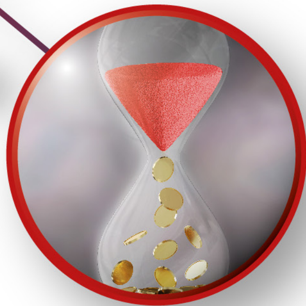
MARC




ANNUAL 2020 REPORT

Sustainable Transformation for a Resilient Future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INTRODUCTION

ABOUT US

Malaysian Rating Corporation Berhad (MARC) was established in 1995. 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 longstanding 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, and are recognised by the Securities Commission Malaysia.

MARC is a Bank Negara Malaysia-accredited External Credit Assessment Institution and is registered with the Securities Commission Malaysia as a credit rating agency. A public limited company, our shareholders comprise international credit rating agencies, major investment banks, insurance companies and stockbrokers in Malaysia.

CORPORATE VISION

Solutions Beyond Risk

MARC's new corporate vision is to be a provider of solutions beyond risk. Aligned with this, our new tagline is ***Solutions Beyond Risk***, which represents MARC's commitment and focus to be a bespoke provider across its offerings, encompassing ratings, learning, solutions, data and analytics.

MARC'S NEW LOGO

On February 8, 2021, MARC unveiled a refreshed logo that encapsulates its aspirations as a modern and progressive credit rating agency.

Evolution

MARC's logo has evolved over operations spanning more than 25 years:

1995 - 2007

MARC
MALAYSIA RATING CORPORATION BERHAD
CLARITY AND INTEGRITY

2008 - 2020

MARC
PROVIDER OF TRUST INSIGHTS ON RISK

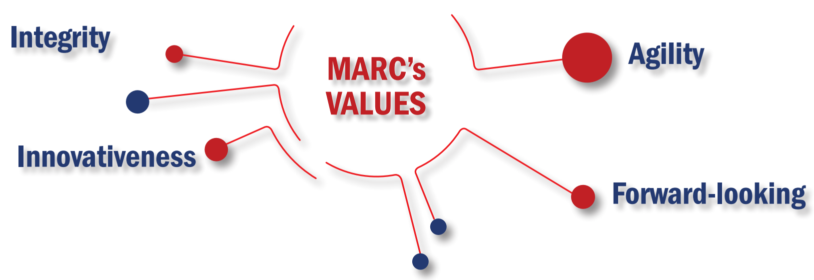
2021

MARC
SOLUTIONS BEYOND RISK

The logo's evolution represents MARC's journey towards becoming a progressive and vibrant credit rating agency by its three-pronged approach of embracing technology, remaining agile and adapting to the ever-changing business environment. This progression also allows MARC to create further value for all its stakeholders.

Design Philosophy

MARC's new logo captures its aspirations as a contemporary and progressive credit rating agency. The top blue line in the logo represents the company's ambitions as it seeks to expand into new business segments. The bottom blue line symbolises MARC's strong foundation formed over 25 years of operations as a credit rating institution. The red font colour embodies MARC's enduring values of strength, trust and stability.



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

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

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

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 Sustainable and Responsible Investment (SRI) Sukuk Framework

2017

- Voted as the 2017 Best Islamic Rating Agency by GIFA
- Rated the world's largest Green 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

CORPORATE INFORMATION
(w.e.f. April 30, 2021)

BOARD OF DIRECTORS

Datuk Azizan Haji Abd Rahman
- Chairman
(Retired on April 29, 2021)

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

Dato' Muthanna Abdullah
(Retired on April 29, 2021)

Leong Bee Lian, Lillian
(Retired on April 29, 2021)

Chua Seck Guan
(Resigned on February 1, 2021)

Dr. Veerinderjeet Singh Tejwant Singh

Toi See Jong

Wendy Cheong
(Joined on March 1, 2021)

Ng Kok Kheng
(Joined on April 1, 2021)

Tan Nyat Chuan
(Joining on May 1, 2021)

RATING COMMITTEE

Dr. Loh Leong Hua - Chairman

Datuk Jamaludin Nasir

Rajan Paramesran

Lee Jin Ghee, Kirby

Sharizad Juma'at
(Joined on October 26, 2020)

SENIOR MANAGEMENT

Datuk Jamaludin Nasir
- Group Chief Executive Officer

Rajan Paramesran
- Chief Rating Officer

Ahmad Feizal Sulaiman Khan
- Chief Business Officer
- CEO of MARC Learning Sdn Bhd
(formerly known as MARC Training Sdn Bhd)

Firdaos Rosli
- Head, Economic Research
(Joined on November 2, 2020)

MARC

LEADERSHIP TEAM

Ratings & Economic Research

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

Business & Support Services

Yap Ngee Heong, Jack
- Head, Business Origination

Lalitha Sivanesan
- Head, Strategic Communications

Sofina Mohamad Munir
- Head, Compliance, Governance & Risk Management

Shuaibah Awaldeen
- Head, Finance, Administration & IT

Hajjah Khaireny Mohamed Khalid
- Head, Human Capital
(Joined on May 13, 2020)

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

Messrs. Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

REGISTERED OFFICE

19-07, Level 19, Q Sentral
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Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

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Website : www.marc.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

1 DATUK AZIZAN HAJI ABD RAHMAN
2 DATUK SERI DR NIK NORZRUL THANI N.HASSAN THANI
3 DATO' MUTHANNA ABDULLAH
4 LEONG BEE LIAN, LILLIAN
5 CHUA SECK GUAN
6 DR. VEERINDERJEET SINGH TEJWANT SINGH
7 TOI SEE JONG
8 NG KOK KHENG
9 TAN NYAT CHUAN

* *Not pictured :*
WENDY CHEONG

BOARD OF DIRECTORS PROFILES

DATUK AZIZAN HAJI ABD RAHMAN

Independent Non-Executive Chairman
(Retired w.e.f. April 29, 2021)
Tenure : December 14, 2012 - April 29, 2021
Board Committee as at December 31, 2020 : Nomination and Remuneration Committee

Datuk Azizan became MARC's Chairman on April 29, 2013. Datuk Azizan had previously served as the Director-General of Labuan Financial Services Authority (Labuan FSA) from July 2005 until his retirement in September 2011. At Labuan FSA, Datuk Azizan spearheaded many initiatives to strategise the financial centre's deliverables and develop Islamic Finance in Labuan in line with the Malaysia International Islamic Financial Centre's (MIFC) objectives. At the same time, he served on the boards of Labuan Corporation, Financial Park Labuan Sdn Bhd and Bahrain-based International Islamic Finance Market (IIFM), as well as on the executive committee of the MIFC.

Prior to joining Labuan FSA, he was the Director of Banking Supervision at Bank Negara Malaysia (BNM), where he supervised major domestic and foreign banking institutions operating in Malaysia. Datuk Azizan started his career in 1979 with BNM where he worked for 31 years, accumulating a wide range of experience in finance, supervision and examination. During his early tenure with the central bank, he was attached to PricewaterhouseCoopers (1979-1983) and Standard Chartered Bank (1986-1987). He was also member of the boards and investment committees of several government bodies, including Kumpulan Wang Persaraan (Diperbadankan) and ERF Sdn Bhd, and an advisor to the Malaysian Accounting Standards Board.

Currently, Datuk Azizan is the Chairman of MIDF Amanah Investment Bank Berhad. He is a Board member of Malaysian Industrial Development Finance Berhad, CTOS Holdings Sdn Bhd, CTOS Data Systems Sdn Bhd, Kensington Trust Malaysia Berhad, Kensington International Group Pte. Ltd., City Credit Investment Bank Limited, Cagamas Berhad, Cagamas SRP Berhad, OCBC Bank (Malaysia) Berhad, OCBC Al Amin Bank Berhad and Danum Capital Berhad.

He graduated with a Bachelor of Accounting (Hons) degree from the University of Malaya and holds a Master's degree in Business Administration (MBA) from the University of Queensland, Australia. He is a Fellow Member of CPA (Australia) and a member of the Malaysian Institute of Accountants.

BOARD OF DIRECTORS PROFILES (CONT'D)

DATO' MUTHANNA ABDULLAH

Independent Non-Executive Director
(Retired w.e.f. April 29, 2021)

Tenure	: December 14, 2012 - April 29, 2021
Board Committee as at December 31, 2020	: Nomination and Remuneration Committee (Chairman)

Dato' Muthanna is a Barrister of Middle Temple and an Advocate and Solicitor of the High Court of Malaya. He read law at the University of Buckingham, England and was called to the Bar of England and Wales in 1982 and to the Malaysian Bar in 1983. He is a Consultant at Abdullah Chan & Co.

Currently, he is the Honorary Consul of the Republic of San Marino to Kuala Lumpur.

Dato' Muthanna is also a Director of Digital Nasional Berhad, IHH Healthcare Berhad, Sapura Resources Berhad, MSM Malaysia Holdings Berhad, Malaysian Life Reinsurance Group Berhad, MSIG Insurance (Malaysia) Bhd, and a Trustee of Yayasan Siti Sapura Husin and The Habitat Foundation.

LEONG BEE LIAN, LILLIAN

Independent Non-Executive Director
(Retired w.e.f. April 29, 2021)

Tenure	: December 14, 2012 - April 29, 2021
Board Committees as at December 31, 2020	: Nomination and Remuneration Committee, and Audit and Risk Committee

Madam Leong was with BNM for 33 years from 1976 to 2009. She served mainly in the Treasury and Investment Operations Department and was the Chief Representative of the London office. On her return to Malaysia in 2006, she was appointed to the position of Assistant Governor overseeing Treasury & Investment Operations, Exchange Administration and Currency Operations.

She is also currently a member of the Monetary Penalty Review Committee in BNM.

Madam Leong holds a Bachelor of Economics and Politics degree from Monash University, Melbourne, Australia.

BOARD OF DIRECTORS PROFILES (CONT'D)

CHUA SECK GUAN

Independent Non-Executive Director
(Resigned w.e.f. February 1, 2021)
Tenure : June 5, 2013 - February 1, 2021
Board Committee as at December 31, 2020 : Audit and Risk Committee

Mr. Chua was appointed as the Chief Executive Officer (CEO) and Executive Director of MSIG Insurance (Malaysia) Berhad on April 1, 2020. A Senior Associate and Certified Insurance Professional from the Australian and New Zealand Institute of Insurance and Finance, he has vast experience in general insurance operations, having served 37 years with MSIG. He provides the leadership and has played key strategic and operational roles in charting the company's growth to its current revenue and profit levels, positioning MSIG as one of the leaders in the industry. He was also instrumental in leading MSIG to be awarded the General Insurance Company of the Year 2015 by the Asia Insurance Review magazine, and in becoming the winner of the Insurance News Asia magazine's P&C Insurer of the Year 2018 for Malaysia.

Mr. Chua was also the past Chairman of the General Insurance Insurance Association of Malaysia (PIAM) and the ASEAN Insurance Council.

TOI SEE JONG

Independent Non-Executive Director
Tenure : April 17, 2017 - Present
Board Committee as at December 31, 2020 : Audit and Risk Committee
Subsidiaries as at December 31, 2020 (as Director) : **MARC Solutions Sdn Bhd** *(formerly known as MARC Risk Management Solutions Sdn Bhd)*; **MARC Learning Sdn Bhd** *(formerly known as MARC Training Sdn Bhd)*

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.

BOARD OF DIRECTORS PROFILES (CONT'D)

DR. VEERINDERJEET SINGH TEJWANT SINGH

Independent Non-Executive Director

Tenure	: April 17, 2017 - Present
Board Committee as at December 31, 2020	: Audit and Risk Committee (Chairman)
Subsidiaries as at December 31, 2020 (as Director)	: MARC Solutions Sdn Bhd *(formerly known as MARC Risk Management Solutions Sdn Bhd)*; MARC Learning Sdn Bhd *(formerly known as MARC Training Sdn Bhd)*; 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) and Malaysian Institute of Certified Public Accountants (MICPA).

He is the current President of the MIA and MICPA, and was also the past President of the Chartered Tax Institute of Malaysia. 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. He is also an Independent Non-Executive Director of AmBank (M) Berhad and UMW Holdings Berhad, and a Director of IBFD Asia Sdn Bhd.

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.

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

DATUK SERI DR NIK NORZRUL THANI N.HASSAN THANI

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

Tenure	: February 1, 2021 - Present
Board Committee as at December 31, 2020	: NIL

Datuk Seri Dr Nik is Chairman of IIUM Holdings Sdn Bhd and 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 also Chairman of the Capital Market Compensation Fund Corporation (a corporation set up by the Securities Commission Malaysia) and is a Director of several public companies including Amanah Saham Nasional Berhad, Cagamas Holdings Berhad and MUFG Bank (Malaysia) Berhad.

He is also Chairman and Senior Partner at Zaid Ibrahim & Co., the largest law firm in Malaysia. Prior to this, he served with Baker & McKenzie.

He is a Fellow of the Financial Services Institute of Australasia and has also been admitted as a Practising Member of the Chartered Institute of Islamic Finance Professionals. Datuk Seri Dr Nik is also a registered Notary Public. Previously, he was a Visiting Fulbright Scholar at Harvard Law School and Chevening Visiting Fellow at the Oxford Centre of Islamic Studies, Oxford University.

