

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

BERNARD B. RABANZO

(Contact Person)

846-7910

(Company Telephone Number)

0	6	3	0
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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2017**
2. SEC identification number **184228** 3. BIR Tax Identification No **000-275-291-000**

.....

4. Exact name of issuer as specified in its charter **MRC ALLIED, INC.**

5. **Makati City, Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City 1223**
Address of issuer's principal office Postal Code

8. **+632 846-7910**
Issuer's telephone number, including area code

9. **MRC ALLIED INDUSTRIES, INC.**
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common Stock Outstanding and Amount of Debt
Outstanding	

.....

Common Shares	8,512,658,975
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.....

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [X] No []

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No []

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

Yes [X] No []

PART I--FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

See attached.

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

See attached.

PART II--OTHER INFORMATION

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

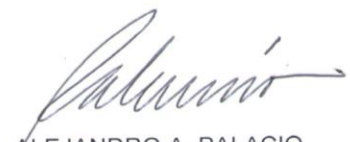
SIGNATURES

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

MRC ALLIED, INC.
By:


CARLOS P. GATMITAN
Chairman of the Board
July 20, 2017


ATTY. GLADYS N. NALDA
President
July 20, 2017


ALEJANDRO A. PALACIO
Chief Finance Officer
July 20, 2017

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED JUNE 30, 2017
(With Comparative Figures for December 31, 2016)

	Note	June 30, 2017 UNAUDITED	2016 AUDITED
ASSETS			
Current Assets			
Cash	(1)	867,514	867,514
Receivables	(2)	291,052	54,052
Due from related parties	(4)	16,197,005	15,906,245
Real estate projects	(3)	562,805,383	562,805,383
Other current assets		3,701,221	3,337,280
Total Current Assets		583,862,175	582,970,474
Noncurrent Assets			
Property and equipment-net	(5)	11,904,755	12,529,075
Exploration and evaluation assets	(6)	464,252,600	464,252,600
Other noncurrent assets		24,531,444	24,531,444
Total Noncurrent Assets		500,688,799	501,313,119
TOTAL ASSETS		1,084,550,974	1,084,283,593
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	(7)	25,000,000	25,000,000
Trade and other payables	(8)	319,957,131	318,157,796
Due to related parties	(9)	134,177,992	123,617,450
Income tax payable		-	-
Total Current Liabilities		479,135,123	466,775,246
Noncurrent Liability			
Retirement liability		11,792,564	11,792,564
Total Noncurrent Liability		11,792,564	11,792,564
Total Liabilities		490,927,687	478,567,810
Equity			
Capital stock-P0.10 par value			
Authorized shares-15,000,000,000			
Issued shares-8,512,658,975		851,265,898	851,265,898
Additional paid-in capital		-	-
Deficit		(257,642,611)	(245,550,115)
Total Equity		593,623,287	605,715,783
TOTAL LIABILITIES AND EQUITY		1,084,550,974	1,084,283,593

See accompanying Notes to Consolidated Financial Statements

MRC ALLIED, INC. (formerly MRC ALLIED INDUSTRIES, INC.) AND SUBSIDIARIES
Notes to Consolidated Financial Statements
As of June 30, 2017

1	Cash	
	Bank of Commerce	867,514
2	Accounts Receivable consists of:	
	Trade Receivables	0
	Advances to:	
	Officers & Employees	291,052
	Others	0
		<u>291,052</u>
	Less: Allowance for Doubtful Accounts	0
		<u>291,052</u>
3	Real Estate Projects	
	Developed Land for Sale	203,547,668
	Land Under Development	<u>359,257,715</u>
		<u>562,805,383</u>
4	Due from related parties	
	New Cebu Township One	<u>16,197,005</u>
5	Property and equipment	
	Land	1,045,000
	Transportation equipment	2,913,924
	Furniture, Fixtures and Equipment	159,000
	Land and Lease Improvements	3,375,521
	Gold processing plant & tunnels	<u>4,411,310</u>
		<u>11,904,755</u>
6	Exploration and evaluation assets	
	Surigao Mines, Inc.	444,252,600
	Tampakan Mines, Inc.	<u>20,000,000</u>
		<u>464,252,600</u>
7	Loans Payable	
	First Metro Investment Corporation	<u>25,000,000</u>
8	Accounts Payable and Other Liabilities	
	Accounts Payable	1,083,629
	Accrued	
	Interest & Penalties	318,445,242
	Management Fees	-
	Salaries & Benefits	0
	Output VAT Payable	396,261
	Others	<u>32,000</u>
		<u>319,957,131</u>
9	Due to related parties	
	Advances From Stockholders	<u>134,177,992</u>

