receipts from operations	24,004,045	22,170,963	22,627,660	22,054,261
Cash paid for operating expenses	(13,290,715)	(12,040,089)	(12,337,938)	(11,661,467)
Cash paid for low-value assets leases	(26,640)	(29,160)	(26,640)	(29,160)
Other cash receipts/(payments)	220,924	8,916	(6,251)	8,916
Cash from operations	8,044,010	9,775,848	15,393,227	10,037,768
Taxes paid	(3,184,222)	(1,682,843)	(3,204,850)	(1,668,260)
Net cash flows generated from operating activities	4,859,788	8,093,005	12,188,377	8,369,508
Investing activities				
Dividend received	109,584	96,527	109,584	96,527
Purchase of investment securities	(20,078,510)	(2,454,940)	(19,078,510)	(2,454,940)
Proceeds from disposal of investment securities	11,347,069	-	11,347,069	-
Investment in subsidiaries (Note 15)	-	-	(11,000,000)	-
Advances from/(to) amount due from subsidiaries	-	-	227,175	(63,427)
Interest received	1,543,689	1,349,171	1,542,404	1,349,171
Purchase of property, plant and equipment	(176,625)	(69,769)	(176,625)	(69,769)
Proceeds from disposal of property, plant and equipment	2,171	133,992	2,171	133,992
Net cash flows used in investing activities	(7,252,622)	(945,019)	(17,026,732)	(1,008,446)
Financing activities				
Dividends paid (Note 30)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Net cash flows used in financing activities	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D.)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net (decrease)/increase in cash and cash equivalents	(6,392,834)	3,147,986	(8,838,355)	3,361,062
Effect of exchange rate changes on cash and cash equivalents	(198)	(1,676)	(198)	(1,676)
Cash and cash equivalents at beginning of year	11,003,723	7,857,413	10,567,913	7,208,527
Cash and cash equivalents at end of year	4,610,691	11,003,723	1,729,360	10,567,913
Cash and cash equivalents comprise:				
Deposits (Note 20)	18,843,604	23,235,000	8,493,604	23,235,000
Cash and bank balances (Note 21)	2,260,691	1,398,723	1,729,360	962,913
	21,104,295	24,633,723	10,222,964	24,197,913
Less: Deposits with maturity more than 3 months	(16,493,604)	(13,630,000)	(8,493,604)	(13,630,000)
	4,610,691	11,003,723	1,729,360	10,567,913

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

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.

The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of these principal activities 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 28 April 2022.

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 2.3.

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

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 all the 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 2021:

Description	Effective for annual financial year beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and amendments in issue but not yet effective

As at the date of authorisation of these financial statements, the following relevant Amendments 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 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
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
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
Amendments to MFRS 10 and MFRS 128: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors anticipate that the abovementioned Amendments 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 Amendments 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Business combination (cont'd.)

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.

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:

	2021 RM	2020 RM
United States Dollars	4.18	4.01

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.

2.8 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Intangible asset and amortisation (cont'd.)

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.

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").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial assets (cont'd.)

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

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.

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 non-quoted 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial assets (cont'd.)

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

c. Financial assets at FVTPL (cont'd.)

The Group's and the Company's financial assets at FVTPL include non-quoted equity investments, real estate investment trusts and investments in unit trusts under this category.

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 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 fixed income investment 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 and contract assets, 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.

2.11 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Provisions (cont'd.)

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 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.

2.14 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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/profit 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 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.

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.

2.17 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes (cont'd.)

i. Current tax (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Income taxes (cont'd.)

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.

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.

In carrying out the impairment review, the management's judgement 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 and other 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.

4. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Rating and surveillance fees	21,234,187	18,020,020	21,234,187	18,045,020
Seminars, conferences, subscriptions and publications	875,450	670,015	644,183	468,150
Technical collaboration fee/ advisories	1,535,048	258,189	25,547	33,189
Recoverable expenses	46,650	38,850	46,650	38,850
	23,691,335	18,987,074	21,950,567	18,585,209

Timing of revenue recognition

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Services transferred at a point in time	23,037,945	18,482,359	21,306,384	18,117,059
Services transferred over time	653,390	504,715	644,183	468,150
	23,691,335	18,987,074	21,950,567	18,585,209

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits and money market	383,290	752,986	378,302	752,986
Loans and receivables	-	8,916	-	8,916
	383,290	761,902	378,302	761,902

6. DISTRIBUTION INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial investments at FVTPL	477,479	397,332	465,261	397,332
Financial investments at amortised cost	200,000	200,548	200,000	200,548
	677,479	597,880	665,261	597,880

7. DIVIDEND INCOME

Dividend income represents income from financial assets at FVTPL.

8. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Management fee income	-	-	396,000	132,000
Shared service income	-	-	132,907	509,378
Gain on disposal of property, plant and equipment	232	115,242	232	115,242
	232	115,242	529,139	756,620

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.

9. PROFIT BEFORE TAX

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

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Auditors' remuneration		63,000	64,110	50,000	52,810
Expense from low-value assets leases		26,640	29,160	26,640	29,160
Consultancy fee expense	25	-	-	-	25,000
Depreciation of property, plant and equipment	13	447,966	433,714	447,966	433,714
Amortisation of intangible assets	14	12,345	26,255	12,345	26,255
Employee benefits expense	10	11,377,315	10,423,148	10,862,453	10,423,148
Allowance/(Writeback) of ECL	18(a)(i)	131,730	(100,612)	131,730	(100,612)

10. EMPLOYEE BENEFITS EXPENSE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Salaries and bonuses	9,684,495	8,782,100	9,252,119	8,782,100
Contributions to defined contribution plan	1,457,859	1,376,002	1,393,835	1,376,002
Social security contributions	41,139	41,200	39,103	41,200
Other benefits	193,822	223,846	177,396	223,846
	11,377,315	10,423,148	10,862,453	10,423,148

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 and Company	
	2021 RM	2020 RM
Non-executive:		
Fees	397,340	485,547
Other emoluments	71,500	72,592
Benefits-in-kind	54,088	62,710
Total non-executive directors' remuneration (including benefits-in-kind)	522,928	620,849

12. INCOME TAX EXPENSE

Major components of income tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current income tax:				
- Malaysian income tax	2,597,672	1,888,086	2,540,628	1,888,086
- Under provision in respect of previous years	138,533	57,314	138,533	53,605
	2,736,205	1,945,400	2,679,161	1,941,691
Deferred income tax (Note 16):				
- Origination and reversal of temporary differences	(325,519)	(159,026)	(283,949)	(159,026)
- Under provision in respect of previous years	(128,174)	(304,640)	(128,174)	(304,640)
	(453,693)	(463,666)	(412,123)	(463,666)
Income tax expense recognised in profit or loss	2,282,512	1,481,734	2,267,038	1,478,025

12. INCOME TAX EXPENSE (CONT'D.)

Reconciliation between tax expense and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Accounting profit before tax	9,690,507	6,184,281	9,188,458	6,465,632
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	2,325,722	1,484,227	2,205,230	1,551,751
Tax effect of:				
Non-deductible expenses	211,638	269,650	207,238	267,624
Income not subject to taxation	(155,789)	(90,315)	(155,789)	(90,315)
Under provision of income tax in respect of previous years	138,533	57,314	138,533	53,605
Deferred tax assets not recognised	-	65,498	-	-
Utilisation of tax losses previously not recognised	(109,418)	-	-	-
Under provision of deferred tax in respect of previous years	(128,174)	(304,640)	(128,174)	(304,640)
Income tax expense recognised in profit or loss	2,282,512	1,481,734	2,267,038	1,478,025

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fittings, and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Building RM	Total RM
Group and Company						
Cost						
At 1 January 2020	352,074	763,716	724,634	219,065	13,963,345	16,022,834
Additions	21,869	-	-	47,900	-	69,769
Disposals	(1,841)	(374,551)	(177,665)	(4,183)	-	(558,240)
Written off	-	-	(4,917)	-	-	(4,917)
At 31 December 2020/ 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	373,955	389,165	658,136	283,888	13,963,345	15,668,489
Accumulated depreciation						
At 1 January 2020	274,987	369,326	621,967	219,056	781,094	2,266,430
Charge for the year (Note 9)	32,985	76,405	39,190	5,866	279,268	433,714
Disposals	(1,821)	(355,822)	(177,665)	(4,182)	-	(539,490)
Written off	-	-	(4,917)	-	-	(4,917)
At 31 December 2020/ 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	320,838	166,314	510,694	230,585	1,339,629	2,568,060
Net carrying amount						
At 31 December 2020	65,951	299,256	63,477	42,042	12,902,983	13,373,709
At 31 December 2021	53,117	222,851	147,442	53,303	12,623,716	13,100,429

The carrying amount of fully depreciated assets that are still in use amounted to RM1,130,746 (2020: RM1,060,736).

