

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

Bernard B. Rabanzo

(Contact Person)

846-7910

(Company Telephone Number)

0	3
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Month

3	1
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Day

(Fiscal Year)

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(Form Type)

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Month

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Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2017**
2. SEC identification number **184228**
3. BIR Tax Identification No **000-275-291-000**
4. Exact name of issuer as specified in its charter **MRC ALLIED, INC.**
5. **Makati City, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City** **1229**
Address of issuer's principal office Postal Code
8. **+632 846-7910**
Issuer's telephone number, including area code
9. **MRC ALLIED INDUSTRIES, INC.**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt outstanding
Common Shares	8,512,658,975
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes ☒ No ☐
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

See attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

See attached.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MRC ALLIED, INC.

By:



CARLOS P. GATMAITAN
Chairman
April 27, 2017



ATTY. GLADYS N. NALDA
President
April 27, 2017



ALEJANDRO A. PALACIO
Chief Finance Officer
April 27, 2017

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for December 31, 2016)

	March 31, 2017 UNAUDITED	2016
ASSETS		
Current Assets		
Cash	867,514	867,514
Trade and other receivables-net	172,552	54,052
Due from related parties	16,051,625	15,906,245
Real estate projects	562,805,383	562,805,383
Other current assets-net	3,480,130	3,337,280
Total Current Assets	583,377,204	582,970,474
Noncurrent Assets		
Property and equipment-net	12,210,899	12,529,075
Exploration and evaluation assets	464,252,600	464,252,600
Other noncurrent assets	24,531,444	24,531,444
Total Noncurrent Assets	500,994,943	501,313,119
TOTAL ASSETS	1,084,372,147	1,084,283,593
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	25,000,000	25,000,000
Trade and other payables	319,060,834	318,157,796
Due to related parties	127,950,184	123,617,450
Income tax payable	-	-
Total Current Liabilities	472,011,018	466,775,246
Noncurrent Liability		
Pension liability	11,792,564	11,792,564
Bank loans-net of current	-	-
Total Noncurrent Liabilities	11,792,564	11,792,564
Total Liabilities	483,803,582	478,567,810
Equity (Capital Deficiency)		
Capital stock-P0.10 par value		
Authorized shares-15,000,000,000		
Issued shares-8,512,658,975	851,265,898	851,265,898
Additional paid-in capital	-	-
Deficit	(250,697,333)	(245,550,115)
Total Equity	600,568,565	605,715,783
TOTAL LIABILITIES AND EQUITY	1,084,372,147	1,084,283,593

See accompanying Notes to Consolidated Statements

MRC ALLIED, INC. (formerly MRC ALLIED INDUSTRIES, INC.) AND SUBSIDIARY
Notes to Financial Statements
As of March 31, 2017

1	Cash		
	Bank of Commerce		867,514
2	Accounts Receivable consists of:		
	Trade Receivables	-	
	Advances to:		
	Suppliers	-	
	Officers & Employees	172,552	
	Others	-	
		172,552	
	Less: Allowance for Doubtful Accounts	-	
			172,552
3	Real Estate Projects		
	Developed Land for Sale	359,257,715	
	Land Under Development	203,547,668	
			562,805,383
4	Due from related parties		
	New Cebu Township One		16,051,625
5	Property and equipment		
	Land	1,045,000	
	Transportation equipment	3,287,619	
	Furniture, Fixtures and Equipment	91,449	
	Land and Lease Improvements	3,375,521	
	Gold processing plant & tunnels	4,411,310	
			12,210,899
6	Exploration and evaluation assets		
	Surigao Mines, Inc.	444,252,600	
	Tampakan Mines, Inc.	20,000,000	
			464,252,600
7	Bank Loans		
	First Metro Investment Corporation		25,000,000
8	Accounts Payable and Other Liabilities		
	Accounts Payable	-	
	Accrued		
	Interest & Penalties	317,632,792	
	Statutory Liabilities	486,849	
	Others	941,193	
			319,060,834
9	Due to related parties		
	Advances From Stockholders		127,950,184