Datuk Seri Dr Nik holds an honours degree in law from the University of Buckingham, a master's degree in law from the University of London and a doctorate in law from the University of London, in addition to being a Barrister-at-Law from Lincoln's Inn. He also obtained 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).

BOARD OF DIRECTORS PROFILES (CONT'D)

WENDY CHEONG

Non-Independent Non-Executive Director
Tenure : March 1, 2021 - Present
Board Committee as at December 31, 2020 : NIL

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.

Ms Cheong joined Moody's in 2010 as Assistant Director of Content Strategy at 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 MIS; 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.

Before joining Moody's, she held senior strategy, sales and marketing positions at Prudential PLC in Hong Kong, as well as at Singapore Telecoms in Singapore.

Ms Cheong holds a Bachelor of Arts in Southeast Asian Studies from the National University of Singapore.

NG KOK KHENG

Independent Non-Executive Director
Tenure : April 1, 2021 - Present
Board Committee as at December 31, 2020 : NIL

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 experience in the insurance industry, having been involved in roles as underwriter, technical risk management, insurance broker and business development.

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

BOARD OF DIRECTORS PROFILES (CONT'D)

TAN NYAT CHUAN

Independent Non-Executive Director
Joining the Board : May 1, 2021
Board Committee as at December 31, 2020 : NIL

Mr. Tan has 34 years of banking and payments experience in the financial industry, of which 32 years was with 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.

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

RATING COMMITTEE

1 **DR. LOH LEONG HUA**
Chairman of the Committee

2 **DATUK JAMALUDIN NASIR**
Group Chief Executive Officer

3 **RAJAN PARAMESRAN**
Chief Rating Officer

4 **LEE JIN GHEE, KIRBY**

5 **SHARIZAD JUMA'AT**

RATING COMMITTEE PROFILES

CHAIRMAN OF THE COMMITTEE
(w.e.f. June 1, 2020)

DR. LOH LEONG HUA

Dr. Loh currently sits on the boards of MBSB Bank Berhad and Pacific & Orient Insurance Co. Berhad as an Independent Non-Executive Director. He has wide exposure in areas of banking and financial services that includes insurance and credit rating. Since 1994, he has held several senior executive positions in select 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.

He was previously a Director of Asian Finance Bank Berhad, WTK Holdings Berhad, YKGI Holdings Berhad and was a Member of the Board Risk Committee of the State Government Economic Development Agency in Sarawak. He was also a board member of Transnational Insurance Brokers (M) Sdn Bhd, a licensed 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 the University of Pennsylvania, USA. He is a Fellow of the Institute of Corporate Directors Malaysia (ICDM).

Dr. Loh was appointed as a member of 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

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 28 for his full profile.

RATING COMMITTEE PROFILES (CONT'D)

RAJAN PARAMESRAN

Chief Rating Officer

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

Please refer to page 28 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 ten 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 CASS Business School, UK.

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

RATING COMMITTEE PROFILES (CONT'D)

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 from Universiti Kebangsaan Malaysia and an MBA specialising in Finance from Michigan State University. 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

1 DATUK JAMALUDIN NASIR
Group Chief Executive Officer

2 RAJAN PARAMESRAN
Chief Rating Officer

3 AHMAD FEIZAL SULAIMAN KHAN
Chief Business Officer and CEO of MARC Learning Sdn Bhd

4 FIRDAOS ROSLI
Head, Economic Research

SENIOR MANAGEMENT PROFILES

DATUK JAMALUDIN NASIR

Group Chief Executive Officer

Subsidiaries as at December 31, 2020 (as Director) : **MARC Solutions Sdn Bhd** *(formerly known as MARC Risk Management Solutions Sdn Bhd)*; **MARC Learning Sdn Bhd** *(formerly known as MARC Training Sdn Bhd)*; **MARC Data Sdn Bhd; MARC Ratings Berhad**

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 senior 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.

RAJAN PARAMESRAN

Chief Rating Officer

Rajan was appointed Chief Rating Officer of MARC on 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 degree from the University of Malaya and a Master of Business Studies from University College Dublin, Ireland.

SENIOR MANAGEMENT PROFILES (CONT'D)

AHMAD FEIZAL SULAIMAN KHAN

Chief Business Officer and
CEO of MARC Learning Sdn Bhd *(formerly known as MARC Training Sdn Bhd)*
(w.e.f. February 25, 2020)

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 CEO of MARC Learning Sdn Bhd *(formerly known as MARC Training Sdn Bhd)*, the learning and development arm of the MARC Group.

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.

FIRDAOS ROSLI

Head, Economic Research
(w.e.f. November 2, 2020)

Firdaos joined MARC as Head of Economic Research with over 15 years of experience in economic development. In MARC, he is responsible for economic, sovereign and sub-sovereign ratings as well as fixed-income macroeconomic research output.

In the early years of his career, Firdaos worked for PricewaterhouseCoopers Malaysia and RHB Bank Berhad. From 2005-2010, Firdaos served with the Malaysian government as an Administrative and Diplomatic Officer under the purview of the Ministry of International Trade and Industry (MITI), where he worked on policies concerning bilateral and regional trade relations, Asia Pacific Economic Cooperation (APEC) and industrial development. He also served in the Minister's Office as the Senior Private Secretary to the Deputy Minister of MITI from 2008 to 2010.

Prior to joining MARC, Firdaos served with the Institute of Strategic and International Studies (ISIS) Malaysia from January 2011 to October 2020 where he moved up the ranks from Senior Analyst in Economics to the Director of Economics, Trade and Regional Integration, having assumed the latter post in April 2017. 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 degree 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. He holds a Diploma in Public Administration from the National Institute of Public Administration (INTAN), Malaysia and Business Foundation Programme from St. Andrew's College in Cambridge, UK.

LEADERSHIP TEAM

Business & Support Services

Standing from left

SHUAIBAH AWALDEEN
Head, Finance, Administration & IT

SOFINA MOHAMAD MUNIR
Head, Compliance, Governance & Risk Management

YAP NGEE HEONG, JACK
Head, Business Origination

LALITHA SIVANESAN
Head, Strategic Communications

HAJJAH KHAIRENY MOHAMED KHALID
Head, Human Capital

Ratings & Economic Research

Standing from left

HAFIZA ABDUL RASHID
Head, Rating Portfolio, Infrastructure and Telecommunications

MOHD IZAZEE ISMAIL
Head, Rating Portfolio, Financial Institutions

QUAH BOON HUAT
Senior Economist, Economic Research

SHARIDAN SALLEH
Head, Rating Portfolio, Project Finance and Energy

TAUFIQ KAMAL
Head, Rating Portfolio, Construction, Property, Plantation and Retailing


123.74
135
130
125

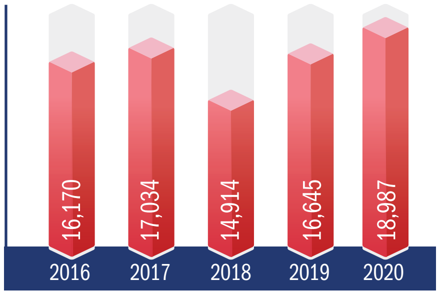
REVIEW OF BUSINESS AND OPERATIONS

FINANCIAL HIGHLIGHTS

REVENUE: BY GROUP

Amount denoted in RM'000

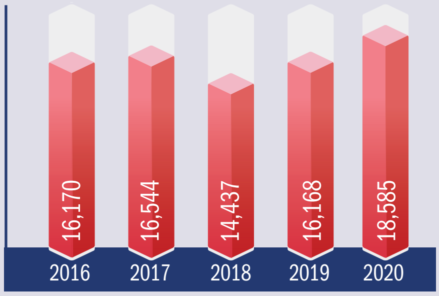
2016	2017	2018	2019	2020
16,170	17,034	14,914	16,645	18,987



REVENUE: BY COMPANY

Amount denoted in RM'000

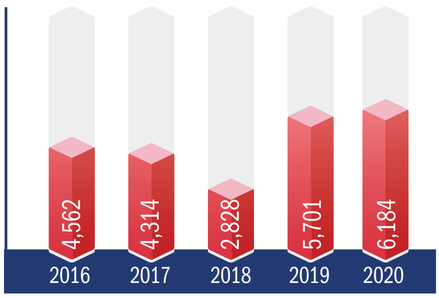
2016	2017	2018	2019	2020
16,170	16,544	14,437	16,168	18,585



PROFIT BEFORE TAX: BY GROUP

Amount denoted in RM'000

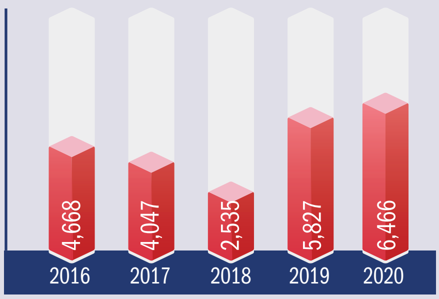
2016	2017	2018	2019	2020
4,562	4,314	2,828	5,701	6,184



PROFIT BEFORE TAX: BY COMPANY

Amount denoted in RM'000

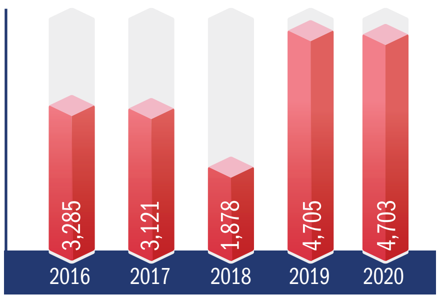
2016	2017	2018	2019	2020
4,668	4,047	2,535	5,827	6,466



PROFIT AFTER TAX: BY GROUP

Amount denoted in RM'000

2016	2017	2018	2019	2020
3,285	3,121	1,878	4,705	4,703

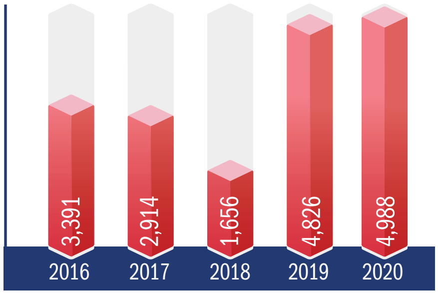


FINANCIAL HIGHLIGHTS (CONT'D)

PROFIT AFTER TAX: BY COMPANY

Amount denoted in RM'000

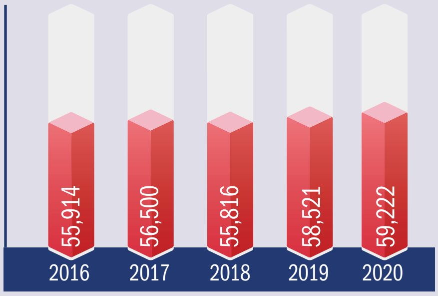
2016	2017	2018	2019	2020
3,391	2,914	1,656	4,826	4,988



SHAREHOLDERS' FUND: BY GROUP

Amount denoted in RM'000

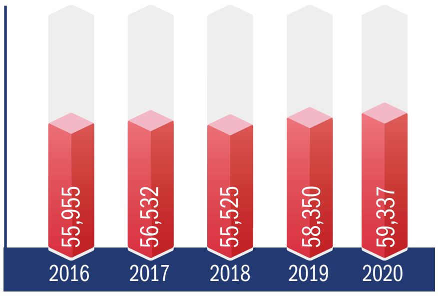
2016	2017	2018	2019	2020
55,914	56,500	55,816	58,521	59,222



SHAREHOLDERS' FUND: BY COMPANY

Amount denoted in RM'000

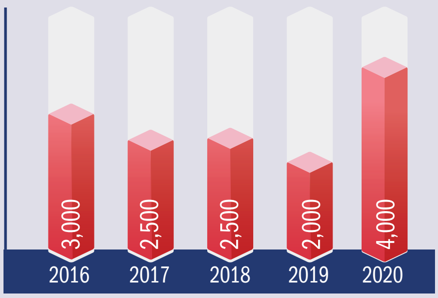
2016	2017	2018	2019	2020
55,955	56,532	55,525	58,350	59,337



DIVIDEND PAYOUT: BY GROUP

Amount denoted in RM'000

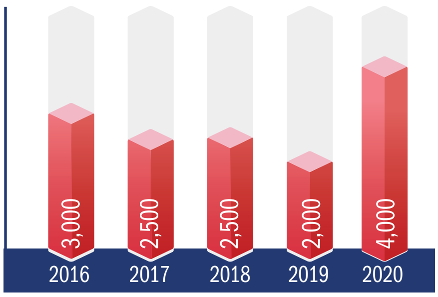
2016	2017	2018	2019	2020
3,000	2,500	2,500	2,000	4,000



DIVIDEND PAYOUT: BY COMPANY

Amount denoted in RM'000

2016	2017	2018	2019	2020
3,000	2,500	2,500	2,000	4,000



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to share MARC's Annual Report for the year 2020, which shows how we have persevered in the new normal and illustrates our continued commitment towards driving sustainable capital markets. The year 2020 was unprecedented in global history. During this time of global economic uncertainty, political events, social divisions, and elevated concerns about the environment, we believe the capital markets have an important role to play in creating opportunities and more importantly, in ensuring a sustainable economic recovery.

