

COVER SHEET

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SEC Registration Number

M R C	A L L I E D ,		I N C . A N D	S U B S I D I A R I E S
(	f o r m e r l y M R C A L L I E D	I N D U S T R I E \$,		
I N C .)				

(Company's Full Name)

[illegible]

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

Bernard Rabanzo

(Contact Person)

846-7910

(Company Telephone Number)

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Month Day
(Fiscal Year)

1	7	-	A	
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(Form Type)

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Month Day
(Annual Meeting)

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(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

I & VII

Amended Articles Number/Section

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Total No. of Stockholders

25M	NA
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Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2015
2. SEC Identification Number 184228 3. BIR Tax Identification No. 490-000-275-291
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. (SEC Use Only)
Industry Classification Code:
7. 5/F Eurovilla 4 Building, 853 A. Arnaiz Ave., Makati City 1223
Address of 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 SRC, or Sec. 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 these securities listed on a Stock Exchange.

Yes [x] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The information required by this item is contained in Annex 1 of this Report

Documents Incorporated by Reference

Audited Financial Statements for the period Ended December 31,
2015 Annual Corporate Governance Report

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

MRC Allied, Inc. (MRC) or (“the Parent Company”) was incorporated in the Philippines. The Parent Company is the first publicly listed, property development firm in the Philippines which has found its niche in development of master planned, integrated residential, commercial, recreational, tourism and industrial areas within a single community or township.

Formerly operating as Makilala Rubber Corporation, (incorporated on November 20, 1990), the Parent Company’s activities had been primarily the processing and export of baled natural rubber. In 1993, new stockholder acquired the Company from Philtread Tire & Rubber Corporation and diversified it into real property development, more particularly, into township development.

On October 25, 1994, the Securities & Exchange Commission approved the change of name of Makilala Rubber Corporation to MRC Allied Industries, Inc. In 1995, MRC listed its entire 500 million shares in the Philippine Stock Exchange with an initial public offering share price of three pesos (P3.00) per share. In 1997, MRC decided to divest its rubber business to Makrubber Corporation, its wholly owned subsidiary, to focus on its core business, real property development. Makrubber stopped its operations in 2000 because of the worsening raw material supply due to the Land Reform Program and the peace and order problems in North Cotabato.

Since 2000, MRC has had minimal operations and simply continued and maintained its two eco-friendly projects: the New Cebu Township One (NCTO) of Naga, Cebu; and Amihan Woodlands Township (AWT) of Northern Leyte.

On July 21, 2008, MRC held its annual stockholders’ meeting at the Manila Polo Club for the purpose of electing the new members of its Board of Directors for the term 2008-2009. The stockholders also approved the amendments to MRC Allied Industries, Inc.’s existing Articles of Incorporation in line with the rationalization and quasi-reorganization of the Company, as follows:

- (i) Change in the corporate name from “MRC Allied Industries, Inc.” to “MRC Allied, Inc.”
- (ii) Decrease in the par value of MRC’s common shares from P1.00 per share to P0.20 per share, with the corresponding decrease in its authorized capital stock from P500 million divided into 500 million common shares with a par value of P1.00 per share to P100 million divided into 500 million common shares with a par value of P0.20 per share;
- (iii) Increase in its authorized capital stock of up to, or not exceeding P9.50 billion or 47.5 billion shares at a par value of P0.20 per share;
- (iv) Debt to equity conversion, wherein an issuance of shares from the increased of up to, or not exceeding P750 million or 37.5 billion shares out of such increase in the authorized capital stock.

The rationale behind the capital restructuring and proposed modification of the Parent Company’s issued and outstanding common shares is to reduce its outstanding deficit. On the other hand, the proposed increase in MRC’s authorized capital stock will give way to additional capital infusion by potential investors.

On 8 August 2008, the Board of Directors elected the officers of MRC Allied and its various committees namely the Audit, Nominations and Compensations Committees. During the same meeting, the Board approved the partial implementation of the increase in its authorized capital stock by P2.9 billion divided into 14.5 billion shares with par value of P0.20 per share, thus increasing its authorized capital stock from P100 million divided into 500 million shares to P3.0 billion divided into 15 billion shares with par value of P0.20 per share.

On 23 September 2008, Pacific Asia Capital Corporation (PACC) now Menlo Capital Corporation (MCC) and MRC entered into a Deed of Assignment wherein the following resolutions were made: (i) assumptions of liabilities by PACC of P328.50 million from various creditors of MRC; (ii) MRC agreed for the settlement or extinguishment by PACC of its loans from various creditors; (iii)

PACC and MRC agreed to extinguish the debt by converting it into common shares out of MRC's increased authorized capital stock of P3.0 billion' (iv) PACC shall subscribe to P725 million covering the 25% minimum subscription for the partial increase of MRC's authorized capital stock of P2.9 billion or 3.625 billion shares out of the 14.5 billion shares increase with par value of P0.20 per share; (v) PACC shall assign, convey, transfer and consider as extinguished MRC's debt in the amount of P328.50 million as partial payment for 1.642 billion shares. As a result of this agreement, PACC shall have 3.625 billion shares, or 87.88% of the outstanding capital stock of MRC, thus effectively acquiring control over MRC.

The above resolutions were subsequently approved by the Philippine Securities and Exchange Commission (SEC) on March 25, 2010.

On February 28, 2013, the stockholders approved a debt-to-equity conversion of up to P1.0 billion of previously contracted debt at P0.20 a share and the reduction in par value of shares from P0.20 to P0.10 to implement a quasi-reorganization by offsetting the resulting additional paid-in capital against the Company's deficit to improve the Company's financial position. The Company still has to file the necessary documents for the debt-to-equity conversion and the quasi-reorganization with the SEC.

On November 8, 2013, Securities & Exchange Commission approved the (1) debt-to-equity conversion payable to a stockholder amounting to P877.5 million as consideration for the issuance of 4,387,658,975 shares of stock with a par value of 0.20 per share and, (2) the Company's equity restructuring. The equity restructuring reduced the par value of shares from 0.20 to 0.10 and the resulting additional paid-in capital of P851.3 million was applied against the Company's deficit. As at December 31, 2013, the company has a positive equity of P755.4 million from a capital deficiency of P99.4 million as at December 31, 2012.

On January 14, 2014, the SEC approved the Company's further equity restructuring by applying additional paid-in capital of P106.4 million to deficit.

Business/Projects

At present, the principal asset of the Company consists of two land banks. The first is a 160 hectare industrial estate in Naga City, Cebu and the second consists of 700 hectare of raw land in San Isidro Municipality, Leyte. Located thirty five (35) kilometers away from the Mactan International Airport, the industrial estate in Naga City, known as the New Cebu Township One (NCTO), is registered with the Philippine Economic Zone Authority as a special economic zone. At present, the lead locator in the park is Kyocera, a Japanese manufacturer of ceramics. Further development is required to fully maximize the value of this property.

Also classified as a special economic zone, the Leyte Property, known as the Amihan Woodlands Township (AWT), was originally planned as an eco -tourism project, considering the more than 10 km coastline that rises to forested mountains. No major development of the property, however, has been undertaken. The Company was negatively affected by the Asian Crisis of 1997 and essentially maintained minimal operation since then.

The abundant mineral deposits and recent government pronouncements prompted MRC to pursue the opportunity for a shift in business strategy. Global trends in metal prices and the preference for gold as the stable reserve definitely add value to mining resources available worldwide. Key acquisitions by MRC over the last quarter support this strategy:

- On November 8, 2010, MRC entered into a Mines Operating Agreement with Alberto Mining ("AMC") for gold and copper covering a parcel of land with an area of 7,955.70 hectares located at Kiblawan, Davao del Sur and Columbio, Sultan Kudarat. This property is adjacent (on the northeastern boundary) to Tampakan, currently established as the 5th largest gold-copper deposit in the world and potentially the largest in Asia. The MRC Tampakan property is not covered by the ban on open-pit mining. Tampakan is covered by the open-pit ban since its southern area is in South Cotabato where open-pit mining is prohibited. MRC Tampakan Mines, Inc. will be established as the operating subsidiary.

MRC's mining engineers, in coordination with the communities' indigenous community representatives, are conducting geological exploration (March 12 to 17). Laboratory testing will be completed by month-end as MRC awaits the approval of the exploration permit to proceed and thereby complete the preliminary requirements to pave the way for eventual drilling and operations.

- On January 7, 2011, MRC Allied Inc. entered into a Mines Operating Agreement with AMC, also for gold and copper covering a parcel of land with an area 3,718.41 hectares located at the Municipality of Marhatag, Province of Surigao del Sur. This is located in the well-known gold-belt region in southern Philippines.
- On February 4, 2011, MRC entered into a Mines Operating Agreement with Pensons Mining Corporation (an affiliate of Alberto Mines) for copper and gold deposits covering a land area of 8,475 hectares in Paquibato in Mindanao. The mines are located in the mineral -rich mountains of Davao City, Davao del Norte. The Mines and Geosciences Bureau ("MGB") has been processing 11 applications with an aggregate area of 95,000 hectares in the area.
- On March 28, 2011, MRC entered into a Mines Operating Agreement for gold and copper covering a parcel of land with an area of 9,720 hectares located at the Municipalities of Boston and Cateel, Davao Oriental ("Boston-Cateel Mines"). The Agreement involves the mining rights owned by Alberto Mining Corporation, a domestic corporation based in Davao City.
- On August 25, 2011, MRC entered into a Mines Operating Agreement for gold and copper covering a parcel of land with an area of 2,059.27 hectares located at San Miguel & Marhatag, Surigao del Sur ("Surigao Mines" additional)
- On November 16, 2011, Pursuant to the Memorandum of Agreement signed with Upper San Miguel Manobo Sectoral Tribe Council, MRC or wholly owned entity will develop a gold processing facility in the Municipality of San Miguel.

BUSINESS PLANS

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) (see Note 7). The NCTO comprises of parcels of land that is registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal, the properties have a fair market value of P= 1.5 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. On October 10, 2015, the Department of Energy prequalified the Solar Project for the issuance of a RE Service Contract.