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for March 31, 2016)

	JANUARY TO MARCH 31, 2017 UNAUDITED	JANUARY TO MARCH 31, 2016 UNAUDITED
EXPENSES		
Mining Expenses	-	-
Interest	812,450	812,450
General and administrative	4,334,768	3,747,937
Other charges-net	-	-
LOSS BEFORE INCOME TAX	5,147,218	4,560,387
INCOME TAX BENEFIT	-	-
NET LOSS	5,147,218	4,560,387
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS	5,147,218	4,560,387
BASIC/DILLUTED LOSS PER SHARE	0.001	0.001

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for March 31, 2016)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at December 31, 2016	851,265,898	-	(245,550,115)	605,715,783
Total Comprehensive loss for the quarter			(5,147,218)	(5,147,218)
Balances at March 31, 2017	851,265,898	-	(250,697,333)	600,568,565

Balances at December 31, 2015	851,265,898	-	(179,746,064)	671,519,834
Total Comprehensive loss for the quarter			(4,560,387)	(4,560,387)
Balances at March 31, 2016	851,265,898	-	(184,306,451)	666,959,447

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for March 31, 2016)

	JANUARY TO MARCH 31, 2017 UNAUDITED	JANUARY TO MARCH 31, 2016 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(5,147,218)	(4,560,387)
Adjustment for:		
Interest expense	-	-
Depreciation and amortization	318,176	375,563
Provision for probable losses and impairment		
Operating loss before working capital changes	(4,829,042)	(4,184,824)
Decrease (increase) in:		
Trade and accounts receivable	(118,500)	(1,023,291)
Other current assets	(142,850)	(159,130)
Increase (decrease) in:		
Trade and other payables	903,038	1,064,685
Pension liability	-	
Net cash used in operating activities	(4,187,354)	(4,302,560)
CASH FLOW FROM A FINANCING ACTIVITIES		
Increase in amount due to related parties	4,187,354	4,302,560
NET INCREASE IN CASH	-	-
CASH AT BEGINNING OF FIRST QUARTER	867,514	211,802
CASH AT END OF YEAR	867,514	211,802
NON CASH TRANSACTIONS		
Advances by related parties for:		
Exploration and evaluation costs capitalized		
Property and equipment acquisitions		
Increase in other noncurrent assets		
Settlement of loans		
Debt-to-equity conversion		
	-	-

See accompanying Notes to Consolidated Statements.

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements Required under SRC RULE 68.1

1. Basic and Diluted Earnings per Share (See Attached Income Statement)
2. The accompanying consolidated interim financial statements of MRC Allied Industries, Inc. (MRC) were prepared in accordance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS).

Notes to Financial Statements:

- a. The accompanying financial statements were prepared in compliance with PFRS. The financial statements have been prepared using the historical cost basis and are presented in Philippine Pesos.

Adoption of New and Revised PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretation from IFRIC which the Company adopted effective January 1, 2016:

- Amendments to PFRS 10, IFRS12, Disclosure of Interests in Other Entities, and PAS 28- Investment Entities: Applying the Consolidation Exception
- Amendments to PAS 1, Presentation of Financial Statements: Disclosure Initiative
- Amendments to PAS 16, Property, Plant and Equipment-Clarification of Acceptable Methods of Depreciation, and PAS 38, Intangible Assets-Clarification of Acceptable Methods of Amortization
- Amendment to PAS 19, Employee Benefits-Disclosure Rate: Regional Market Issue

New and Revised PFRS Not Yet Adopted

- Amendment to PAS 7, Statement of Cash Flows-Disclosure Initiative
- PFRS 9, Financial Instruments
- PFRS 16, Leases

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the consolidated financial statements. Additional disclosures will be included in the consolidated financial statements, as applicable.

The Company's risk management objectives and policies- The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with its Management in close cooperation with the Board of Directors, focuses on actively securing the Company's short-to medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The first time application of the standards and amendments has not resulted in any prior period adjustments of cash flows, net income or balance sheet line items

- a. There is no significant seasonality or cycle of interim operations.
- b. Material events subsequent to the end of the interim includes the application of the following: (i) On January 14, 2014 the SEC approved the Company's further equity restructuring by applying additional paid-in capital of P281.9 million to fully wipe out the remaining deficit.
- c. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
- d. There are no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.