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY TO JUNE 30, 2017
(With Comparative Figures for the Period January to June 30, 2016)

	JANUARY TO JUNE 30, 2017 UNAUDITED	JANUARY TO JUNE 30, 2016 UNAUDITED
EXPENSES		
Mining Expenses	-	-
Interest	1,624,900	1,624,900
General and administrative	10,467,596	6,851,748
Other charges-net	-	-
LOSS BEFORE INCOME TAX	12,092,496	8,476,648
INCOME TAX BENEFIT	-	-
NET LOSS	12,092,496	8,476,648
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS	12,092,496	8,476,648
BASIC/DILLUTED LOSS PER SHARE	0.001	0.001

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 30, 2017
(With Comparative Figures for June 30, 2016)

	APRIL TO JUNE 30, 2017 UNAUDITED	APRIL TO JUNE 30, 2016 UNAUDITED
EXPENSES		
Mining Expenses	-	-
Interest	812,450	812,450
General and administrative	6,132,828	3,103,811
Other charges-net	-	-
LOSS BEFORE INCOME TAX	6,945,278	3,916,261
INCOME TAX BENEFIT	-	-
NET LOSS	6,945,278	3,916,261
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS	6,945,278	3,916,261
BASIC/DILLUTED LOSS PER SHARE	0.001	0.000

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY TO JUNE 30, 2017
(With Comparative Figures for January to June 30, 2016)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at December 31, 2016	851,265,898	-	(245,550,115)	605,715,783
Total Comprehensive loss for the year			(12,092,496)	(12,092,496)
Balances at January to June 30, 2017	851,265,898	-	(257,642,611)	593,623,287

Balances December 31, 2015	851,265,898	-	(179,746,064)	671,519,834
Total Comprehensive loss for the year			(8,476,648)	(8,476,648)
Balances at January to June 30, 2016	851,265,898	-	(188,222,712)	663,043,186

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2017
(With Comparative Figures for June 30, 2016)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at March 31, 2017	851,265,898	-	(250,697,333)	600,568,565
Total Comprehensive loss for the quarter			(6,945,278)	(6,945,278)
Balances at June 30, 2017	851,265,898	-	(257,642,611)	593,623,287
Balances at March 31, 2016	851,265,898	-	(184,306,451)	666,959,447
Total Comprehensive loss for the quarter			(3,916,261)	(3,916,261)
Balances at June 30, 2016	851,265,898	-	(188,222,712)	663,043,186

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY TO JUNE 30, 2017
(With Comparative Figures for January to June 30, 2016)

	JANUARY TO JUNE 30, 2017 UNAUDITED	JANUARY TO JUNE 30, 2016 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(12,092,496)	(8,476,648)
Adjustment for:		
Depreciation and amortization	624,320	743,849
Provision for probable losses and impairment		
Operating loss before working capital changes	(11,468,176)	(7,732,799)
Decrease (increase) in:		
Receivables	(237,000)	(1,235,393)
Other current assets	(654,701)	(259,066)
Increase (decrease) in:		
Trade and other payables	1,799,335	1,668,602
Retirement liability		
Net cash used in operating activities	(10,560,542)	(7,558,657)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in amount due to related parties	10,560,542	7,558,657
NET INCREASE IN CASH	-	-
CASH AT BEGINNING OF YEAR	867,514	211,802
CASH AT END OF YEAR	867,514	211,802
NON CASH TRANSACTIONS		
Advances by related parties for:		-
Exploration and evaluation costs capitalized		
Property and equipment acquisitions		
Increase in other noncurrent assets		
Settlement of loans		
Debt-to-equity conversion		
	-	-

