

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Bernard B. Rabanzo

(Contact Person)

8846-7910

(Company Telephone Number)

Month

3	1
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Day

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(Form Type)

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Month

Day

(Fiscal Year)

(Secondary License Type, If Applicable)

(Annual Meeting)

SEC

Dept. Requiring this Doc.

I & VII

Amended Articles Number/Section

Total Amount of Borrowings

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Total No. of Stockholders

25M

Domestic

NA

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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, 2023.
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 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. 4/F Spirit of Comm. Ctr., 106 C. Palanca St., Makati City Legazpi Village Makati City 1229
Address of principal office Postal Code
8. +632 846-7910/09178082991/09087380854
Issuer's telephone number, including area code
9. 5F Eurovilla 4 Bldg., 853 A. Arnaiz Avenue, Makati City 1223
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
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...Common Shares	851,265,897
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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 [x] 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, 2023
Sustainability Report 2023

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

MRC Allied, Inc. (MRC) or (“the Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 20, 1990. Its shares are publicly traded in the Philippine Stock Exchange (PSE). The Parent Company and its subsidiaries are primarily engaged in the business of a holding company, and for that purpose either in the name of the Company or in the name of any other company.

Formerly operating as Makilala Rubber Corporation, 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, the stockholder 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 increase 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.

On September 18, 2020 in the annual stockholders meeting of the company via video conferencing through Zoom, one the following matters were approved, confirmed, and ratified by the stockholders present during the said meeting:

The approval of the amendments of the primary purpose from real estate business to a holding company and the amendment of the secondary purpose for the additional provisions of its Articles of Incorporation.

On November 24, 2020, the company received the approval of the Securities and Exchange Commission for the amendments on its Article II of the Articles of Incorporation the change in primary purpose from real estate business to a holding company and the implementation for the additional provision in the secondary purpose.

On May 7, 2021, the Parent Company's Board of Directors (BOD) approved the amendment to the Articles of Incorporation (AOI) to change the Parent Company's principal business address to 4th Floor Spirit of Communication Centre 106 Carlos Palanca St., Legaspi Village, Makati City.

The Parent Company is 50.8% owned by Menlo Capital Corporation (MCC or Ultimate Parent), a company incorporated and domiciled in the Philippines and is engaged in the business of investment house. On May 19, 2021, the Parent Company has obtained the approval of the PSE for the additional listing of 4,387,658,975 shares owned by MCC with listing date of August 13, 2021. However, these shares were subjected to a mandatory lock up period of 180 days from the date of listing. Starting February 10, 2022, these shares are eligible for trading in the PSE following the expiration of the 180-day lock up period on February 9, 2022.

On September 13, 2022, the BOD approved another amendment to the AOI to increase the par value of Parent Company shares from ₱0.10 a share to ₱1.00 a share. As at the date of the approval and issuance of these consolidated financial statements, the Parent Company has not yet submitted the application for the amended AOI with the SEC.

As at December 31, 2023 and 2022, the total number of Company shares owned by the public represent 49.1% and 48.4% of the total issued shares and outstanding, respectively.

As at December 31, 2023 and 2022, the Company's subsidiaries which were incorporated in the Philippines are as follows:

	Date of Incorporation	Nature of Business	% of Ownership
Menlo Renewable Energy Corporation (MREN)	2015	Renewable Energy	100
MRC Tampakan Mining Corporation (MRC Tampakan)	2011	Mining	100
MRC Surigao Mines, Inc. (MRC Surigao)	2011	Mining	100

Makrubber Corporation (Makrubber)	1990	Processing and export of natural rubber products	100
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Makrubber ceased commercial operations in 2011.

MRC Tampakan and MRC Surigao have not started commercial operations. MREN has a capitalization of P35.0 million, while MRC Surigao and MRC Tampakan have a capitalization of P5.0 million each.

The Company's latest principal and business address is at 4th Floor, Spirit of Communications Center, 106 Carlos Palanca Street., Legaspi Village, Makati City.

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.

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 years to 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.
- 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 Marihatag, 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.
- 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 & Marihatag, 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.

As at December 31, 2023 and 2022, the Group has the following business ventures in renewable energy:

- Solar Power Plant

The Parent Company has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc. [SEPALCO] which owns and operates a 50-megawatt solar project located in Palo, Leyte for P255.3 million. The power generated from this project is currently being sold to Wholesale Electricity Spot Market (WESM).

- Solar Photovoltaic (PV) System Project

The Group, through MREN, operates a 550 kilowatt-power (kWp) solar PV rooftop systems for a rice milling plant in Northern Luzon. Revenues generated from this project amounted to P2.3 million in 2022, P2.5 million in 2021 and P1.6 million in 2020.

In line with the Group's direction to focus on renewable energy projects, the Parent Company's BOD approved to sell its exploration and evaluation assets with a carrying value of ₱231.7 million on February 17, 2022. Subsequently, on March 10, 2022, the Parent Company entered into a Memorandum of Agreement with a third party to sell these exploration and evaluation assets for ₱750.0 million. Under the agreement, the contracting parties shall execute a Deed of Assignment to transfer the rights of the exploration and evaluation assets to the buyer. As at December 31, 2022, the contracting parties have not yet finalized the Deed of Assignment.

To further diversify its investment portfolio, the Group has started exploring business ventures in technology and digital solutions, and Information and Communication Technology (ICT), in order to leverage on the country's aggressive digital transformation programs.

On February 27, 2023, the Parent Company entered into a Memorandum of Agreement with MCC to purchase 500,000,000 shares of stock, at ₱1.00 par value a share, of Philippine Telegraph and Telephone Corporation (PT&T) held by MCC, equivalent to 33% ownership. Under the agreement, the contracting parties should close the sale within sixty (60) days from the date of the agreement ("Closing Period").

Significant provisions in the agreement also include:

- a. Finalize the terms of reference which details the purchase price, schedule of payments and other material terms and conditions of the sale within thirty (30) days from the date of the agreement; and
- b. Execute a definitive agreement based on the terms of reference within the Closing Period.

As at the date of the approval and issuance of the consolidated financial statements, the Parent Company and MCC are still in the process of finalizing the terms of the sale.

In 2021, the Group re-affirmed its plan to issue 1,428,571,428 shares, at ₱0.10 par value a share or equivalent to ₱142.9 million, at the issue price of ₱0.70 a share or equivalent to ₱1,000.0 million, through a private placement. On March 8, 2023, the SEC approved the amendment on the use of proceeds of this private placement to also cover investment acquisitions in ICT which includes the purchase of PT&T shares. As at the date of the approval and issuance of the consolidated financial statements, the Group is in the process of negotiating the terms of the subscriptions with the potential investors.

In the meantime, the Group stockholders have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Due to a related party has aggregated ₱577.95 million and ₱527.31 million as at December 31, 2023 and 2022, respectively.

The ability of the Group to continue as a going concern depends largely on the successful implementation and outcome of the foregoing business development plans, and the continuing financial support of the Group stockholders.

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

The Company, in the normal course of business, has transactions with its related parties. The following summarizes the related party transactions of the Company and its outstanding balances as at and for the years ended December 31, 2023 and 2022:

Stockholder

The Parent Company and its Ultimate Parent entered into an agreement to apply 12% annual interest on the outstanding balance of the payable to the Ultimate Parent starting January 1, 2023. Interest expense from due to Ultimate Parent amounted to P34.2 million in 2023.

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 ten (10) 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.

Solar Energy Service Contract

MREN entered into a Solar Energy Service Contract with the DOE for the exclusive right to explore, develop and utilize the Solar Energy Resources within the contracted area in Naga City, Cebu. The contract is in predevelopment stage which is a non-extended period of two years from December 23, 2015. Upon the issuance of a Certificate of Commerciality by the DOE, the service contract shall remain for a period of 25 years from the effective date.

MREN, among others, has to secure any necessary permits and clearances from all relevant government entities for the project. It also has to perform exploration, assessment, field verification, harnessing, piloting and other activities and provide technology and financing in connection with the predevelopment stage.

The government's share shall be equal to one percent (1%) of the gross income from the sale of electricity generated from Solar Energy Operation.