Mining

The Company entered into Mines Operating Agreements (MOA) for gold and copper with Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) (see Note 14) for the exploration and evaluation of the following mining sites:

Location	No. of Hectares
Kiblawan, Davao del Sur and Columbio, Sultan Kudarat	7,955.7

Location	No. of Hectares
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 P=464.3 million as at December 31, 2014 and 2013, respectively. These comprised of 600.0 million shares of consideration paid to AMC and PMC equivalent to P=444.0 million and P=20.0 million (see Note 14) 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.

Major Risks Related to the Business

- ☐ The Company's profits are subject to price volatility and competition.
- ☐ The Company has had minimal operating activities and incurred losses in its recent past.
- ☐ The Company's business is subject to operational risks and the Company is not insured against all potential losses.
- ☐ Competition in the industries in which the Company is engaged in is intense.
- ☐ Additional capital may be needed for operations in the future. If the Company is unable to raise the needed financing, its operations may be adversely affected
- ☐ Inflationary pressures especially on fuel and equipment costs could adversely affect the Company's operating costs

To mitigate these risks, the Company is undertaking all cost-effective and cost-efficient means to support its operations, and to prevent incurring further losses.

Furthermore, the Company created a committee that handles risk management. This unit is tasked to review, study and propose concrete ways to manage, if not, mitigate risks relating to the business of the Company.

Advances to Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Stockholders

- ☐ The Company provided non-interest bearing cash advances for working capital requirements to MCC, a major stockholder, amounting to P=13.3 million and P12.6 million in 2015 and 2014, respectively.
- ☐ The Company obtained non-interest bearing cash advances from its stockholders for working capital requirements which amounted to P62.3 million as at December 31, 2015

and 2014, respectively.

Other Related Parties

Transactions with other related parties mainly consist of the following:

- a. The Company transferred real estate projects with a carrying value of P=278.4 million to Asian Appraisal Holdings Inc. (AAHI), a stockholder, in full settlement of obligations to AAHI amounting to P=122.3 million in 2002. The difference between the carrying values of the obligations settled and the real estate properties transferred amounting to P=156.1 million was recorded under “Due from related parties” account in the consolidated statements of financial position. The receivable was provided with full valuation allowance because AAHI is in financial difficulty.
- b. Air Liquide, Inc., an associate in prior years, repurchased its own shares of stock from the Company in August 2004 for a total consideration of P=15.0 million. The proceeds were used to pay accounts payable, bank loans and related interests amounting to P=10.1 million. The remaining amount of P=4.9 million was advanced to Kenyon Holding Corporation (Kenyon), another related party. Noninterest-bearing cash advances to Kenyon, a company owned by certain stockholders/directors of the Company, amounted to P=4.9 million as at December 31, 2013 and 2012, was recorded under “Due from related parties” account in the consolidated statements of financial position. The receivables were provided with full valuation allowance because the Company does not expect to collect from Kenyon.
- c. Noninterest-bearing cash advances made to officers amounted to P=1.4 million and P1.3 million as at December 31, 2015 and 2014, respectively.
- d. There were no compensation of key management personnel of the Company in 2015 and 2014.
- e. As at December 31, 2015, the Company’s receivables from AAHI and Kenyon aggregating which were fully provided with allowance amounting to P161.1 million were written off.

Patents and Trademarks

MRC’s operations are not dependents on patents, trademarks, copyrights and the like.

Cost and Effects of Existing/Probable Regulations

On September 30, 1996, the President of the Philippines issued Proclamation No. 889 designating MRC as an ecozone developer/operator of **New Cebu Township Ecozone** pursuant to Republic Act No 7916 and its implementing Rules and Regulations. On February 3, 1997, the President of the Philippines issued Proclamation No. 955 amending Proclamation No. 889, to increase area covered from 366,643 sq. m. to 1,228,261 sq. m. The President of the Philippines issued Proclamation No. 247 on February 24, 2000 proclaiming **Amihan Woodlands Township** as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748.

Research and Development

In the last (10) eight years, MRC has not undertaken any significant research and development activities.

Government Approval of Principal Products or Services

The mining sites have an ongoing application for Exploration Permit (EP) with the Mines and Geosciences Bureau (MGB). MGB informed the Company that its application is already in the final stage and it is set to issue memorandum advice containing the result of their evaluation of the applications. The memorandum advice and the compliance by the Company will lead to the issuance of the clearance for the approval of the application of EP.

On October 10, 2015, the Department of Energy prequalified the Solar Project for the issuance of a RE Service Contract.

Cost and Effects of Compliance with Environmental Laws

MRC has already obtained the following environmental compliance certificates: ECC to develop and operate NCTO and to construct an administration building; and ECC for the developments of high -end residential, airstrip, and marina for AWT. Likewise, the Company had entered into a joint monitoring activity with respective local government units for NCTO and AWT to monitor environment compliance.

MRC has complied with all environmental regulatory requirements as evidenced by the permit secured from DENR. There is no material costs involved.

Competition

So far, there are five known competitors in the area, namely: Mactan Economic Zone 1 and 2, Cebu Light & Industrial Park, West Cebu Industrial Park and Danao (Mitsumi) Special Economic Zone. NCTO's unique setting, abundant water supply with much lesser rate, more stable power supply and hundreds of fiber-optic cabled high-speed voice and data telephone lines. These make NCTO a competitor to reckon with.

The MRC Tampakan project has the Sagittarius Mines, Inc. (SMI) as competitor. The Tampakan deposit is one of the largest underdeveloped copper-gold deposits in the world, and has the potential to be the largest mine in the Philippines, and the fifth largest copper mine in the world by 2016.

Customers

The Company has a wide market base due to the fact that its initial areas of operations are principally in the Central and Southern Philippines. **MRC's** township projects are strategically located in non- congested areas, near centers of educated and highly productive work force and ample sources of water and power.

Employees

As of the date of this report, the manpower complement of MRC consists of thirteen (13) personnel. These employees are not covered by a collective bargaining agreement.

There is nothing to disclose as of the date of this report regarding any supplemental benefits or incentive arrangements that MRC has or will have with its employees.

Item 2. Properties

Described below are the properties in which the Company has investments:

- a. **The New Cebu Township One (NCTO) Ecozone** – NCTO represents MRC's first major property undertaking. The township, as a master-planned by renowned Jurong Town Corporation, is envisioned to become a wholly integrated community which will contain a light industry, processing zone, residential, commercial and recreational areas. Another prominent strength of the project is well-planned provision of water and power utilities. Locators are assured of their water supply from deep wells and impounded water reservoir. The power requirements of the zone will be tapped from the Leyte and Negros Oriental geothermal plants which are the part of the Visayas power grid of the National Power Corporation.

The township project, located in the Municipality of Naga, Cebu consists of 250 hectare; 123 hectares of phase one of the NCTO while 114 hectares or more are being consolidated which will later constitute phase two of the development. Phase two will be developed mainly as an expansion of Cebu Techno Park, and low to medium end

residential housing for employees in the township.

Among its major locators are Seagate Technology, Inc. of the United States, Kyocera of Japan, Air Liquide of France and AP Precisions Philippines, Inc.

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 its stockholders.

Certain portions of the property are subject of a preliminary attachment arising from the San Gabriel Case. (Please refer to discussion under the item "Legal Proceedings")

- b. Amihan Woodlands Township (AWT)** - Located in San, Isidro, Leyte with a lot area of 732 hectares, AWT was originally planned as an eco-residential/tourism project with Ecozone status.

The open spaces and woodlands consist of the natural forest, mangrove swamps, beaches and marine preserves which will be protected sanctuaries and which will serve as the centerpoint of the property development. The residential areas for locators are divided into three districts. There will be high-end luxury residential which will offer single-detached villas and mid-rise condominium and town-houses for transients and permanent residents and low-cost housing areas for employees of different establishments operating within the Township.

The large mixed-use areas will contain commercial, recreational and residential zones. It will allow locators and investors to establish resort facilities, hotels, and condominiums, and world class golf courses.

The industrial park will permit light industrial activities and other parallel uses. This will also be the site of the port operation facilities of the seaport and the airport. The remaining areas are reserved for infrastructure facilities and utilities which include an airport, seaport/marina, a lake/water reservoir, and road network.

Due to its present financial condition, no major development of the property has been undertaken.

As of 31 December 2010 and 2009, the carrying values of the above real estate properties/projects amounted to P606.36 million and P606.36 million. However, as determined by an internal appraiser in 2010 and a dependent firm of appraisers in 2011, the fair market value of the real estate projects is higher than the carrying amount by P1.0 billion.

c. Other Properties

On November 8, 2010, MRC entered into a Mines Operating Agreement with Alberto Mining ("AMC") for gold and copper covering a parcel of land with an area of 7,955.70 hectares located at Kiblawan, Davao del Sur and Columbio, Sultan Kudarat. This property is adjacent (on the northeastern boundary) to Tampakan, currently established as the 5th largest gold-copper deposit in the world and potentially the largest in Asia. The MRC Tampakan property is not covered by the ban on open-pit mining. Tampakan is covered by the open-pit ban since its southern area is in South Cotabato where open-pit mining is prohibited. MRC Tampakan Mines, Inc. will be established as the operating subsidiary.

The Company recently acquired a property located in Barangay Castillo, San Miguel, Surigao del Sur with a total area of 38,634 square meters where the proposed gold processing plant will be constructed.

The above mining sites have an ongoing application for Exploration Permit (EP) with the Mines and Geosciences Bureau (MGB). MGB informed the Company that its application is already in the final stage and it is set to issue memorandum advice containing the result of their evaluation of the applications. The memorandum advice and the compliance by the Company will lead to the issuance of the clearance for the approval of the application of EP.