Going forward, we envisage a GDP growth of 5.1% in 2021, to reflect a V-shaped rebound. We are hopeful that movement restrictions will ease after 2H2021, a period when we expect the economy to stabilise. Private consumption will remain the key driver of Malaysia's growth narrative, partly supported by policy stimulus. The country's economic growth, nevertheless, will be at a slower pace compared to the pre-pandemic years given ailing labour market conditions. The unemployment rate is expected to remain elevated at 4.4% in 2021. Addressing the uncertainties surrounding the COVID-19 pandemic as well as political developments will strengthen investment sentiment and imbue confidence in local and foreign firms.

The landscape of trade should look more promising in 2021 as external demand is expected to pick up. The World Trade Organisation has projected an 8.0% rise in the volume of merchandise trade for 2021, up from a 5.3% decline in 2020 due to the pandemic. Malaysia's exports will remain driven by the global electronics upturn and the upward movement in commodity prices. At a time when there are less imports due to the ongoing crisis, the country is registering a trade surplus and is in the possession of a positive current account balance.

The Malaysian fixed income market remains vibrant, despite the corporate bond and sukuk market experiencing a drop in total issuance by 20.9% to RM104.6 billion in 2020 compared with RM132.1 billion in 2019.

Nonetheless, Malaysia's Islamic capital market has continued to thrive in these conditions with corporate sukuk issuances representing 73.6% of total corporate bond and sukuk issuances. Corporate sukuk outstanding made up 81.0% of total corporate bonds and sukuk outstanding, according to the Securities Commission Malaysia's Annual Report 2020. For 2021, it is estimated that corporate bond issuances will remain between RM100.0 billion and RM110.0 billion, similar to 2020.

Our Impact Bond Assessments (IBA) continue to be a key business focus in adjusting to the new normal and promoting sustainable investments moving forward. The use of sukuk as a funding instrument has gained widespread appeal in Malaysia following the issuance of the Sustainable and Responsible Investment (SRI) Sukuk Framework by the Securities Commission Malaysia. The SRI Sukuk Framework was recently revised in 2019; parts of the framework were enhanced to further align the requirements set by the Securities Commission Malaysia with internationally accepted principles and best practices that place emphasis on transparency with regard to disclosure requirements. The Framework has paved the way for Malaysian issuers to issue SRI sukuk in the form of green, sustainable, and social sukuk issuances. To date, a cumulative 13 SRI sukuk have been issued in Malaysia, and we are confident that this trend will continue given the positive feedback from market participants.

As we adjust to the new normal, we have gained new insights into how we conduct our business operations against the current weak economic backdrop. Sustainability remains our unchanging compass as we navigate our business, enabling us to weather and even thrive in these uncertain times.

We believe that social, economic, and environmental sustainability are significant aspects of MARC's development, growth and expansion. This is applicable to the Malaysian corporate sector as a whole, given that this segment acts as the bellwether for the nation's economic outlook.

Throughout our 25-year history, we have sought to build trust and provide solutions by continuously innovating our business to stay relevant. This year is no different. In view of this, earlier in the year we unveiled our new vision – ***Solutions Beyond Risk*** – with a refreshed logo and a reorganisation of MARC's businesses, as well as new solutions and product offerings.

In closing, I would like to extend my heartfelt gratitude to the board of directors, rating committee members and the senior management team for their unwavering dedication and commitment to MARC. A big thank you also goes out to our shareholders and stakeholders for their continued support. We look forward to MARC's further growth, in 2021 and the years to come.

DATUK AZIZAN HAJI ABD RAHMAN
CHAIRMAN of MARC

CEO'S STATEMENT

TOWARDS A SUSTAINABLE TRANSFORMATION

2020 was a game-changing year for MARC as we delivered an outstanding financial performance by solidifying our leading role in the rating of sukuk and making significant progress in delivering sustainability assessments and bespoke credit rating models. This accomplishment is significant given that it was achieved against the challenging backdrop of the COVID-19 pandemic of which the economic and social impact both domestically and globally is still very much ongoing.

Change before you have to. The words of the late, great Jack Welch have never rung truer, especially in these challenging and uncertain times. In view of this, we made a conscious decision to undertake steps towards ensuring that MARC's transformation was carried out in a manner that is sustainable to ensure its relevance beyond the near term. With this in mind, we adopted a three-pronged approach.

We made significant inroads in diversifying our revenue by expanding the scope of our current subsidiary, MARC Solutions Sdn Bhd, to encompass corporate and debt restructuring advisory, in addition to credit risk analytics solutions and sustainability-linked offerings. We also officially created a new subsidiary, MARC Data Sdn Bhd, which will be the data, analytical and digital hub for MARC.

In conjunction with our 25th anniversary, earlier in the year MARC unveiled its refreshed logo as we seek to solidify our position with a focused and forward identity in our ongoing mission to deliver critical and bespoke market intelligence to our stakeholders. We also presented our new tagline – ***Solutions Beyond Risk*** – which represents MARC's commitment and focus to be a bespoke provider across its offerings, encompassing ratings, learning, solutions, data and analytics.

MARC EVENTS 2020

MARC hosted its inaugural webinar, titled *MARC Breakfast Talk – COVID 19 and Its Impact on the Malaysian Debt Capital Markets* on April 28, 2020. Panellists comprised MARC's senior management, which provided a snapshot of the economy, bond market and corporate ratings. The webinar attracted 302 participants.

On June 24, 2020, we held our 24th Annual General Meeting themed *Driving a Sustainable Capital Market in Challenging Times*. During this virtual AGM, the company's financial results and final dividend for financial year ending December 31, 2019 were approved.

As is our practice every year, MARC published its 2020 Lead Managers' League Tables, which saw CIMB Investment Bank Berhad topping the issued value league table of MARC-rated debt and sukuk programmes/issuances, with Maybank Investment Bank Berhad coming in second and HSBC Amanah Malaysia Berhad in third place. Meanwhile, the issue count league table of MARC-rated debt and sukuk programmes/issuances was headed by Maybank Investment Bank Berhad. CIMB Investment Bank Berhad, HSBC Amanah Malaysia Berhad and RHB Investment Bank Berhad came in second.

We also launched the MARC 360 webinar series, which is a special platform to host current capital market conversations with stakeholders of the Malaysian debt capital markets. In line with this, we hosted the *MARC 360: PROPERTY RECHARGE 2020* webinar series over five consecutive weeks. The series, which saw participation from various stakeholders in the property industry, was officiated by the President of REHDA, Dato' Soam Heng Choon, receiving an average of 240 participants per webinar.

FINANCIAL REVIEW

In 2020, our total revenue improved by 14% to RM18.99 million (2019: RM16.64 million) as rated corporate issuances showed an increase in terms of value and volume during the year over 2019. Profit before taxes increased to RM6.18 million, (2019: RM5.70 million). The improved financial results are reflective of a change in the domestic investment climate, and of the continued confidence from the public, players and investors given our improved rating stability and long-term accuracy.

We are confident of MARC's growth opportunities as we add new services to our offerings. MARC Solutions Sdn Bhd leads the way in terms of revenue diversification, whereby we have embarked on providing bespoke financial modelling as well as data analytics, which, when viewed in their totality, are all aimed towards managing and providing results in a manner that is both transparent and sustainable. We are confident that the successful implementation of our revenue diversification initiatives will benefit our strategic position and create long-term value for our stakeholders.

RATING PERFORMANCE

In 2020, MARC assigned 18 new issue ratings with a total programme size of RM32.1 billion along with 114 issue rating affirmations, compared to 6 new issue ratings totalling RM17.0 billion together with 107 issue rating affirmations in 2019. MARC continues to play a leadership role in the development and growth of the domestic sukuk market, which remains a key source of funding for domestic infrastructure development, project financing, corporates and capital management. Noteworthy sukuk programmes rated by MARC last year include:

Key corporates

- TG Excellence Berhad's RM3.0 billion Perpetual Sukuk Wakalah Programme
- Sime Darby Property Berhad's RM4.5 billion Sukuk Musharakah Programme
- Malaysian Resources Corporation Berhad's Islamic Medium-Term Notes Programme (Sukuk Murabahah) of up to RM5.0 billion
- OSK Rated Bond Sdn Bhd's Sukuk Murabahah/Multi-Currency Medium-Term Notes Programme with a combined limit of up to RM2.0 billion
- Tropicana Corporation Berhad's RM1.5 billion Islamic Medium-Term Notes Programme (Sukuk Wakalah)
- Gas Malaysia Distribution Sdn Bhd's Islamic Medium-Term Notes Programme and Islamic Commercial Papers Programme with a combined limit of up to RM1.0 billion

Project finance

- Pengerang LNG (Two) Sdn Bhd's Islamic Medium-Term Notes Programme of up to RM3.0 billion
- Leader Energy Sdn Bhd's ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk Wakalah of up to RM260.0 million
- Pelabuhan Tanjung Pelepas Sdn Bhd's RM1.9 billion Sukuk Murabahah Programme
- Sparks Energy 1 Sdn Bhd's ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk of up to RM220.0 million

Financial institution

- Bank Pembangunan Malaysia Berhad's RM5.0 billion Islamic Medium-Term Notes Programme

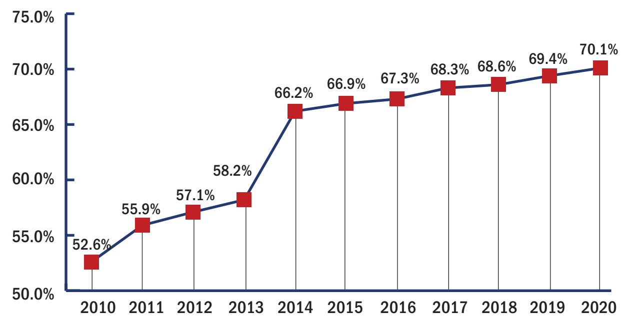
In 2020, total gross corporate bond issuances excluding quasi-government and Cagamas issuances came in weaker at RM72.4 billion (2019: RM75.5 billion; excluding Urusharta Jamaah Sdn Bhd's one-off issuance of RM27.6 billion) as mobility restrictions hampered market sentiment. This was due to the significant decline in the unrated space by -14.5% y-o-y. Meanwhile, the rated portion was slightly higher by 0.1% y-o-y.

Despite the benign growth in rated issuances in 2020, MARC's portfolio expanded significantly in terms of volume and number of issues rated. This demonstrates MARC's ability to retain and attract market confidence even in times of crisis. MARC's ratings remained mostly stable as there were fewer negative rating actions as most issues were within the investment grade rating band.

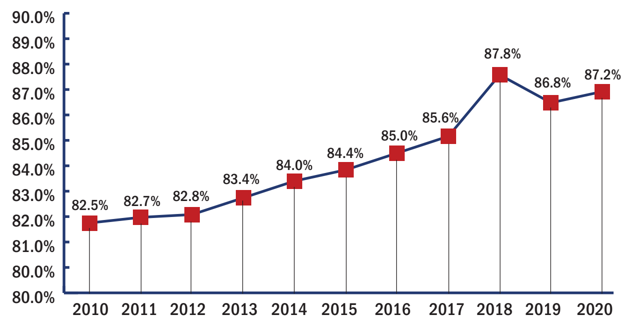
There were only two downgrades and one upgrade from MARC (2019: eight rating downgrades and no rating upgrades). The downgrades were mainly due to project delays being exacerbated by the COVID-19 pandemic and subsequent lockdown measures. Meanwhile, only four issues had their rating outlook revised from stable to negative.

MARC's portfolio of corporate bond issuers remained steady in 2020. MARC's 2020 Annual Default and Rating Transition studies showed overall improved rating accuracy with the majority of ratings remaining stable. Over the 1998-2020 period, the one-year rating accuracy ratio improved to 70.1%, while the long-term rating stability rate improved to 87.2%.

MARC's Long-term Accuracy Ratio



MARC's Long-term Rating Stability



RATING PERFORMANCE (CONT'D)

We expect the global growth outlook to continue improving with the ongoing rollouts of the COVID-19 vaccines and gradual reopening of economies. In April, the IMF raised its 2021 global growth projection to 6.0% from its previous forecast of 5.5% following the resumption of economic activity, large stimulus spending and the tax plan in the United States. Note, however, that uncertainties surrounding the pandemic remain. For Malaysia, the recovery in external demand, notwithstanding lingering global trade tensions, will provide an important boost to domestic growth given its small, open trade-dependent economy.

On the domestic demand side, we expect private consumption to remain a key growth driver as mobility restrictions ease and businesses reopen. Since the easing of the Movement Control Order (MCO) 2.0, we see Google mobility data showing increasing foot traffic to recreation and retail outlets. For 2021, our current forecast is for GDP growth to rebound to 5.1%, though risk remains tilted to the downside due to pandemic-related factors. At the sectoral level, recovery will be uneven because some sectors have been affected more badly than others. As such, we expect GDP to return to pre-COVID-19 levels only in 2022.

Despite the ongoing global rollout of vaccines, there have been COVID-19 resurgences globally requiring further lockdowns. It does not help that the rollouts have been slower than anticipated in some countries. Against this backdrop, we expect government support to continue, though in a targetted manner. In any case, the strength of the global recovery remains heavily dependent on how the pandemic and vaccination programmes pan out. Against this scenario, we forecast the total gross issuance of corporate bonds in 2021 to come in between RM100.0 billion to RM110.0 billion.

