

SEC Number 184228  
File Number \_\_\_\_\_

**MRC ALLIED, INC.**  
\_\_\_\_\_  
(Company's Full Name)

5th Floor Eurovilla 4 Building  
853 A. Arnaiz Avenue, Makati City  
\_\_\_\_\_  
(Company's Address)

(032) 846-7910  
\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Quarter Ending)

**SEC Form 20-IS**  
\_\_\_\_\_  
(Form Type)

\_\_\_\_\_  
Amendment Designation (If Applicable)

\_\_\_\_\_  
(Period Ended Date)

\_\_\_\_\_  
(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement  
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **MRC ALLIED, INC.**

3. **Philippines**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **184228**

5. BIR Tax Identification Code **490-000-275-291**

6. **5/F Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City**

Address of principal office

**1223**

Postal Code

7. Registrant's telephone number, including area code: **02-253-1536**

8. **20 September 2017, 9:00 a.m., Manila Polo Club, McKinley Road, Forbes Park, Makati City**

Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **29 August 2017**

10. Name of person filing the statement/solicitor: **Management of MRC Allied, Inc.**

Address and telephone: **5/F Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City, 02-846-7910**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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<b>Common Stock</b>	<b>8,512,658,975</b>
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12. Are any or all of registrant's securities listed on a Stock Exchange?

Yes   /   No         

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange**

**Common Stock**

**PROXY FORM**

I, the undersigned stockholder of MRC Allied, Inc. (the "Company"), appoint Atty. Gladys N. Nalda, President & CEO or failing her, the Chairman of the Meeting, as my proxy, to represent me and vote all shares registered in my name in the books of the Corporation, or owned by me, at the Special Stockholders' Meeting on 20 September 2017, or extension/postponement thereof, as fully to all intents and purposes as I might or could do If present and acting in person.

I authorize my proxy to exercise full discretion to act and vote in my behalf, specifically, but not limited to, a "FOR ALL" vote for proposal 1 and a "FOR" vote for proposals 1 through 2. This proxy confers discretionary authority on the proxy named herein to vote on matters identified in the notice of meeting or other matters which may come before the meeting in such manner as such proxy in his judgment may determine.

PROPOSALS	ACTION		
	FOR ALL	WITHHOLD	EXCEPTION
	FOR	AGAINST	ABSTAIN
1. Approval of the Minutes of the Previous Annual Stockholders' Meeting (June 16, 2017)			
2. For Approvals: Amendments of the Articles of Incorporation; a) Change in Primary Purpose			
b) Increase in Number of Directors from 7 to 9 c) Creation of 2Billion worth of Preferred Shares 2.c) The increase in capital stock : " The authorized capital stock of the Corporation is Three Billion Five Hundred Million Pesos (Php 3,500,000,000), Philippine Currency, consisting of Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (Php 0.50) per share and Two Billion (2,000,000,000) preferred shares with par value of One Peso (Php 1.00)per share."			

**IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK**

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- "FOR ALL" for proposal 1;
- "FOR" for proposals 1 through 2;

This proxy confers discretionary authority on the proxy named herein to vote on matters identified in the notice of meeting or other matters which may come before the meeting in such manner as such proxy in his judgment may determine.

A Proxy Form that is returned without a signature shall not be valid.

This proxy shall continue until such time as the same is withdrawn through notice in writing delivered to the Corporate Secretary at least five (5) days before the special meeting on **12 September 2017**.

Signed this \_\_\_\_ day of September 2017 at Makati City.

\_\_\_\_\_  
Shareholder's Signature over Printed Name

THIS PROXY IS BEING SOLICITED IN BEHALF OF MANAGEMENT
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To be valid, this proxy must be signed and received by the Corporate Secretary of MRC Allied, Inc. with office address at 5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City not later than 5:00 PM of **12 September 2017**, if the meeting is adjourned, no later than 5:00 PM on the second business day preceding the day to which the meeting was reschedule.

## NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

The Special Meeting of Stockholders of MRC Allied, Inc. (the "Corporation") will be held at Manila Polo Club, McKinley Road, Forbes Park, Makati City, Metro Manila **at 9:00 a.m. on 20 September 2017.**

### Agenda:

1. Call to Order
2. Proof of the Required Notice of Meeting
3. Proof of Presence of a Quorum
4. Approval of the Minutes of the Previous Meeting
5. For Stockholders Approvals:  
Amendments of the Articles of Incorporation;
  - a.) Change in Primary Purpose
  - b.) Increase in Number of Directors from 7 to 9
  - c.) Creation of Preferred Shares
6. Other Matters
7. Adjournment

The record date for the determination of the stockholders entitled to notice of and vote at the said meeting is fixed at the close of business hours on **20 July 2017.**

The deadline for submission of proxies is **12 September 2017** at 5:00pm. The validation of the proxies will be on **13 September 2017** at MRC ALLIED, INC., 5th Floor Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City.

For your convenience in registering, please have available valid identification such as driver's license, voter's ID card, TIN card, etc.

For the Board of Directors



**ATTY. JAN VINCENT S. SOLIVEN**  
Corporate Secretary

**PART I  
INFORMATION STATEMENT**

**A.GENERAL INFORMATION**

**Item 1. Date, Time and Place of Meeting of Security Holders**

The special meeting of the stockholders (Special Meeting) of MRC Allied, Inc. (Corporation) is scheduled to be held at **Manila Polo Club, McKinley Road, Forbes Park, Makati City**, Metro Manila at **9:00 a.m. on 20 September 2017**. The complete mailing address of the principal office of the Corporation is 5th Floor Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City.

Definitive copies of this Information Statement will be sent to all stockholders entitled to notice and vote approximately on or before **29 August 2017**.

**Item 2. Dissenter's Right of Appraisal**

Any stockholder of the Corporation may exercise his appraisal right in case he has voted against any proposed corporate action which involves:

- (a) any amendment to the articles of incorporation which has the effect of changing or restricting the rights of the stockholders or class of shares;
- (b) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- (c) in case of merger or consolidation;
- (d) in case the corporation decides to invest its funds in another corporation or business for any purpose other than its primary purpose.

The procedure to be followed in exercising the appraisal right is provided by Sections 81 to 86 of the Corporation Code.