The Company also currently leases its office space located at 5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Legaspi Village, Makati City. The office space has a total area of 208 square meters. The term of the lease was for one (1) year starting December 1, 2011 to December 1, 2012, renewable upon mutual agreement by the parties. The rent is Php 62,400 per month exclusive of twelve percent (12%) value-added taxes,

Item 3. Legal Proceedings

Sps. Japson, Sps. Vivares, MRC Allied Inc, et al. vs. Salubre
Civil Case No. CEB-224928
Regional Trial Court Branch 23, Cebu City

The Company is involved as a co-plaintiff in Civil Case No. CEB -224982, entitled Sps. Japson, Sps. Vivares and MRC Allied Industries, Inc. vs. Salubre in the latter's capacity as Provincial Treasurer for the Province of Cebu City, Branch 23. The complaint sought to stop the auction sale of the real properties of MRC scheduled on November 26, 2008 at Naga, Cebu, allegedly for nonpayment of real property tax. The Regional Trial Court did not issue a temporary restraining order, but the case is still pending. The auction did not push through, and no notice of auction sale has been sent to the Company as of this date.

The case is in the Pre-Trial Stage and has been referred to mandatory mediation proceedings before the Philippine Mediation Unit. The parties have already initially discussed on how the case can be settled amicably but no formal agreement for the purposes has been finalized.

San Gabriel Holdings Corp. et al v. MRC Allied Holdings, Inc. and Benjamin Bitanga, Civil Case No. CEB 87433
Regional Trial Court Branch 23, Cebu City

The Company is a defendant in a civil case for rescission of contract and restitution involving the principal amount of Php 14.9 million with prayer for preliminary attachment before the Regional Trial Court of Cebu City, Branch 23. The case was filed on February 7, 2011 by San Gabriel Holdings Corporation and Gabriel V. Leyson, and docketed as Civil Case No. 37433. Sometime in 1997, the Company's previous management entered into a contract to sell with San Gabriel Holdings. The object of the contract was a parcel of land located in San Isidro, Leyte. San Gabriel Holdings alleges that it had fully paid the purchase price and that MRC failed to comply with its corresponding obligations. San Gabriel sought to rescind the contract, recover the purchase price with damages. Consequently, San Gabriel Holdings sent a demand letter on April 6, 2000 for the delivery and execution of a deed conveying title to the property. More than 10 years later, another demand letter was sent to the new management.

MRC filed a Motion to Dismiss dated April 23, 2012 on the ground of improper service of summons and has moved to set aside the writ of preliminary attachment. The Company believes that based on the allegations of the complaint, the cause of action has already prescribed pursuant to the provisions of the Civil Code on prescription of action.

The case has been **dismissed** without prejudice for the unjustified failure of the Plaintiffs to submit a Pre-Trial Brief and for their failure to attend the Pre-Trial Hearing set for the case. The Plaintiff has filed a Motion for Reconsideration of the Dismissal of the Case. The Motion for Reconsideration is set for hearing on 26 June 2015. MRC Allied will file an opposition to the Motion.

Aside from the foregoing, there are no other pending civil, criminal or administrative cases involving the Company or any of its directors or officers, whether commenced before the concerned administrative agencies or before the regular courts as of the date of this certification.

Item 4. Submission of Matters to a Vote of Security Holders

On June 30, 2015, the annual stockholders meeting was held at Manila Polo Club, McKinley Road, Forbes Park, Makati City, the following matters were likewise approved and confirmed by the majority of the stockholder's :

1. The minutes of the previous meeting of stockholders held on 18 September 2014 at the Manila Polo Club, Forbes Park, Makati City was approved and confirmed;
2. The Management Report prepared by the Board of Directors was approved and confirmed;
3. The 2014 Audited Financial Statement of the Corporation was approved and confirmed;
4. The acts, proceedings, transactions, and agreements, authorized by and entered into by the Board of Directors and Officers of the Corporation, for and in behalf of the Corporation from the last annual stockholders' meeting o date were also approved, confirmed and ratified;
5. The firm Reyes Tacandong and Company was appointed as external auditors of the Corporation;
9. The following were nominated and elected as member of the Board of Directors of the Company: Benjamin M. Bitanga, Jimmy Tiu Yaokasin, Bernard B. Rabanzo, Edwin H. Monson, Atty. Margareth P. Reyes-Mendoza, Atty. Michael Arciso (Independent Director and Joel Muyco (Independent Director),

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

a. Market Information

MRC's common shares are traded in the Philippine Stock Exchange. The volume of its shares traded from 2013 to 2015 has been negligible due to market conditions.

The following are the highlights of trading during every quarter for the past three years where the last trading date was December 29, 2015 at P0.08.

2015	High	Low
1 st Quarter	0.13	0.12
2 nd Quarter	0.12	0.11
3 rd Quarter	0.09	0.09
4 th Quarter	0.08	0.07
2014	High	Low
1 st Quarter	0.09	0.09
2 nd Quarter	0.10	0.10
3 rd Quarter	0.14	0.14
4 th Quarter	0.12	0.11
2013		
1 st Quarter	0.153	0.105
2 nd Quarter	0.125	0.077
3 rd Quarter	0.11	0.086
4 th Quarter	0.81	0.071

b. Security Holders

The number of shareholders of record as of the date of this Report is 643 and common shares

outstanding is 8,512,658,975.

MRC's Top 20 Stockholders as of December 31, 2015 are as follows:

TOP	NAME	TOTAL SHARES	PERCENTAGE
1.	Menlo Capital Corporation	4,387,673,722	51.5429
2.	PCD Nominee Corporation	4,050,956,583	47.5874
3.	EMRO Holdings, Inc.	40,833,000	0.4797
4.	Philippine TA Sec., Inc.	3,750,000	0.0441
5.	Bayan Financial Brokerage	3,399,500	0.0399
6.	1997 Bougainvillea Corporation	2,429,000	0.0285
7.	Lucky Securities, Inc.	1,878,000	0.0220
8.	William T. Gabaldon	1,850,000	0.0217
9.	Pua Yok Bing	1,000,000	0.0117
10.	Quality Investment & Sec.	1,000,000	0.0117
11.	Moises Ocampo &/or Josefina	915,000	0.0107
12.	Victor G. Sy	900,000	0.0105
13.	Leoncio Tan Tiu	700,000	0.0082
14.	Winston F. Garcia	600,000	0.0070
15.	Celso L. Lobregat	500,000	0.0058
16.	Elpidio Duca	460,000	0.0054
17.	Asian Appraisal Holdings, Inc.	413,562	0.0049
18.	Fely C. Ley	400,000	0.0047
19.	Leonardo T. Seguion-Reyna	400,000	0.0047
20.	Gwendolyn Codilla	333,000	0.0039

There is no information available as of this date of this Report which relates to acquisition, business combination or other reorganization which could affect the present holdings of MRC's shareholders.

c. Dividends

No cash dividends declared on each class for the two most recent fiscal years and any subsequent interim period.

d. Recent Sales of Unregistered Securities or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

In 1995, the Company listed its entire 500 million shares in the Philippine Stock Exchange. All are fully sold and outstanding.

In October 7, 2010, the PSE approved the listing of an additional 3,121,416,747 common shares via debt to equity conversion subject to 180-day lock up period pursuant to the rules of the Exchange.

In May 23, 2012, the PSE likewise approved the listing of an additional 503,583,253 common shares as the final tranche of the debt to equity conversion.

On February 28, 2013, the stockholders approved a debt-to-equity conversion of up to P1.0 billion of previously contracted debt at P0.20 a share and the reduction in par value of shares from P0.20 to P0.10 to implement a quasi-reorganization by offsetting the resulting additional paid-in capital against the Company's deficit to improve the Company's financial position. The Company still has to file the necessary documents for the debt-to-equity conversion and the quasi-reorganization with the SEC.

On November 8, 2013, Securities & Exchange Commission approved the (1) debt-to-equity conversion payable to a stockholder amounting to P877.5 million as consideration for the issuance of 4,387,658,975 shares of stock with a par value of 0.20 per share and, (2) the Company's equity restructuring. The equity restructuring reduced the par value of shares from 0.20 to 0.10 and the resulting additional paid-in capital of P851.3 million was applied against the

Company's deficit. As at December 31, 2013, the company has a positive equity of P755.4 million from a capital deficiency of P99.4 million as at December 31, 2012.

With the issuance of new shares in favor of Menlo Capital Corporation, MRC's outstanding capital stock increased to 8,512,658,975 shares.

There are no recent sales of unregistered securities or exempt transaction, neither are there recent issuances covered by rules on Exempt Transactions.

Item 6. Management's Discussion and Analysis or Plan of Operation

The following are the financial highlights of the Company and its subsidiaries for the years 2012, 2013, 2014 and 2015:

2015 – The total assets of the Company is P1.063 billion and P1.060 billion as at December 31, 2015 and 2014, respectively. The carrying amount of Trade and Other Receivables amounted to P0.3 million as at December 31, 2015 and 2014. Allowance for impairment losses of trade and other receivables to nil and PP81.9 million as at December 31, 2015 and 2014, respectively. The company has written off due from Related Parties amounting to P161.1 million. Allowance for impairment losses of due from related parties amounted to P0.0 million and P161.1 million as at December 31, 2015 and 2014, respectively. The carrying amount of due from related parties amounted to P13.3 million and P12.6 million as at December 31, 2015 and 2014, respectively. The amount of the real estate projects amounted to P562.8 million as at December 31, 2015 and 2014, respectively. The fair value of the real estate projects aggregated P1,611.5 million and P1,541.3 million as at December 31, 2015 and 2014, respectively. The Company's property and equipment amounted to P18.8 million and P16.9 million in 2015 and 2014, respectively. No impairment losses on property and equipment were recognized in 2015 and 2014. Other current assets amounted to P1.6 million and P1.0 million in 2015 and 2014, respectively. Allowance for probable loss of other current assets amounted to P8.7 million and P9.0 million as at December 31, 2015 and 2014, respectively. The net amount pertains to deposits, input VAT and other prepayment. Exploration and evaluation assets amounted to P464.3 million in 2015 and 2014, no impairment was recognized. Retirement liability amounted to P10.3 million and P9.0 million in 2015 and 2014, respectively.