ACCOLADES

MARC continued to fulfil its role as a valued intermediary serving the risk-sensitive debt capital markets. I am pleased to report that MARC was again named Malaysia's Rating Agency of the Year by Hong Kong-based The Asset magazine for the third consecutive year, having previously won the same accolade in 2018 and 2019.

MARC also clinched the prestigious Project Finance Rating Agency of the Year award from The Asset magazine in 2020, having won the same award in 2015 and 2016. This award acknowledges MARC as the market leader in the project finance space with our robust framework for assessing the credit quality of project financing recognised as best-in-class.

In 2020, MARC was accorded the Best Islamic Rating Agency Award by Global Islamic Finance Awards (GIFA) for the sixth time, having previously won the same accolade in 2016-2019 and 2014. This accolade underscores our role as the leader in the sukuk rating space, and will spur us to further strengthen our commitment towards ensuring the sustainability of the Islamic capital markets. The award also recognises MARC's efforts to support the development of Islamic finance in Malaysia.

DIVIDENDS

In line with our commitment to sharing MARC's result with our shareholders, the Board has approved a first and final single tier dividend of 20 sen.

BUILDING A RESILIENT FUTURE

One of the toughest challenges is steering MARC to achieve long-term, sustainable performance. We have set our sights not only on improving our near-term corporate performance but also on laying the foundation for consistent and sustained growth in the years to come. The achievement of our long-term strategic objectives and initiatives hinges heavily upon the development of a strong performance culture.

We have moved towards linking MARC's corporate strategies to staff's annual performance objectives to ensure proper value creation takes place, and that each staff plays their part in supporting the near, medium and long-term vision of the company. Additionally, we have reviewed the efficiency and effectiveness of MARC's core management processes. We are confident that these efforts, together with the ongoing initiatives to solidify our key capabilities and diversify our offerings, will lead to sustainable improvements and long-term value for our stakeholders while simultaneously creating the building blocks for a more robust future.

I would like to record my heartfelt gratitude and appreciation to the staff of MARC, who have contributed tirelessly to ensure that MARC realised its growth prospects and successfully carried out strategic initiatives to bring about sustained, long-term performance.

The re-energised MARC staff will undertake our mission, targets and operations diligently. It is our hope that all our stakeholders encompassing shareholders, clients, capital market intermediaries and business partners do their part to contribute towards ensuring Malaysia navigates this uneven recovery in a sustainable manner to power the Malaysian economy into 2021 and beyond.

DATUK JAMALUDIN NASIR
GROUP CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE STRUCTURE

(As at December 31, 2020)

MARC

MALAYSIAN RATING CORPORATION BERHAD

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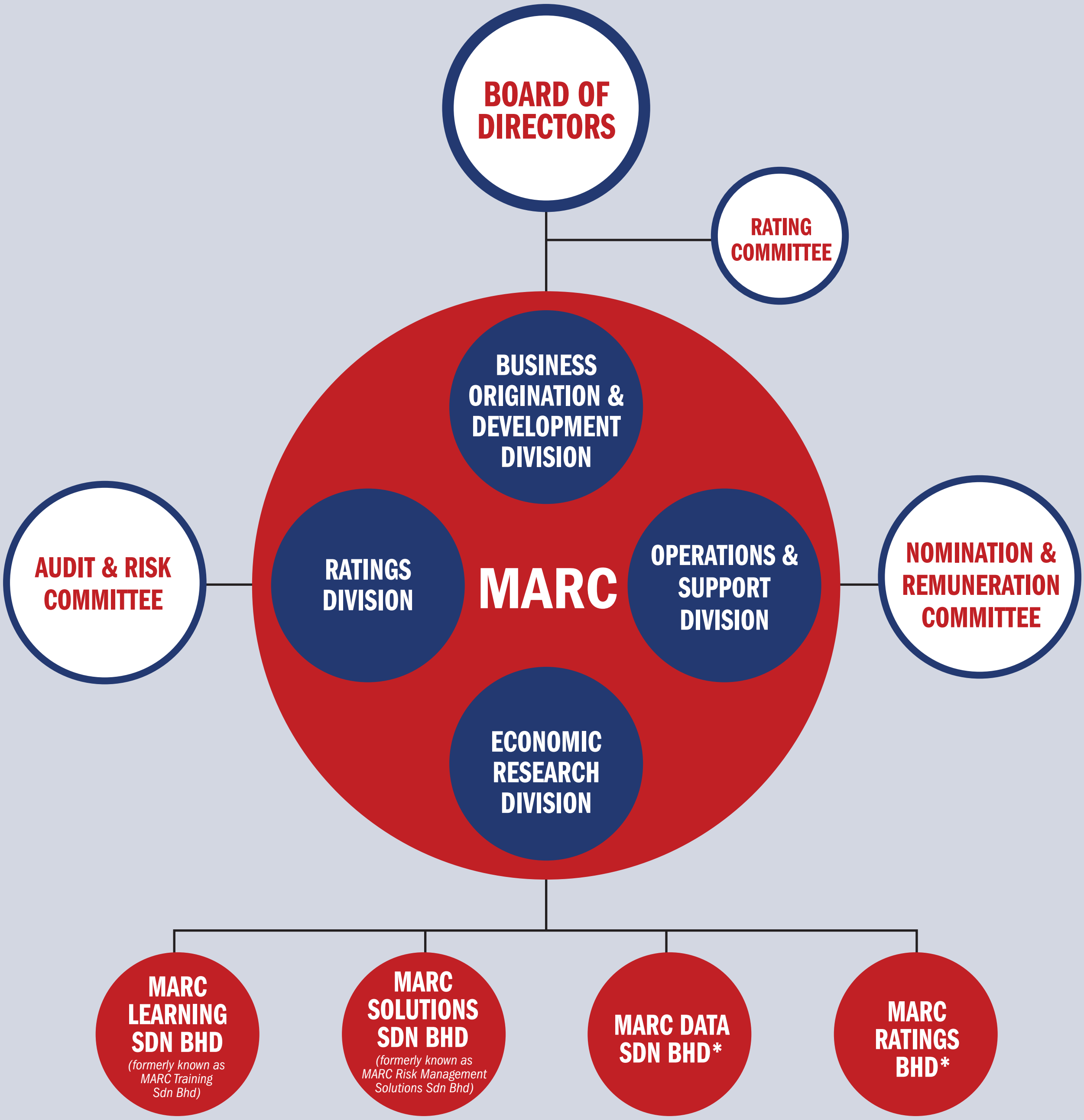


* *Application for transfer of credit rating license to MARC Ratings Berhad and operating license for MARC Data Sdn Bhd had been submitted to the Securities Commission Malaysia and Ministry of Finance respectively. As at the date of this report, both license applications are pending approval.*

ROLES AND FUNCTIONS

BOARD OF DIRECTORS

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

RATING COMMITTEE

- The role of the Rating Committee (RC) is to deliberate and assign/affirm new ratings and surveillance ratings, review rating actions, provide an independent collective view, and review/approve the rating methodologies applied.
- The RC ensures that rating decisions are based on sufficient information, incorporating all considerations pertinent for the rating at hand and applying MARC'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 Securities Commission Malaysia.

ROLES AND FUNCTIONS (CONT'D)

AUDIT AND RISK COMMITTEE

- The Audit and Compliance Committee and Governance and Risk Management Committee were merged to form the Audit and Risk Committee (ARC) effective October 1, 2020.
- The ARC is responsible for 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.

POLICIES

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.

POLICIES (CONT'D)

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.

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.

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.

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 GROUP OF COMPANIES

MARC SOLUTIONS SDN BHD

- ANALYTICS CONSULTING (PD MODELS)
- ANALYTICS CONSULTING (BESPOKE)
- SUSTAINABILITY-RELATED ADVISORY
- CORPORATE AND DEBT RESTRUCTURING ADVISORY

MARC LEARNING SDN BHD

- PUBLIC LEARNING
- CUSTOMISED LEARNING

MARC DATA SDN BHD

- DATA ANALYTICS
- CREDIT REPORTING

MARC SERVICES

RATINGS

MARC provides issue ratings for corporate and structured finance projects as well as financial institutions. MARC 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.

ECONOMIC RESEARCH

MARC 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 also publishes country risk assessments on a regular basis.

SUBSCRIPTION

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.

FIXED-INCOME RESEARCH

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

RATING OFFERINGS

MARC's rating products are progressive opinions which reflect domestic capital market requirements and our long-term working relationship with market participants and regulators. They are based on a strong commitment to research and development, as well as industry-wide standards and address the needs of investors.

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.
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

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.

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's 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.

FINANCIAL INSTITUTION RATINGS

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

IMPACT BOND ASSESSMENTS

Impact Bond Assessments (IBAs) can be assigned to green bonds, social bonds or sustainability bonds including sukuk which are issued under Malaysia's Sustainable and Responsible Investment (SRI) Sukuk Framework. An IBA is not a credit rating and is independent of the credit quality of the bond concerned. MARC's IBA methodology incorporates internationally recognised principles and market standards for the evaluation of such bonds, such as the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG) and the ASEAN Green Bond Standards (AGBS).

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.

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.

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.

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's project finance analytical framework focuses on identifying specific project risks, assessing the risk mitigation and risk allocation measures in place. MARC's 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.

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.

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 MARC's rating universe.

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.

SUKUK RATINGS

Sukuk Ratings assess the likelihood of timely repayment of the instruments issued under the various Islamic financing contracts. MARC's assigned ratings on fixed-income sukuk essentially reflect MARC's 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.

MARC SOLUTIONS SDN BHD

(formerly known as MARC RISK MANAGEMENT SOLUTIONS SDN BHD)

MARC Solutions Sdn Bhd's principal activities revolve around credit risk analytics, debt advisory and sustainability-linked offerings.

MARC SOLUTIONS SERVICES

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.

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.

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.

CORPORATE AND DEBT RESTRUCTURING ADVISORY

MARC Solutions offers strategy and debt advisory, and other corporate services for corporates. This includes 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.

MARC LEARNING SDN BHD

(formerly known as MARC TRAINING SDN BHD)

MARC Learning Sdn Bhd is the learning and development solutions arm of Malaysian Rating Corporation Berhad. Our focus is to deliver programmes that raise the standard of participants and support market growth, with an aim of nurturing a progressive and savvy domestic debt capital market.

We offer programmes and webinars that are primarily related to debt capital markets, risk management, project finance and economics. We also provide fintech and blockchain programmes, in addition to digital marketing courses.

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

MARC LEARNING SERVICES

PUBLIC LEARNING

MARC Learning provides public learning courses, pre-recorded courses and live virtual webinars.

All webinars offered fulfil the requirements determined by the Securities Commission Malaysia.

CUSTOMISED LEARNING

MARC Learning also provides customised in-house learning courses to cater to the learning & development 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 content to promote engagement, interaction and thorough understanding among participants.

INTRODUCING MARC DATA SDN BHD

MARC Data Sdn Bhd was established on 16 December 2020 and will be the data, analytical and digital hub for Malaysian Rating Corporation Berhad. This newest subsidiary of the MARC Group of Companies will focus on data mining, provisioning and integration via its products, analytical tools and credit reporting services, upon approval by the Ministry of Finance.

MARC DATA SERVICES

DATA ANALYTICS

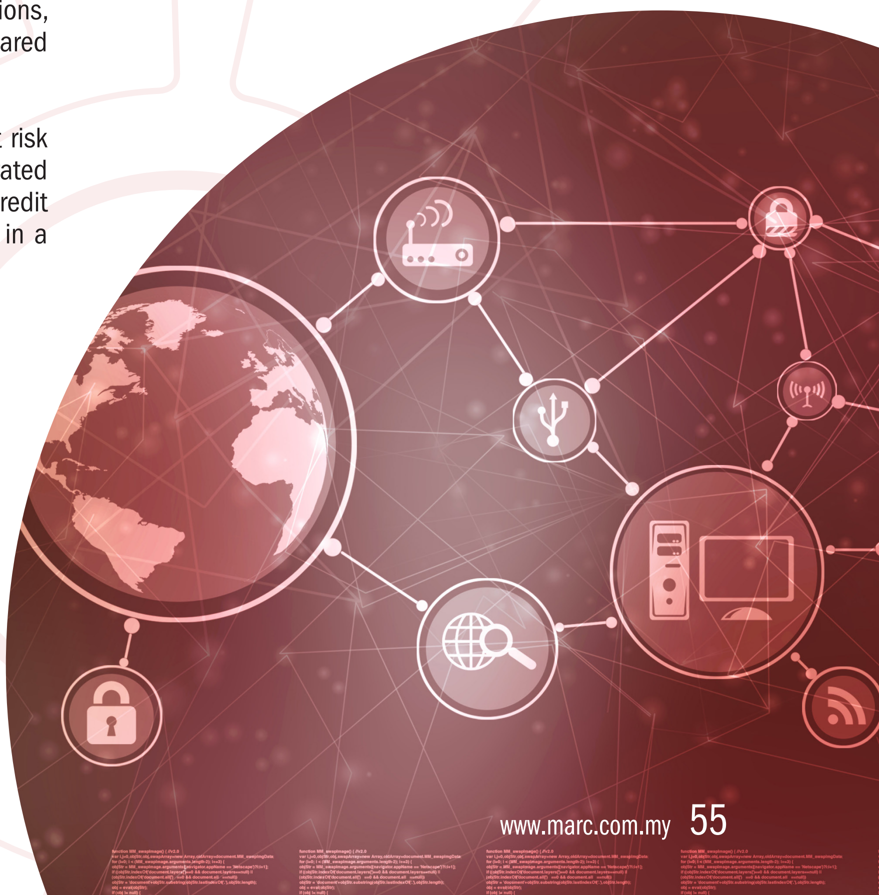
MARC Data will analyse industry-wide and financial data, including processed data and statistical analysis, from a variety of resources. These data will be structured into customisable formats as a means of providing solutions in addressing a company's current and future analytical needs.