Such dissenting stockholder, within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, shall make a written demand on the Corporation for the value of his shares. The failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stocks representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Corporation within thirty (30) days after such award is made.

The foregoing notwithstanding, no payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment. Furthermore, upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

The foregoing notwithstanding, there is nothing in the scheduled meeting that the Management understands to involve the above matters that may give rise to the exercise of the appraisal right.

**Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

The issuer is not aware of any substantial interest, direct or indirect, by security holdings or otherwise, in matters to be acted upon at the meeting, other than election to office.

None of the incumbent directors has informed the Corporation in writing of an intention to oppose an action to be taken by the Corporation at the meeting.

## **B.CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

#### *Number of Shares Outstanding/Record Date/Voting Rights*

- a) The number of shares outstanding and entitled to vote at the annual meeting is 8,512,658,975 shares. Each share is entitled to one (1) vote.

Class	No. of shares outstanding	No. of votes to which entitled
Common	8,512,658,975	8,512,658,975

As of 30 June 2017.

- b) The record date for purpose of determining the stockholders entitled to vote at the annual meeting is 20 July 2017.
- c) Stockholders are entitled to cumulative voting only in the election of directors, as provided in the Corporation Code. As to other matters, only one vote can be made per share of stock.
- d) The solicitation is made by management of MRC ALLIED INC.
- e) The security ownership of certain record and beneficial owners and management are as follows:
- (i) Security ownership of certain record and beneficial owners owning more than 5% of any class of securities (as of 30 June 2017):

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Class
Common Stock	Menlo Capital Corporation 5/F Eurovilla 4 Bldg., 853 A Arnaiz Ave., Makati City	<i>Atty. Gladys N. Nalda</i>	Filipino	4,387,673,720	51.54
	PCD Nominee Corp.* G/F MKSE Building Ayala Avenue, Makati City	PCD Participants/Brokers	Filipino	4,051,843,583	47.5979

\*PCD Nominee Corporation, a private company and wholly-owned subsidiary of the Philippine Central Depository, Inc. (PCDI), is the registered owner of the MRC shares. However, beneficial ownership of such shares pertains to the PCD participants (brokers) and/or their clients (corporations or individuals), in whose names these shares are recorded in their respective books. Per PCD list of Beneficial Owners dated 30 June 2017, there is no specific nominee to vote these shares, as the shares are held by different brokers. Brokers issue the proxy in accordance with the instructions of their principals-clients/beneficial owners of the shares. The Company has no knowledge as to whether a single individual or entity holds beneficial ownership of at least 5% or more of MRC shares registered in the name of PCD Nominee Corporation.

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.

- (ii) Security ownership of directors and management (as of 30 June 2017):

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	Carlos Jose P. Gatmaitan Director/Chairman c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Gladys N. Nalda Director/President c/o MRC Allied, Inc.	1,000 Record & Beneficial	Filipino	0.0000

	5/f Eurovilla 4, 853 Arnaiz Ave. Makati City			
Common Stock	Jimmy T. Yaokasin Director/Vice- Chairman c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Bernard B. Rabanzo Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1,000 Record & Beneficial	Filipino	0.0000
Common Stock	Edita S. Bueno Independent Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Carlos Jericho L. Petilla Independent Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Celia Chao Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Jan Vincent S. Soliven Corporate Secretary c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	0	Filipino	N.A.
Common Stock	Alejandro A. Palacio Chief Finance Officer c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	0	Filipino	N.A.

Notes:

\*The aggregate number of shares held by all directors and officers are 2,005 common shares.

***That out of the total outstanding shares of MRC Allied, Inc. of 8,512,658,975, the shares allowed only to foreigners is 40% or equivalent to 3,405,063,590 shares. That the equity ownership of foreigners to MRC shares is 235, 753,150 or 2.77 percent as of June 30, 2017.***

#### **Voting Trust Holders of 5% or More**

There are no persons holding more than 5% of the Corporation's common stocks who are under a voting trust of similar agreement.

#### **Changes in Control**

In the Annual Stockholders Meeting held last 16 June 2017, stockholders representing 2/3 of the outstanding capital stock or 67.55% approved the conduct of private placement and reverse stock split or the increase in par value of the shares of stock of MRC from Ten Centavos (Php0.10) to Fifty Centavos (Php0.50) per share.

On 8 November 2013, the Securities and Exchange Commission (SEC) approved the application for debt to equity conversion and the reduction of par value from P0.20 to P0.10. This was disclosed to the PSE last 12 November 2013.

The approved debt to equity conversion involves the advances made by Menlo Capital Corporation to MRC in the amount of Php 877, 531,795.00. The said advances were converted into 4,387 658,975 shares of stock or 51.54% of the authorized capital stock of MRC.

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

Any change in control in MRC shall be subject to the requirements of the By- Laws on the nomination and election of directors, and the holding of stock holders' and/or board meetings.

### **Certain Relationship and Related Transactions**

The Company's transactions with companies owned by stockholders and officers mainly consist of the following:

#### Stockholders and a Company under Common Control

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

- a. Non-interest bearing cash advances to MCC of P13.3 million in 2015 and 12.6 million in 2014..
- b. The Company obtained noninterest cash advance from its stockholders for working capital requirements which amounted to P62.2 million and P29.3 million as at December 31,2015 and 2014, respectively. These advances are due and payable on demand.

#### Other Related Parties

Transactions with other related parties mainly consist of the following:

a. The company transferred real estate projects with a carrying value of P278.4 million to Asian Appraisal Holdings, Inc. (AAHI), a stockholder, in full settlement of obligations to AAHI amounting to P122.3 million in 2002. The difference between the carrying values of the obligations settled and the real estate properties transferred amounting to P156.1 million was recorded under "Due from related parties" account in the consolidated statements of financial position. The receivable was provided with full valuation allowance because AAHI is in financial difficulty.

b. Air Liquide, Inc. an associate in prior years, repurchased its own shares of stock from the Company in August 2004 for a total consideration of P15.0 million. The proceeds were used to pay accounts payable, bank loans and related interests amounting to P10.1 million. The remaining amount of P4.9 million was advanced to Kenyon Holding Corporation (Kenyon), another related party. Noninterest-bearing cash advances to Kenyon, accompany owned by certain stockholders/ directors of the Company, amounted to P4.9 million as at December 31, 2013 and 2012, was recorded under "Due from related parties" account in the consolidated statements of financial position. The receivables were provided with full valuation allowance because the Company does not expect to collect from Kenyon.

c. Noninterest-bearing cash advances made to officers amounted to P1.3 million as at December 31, 2013 and 2.3 million as at December 31, 2012.

d. There were no compensation of key management personnel of the Company 2016 and 2015.