14. INTANGIBLE ASSETS

	Computer software RM
Group and Company	
Cost	
At 31 December 2020 and 1 January 2021	275,198
Accumulated amortisation	
At 1 January 2020	236,598
Charge for the year (Note 9)	26,255
At 31 December 2020 and 1 January 2021	262,853
Charge for the year (Note 9)	12,345
At 31 December 2021	275,198
Net carrying amount	
At 31 December 2020	12,345
At 31 December 2021	-

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	11,000,004	4

On 22 January 2021, the Company injected RM1 each into the two newly incorporated subsidiaries, MARC Ratings Berhad ("MRB") and MARC Data Sdn Bhd ("MDSB"). MRB was incorporated to assume the credit rating activities of the Company and MDSB to carry on business of credit information bureau and data processing activities. An allotment of shares totalling RM999,999 was made for MDSB on 19 March 2021 and RM9,999,999 for MRB on 29 December 2021.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Proportion (%) of ownership interest 2021	2020
Held by the Company:				
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
** Incorporated on 15 December 2020
^ Incorporated on 16 December 2020

16. DEFERRED TAX

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

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 January	512,114	48,448	512,114	48,448
Recognised in profit or loss (Note 12)	453,693	463,666	412,123	463,666
At 31 December	965,807	512,114	924,237	512,114

Presented after appropriate offsetting as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Deferred tax assets	980,524	599,836	938,954	599,836
Deferred tax liabilities	(14,717)	(87,722)	(14,717)	(87,722)
	965,807	512,114	924,237	512,114

16. DEFERRED TAX (CONT'D.)

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

Deferred tax assets

	Group			
	Allowance for ECL RM	Provision for liabilities RM	Deferred revenue RM	Total RM
As at 31 December 2021				
At 1 January	4,070	595,766	-	599,836
Recognised in profit or loss	31,616	274,312	74,760	380,688
At 31 December	35,686	870,078	74,760	980,524
As at 31 December 2020				
At 1 January	28,217	399,784	-	428,001
Recognised in profit or loss	(24,147)	195,982	-	171,835
At 31 December	4,070	595,766	-	599,836

	Company			
	Allowance for ECL RM	Provision for liabilities RM	Deferred revenue RM	Total RM
As at 31 December 2021				
At 1 January	4,070	595,766	-	599,836
Recognised in profit or loss	31,616	250,239	57,263	339,118
At 31 December	35,686	846,005	57,263	938,954
As at 31 December 2020				
At 1 January	28,217	399,784	-	428,001
Recognised in profit or loss	(24,147)	195,982	-	171,835
At 31 December	4,070	595,766	-	599,836

16. DEFERRED TAX (CONT'D.)

Deferred tax liabilities

	Group		
	Property, plant and equipment RM	Deferred revenue RM	Total RM
As at 31 December 2021			
At 1 January	(9,290)	(78,432)	(87,722)
Recognised in profit or loss	(5,427)	78,432	73,005
At 31 December	(14,717)	-	(14,717)
As at 31 December 2020			
At 1 January	(379,553)	-	(379,553)
Recognised in profit or loss	370,263	(78,432)	291,831
At 31 December	(9,290)	(78,432)	(87,722)

	Company		
	Property, plant and equipment RM	Deferred revenue RM	Total RM
As at 31 December 2021			
At 1 January	(9,290)	(78,432)	(87,722)
Recognised in profit or loss	(5,427)	78,432	73,005
At 31 December	(14,717)	-	(14,717)
As at 31 December 2020			
At 1 January	(379,553)	-	(379,553)
Recognised in profit or loss	370,263	(78,432)	291,831
At 31 December	(9,290)	(78,432)	(87,722)