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

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.

CREDIT REPORTING

Upon being awarded a Credit Reporting Agency license by the Ministry of Finance, MARC Data will provide credit reporting services to 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.



CORPORATE EVENTS AND AWARDS

MARC BREAKFAST TALK

28 April 2020

MARC hosted its inaugural webinar, titled *MARC Breakfast Talk – COVID 19 and Its Impact on the Malaysian Debt Capital Markets*. The webinar, which featured MARC's senior management, provided an outlook on the economy, bond market and corporate ratings. The webinar was a resounding success, attracting 302 participants.

ANNUAL GENERAL MEETING: DRIVING A SUSTAINABLE CAPITAL MARKET IN CHALLENGING TIMES

24 May 2020

MARC held its 24th Annual General Meeting virtually, which was broadcast from MARC's premises.

LEAD MANAGERS' LEAGUE TABLE AWARDS

27 July 2020 - 5 August 2020

Kenanga Investment Bank Berhad topped the issued value league table of MARC-rated debt and sukuk programmes/issuances, while the issue count league table of MARC-rated debt and sukuk programmes/issuances was headed by Maybank Investment Bank Berhad. MARC's senior management personally presented the awards to the winners individually.

CORPORATE EVENTS AND AWARDS (CONT'D)

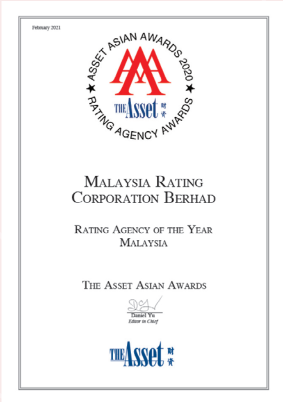
GLOBAL ISLAMIC FINANCE AWARDS

14 September 2020

MARC was named as the Best Islamic Rating Agency for the sixth time at the Global Islamic Finance Awards (GIFA) which were held in Islamabad, Pakistan. This annual global awards honours the institutions and individuals that have made significant contributions to the development of Islamic banking and finance.

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

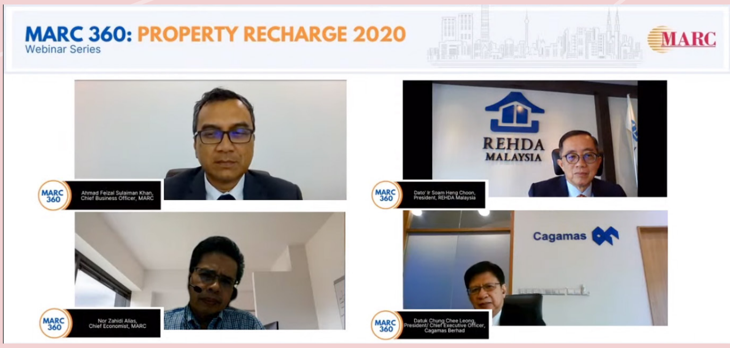
18 March 2021



MARC was named as Malaysia's Rating Agency of the Year by The Asset magazine at the Hong Kong-based publication's Triple A Sustainable Capital Markets Regional and Country Awards 2020. This is the third consecutive year that MARC has won this prestigious recognition. The Rating Agency of the Year award acknowledges the contribution of a credit rating agency to the Asian debt capital markets in providing investors and issuers with relevant benchmarking vis-à-vis the creditworthiness of corporates, financial institutions and sovereigns.

MARC 360: PROPERTY RECHARGE 2020

17 September 2020 – 13 October 2020



The *MARC 360: PROPERTY RECHARGE 2020* webinar series was held over five consecutive weeks. The five-part series, which focused on the domestic property sector, was officiated by the President of REHDA. An average of 240 participants tuned in to each part.

CORPORATE SOCIAL RESPONSIBILITY AND CLUB MARC

CHINESE NEW YEAR CELEBRATION

3 February 2020

MARC staff gathered at Shangri-La Hotel, Kuala Lumpur to partake in a mouth-watering buffet lunch that commenced with the traditional yee *sang* prosperity toss to usher in the Chinese New Year.

GO-KART EVENT

25 July 2020

MARC staff and family enjoyed a fun-filled day of go-karting at City Karting Go Kart, Shah Alam. All participants relished the chance to unleash their inner speed demons! This was followed by a sumptuous lunch and cake to celebrate the January to July birthdays of MARC staff.

CORPORATE SOCIAL RESPONSIBILITY AND CLUB MARC (CONT'D)

CLUB MARC LUNCHEON

27 August 2020

Staff were treated to a delicious lunch within MARC's premises. There was a delectable array of Asian delicacies, in addition to scrumptious desserts. MARC staff also bid a fond farewell to Nor Zahidi Alias, who served as MARC's Chief Economist from 2007-2020.

MARC DONATES TO MAKNA

28 December 2020

MARC presented a cheque totalling RM60,000 to the National Cancer Council Malaysia (MAKNA). The donation was aimed at supporting the non-governmental organisation in its day-to-day operations.

MARC: Higher development expenditure, opex allocations in Budget 2021 expected

Ahmad Naqib Idris / theedgemarkets.com
November 05, 2020 18:04 pm +08

Extend income tax deferment for SMEs, MARC urges

Selasa | 13 April 2021

Sokongan sektor swasta kritikal dalam hadapi Covid-19: MARC

WARTAWAN SINAR HARIAN | | 04 April 2020

MARC is Hong Kong-based The Asset's project finance rating agency of 2020

By NST Business - July 17, 2020 @ 6:57pm

Moody's acquire stake in Malaysia's MARC

Allow SMEs to defer paying income tax instalments till december – MICPA, MARC

POSTED ON APRIL 13, 2020, MONDAY AT 12:02 AM

Penurunan SRR jamin kecairan dalam sistem kewangan

Mac 20, 2020 @ 12:21pm

MARC expects higher issuance of MGS in 2020 due to widening fiscal deficit

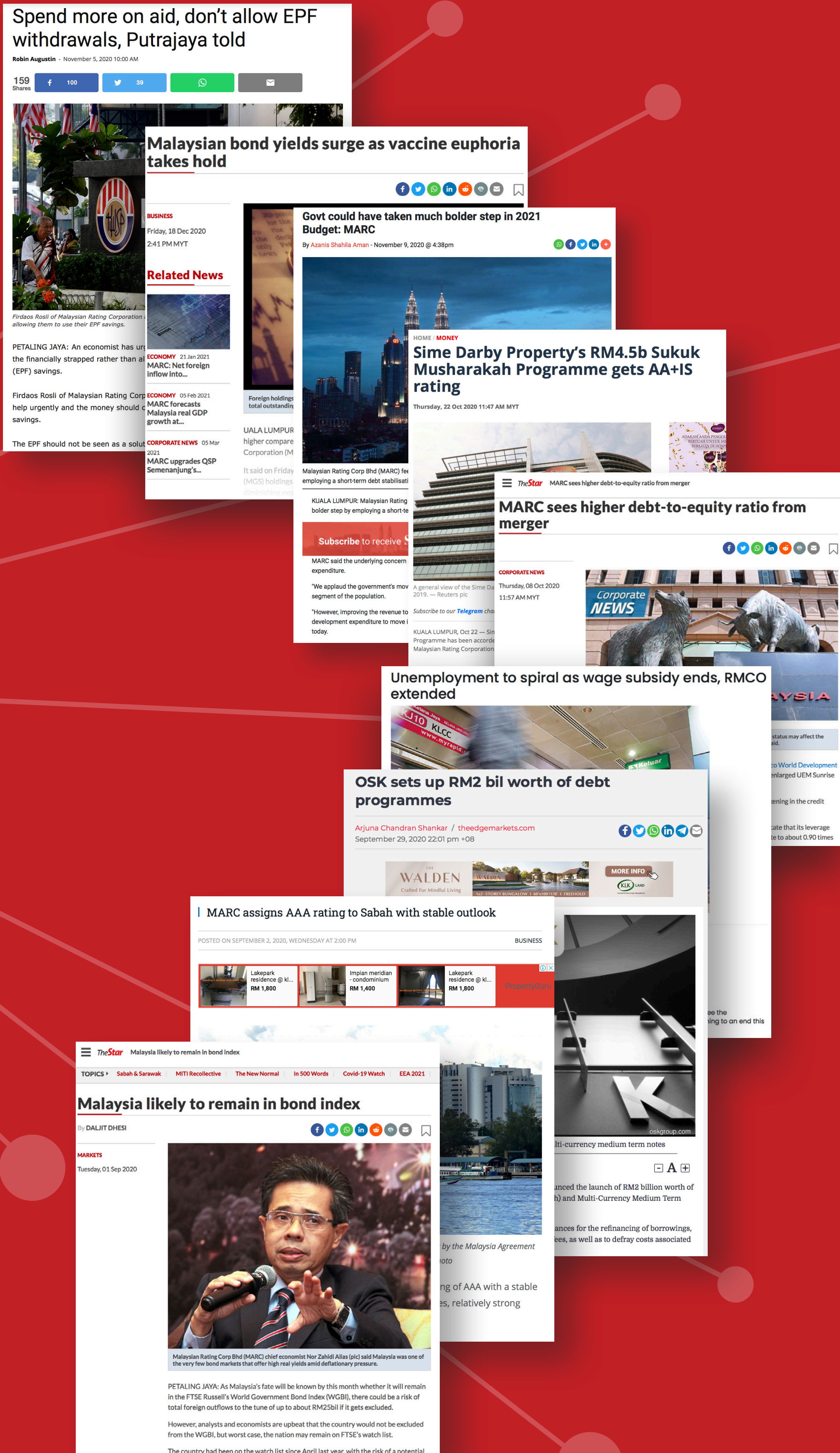
Ahmad Naqib Idris / theedgemarkets.com
April 14, 2020 17:23 pm +08

Moody's beli kepentingan firma penarafan Malaysia, MARC

Hazwan Faisal Mohamad - Ogos 12, 2020 @ 12:37pm
hazwanfaisal@bh.com.my

Moody's Corporation - Foto hiasan

MARC IN THE NEWS



Spend more on aid, don't allow EPF withdrawals, Putrajaya told

Robin Augustin - November 5, 2020 10:00 AM

159 Shares 100 39

Firdaos Rosli of Malaysian Rating Corporation ... allowing them to use their EPF savings.

PETALING JAYA: An economist has ur... the financially strapped rather than al... (EPF) savings.

Firdaos Rosli of Malaysian Rating Corp... help urgently and the money should c... savings.

The EPF should not be seen as a solut...

Malaysian bond yields surge as vaccine euphoria takes hold

BUSINESS

Friday, 18 Dec 2020

2:41 PM MYT

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ECONOMY 21 Jan 2021 MARC: Net foreign inflow into...

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Foreign holdings ... total outstandin...

UALA LUMPUR ... higher compare... Corporation (M...

It said on Friday ... (MGS) holdings ...

Govt could have taken much bolder step in 2021 Budget: MARC

By Azanis Shahila Aman - November 9, 2020 @ 4:38pm

Malaysian Rating Corp Bhd (MARC) fe... employing a short-term debt stabilisati...

KUALA LUMPUR: Malaysian Rating ... bolder step by employing a short-te...

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MARC said the underlying concern ... expenditure.

"We applaud the government's mov... segment of the population.

"However, improving the revenue to ... development expenditure to move i... today.

HOME / MONEY

Sime Darby Property's RM4.5b Sukuk Musharakah Programme gets AA+IS rating

Thursday, 22 Oct 2020 11:47 AM MYT

A general view of the Sime Da... 2019. — Reuters pic

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KUALA LUMPUR, Oct 22 — Sim... Programme has been accorde... Malaysian Rating Corporation...

TheStar MARC sees higher debt-to-equity ratio from merger

MARC sees higher debt-to-equity ratio from merger

CORPORATE NEWS

Thursday, 08 Oct 2020

11:57 AM MYT

Corporate NEWS

...status may affect the ...id.

...o World Development ...enlarged UEM Sunrise

...ening in the credit

...ate that its leverage ...e to about 0.90 times

Unemployment to spiral as wage subsidy ends, RMCO extended

...ee the ...ing to an end this

OSK sets up RM2 bil worth of debt programmes

Arjuna Chandran Shankar / theedgemarkets.com

September 29, 2020 22:01 pm +08

oskgroup.com

...lti-currency medium term notes

...unced the launch of RM2 billion worth of ...h) and Multi-Currency Medium Term

...ances for the refinancing of borrowings, ...ees, as well as to defray costs associated

MARC assigns AAA rating to Sabah with stable outlook

POSTED ON SEPTEMBER 2, 2020, WEDNESDAY AT 2:00 PM

BUSINESS

... by the Malaysia Agreement ...oto

...ng of AAA with a stable ...es, relatively strong

TheStar Malaysia likely to remain in bond index

TOPICS Sabah & Sarawak MITI Recollective The New Normal In 500 Words Covid-19 Watch EEA 2021

Malaysia likely to remain in bond index

By DALJIT DHESI

MARKETS

Tuesday, 01 Sep 2020

Malaysian Rating Corp Bhd (MARC) chief economist Nor Zahidi Alias (pic) said Malaysia was one of the very few bond markets that offer high real yields amid deflationary pressure.