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

### **Item 8. Compensation Plans**

The Nominations and Compensations Committee is in the process of finalizing a comprehensive compensation plan for both executive and non-executive employees of the Company. The same shall be for submission and approval of the Board upon completion.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **Item 9. Authorization or Issuance of Securities Otherwise than for Exchange**

#### **Preferred Shares**

*These preferred shares may be issued in different series and at different dividend rates as may be determined by the Board of Directors based on acceptable financial criteria as may in the judgment of the Board of Directors to be reasonable.*

*The Preferred Shares shall have the following features, rights, and privileges:*

- Issues value and dividend rate to be determined by the Board of Directors at the time of the issuance of the shares;*
- No voting rights or right to be voted except in those cases specifically provided by law;*
- Dividends on these preferred shares shall be cumulative and non-participating;*
- Non-convertible into common shares;*
- Preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Corporation and in the payment of the dividend rate specified at the time of issuance;*
- Perpetual, non-redeemable and callable.*

#### Reverse Stock Split

The increase in par value from Php0.10 to Php0.50 aims to reduce the company's total issued and outstanding shares to a level more appropriate to the industry, and to encourage the participation of institutional investors by raising the market price to at least Php1.00. Each five (5) shares of issued and outstanding common stock will be automatically converted into one (1) newly issued and outstanding share of common stock. At the average traded price to Php0.246 per MRC share, a 1-for-5 reverse stock split could raise the traded price to Php1.23 per share. It does not impact the financial holding of existing investors. It does, however, increase the price barrier for new investors.

There will be a proportionate reduction of the number of issued and outstanding common shares from 8,512,658, 975 to 1,702,531,795 and par value from Php0.10 to Php0.50 per share. Although the number of shares held decreases based on the split ratio, the value does not change. Proportionate voting rights and other rights of the stockholders will not be affected by the reverse stock split, other than the treatment of fractional shares.

#### Private Placement

The approval for the management to explore the option of conducting a private placement for the outstanding and unissued portion of the authorized capital stocks in order to raise capital, subject to the terms of reference to be approved by the board & stockholders.

### **Item 10. Modification or Exchange of Securities**

Currently, Management has no immediate or approved plan for the modification or exchange of Securities for the Company.

### **Item 11. Financial and Other Information**

(a) Please find attached copy of the report of the Corporation for the period ending 30 June 2017 on SEC Form 17-Q.

(b) Representatives of Reyes Tacandong & Co., the principal accountants for the current year and for the most recently completed fiscal year are expected to be present at the Special Meeting. They will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

### **Item 13. Acquisition or Disposition of Property**

The intended Increase in authorized capital stock will not involve the acquisition and/or disposition of any of the properties. Although the funds that will be raised from the intended increase will be used for the future acquisition of renewable energy generation facilities, no definite renewable energy facility has yet been identified at the moment.

### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

In the Annual Stockholders Meeting held last 16 June 2017, stockholders representing 2/3 of the outstanding capital stock or 67.55% approved the conduct of private placement and the reverse stock split or the increase in par value of MRC share from Ten Centavos (Php0.10) to Fifty Centavos (Php0.50) per share.

On 8 November 2013 Securities and Exchange Commission (SEC) approved the application for debt to equity conversion and the reduction of par value from P0.20 to P0.10. This was disclosed to PSE last 12 November 2013.

The approved debt to equity conversion involves the advances made by Menlo Capital Corporation to MRC in the amount of Php 877, 531,795.00. The said advances was converted into 4,387 658,975 shares of stock.

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

Under Section 5, Article V of the Amended Rule on Additional Listing of Securities of the PSE, in case a transaction shall result in the issuance by a listed company to a Related Party of new voting shares amounting to at least 10% of the company's total issued and outstanding capital stock, the listed company is required to: (i) obtain in a regular or special meeting the stockholders' approval for the transaction; and (ii) in case of related party transactions, obtain the majority vote of the minority stockholders present or represented at the meeting, approving a waiver of the requirement to conduct a rights or public offering of the shares to be subscribed.

#### **Item 16. Matters Not Required to be Submitted**

##### **Ratification of Corporate Acts, Substance of each matter/act to be ratified**

The following corporate acts will be submitted for approval of stockholders during the annual meeting:

- a. Approval of audited financial statements for the year ended 31 December 2016.
- b. Approval of the appointment of RT & Company as independent auditor for the year ended 31 December 2016
- c. Ratification of other acts of the Board of Directors and Management during the year 2016

The corporate acts of the Board and the Management which will be ratified include:

- (1) The renewal and/or extension of the Lease Agreements involving its principal office in Makati City;
- (2) The renewal and/or extension of agreements with service providers and suppliers; and
- (3) The renewal and/or extension of authority granted to lawyers and paralegals representing the company in legal proceedings involving the company and pending before tribunals and quasi-judicial tribunals.
- (4) The renewal and/or extension of the Firm Reyes Tacandong & Company as external auditor

#### **Item 17. Amendment of Charter, By Laws or Other Documents**

**The amendment of the Second Article of the Articles of Incorporation to include renewable energy activities in its primary purpose, as follows:**

*“SECOND: That the purposes for which the said corporation shall be formed are:*

*PRIMARY PURPOSE : To develop, design, construct, operate, maintain, buy, acquire, sell, import and export renewable and clean energy equipment, systems, power plants and technologies that produce electricity from renewable and clean energy resources such as, but not limited to solar, wind, hydro, geothermal, biomass, liquefied natural gas, and other clean and renewable energy sources, and to make equity investments in and*

participate in the management of, as stockholder, general partner or member of a domestic corporations, partnerships and other entities engaged in the acquisition, finance, construction, development and improvement, ownership, operation, maintenance and holding of renewable and clean energy power production and electrical generation facilities in the Philippines, and other property incidental thereto, and the production and sale and trade of electricity.