17. INVESTMENT SECURITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
FVTPL				
(Quoted in Malaysia)				
Unit trust funds	24,166,844	8,629,438	23,162,592	8,629,438
Real estate investment trusts	1,765,060	1,753,730	1,765,060	1,753,730
	25,931,904	10,383,168	24,927,652	10,383,168
(Unquoted in Malaysia)				
Institutional trust fund	-	7,141,515	-	7,141,515
Club membership	20,000	20,000	20,000	20,000
	20,000	7,161,515	20,000	7,161,515
Total current investment securities	25,951,904	17,544,683	24,947,652	17,544,683
Non-current				
FVTOCI				
(Unquoted outside Malaysia)				
Equity instrument	44,124	42,389	44,124	42,389
Amortised cost				
(Quoted in Malaysia)				
4.0% p.a.* RM corporate bonds due 8 February 2023	4,975,000	4,975,000	4,975,000	4,975,000
Total non-current investment securities	5,019,124	5,017,389	5,019,124	5,017,389
Total investment securities	30,971,028	22,562,072	29,966,776	22,562,072

* p.a.: per annum

18. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Current					
Trade receivables	(a)	1,584,980	1,936,999	1,485,217	1,914,999
Other receivables					
Interest receivables		102,758	591,068	99,055	591,068
Refundable deposits		22,926	26,094	22,926	26,094
Sundry receivables		190	14,745	-	14,745
Prepayments		246,924	50,362	245,349	47,355
Others		-	1,800	-	1,800
		372,798	684,069	367,330	681,062
Total trade and other receivables		1,957,778	2,621,068	1,852,547	2,596,061

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (2020: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade receivables	1,733,669	1,953,958	1,633,906	1,931,958
Allowance for expected credit loss (Note 18(a)(i))	(148,689)	(16,959)	(148,689)	(16,959)
	1,584,980	1,936,999	1,485,217	1,914,999
Lifetime non-credit impaired	1,595,498	1,952,348	1,495,735	1,930,348
Lifetime credit impaired	138,171	1,610	138,171	1,610
Gross carrying amount	1,733,669	1,953,958	1,633,906	1,931,958
ECL:				
Non-credit impaired	10,518	15,349	10,518	15,349
Credit impaired	138,171	1,610	138,171	1,610
	148,689	16,959	148,689	16,959
Net carrying amount	1,584,980	1,936,999	1,485,217	1,914,999

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

(a) Trade receivables (cont'd.)

Reconciliation allowance for expected credit loss are as follows:

(i) Reconciliation of allowance for expected credit loss

	Group and Company		
	Lifetime non-credit impaired RM	Lifetime credit impaired RM	Total RM
Lifetime ECL			
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
At 1 January 2020	17,339	100,232	117,571
Reversals	(1,990)	(98,622)	(100,612)
At 31 December 2020	15,349	1,610	16,959

19. AMOUNT DUE FROM SUBSIDIARIES, NET

	Company	
	2021 RM	2020 RM
(a) MARC Solutions Sdn Bhd		
Amount due from subsidiary:		
Shared service cost	307,992	611,047
Management and rental fee	383,000	66,000
Amount due to subsidiary	(485,000)	(195,000)
(b) MARC Learning Sdn Bhd		
Amount due from subsidiary:		
Shared service cost	125,023	98,296
Management and rental fee	13,000	66,000
Amount due to subsidiary	-	(60,000)
(c) MARC Ratings Berhad		
Amount due from subsidiary:		
Payments on behalf	5,618	-
Cost of commencement	2,000	-
(d) MARC Data Sdn Bhd		
Amount due from subsidiary:		
Payments on behalf	5,534	-
Cost of commencement	2,000	-
	359,167	586,343

Effective 2019, shared services were allocated and charged together with management fee based on the service agreements between the Company and its subsidiaries. Previously, such allocated costs were borne by the Company.

The amount due from/to subsidiaries are repayable on demand, non-trade in nature, unsecured and interest free. The amount due from subsidiaries are neither past due nor impaired. There is no ECL charged during the year.

20. DEPOSITS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits with:				
Licenced financial institutions	18,843,604	23,235,000	8,493,604	23,235,000

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

	Group		Company	
	2021	2020	2021	2020
Weighted average effective interest rates (%)	2.11	2.95	2.19	2.95
Average maturity (days)	137	136	140	136

21. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash at banks and on hand	2,260,691	1,398,723	1,729,360	962,913

22. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Provisions	3,625,323	2,482,358	3,525,022	2,482,358
Accrued operating expenses	273,750	247,585	212,441	222,915
Deferred revenue	413,172	327,156	340,268	326,801
Others	767,745	600,299	742,738	600,299
	5,079,990	3,657,398	4,820,469	3,632,373