PETALING JAYA: As Malaysia's fate will be known by this month whether it will remain in the FTSE Russell's World Government Bond Index (WGBI), there could be a risk of total foreign outflows to the tune of up to about RM25bil if it gets excluded.

However, analysts and economists are upbeat that the country would not be excluded from the WGBI, but worst case, the nation may remain on FTSE's watch list.

The country had been on the watch list since April last year, with the risk of a potential

FINANCIAL STATEMENT

DIRECTORS' REPORT

The directors 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 2020.

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 14 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	4,702,547	4,987,607

There were no material transfers to or from reserves or provisions during the financial year.

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 2019 were as follows:

	RM
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
Special single tier dividend of 5% and first and final single tier dividend of 15%, on 20,000,000 ordinary shares, declared on 19 May 2020 and paid on 14 July 2020	4,000,000

A first and final single tier dividend of 20 sen or equivalent to a net cash flow of RM4,000,000 in respect of the financial year ended 31 December 2020, had been declared on 22 April 2021. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

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 *
Dr Veerinderjeet Singh A/L Tejwant Singh *
Datuk Azizan bin Haji Abd Rahman
Dato' Muthanna bin Abdullah
Leong Bee Lian
Datuk Seri Nik Norzrul Thani bin N.Hassan Thani (Appointed on 1 February 2021)
Cheong Huay Huay Wendy (Appointed on 1 March 2021)
Ng Kok Kheng (Appointed on 1 April 2021)
Chua Seck Guan (Resigned on 1 February 2021)

* The director is also a director of the Company's subsidiaries.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

Since the end of the previous financial year, no director 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 or the fixed salary of a full-time employee of the Company as shown in Note 10 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.

The Directors and Officers of the Group and 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 while the total amount of premium paid by Company during the year was RM14,134.

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, statements of 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision for doubtful debts had been made; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (Cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) 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 30 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 2021 to 22 April 2021.

AUDITORS

The auditors, Ernst & Young PLT, will not seek for re-appointment at the forthcoming Annual General Meeting.

Auditors' remuneration is disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 22 April 2021.

Datuk Azizan bin Haji Abd Rahman

Dr Veerinderjeet Singh A/L Tejwant Singh

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Azizan bin Haji Abd Rahman 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 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 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 22 April 2021.

Datuk Azizan bin Haji Abd Rahman

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 113 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Datuk Jamaludin bin
Nasir at Kuala Lumpur in the Federal
Territory on 22 April 2021

Datuk Jamaludin bin Nasir

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN RATING CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysian Rating Corporation Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of profit or loss, statements of 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 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, 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 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, which is expected to be made available to us after the date of this auditor's report.

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 on the directors' report.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN RATING CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIAN RATING CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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: (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other matters

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kannan A/L Rajagopal
No. 03490/03/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 April 2021

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020	**2019**	**2020**	**2019**
		RM	**RM**	**RM**	**RM**
Revenue	4	18,987,074	16,644,980	18,585,209	16,167,800
Cost of services rendered		(4,311,519)	(5,587,107)	(4,270,935)	(5,255,835)
Gross profit		14,675,555	11,057,873	14,314,274	10,911,965
Other items of income					
Interest income	5	1,359,782	1,420,169	1,359,782	1,420,169
Dividend income	6	96,527	154,763	96,527	154,763
Net foreign exchange (loss)/gain					
Realised		(1,670)	157	(1,670)	157
Unrealised		(6)	(4)	(6)	(4)
Net (loss)/gain on financial assets held at fair value through profit or loss ("FVTPL")					
Realised		-	708,033	-	708,033
Unrealised		(561,765)	150,555	(561,765)	150,555
Other income	7	115,242	109	756,620	543,024
Other items of expense					
Public relations and marketing		(158,671)	(98,602)	(158,671)	(98,602)
Administrative expenses		(9,340,713)	(7,692,276)	(9,339,459)	(7,963,377)
Profit before tax	8	6,184,281	5,700,777	6,465,632	5,826,683
Income tax expense	11	(1,481,734)	(995,615)	(1,478,025)	(1,000,737)
Profit for the year		4,702,547	4,705,162	4,987,607	4,825,946

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

As at 31 December 2020

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit for the year	4,702,547	4,705,162	4,987,607	4,825,946
Other comprehensive (loss)/income				
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Net loss from change in fair value on equity instruments at fair value through other comprehensive income (“FVTOCI”)	(1,045)	(227)	(1,045)	(227)
Other comprehensive loss for the year, net of tax	(1,045)	(227)	(1,045)	(227)
Total comprehensive income for the year	4,701,502	4,704,935	4,986,562	4,825,719

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Assets					
Non-current assets					
Property, plant and equipment	12	13,373,709	13,756,404	13,373,709	13,756,404
Intangible assets	13	12,345	38,600	12,345	38,600
Investment in subsidiaries	14	-	-	4	4
Deferred tax assets	15	512,114	48,448	512,114	48,448
Investment securities	16	5,017,389	5,018,434	5,017,389	5,018,434
		18,915,557	18,861,886	18,915,561	18,861,890
Current assets					
Trade and other receivables	17	2,621,068	6,075,469	2,596,061	5,973,868
Amount due from subsidiaries, net	18	-	-	586,343	522,915
Tax recoverable		35,960	25,086	-	-
Investment securities	16	17,544,683	15,657,315	17,544,683	15,657,315
Deposits	19	23,235,000	19,885,218	23,235,000	19,885,218
Cash and bank balances	20	1,398,723	1,267,413	962,913	618,527
		44,835,434	42,910,501	44,925,000	42,657,843
Total assets		63,750,991	61,772,387	63,840,561	61,519,733
Equity and liabilities					
Current liabilities					
Other payables	21	3,657,398	2,653,727	3,632,373	2,571,538
Income tax payable		871,316	597,885	871,316	597,885
		4,528,714	3,251,612	4,503,689	3,169,423
Net current assets		40,306,720	39,658,889	40,421,311	39,488,420
Total liabilities		4,528,714	3,251,612	4,503,689	3,169,423
Net assets		59,222,277	58,520,775	59,336,872	58,350,310
Equity attributable to owner of the parent					
Share capital	22	20,000,000	20,000,000	20,000,000	20,000,000
Retained earnings		39,228,057	38,525,510	39,342,652	38,355,045
Other reserves	23	(5,780)	(4,735)	(5,780)	(4,735)
Total equity		59,222,277	58,520,775	59,336,872	58,350,310
Total equity and liabilities		63,750,991	61,772,387	63,840,561	61,519,733

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Group	Note	Share capital RM	Distributable Retained earnings RM	Non-distributable Fair value adjustment reserve RM	Total equity RM
At 1 January 2019		20,000,000	35,820,348	(4,508)	55,815,840
Total comprehensive income/(loss)		-	4,705,162	(227)	4,704,935
Transaction with shareholders:					
Dividends	29	-	(2,000,000)	-	(2,000,000)
At 31 December 2019		20,000,000	38,525,510	(4,735)	58,520,775
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	29	-	(4,000,000)	-	(4,000,000)
At 31 December 2020		20,000,000	39,228,057	(5,780)	59,222,277

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Note	Share capital RM	Distributable Retained earnings RM	Non-distributable Fair value adjustment reserve RM	Total equity RM
Company					
At 1 January 2019		20,000,000	35,529,099	(4,508)	55,524,591
Total comprehensive income/(loss)		-	4,825,946	(227)	4,825,719
Transaction with shareholders:					
Dividends	29	-	(2,000,000)	-	(2,000,000)
At 31 December 2019		20,000,000	38,355,045	(4,735)	58,350,310
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	29	-	(4,000,000)	-	(4,000,000)
At 31 December 2020		20,000,000	39,342,652	(5,780)	59,336,872

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Operating activities				
Deposits with licenced financial institutions	(334,782)	(6,015,218)	(334,782)	(6,015,218)
Cash receipts from operations	22,170,963	17,831,130	22,054,261	17,630,650
Cash paid for operating expenses	(12,040,089)	(11,813,582)	(11,661,467)	(11,498,553)
Cash paid for low-value assets leases	(29,160)	(30,104)	(29,160)	(30,104)
Other cash receipts	8,916	20,246	8,916	20,246
Cash from operations	9,775,848	(7,528)	10,037,768	107,021
Taxes paid	(1,682,843)	(392,754)	(1,668,260)	(343,973)
Net cash flows generated from/ (used in) operating activities	8,093,005	(400,282)	8,369,508	(236,952)
Investing activities				
Dividend received	96,527	154,763	96,527	154,763
Purchase of investment securities	(2,454,940)	(160,731)	(2,454,940)	(160,731)
Proceeds from disposal of investment securities	-	1,432,270	-	1,432,270
Interest received	1,349,171	1,083,980	1,349,171	1,083,980
Purchase of property, plant and equipment	(69,769)	(562,822)	(69,769)	(562,822)
Proceeds from disposal of property, plant and equipment	133,992	4,663	133,992	4,663
Net cash flows (used in)/generated from investing activities	(945,019)	1,952,123	(945,019)	1,952,123
Financing activities				
Repayment of amount due from staff	-	1,200	-	1,200
Advances from amount due from subsidiaries	-	-	(63,427)	(522,915)
Dividends paid (Note 29)	(4,000,000)	(2,000,000)	(4,000,000)	(2,000,000)
Net cash flows used in financing activities	(4,000,000)	(1,998,800)	(4,063,427)	(2,521,715)
Net increase/(decrease) in cash and cash equivalents	3,147,986	(446,959)	3,361,062	(806,544)
Effect of exchange rate changes on cash and cash equivalents	(1,676)	154	(1,676)	154
Cash and cash equivalents at beginning of year	7,857,413	8,304,218	7,208,527	8,014,917
Cash and cash equivalents at end of year	11,003,723	7,857,413	10,567,913	7,208,527
Cash and cash equivalents comprise:				
Deposits (Note 19)	23,235,000	19,885,218	23,235,000	19,885,218
Cash and bank balances (Note 20)	1,398,723	1,267,413	962,913	618,527
	24,633,723	21,152,631	24,197,913	20,503,745
Less: Deposits with maturity more than 3 months	(13,630,000)	(13,295,218)	(13,630,000)	(13,295,218)
	11,003,723	7,857,413	10,567,913	7,208,527

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia. The registered office 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 14. There have been no significant changes in the nature of these principal activities during the financial year.

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 Basis of consolidation

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

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

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Significant accounting policies (cont'd.)

2.2 Basis of consolidation (cont'd.)

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.

2.3 Summary of significant accounting policies

(a) Business combinations

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 indentifiable net assets. Transaction costs incurred are expenses and included in administrative expenses.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020 (CONT'D.)

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries

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.

(c) 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 functional 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.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Foreign currency (cont'd)

(iii) Foreign operations (cont'd.)

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

	2020 RM	2019 RM
United States Dollars	4.01	4.09

(d) 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.

(e) 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(e) Intangible asset and amortisation (cont'd.)

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 are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

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

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

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

(f) 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.

(g) 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Financial assets (cont'd.)

(i) Initial recognition and subsequent measurement

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

(a) Financial assets at FVTOCI (debt instruments)

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

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

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement 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 as other income in the statement 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-listed 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Financial assets (cont'd.)

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

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

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

The Group's and the Company's financial assets at FVTPL include non-listed 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 includes 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 company has 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 company has transferred substantially all the risks and rewards of the financial asset; or
- The company has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the company has 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 Company's continuing involvement in the financial asset. In that case, the Company also recognises 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 Company has retained.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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.

For debt instruments at AC and FVTOCI, the Group and the Company use internal credit rating to estimate for 12-month ECL and lifetime ECL. The Group and the Company consider that there has been a significant increase in credit risk when there is a significant deterioration in borrower's credit rating from initial recognition or last reviewed date, borrower is insolvent, it is becoming probable that the borrower will enter bankruptcy and debtor's listed debt or equity is suspended at the primary exchange because of rumours or facts about financial difficulties.

(i) 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 statement of cash flow, cash and cash equivalents comprise cash and deposits with financial institutions with original maturity of three (3) months or less.

(j) Provisions

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

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

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Financial liabilities

Financial liabilities are recognised when, and only when, the Company becomes 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 Company has 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.

(l) 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.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after reporting date are discounted to present value.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(m) 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 standalone 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 is in accordance with impairment of non-financial assets as described in Note 2.3(f).

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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Leases (cont'd.)

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

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

Lease liabilities (cont'd.)

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) 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.

(n) 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 net of discounts 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 net of discounts according to the service period.

- Revenue from training and conferences is recognised net of discounts at the point in time upon completion of services rendered.

- Revenue from technical collaboration is recognised net of discounts at the point in time upon completion of services rendered.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(n) Revenue recognition (cont'd.)

(ii) Interest income

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

(iii) Dividend income

Dividend income is recognised at a point of time when the Group's and the Company's right to receive payment is established.