To purchase or otherwise acquire and own, hold, use, develop, subdivide, manage, operate, lease, lease out, sell assign, transfer, mortgage, pledge, exchange otherwise dispose of personal property or business of every kind and description, and, while the owner or the holder of such personal property or business, to receive, collect and dispose of any income arising therefrom and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, and to do any act designed to protect, preserve, improve, or enhance the value of, or otherwise develop personal property or business at any time held or controlled by this corporation or in which it may be interested.”

**The amendment of the Sixth Article of the Articles of Incorporation to increase the number of directors from seven (7) to nine (9), as follows:**

“SIXTH: That the number of directors of the Corporation shall be nine (9) and the names , citizenship and address of the directors who are to serve until their successors have been elected in accordance with the by-laws are:”

**The amendment of the Seventh Article of the Articles of Incorporation:**

The amendment of the Seventh Article of the Articles of Incorporation to create preferred shares to be part of the increase in the Company’s authorized capital stock, as follows:

“SEVENTH: The authorized capital stock of the Corporation is Three Billion Five Hundred Million Pesos (Php 3,500,000,000), Philippine Currency, consisting of Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (Php 0.50) per share and Two Billion (2,000,000,000) preferred shares with par value of One Peso (Php 1.00)per share.

The amendments in the Articles of Incorporation will allow the company to pursue Renewable Energy projects at the same time we will be able to raise funds. The intended increase in authorized capital stock will not involve the acquisition and/or disposition of any of the properties. The funds that will be raised from the intended increase will be used for the future acquisition of renewable energy generation facilities.

To rationalize the organizational structure that will maximize the economic benefits to MRC shareholders, strengthen corporate governance, increase in transparency, improve corporate structure and enhance management team.

In the Annual Stockholders Meeting last February 28, 2013 the stockholders approved that the by-laws of the Corporation be amended to incorporate the provisions Rule 38 of the Rules Implementing the Securities Regulation Code in the nomination and election of independent directors. Documentations in the amendment is being undertaken on the Corporation, will be filing the necessary papers for the approval of the amendment by Securities and Exchange Commission by January 2014.

**Item 18. Other Proposed Action**

**Discussion on Other Proposals**

In the Annual Stockholders Meeting held last 16 June 2017, 2/3 of the Corporation’s outstanding capital stock or 67.55% approved the following matters:

- (a) The conduct of private placement for the outstanding and unissued portion of the authorized capital stocks in order to raise capital, subject to the terms of reference.

- (b) The reverse stock split- The increase in par value from Php0.10 to Php0.50 aims to reduce the company's total issued and outstanding shares to a level more appropriate to the industry, and to encourage the participation of institutional investors by raising the market price to at least Php1.00. Each five (5) shares of issued and outstanding common stock will be automatically converted into one (1) newly issued and outstanding share of common stock. At the average traded price to Php0.246 per MRC share, a 1-for-5 reverse stock split could raise the traded price to Php1.23 per share. It does not impact the financial holding of existing investors. It does, however, increase the price barrier for new investors.

With the approval by the stockholders of conducting private placement and the reverse stock split or the increase in par value from Php0.10 to Php0.50, the Corporation will file with the SEC an application for private placement and the increase in par value as soon as the documentation were completed.

#### **Item 19. Voting Procedure**

- (a) At the election of directors, there must be present, either in person or by proxy, the owners of the majority of the outstanding capital stock of the Corporation.
- (b) The voting shall be by viva voce. However, in the case of election of directors, every stockholder entitled to vote shall be entitled to vote by ballot as his option.
- (c) The affirmative votes of at least a majority of the stockholders present or represented at the meeting, or 2/3 of the outstanding capital stock in matters that may require such under the Corporation Code, shall be necessary in order to approve a motion at the special meeting of stockholders. However, in the election of directors, the seven (7) candidates obtaining the most number of votes shall be proclaimed as directors for the ensuing year.

The persons duly authorized to count the votes during the annual meeting would be Mr. Bernard B. Rabanzo (Director/Compliance Officer) and Atty. Jan Vincent S. Soliven (Corporate Secretary).

## **PART II INFORMATION REQUIRED IN A PROXY FORM**

#### **Item 1. Identification**

The proxy solicitation is made by Management. The designated proxy is Atty. Gladys N. Nalda, or failing her, the Chairman of the Meeting.

#### **Item 2. Instruction**

- (a) To be valid the proxy form should be signed and dated by the stockholder of record. The list of stockholders on the record date shall be furnished the Management by the Corporation's Stock and Transfer Agent. Only such proxies executed by the stockholders as indicated in the list shall be valid. The signatures will be compared with those in the existing records of the Company and/or Stock and Transfer Agent. The proxy form must also be signed and received by the Corporate Secretary of MRC Allied, Inc. with office address at 5<sup>th</sup> Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City not later than 5:00p.m. of 12 September 2017, or, if the meeting is adjourned, no later than 5:00 p.m. of the second business day preceding the day to which the meeting. The validation shall be on 13 September 2017 at 10:00 a.m. at the same office address.**

- (b) A proxy form shall be voted as follows:

IN CASE A PROXY FORM IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- "FOR ALL" for proposal 1;  
"FOR" for proposals 1 through 2;

This proxy confers discretionary authority on the proxy named herein to vote on matters identified in the notice of meeting or other matters which may come before the meeting in such manner as such proxy in his judgment may determine.

A Proxy Form that is returned without a signature shall not be valid.

PROPOSALS	ACTION		
	FOR ALL	WITHHOLD	EXCEPTION
	FOR	AGAINST	ABSTAIN
1. Approval of the Minutes of the Previous Annual Stockholders' Meeting			
2. For Stockholders Approvals: Amendments of the Articles of Incorporation a) Change in Primary Purpose b) Increase in Number of Directors from 7 to 9 c) Creation of Preferred Shares 2.c The increase in capital stock : “ <i>The authorized capital stock of the Corporation is Three Billion Five Hundred Million Pesos (Php 3,500,000,000), Philippine Currency, consisting of Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (Php 0.50) per share and Two Billion (2,000,000,000) preferred shares with par value of One Peso (Php 1.00)per share.</i> ”			

Please indicate your votes in the accompanying PROXY FORM.

