

SEC Number 184228
File Number _____

MRC ALLIED, INC.

(Company's Full Name)

4th Floor Spirit of Communications Centre 106
Carlos Palanca St. Legazpi Village, Makati City

(Company's Address)

(032) 846-7910/09173186964/09087380854
(Telephone Number)

(Quarter Ending)

SEC Form 20-IS - DEFINITIVE

(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. **4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City** **1223**
Address of principal office Postal Code
7. Registrant's telephone number, including area code: **02-8846-7910**
8. **07 July 2021, 9:00 a.m., via ZOOM application virtual meeting:**
https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjBkJVUkNXdz09 at **4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, 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: **08 June 2021**
10. Name of person filing the statement/solicitor: **Atty. Johnston R. Brusola/ Management of MRC Allied, Inc.**
Address and telephone: **4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village Makati City, 02-8846-7910/09173186964/09087380854**
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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Common Stock	8,512,658,975
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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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To : **All Stockholders
MRC ALLIED, INC.**

The Annual Meeting of Stockholders of MRC Allied, Inc. (the "Corporation") will be held via ZOOM application with this link: <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkVUkNXdz09> at 9:00 a.m. on 07 July 2021.

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 September 18, 2020
5. Approval of the 2020 Audited Financial Statements
6. Report of the President
7. Ratification of the Corporate Acts of the Board of Directors & Management during year 2020
8. For Stockholders Approval:
Amendments in Article III of Articles of Incorporation;
a) Change of Business Address
9. Election of Directors
10. Appointment of External Auditors
11. Other Matters
12. Adjournment

For purposes of the meeting, only stockholders of record as of **May 24, 2021** are entitled to attend and to vote in the said meeting. We encourage shareholders to participate in this meeting of the shareholders either in person or by proxy. All stockholders who will not, are unable, or do not expect to attend the virtual meeting in person may choose to execute and send a valid proxy in writing to the Office of the Corporate Secretary, 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village Makati City, or through ton.brusola@mrcallied.com or in electronic form at <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkVUkNXdz09> on or before 29 June 2021. Proxies shall be validated beginning on June 18, 2021 until June 29, 2021. Electronic copies of the Corporation's Information Statement, Management Report, SEC 17-A and other pertinent documents are available at its website at mrcallied.com and likewise been uploaded to the PSE's EDGE disclosure system. Online voting and participation by remote communication will be available for all stockholders.

Stockholders who wish to vote online and participate by remote communication will be required to register not later than June 29, 2021. Stockholders who are not able to register as of June 29, 2021 can no longer avail of online voting but may still participate by remote communication, provided such stockholders shall register not later than June 29, 2021. Instructions on Registration, Online Voting in Absentia and Participation by Remote Communication are set out in "Annex A" attached to this Notice and Agenda.

For the Board of Directors



ATTY. JOHNSTON R. BRUSOLA
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The Chairman will call to order the Annual Stockholders' Meeting.

2. Proof of Required Notice of Meeting

The Corporate Secretary, Atty. Johnston R. Brusola, will be asked to certify that copies of the Notice and Agenda of the meeting, among others, were effectively served upon the stockholders entitled to the same, including the, dates of posting at the PSE's Edge system and the Corporation's website as well as of publication of the notice in the newspapers of general circulation. The Corporate Secretary will then certify whether or not, based on the number of shares present personally or represented by proxy, a quorum exists for a valid meeting. If necessary, he will also explain the rules for the orderly conduct of business at the meeting.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting through remote communication or in absentia, stockholders may access the online web portal: <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkVUkNXdz09> in order to register and vote on the matters at the meeting. A stockholder voting remotely or in absentia shall be deemed present for purposes of quorum. Please refer to "Annex A" to the Information Statement for a detailed listing of the requirements and procedures for Voting and Participation in the 2021 MRC Allied, Inc. annual stockholders meeting via remote communication or voting in absentia, as well as on how to join the livestream.

3. Proof of Presence of a Quorum

The Corporate Secretary will further certify the presence of a quorum. The holders of record for the time being of a majority of the stock of the Corporation then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business. Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting through remote communication or in absentia by the stockholders and as further approved by the Board, the Corporation would have set up a designated website which may be accessed by the stockholders to register and vote on the matters at the meeting through remote communication or in absentia. Questions and comments may be submitted through a designated link or email during registration and up to a specified date. A stockholder who votes through remote communication or in absentia shall be deemed present for purposes of quorum.

The website platform shall state the proposed resolutions for consideration by the stockholders. Stockholders must register to signify their intention to participate in the meeting by remote communication to be included in the determination of quorum, together with stockholders who voted in absentia and by proxy.

Voting shall only be allowed for stockholders registered through the website platform or through the Chairman of the meeting as proxy. Detailed requirements and instructions pertaining to registration can be found on: <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkVUkNXdz09> and in "Annex A" of the Information Statement.