On January 15, 2018, the Company requested for a 180-day extension period from Department of Energy to complete the predevelopment activities and declare commerciality of the solar project.

In 2018, the DENR ordered the suspension of development activities within the solar project's area because of supervening events affecting the condition and feasibility of the area. As a result, the Company had to surrender its service contract with the DOE. The DOE is re-evaluating the project's technical feasibility and design and the result is still pending.

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 sixteen (15) 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.

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 be 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.

In January 2020, the DAR issued a press release on the distribution of 2,200 hectares of agricultural land in San Isidro, Leyte which includes the land owned by the Company, to qualified agrarian reform beneficiaries under the CARP. As of the date of approval and issuance of these separate financial statements, the Company has not received a formal notice from the DAR or other government agencies regarding the planned distribution.

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 4th Floor, Spirits of Communications Centre, 106 Carlos Palanca Street, Legaspi Village, Makati City. The office space has a total area of 224 square meters. The term of the lease was for one (1) year starting October 12, 2020 to September 30, 2021, renewable upon mutual agreement by the parties. The rent is Php 100,800.00 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

Nature: 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 to enjoin the auction sale of certain properties of MRC located at Barangay Cantao-an, Naga City, Cebu.

Background: 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. Through the Complaint, the auction did not push through but the case remains pending.

Status: After the conduct of mandatory mediation proceedings and the completion of the Pre-Trial Stage, trial of the case proceeded wherein, MRC as Plaintiff presented its witness and its documentary evidence.

Thereafter, MRC submitted its Formal Offer of evidence and the Court already resolved the same.

Update: The Defendant, Provincial Treasurer for the Province of Cebu, will present defense evidence on April 26, 2024 as set by the Court.

**MRC ALLIED INC. VS. KINSEKI CRYSTAL DEVICE LTD. KYOCERA CRYSTAL
DEVICE PHILIPPINES INC.**
All other persons claiming rights under Kinseki Ltd. Case No. R83

Nature: The case is an Ejectment Case for Unlawful detainer against the Defendants for the latter's gross violation of the Contract of Lease and is pending before the Municipal Trial Court in Cities, Naga City, Cebu.

Background: MRC, as Plaintiff, is the owner of a portion of land in Barangay Cantao-an, Naga City, Cebu.

The Defendant Kinseki and Plaintiff entered a Lease Contract dated December 1, 1996 over the 35,000 sqm portion of the above-mentioned property ("Leased Premises").

That sometime December 2014, Plaintiff came to know that Defendant Kinseki have allowed another entity, Kyocera Crystal Devices Philippines, Inc., to occupy its leased premises without the required express consent of the plaintiff, in violation of one of the express provisions in the contract of lease.

Status: The case is still in the Pre-Trial stage. However, the Judge suspended the Pre-Trial Proceedings to allow the mediation between the parties. In accordance therewith, there have been several discussions between the parties on how to amicably settle the case.

Unfortunately, the discussions were superseded by subsequent events that prevented the parties to agree on a settlement.

Update: While the Pre-Trial Proceedings remains pending, MRC will withdraw the case and file another case appropriate for the gross violations of the Defendants of their obligation under the Contract of Lease.

MRC ALLIED INC. VS. HON. KRISTINE CHIONG ET AL.
Plaintiff: MRC Allied Industries Inc. and Rosario Vivares
Defendants: Hon. Kristine Chiong,
in here capacity as CITY Mayor for the CITY of NAGA, CEBU

Nature: Plaintiff MRC filed the instant complaint for Declaration of Nullity of Public Auction Sale with Application for Issuance of Temporary Restraining Order and Writ of Preliminary Injunction, with Damages against herein respondents.

Background: The Complaint was filed on September 28, 2018 to nullify the public auction of the certain lots owned by MRC located at Barangay Cantao-an, Naga City, Cebu.

Status: The case was raffled to Branch 66 of RTC Talisay Cebu. MRC has filed a Motion for Reconsideration for the reversal of the Order of Dismissal issued by the Court based on jurisdictional requirements.

Update: The Motion for Reconsideration remains pending for resolution of the Court.

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 July 12, 2023 the annual stockholders meeting was held via Zoom application held at 7th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City, the following matters were likewise approved and confirmed by the majority of the stockholder's:

1. The minutes of the previous annual meeting of the stockholders held last July 14, 2022 via Zoom Meeting.
2. The 2022 Audited Financial Statement of the Corporation.
3. The acts, proceedings, transactions, and agreements, authorized by and entered into by the Board of Directors and officers of the corporation, for and on behalf of the Corporation from the last special stockholders' meeting to date;
4. The re-appointment of the firm Reyes Tacandong & Company as external auditors of the Corporation;
5. The nomination and election of the following as members of the Board of Directors of the Company: Jimmy T. Yaokasin, Augusto M. Cosio, Jr., Bernard B. Rabanzo, James G. Velasquez, Alma F. Buntua, Emmanuel K. Veloso (Independent Director), and Gopal Sham Daswani (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 2021 to 2023 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, 2023 at P1.3500**.

2023	High	Low
1 st Quarter	0.2230	0.2190
2 nd Quarter	0.2340	0.2300
3 rd Quarter	0.1940	0.1850
4 th Quarter	1.3800	1.3000
2022	High	Low
1 st Quarter	0.2500	0.2480
2 nd Quarter	0.1910	0.1840
3 rd Quarter	0.1800	0.1720
4 th Quarter	0.1950	0.1860

2021	High	Low
1 st Quarter	0.4350	0.3850
2 nd Quarter	0.4450	0.4200
3 rd Quarter	0.2950	0.2850
4 th Quarter	0.2650	0.2550

b. Security Holders

The number of shareholders of record as of the date of this Report is 624 and a common share outstanding is 851,265,897.

MRC's Top 20 Stockholders as of December 31, 2023 are as follows:

TOP	NAME	TOTAL SHARES	PERCENTAGE
1.	PCD Nominee Corporation	836,153,955	98.2248
2.	Pan Asia Securities Corp	8,000,000	0.9398
3.	EMRO Holdings, Inc.	4,083,300	0.4797
4.	Philippine TA Sec., Inc.	375,000	0.0441
5.	Bayan Financial Brokerage	339,950	0.0399
6.	1997 Bougainvillea Corporation	242,900	0.0285
7.	Lucky Securities, Inc.	187,800	0.0221
8.	William T. Gabaldon	185,000	0.0217
9.	Pua Yok Bing	100,000	0.0117
10.	Victor G. Sy	90,000	0.0106
11.	Leoncio Tan Tiu	70,000	0.0082
12.	Garcia Winston F.	60,000	0.0070
13.	Celso L. Lobregat	50,000	0.0070
14.	Elpidio Duca	46,000	0.0054
15.	Asian Appraisal Holdings, Inc.	41,356	0.0049
16.	Fely C. Ley	40,000	0.0047
17.	Leonardo T. Seguion-Reyna	40,000	0.0047
18.	Codilla, Gwendolyn	33,300	0.0039
19.	Edgar Adlawan	33,200	0.0039
20.	Guild Securities, Inc.	30,500	0.0036

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.

On May 19, 2021, the Board of Directors of the Philippine Stock Exchange approved the Company's application for the listing of its 4,387,658,975 common shares with a par value of Php0.20 per share subject to the Lock-Up Requirement under Section 7, Article V, Part A of the Listing Rules of the Exchange. The foregoing approval was subject to the Company's Compliance with the post approval requirements specified in the Notice of Approval. Starting February 10, 2022, these shares have been eligible for trading in the PSE following the expiration of the 180-day lock up period on February 09, 2022.