To be valid, the PROXY FORM must be signed and received by the Corporate Secretary of MRC Allied, Inc. with office address at at 5<sup>th</sup> Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City not later than 5:00 PM of **12 September 2017**, or, if the meeting is adjourned, no later than 5:00 PM on the second business day preceding the day to which the meeting was reschedule.

### Item 3. Revocability of Proxy

A proxy may be revoked through notice in writing delivered to the Corporate Secretary at least five (5) days before the special meeting on 20 September 2017.

### Item 4. Persons Making the Solicitation

This solicitation is made on behalf of the Corporation and will be conducted through mail, in person and through telephone.

Such solicitation will be done by the Company through its regular employees and not by specially engaged persons or paid solicitation services. The persons who will participate in the solicitation are regular employees whose designation as such is special and limited in nature. These regular employees shall strictly abide by the pertinent provisions on proxies under SRC Rule 20. The cost of solicitation will be borne by the company. The estimated cost is approximately Php 130,000.00.

### Item 5. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

The issuer is not aware of any substantial interest, direct or indirect, by security holdings or otherwise, in matters to be acted upon at the meeting, other than election to office.

None of the incumbent directors has informed the Corporation in writing of an intention to oppose an action to be taken by the Corporation at the meeting.

**PART III.**

**SIGNATURES**

After reasonable inquiry and to the best of my personal knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on \_\_\_\_\_ 2017.

**MRC ALLIED, INC.**

By:

A handwritten signature in black ink, appearing to read 'G. Nalda', written in a cursive style.

**ATTY. GLADYS N. NALDA**

President & CEO

**PART I**  
**BUSINESS AND GENERAL INFORMATION**

**Item 1. Business and Description of Company**

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

Incorporated on November 20, 1990 and formerly known as Makilala Rubber Corporation, the activities of MRC had been primarily on processing and export of baled natural rubber. In 1993, MRC diversified into a real property development firm, more particularly, into township development. And on October 25, 1994, the Securities & Exchange Commission (SEC) 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 (PSE) 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.

In 2010, MRC diversified its business into the mining exploration industry acquiring various mining assets located in the provinces of Davao del Sur, Sultan Kudarat, Surigao del Sur, and Davao Oriental.

In 2015, MRC disclosed its plan to venture into the renewable energy sector and created a subsidiary that will carry out its clean energy projects. The subsidiary is called Menlo Renewable Energy Corporation and is set to implement its very first renewable energy project – the 60MW Solar Project in Naga City, Cebu.

**Description of Business/Projects**

**Property Development**

The Company currently has two major landbanks consisting of a 160-hectare property in Naga City, Cebu known as the New Cebu Township One (NCTO) project and a 700-hectare raw land in San Isidro, Leyte known as the Amihan Woodland Township (AWT) Project.

Both parcels of land are registered as an economic zone under the Philippine Economic Zone Authority (PEZA).

**Mining Claims**

The Company currently owns mining assets located in various locations in the Mindanao regions, namely:

<u>Location</u>	<u>No of Hectares</u>
Kiblawan, Davao del Sur and Columbio, Sultan Cudarat	7,955.70
Marihatag, Surigao del Sur	3,759.30
Paquibato, Mindanao	8,475.60
Boston and Cateel, Davao Oriental	<u>4,860.00</u>
Total	25,050.60

MRC created subsidiaries for the purpose of exploring and developing these mining assets and entered into Mines Operating Agreements (MOA) for gold and copper with Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC)

**Renewable Energy**

The renewable energy projects of the Company will be pursued mainly through its subsidiary Menlo Renewable Energy Corporation (MREN) and other affiliates.

MREN will develop at least 60MW solar power plant within its property in Naga City, Cebu that will either supply electricity to the Visayas grid and/or offer its production to large power consumers within and around Southern Cebu.

## **Business Plan & Plan of Action**

### **Property Development**

Situated at the heart of Naga City, Cebu and about thirty five (35) kilometers away from the Mactan International Airport, the Naga Property is registered with the Philippine Economic Zone Authority (PEZA) as a special economic zone. At present, the lead locator in the park is Kinseki Ltd., a Japanese manufacturer of Quartz and Crystal devices. Other major locators are Seagate Technology, Inc. of the United States, Air Liquide of France and AP Precisions Philippines, Inc.

Currently, Management is currently reviewing the NCTO masterplan for further development and is likewise in talks with various manufacturing and industrial companies for possible locatorship or lease of lots within the Naga Property.

### **Reclamation Projects**

In line with the thrust of the government to be more aggressive in pursuing reclamation projects within the Visayas and Mindanao areas, the Company plans to participate in proposed reclamation projects by the national and local government units.

The Naga Property will give the company an opportunity to participate actively in the planned areas of reclamation within and around Naga City. Management is currently in initial talks with the local government of Naga City for possible joint venture or other partnership in its planned reclamation projects within the city.

### **60MW Solar Project**

The Naga Property will host the 60MW Solar Farm of MREN. The latter entered into a long-term lease with the Company for the use of a portion of the property for use as solar farm and power house.

Currently in its pre-development phase, the Management of MREN is currently negotiating with several interested local and foreign entities concerning the EPC of the project. The full development of the Solar Project is estimated at about PhP3 billion.

### **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

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.

### **Patents and Trademarks**

MRC's operations are not dependent 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**

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

## **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 (16) permanent personnel. These employees are not covered by a collective bargaining agreement. The Company does not expect any significant changes in the number of its manpower complement.

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

## **Item 3. Legal Proceedings**

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

The Company is involved as a co-plaintiff in Civil Case No. CEB-34982, entitled Sps. Japson, Sps. Vivares and MRC Allied Industries, Inc. vs. Salubre in the latter's capacity as Provincial Treasurer of the Province of Cebu. The complaint sought to stop the auction sale of the real properties of MRC previously scheduled last 26 November 2008 at Naga, Cebu, allegedly for nonpayment of real property tax. The Regional Trial Court did not issue a temporary restraining order but the case is still pending. The auction did not push through and no notice of auction sale has been sent to the Company as of this date.