The total liabilities and equity is P1,063.82 million and P1,060.53 million as at December 31, 2015 and 2014, respectively. Bank loans of P25.0 million from First Metro Investment is due and demandable, with interest rates ranging from 12% to 19.5% a year. Interest and penalties amounted to P22.8 million, P22.0 million and P21.2 million in 2015, 2014 and 2013, respectively. Accrued interest and penalties amounted to P293.2 million and P270.5 million as at December 31, 2015 and 2014, respectively. The loan of MRC Surigao pertains to a promissory note obtained on October 18, 2012 from United Coconut Planters Bank amounting to P20.08 million. The note bears 16% - 20% interest a year and is payable every 25th day of the month starting November 2012. The loan was fully paid on June 30, 2015. Accrued project costs and salaries and benefits with an aggregate amount of P12.8 million were reversed. Moreover in 2013, payable amounting to P93.9 million pertaining to payables to contractors were also reversed. Gain from these reversal of long outstanding trade and other payables were recognized. The Company provided non-interest bearing cash advances for working capital requirements to Menlo Capital Corporation amounting to P13.3 million and P12.6 million in 2015 and 2014, respectively. Also obtained non interest cash advances from its stockholders for operation amounted to P62.2 million and P29.3 million as at December 31, 2015 and 2014, respectively. These advances are due and demandable. Noninterest-bearing cash advances made to officers amounted to P1.4 million and P1.3 million as at December 31, 2015 and 2014, respectively. The Company's receivable from AAHI and Kenyon aggregating which were fully provided with allowance amounting to P161.1 million were written off.

The company has a net loss of P41.14 million for 2015 and P42.77 million for 2014 that resulted to a deficit of P179.74 million and P138.59 million as at December 31, 2015 and 2014, respectively. Total equity is P671.51 million and P712.66 million as at December 31, 2015 and 2014, respectively. The company has incurred a deficit mainly because of losses from operations.

2014 - The Company's total assets is P576.85 million and Total equity is P712.66 million. Total assets increase of P5.15 million compared to last year's P571.70 million is due to advances from related parties and other current assets. Accounts Payable and other liabilities of P338.86 million went up by P41.01 million because of the advances made from related parties for the company's operation amounting to P29.31 million in 2014 from P10.16 million in 2013; and the accrual of interest on the bank loan and other payables in the amount of P261.97 million in 2013 to P283.84 million in 2014. We recorded P1.22 million in Pension liability for 2014, thus the increase.

The Company's net loss of P42.77 million compared to the Company's net income of P152.78 million for 2013, no sale of real estate for the current year whereas last year recorded a sale of real estate project in the amount of P55.00 million; gain from conversion of debt to equity amounting to P175.50 million; gain from reversal of long outstanding payables amounting to P93.91 million and reversal of allowance for probable loss amounting to P5.61 million. Net loss for this year is attributed to the accrual of interest of loans amounting to P22.23 compared to 2013's P92.36 million and General and administrative expenses of P20.55 million as against P33.19 million of 2013. The increase in general and administrative expenses is attributed to the depreciation and amortization amounting to P6.40 million; salaries and wages of P7.94 million; professional fee of P2.65 million and other expenses in the day to day operation of the Company.

On January 14, 2014, the Securities and Exchange Commission approved the Company's further equity restructuring by applying additional paid-in capital of P106.4 million to deficit.

2013 -Total assets is P1.061 billion and total liabilities and equity is P306.33 million and P755.44 million, respectively. Total assets went down by P42.28 million due to the sale of real estate in NCTO amounting to P55.00 million, disposal of transportation equipment and furniture and fixture in the amount of P6.1 million. Due from Related Parties increased by P6.6 million due to the day to day operations of the Company. Other current assets pertain to deposit, input VAT and other prepayments. Bank Loans increased by P128.3 thousand from P25.57 million to P25.70 million due to the recording of non current portions. Trade and Other Payables amounting to 93.9 million were reversed and gain from reversal of long outstanding trade and other payables was recognized. These payables pertain to payable to contractors, trade and non-trade suppliers. Accrued interest from due to related parties amounting to P262.3 million was part of the debt-to-equity conversion in 2013.

The 2013 Company's net income of P152.78 million as compared to P225.92 million net loss in 2012 was mainly consisting of gain from conversion of debt to equity amounting to 175.56 million, gain reversal of long outstanding payables amounting to P93.91 million, reversal of allowance for probable loss amounting to P5.61 million and the sale of real properties amount to P55.00 million. Operating expenses amounting to P33.19 million, interest and penalties on bank loans amounting to P92.36 million and mining expense amounting to P1.5 million went down compared to last year's total of P232.52 millions as compared to this year's P127.05 million. The decrease of these accounts considerably reduced the net loss of this year.

On November 8, 2013, the SEC approved the (1) debt-to-equity conversion of payable to a stockholder amounting to P=877.5 million as consideration for the issuance of 4,387,658,975 shares of stock with a par value of P=0.20 per share and, (2) the Company's equity restructuring. Under the equity restructuring, the Company's capital stock was reduced by reducing the par value of shares from P=0.20 to P=0.10 and the resulting additional paid-in capital of P=851.3 million. This was applied against the Company's deficit.

The excess of the value of the shares issued at par value at which price the debt to equity conversion was made over the market value of the shares at the date of issuance amounting to P=175.5 million in 2013 and P=10.6 million in 2012, was recognized as gain from conversion of debt to equity.

The equity restructuring reduced the Company's par value and the resulting additional paid -in capital of P851.3 million was applied against the deficit. These resulted to a positive equity of P755.4 million from a capital deficiency of P99.4 million. 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.

The Company is aggressively pursuing the disposal of at least 10% of its property and plans to reinvest any proceeds to improve the value of the remaining inventories to achieve high profits.

2012-The Company's total assets as of 31 December 2012 was registered at P1,104.06 million, while its total liabilities and equity amounted to P1,200.45 million and P(96.38) million, respectively. Total assets went up by P13.60 million compared to 31 December 2011 level of P1,090.45 million. The increase was brought about the acquisition of transportation equipment worth P12.33 million, additional booking of advances to employees amounting to P1.15 million. On the other hand, total liabilities increased by P145.59 million from P1,054.86 million in 2011 to P1,200.45 million in 2012. This arises from the additional advances made by the Company from Menlo Capital Corporation for its working capital expenditures and acquisition of plant and equipment and vehicles for its mining activities. Due to Related Parties decreased from P403.92 million in 2011 due to the conversion of Debt-equity made on May 24, 2012 for 503,583,253 shares at 0.20 per share. Total stockholders equity went up by (P60.79) million from P35.59 million in 31 December 2011 as against P(96.38) million in 31 December 2012 primarily due to current operating loss incurred in 2012. Operating losses include interest expense recorded on the advances to Menlo Capital Corporation and interest on the bank loan with First Metro Investment Corporation. MRC is undergoing quasi-reorganization by reducing its par value from twenty centavos (P0.20) to ten centavos (P0.10) and another debt-to-equity conversion of about P1. 0 billion for previously contracted debt with Menlo Capital Corporation. The foregoing has not yet been approved by SEC as of this Report.

In terms of profitability, MRC's net loss stood at P222.12 million in 2012 compared to P211.14 million net loss in 2011. The increase in net loss of P10.97 are primarily attributable to the Company's operating expenses particularly on the accrual of interest and penalties on the remaining loans and overhead expenses.

The Company substantially reduced its development activities due to financial difficulties.

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, 2015:

- ☐ Amendments to PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*, and PAS 38, *Intangible Assets – Revaluation Method - Proportionate Restatement of Accumulated Amortization*
- ☐ Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- ☐ Amendment to PAS 24, *Related Party Disclosures – Key Management Personnel*
- ☐ Amendment to PFRS 8, *Operation Segments – Aggregation of Operating Segments and Reconciliation of the Total Reportable Segment's Assets to the Entity's Assets*
- ☐ Amendment to PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables and Portfolio Exception*

New and Revised PFRS Not Yet Adopted

- ☐ Amendment to PAS 1, *Presentation of Financial Statements*
- ☐ Amendments to PAS 16, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Amortisation*
- ☐ Amendments to PAS 19, *Employee Benefit*
- ☐ Amendments to PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements*

- Amendments to PFRS 7, *Financial Instruments: Disclosures*
- Amendments to PFRS 10, *Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between Investor and its Associate or Joint Venture*
- Amendments to PFRS 10, IFRS 12, *Disclosure of Interests in Other Entities, and PAS 28 – Investment Entities: Applying the Consolidated Exception*

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.

Key Performance Indicators

Below is a schedule showing financial soundness indicators in the year 2015 and 2014:

	December 2015	December 2014
Current/liquidity Ratio	1.51	1.70
Current Assets	P578,297,152	P576,852,116
Current Liabilities	381,963,973	338,861,988
Solvency Ratio	(0.09)	(0.14)
After tax income less depreciation	(P35,816,181)	(P49,178,929)
Total liabilities	392,302,167	347,865,168
Debt-to-equity Ratio	0.58	0.49
Total liabilities	P392,302,167	P347,865,168
Total equity	671,519,834	712,667,535
Asset-to-equity Ratio	1.58	1.49
Total assets	P1,063,822,001	P1,060,532,703
Total equity	671,519,834	712,667,535
Interest rate coverage Ratio	(0.79)	(2.92)
Income before interest and taxes	(P18,054,977)	(P64,993,476)

Interest expense	22,836,255	22,231,151
Profitability Ratio		
Return of Assets	(0.04)	(0.04)
After tax income	(P41,147,701)	(P42,778,283)
Total assets	1,063,822,001	1,060,532,703
Return on equity	(0.06)	(0.06)
After tax income	(P41,147,701)	(P42,778,283)
Total equity	671,519,834	712,667,535

Discussion and Analysis of Material 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 Company or any default or acceleration of an obligation for the period.