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

On April 25, 2023 the Board of Directors of MRC Allied Inc. re-approved the Increase in Par value from Ten Centavos (Php0.10) to One Peso (Php1.00). A reverse stock split or stock merge is an action by which the corporation reduces the total number of its outstanding shares by dividing its current shares by a number acceptable to the corporation. This can be done by increasing the par value of per share of the corporation. The abovementioned increase in Par value was previously approved by the Board last September 13, 2022 and re-approved last 25 April 2023 to include in the agenda for approval by the stockholders this coming July 12, 2023, the Company's Annual Stockholders Meeting. As for MRC, its total outstanding shares is 8,512,658,975. Once the par value of the MRC share is increased from PHP 0.10 to PHP 1.00, the total outstanding shares will now become 851,265,897, thus implementing a 1-10 split. The said amendment was approved by the Board of Directors on April 25, 2023 and by the Stockholders on July 12, 2023.

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 2023, 2022 and 2021:

2023 - The Group has no significant revenue-generating activity. The Group also incurred significant expenses as it continues to explore and develop potential business ventures. In 2023, the Group pre-terminated its solar photovoltaic system (PV) project resulting to a pre-termination loss of P5.8 million (see Note 10). The Group's current liabilities also exceeded its current assets by P891.1 million and P775.2 million as at December 31, 2023 and 2022, respectively.

These factors indicate material uncertainty on the Group's ability to continue as a going concern.

The Group, however, has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying amount of =P2,265.7 million as at December 31, 2023 which the Group intends to realize through either outright sales or joint venture with property developers (see Note 4).

The Group's business ventures and corporate initiatives are as follows:

The Group has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc. [SEPALCO] which owns and operates a 50-megawatt (MW) solar PV power plant located in Palo, Leyte (see Note 6). The power generated from the power plant is being sold to the Wholesale Electricity Spot Market (WESM). As at the date of the approval of the consolidated financial statements, the Parent Company is actively assisting SEPALCO in its ongoing negotiations with potential investors to develop an additional 25-MW capacity for the power plant.

The Parent Company has memorandum of agreements with 5G Security Inc. (5GS) and MCC for the acquisitions of ownership stake in companies engaged in technology and digital solutions, and Information and Communication

Technology (ICT). On January 5, 2024, the Parent Company's BOD approved the subscription of up to 75.0 million common shares of Bitstar Prime Holdings, Inc. (Bitstar), a company incorporated in the Philippines, which will be the Group's investment vehicle for its technology and digital solutions, and ICT projects. Upon the completion of the subscription, the Parent Company will assign the memorandum of agreements with SGS and MCC to Bitstar. As at the date of the approval of the consolidated financial statements, the parties have not yet finalized the terms of the subscription. Nonetheless, the Parent Company and Bitstar are discussing and exploring potential ICT business strategies while awaiting the finalization of the terms of the subscription.

On April 4, 2024, the Parent Company's BOD approved the plan to acquire significant ownership interest in Rappler Holdings Corporation, a domestic company which owns an internationally recognized digital online platform, through Dolphin Fire Group, Inc. (DFGI). The acquisition of DFGI shares will be done through a share swap agreement which is expected to be completed within 30 days from the determination of the purchase price based on a third-party valuation of DFGI shares. As at the date of the approval of the consolidated financial statements, the Parent Company and DFGI are finalizing the terms of the acquisition.

The Parent Company is raising funds of up to P=1,000.0 million through a private placement. On March 8, 2023, the SEC approved the amendment on the use of proceeds of the private placement to include investment acquisitions in ICT. With the increase in the par value of the Parent Company shares in October 2023, the Group revised the number of shares and issue

price for the private placement from 1,428.6 million shares, at =P0.70 a share, to 333.3 million shares, at =P3.00 a share. As at the date of the approval of the consolidated financial statements, the Group is negotiating the terms of the subscriptions with potential investors.

Pursuant to the Group's direction to focus on renewable energy and ICT projects, the Parent Company's BOD approved to sell its exploration and evaluation assets with a carrying value of P231.5 million. Subsequently, on March 10, 2022, the Parent Company entered into a memorandum of agreement with a third party to sell the exploration and evaluation assets. Under the agreement, the contracting parties shall execute a Deed of Assignment to transfer the rights of the exploration and evaluation assets to the buyer which is still pending as at the date of the approval of the financial statements (see Note 10).

The Group stockholders continue to provide financial support to sustain Group operations and to meet its maturing obligations. Due to related parties aggregated =P577.9 million and P=527.3 million as at December 31, 2023 and 2022, respectively (see Note 9).

The ability of the Group to continue as a going concern depends largely on the successful implementation and outcome of the foregoing business development plans and initiatives, and the continuing financial support of the Group stockholders.

2022 - The Group has no significant revenue generating activity and has incurred significant expenses as it continues to explore and develop potential business ventures. The Group's current liabilities has also exceeded its current assets by ₱775.2 million and ₱975.1 million as at December 31, 2022 and 2021, respectively.

These factors indicate material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The Group has investment properties in Naga City, Cebu and San Isidro, Leyte with aggregate carrying value of ₱2,158.6 million and ₱2,075.2 million as at December 31, 2022 and 2021, respectively. The Group intends to realize these investment properties by either outright sales or joint venture with property developers (see Note 4). As at December 31, 2022 and 2021, the Group has the following business ventures in renewable energy:

Solar Power Plant

The Group has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc. [SEPALCO] which owns and operates a 50-megawatt solar project located in Palo, Leyte for ₱255.3 million (see Note 6). The power generated from this project is currently being sold to Wholesale Electricity Spot Market (WESM).

Solar Photovoltaic (PV) System Project

The Group, through MREN, operates a 550 kilowatt-power (kWp) solar PV rooftop systems for a rice milling plant in Northern Luzon. Revenues generated from this project amounted to ₱2.3 million in 2022, ₱2.5 million in 2021 and ₱1.6 million in 2020.

In line with the Group's direction to focus on renewable energy projects, the Parent Company's BOD approved to sell its exploration and evaluation assets with a carrying value of ₱231.7 million on February 17, 2022. Subsequently, on March 10, 2022, the Parent Company entered into a Memorandum of Agreement with a third party to sell these exploration and evaluation assets for ₱750.0 million. Under the agreement, the contracting parties shall execute a Deed of Assignment to transfer the rights of the exploration and evaluation assets to the buyer. As at December 31, 2022, the contracting parties have not yet finalized the Deed of Assignment.

To further diversify its investment portfolio, the Group has started exploring business ventures in technology and digital solutions, and Information and Communication Technology (ICT), in order to leverage on the country's aggressive digital transformation programs.

On February 27, 2023, the Parent Company entered into a Memorandum of Agreement with MCC to purchase 500,000,000 shares of stock, at ₱1.00 par value a share, of Philippine Telegraph and Telephone Corporation (PT&T) held by MCC, equivalent to 33% ownership. Under the agreement, the contracting parties should close the sale within sixty (60) days from the date of the agreement (“Closing Period”).

Significant provisions in the agreement also include:

Finalize the terms of reference which details the purchase price, schedule of payments and other material terms and conditions of the sale within thirty (30) days from the date of the agreement; and
Execute a definitive agreement based on the terms of reference within the Closing Period.

As at the date of the approval and issuance of the consolidated financial statements, the Parent Company and MCC are still in the process of finalizing the terms of the sale.

In 2021, the Group re-affirmed its plan to issue 1,428,571,428 shares, at ₱0.10 par value a share or equivalent to ₱142.9 million, at the issue price of ₱0.70 a share or equivalent to ₱1,000.0 million, through a private placement. On March 8, 2023, the SEC approved the amendment on the use of proceeds of this private placement to also cover investment acquisitions in ICT which includes the purchase of PT&T shares. As at the date of the approval and issuance of the consolidated financial statements, the Group is in the process of negotiating the terms of the subscriptions with the potential investors.

In the meantime, the Group stockholders have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Due to a related party has aggregated ₱291.3 million and ₱273.1 million as at December 31, 2022 and 2021, respectively.

The ability of the Group to continue as a going concern depends largely on the successful implementation and outcome of the foregoing business development plans, and the continuing financial support of the Group stockholders.