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

**GEMIA, Inc. vs. MRC Allied, Inc.**  
**Reference No. 18318 CYK.**  
**ICC International Court of Arbitration - Asia Office**

The Company is a Respondent in an arbitration proceeding before the ICC International Court of Arbitration – Asia Office. The claimant is GEMIA Inc. and the proceedings were filed under Reference No. 18318 CYK.

The request for arbitration was made pursuant to the arbitration clause indicated in the Equity Line of Credit Agreement (“Agreement”) executed by MRC with GEMIA Inc. and GEM Global on March 15, 2010. The claim consists of the amount of PhP20,700,000 representing the Commitment Fee of the claimant, GEMIA Inc.

Based on the letter received by MRC from the Secretariat of the International Chamber of Commerce (ICC) – Asia Office, the claim of GEMIA, Inc. against MRC is considered withdrawn as of 22 August 2012 by reason of GEMIA, Inc.’s failure to observe Article 30(4) of the ICC Rules.

**San Gabriel Holdings Corp. et al v. MRC Allied Holdings, Inc.**  
**and Benjamin Bitanga, Civil Case No. CEB-37433**  
**Regional Trial Court Branch 12, Cebu City**

The Company is a defendant in a civil case for rescission of contract and restitution involving the principal amount of PhP 14.9 million with prayer for preliminary attachment before the Regional Trial Court of Cebu City, Branch 12. The case was filed on February 7, 2011 by San Gabriel Holdings Corporation and Gabriel V. Leyson, and docketed as Civil Case No. 37433. Sometime in 1997, the Company’s previous management entered into a contract to sell with San Gabriel Holdings. The object of the contract was a parcel of land located in San Isidro, Leyte. San Gabriel Holdings alleges that it had fully paid the purchase price and that MRC failed to comply with its corresponding obligations. San Gabriel sought to rescind the contract, recover the purchase price with damages. Consequently, San Gabriel Holdings sent a demand letter on April 6, 2000 for the delivery and execution of a deed conveying title to the property. More than 10 years later, another demand letter was sent to the new management.

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

The Company had already filed its Answer with Compulsory Counterclaim and the Pre-Trial Conference is scheduled on October 01, 2014.

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

On 10 August 2016 the Company received **order of dismissal dated 12 July 2016** the case has been **dismissed again** without prejudice pursuant to Sections 4,5 & 6 of Rule 18 of the Rules of Court.

Note: 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.

## **Plan of Operation**

The Company has incurred a deficit mainly because of losses from operations. However, because of the debt-to-equity Conversion in 2013 and 2012 and the equity restructuring in 2014 and 2013, it has reduced its deficit which resulted to a positive equity of P971.5 million and P712.7 million at December 31, 2015 and 2014 respectively.

In the next 12 months, management plans to generate revenues specifically from its Naga Property. With the commissioning of the 60MW Solar Project within NCTO in Q3 2018, MRC will start receiving lease income and improve its cash flow. MRC does not expect to increase its organic personnel or acquire new equipment. Further, there are no immediate plans to pursue research and development activities.

## **Property Development**

Situated at the heart of Naga City, Cebu and about thirty five (35) kilometers away from the Mactan International Airport, the Naga Property is registered with the Philippine Economic Zone Authority (PEZA) as a special economic zone. At present, the lead locator in the park is Kinseki Ltd., a Japanese manufacturer of Quartz and Crystal devices. Other major locators are Seagate Technology, Inc. of the United States, Air Liquide of France and AP Precisions Philippines, Inc. Currently, Management is reviewing the NCTO masterplan for further development and is likewise in talks with various manufacturing and industrial companies for possible locatorship or lease of lots within the Naga Property.

### **Reclamation Projects**

In line with the thrust of the government to be more aggressive in pursuing reclamation projects within the Visayas and Mindanao areas, the Company plans to participate in proposed reclamation projects by the national and local government units. The Naga Property will give the company an opportunity to participate actively in the planned areas of reclamation within and around Naga City. Management is currently in initial talks with the local government of Naga City for possible joint venture or other partnership in its planned reclamation projects within the city.

### **60MW Solar Project**

The Naga Property will host the 60MW Solar Farm of MREN. The latter entered into a long-term lease with the Company for the use of a portion of the property for use as solar farm and power house.

Currently in its pre-development phase, the Management of MREN is currently negotiating with several interested local and foreign entities concerning the EPC of the project. The full development of the Solar Project is estimated at about PhP3 billion.

### **Mining Projects**

The Company created subsidiaries to develop and explore its mining assets. It also entered into Mines Operating Agreements (MOA) for gold and copper with Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) (see Note 14) for the exploration and evaluation of the following mining sites:

<u>Location</u>	<u>No of Hectares</u>
Kiblawan, Davao del Sur and Columbio, Sultan Cudarat	7,955.70
Marihatag, Surigao del Sur	3,759.30
Paquibato, Mindanao	8,475.60
Boston and Cateel, Davao Oriental	<u>4,860.00</u>
Total	25,050.60

Exploration and evaluation assets recognized in the consolidated statements of financial position amounted to nil and ₱ 464.3 million as at December 31, 2015 and 2014, respectively. These comprised of 600.0 million shares of consideration paid to AMC and PMC equivalent to ₱444.0 million and ₱20.0 million (see Note 14) paid for the reimbursement of costs on pre-exploration activities.

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

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

### **Management Discussion and Analysis or Plan of Operation**

#### *Discussion on Financial Highlights:*

**2016** – The company's 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 P=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 pre-development costs incurred by the Company in acquiring licenses and services contract in relation to Menlo Renewable Energy's solar energy project. Bank loans of P25.0 million and P25.0 million as at December 31, 2016 and 2015, respectively, represents due and demandable loans payable to First Metro Investment Corporation, with interest ranging from 12.0% to 19.5% a year. Trade and Other Payable consists of Interest and penalties incurred on the outstanding loans amounting to P318.15 million and P294.70 million for 2016 and 2015, respectively. Due to related party of P123.61 for 2016 and P62.25 million for 2015. These are transactions made from a stockholder for working capital advances and acquisition of licenses for Menlo Renewable Corporation. Retirement liabilities amounted to P11.79 million for 2016 and P10.33 million for 2015. These are unfunded, defined benefit retirement plan covering all its qualified employees. As a result, the Company's deficit for 2016 is at negative P245.55 million while for 2015, it's a negative P179.74 million. In terms of profitability, MRC's net loss stood at P65.80 million in 2016 compared to P41.14 million net loss in 2015. The increase in net loss of P24.65 are primarily attributable to the Company's operating expenses particularly on the accrual of interest and penalties on the remaining loans and overhead expenses.