(3) (i) There is nothing to disclose regarding any material off-balance sheet transactions, 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 causes of the material changes of 5% or more (as discussed above) from period to period of the following accounts are as follows:

Balance Sheet Accounts:

Total assets is P1.063 billion in 2015 and P1.060 billion in 2014; total liabilities and equity is P381.96 million and P347.86 million, respectively. Total assets went up by P3.28 million due to the non current assets increase of property and equipment.

Due from Related Parties increased by P742 thousand from P12.58 million to P13.32 million due to the advances made to New Cebu Township One on their electricity expenses.

Accounts Payable and other liabilities of P381.96 million went up by P43.10 million because of the advances made from related parties for the company's operation amounting to P62.25 million in 2015 from P29.31 million in 2014; and the accrual of interest on the bank loan and other payables in the amount of P294.70 million in 2015 from P283.84 million in 2014. We recorded P10.33 million in Pension liability for 2015 from P9.00 million in 2014, thus the increase.

Net loss of P41.14 million compared to the Company's loss of P42.77 million for 2014, no sale of real estate for the current year and 2014; gain from reversal of long outstanding payables amounting to P12.82 million; reversal of allowance for probable loss of P256,469. Net loss for this year is attributed to the accrual of interest of loans amounting to P22.83 and for the general and administrative expenses of P31.13 million.

General and administrative expenses of P31.13 million as against P20.55 million of 2014. The increase in general and administrative expenses is attributed to the depreciation and amortization amounting to P5.33 million; salaries and wages of P9.4 million; taxes and licenses of P4.83.65

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.

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 which resulted to a positive equity of P971.5 million and P= 712.7 million as at December 31, 2015 and 2014, respectively.

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) (see Note 7). The NCTO comprises of parcels of land that is registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal, the properties have a fair market value of P=1.6 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.

Mining

The Company entered into Mines Operating Agreements (MOA) for gold and copper with Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) (see Note 14) for the exploration and evaluation of the following mining sites:

Location	No. of Hectares
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 P=464.3 million as at December 31, 2015 and 2014, respectively. These

comprised of 600.0 million shares of consideration paid to AMC and PMC equivalent to P= 444.0 million and P=20.0 million (see Note 14) 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.

Item 7. Financial Statements

The firm Reyes Tacandong & Co., has been elected and approved as external auditor of the Company during its annual stockholders' meeting on June 30, 2015.

The financial statements of MRC for December 31, 2015, as audited by Reyes Tacandong & Co. are incorporated in this report as reference. The objective of the audit is to provide an auditors report expressing an opinion on the financial statements for the year 2015 in accordance with Philippine Standards on Auditing. Details of the information of the Independent Auditor are as follows:

Accountant	:	Reyes Tacandong & Co.
Mailing Address	:	26 th Floor Citibank Tower 8741 Paseo de Roxas, Makati City
Certifying Partner	:	Emmanuel V. Clarino
CPA Certificate No.	:	27455
SEC Accreditation No.	:	1021-AR-1 Group A Valid until November 11, 2016
Tax Identification No.	:	102-084-004-000
BIR Accreditation No.	:	08-005144-5-2013 Valid until November 26, 2016
PTR No	:	5321833 January 5, 2016, Makati City

The Company has complied with SEC Memorandum Circular No 8 regarding rotation of external auditor or engagement partners.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements between MRC and its accountants/external auditors on any accounting matter since the last annual stockholders meeting to date.

Fees and Other Arrangements

The estimated external auditor's fees are based on the agreed timetable that will enable the Company's statutory obligations in relation to the filing of financial statements with the Securities and Exchange Commission. Other services include the assistance in the preparation of the annual income tax return.

For services rendered, fees for the year 2015 is P350,000.00; for 2014 is P350,000.00 and 2013 is P350,000.00, exclusive of VAT and out of pocket expenses.

PART III – CONTROL AND COMPENSATION

INFORMATION Item 9. Directors and Executive Officers of the Issuer

a. Incumbent Directors and Positions Held for the Past Five (5) Years

Benjamin M. Bitanga, Filipino

President, Director

Founded MRC Allied in 1994 and was responsible for its conversion from a rubber processing company to a major player in the real estate business particularly in the Industrial Estate Sector with concentration in the Southern City of Cebu. Chairman/President, ASIAN APPRAISAL COMPANY (1990-2005). Founder/President MACROASIA CORPORATION(1993-1995). Graduated in 1973 from Ateneo De Manila University with a degree in BS Management. Took up two years of Law Studies from the Ateneo De Manila Law School from 1973 to 1975. Graduated in 1977 from the Asian Institute of Management with a degree of Masters in Business Administration.

Jimmy Tiu Yaokasin, Filipino

Director

Mr. Yaokasin is presently the Chairman of the Board of the Development Academy. He is also a Director of Splash Corporation, Bethel International School, China Philippine Mining Development, Inc. and Leyte Cable TV Network, Inc. He has an MBA from the Kellogg School of Management, Northwestern University.

Bernard B. Rabanzo, Filipino

Director

Mr. Rabanzo is head of the Compliance Division of MRC. He is also currently a Director of Menlo Capital Corporations and ad Director of MRC Surigao Mines, Inc. He holds a Bachelor of Science in Commerce major in Banking and Finance from St. Louis University. Prior to MRC, he was employed at Philippine Wireless, Inc.

Atty. Michael B. Arciso, Filipino

Independent Director

(Nominated by Benjamin M. Bitanga, No relationship to Mr. Bitanga)

He is a practicing lawyer who specializes in corporate, civil and administrative law. He is currently the Legal Counsel of Subic Leisureworld, Inc. He was previously connected with Hanafil Golf & Tour, Inc., as Corporate Lawyer and with Arciso Arciso & Associates as an Associate Lawyer. Mr. Arciso is a graduate of Bachelor of laws from the University of Santo Tomas. He became a member of the Philippine Bar in 2005.

Joel D. Muyco, Filipino

Independent Director

(Nominated by Benjamin M. Bitanga, No relationship to Mr. Bitanga)

Mr. Muyco is the President of J. D. Muyco & Associates, Inc. Former Director of the Mines & Geosciences Bureau of the DENR , elected representative to the United Nations Economic and Social Council for Asia and the Pacific, Undersecretary (Officer -in-Charge), Environment and Research Office of DENR. He was a Director of Philsaga Mining Corporation, Chairman of Mr. Rock Powder Corp, President of Selenga Mining Corp. He is a graduate of University of the Philippines Diliman with Bachelor of Science in Geology majors in Mining and Petroleum.

Edwin H. Monzon, Filipino

Director

Edwin Monzon is a graduated of the University of the Philippines with a degree of Bachelor of Science in Business Administration in 1976. Since then, he has spent his professional life in consumer marketing with multinational companies like Colgate-Palmolive, Beecham Products, Warner-Lambert and Tupperware. He also had a brief stint with an advertising agency, Bates-Alcantara Advertising.

Among his significant achievements was the successful launching of Gatorade Sports Drink in the Philippines in 1995 when he was marketing director of Quaker Oats Philippines.

Atty. Margareth P. Reyes-Mendoza, Filipino

Director/Deputy Chief Legal Counsel

Atty. Margareth P. Reyes-Mendoza is currently connected with MRC Allied Inc. as Deputy Chief Legal Counsel, and a founding partner of Prieto & Mendoza Law Office. Immediately upon admission to the Bar, she served for four (4) years as Public Attorney II at the Manila District Office of the Public Attorney's Office (PAO-MDO). During her stint at PAO-MDO, she has also taken-up a position in the academe as Part –time Professional Instructor in the College of Accountancy and Economics at Pamantasan ng Lungsod ng Maynila (PLM). She was also previously connected with Diamond Motor Corporation where she served as In-house Counsel for Three (3) years. She obtained her Bachelor of Science Degree in Business Administration Major in Economics and her Bachelor of Laws Degree both from Pamantasan ng Lungsod ng Maynila (PLM) where she graduated with a status of scholar for both instances, and admitted to the Philippine Bar on April 2007.

Term of Office

The Board of Directors is composed of seven (7) members who are elected and approved at the annual stockholder's meeting, and their term shall be one (1) year and until their successors shall have been elected in the next annual stockholders' meeting. The incumbent directors, as enumerated above, shall hold office until their successors are elected at the forthcoming stockholders' meeting.

b. Corporate and Executive Officers and Positions Held/Business Experience for the Past Five (5) Years

The following are the principal corporate officers of MRC:

Chairman/President	:	Benjamin M. Bitanga
Treasurer/CFO	:	Cherrie Marie B. Lacs
Corporate Secretary	:	Atty. Jan Vincent S. Soliven
Compliance Officer	:	Bernard B. Rabanzo

Cherrie Marie B. Lacs, Filipino

Ms. Lacs is the Treasurer of MRC. She holds a degree in Bachelor of Science in Accountancy from the Polytechnic University of the Philippines.

Jan Vincent S. Soliven, Filipino

Atty. Soliven is the Corporate Secretary of MRC. He holds a degree in Bachelor of Arts in Legal Management from San Beda College of Law, Mendiola, Manila.