(o) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(o) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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.

(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.

(p) 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.

(q) 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(q) Fair value measurement (cont'd)

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.

2.4 Amendments to MFRS

At the beginning of the current financial year, the Group and the Company adopted the following Revised Conceptual Framework and amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2020.

Description	Effective for annual financial year beginning or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3: *Definition of a Business*	1 January 2020
Amendments to MFRS 4: *Exension of the Temporary Exemption from Applying MFRS 9*	1 January 2020
Amendments to MFRS 101 and MFRS 108: *Definition of Material*	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020

The nature and impact of the new and amended MFRSs are described below:

(i) Revised Conceptual Framework for Financial Reporting

The International Accounting Standards Board ("IASB") issued an update to the Conceptual Framework in April 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The main changes in the Conceptual Framework are as follows:

2. Significant accounting policies (cont'd.)

2.4 Amendments to MFRS (cont'd.)

(i) Revised Conceptual Framework for Financial Reporting (cont'd.)

- Reintroduces the concept of stewardship and the information needed to assess management's stewardship;
- Reintroduces the concept of prudence;
- Defines the concept of measurement uncertainty;
- Reinstates an explicit reference to the need to "faithfully represent the substance of the phenomena that it purports to represent"; and
- Made changes to the definitions of an Asset and a liability.

The adoption of the framework has no significant impact on the Group's and the Company's financial statements.

(ii) Amendments to MFRS 3: *Definition of a Business*

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed. These amendments do not have any impact on the Group's and the Company's financial statements.

(iii) Amendments to MFRS 4: *Exension of the Temporary Exemption from Applying MFRS 9*

The amendments extend the expiry date of the temporary exemption from applying MFRS 9 by two years to align with the effective date of MFRS 9 Financial Instruments with MFRS 17 Insurance Contract. The amendments took effect immediately. These amendments do not have any impact on the Group's and the Company's financial statements.

(iv) Amendments to MFRS 101 and MFRS 108: *Definition of Material*

Amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments also explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. The amendments must be applied prospectively. Early application is permitted and must be disclosed. These amendments do not have any impact on the Group's and the Company's financial statements.

(v) Amendments to MFRS 7, MFRS 9 and MFRS 139: *Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 F*inancial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Group and the Company as the Group and the Company do not have any interest rate hedge relationships.

2. Significant accounting policies (cont'd.)

2.4 Amendments to MFRS (cont'd.)

(vi) Amendments to MFRS 16: *COVID-19 Related Rent Concessions*

The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under MFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment did not have any significant impact on the Group's and the Company's financial statements.

2.5 Standards, amendments and interpretations issued but not yet effective

As at the date of authorisation of these financial statements, the following new standards and amendments have been issued by the Malaysian Accounting Standards Board ("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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16:	
Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116: *Property, Plant and Equipment*	
- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to MFRSs 2018-2020 Cycle:	
(i) MFRS 1: *First time Adoption of Malaysian Financial Reporting*	
Standards - Subsidiary as a first-time Adopter	1 January 2022
(ii) MFRS 9: *Financial Instruments Arrangements - Fees in the*	
10 percent' test for derecognition of financial liabilities	1 January 2022
(iii) Illustrative examples accompanying MFRS 116: *Leases*	1 January 2022
(iv) MFRS 141: Agriculture - *Taxation in fair value measurements*	1 January 2022
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 101: *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17: *Insurance Contracts*	1 January 2023
Amendments to MFRS 17: *Insurance Contracts*	1 January 2023
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution*	
of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above-mentioned standards, amendments and IC interpretations are not expected to have material impact to the financial statements of the Group and the Company in the period of initial application.

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 Going concern

The Group's and the Company's management have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 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 forecast 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, among 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.

3.3 Impairment of trade and other receivables

As disclosed in Note 2.3 (h), the Group and the Company have made significant judgements in the impairment of trade receivables applying simplified approach in the calculation of ECL.

3.4 Taxation

The Company is subject to income taxes in Malaysia. Significant management judgment is required in estimating the provision for income taxes, as there may be differing interpretations of tax law for which the final outcome will not be established until a later date. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking the advice from the Company's tax agent, where appropriate. Where the liability for taxation assessed by the Inland Revenue Board arising from any tax audit is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established (Note 11).

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020 (CONT'D.)

4. Revenue

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Rating and surveillance fees	18,020,020	15,402,370	18,045,020	15,432,370
Seminars, conferences and publications	670,015	999,204	468,150	536,024
Technical collaboration fee/advisories	258,189	204,906	33,189	160,906
Recoverable expenses	38,850	38,500	38,850	38,500
	18,987,074	16,644,980	18,585,209	16,167,800

Timing of revenue recognition

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Services transferred at a point in time	18,482,359	16,079,476	18,117,059	15,631,776
Services transferred over time	504,715	565,504	468,150	536,024
	18,987,074	16,644,980	18,585,209	16,167,800

5. Interest income

	Group and Company	
	2020	2019
	RM	RM
Deposits and money market	752,986	715,677
Financial investments at FVTPL	397,332	484,246
Financial investments at amortised cost	200,548	200,000
Loans and receivables	8,916	20,246
	1,359,782	1,420,169

6. Dividend income

Dividend income represents income from financial assets at FVTPL.

7. Other income

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Management fee income	-	-	132,000	125,000
Shared service income	-	-	509,378	417,915
Gain on disposal of property, plant and equipment	115,242	109	115,242	109
	115,242	109	756,620	543,024

Shared service income comprises 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.

8. Profit before tax

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

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration		64,110	64,110	52,810	52,810
Expense from low-value assets leases		29,160	30,104	29,160	30,104
Consultancy fee expense	24	-	-	25,000	170,000
Depreciation of property, plant and equipment	12	433,714	452,500	433,714	452,500
Amortisation of intangible assets	13	26,255	48,828	26,255	48,828
Employee benefits expense	9	10,423,148	9,637,090	10,423,148	9,637,090
Writeback of ECL	17a(ii)	(100,612)	(80,858)	(100,612)	(80,858)

9. Employee benefits expense

	Group and Company	
	2020 RM	2019 RM
Salaries and bonuses	8,782,100	8,096,927
Contributions to defined contribution plan	1,376,002	1,260,643
Social security contributions	41,200	42,527
Other benefits	223,846	236,993
	10,423,148	9,637,090

10. 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	
	2020	2019
	RM	RM
Non-executive:		
Fees	485,547	499,040
Other emoluments	72,592	113,906
Benefits-in-kind	62,710	62,172
Total non-executive directors' remuneration (including benefits-in-kind)	620,849	675,118

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current income tax:				
- Malaysian income tax	1,888,086	1,248,034	1,888,086	1,237,371
- Under/(over) provision in respect of previous years	57,314	(212,147)	53,605	(196,362)
	1,945,400	1,035,887	1,941,691	1,041,009
Deferred income tax (Note 15):				
- Origination and reversal of temporary differences	(159,026)	16,815	(159,026)	16,815
- Over provision in respect of previous years	(304,640)	(57,087)	(304,640)	(57,087)
	(463,666)	(40,272)	(463,666)	(40,272)
Income tax expense recognised in profit or loss	1,481,734	995,615	1,478,025	1,000,737

Reconciliation between tax expense and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11. Income tax expense (cont'd.)

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

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	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Accounting profit before tax	6,184,281	5,700,777	6,465,632	5,826,683
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	1,484,227	1,368,187	1,551,751	1,398,404
Tax effect of:				
Non-deductible expenses	269,650	166,396	267,624	165,914
Income not subject to taxation	(90,315)	(310,132)	(90,315)	(310,132)
Under/(over) provision of income tax in respect of previous years	57,314	(212,147)	53,605	(196,362)
Deferred tax assets not recognised	65,498	40,398	-	-
Over provision of deferred tax in respect of previous years	(304,640)	(57,087)	(304,640)	(57,087)
Income tax expense recognised in profit or loss	1,481,734	995,615	1,478,025	1,000,737

12. 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 2019	340,978	381,688	687,486	219,065	13,859,968	15,489,185
Additions	20,873	382,028	51,881	-	108,040	562,822
Disposals	-	-	-	-	(4,663)	(4,663)
Written off	(9,777)	-	(14,733)	-	-	(24,510)
At 31 December 2019/ 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	372,102	389,165	542,052	262,782	13,963,345	15,529,446
Accumulated depreciation						
At 1 January 2019	252,339	287,573	583,787	213,988	500,862	1,838,549
Charge for the year (Note 8)	32,425	81,753	52,913	5,068	280,341	452,500
Disposals	-	-	-	-	(109)	(109)
Written off	(9,777)	-	(14,733)	-	-	(24,510)
At 31 December 2019/ 1 January 2020	274,987	369,326	621,967	219,056	781,094	2,266,430
Charge for the year (Note 8)	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	306,151	89,909	478,575	220,740	1,060,362	2,155,737
Net carrying amount						
At 31 December 2019	77,087	394,390	102,667	9	13,182,251	13,756,404
At 31 December 2020	65,951	299,256	63,477	42,042	12,902,983	13,373,709

The carrying amount of fully depreciated assets that are still in use amounted to RM1,060,736 (2019: RM1,092,085).

13. Intangible assets

	Computer Software RM	Total RM
Group And Company		
Cost		
At 31 December 2019 and 1 January 2020	275,198	275,198
Accumulated amortisation		
At 1 January 2019	187,770	187,770
Charge for the year (Note 8)	48,828	48,828
At 31 December 2019 and 1 January 2020	236,598	236,598
Charge for the year (Note 8)	26,255	26,255
At 31 December 2020	262,853	262,853
Net carrying amount		
At 31 December 2019	38,600	38,600
At 31 December 2020	12,345	12,345

14. Investment in subsidiaries

	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost	4	4

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Proportion (%) of ownership interest 2020	Proportion (%) of ownership interest 2019
Held by the company:				
MARC Solutions Sdn Bhd (formerly known as ("fka") MARC Risk Management Solutions Sdn Bhd)*	Malaysia	Consultancy Management & Advisory	100	100
MARC Learning Sdn Bhd (fka MARC Training Sdn Bhd)*	Malaysia	Training	100	100

14. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows (cont'd.):

Name	Country of incorporation	Principal activity	Proportion (%) of ownership interest 2020	2019
Held by the company:				
MARC Ratings Berhad	Malaysia	Other financial service activities	-**	-
MARC Data Sdn Bhd	Malaysia	Collection agencies and credit bureaus data processing	-^	-

** Audited by Ernst & Young PLT, Malaysia*
*** Incorporated on 15 December 2020.*
^ Incorporated on 16 December 2020.

15. Deferred tax

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

	Group and Company 2020 RM	2019 RM
At 1 January	48,448	8,176
Recognised in profit or loss (Note 11)	463,666	40,272
At 31 December	512,114	48,448

Presented after appropriate offsetting as follows:

	2020 RM	2019 RM
Deferred tax assets	599,836	428,001
Deferred tax liabilities	(87,722)	(379,553)
	512,114	48,448

15. 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 of the Group and of the Company

	Group and Company		
	Allowance for ECL RM	Provision for liabilities RM	Total RM
As as 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
As as 31 December 2019			
At 1 January	47,623	325,070	372,693
Recognised in profit or loss	(19,406)	74,714	55,308
At 31 December	28,217	399,784	428,001

Deferred tax liabilities of the Group and of the Company

	Group and Company		
	Plant and equipment RM	Deferred revenue RM	Total RM
As as 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)
As as 31 December 2019			
At 1 January	(364,517)	-	(364,517)
Recognised in profit or loss	(15,036)	-	(15,036)
At 31 December	(379,553)	-	(379,553)

Deferred tax assets have not been recognised during the financial year ended 31 December 2020 in respect of unutilised tax losses of the subsidiaries. The unutilised tax losses are available up to a maximum 7 consecutive years for off-set against the subsidiary's future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020 (CONT'D.)

16. Investment securities

	Group and Company	
	2020	**2019**
	RM	**RM**
Current		
FVTPL		
(Quoted in Malaysia)		
Unit trust finds	8,629,438	6,129,319
Real estate investment trusts	1,753,730	2,351,180
	10,383,168	8,480,499
(Unquoted in Malaysia)		
Institutional trust fund	7,141,515	7,156,816
Club membership	20,000	20,000
	7,161,515	7,176,816
Total current investment securities	17,544,683	15,657,315
Non-current		
FVTOCI		
(Unquoted outside Malaysia)		
Equity instrument	42,389	43,434
Amortised cost		
(Quoted in Malaysia)		
4.0% p.a.* RM corporate bonds due 8 February 2023	4,975,000	4,975,000
Total non-current investment securities	5,017,389	5,018,434
Total investment securities	22,562,072	20,675,749

* p.a.: per annum

In May 2019, the Company divested its entire holdings in ARC Ratings through a first right of refusal and option to buy for RM1,432,270 with a realised gain on sale of RM708,033.