**2015-** The total assets of the company is P1.063 billion and P1.060 billion as at December 31, 2015 and 2014 respectively. The carrying amount of Trade and Other Receivables amounted to P0.3 million as at December 31, 2015 and 2014. Allowance for impairment losses of trade and other receivables to nil and P81.9 million as at December 31, 2015 and 2014 respectively. The company has written off due from related parties amounting to P161.1 million. Allowance for impairment losses due from related parties amounted to P0.0 and P161.1 million as at December 31, 2015 and 2014, respectively. The carrying amount of due from related parties amounted to P13.3 million and P12.6 million as at December 31, 2015 and 2014 respectively. The amount of the Real estate projects amounted to P562.8 million as at December 31, 2015 and 2014 respectively. The fair value of the real estate projects aggregated P1,611.5 million and P1,541.3 million as at December 31, 2015 and 2014 respectively. The company's property and equipment amounted to P18.8 million and P16.9 million in 2015 and 2014 respectively. No impairment losses on property and equipment were recognized in 2015 and 2014 respectively. Other current assets amounted to P1.6 million and P1.0 million in 2015 and 2014 respectively. Allowance for probable loss of other current assets amounted to P8.7 million and P9.0 million as at December 31, 2015 and 2014 respectively. The net amount pertains to deposits, input VAT and other prepayment. Exploration and evaluation assets amounted to P464.3 million in 2015 and 2014, no impairment is recognized. Retirement liability amounted to P10.3 million and P9.0 million in 2015 and 2014 respectively. *(Other info please refer to 17-A 2015).*

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

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

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

**2013 –** Total assets is P1.061 billion and total liabilities and equity is P306.33 million and P755.44 million, respectively. Total assets went down by P42.28 million due to the sale of real estate in NCTO amounting to P55.0 million, disposal of the transportation equipment and furniture and fixture in the amount of P6.1 million. Due from Related Parties increased by P6.6 million due to the day to day operations of the Company. Other current assets pertain to deposit, input VAT and other prepayments. Bank Loans increased by P128.3 thousand from P25.57 to 25.70 million due to the recording of non-current

portions. Trade and Other Payables amounting to 93.9 million were reversed and gain from reversal of long outstanding trade and other payables was recognized. These payables pertain to payable to contractors, trade and non-trade suppliers. Accrued Interest from due to related parties amounting to P262.3 million was part of the debt-to-equity conversion in 2013.

The 2013 Company's net income of P152.78 million as compared to P225.92 million net loss in 2012 was mainly consisting of gain from conversion of debt to equity amounting to P175.56 million, gain reversal of long outstanding payables amounting to P93.91 million, reversal of allowance for probable loss amounting to P5.61 million and the sale of real properties amount to P55.00 million. Operating expenses amounting to P33.19 million, interest and penalties on bank loans amounting to P92.36 million and mining expenses amounting to P1.5 million went down compared to last year's total of P232.52 million as compared to this year's P127.05 million. The decrease of these accounts considerably reduced the net loss of this year.

The equity restructuring reduced the Company's par value and the resulting additional paid-in-capital of P851.3 million was applied against the deficit. These resulted to positive equity of P755.4 million from a capital deficiency of P99.4 million. On January 14, 2014, the SEC approved the Company's further equity restructuring by applying additional paid in capital of P281.9 million to fully wipe out the remaining deficit.

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

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

### **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	<b>1.22</b>	1.25
Current Assets	583,862,175	582,970,474
Current liabilities	479,135,123	466,775,246
Solvency ratio	<b>(0.02)</b>	(0.12)
After tax income (loss)	(12,092,496)	(59,417,329)
Total liabilities	490,927,687	478,567,810
Debt-to-equity ratio	<b>0.83</b>	0.79
Total liabilities	490,927,687	478,567,810
Total equity	593,623,287	605,715,783
Asset-to-equity ratio	<b>1.83</b>	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	<b>(0.01)</b>	(0.06)
After tax income	(12,092,496)	(65,804,051)
Total assets	1,084,550,974	1,084,283,593
Return of equity	<b>(0.02)</b>	(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.

## PART II OPERATIONAL AND FINANCIAL INFORMATION

### Item 1. 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 2014 to 2016 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 June 30, 2017 at P0.40.***

<b>2017</b>	<b>High</b>	<b>Low</b>
2 <sup>nd</sup> Quarter	0.40	0.37
1 <sup>st</sup> Quarter	0.22	0.21
<b>2016</b>		
1 <sup>st</sup> Quarter	0.09	0.09
2 <sup>nd</sup> Quarter	0.10	0.10
3 <sup>rd</sup> Quarter	0.24	0.23
4 <sup>th</sup> Quarter	0.13	0.13
<b>2015</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup> Quarter	0.13	0.12
2 <sup>nd</sup> Quarter	0.12	0.11
3 <sup>rd</sup> Quarter	0.09	0.09
4 <sup>th</sup> Quarter	0.08	0.07
<b>2014</b>	<b>High</b>	<b>Low</b>
1 <sup>st</sup> Quarter	0.09	0.09
2 <sup>nd</sup> Quarter	0.10	0.10
3 <sup>rd</sup> Quarter	0.14	0.14
4 <sup>th</sup> Quarter	0.12	0.11

***That out of the total outstanding shares of MRC Allied, Inc. of 8,512,658,975, the shares allowed only to foreigners is 40% or equivalent to 3,405,063,590 shares. That the equity ownership of foreigners to MRC shares is 235, 753,150 or 2.77 percent as of June 30, 2017.***

#### **b. Security Holders**

The number of shareholders of record as of the date of this Report is 639 and outstanding common shares 8,512,658,975.