Term of Office

The corporate officers of MRC are elected and appointed by the Board of Directors during their Board meeting following the stockholders' meeting, for a term of one (1) year and until their successors are elected and appointed in the forthcoming board meeting.

c. Significant Employees

Other than the above-mentioned directors and corporate officers, there are no significant employees who are expected by the Company to make significant contributions to the business of MRC.

d. Family Relationship

No officers and member of the Board are related by consanguinity.

e. Involvement in Certain Legal Proceedings

Benjamin M. Bitanga

Case Title	SAN GABRIEL HOLDINGS CORPORATION and GABRIELV. LEYSON versus MRC ALLIED INDUSTRIES, INC. and BENJAMIN M. BITANGA
Parties	Plaintiffs: (1) SAN GABRIEL HOLDINGS CORPORATION and (2) GABRIELV. LEYSON Defendants: (1) MRC ALLIED INDUSTRIES, INC. and (2) BENJAMIN M. BITANGA

Case Number	CASE NO. CEB-37433
Court	Branch 12 of the Regional Trial Court of Cebu
Nature of the Case	Civil Case
Brief Description and Issues Involved	The case was filed against the corporation and Mr. Benjamin M. Bitanga (in his capacity as President) for Rescission of Contract. The Plaintiffs are asking for the rescission of the Contract to Sell dated 09 December 2006 it entered into with the corporation involving a 54,118 square meter-parcel of land located in the Municipality of San Isidro, Province of Leyte. The corporation is denying the claim for rescission as the Contract to Sell has been validly novated when the Plaintiffs agreed to instead purchase an equivalent parcel of land located inside the corporations economic zone in the City of Naga Province of Cebu. Mr. Benjamin M. Bitanga is denying any liability because he is not personally liable in any contracts entered into by the corporation. It is a well settled rule that officers and stockholders have a personality distinct and separate from the corporation.
Amount Involved	PHP15,000,000.00
Status	The case has been dismissed without prejudice for failure of the Plaintiffs to submit a Pre-Trial Brief and for their failure to attend the Pre-Trial Hearing set for the case. The Plaintiff has filed a Motion for Reconsideration of the Dismissal of the Case. The Motion for Reconsideration is set for hearing on 27 March 2015. MRC Allied will file an opposition to the Motion.

Case Title	People of the Philippines vs. Benjamin M. Bitanga
Parties	Private Complainant: Engracio Ang, Jr. Accused: Benjamin M. Bitanga
Case Number	CASE NO. 378403
Court	Branch 66 of the Metropolitan Trial Court of Makati City
Nature of the Case	Criminal Case
Brief Description and Issues Involved	The case is for Falsification of Public Documents. The case was filed based on the accusation that the accused made an untruthful statement in a deed of sale covering the sales of a club share at Manila Polo Club. The case involves the statement that the club share subject of the sale is "free from all liens and encumbrances". The statement however is true and correct as the club share was in truth and in fact is free from all liens and encumbrances as no lien or encumbrances was ever created over the club shares subject of the deed of sale. Thus, the accused is not guilty of making any untruthful statement whatsoever.
Amount Involved	N/A
Status	The case has been scheduled for arraignment. However due to the failure of the Private Complainant to appear the arraignment could not proceed. The Accused likewise file a Petition for Review before the Department of Justice to question the filing of the criminal case before the aforementioned court considering the valid defense of the accused. The accused is confident that the case will be dismissed on the basis of his above-mentioned defense.

Case Title	Sps. Pacma & Janifah Bongaros, Sps. Naif & Raiza Abangad, and Miza Panandigan vs. Benisons Shopping Center Inc. (formerly Macrogen Realty Corp.), Benjamin M. Bitanga, CEO & President, and the Members of its Board of Directors, namely, Edgardo L. Sevilla, Hazel C. Zaballero, Monina Grace Lim.
Parties	Plaintiffs: (1) Sps. Pacma & Janifah Bongaros, (2) Sps. Naif & Raiza Abangad, and (3) Miza Panandigan Defendants: (1) Benisons Shopping Center Inc. (formerly Macrogen Realty Corp.), (2) Benjamin M. Bitanga (3) Edgardo L. Sevilla, (4) Hazel C. Zaballero and (5) Monina Grace Lim.
Case Number	Civil Case No. 2224-09
Court	Branch 9 Regional Trial Court of Lanao Del Sur
Nature of the Case	Civil Case
Brief Description and Issues Involved	The case is for Breach of Contract with prayer for Rescission & Damages. The case stemmed from the agreement between the Plaintiffs and Benisons Shopping Center, Inc. granting the former the right to use mall stalls located inside the mall operated by latter. Benisons Shopping Center Inc. has fully complied with its obligation to the Plaintiffs as it has delivered to them the stalls subject of their respective agreements. Plaintiff on the other hand failed to occupy and operate the stalls despite delivery to them thereof. Thus, Benisons Shopping Center, Inc. has not committed any breach of contract and the Plaintiff has no cause of action for the rescission of the agreements between them. Mr. Benjamin M. Bitanga was made a defendant only in his capacity as CEO and President of Benisons Shopping Center, Inc. and is denying any liability because he is not personally liable in any contracts entered into by the corporation. It is a well settled rule that officers and stockholders have a personality distinct and separate from the corporation.
Amount Involved	
Status	The case has been archived due to the failure of the Plaintiffs to prosecute the case.

Case Title	Ruben C. Sescon vs. Benjamin M. Bitanga
Parties	Plaintiff: Ruben C. Sescon Defendant: Benjamin M. Bitanga
Case Number	Civil Case No. 12-127448
Court	Branch 6 of the Regional Trial Court of Manila
Nature of the Case	Civil Case
Brief Description and Issues Involved	The case is an appeal of the Decision of Branch 3 of the Metropolitan Trial Court in Civil Case No. 187585-CV wherein the Defendant was declared in default. The Regional Trial Court already issued an Order lifting the order of default against the Defendant and remanding the case to the Metropolitan Trial Court. Defendant however filed a Motion for Reconsideration to secure an order allowing the Defendant to file an answer before the Metropolitan Trial Court. The Plaintiff in this case has no cause of action against the Defendant. The Plaintiff is actually collecting payment for alleged structural works for Benisons Shopping Center, Inc. Unfortunately, instead of filing a case against the said corporation, Plaintiff filed the case against the Defendant on the erroneous belief that the corporation is a sole proprietorship business owned by the Defendant. The truth is the Defendant is only a stockholder of the corporation and is thus not personally liable for any contracts entered into by the latter. It is a well settled rule that officers and stockholders have a personality distinct and separate from the corporation.
Amount Involved	P320,332.66
Status	The Motion for Reconsideration filed by the defendant is still pending for resolution of the Regional Trial Court.

Case Title	Pyramid Construction Engineering Corporation vs. Hon. Afable E. Cajigal, Presiding Judge, Regional Trial Court-Branch 96, Quezon City, Manila Golf & Country Club (MGCC), Wilfred T. Siy and Benjamin Bitanga
Parties	Petitioner: Pyramid Construction Engineering Corporation Public Respondent: Hon. Afable E. Cajigal, Presiding Judge, Regional Trial Court-Branch 96, Quezon City Private Respondents: (1) Manila Golf & Country Club (MGCC), (2) Wilfred T. Siy and (3) Benjamin Bitanga
Case Number	CA-G.R. SP No. 127909
Court	Court of Appeals (Fourteenth Division)
Nature of the Case	Special Civil Action
Brief Description and Issues Involved	The case is a Petition For Certiorari questioning the decision of the Public Respondent in an indirect contempt case filed by the Petitioner against the Defendants. The Defendants are not guilty of indirect contempt because they have not violated any order of the court whatsoever. Moreover, Mr. Benjamin M. Bitanga is opposing the Petition on the ground that the Plaintiff has no personality to file the indirect contempt and the Petition for Certiorari.
Amount Involved	N/A
Status	Pending for Resolution of the Court of Appeals

Edwin H. Monzon

Case Title	Bank of the Philippine Islands vs. Alternative Beverages Company, Inc. & Edwin H. Monzon
Parties	Plaintiff: Bank of the Philippine Islands Defendants: (1) Alternative Beverages Company, Inc. & (2) Edwin H. Monzon
Case No.	Civil Case No. 11-754
Court	Branch 150 of the Regional Trial Court of Makati City
Nature of the Case	Civil Case
Brief Description and Issues Involved	This is a case for collection of sum of money. The Plaintiff is suing to collect payment of the remaining balance of the loan granted to Defendant Alternative Beverages Company, Inc. Mr. Edwin H. Monzon is sued as joint signatory to the loan.
Amount Involved	PHP11,969,986.11
Status	Trial Stage

Case Title	Malayan Savings and Mortgage Bank vs. Alternative Beverages Company, Inc. & Edwin H. Monzon
Parties	Plaintiff: Malayan Savings and Mortgage Bank Defendants: (1) Alternative Beverages Company, Inc. & (2) Edwin H. Monzon
Case No.	Civil Case No. 13-024
Court	Branch 66 of the Regional Trial Court of Makati City
Nature of the Case	Civil Case
Brief Description and Issues Involved	This is a case for collection of sum of money. The Plaintiff is suing to collect payment of the remaining balance of the loan granted to Defendant Alternative Beverages Company, Inc. Mr. Edwin H. Monzon is sued as joint signatory to the loan.
Amount Involved	PHP8,223,088.13.
Status	Trial Stage

Jimmy T. Yaokasin, Jr.

Case Title	Leyte Development Company, Inc. vs. Pilipinas Shell Petroleum Corporation, Isla LPG Corporation, Brandon Briones, Nolan Supat and Jimmy T. Yaokasin, Jr.
Parties	Plaintiff: Leyte Development Company, Inc. Defendants: (1) Pilipinas Shell Petroleum Corporation (2) Isla LPG Corporation (3) Brandon Briones (4) Nolan Supat and (5) Jimmy T. Yaokasin, Jr.
Case Number	Case No. 2013-07-61
Court	Branch 8 of the Regional Trial Court of Tacloban City
Nature of the Case	Claim for Damages with Application for Issuance of Preliminary Injunction
Brief Description and Issues Involved	Plaintiff is previously the distributor of shellane products in Leyte. After the expiry of the Plaintiff's contract, they sought for the extension thereof. Extension was denied and the contract was awarded to the individual defendants. Plaintiff sued the defendants asking for damages on the claim that it developed the market for shellane products in Leyte. The claim for damages has no basis as the award of the contract for distribution of shellane products lies in the sole management discretion of Defendants Isla LPG Corporation/Pilipinas Shell Petroleum Corporation
Amount Involved	PHP50,000,000.00
Status	Plaintiff filed a Motion for Reconsideration of the Order Lifting the previously issued Writ of Preliminary Injunction