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2017
(With Comparative Figures for June 30, 2016)

	APRIL TO JUNE 30, 2017 UNAUDITED	APRIL TO JUNE 30, 2016 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(6,945,278)	(3,916,262)
Adjustment for:		
Depreciation and amortization	306,144	368,286
Provision for probable losses and impairment		
Operating loss before working capital changes	(6,639,134)	(3,547,976)
Decrease (increase) in:		
Receivables	(118,500)	(212,102)
Other current assets	(366,471)	(99,936)
Increase (decrease) in:		
Trade and other payables	896,297	603,917
Retirement liability	-	
Net cash used in operating activities	(6,227,808)	(3,256,097)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in amount due to related parties	6,227,808	3,256,097
NET INCREASE IN CASH	-	-
CASH AT BEGINNING OF FIRST QUARTER	867,514	211,802
CASH AT END OF YEAR	867,514	211,802
NON CASH TRANSACTIONS		
Advances by related parties for:		
Exploration and evaluation costs capitalized		
Property and equipment acquisitions		
Increase in other noncurrent assets		
Settlement of loans		
Debt-to-equity conversion		
	-	-

See accompanying Notes to Consolidated Financial Statements.

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements Required under SRC RULE 68.1

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

Notes to Financial Statements:

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

Adoption of New and Amended PFRS

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

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

New and Revised PFRS Not Yet Adopted

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

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

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

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

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

- a. There is no significant seasonality or cycle of interim operations.
- b. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
- c. There are no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.
- d. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

MRC ALLIED, INC. & SUBSIDIARIES

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

2a) Plan of Operations

The Company has incurred a deficit mainly because of continuing losses from operations. However, because of the debt-to-equity conversion in 2013 and 2012 and the equity restructuring in 2014 and 2013, it has reduced its deficit to P136.8 million which resulted to a positive equity of P605.7 million and P671.5 million as at December 31, 2016 and 2015, respectively.

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

Real Estate

The Company has two land banks consisting of 160 hectare industrial estate in Naga City, Cebu known as the New Cebu Township One (NCTO) and 700 hectares of raw land in San Isidro Municipality, Leyte known as Amihan Woodlands Township (AWT) (see Note 3). The NCTO comprises of parcels of land that is registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal, the properties, the properties have a fair market value of P1.6 billion.

The Company will lease out portions of the NCTO property for the use and development of the Naga Solar Project to MREN. The Company will also sell unused portions of the NCTO property to interested buyers.

Solar Power Plant

The Company, through its subsidiary MREN will develop in New Cebu Township One(NCTO) at least 60 megawatt solar power plant that can either supply electricity to the Visayas grid and/or offer its production to large power consumers within and around Naga City, Cebu. On October 10, 2015, MREN pre-qualified for the award of the service contract related to the solar project. On December 23, 2015, MREN was granted a service contract by the Department of Energy (DOE) for the development of the 60 megawatt solar power project (Naga Solar Project). The said project is currently in its pre-development phase. On January 25, 2017, the BOD of MREN approved the increase of its authorized capital stock from ₱100 million to ₱500 million and decrease in par value from ₱100 per share to ₱1 per share in order to allow the infusion of additional capital.

Management is in discussions with local distribution utilities, end-users and other stakeholders for possible supply of electricity from the Naga Solar Project through the execution of a Power Sales Agreement.

Mining

The Company entered into Mines Operating Agreements (MOA) for gold and copper with Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) (see Note 6) for the exploration and evaluation of the following mining sites:

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

Exploration and evaluation assets recognized in the separate statements of financial position amounted to ₱464.0 million as at December 31, 2016 and 2015.