2021 – The Group has incurred operating losses amounting to P23.4 million in 2021, P22.2 million in 2020 and P32.0 million in 2019 as it continues to explore and develop potential business ventures. Also, as at December 31, 2021 and 2020, the Group’s current liabilities exceeded its current assets by P975.1 million and P918.8 million, respectively. The Group’s landbank located in San Isidro, Leyte with a carrying amount of P851.1 million and P802.1 million as at December 31, 2021 and 2020, respectively, are subject to a possible government reclamation and subsequent distribution to qualified agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program. The Company has recognized a provision for probable loss of P20.0 million arising from a legal dispute. Also, recognition of interest expense and penalties on loans payable amounting to P15.68 million.

The Group’s investment properties in Naga, Cebu and San Isidro, Leyte represent about 79.3% and 77.4% of Group assets as at December 31, 2021 and 2020, respectively. In 2021, the Group adopted the fair value model accounting for these investment properties resulting to a net income of P167.7 million in 2021 and P846.6 million in 2020, and retained earnings of P366.3 million and P198.6 million as at December 31, 2021 and 2020, respectively. The adoption of the FV model should be applied retrospectively at the date of the reclassification to investment properties. The Group also operates a solar photovoltaic (PV) project for a rice milling plant in Northern Luzon, and has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc., which owns and operates a 50-megawatt solar project in Palo, Leyte.

The Group has entered in a Memorandum of Agreement to acquire up to 250million shares or not less than 75% ownership in Kerberus Corporation, a company engaged in cybersecurity services and other digital solutions. Moreover, in March 2022, the Group has entered into a Memorandum of Agreement for the sale of its exploration and evaluation assets with a carrying amount of P231.7 million for P750 million.

In January 2021, the Group has re-affirmed its plan to issue 1,428,571,428 shares, with a par value of P0.10 a share or equivalent to P142.9 million, at the issue price of P0.70 a share or equivalent to P1,000 million

through a private placement to finance the current pipeline of investment acquisitions.

Also, May 2021, the Group obtained the approval of the Philippine Stock Exchange for the additional listing of 4,387,658,975 shares owned by Menlo Capital Corporation.

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns mobilities over the country. This factor adds on the material uncertainties that may cast doubt on the ability of the Group to continue as a going concern.

Notes to Financial Statements:

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. The accounting policies adopted are consistent with those of the previous years, except as otherwise stated.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso), which is the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for investment properties and financial assets at FVOCI which are measured at fair value, and retirement liability which is measured at present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange for incurring a liability.

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

In principal market for the asset or liability; or

In the absence of a principal market, in the most advantageous market for the asset or liability. The principal on the most advantageous market must be accessible to the Group.

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in Notes 4 and 17 to the consolidated financial statements.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective January 1, 2023:

Amendments to PAS 1, Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments - Disclosure Initiative - Accounting Policies – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

Amendments to PAS 12, Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendments to PAS 1, Classification of Liabilities as Current or Noncurrent – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The adoption of the amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective

Relevant amendments to PFRS which are not yet effective as at December 31, 2023 are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

Amendments to PAS 1, Noncurrent Liabilities with Covenants – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - Classification of Liabilities as Current or Noncurrent for that period.

Deferred effectivity -

Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS has no material effect on the consolidated financial statements of the Group. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021.

Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies for like transactions and other events in similar circumstances.

All significant intercompany balances and transactions, including inter-group unrealized profits and losses resulting from intercompany transactions, are eliminated in full in preparing the consolidated financial statements. Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and de-recognition, as applicable, is done using trade date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

The Group does not have financial assets and liabilities at FVPL, and debt instruments classified as financial asset at FVOCI as at December 31, 2023 and 2022.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Group’s cash in banks and trade receivables are classified under this category. Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and,

the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income (OCI) are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2023 and 2022, the Group designated its investment in unquoted equity securities as financial asset at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2023 and 2022, the Group's trade and other payables (excluding statutory payables), loans payable, due to related parties, and security deposit are classified under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. Meanwhile, for a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, as appropriate, and on assessment of both the current as well as the forecast direction of condition at the reporting date, including time value of money where appropriate.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

the right to receive cash flows from the asset has expired;

the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

Deliver cash or another financial asset to another entity;

Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Asset Held for Sale

Asset held for sale pertains to exploration and evaluation assets whose carrying values will be recovered principally through sale transaction rather than through continuing use. These assets are available for immediate sale in its present condition and the sale is highly probable. Subsequent to initial recognition, these are measured at the lower of its carrying amount and fair value less costs to sell.

Exploration and evaluation assets represent the Group’s acquired rights to do exploration and evaluation of certain mining areas. Expenditures for mine exploration work prior to and subsequent to drilling are deferred as incurred.

Other Current Assets

Other current assets consist of input value-added tax (VAT), deposits and creditable withholding tax (CWT).

Input VAT. Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset, carried at cost less any impairment in value and will be used to offset the Group's current VAT liability.

Deposits. Deposits represent payments made in relation to the lease and other agreements entered into by the Group. These are carried at cost less any impairment in value and will generally be applied as lease payment or final payment at the end of the agreements.

CWT. CWT represent taxes withheld by the Group's customers as required under Philippine taxation laws and regulations. CWT is recognized as asset, carried at cost less any impairment in value and will be used to offset against the Group's income tax liability.

Investment Properties

Investment properties include land held for the purpose of earning rentals or for capital appreciation or both. These properties are not held to be used in production or sale in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statements of comprehensive income in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the profit or loss in the year of retirement or disposal.

Transfers are made to and from investment properties when, and only when, there is a change in use, evidenced by a) commencement of owner-occupation, for a transfer from investment property to owner-occupied; b) commencement of development with a view to sale, for a transfer from investment property to assets held for sale; c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or d) commencement of an operating lease to another party, for a transfer from property and equipment to investment property.

Property and Equipment

Property and equipment, except for land, is stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less impairment loss, if any.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are recognized in the consolidated statements of comprehensive income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated and amortized separately.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of each of the property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The estimated useful lives and method of depreciation and amortization are reviewed, and adjusted if

appropriate, at the end of each reporting period.

The estimated useful lives of items of property and equipment are as follows:

	Number of Years
Solar PV system	20
Transportation equipment	5
Furniture, fixtures and equipment	3
Land improvements	5
Leasehold improvements	3 years or term of the lease whichever is shorter

When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is recognized in the consolidated statements of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock

Capital stock represents the par value of the issued shares.

Retained Earnings

Retained earnings represents cumulative balance of the Group's result of operations.

Basic and Diluted Earnings (Loss) Per Share

Basic EPS is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year excluding shares held by subsidiaries, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Segment Reporting

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

Service Revenues. Revenue is recognized as income when the related services have been rendered based on contractual terms.

For revenues from other sources, the following specific recognition criteria must also be met before revenue is recognized.

Interest Income. Interest income is recognized as it accrues based on the effective interest method.

Cost and Expense Recognition

Costs and expenses are recognized in the consolidated statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase of liability has arisen that can be measured reliably.

Direct Cost. Direct cost is recognized as expense when the related service is rendered.

General and Administrative Expenses. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense and Penalties. Interest expense and penalties represents the cost of money used in operations including charges for late payments and are recognized as incurred. Interest expense is measure using the effective interest rate method.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

Group as a Lessee. The Group applies the short-term lease recognition exemption to its short-term lease of office space (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Employee Benefits

Short-term Benefits. The Group provides short-term benefits to its employees in the form of basic salary, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits. These are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has an unfunded, defined benefit retirement plan covering all qualified employees. The retirement benefits expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailment and non-routine settlements (if any), and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment, curtailment, and the date the Group recognizes restructuring related costs.

Re-measurements pertaining to actuarial gains and losses are recognized immediately in OCI and are closed to retained earnings in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity, respectively.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. An entity is also related to the Group when it directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for at arm's-length prices or terms similar to those offered to non-related entities in an economically comparable market.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Provisions

Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the notes to consolidated financial statements when inflows of economic benefits are probable.