For all items on the agenda for approval, the affirmative vote of at least a majority of the issued and outstanding stock entitled to vote and represented at the meeting will be required for approval. Each outstanding share of stock entitles the registered holder to one vote. The election of directors will be by plurality of votes and every stockholder shall be entitled to cumulate his votes. All votes received shall be tabulated by the Office of the Corporate Secretary and the results will be validated by Professional Stock Transfer Agent, the company's stock transfer agent. The meeting proceedings will be recorded in audio and video format.

4. Approval of the Minutes of the Previous Meeting held on September 18, 2020

The minutes of the previous annual stockholders' meeting held on September 18, 2021 has been made available on the Company's website <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkVUkNXdz09>. A resolution on this item requires the approval of a majority of the votes of the stockholders present and eligible to vote. The minutes of the annual stockholders' meeting held on September 18, 2020 contain discussions of the following items:

- Approval of the Minutes of the Annual Stockholders' Meeting held on June 18, 2019

- Report of the President and Discussions of Questions from the Stockholders
- Approval of Audited Financial Statements for the Year Ended December 31, 2019;
- Election of the Directors
- Ratification and approval of the acts of Board, the Officers and Management for the fiscal year 2020
- Amendments of the Secondary Purposes;
- Appointment of External Auditors;
- Adjournment

5. Approval of the 2020 Audited Financial Statements

The audited financial statements (AFS) as of December 31, 2020 will be presented for approval of the stockholders. The stockholders will be requested to approve the management reports and to ratify the board's approval of the Audited Financial Statements. At this point, the Chairman will ask if there are any questions that have been submitted by the stockholders and shall endeavor to have these responded to depending on the time available. A copy of the Annual Report will be available on the website.

6. Report of the President

The President and Chief Executive Officer will render the Report of Management on the company's performance in 2020, as reflected in the audited financial statements.

7. Ratification of the Acts of the Board of Directors and of Management

This will cover all acts and resolutions adopted by the board of directors and management since January 1, 2020 until December 31, 2020. These cover matters entered into in the ordinary course of business, with those of significance having been covered by the proper disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange in accordance with applicable disclosure rules. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

8. For Stockholders Approval: The Change in Business address of the Company

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 annual meeting of stockholders.

9. Election of Directors

Pursuant to the Corporation's By-Laws, Manual of Corporate Governance, and applicable rules of the Securities and Exchange Commission, any stockholder, including minority stockholders, may submit nominations for the election of directors. The Corporate Governance Committee determines whether the nominees for the Board of Directors including the independent directors, have all the qualifications and none of the disqualifications for endorsement to the Board. As of May 07, 2021, the Corporate Governance Committee received nominations for directors and found such nominees to have all the qualifications and none of the disqualifications to serve as directors. The names of the nominees and their respective profiles, including directorships in listed companies, are duly indicated in the Information Statement. The election of directors will be done by plurality of votes using cumulative voting and voting by poll.

10. Appointment of External Auditors

The Audit Committee has recommended the re-appointment of Reyes Tacandong & Company as external auditors for the ensuing year. The profile of the firm is duly indicated in the Information Statement. A resolution on this agenda item requires the approval of a majority of the votes of stockholders present and eligible to vote.

11. Other Matters

Under SEC Memorandum Circular No. 14, Series of 2020, stockholders who alone, or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of MRC, shall have the right to include items on the agenda prior to the annual stockholders meeting.

The Company did not receive any such request to include items on the agenda in accordance with the Memorandum Circular before the filing of this Information Statement.] Items added on the agenda pursuant to the Memorandum Circular after the filing of this Information Statement shall be filed under Other Business.

This section covers consideration of other business that may properly come before the meeting. The Chairman of the meeting will entertain other comments, questions, or proposals or points of clarification from the stockholders.

12. Adjournment

Upon confirmation by the Corporate Secretary that there are no other matters to be considered, the Chairman shall declare the meeting adjourned.

PROXY FORM

Item 1. Identification

This proxy will serve to nominate, constitute and appoint Jimmy T. Yaokasin, as my attorney and proxy, to represent me at the Annual Meeting of the Stockholders of the Corporation scheduled on July 07, 2021 at 9:00 a.m virtually via this link: <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNJbkJVUkNXdz09> and any adjournment(s) thereof, as fully and to all intents and purposes as I might or could if present and voting in person, hereby ratifying and confirming any and all action taken on matters which may properly come before such meeting or adjournment(s) thereof.

Item 2. Instruction

By affixing his/her signature on the space provided below, the undersigned stockholder hereby directs the said proxy to vote on the agenda items set forth below as he/she has expressly indicated by marking the same with an "X", failing which, his/her said proxy shall exercise full discretion in acting thereon. If the undersigned stockholder fails to indicate his/her vote on the items specified below, this shall serve to authorize his/her proxy to exercise full discretion to act.