Michael B. Arciso

Case Title	Amelia B. Cruz, I-Cyberworld Biz, Inc. Vs. Atty. Michael B. Arciso
Parties	Complainant: Amelia B. Cruz and I-Cyberworld Inc. Respondent: Atty. Michael B. Arciso
Case Number	CBD CASE NO. 13-3979
Court/Administrative Tribunal	Integrated Bar of the Philippines
Nature of the Case	Administrative Case
Brief Description and Issues Involved	Respondent is being charged for the violation of the Code of Professional Responsibility, Rule 1.01, which states: "A lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct". The allegations on deceit were mainly based on the alleged "invasion" by the respondent along with other persons of the complainants' office and their presentation of allegedly fake GIS. The same set of facts was used by the complainants to charge the respondent for the crimes of Falsification and Perjury, and Grave Threats and Grave Coercion. The Affidavit Complaint alleged that respondent conspired with his client and other respondents. For his part, Respondent Arciso in his Verified Answer stated that it cannot be precisely inferred or deduced that respondent had a hand or participated in the preparation, production and perpetration of the said document. The allegations failed to state respondent's precise role as well as the surrounding circumstances that would palpably show his exact participation in the commission of the crimes. His name is being dragged in all the cases filed against him simply to harass him because he was assisting one of the other respondents.
Amount Involved	N/A
Status	For Resolution

Case Title	I-Cyberworld Biz, Inc Vs. Benjamin John S. Defensor, et al.,
Parties	Complainant: I-Cyberworld Biz, Inc. Respondents: (1) Benjamin John S. Defensor, (2) Rudel Panganiban and (3) Jocelyn A. Chung, Constantino Dela Cruz, and Michael B. Arciso
Case Number	I.S. No.XV-03-INV-13E-01642
Court/Administrative Tribunal	Office of the City Prosecutor, Quezon City
Nature of the Case	Criminal Case
Brief Description and Issues Involved	The Affidavit Com The Complaint states that the respondents presented a false and fraudulent GIS "considering that all of them are not shareholders of ICBI except CONSTANTINO". Respondent in his Counter-Affidavit alleged that he never claimed that he is a shareholder of ICBI. His name is being dragged in this case simply to harass him because he happens to be one of the lawyers of one the Respondents. From the four corners of the alleged falsified documents, nowhere can it be seen or deduced that Respondent-Aciso has a hand or participated in the preparation, production and perpetration of the said document. The allegation failed to state the precise role as well as the surrounding circumstances that would show Respondent's exact participation in the commission of a crime.
Amount Involved	N/A
Status	Suspended on the ground of prejudicial question

Case Title	Amelia B. Cruz, Et Al., Vs. Defensor, Et Al.,
Parties	Complainants: (1) Amelia Cruz, Janice Garcia (2) Ma. Jessavel Pilapil (3) Pia Verna (4) Irish Torayno (5) Angelene Abubo (6) Mishelle SM. Tongson (7) Jaquiline Perez and (8) Jae Kyung Lee Respondents: (1) Benjamin John S. Defensor (2) Rudel Panganiban (3) Michael Arciso and (4) Jocelyn A. Chung
Case Number	XV-03-INV-13-B-01589
Court/Administrative Tribunal	Office of the City Prosecutor, Quezon City
Nature of the case	Criminal Case
Brief Description and Issues Involved	The Complaint is based on the alleged intrusion/hostile takeover of the Respondents when they went into the Complainant's office to serve notice of ownership over the corporation. Respondent Arciso was merely assisting his client in serving that notice. The Public Prosecutor handling the case has already ruled that his Office finds no probable cause to charge the Respondents criminally.
Amount Involved	N/A

Other than the foregoing, there are no more cases involving the other directors and officers of the Company that are pending as of this report.

Item 10. Executive Compensation

a. Compensation of Directors and Executive Officers

Summarized below are the compensation of directors and executive officers of MRC for the years ended 2015, 2014 and 2013.

Name and Principal Position	Year	Salary	Bonus	Other Compensation
*CEO/President & Directors as a group Benjamin M. Bitanga-Chairman, CEO Cherrie Marie B. Lacs-Treasurer Jan Vincent S. Soliven-Corp. Sec. Bernard B. Rabanzo-Compliance				
Total	2015	2,044,000	0	0
Total	2014	2,160,000	0	0
Total	2013	3,324,000	0	0
All other officers & directors as a group unnamed:				
Total	2015	0	0	0
Total	2014	0	0	0
Total	2013	0	0	0

b. Standard Arrangement/Material Terms of Any Other Arrangement/Terms and Conditions of Employment Contract with Above-Named Corporate/Executive Officers

No member of the board of directors have received per diem or any compensation for any service provided as directors for the years 2015, 2014 and 2013.

For 2015, no board of directors have been compensated for any service provided as directors, however, starting July 2008, each director is paid a per diem of P10,000.00 for each board of directors meeting.

The Company has no other arrangements in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly for the years 2015, 2014 and 2013.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a. Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Voting Shares

As of December 31, 2015, MRC knows no one who beneficially owns in excess of 5% of MRC's common stock except as set forth in the table below:

Title of Class	Name and Address of the record owner	Citizenship	Amount & Nature of Ownership	Percentage of Class
Common	Menlo Capital Corporation 5/F Eurovilla 4 Building 853 Arnaiz Avenue Makati City	Filipino	4,387,673,722	51.5429
Common Stock	PCD Nominee Corp.* G/F MKSE Building	Filipino	4,050,956,583	47.5874

Ayala Avenue, Makati City

***There are no participants who own more than 5% of MRC's voting securities. The name/s of the person/s authorized to vote the shares under this account are unavailable at the time of the distribution of this Report.

b. Security Ownership of Directors and Management

There are no shares held or acquired beneficially by any of the directors and executive officers of MRC other than to vote the shares under this account are unavailable at the time of the distribution of this Report.

Title of Class	Name and Address of the record owner	Citizenship	Amount & Nature of Ownership	Percentage of Class
Common Stock	Benjamin M. Bitanga Director/President c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	2,468,000 Record & Beneficial	0.0000
Common Stock	Bernard B. Rabanzo Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	1,000 Record & Beneficial	0.0000
Common Stock	Jimmy Tiu Yaokasin, Jr. Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	1 Record & Beneficial	0.0000
Common Stock	Edwin H. Monzon Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	1,000 Record & Beneficial	0.0000
Common Stock	Michael B. Arciso Independent Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	1 Record & Beneficial	0.0000
Common Stock	Joel D. Muyco Independent Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave	Filipino	1 Record & Beneficial	0.000
Common Stock	Margareth P. Reyes-Mendoza Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave	Filipino	1 Record & Beneficial	0.000
Common Stock	Jan Vincent S. Soliven c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	0	N.A.
Common Stock	Cherrie Marie B. Lacsí c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	Filipino	0	N.A.

Notes: The security ownership of Mr. Benjamin Bitanga as stated in the foregoing is beneficial

and indirect through BMB Property Holdings, Inc.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Stockholders

The Company has significant transactions with MCC. These are summarized as follows:

- a. Noninterest bearing cash advances to MCC of P=13.3 million in 2015 and P12.6 million in 2014
- b. The Company obtained noninterest cash advances from its stockholders for working capital requirements which amounted to P62.2 million and P29.3 million as at December 31, 2015 and 2014, respectively. These advances are due and payable on demand.

Other Related Parties

Transactions with other related parties mainly consist of the following:

- a. The Company transferred real estate projects with a carrying value of P=278.4 million to Asian Appraisal Holdings Inc. (AAHI), a stockholder, in full settlement of obligations to AAHI amounting to P=122.3 million in 2002. The difference between the carrying values of the obligations settled and the real estate properties transferred amounting to P=156.1 million was recorded under "Due from related parties" account in the consolidated statements of financial position. The receivable was provided with full valuation allowance because AAHI is in financial difficulty.
- b. Air Liquide, Inc., an associate in prior years, repurchased its own shares of stock from the Company in August 2004 for a total consideration of P=15.0 million. The proceeds were used to pay accounts payable, bank loans and related interests amounting to P=10.1 million. The remaining amount of P=4.9 million was advanced to Kenyon Holding Corporation (Kenyon), another related party. Noninterest-bearing cash advances to Kenyon, a company owned by certain stockholders/directors of the Company, amounted to P=4.9 million as at December 31, 2013 and 2012, was recorded under "Due from related parties" account in the consolidated statements of financial position. The receivables were provided with full valuation allowance because the Company does not expect to collect from Kenyon.
- c. Noninterest-bearing cash advances made to officers amounted to P=1.4 million and P1.3 million as at December 31, 2015 and 2014, respectively.
- d. There were no compensation of key management personnel of the Company in 2015 and 2014.

As at December 31, 2015, the Company's receivables from AAHI and Kenyon aggregating which were fully provided with allowance amounting to P161.1 million were written off.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Pursuant to the Company's Manual on Corporate Governance, the directors and officers of MRC are all exerting their best efforts to comply with the leading practices and principles on good corporate governance. During the Company's annual stockholders' meeting held on 30 June 2015, the stockholders of MRC have elected the new members of its Board. The Board is

composed of executive and non-executive directors.

The Company, through the Board, has created various committees pursuant to the provisions of the Manual. The Company has also designated a Compliance Officer, who oversees compliance with the provisions of the Company's Manual. The Company has adopted the self-rating form prescribed by Securities and Exchange Commission.

To ensure compliance with the Company's Manual of Corporate Governance the following were adopted and enforced:

- a. Appointment of Compliance officer
- b. Creation of Board Committees
- c. Conduct of an orientation programs or workshop to operationalize the manual
- d. Attendance by all members of the Board of Directors in every Board Meeting
- e. Disclosure of all material information that could potentially affect the Corporation
- f. Filing of all required information for the interest of the stakeholders.

So far, there was no deviation from the Manual of Corporate Governance except for the following:

- a. Given the minimal operations and manpower of the Corporation, the Company has no professional development program in place at present and there was no perceived need for such program during the preceding calendar year.
- b. There are as yet no written policies and strategic guidelines on major capital expenditures. Such policies and guidelines will be fleshed out after the Board has completed its reviews of the financial and operational aspects of the company.

The Company, however, is working on its systems and procedures to improve compliance with the Company's Manual.