Events After the Reporting Date

Events after the reporting period that provide additional information about the Group's consolidated financial statements at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

Comparative

When necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

Key Performance Indicators

Below is a schedule showing financial soundness indicators in the year 2023 and 2022:

Ratio	Formula	2023	2022
Current/Liquidity Ratio			
	Current assets	₱239,028,097	₱239,674,252
	Divided by: Current liabilities	1,130,137,087	1,014,835,721
	Current/Liquidity ratio	0.21:1.00	0.24:1.00

Solvency Ratio

Net income (loss) before depreciation and amortization	(P52,485,547)	₱25,706,712
Divided by: Total liabilities	1,572,769,606	1,433,370,671
Solvency ratio	(0.03):1.00	0.02:1.00

Debt-to-Equity Ratio

Total liabilities	₱1,572,769,606	₱1,433,370,671
Divided by: Total equity	1,191,307,239	1,245,843,052
Debt-to-Equity ratio	1.32:1.00	1.15:1.00

Asset-to-Equity Ratio

Total assets	₱2,764,076,845	₱2,679,213,723
Divided by: Total equity	1,191,307,239	1,245,843,052
Asset-to-Equity ratio	2.32:1.00	2.15:1.00

Interest Rate Coverage Ratio

Income (loss) before interest and taxes	(P65,496,067)	₱6,603,298
Divided by: Interest expense	(37,840,812)	(3,249,800)
Interest Rate Coverage ratio	0.00:1.00	2.03:1.00

Return on Assets Ratio

Net income (loss)	(P54,535,813)	₱28,152,074
Divided by: Total average assets	2,721,645,284	2,688,815,960
Return on Assets ratio	(0.02):1.00	0.01:1.00

Return on Equity Ratio

Net income (loss)	(P54,535,813)	₱28,152,074
Divided by: Total average equity	1,218,575,145	1,231,767,015
Return on Equity ratio	(0.04):1.00	0.02:1.00

Net Profit (Loss) Margin

Net income (loss)	(P54,535,813)	₱28,152,074
Divided by: Revenues	494,000	2,284,546
Net Profit (Loss) Margin	(110.4):1.00	12.32:1.00

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 amount to P2.76 billion and total liabilities and equity is P1.57 billion and P1.19 billion, respectively. In 2023, the Group adopted the fair value model accounting for these investment properties resulting to a net loss of P54.54 million in 2023 and net income of P28.15 million in 2022, and retained earnings of P340.04 million and P394.58 million as at December 31, 2023 and 2022, respectively. The adoption of the FV model should be applied retrospectively at the date of the reclassification to investment properties.

The Group's investment properties in Naga, Cebu and San Isidro, Leyte represent about 81.97% and 80.57% of Group assets as at December 31, 2023 and 2022, respectively.

Due to Related Parties was increased by P50.64 million in 2023. The Parent Company and its Ultimate Parent entered into an agreement to apply 12% annual interest on the outstanding balance of the payable to the Ultimate Parent starting January 1, 2023. Interest expense from due to Ultimate Parent amounted to ₱34.2 million in 2023. Other current assets decreased by P0.582 in 2023 due to application of input tax against output tax.

Accrued interest and penalties amounted to ₱499.6 million and ₱423.6 million as at December 31, 2023 and 2022, respectively. There is no recognition of provision for probable losses.

The Group has incurred net loss amounting to P54.54 million in 2023 and net income of P28.15 million in 2022 due to gain on fair value changes of investment properties. Also, as at December 31, 2023 and 2022, the Group's current liabilities exceeded its current assets by P891.11 million and P775.16 million, respectively.

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

The Group's principal financial instruments are cash in banks, trade receivables, due from related parties, financial asset at FVOCI, trade and other payables (excluding statutory payables), loans payable, due to a related party and security deposit.

The BOD is responsible for the Group's risk management. The Group has risk management policies to identify and manage Group exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The table below shows the maximum exposure to credit risk for the Group's financial assets,

without taking account of any collateral and other credit enhancements:

	2023	2022
Cash in banks	P480,657	P346,290
Trade receivables	—	198,479
	P480,657	P544,769

The credit quality of the receivables is managed by the Group using internal credit quality ratings. The Group's cash in banks and trade receivables, which are neither past due nor impaired, are classified as High Grade and Standard Grade, respectively, as at December 31, 2023 and 2022. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts.

The credit quality of the receivables is managed by the Group using internal credit quality ratings. The Group's cash in banks and trade receivables, which are neither past due nor impaired, are classified as High Grade and Standard Grade, respectively, as at December 31, 2023 and 2022. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts.

At the reporting date, there is no significant concentration of credit risk.

Liquidity Risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through availment of loans and advances from related parties. The maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual payments follow:

Plan of Operation

The Company has incurred expenses as it continues to explore and develop potential business ventures, particularly renewable energy and mining, resulting to a deficit. However, because of the debt-to-equity conversions in 2013 and 2012 and the equity restructuring in 2014 and 2013, it has reduced its deficit resulting to a positive equity of P485.8 million and P545.0 million as at December 31, 2018 and 2017, respectively.

The Group has MOA for gold and copper covering mining areas where Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) have applications for EP or Mineral Production Sharing Agreement (MPSA) with the MGB.

These are summarized as follows:

	Total Carrying Amount	2023 Contractual Undiscounted Payments			
		On Demand	< 1 Year	1 to 5 Years	> 5 Years
Trade and other payables*	P521,865,890	P499,557,115	P22,308,775	P—	P—
Loans payable	25,000,000	25,000,000	—	—	—
Due to related parties	577,947,717	577,947,717	—	—	—
	P1,124,813,607	P1,102,504,832	P22,308,775	P—	P—

*Excluding statutory payables

Holder	Date	Location	No. of Hectares as at December 31	
			2023	2022
AMC		Kiblawan, Davao del Sur and Columbio, Sultan Kudarat (AMC Kibalawan)	7,559.1	7,559.1
	November 8, 2010	Marihatag, Surigao del Sur (AMC Marihatag)	3,759.3	3,759.3
	January 7, 2011	Boston and Cateel, Davao Oriental (PMC Boston-Cateel)	4,860.0	4,860.0
PMC	March 28, 2011	Paquibato, Davao City (PMC Paquibato)	593.2	593.2

Each MOA provides for, among others:

- 3% royalty on gross proceeds or gross sales of all mineral production payable 15 days after every three months commencing at the end of the first full quarter after the commencement of production; and
- ₱2.0 million to ₱3.0 million royalty advances at every anniversary date of the MOA. However, the Group has not yet provided any royalty advances for the MOA dated March 28, 2011 due to pending exploration permits.

Moreover, the Parent Company will assume all financial costs and expenditures and provide all technical expertise, manpower and support to AMC and PMC to get the necessary MPSA for the mining areas and to comply with the tenement requirements to bring the mining agreements into commercial mining production and operation within the earliest time possible. The agreements with the Philippine government shall always be in the name of AMC and PMC with the Group as the operator.

The carrying amount of these exploration and evaluation assets consists of:

	2023	2022
AMC Kiblawan	₱214,000,000	₱214,000,000
PMC Paquibato	17,749,591	17,749,591
	₱231,749,591	₱231,749,591

In consideration for the MOA dated November 8, 2010 (AMC Kiblawan) and February 4, 2011 (PMC Paquibato), MCC issued 600 million MCC shares each to AMC and PMC in 2011 equivalent to ₱464.3 million. In 2020, the Group wrote off exploration and evaluation assets of ₱232.5 million as a result of the reduction of the mining area covered by the EP for PMC Paquibato.

The Parent Company has not yet transferred the 600 million common shares at ₱0.10 par value for the MOA dated March 28, 2011 (PMC Boston-Cateel) pending the final determination of the mining areas by PMC. The consideration for the MOA dated January 7, 2011 (AMC Marihatag), which was entered into by MRC Surigao, is subject to a separate agreement. As at the date of the approval and issuance of these consolidated financial statements, the Group is awaiting the lifting of the moratorium on the issuance of new mining permits by the Department of Environment and Natural Resources (DENR) to finalize the terms of the MOA.

On September 15, 2020, the MGB released an Order of Denial covering the EP application for AMC Kiblawan because of a failure to comply with a documentary requirement within the specified period. The Group has been persistent in obtaining the required document, however, because of the limitations brought by the Covid-19 related mandated lockdowns in 2021 and 2020, and other circumstances beyond the Group's control, the document was not obtained and submitted within the required period. Pursuant to the MGB's guidelines and procedures, the Group filed a Motion for Reconsideration to reverse the denial. The decision on the motion is pending as at the date of the approval and issuance of these financial statements.