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

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

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

2016 – The company total assets is P1.084 billion and P1.063 billion as at December 31, 2016 and December 31, 2015, respectively. Receivables amounted to P54,052 and P344,440 as at December 31, 2016 and 2015, respectively are advances made to officers and employees and are settled through liquidation and salary deduction for a specified period of time. In 2016, the Company provided allowance for impairment losses amounting to P0.3 million. In 2015, long outstanding trade and other receivables previously provided with allowance for impairment losses amounting to P82.0 million were written off. Real estate projects are valued at P539.8 million and P1,071.7 million for NCTO and AWT, respectively. There were no borrowing costs capitalized as at December 31, 2016 and 2015. The Company, in its normal course of business, has transactions with its related parties. Noninterest bearing cash advances to MCC of ₱15.9 million in December 31, 2016 and P13.3 million in December 31, 2015. The Company obtained cash advances from its stockholder for working capital requirements which amounted to P123.6 million and P62.3 million as at December 31, 2016 and 2015, respectively. These advances are due and payable on demand. Non interest bearing cash advances made to officers amounted to P54,052 and P0.3 million as at December 31, 2016 and 2015. In 2016, the Company provided allowance for impairment losses on advances to officers and employees amounting to P0.3 million. There were no compensation of key management personnel of the Company in 2016 and 2015. Other current assets amounting to P3.33 million and P1.60 million as at December 31, 2016 and 2015, respectively. The Company recognized other income reversal of allowance for impairment losses amounting to P0.6 million and P0.3 million in 2016 and 2015, respectively. Property and equipment amounted to P12.52 million and P11.64 million as at December 31, 2016 and 2015, respectively. The cost of fully depreciated property and equipment that are being used by the Company amounted to P45.6 million and P33.5 million in 2016 and 2015, respectively. No movement on exploration and evaluation assets of P464.25 million and P464.25 million as at December 31, 2016 and 2015, respectively. Other non current assets of P24.5 million and P9.62 million as at December 31, 2016 and 2015, respectively. The increase was due to the predevelopment costs incurred by the Company in acquiring licenses and services contract in relation to Menlo Renewable Energy's solar energy project. Bank loans of P25.0 million and P25.0 million as at December 31, 2016 and 2015, respectively, represents due and demandable loans payable to First Metro Investment Corporation, with interest ranging from 12.0% to 19.5% a year. Trade and Other Payable consists of Interest and penalties incurred on the outstanding loans amounting to P318.15 million and P294.70 million for 2016 and 2015, respectively. Due to related party of P123.61 for 2016 and P62.25 million for 2015. These are transactions made from a stockholder for working capital advances and acquisition of licenses for Menlo Renewable Corporation. Retirement liabilities amounted to P11.79 million for 2016 and P10.33 million for 2015. These are unfunded, defined benefit retirement plan covering all its qualified employees. As a result, the Company's deficit for 2016 is P245.55 million while for 2015, it is P179.74 million.

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

2c) Comparable Discussion of Interim Period as of 30 June 2017

The Group's aggregate resource stood at P1.085 Billion, while total liabilities and equity amounted to P490.93 Million and P593.62 Million respectively, as of 30 June 2017. Comparing June 30, 2017 against December 2016 level, total resources net increased by P0.267 million attributed principally for the adjustments on accumulated depreciation and advances of subsidiaries and affiliates. Total liabilities went up by P12.36 Million in 30 June 2017 due to the following: (i)) accrual of interest and penalties of the existing bank loans and (ii) transactions recorded in the related parties and advances to stockholders to fund the day to day operations of the Company. Total stockholders' equity was

recorded at P593.62 Million in 30 June 2017 as against of P605.72 Million in 31 December 2016 due mainly to the general expenses for the second quarter of 2017.

On a quarter to quarter basis, total assets of the Group for the second quarter of 2017 amounted to P1.084 Billion compared to the total assets as of end of second quarter of 2016 were increased by P19.98 million. The increased is due to predevelopment costs incurred by Menlo Renewable Energy Corporation.