- e. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

MRC ALLIED, INC.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results or Plan of Operation

2a) Plan of Operation

The Company has incurred a deficit mainly because of losses from operations. However, because of the debt-to-equity conversion in 2013 and 2012 and the equity restructuring in 2014 and 2013, it has reduced its deficit to P136.8 million which resulted to a positive equity of P712.7 million as at December 31, 2014.

To generate profits to sustain operations, management plans are the following:

Real Estate

The Company has two land banks consisting of 160 hectare industrial estate in Naga City, Cebu known as the New Cebu Township One (NCTO) and 700 hectares of raw land in San Isidro Municipality, Leyte known as Amihan Woodlands Township (AWT). The NCTO comprises of parcels of land that is registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal, the properties, the properties have a fair market value of P1.5 billion. The Company is selling portion of this properties.

Solar Power Plant

The Company plans to develop in NCTO at least 50 megawatt solar power plant that can either supply electricity to the Visayas grid and/or offer its production to large power consumers within and around Naga City, Cebu. Management is currently negotiating with several interested local and foreign entities concerning the solar project. The renewable energy venture of the Company will be subjected to the approval by the stockholders.

Reclamation Projects

The Company plans to participate in proposed reclamation projects by the national and local government units.

In line with the thrust of the government to be more aggressive in pursuing reclamation projects within the Visayas and Mindanao areas, the Naga Property will give the Company an opportunity to participate actively in the planned areas of reclamation

Mining

The Company entered into Mines Operating Agreements (MOA) for gold and copper with Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) for the exploration and evaluation of the following mining sites:

<u>Location</u>	<u>No. of Hectares</u>
Kiblawan, Davao del Sur and Columbio, Sultan Kudarat	7,955.7
Marihatag, Surigao del Sur	3,759.3
Paquibato, Mindanao	8,475.6
Boston and Cateel, Davao Oriental	4,860.0

Exploration and evaluation assets recognized in the consolidated statements of financial position amounted to nil and P464.3 million as at December 31, 2014 and 2013, respectively. These comprised of P600.0 million shares of consideration paid to AMC and PMC equivalent to P444.0 million and P20.0 million paid for the reimbursement of costs on pre-exploration activities.

The above mining sites have an ongoing application for Exploration Permit (EP) with the Mines and Geoscience Bureau (MGB). MGB informed the Company that its application is already in the

final stage and it is set to issue a memorandum advice containing the result of their evaluation of the applications. The memorandum advice and the compliance by the Company therein will lead to the issuance of the clearance for the approval of the application for EP.

The ability of the Company to continue as a going concern depends largely on its successful implementation of the above management action plan.