On February 17, 2022, the Parent Company's BOD approved to sell the exploration and evaluation assets resulting to the reclassification of these assets to 'Asset Held for Sale'. On March 10, 2022, the Parent Company entered into a Memorandum of Agreement with a third party for the sale of the MOA for AMC Kiblawan, PMC Paquibato, PMC Boston-Cateel and AMC Marihatag for P750.0 million. As at December 31, 2022, the carrying values of the exploration and evaluation assets is lower than the negotiated price of the transaction.

Moreover, under the agreement, the parties undertake to execute a Deed of Assignment to transfer the rights of the exploration and mining assets to the buyer. As at the date of the approval and issuance of these consolidated financial statements, the contracting parties have not yet finalized the Deed of Assignment.

Solar Power Projects

In October 2019, MREN has completed the procurement, design, testing and commissioning of the 550 kWp solar PV system project for a rice milling plant in Northern Luzon. MREN is responsible in operating and maintaining the solar PV system, which includes, among others: (a) reading and inspecting the solar billing meter; (b) conduct any testing, inspection, repair, recalibration and replacement of the solar PV metering system; and (c) sending of monthly invoice.

The proposed capacity of the project is 550 kilowatts with agreed generation charge of ₱7.00/ kilowatt-hour (kWh) for a period of twenty (20) years. The generation charge can be lowered to ₱6.75/kWh for eighteen (18) years when the total capacity reaches two (2) megawatts and upon mutual agreement of the parties. Throughout the term of the agreement, the solar PV system shall be owned solely by MREN, except when the provisions on early termination, which includes default or dissolution of the parties and option to buy, among others, are met.

The agreement provides for, among others:

- Monthly variable service fee, calculated by applying the agreed rate of ₱7.00/per kWh, or distribution utility (DU) rate whichever is lower but subject to floor rate of ₱6.50/per kWh, to the monthly Net Energy Output. The total monthly fee shall be subject to adjustments from daily downtime inclusion and/or other fees due by reason of violation or breach of the agreement.
- Security deposit, in the form of surety bond or cash. Surety bond must be demandable at anytime during the term of this agreement and should be issued by a surety or insurance company duly certified by the Insurance Commission, in the amount of ₱5.0 million. Security deposit in the form of cash shall be deposited and maintained to a specified account to be agreed by the parties. This deposit shall be forfeited in favor of the Group in case of any default by the other party in the terms of the agreement. Security deposit amounted to ₱4.2 million and ₱4.4 million as at December 31, 2022 and 2021, respectively.

Service revenues amounted to ₱2.3 million in 2022, ₱2.5 million in 2021 and ₱1.6 million in 2020. Outstanding receivables, which are noninterest-bearing and are usually collected within 30 days, amounted to ₱0.2 million and ₱0.4 million as at December 31, 2022 and 2021, respectively.

On February 22, 2019, the Group, through MREN, entered into a Memorandum of Agreement with a third-party contractor engaged in the selling and servicing of solar panels (the Contractor) for the engineering, procurement and construction (EPC) of the Solar PV Project. The Memorandum of Agreement covers the general technical and associated requirements for the design, supply, delivery, installation, testing and commissioning, including all items which can be reasonably inferred as being required for the Solar PV Project's completion. The total contract price amounted to ₱29.4 million, inclusive of any and all taxes, including VAT and applicable withholding taxes, and subject to variations as defined and allowed by the Memorandum of Agreement.

On February 21, 2021, MREN received a Notice to Terminate from the Contractor for the engineering, procurement and commissioning of the 550 kWp Project. As at the date of the approval and issuance of these consolidated financial statements, MREN is in the process of verifying the grounds for termination and negotiating certain terms of the agreement with the Contractor. Payables to the Contractor amounted to ₱13.0 million as at December 31, 2022 and 2021.

The Group, through MREN, had a Solar Energy Service Contract with the DOE for the exclusive right to explore and develop a solar project in Naga, Cebu. In 2018, the DENR ordered the suspension of the development activities within the solar project's area because of supervening events affecting the condition and feasibility of the area. As a result, the Group had to surrender its Solar Energy Service Contract which resulted to the recognition of the provision for impairment loss on predevelopment costs amounting to ₱23.5 million in 2020. In 2022, the Group wrote off these predevelopment costs.

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 July 12, 2023.

The financial statements of MRC for December 31, 2023, as audited by Reyes Tacandong & Co. are incorporated in this report as reference. The objective of the audit is to provide an auditor's report expressing an opinion on the financial statements for the year 2023 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 BDO Towers Valero (formerly Citibank Tower) 8741 Paseo de Roxas, Makati City
Certifying Partner	:	EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until April 13, 2024

Valid for Financial Periods 2020 to 2024

BIR Accreditation No. 08-005144-005-2022

Valid until October 16, 2025

PTR No.10072405, Issued January 2, 2024, 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 2021 to 2023 is P400,000.00 each year, 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

Jimmy T. Yaokasin, Filipino
Chairman

Mr. Yaokasin serves as member of the Board of Directors in various companies such as the Development Academy of the Philippines, Splash Corporation, Bethel International School Inc., China Philippine Mining Development Inc. and Leyte CableTV Network Inc. He is a Certified Public Accountant who obtained his bachelor's degree from the University of the Philippines where he graduated Cum Laude. He has a Master's in Business Administration degree, which he obtained from the Kellogg School of Management of the Northwestern University of Chicago.

Augusto M. Cosio Jr., Filipino
President & CEO

Mr. Augusto M. Cosio Jr., or "Gus", is a known advocate for investing and the development of the Philippine capital markets. Having gained a wealth of experience in the global capital markets after working in Hong Kong and Singapore for global investment banks such as Deutsche Bank and BNP-Paribas, he is a passionate crusader for investment literacy among Filipinos. He is a regular resource speaker for the Philippine Stock Exchange Certified Securities Specialist Program and for capital market topics at the University of Asia and the Pacific. In the First Metro Group, Gus had spearheaded The Capital Market Seminar Series conducted regularly by First Metro Securities Brokers and First Metro Asset Management Inc. (FAMI) in their offices in Makati, Binondo, Cebu and Davao. Gus finished a course in Social Sciences from the University of the Philippines. Until June 2018, he had been the president for 9 years of FAMI – the First Metro Asset Management Inc. – a multi awarded fund Management Company with around 11 billion pesos of Assets under Management (AUM). In his stint with the First Metro Investment Corp., Gus steered the creation and the listing of the first Exchange Traded Fund or ETF in the Philippine Stock exchange. Gus is also an advocate of road safety being a member of the Board of Trustees of the Automobile Association of the Philippines.

Bernard B. Rabanzo, Filipino
Director

Mr. Rabanzo sits in the Board of Menlo Renewable Energy Corporation, MRC Tampakan Mines Inc. and MRC Surigao Mines Inc. He also serves as the head of the Finance and Admin of MRC.

He holds a degree in Bachelor of Science in Commerce with a Major in Banking and Finance from St. Louis University in Baguio City. Prior to joining MRC, he was employed at Philippine Wireless Inc.

James G. Velasquez, Filipino
Director

Mr. James G. Velasquez is currently the President and CEO of PT&T, a Philippines Telecommunications Company. He was previously a Senior Executive for IBM Global Technology Services, Asia Pacific. James has 30 years of experience in running several business units in the Philippines and in Asia Pacific with focus on business management, operations, strategic sales, digital transformation, technical support, infrastructure management and regional sales & operations. Mr. Velasquez graduated from University of Santo Tomas, with degree in Electronics and Communications Engineering.

Alma F. Buntua, Filipino
Director

Ms. Buntua is currently the Vice President for Finance of 5G Security Inc., a leading security and solutions provider in the Philippines. She is a graduate of Bachelor of Science in Commerce major in Accounting from Guagua National Colleges and a Certified Public Accountant where she earned her license in 1993. In the last 28 years her experience in the Finance industry, she has developed her expertise in Accounting, Treasury, Project Finance and recently as the appointed Chief Finance Officer (Vice- President for Finance) in her current post.