Total liabilities of the Group as of second quarter of 2017 increased by P89.40 Million net of P490.93 million compared to P401.53 million this quarter against the same quarter of 2016. This increase was due to the advances made to stockholders for working capital operation of its subsidiary and the accrual of interest on the bank loan and other payables for this quarter of 2017.

MRC ended the second quarter of 2017, with a total net loss of P12.092 Million compared to P8.476 Million in the second quarter of 2016. The increase was largely due to the related party transaction with Menlo Capital Corporation to support the general and administrative expenses of the company and the accrual of interest on the bank loans.

Key Performance Indicators

	2017	2016
Current/liquidity ratio	1.22	1.25
Current Assets	583,862,175	582,970,474
Current liabilities	479,135,123	466,775,246
Solvency ratio	(0.02)	(0.12)
After tax income (loss)	(12,092,496)	(59,417,329)
Total liabilities	490,927,687	478,567,810
Debt-to-equity ratio	0.83	0.79
Total liabilities	490,927,687	478,567,810
Total equity	593,623,287	605,715,783
Asset-to-equity ratio	1.83	1.79
Total assets	1,084,550,974	1,084,283,539
Total equity	593,623,287	605,715,783
Interest rate coverage ratio	(6.44)	(2.00)
Loss before interest and taxes	(10,467,596)	(47,177,200)
Interest expense	1,624,900	23,587,565
Profitability ratio		
Return on assets	(0.01)	(0.06)
After tax income	(12,092,496)	(65,804,051)
Total assets	1,084,550,974	1,084,283,593
Return of equity	(0.02)	(0.11)
After tax income	(12,092,496)	(65,804,051)
Total equity	593,623,287	605,715,783

Discussion and Analysis of Materials Events

- (1) 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.
- (2)
 - i. There are no material commitments as yet for capital expenditures.
 - ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Group or any default or acceleration of an obligation for the period.

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

Balance Sheet Accounts:

Total assets is P1.085 billion and total liabilities and equity is P490.93 million and P593.62 million, respectively. Total assets went up by P0.267 million this quarter due to advances from officers and employees.

Trade and other payables of P319.96 million went up by P1.8 million because of the accrual of interest on the bank loan, statutory liabilities and other payables in second quarter of 2017.

Due to a related party amounted to P134.18 million in 2017. The increase of P10.56 million was due to the advances made from a stockholder for working capital operation of its subsidiary.

Income Statement Accounts:

Net loss of P6.95 million compared to the Company's net loss of P3.92 for 2016 of the same quarter. Net loss for this quarter is attributed to the accrual of interest of loans amounting to P0.812 million, depreciation of P0.375 million.

General and administrative expenses of P6.13 million as against P3.10 million for second quarter of 2016. The increase in general and administrative expenses is attributed to the depreciation and amortization amounting to P0.375 million; salaries and wages of P2.21 million; and other expenses in the day to day operation of the Company.

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

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

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

- a. Liquidity risk-The company's objective is to maintain balance between continuing of funding and flexibility through the availment of loans and advances from related parties. The assets are sufficient to pay the financial liabilities when they fall due.
- b. Credit risk-This refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Generally, the credit risk is attributable to receivables. There are no significant concentrations of credit risk because of full provision of valuation allowance as at December 31, 2016 and 2015.

MRC Allied, Inc. & Subsidiaries
Aging of Receivables
As of June 30, 2017

	Total	1-3 mos	4-6 mos	7 mos to 1 year	1-2 years	3-5 years	Past Due Accts. & Items in Litigation
1) Type of Receivables:							
a) Trade Receivables	0.00					0.00	
Less: Allowance for Doubtful Accounts	(0.00)					(0.00)	
Net Receivables	0.00					0.00	
b) Non- Trade Receivable:							
1. Advances							
Suppliers	0.00					0.00	
Officers & Employees	291,052.00					291,052.00	
Net Receivables	291,052.00	0.00	0.00	0.00	0.00	291,052.00	

-Nothing follows-