2b) Financial Condition and Results of Operation as of December 31, 2016

2016 – The company total assets is P1.084 billion and P1.063 billion as at December 31, 2016 and December 31, 2015, respectively. Receivables amounted to P54,052 and P344,440 as at December 31, 2016 and 2015, respectively are advances made to officers and employees and are settled through liquidation and salary deduction for a specified period of time. In 2016, the Company provided allowance for impairment losses amounting to P0.3 million. In 2015, long outstanding trade and other receivables previously provided with allowance for impairment losses amounting to P82.0 million were written off. Real estate projects are valued at P539.8 million and P1,071.7 million for NCTO and AWT, respectively. There were no borrowing costs capitalized as at December 31, 2016 and 2015. The Company, in its normal course of business, has transactions with its related parties. Noninterest bearing cash advances to MCC of P15.9 million in December 31, 2016 and P13.3 million in December 31, 2015. The Company obtained cash advances from its stockholder for working capital requirements which amounted to P123.6 million and P62.3 million as at December 31, 2016 and 2015, respectively. These advances are due and payable on demand. Non-interest bearing cash advances made to officers amounted to P54,052 and P0.3 million as at December 31, 2016 and 2015. In 2016, the Company provided allowance for impairment losses on advances to officers and employees amounting to P0.3 million. There were no compensation of key management personnel of the Company in 2016 and 2015. Other current assets amounting to P3.33 million and P1.60 million as at December 31, 2016 and 2015, respectively. The Company recognized other income reversal of allowance for impairment losses amounting to P0.6 million and P0.3 million in 2016 and 2015, respectively. Property and equipment amounted to P12.52 million and P11.64 million as at December 31, 2016 and 2015, respectively. The cost of fully depreciated property and equipment that are being used by the Company amounted to P45.6 million and P33.5 million in 2016 and 2015, respectively. No movement on exploration and evaluation assets of P464.25 million and P464.25 million as at December 31, 2016 and 2015, respectively. Other non-current assets of P24.5 million and P9.62 million as at December 31, 2016 and 2015, respectively. The increase was due to the predevelopment costs incurred by the Company in acquiring licenses and services contract in relation to Menlo Renewable Energy's solar energy project. Bank loans of P25.0 million and P25.0 million as at December 31, 2016 and 2015, respectively, represents due and demandable loans payable to First Metro Investment Corporation, with interest ranging from 12.0% to 19.5% a year. Trade and Other Payable consists of Interest and penalties incurred on the outstanding loans amounting to P318.15 million and P294.70 million for 2016 and 2015, respectively. Due to related party of P123.61 for 2016 and P62.25 million for 2015. These are transactions made from a stockholder for working capital advances and acquisition of licenses for Menlo Renewable Corporation. Retirement liabilities amounted to P11.79 million for 2016 and P10.33 million for 2015. These are unfunded, defined benefit retirement plan covering all its qualified employees. As a result, the Company's deficit for 2016 is at negative P245.55 million while for 2015, it's a negative P179.74 million.

In terms of profitability, MRC's net loss stood at P65.80 million in 2016 compared to P41.14 million net loss in 2015. The increase in net loss of P24.65 are primarily attributable to the Company's operating expenses particularly on the accrual of interest and penalties on the remaining loans and overhead expenses.

2c) Comparable Discussion of Interim Period as of 31 March 2017

The Group's aggregate resource stood at P1.084 Billion, while total liabilities and equity amounted to P483.80 Million and P600.57 Million respectively, as of 31 March 2017. Comparing March 31, 2017 against December 2016 level, total resources net increased by P0.406 million attributed principally for the adjustments on accumulated depreciation and advances of subsidiaries and affiliates. Total liabilities went up by P5.23 Million in 31 March 2017 due to the following: (i)) accrual of interest and penalties of the existing bank loans and transactions recorded in the related parties and advances to stockholders to fund the day to day operations of the Company. Total

stockholders' equity was recorded at P600.57 Million in 31 March 2017 as against of P605.72 Million in 31 December 2016 due mainly to the general expenses for the first quarter of 2017.

On a quarter to quarter basis, total assets of the Group for the first quarter of 2017 amounted to P1.084 Billion compared to the total assets as of end of first quarter of 2016 were increased by P19.74 million. The increased is due to predevelopment costs incurred by Menlo Renewable Energy Corporation.

Total liabilities of the Group as of first quarter of 2017 increased by P86.13 Million net of P397.67 million compared to P483.80 million this quarter against the same quarter of 2016. This increase was due to the advances made to stockholders for working capital operation of its subsidiary and the accrual of interest on the bank loan and other payables for this quarter of 2017.

MRC ended the first quarter of 2017, with a total net loss of P5.15 Million compared to P4.56 Million in the first quarter of 2016. The increase was largely due to the related party transaction with Menlo Capital Corporation to support the general and administrative expenses of the company and the accrual of interest on the bank loans.