22. OTHER PAYABLES (CONT'D.)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of year	2,482,358	1,599,080	2,482,358	1,599,080
Utilisation	(2,419,928)	(1,599,080)	(2,419,928)	(1,599,080)
Additions	3,562,893	2,482,358	3,462,592	2,482,358
At end of year	3,625,323	2,482,358	3,525,022	2,482,358

23. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 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. OTHER RESERVES

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

25. 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	
	2021 RM	2020 RM
Amount due from subsidiaries, net (Note 19)		
Other income	359,167	586,343
Shared service fee income	132,907	509,378
Management fee income	396,000	132,000
Cost of commencement	4,000	-
Consultancy fee expense	-	(25,000)

25. RELATED PARTY DISCLOSURES (CONT'D.)

b. Compensation of key management personnel

	Group and Company	
	2021 RM	**2020 RM**
Short-term employee benefits	1,785,926	3,213,321
Defined contribution plan	282,521	512,857
	2,068,447	3,726,178

Key management personnel is defined as the Group Chief Executive Officer, Chief Economist, Chief Rating Officer, Technical Director and Chief Business Officer.

26. 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	
	2021 RM	**2020 RM**
Not later than 1 year	25,800	26,640
Later than 1 year but not later than 5 years	12,900	38,700
	38,700	65,340

27. 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 2021 and 2020.

27. 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	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Group								
Financial assets:								
FVTPL								
(Quoted in Malaysia)								
Unit trust funds	24,166,844	8,629,438	-	-	-	-	24,166,844	8,629,438
Real estate investment trusts	1,765,060	1,753,730	-	-	-	-	1,765,060	1,753,730
(Unquoted in Malaysia)								
Institutional trust	-	-	-	7,141,515	-	-	-	7,141,515
Club membership	-	-	20,000	20,000	-	-	20,000	20,000
FVTOCI								
(Unquoted outside Malaysia)								
Equity instruments	-	-	44,124	42,389	-	-	44,124	42,389
At 31 December	25,931,904	10,383,168	64,124	7,203,904	-	-	25,996,028	17,587,072

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

	Level 1		Level 2		Level 3		Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Company								
Financial assets:								
FVTPL								
(Quoted in Malaysia)								
Unit trust funds	23,162,592	8,629,438	-	-	-	-	23,162,592	8,629,438
Real estate investment trusts	1,765,060	1,753,730	-	-	-	-	1,765,060	1,753,730
(Unquoted in Malaysia)								
Institutional trust	-	-	-	7,141,515	-	-	-	7,141,515
Club membership	-	-	20,000	20,000	-	-	20,000	20,000
FVTOCI								
(Unquoted outside Malaysia)								
Equity instruments	-	-	44,124	42,389	-	-	44,124	42,389
At 31 December	24,927,652	10,383,168	64,124	7,203,904	-	-	24,991,776	17,587,072

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

27. 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 statement of financial position, except for the financial assets as disclosed below.

	Group and Company			
	2021		2020	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets:				
AC				
4.0% p.a. RM corporate bonds due 8 February 2023	4,975,000	5,120,000	4,975,000	5,175,000

(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) Unquoted institutional trust fund investment and club membership (unquoted)

The fair value of this unquoted investment is measured based on Level 2 fair value measurement derived from net asset value of the institutional trust fund.

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	20
Cash and bank balances	21
Other payables	22

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

28. 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, Chief Business Officer and Head of Finance. 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 and other 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.

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.

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

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 except for investment security, quoted corporate bond which earns coupon of 4% per annum and matures on 8 February 2023.

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.

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 RM88,253 (2020: RM87,687) 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.

29. 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 its capital structure and makes 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 2021 and 31 December 2020.

The Company is required by the Securities Commission ("SC") vide its Guidelines on Registration of Credit Rating Agencies (under Paragraph 2.2) issued on 30 March 2011 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 Company for the financial year ended 31 December 2021.

30. DIVIDENDS

	Group and Company	
	2021 **RM**	**2020** **RM**
Recognised during the financial year:		
Dividends on ordinary shares: - A first and final single tier dividend of 20% at 20 sen per ordinary share (2020: A special single tier of 5% at 5 sen per ordinary share, and a first and final single tier dividend of 15% at 15 sen per ordinary share)	4,000,000	4,000,000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares: - A first and final single tier dividend of 10% at 10 sen per ordinary share (2020: A first and final single tier of 20% at 20 sen per ordinary share)	2,000,000	4,000,000

A first and final single tier dividend of 10 sen or equivalent to a net cash flow of RM2,000,000 in respect of the financial year ended 31 December 2021, had been declared on 28 April 2022. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

31. PRIOR YEAR RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been reclassified in the statement of profit or loss and other comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to confirm to the current year's presentation.

Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2020:

	Group and Company		
	As reported RM	Reclass RM	As restated RM
Interest income	1,359,782	(597,880)	761,902
Distribution income	-	597,880	597,880

32. SIGNIFICANT AND SUBSEQUENT EVENTS

The following are the significant and subsequent events of the Group and the Company during the financial year ended 31 December 2021:

(a) Injection of capital to two newly incorporated subsidiaries

On 22 January 2021, the Company injected RM1 each into the two newly incorporated subsidiaries, MARC Ratings Berhad ("MRB") and MARC Data Sdn Bhd ("MDSB"). MRB was incorporated to assume the credit rating activities of the Company and MDSB to carry on business of credit information bureau and data processing activities. An allotment of shares totalling RM999,999 was made for MDSB on 19 March 2021 and RM9,999,999 for MRB on 29 December 2021.

(b) Transfer of credit rating licence to MARC Ratings Berhad and application of operating licence of MARC Data Sdn Bhd

Application for transfer of credit rating licence to MRB had been approved by the Securities Commission on 14 June 2021 and operating licence for MDSB was approved by the Ministry of Finance on 3 September 2021.

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

(c) Impact of COVID-19 Pandemic

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Group and the Company, the impact on business operations has not been a direct consequence of the COVID-19 pandemic, but a result of the measures taken by the Government of Malaysia to contain it. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy. The occurrence of the COVID-19 pandemic is not an adjusting post balance sheet event.

Other than as disclosed elsewhere in the financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2021 that have significant impact on the financial position of the Group and the Company as at 31 December 2021.

LIST OF SHAREHOLDERS
31 DECEMBER 2021

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.	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

MALAYSIAN RATING CORPORATION BERHAD
Registration No. 199501035601 (364803-V)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Twenty-Sixth (26th) 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 Monday, 13 June 2022 at 10.00 a.m. to consider the following items of business:

AGENDA

As Ordinary Business: -

1. To receive the Audited Financial Statements together with the Reports of the Directors and Auditors for the financial year ended 31 December 2021.

2. To approve the payment of Directors' Fees up to RM664,000 for the period from the *26th* AGM to the 27th AGM of the Company. *(Resolution 1)*

3. To approve the payment of Directors' Benefits for an amount up to RM109,000 from the *26th* AGM to the 27th AGM of the Company. *(Resolution 2)*

4. 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: -

5. 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)*

As Special Business: - (cont'd.)

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

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

20 May 2022

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 26th 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 Saturday, 11 June 2022 at 10.00 a.m.

(5) The invitation to participate at the 26th 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 26th AGM not later than Saturday, 11 June 2022 at 10.00 a.m.

As the 26th AGM is a virtual AGM, shareholders who are unable to participate in this 26th AGM may appoint the Chairman of the meeting as their proxy and indicate the voting instructions in the proxy form.

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 RM664,000 for the Group to commensurate with their roles and responsibilities.

(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 RM109,000 is derived from the estimated number of meetings to be held by the Group from the 26th AGM to the 27th AGM.

(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

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 the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth (26th) 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 Monday, 13 June 2022 at 10.00 a.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 Directors' Fees for an amount up to RM664,000 for the period from the 26th AGM to the 27th AGM of the Company.		
2	To approve payment of Directors' Benefits for an amount up to RM109,000 from the 26th AGM to the 27th AGM of the Company.		
3	To re-appoint Messrs Deloitte PLT as Auditors.		
4	Authority to Issue Shares by Directors.		

Dated this ______________________________ day of____________________ 20
Signed by the said ____
In the presence of ____

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 26th 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 Saturday, 11 June 2022 at 10.00 a.m.*

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As the 26th AGM is a virtual AGM, shareholders who are unable to participate in this 26th AGM may appoint the Chairman of the meeting as his 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).

(Fold here)

STAMP

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)

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

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Email : marc@marc.com.my
Website : www.marc.com.my

All information stated is correct at time of printing.