#### **MRC's Top 20 Stockholders as of June 30, 2017 are as follows:**

TOP	NAME	TOTAL SHARES	PERCENTAGE
1.	Menlo Capital Corporation	4,387,673,720	51.5429
2.	PCD Nominee Corporation	4,051,843,583	47.5979
3.	EMRO Holdings, Inc.	40,833,000	0.4796
4.	Philippine TA Sec., Inc.	3,750,000	0.0440
5.	Bayan Financial Brokerage	3,399,500	0.0399

6.	Bougainvillea Corporation	2,429,000	0.0285
7.	Lucky Securities, Inc.	1,878,000	0.0221
8.	William T. Gabaldon	1,850,000	0.0217
9.	Pua Yok Bing	1,000,000	0.0117
10.	Moises Ocampo &/or Josefina C. Ocampo	915,000	0.0107
11.	Victor G. Sy	900,000	0.0106
12.	Leoncio Tan Tiu	700,000	0.0082
13.	Winston F. Garcia	600,000	0.0070
14.	Celso L. Lobregat	500,000	0.0059
15.	Tan Roberto Yap	500,000	0.0059
16.	Elpidio Duca	460,000	0.0054
17.	Asian Appraisal Holdings Inc.	413,562	0.0049
18.	Fely C. Ley	400,000	0.0047
19.	Leonardo T. Seguion-Reyna	400,000	0.0047
20.	Gwendolyn Codilla	333,000	0.0039

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

#### **c. Dividends**

No cash dividends declared on each class for the two most recent fiscal years and any subsequent interim period. Furthermore, there is currently no restriction that affects or limits the payment of dividend on common shares.

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

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

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

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

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

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

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

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

#### **Audited and Interim Financial Statements**

***The audited Financial Statements of MRC for the period ended December 31, 2016 attached last June 16, 2017 ASHM and Interim Financial Statements for the period ended June 30, 2017 are attached hereto.***

## **Reconciliation of Retained Earnings Available for Dividend Declaration**

MRC has no retained earnings available for Dividend Declaration. Please refer to Consolidated FS of MRC Allied Inc.

## **Conglomerate Map**

Please refer to the attached Consolidated FS of MRC Allied Inc.

## **Item 5. 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 2016 is P350,000.00, exclusive of evat and out of pocket expenses; and for the years 2015 and 2014 is P350,000.00, exclusive of €VAT and out of pocket expenses.

## **Item 1. 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. The compliance evaluation of the company centers on the self-rating form prepared by the Compliance Officer. It is the key documents that determines compliance to the Company manual on Corporate Governance and is prepared annually included in the SEC form 17-A. The SRF includes discussion on the result of the periodic review being made by the Compliance Officer. During the Company's annual stockholders' meeting held on 06 October 2016, the stockholders of MRC have elected the new members of its Board. The Board is composed of executive and non-executive directors.**

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

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

- a. Appointment of Compliance officer
- b. Creation of Board Committees
- c. Conduct of orientation programs/workshops 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 is no known deviation from the Manual except for the following:**

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

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

**PART V  
EXHIBITS AND SCHEDULES**

**Item 1. 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:

<b>DISCLOSURE DATE</b>	<b>TITLE</b>
21-Jul-2017	Update on Corporate Actions/Material Transactions/Agreements
14-Jul-2017	Material Information/ Transactions
12-Jul-2017	Public Ownership Report
10-Jul-2017	List of Top 100 Stockholders
06-Jul-2017	Materials Information/Transactions
05-Jul-2017	Initial Statement of Beneficial Ownership of Securities
30-Jun-2017	Notice of Annual or Special Stockholders' Meeting
30-Jun-2017	Amendments to Articles of Incorporation
30-Jun-2017	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
19-Jun-2017	[Amend-1] Change in Par Value
19-Jun-2017	[Amend-1] Amendments to Articles of Incorporation
19-Jun-2017	Clarification of News Report
19-Jun-2017	Results of Organizational Meeting of the Board of Directors
19-Jun-2017	Results of Annual or Special Stockholders' Meeting
31-May-2017	Other SEC Forms, Reports Requirements (Revised Manual on Corporate Governance)
30-May-2017	Annual Corporate Governance Report
22-May-2017	Information Statement
16-May-2017	Material information/Transactions
09-May-2017	[Amend-1] Notice of Annual or Special Stockholders' Meeting
09-May-2017	Information Statement
02-May-2017	Quarterly Report
19-Apr-2017	List of Top 100 Stockholders
17-Apr-2017	Public Ownership Report
11-Apr-2017	[Amend-1] Annual Report
11-Apr-2017	Annual Report
06-Apr-2017	Amendments to Articles of Incorporation
06-Apr-2017	Change in Par Value
06-Apr-2017	Material Information/Transactions
06-Apr-2017	Notice of Annual Stockholders Meeting
30-Mar-2017	Compliance Report on Corporate Governance
23-Mar-2017	[Amend-1] Change in Directorship and/or Officers Resignation, Removal or Appointment, Election and/or Promotion)
20-Mar-2017	Initial Statement of Beneficial Ownership of Securities
08-Mar-2017	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
02-Mar-2017	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)

08-Feb-2017	Initial Statement of Beneficial Ownership of Securities
08-Feb-2017	Results of Organizational Meeting of Board of Directors
08-Feb-2017	Material Information/Transactions
01-Feb-2017	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
25-Jan-2017	Material Information/ Transactions
20-Jan-2017	Initial Statement of Beneficial Ownership of Securities
17-Jan-2017	Public Ownership Report
04-Jan-2017	List of Top 100 Stockholders
03-Jan-2017	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)

### UNDERTAKING

**The Management of MRC Allied, Inc. undertakes to provide to its stockholders of record, or other persons solicited, as of the cut-off date, upon their written request, a copy of the company's annual report of SEC Form 17-A free of charge and shall indicate the name and address of the person to whom such written request is to be directed. Copies of exhibits and attachments thereto may also be provided subject to the payment of reasonable charges to cover reproduction costs.**

**All written requests for copies of the annual report and exhibits may be addressed to the Management at MRC Allied Inc., 5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City 1223.**