Key Performance Indicators

	2017	2016
Current/liquidity ratio	1.24	1.25
Current Assets	583,377,204	582,970,474
Current liabilities	472,011,018	466,775,246
Solvency ratio	(0.009)	(0.12)
After tax income (loss) less dep	(4,703,206)	(59,417,329)
Total liabilities	483,803,582	478,567,810
Debt-to-equity ratio	0.81	0.79
Total liabilities	483,803,582	478,567,810
Total equity	600,568,565	605,715,783
Asset-to-equity ratio	1.81	1.79
Total assets	1,084,372,147	1,084,283,539
Total equity	600,568,565	605,715,783
Interest rate coverage ratio	(5.29)	(2.00)
Loss before interest and taxes	(4,294,178)	(47,177,200)
Interest expense	812,450	23,587,565
Profitability ratio		
Return on assets	0.005	(0.06)
After tax income	(5,147,218)	(65,804,051)
Total assets	1,084,372,147	1,084,283,593
Return of equity	(0.009)	(0.11)
After tax income	(5,147,218)	(65,804,051)
Total equity	600,568,565	605,715,783

Discussion and Analysis of Materials Events

(1) i. MRC's debt-to-equity restructuring have a material impact on its liquidity and equity in the first quarter of 2014. The quasi-reorganization, debt-to-equity conversion and the decrease in MRC's par value resulted to a positive equity.

ii. There are no other known trends, commitments, events or uncertainties that will have a material impact on MRC's liquidity within the next twelve (12) months except for those mentioned above.

(2) i. There are no material commitments as yet for capital expenditures.

- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Group or any default or acceleration of an obligation for the period.
- (3) i. There is nothing to disclose regarding any material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationships of MRC with unconsolidated entities or other persons created during the reporting period.
- (4) There are no other significant elements of income or loss that did not arise from the MRC's operations or borrowings for its projects.
- (5) The material changes of 5% or more from period to period of the following accounts are as follows:

Balance Sheet Accounts:

Total assets is P1.084 billion and total liabilities and equity is P483.80 million and P605.57 million, respectively. Total assets went up by P0.41 million this quarter due to advances from officers and employees.

Trade and other payables of P319.06 million went up by P0.900 million because of the accrual of interest on the bank loan, statutory liabilities and other payables in first quarter of 2017.

Due to a related party amounted to P127.95 million in 2017. The increase of P4.33 million was due to the advances made from a stockholder for working capital operation of its subsidiary.

Net loss of P5.15 million compared to the Company's net loss of P4.56 for 2016 of the same quarter. Net loss for this quarter is attributed to the accrual of interest of loans amounting to P.812 million, depreciation of P0.443 million.

General and administrative expenses of P4.33 million as against P3.75 million for first quarter of 2016. The increase in general and administrative expenses is attributed to the depreciation and amortization amounting to P0.443 million; salaries and wages of P2.069 million; and other expenses in the day to day operation of the Company.

Financial Risk Disclosure under SRC RULE 17.1 (1) (A) (ii)

The Company's principal financial instruments are trade and other receivables, due from related parties, bank loans, trade and other payables and due to related parties. The main purpose of these financial instruments is to finance the Company's operations.

The Company has exposure to liquidity risk, credit risk and interest rate risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks and are summarized below:

- a. Liquidity risk-The company's objective is to maintain balance between continuing of funding and flexibility through the availment of loans and advances from related parties. The assets are sufficient to pay the financial liabilities when they fall due.
- b. Credit risk-This refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Generally, the credit risk is attributable to receivables. There are no significant concentrations of credit risk because of full provision of valuation allowance as at December 31, 2012 and 2011.

MRC Allied, Inc.
Aging of Accounts Receivable
As of March 31, 2017

	Total	1-3 mos	4-6 mos	7 mos to 1 year	1-2 years	3-5 years	Past Due Accts. & Items in Litigation
1) Type of Accounts Receivable:							
a) Trade Receivables	0.00					0.00	
Less: Allowance for Doubtful Accounts	(0.00)					(0.00)	
Net Trade Receivables	0.00					0.00	
b) Non- Trade Receivable:							
1. Advances							
Suppliers	0.00					0.00	
Officers & Employees	172,552.00					172,552.00	
Net Receivable	172,552.00	0.00	0.00	0.00	0.00	172,552.00	

-Nothing follows-