17. Trade and other receivables

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current					
Trade receivables	(a)	1,936,999	5,368,111	1,914,999	5,269,011
Other receivables					
Interest receivables		591,068	582,495	591,068	582,495
Refundable deposits		26,094	49,602	26,094	49,602
Sundry receivables		14,745	10,776	14,745	10,776
Prepayments		50,362	64,485	47,355	61,984
Others		1,800	-	1,800	-
		684,069	707,358	681,062	704,857
Total trade and other receivables		2,621,068	6,075,469	2,596,061	5,973,868

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (2019: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade receivables	1,953,958	5,485,682	1,931,958	5,386,582
Allowance for expected credit loss (Note 17(a)(ii))	(16,959)	(117,571)	(16,959)	(117,571)
	1,936,999	5,368,111	1,914,999	5,269,011
Lifetime non-credit impaired	1,952,348	5,385,450	1,930,348	5,286,350
Lifetime credit impaired	1,610	100,232	1,610	100,232
Gross carrying amount	1,953,958	5,485,682	1,931,958	5,386,582
ECL:				
Non-credit impaired	15,349	17,339	15,349	17,339
Credit impaired	1,610	100,232	1,610	100,232
	16,959	117,571	16,959	117,571
Net carrying amount	1,936,999	5,368,111	1,914,999	5,269,011

17. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd)

Reconciliation of the gross carrying amount and allowance for expected credit loss are as follows:

(i) Qualitative movement of gross carrying amount

Trade receivables' decrease of RM3,531,724 (the Group) and RM3,454,624 (the Company) within 12 months are mainly due to lower accrued billing and increased collections from its debtors in the financial year ended 31 December 2020 which correspondingly decreased the ECL allowances.

Trade receivables' decrease of RM1,482,712 (the Group) and RM1,536,280 (the Company) within 12 months are mainly due to lower accrued billing and increased collections from its debtors in the financial year ended 31 December 2019 which correspondingly decreased the ECL allowances.

(ii) 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 2020	17,339	100,232	117,571
Allowance made	134,367	17,257	151,624
Reversals	(136,357)	(115,879)	(252,236)
	(1,990)	(98,622)	(100,612)
At 31 December 2020	15,349	1,610	16,959
At 1 January 2019	46,924	151,505	198,429
Allowance made	183,547	528,325	711,872
Reversals	(213,132)	(579,598)	(792,730)
	(29,585)	(51,273)	(80,858)
At 31 December 2019	17,339	100,232	117,571

18. Amount due from subsidiaries, net

	Company 2020 RM	Company 2019 RM
(a) MARC Solutions Sdn Bhd:		
(fka MARC Risk Management Solutions Sdn Bhd)		
Amount due from subsidiary:		
Cost of commencement	-	10,000
Shared service cost	611,047	336,215
Management fee	66,000	46,000
Amount due to subsidiary	(195,000)	(30,000)
(b) MARC Learning Sdn Bhd:		
(fka MARC Training Sdn Bhd)		
Amount due from subsidiary		
Shared service cost	98,296	81,700
Management fee	66,000	79,000
Amount due to subsidiary	(60,000)	-
	586,343	522,915

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.

19. Deposits

	Group and Company 2020 RM	Group and Company 2019 RM
Deposits with:		
Licensed financial institutions	23,235,000	19,885,218

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

	Group and Company 2020	Group and Company 2019
Weighted average effective interest rates (%)	2.95	3.95
Average maturity (days)	136	164

20. Cash and bank balances

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash at banks and on hand	1,398,723	1,267,413	962,913	618,527

Cash at banks earns interest at floating rates based on daily bank deposit rates.

21. Other payables

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Provisions	2,482,358	1,599,080	2,482,358	1,599,080
Accrued operating expenses	247,585	150,749	222,915	95,481
Deferred revenue	327,156	329,321	326,801	302,400
Others	600,299	574,577	600,299	574,577
	3,657,398	2,653,727	3,632,373	2,571,538

22. Share capital

	Number of ordinary shares 2020	Number of ordinary shares 2019	Amount 2020 RM	Amount 2019 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.

23. Other reserves

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

24. 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 Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amount due from subsidiaries, net (Note 18)	-	-	586,343	522,915
Other income				
Shared service fee income	-	-	709,343	417,915
Management fee income	-	-	132,000	125,000
Cost of commencement	-	-	-	10,000
Consultancy fee expense	-	-	(25,000)	(170,000)

(b) Compensation of key management personnel

	Group and Company	
	2020 RM	2019 RM
Short-term employee benefits	3,213,321	3,148,551
Defined contribution plan	512,857	490,440
	3,726,178	3,638,991

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

25. 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	
	2020 RM	2019 RM
Not later than 1 year	26,640	29,160
Later than 1 year but not later than 5 years	38,700	65,340
	65,340	94,500

Reconciliation of operating lease commitments to the lease liabilities as at 1 January 2020:

	Group and Company RM
Operating lease commitments as at 31 December 2019	94,500
Recognition exemption for leases of low value assets	(94,500)
Lease liabilities as at 1 January 2020	-

26. 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 2020 and 2019.

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	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Group and Company								
Financial assets:								
FVTPL								
(Quoted in Malaysia)								
Unit trust funds	8,629,438	6,129,319	-	-	-	-	8,629,438	6,129,319
Real estate investment trusts	1,753,730	2,351,180	-	-	-	-	1,753,730	2,351,180
(Unquoted in Malaysia)								
Institutional trust	-	-	7,141,515	7,156,816	-	-	7,141,515	7,156,816
Club membership	-	-	20,000	20,000	-	-	20,000	20,000
FVTOCI								
(Unquoted outside Malaysia)								
Equity instruments	-	-	42,389	43,434	-	-	42,389	43,434
At 31 December	10,383,168	8,480,499	7,203,904	7,220,250	-	-	17,587,072	15,700,749

* p.a. : per annum

For the financial year ended 31 December 2020, there is no Level 3 financial assets at the Group's and Company's level.

B. Sensitivity of fair value measurements to changes in unobservable input assumptions

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

26. Fair value of financial instruments (cont'd.)

C. 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			
	2020		2019	
	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	5,175,000	4,975,000	5,065,000

(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 Group does not intend to dispose off this investment in the foreseeable future.

(ii) Institutional trust fund investment and club membership (unquoted in Malaysia)

It is not practical to estimate the fair value of this unquoted investment due to lack of market information and the inability to estimate the fair value without incurring excessive costs. However, the Group and the Company do not expect the carrying amounts to be significantly different from recoverable amounts.

D. 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	17
Amount due from subsidiaries, net	18
Deposits	19
Cash and bank balances	20
Other payables	21

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

27. 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 on 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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

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.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. 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.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

27. 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.

(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 licensed financial institutions and in short-term money market funds.

<u>Sensitivity analysis for interest rate risk</u>

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.

<u>Sensitivity analysis for market price risk</u>

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 RM87,687 (2019: RM117,559) 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 variables held constant, is immaterial to the Group's and the Company's profit before tax and equity.

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020 (CONT'D.)

28. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 2020 and 31 December 2019.

The Company is required by the Securities Commission Malaysia ("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 2020.

29. Dividends

	Group and Company	
	2020	**2019**
Recognised during the financial year:	**RM**	**RM**
Dividends on ordinary shares:		
- 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 (2019: A first and final single tier dividend of 10% at 10 sen per ordinary share)	4,000,000	2,000,000
	4,000,000	2,000,000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
- A first and final single tier dividend of 20% at 20 sen per ordinary share (2019: Special single tier of 5% at 5 sen per ordinary share, and a first and final single tier dividend of 15 sen per ordinary share)	4,000,000	4,000,000

A first and final single tier dividend of 20 sen or equivalent to a net cash flow of RM4,000,000 in respect of the financial year ended 31 December 2020, had been declared on 22 April 2021. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2020 (CONT'D.)

30. Significant and subsequent events

The following are the significant and subsequent events of the Group during the financial year ended 31 December 2020:

(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 activties of the Company and MDSB to carry out the business of credit information bureau and data processing activities. Subsequently, an allotment of shares totaling RM999,999 was made for MDSB on 19 March 2021.

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

Application for transfer of credit rating license to MRB and operating license for MDSB had been submitted to the Securities Commission Malaysia and Ministry of Finance respectively. As at the date of this report, both license applications are pending approval.

(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 occurence 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 2020 that have significant impact on the financial position of the Group and the Company as at 31 December 2020.

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 22 April 2021.

LIST OF SHAREHOLDERS 31 DECEMBER 2020

Name Of Shareholder	Percentage (%)
Insurance Companies	
MSIG Insurance (Malaysia) Bhd	4.250
Malaysian Reinsurance Berhad	4.100
Zurich Life Insurance Malaysia Berhad	3.500
Manulife Holdings Berhad	3.500
Chubb Insurance Malaysia Berhad	3.300
AXA Affin General Insurance Berhad	2.500
Lonpac Insurance Bhd.	2.350
Berjaya Sompo Insurance Berhad	1.175
Prudential Assurance Malaysia Berhad	1.175
Sun Life Malaysia Assurance Berhad	0.600
Stockbrokers (Held directly or through their holding companies)	
JF Apex Securities Berhad	4.900
Rashid Hussain Berhad (In Members' Voluntary Liquidation)	4.900
TA Enterprise Berhad	4.900
AmSecurities Holding Sdn. Bhd.	4.000
Inter-Pacific Securities Sdn. Bhd.	2.350
Credit Rating Agency	
Moody's Asia Pacific Limited	19.450
CARE Ratings Limited	10.000
Investment Banks	
Kenanga Investment Bank Berhad	4.900
MIDF Amanah Investment Bank Berhad	4.900
RHB Investment Bank Berhad	4.900
Public Investment Bank Berhad	2.350
Affin Hwang Investment Bank Berhad	2.000
KAF Investment Bank Berhad	2.000
Maybank Investment Bank Berhad	2.000

NOTICE OF THE 25th ANNUAL GENERAL MEETING

MALAYSIAN RATING CORPORATION BERHAD ("MARC" or "the Company")
Registration No. 199501035601 (364803-V)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Twenty-Fifth (25th) Annual General Meeting ("AGM") of the shareholders of Malaysian Rating Corporation Berhad ("MARC") will be held fully virtual through live streaming at the Broadcast Venue at 19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Monday, 24th May 2021 at 3.00 p.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 2020.

2. To approve the payment of Directors' Fees for an amount up to RM696,000 for the period from the 25th AGM to the 26th AGM of the Company. (Resolution 1)

3. To approve the payment of Directors' Benefits for an amount up to RM118,300 for the period from the 25th AGM to the 26th AGM of the Company. (Resolution 2)

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

   "THAT Messrs Deloitte PLT (LLP0010145-LCA & AF 0080), having consented to act, be and are hereby appointed as Auditors of the Company in place of the outgoing Auditors, Messrs Ernst & Young PLT (LLP0022760 LCA & AF 0039), and to hold office until the conclusion of the next Annual General Meeting of the Company 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)

NOTICE OF THE 25th ANNUAL GENERAL MEETING (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

30 April 2021

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 25th 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, 22 May 2021 at 3.00 p.m.

(5) The invitation to participate at the 25th 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 25th AGM not later than Saturday, 22 May 2021 at 3.00 p.m.

As the 25th AGM is a fully virtual AGM, shareholders who are unable to participate in this 25th AGM may appoint the Chairman of the meeting as their proxy and indicate the voting instructions in the proxy form.

NOTICE OF THE 25th ANNUAL GENERAL MEETING (CONT'D)

Explanatory Note on Ordinary 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 RM696,000. The proposal includes fees to be paid to the Directors of Subsidiaries to take into account their fiduciary duties and responsibilities expected of Directors sitting on the respective Boards.

(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 RM118,300 is derived from the estimated number of meetings to be held from the 25th AGM to the 26th AGM.

(8) ***Resolutions 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 purposed 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

MARC

MALAYSIAN RATING CORPORATION BERHAD
199501035601 (364803-V)

PROXY FORM

No. of Shares:	

I/We ____ (full name in capital letters),

NRIC No./Company No. ______________________ (new) ________________________ (old)

of ____

____ (full address)

being a member(s) of MALAYSIAN RATING CORPORATION BERHAD ("Company"), hereby appoint ____________

____________________ (full name 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-Fifth (25th) Annual General Meeting ("AGM") of the Company to be held fully virtual through live streaming at the Broadcast Venue at 19-07, Level 19, Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Monday, 24th May 2021 at 3.00 p.m. and at any adjournment thereof in the manner indicated below.

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

RESOLUTION NO.	RESOLUTION	FOR	AGAINST
1	To approve the payment of Directors' Fees for an amount up to RM696,000 for the period from the 25th AGM to the 26th AGM of the Company.		
2	To approve the payment of Directors' Benefits for an amount up to RM118,300 for the period from the 25th AGM to the 26th AGM of the Company.		
3	To appoint Messrs Deloitte as Auditors of the Company in place of the outgoing Auditors, Messrs. Ernst & Young.		
4	Authority to Allot and Issue Shares by Directors.		

Dated this ______________________ day of ______________________ 2021

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 25th 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, 22 May 2021 at 3.00 p.m.*

(5) *The invitation to participate at the 25th 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 25th AGM not later than Saturday, 22 May 2021 at 3.00 p.m.*

As the 25th AGM is a fully virtual AGM, shareholders who are unable to participate in this 25th 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).

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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
Malaysia

(Fold here)

Solutions Beyond Risk

MALAYSIAN RATING CORPORATION BERHAD
199501035601 (364803-V)

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

Tel : +603 2717 2900
Fax : +603 2717 2920
Email : marc@marc.com.my
Website : www.marc.com.my