PART V – EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

- a. Exhibits** – See accompanying Index to Exhibits

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

b. Reports on SEC Form 17-C

During the period covered by this report, the reports on 17-C Current filed with the Commission include the following:

<u>DISCLOSURE DATE</u>	<u>TITLE</u>
13-Jan-15	List of Top 100 Stockholders as of December 31, 2014
14-Jan-15	Public Ownership Report
31-Mar-15	Compliance Report on Corporate Governance
07-Apr-15	Material Information/Transactions
13-Apr-15	Clarification of News Reports
13-Apr-15	Public Ownership Report
13-Apr-15	List of Top 100 Stockholders
14-Apr-15	Annual Report
29-Apr-15	Quarterly Report
05-May-15	Notice of Annual Stockholders Meeting
14-May-15	Material Information/Transactions
	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or
22-May-15	Promotion

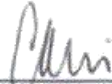
25-May-15	Information Statement
03-Jun-15	Information Statement
03-Jun-15	(Amend-1) Notice of Annual or Special Stockholders' Meeting
22-Jun-15	Initial Statement of Beneficial Ownership of Securities
30-Jun-15	Results of Annual or Special Meeting of Board of Directors
30-Jun-15	(Amend-1) Result of Organizational Meeting of the Board of Directors
30-Jun-15	(Amend-1) Result of Annual or Special Stockholders Meeting
30-Jun-15	Amendments to Articles of Incorporation
06-Jul-15	List of Top 100 Stockholders
06-Jul-15	Public Ownership Report
14-Jul-15	Initial Statement of Beneficial Ownership of Securities
28-Jul-15	Quarterly Report
05-Oct-15	List of top 100 Stockholders
13-Oct-15	Public Ownership Report
15-Oct-15	Quarterly Report
	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or
09-Nov-15	Promotion
25-Nov-15	Initial Statement of Beneficial Ownership of Securities

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on MAR 29 2016.

By:


BENJAMIN M. BITANGA
Chairman & President


CHERRIE MARIE B. LACSI
Treasurer


JAN VINCENT S. SOLIVEN
Corporate Secretary

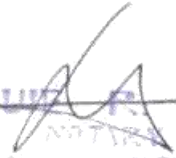

BERNARD B. RABANZO
Compliance Officer

MAR 29 2016

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2016
affiant(s)
Exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE ISSUE	PLACE OF ISSUE
Benjamin M. Bitanga	TIN# 108-720-911-000		
Jan Vincent S. Soliven	TIN# 250-155-303-000		
Bernard B. Rabanzo	TIN# 165-995-731-000		
Cherrie Marie B. Lacsi	TIN# 227-573-441-000		

Doc. No.: 162
Page No.: 33
Book No.: 44
Series of: 2446


LOUIE R. ESCUTIN
NOTARY PUBLIC
EXPIRATION DATE: 31.2016
START DATE: 29 APRIL 2013
PROFESSION: 027 MAKATI CITY
TIN# 0000000000 NO. 40617
FIELD COMPLIANCE NO. TE-1126879

**SEC SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015**

Consolidated Financial Statements

Page Number

Statements of Management's Responsibility for Financial Statements
Report of Independent Public Accountants
Consolidated Balance Sheets as of December 31, 2015 and 2014
Consolidated Statements of Income and Retained Earnings
For the Years Ended December 31, 2015 and 2014
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014
Notes to Financial Statements

Supplementary Schedules

A. Marketable Securities- (Current Marketable Equity Securities and Other Short-Term Cash Investments)	N/A
B. Amounts Receivable from Directors, Officers, Employees Related Parties and Principal Stockholders (Other than Affiliates)	N/A
C. Non-Current Marketable Equity Securities, Other Long-Term Investments In Stock, and Other Investments	N/A
D. Indebtedness of Unconsolidated Subsidiaries and Affiliates	N/A
E. Intangible Assets-Other Assets	N/A
F. Long Term Debt	N/A
G. Indebtedness to Affiliates and Related Parties(Long-Term Loans From Related Companies)	N/A
H. Guarantees of Securities of Other Issuers	N/A
I. Capital Stock	1

Supplementary Annex

M. Aging of Accounts Receivable

ANNEX I

AGGREGATE MARKET VALUE OF VOTING STOCK HELD BY TOP 10 NON- AFFILIATES AS OF DECEMBER 31, 2015

MRC's Top 20 Stockholders as of December 31, 2015 are as follows:

TOP	NAME	TOTAL SHARES	MARKET PRICE TOTAL
1	Menlo Capital Corporation	4,387,673,722	438,767,372.20
2	PCD Nominee Corporation	4,050,350,145	405,035,014.50
3	EMRO Holdings, Inc.	40,833,000	4,083,300.00
4	Philippine TA Sec., Inc.	3,750,000	375,000.00
5	Bayan Financial Brokerage	3,399,500	339,950.00
6	Lucky Securities, Inc.	1,878,000	187,800.00
7	William T. Gabaldon	1,850,000	185,000.00
8	Asian Appraisal Holdings, Inc.	1,376,000	137,600.00
9	BMB Property Holdings, Inc.	1,092,000	109,200.00
10	Quality Investment & Sec.	1,020,000	102,000.00
		8,493,222,367*	849,322,236.70

*99.77% of Total Stockholders

ANNEX II

AGING OF ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 2015

MRC Allied, Inc.

Aging of Accounts Receivable

As of December 31, 2015

	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	344,440.00				37,775	306,665	
2. Others	0.00					0.00	
Less: Allowance for Doubtful Accounts	(0.00)					(0.00)	
Net Non-Trade Receivables	344,440.000	0.00	0.00	0.00	37,775.00	306,665.00	
Net Receivable	344,440.00	0.00	0.00	0.00	0.00		



March 29, 2016

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of MRC Allied Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2015, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders for the periods December 31, 2015 and 2014 have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.


BENJAMIN M. BITANGA
Chairman & President
TIN# 108-720-911-000


CHERRIE MARIE B. LACSO
Treasurer
TIN# 227-573-441-000


JAN VINCENT SOLIVEN
Corporate Secretary
TIN# 250-155-303-000


BERNARD B. RABANZO
Compliance Officer
TIN# 165-995-731-000

MAR 29 2016

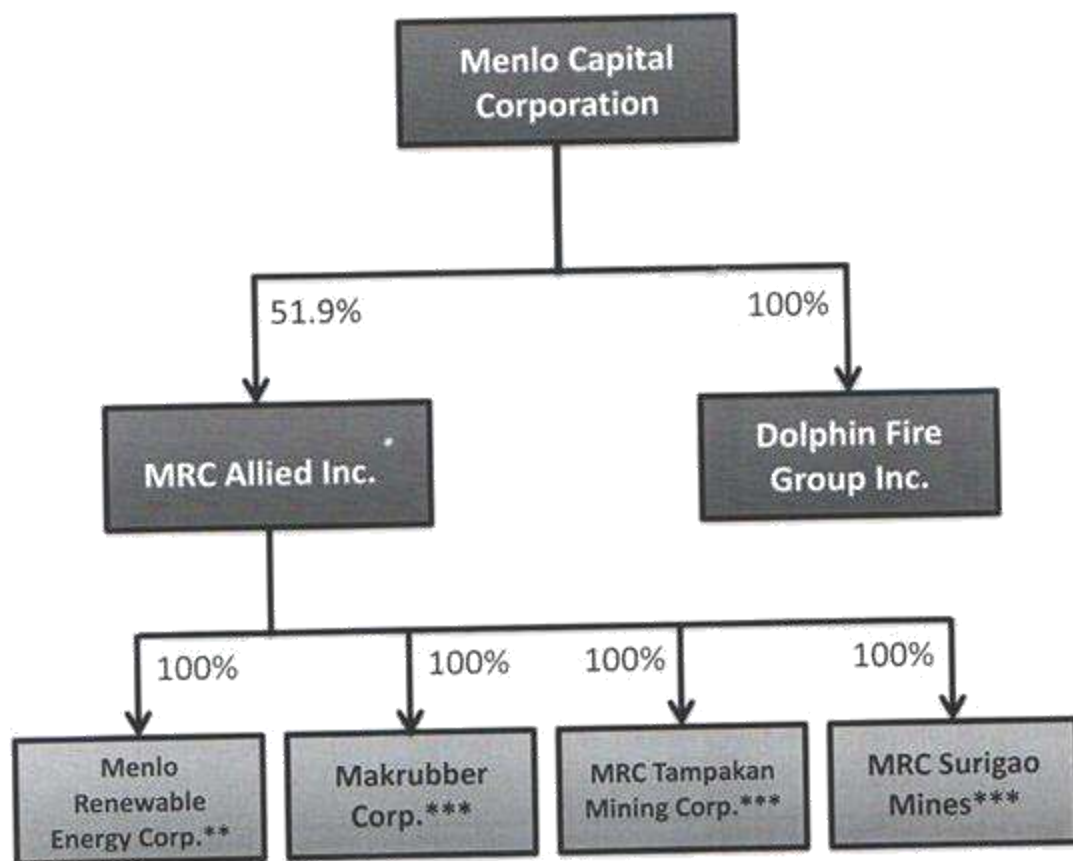
SUBSCRIBED & SWORN TO BEFORE ME THIS _____
AT _____
AFFIANT HAVING EXHIBITED
HIS/HER COMMUNICATIONS AND IDENTIFICATION NO. _____
PUBLIC NO. _____

5/F Eurovilla 4 Building, 853 Armaiz Avenue,
Legaspi Village, Makati City, Metro Manila Tel. No. (02) 846 7910
New Cebu Township One (NCTO), Barangay Cantao-an, Naga, Cebu Tel. No. (032) 272 6572


EDGARDO R. ESCUTIN
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
ROLL NO. 4220/23 APRIL 2013
PTR NO. 5038-133 / MAKATI CITY
IBP LIFETIME NO. 4-0817
MCLE COMPLIANCE NO. IV-1126879

169
33
5014

MRC Allied Inc. Group Structure



^a Publicly-listed entity

^b Incorporated in 2015

^c Ceased operations in 2011