Emmanuel K. Veloso, Filipino
Independent Director

Mr. Veloso is a graduate of Bachelor of Science in Business Administration and Economics from the Sophia University of Tokyo, Japan. An alumnus of the Ateneo de Manila University both for grade school and high school. Actively involved in Civic Society groups such as Sophia University Alumni Association, Pintados Foundation, Inc., Rotary Club of Leyte Gulf, Tacloban City, Grand Lodge of Free and Accepted Masons of the Philippines and Veloso Foundation Inc. Mr. Veloso handled positions and designations both present and in the past such as, Governor, Province of Leyte in 1986, Mayor of Tacloban City in 1986-1987, Board of Director in Philippine Tourism Authority Manila from 2003-2010. PEA Tollways Corporation in 2005-2006 and San Miguel Kuok Food Security, Inc.

He was also a Consultant at San Miguel Corporation in 2010-2013 and Lim Solar Philippines in 2013-present. He is currently the Treasurer for the Center for Natural Farming Initiative Inc. from 2014 to present and a former Board of Director of the PNOX Exploration Corporation. He is presently the Vice President, Plutus Mining Corporation.

A father of 5 Children and a husband to Ms. Marirose F. Garcia-Veloso.

Gopal Sham Daswani, Filipino
Independent Director

Mr. Daswani is a young entrepreneur, investment manager and a philanthropist. He graduated from the University of Asia and the Pacific with a degree in Bachelor of Arts with Specialization in Integrated Marketing Communications.

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:

President & CEO	:	Augusto M. Cosio, Jr.
Chief Admin & Finance Officer	:	Bernard B. Rabanzo
Corporate Secretary/ Chief Legal & Compliance Officer/	:	Atty. Federico P. Prieto

Augusto M. Cosio Jr., Filipino
President & CEO

Mr. Augusto M. Cosio Jr., or “Gus”, is a known advocate for investing and the development of the Philippine capital markets. Having gained a wealth of experience in the global capital markets after working in Hong Kong and Singapore for global investment banks such as Deutsche Bank and BNP-Paribas, he is a passionate crusader for investment literacy among Filipinos. He is a regular resource speaker for the Philippine Stock Exchange Certified Securities Specialist Program and for capital market topics at the University of Asia and the Pacific. In the First Metro Group, Gus had spearheaded The Capital Market Seminar Series conducted regularly by First Metro Securities Brokers and First Metro Asset Management Inc. (FAMI) in their offices in Makati, Binondo, Cebu and Davao. Gus finished a course in Social Sciences from the University of the Philippines. Until June 2018, he had been the president for 9 years of FAMI – the First Metro Asset Management Inc. – a multi awarded fund Management Company with around 11 billion pesos of Assets under Management (AUM). In his stint with the First Metro Investment Corp., Gus steered the creation and the listing of the first Exchange Traded Fund or ETF in the Philippine Stock exchange. Gus is also an advocate of road safety being a member of the Board of Trustees of the Automobile Association of the Philippines.

Bernard B. Rabanzo, Filipino
Chief Admin & Finance Officer

Mr. Rabanzo sits in the Board of Menlo Renewable Energy Corporation, MRC Tampakan Mines Inc. and MRC Surigao Mines Inc. He also serves as the head of the Finance and Admin of MRC.

He holds a degree in Bachelor of Science in Commerce with a Major in Banking and Finance from St. Louis University in Baguio City. Prior to joining MRC, he was employed at Philippine Wireless Inc.

Atty. Federico P. Prieto
Corporate Secretary/Chief Legal & Compliance Officer

Atty. Federico P. Prieto is a lawyer who specializes on civil, criminal and labor litigation; corporate housekeeping, administrative and regulatory compliance; business organization, acquisition, mergers and corporate restructuring; maritime and admiralty; real estate and intellectual property practice. He is presently the VP-Legal of 5G Security Inc. Atty. Prieto also the Chief Legal Counsel of MRC Allied Inc. (MRC) sometime in 2015. He is a graduate of College of Law, San Beda College and was admitted to the Bar on May 2007.

On February 07, 2023, the board accepted the resignation of Atty. Johnston R. Brusola former Corporate Secretary/Chief Legal & Compliance Officer of MRC and on the same date the Board appointed Atty. Federico P. Prieto as acting Corporate Secretary until a new Corporate Secretary and Legal Counsel is hired by MRC.

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

Jimmy T. Yaokasin

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

James G. Velasquez

Case Title	National Bureau of Investigation (NBI) vs. James G. Velasquez et al.
Parties	Plaintiff: National Bureau of Investigation (NBI) Defendant: James G. Velasquez
Case Number	IS No.XV-14-INV-181-01738
Court	Office of the City Prosecutor of Pasig
Nature of the Case	Alleged Violation of (i) Section 2-A of Commonwealth Act No. 108 (Anti Dummy Law), (ii) Section 2 of of Presidential DecreeNo. 1018 (Limiting the Ownership and Management of Mass Media to Citizens of the Philippines and for the Purposes), and (iii) Section 7 in relation to Section 14 of Republic Act No. 7042 (Foreign Investment Act of 1991)
Brief Description and Issues Involved	I am one of the eight (8) respondents composed of former and current Directors of ("Rappler"). The case stemmed from the issuance by Rappler of Philippine Depository Receipts to a foreign entity which allegedly violated the laws mentioned above. At the time the subject transaction transpired, I was a member of Rappler's Board of Director.
Status	Submitted Resolution

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 2023, 2022 and 2021.

Name and Principal Position	Year	Salary	Bonus	Other Compensation
CEO/President & Directors as group				
Augusto M. Cosio, Jr.				
Bernard B. Rabanzo – Chief Admin & Finance Officer				
Al Joseph C. De Guzman- Chief Operation Officer				
Maria May P. Militante-Chief BDU Officer				
Total	2023	5,539,405.00	0	0
Total	2022	4,523,290.00	0	0
Total	2021	4,874,431.96	0	0

All other officers & directors as a group named: Jimmy T. Yaokasin James G. Velasquez Alma F. Buntua Emmanuel Veloso Gopal Sham Daswani				
Total	2023	0	0	420,000.00
Total	2022	0	0	680,000.00
Total	2021	0	0	696,000.00

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

Member of the board of directors have received per diem for services provided as directors for the years 2023, 2022 and 2021.

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 2023, 2022 and 2021.

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, 2023, 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 Stock	PCD Nominee Corp.* G/F MKSE Building Ayala Avenue, Makati City	Filipino	836,153,955	98.2248

***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 of Beneficial Ownership	Amount and Nature of Ownership	Citizenship	Percentage of Class
Common Stock	Jimmy T. Yaokasin Director/Chairman c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial	Filipino	0.0000
Common Stock	Augusto M. Cosio, Jr. Director/President & CEO c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial Indirect ownership- 250,000	Filipino	0.0000

Common Stock	Bernard B. Rabanzo Director/Chief Admin & Finance Officer c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	100 Record & Beneficial	Filipino	0.0000
Common Stock	James G. Velasquez Director c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial Indirect Ownership – 210,000	Filipino	0.0000
Common Stock	Alma F. Buntua Director c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial	Filipino	0.0000
Common Stock	Emmanuel K. Veloso Independent Director c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial	Filipino	0.0000
Common Stock	Gopal Sham Daswani Independent Director c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	10 Record & Beneficial 100- Indirect Ownership	Filipino	0.0000
Common Stock	FedericoP. Prieto Corporate Secretary c/o MRC Allied, Inc. 4 th /F Spirit of Comm. Centre 106 Carlos Palanca St. Legazpi Village, Makati City	0	Filipino	N.A.

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.

The Company, in the normal course of business, has transactions with its related parties. The following summarizes the related party transactions of the Company and its outstanding balances as at and for the years ended December 31, 2023 and 2022:

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 July 14, 2022, the stockholders of MRC have elected the new members of its Board. The Board is composed of executive and non-executive directors.

The Governance Committee:

Chairperson: Jimmy T. Yaokasin, *Chairman of the Board*

Members: Emmanuel Veloso, *Independent Director*

Gopal Sham Daswani, *Independent Director*

Atty. Federicop. Prieto, *Secretariat*

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 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.

On May 22, 2019, the members of the Board as well as officers of the Company attended the corporate governance seminar, entitled "Orientation Program for First Time Directors" conducted by the Philippine Corporate Enhancement & Governance Inc. held at the Dusit Thani, Ayala Center Makati City, Metro Manila. This is in compliance with SEC Memorandum Circulars No. 20-2013 and 2-2015 of the Securities and Exchange Commission.

On November 25, 2022, the Company's Compliance Officer attend the Webinar of the 9th SEC-PSE Corporate Governance Forum.

The Company will submit its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2023, on or before May 30, 2024, in compliance with SEC Memorandum Circular No.15, Series of 2017.

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>
09-Jan-23	List of Top 100 Stockholders (Common Shares)
16-Jan-23	Public Ownership Report
23-Jan-23	Other SEC Forms, Reports and Requirements
08-Feb-23	Material Information/Transactions
08-Feb-23	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
23-Feb-23	Material Information/Transactions
28-Feb-23	Statement of Changes in Beneficial Ownership of Securities
28-Feb-23	Change in Shareholdings of Directors and Principal Officers
28-Feb-23	Material Information/Transactions
10-Mar-23	Material Information/Transactions (Private Placement amendment of Proceeds)
04-Apr-23	Updates on Corporate Actions Material Transactions/Agreements
12-Apr-23	List of Top 100 Stockholders (Common Shares)
12-Apr-23	Material Information/Transactions (Approval of the Board for the release of FS)
14-Apr-23	Public Ownership Report
17-Apr-23	Annual Report
25-Apr-23	Material Information/Transactions (Result of Regular Board Meeting)
26-Apr-23	Notice of Annual or Special Stockholders Meeting
26-Apr-23	Amendment of By-Laws
26-Apr-23	Postponement of Annual Stockholders Meeting
26-Apr-23	Amendments of Articles of Incorporation
26-Apr-23	[Amend-1] Change in Par Value
28-Apr-23	Update on Corporate Actions/Material Transactions/Agreement
15-May-23	Quarterly Report
23-May-23	Integrated Annual Corporate Governance Report (I-ACGR)
26-May-23	Information Statement
26-May-23	Statement of Changes in Beneficial Ownership and Securities
26-May-23	Change in Shareholdings of Directors and Principal Officers
06-Jun-23	[Amend-1] Notice of Annual Stockholders Meeting
06-Jun-23	Information Statement (Definitive)
19-Jun-23	Material Information/Transactions (Menlo & MRC signing of Deed of Assignment-DFS)
03-Jul-23	Update on Corporate Actions/Material Information/Agreements
11-Jul-23	List of Top 100 Stockholders (Common Shares)
12-Jul-23	Result of Annual or Special Stockholders' Meeting
12-Jul-23	Results of Organizational Meeting of the Board of Directors
17-Jul-23	Public Ownership Report
31-Jul-23	Material Information/Transactions
01-Aug-23	Legal Proceedings
03-Aug-23	Material Information/Transactions (Updates on Jul 31 Disclosure)

09-Aug-23	Statement of Changes in Beneficial Ownership of Securities
09-Aug-23	Change in Shareholdings of Directors and Principal Officers
14-Aug-23	Statement of Changes in Beneficial Ownership of Securities
14-Aug-23	Change in Shareholdings of Directors and Principal Officers
14-Aug-23	Quarterly Report
25-Aug-23	Other SEC Forms, Reports and Requirements
03-Oct-23	Material Information and Transactions (Dismissal of Case of AMC &BBR)
03-OCT-23	[Amend-1] Legal Proceedings
06-Oct-23	Material Information/Transactions (Disclosure of MRC's Subsidiary MREN CIAC Case)
10-Oct-23	List of Top 100 Stockholders (common Shares)
13-Oct-23	Public Ownership Report
19-Oct-23	Material Information/Transactions (SEC approval of the Amendments of AOI & By-Laws)
19-OCT-23	[Amend-1] Amendment to By-Laws
19-Oct-23	[Amend-1] Articles of Incorporation
27-Oct-23	Statement of Changes in Beneficial Ownership and Securities
31-Oct-23	Change in Shareholdings of Directors and Principal Officers
31-Oct-23	Change in Shareholdings of Directors and Principal Officers
31-Oct-23	Change in Shareholdings of Directors and Principal Officers
31-Oct-23	Change in Shareholdings of Directors and Principal Officers
31-Oct-23	Change in Shareholdings of Directors and Principal Officers
10-Nov-23	Statement of Changes in Beneficial Ownership of Securities (AMC)
10-Nov-23	Change in Shareholdings of Directors and Principal Officers (AMC)
13-NOV-23	Quarterly Report
16-Nov-23	[Amend-2] Other SEC Forms Report and Requirements
21-Nov-23	Statement of Beneficial Ownership and Securities

MRC ALLIED, INC.
SEC SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

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, 2023 and 2022
Consolidated Statements of Income and Retained Earnings
For the Years Ended December 31, 2023 and 2022
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
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

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 City on 15 APR 2024.

By:


JIMMY T. YAOKASIN
Chairman of the Board


AUGUSTO M. COSIO, JR.
President & CEO

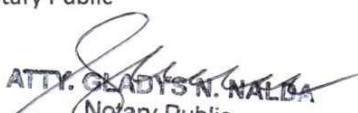

BERNARD B. RABANZO
Treasurer


ATTY. FEDERICO P. PRIETO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 15 APR 2024 day of April 2024 affiant exhibiting to me his/their Residents Certificates/TIN, as follows:

Name	TIN
JIMMY T. YAOKASIN	129-683-430-000
AUGUSTO M. COSIO, JR.	168-603-906-000
BERNARD B. RABANZO	165-995-731-000
ATTY. FEDERICO P. PRIETO	304-314-821-000

Notary Public


ATTY. GLADYS N. NALDA
Notary Public

Commission No. M - 397

Expires December 31, 2024

PTR No. 60910131, 01/15/2024, Taguig

IBP No. 418583, 01/12/2024, Leyte

MCLE Compliance VII-0009573

Attorney's Roll No. 50978

Doc No. 346 ;
Page No. 70 ;
Book No. V ;
Series No. 2024 ;

ANNEX I

**AGGREGATE MARKET VALUE OF VOTING STOCK
HELD BY TOP 10 NON-AFFILIATES
AS OF DECEMBER 31, 2023**

MRC's Top 20 Stockholders as of December 31, 2023 are as follows:

TOP	NAME	TOTAL SHARES	MARKET PRICE TOTAL
1	PCD Nominee Corporation	836,153,955	836,153,955.00
2	Pan Asia Securities Corp.	8,000,000	8,000,000.00
3	EMRO Holdings, Inc.	4,083,300	4,083,300.00
4	Philippine TA Sec., Inc.	375,000	375,000.00
5	Bayan Financial Brokerage	339,950	339,950.00
6	Bougainvillea Corporation	242,900	242,900.00
7	Lucky Securities, Inc.	187,800	187,800.00
8	William T. Gabaldon	185,000	185,000.00
9	Pua Yok Bing	100,000	100,000.00
10	Victor G. Sy	90,000	90,000.00
TOTAL		849,757,905	849,757,905.00

ANNEX II

AGING OF ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 2023

MRC Allied, Inc.
Aging of Accounts Receivable
As of December 31, 2023

	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			0		0	
Less: Allowance for Doubtful Accounts	0					0	
Net Trade Receivables	0			0		0	
Non- Trade							
b) Receivable:							
1. Advances							
Suppliers	0					0	
Officers & Employees	0					0	
2. Others	0					0	
Less: Allowance for Doubtful Accounts	0					0	
Net Non-Trade Receivables	0	0.00	0.00	0.00	0.00	0	
Net Receivable	0	0.00	0.00	0.00	0.00	0	