Please be advised that proxies are validated by the Company's stock and transfer agent, Professional Stock Transfer Inc. (PSTI). The record date for the stockholders entitled to attend and to vote in the said meeting is **24 May 2021**.

Item 3. Revocability of Proxy

This proxy shall be valid for the Annual Stockholders Meeting scheduled on **July 7, 2021** or any adjournment thereof. It shall be for a maximum period of five (5) years, unless withdrawn by the undersigned stockholder by written notice duly filed with the Corporate Secretary. This proxy shall not be valid where the undersigned stockholder personally appears and registers in the stockholders meeting. The proxy may not be withdrawn if coupled with an interest.

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 through 6. 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	AGAINST	ABSTAIN
1. Approval of the Minutes of the Previous Annual Stockholders' Meeting held on September 18, 2020			
2. Approval of the 2020 Audited Financial Statements			
3. Ratification of the Acts of the Board of Directors and of Management during year 2020: (i) The renewal and/or extension of the Lease Agreement involving its principal office in Makati City; (ii) The renewal and/or extension of agreements with service providers and suppliers; and (iii) 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. (iv) The renewal and/or extension of the Firm Reyes Tacandong & Company as external			
4. For Stockholders Approval: Amendments in Article III of Articles of Incorporation; a) Change in Business Address			
5. Election of Directors:			
Jimmy T. Yaokasin			
Augusto M. Cosio, Jr.			
Bernard B. Rabanzo			
James G. Velasquez			
Alma F. Buntua			

Emmanuel K. Veloso (Independent Director)			
Gopal Sham Daswani (Independent Director)			
6. Appointment of External Auditor			

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. This proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

“FOR ALL” for proposal 1 through 6;

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 annual meeting on **07 July 2021**.

This proxy should be received by the Corporate Secretary on or before 29 June 2021, the deadline for submission of proxies. This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s).

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

Notarization of this proxy is not required.

Signed this ____ day of July 2021 at Makati City.

Shareholder's Signature over Printed Name

NOTE:

The Proxy should be received by 6:00 p.m. on or before June 29, 2021

(a) physically at the office of the Corporation's transfer agent at:

Professional Stock Transfer Inc.
10th Floor Telecom Plaza Bldg., 316 Sen. Gil Puyat Ave.
Makati City, Metro Manila, Philippines
Attention: Ms. Jenny Serafica/Ms. Edelyn Jimeno
Tel: +632 86872733

or (b) via email sent ton.brusola@mrallied.com and/or telefax at 85198945

or (c) in digital/electronic form at <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjYkxVUkNXdz09>

Proxies shall be validated beginning on June 18, 2021 until June 29, 2021. The Proxy need not be notarized.

To be valid, this proxy must be signed and received by the Corporate Secretary of MRC Allied, Inc. with office address at 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City not later than 5:00 PM of **29 June 2021**, 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.

THIS PROXY FORM IS BEING PROVIDED AS A SAMPLE FOR USE BY THE STOCKHOLDERS SHOULD THEY WISH TO ACCOMPLISH THE SAME. IT IS NOT BEING SOLICITED ON BEHALF OF THE CORPORATION OR ITS MANAGEMENT. THE CORPORATION OR ITS MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND MANAGEMENT PROXY.

**PART I
INFORMATION STATEMENT**

A.GENERAL INFORMATION

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

The Annual Meeting of the Stockholders of MRC ALLIED, INC., ("MRC" or the "Corporation") is scheduled on **07 July 2021 at 9:00 a.m.** and is to be conducted virtually by means of remote communications or via Zoom at the following link **<https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkVUkNXdz09>**.

The complete mailing address of the principal office of the Corporation is:

4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City.

Definitive copies of this Information Statement will be posted at the **company's Website and through publication at the newspaper of general circulation** to all stockholders entitled to notice and vote approximately on or before **08 June 2021**.

Item 2. Dissenter's Right of Appraisal

Pursuant to Section 80 and 81 of the Revised Corporation Code of the Philippines, any stockholders of the Corporation shall have the right to dissent and demand payment of the fair market value of his/her share on any of the following instances:

- (a) any amendment to the articles of incorporation which has the effect of changing of 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 each for each share of stock held as established record date.

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

As of 30 April 2021.

- b) The record date for purpose of determining the stockholders entitled to vote at the annual meeting is **24 May 2021**.
- 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) Manner of Voting and Election of Directors (Cumulative Voting) – A stockholder may vote *in absentia* or by proxy executed in writing by the stockholder or his duly authorized attorney-in fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be sent to the Office of the Corporate Secretary at 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City and/or by email to corporate secretary ton.brusola@mrcallied.com no later than 29 June 2021. Validation of proxies shall be held on 29 June 2021. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.
- e) The Stockholders are entitled to cumulative voting in the election of the board of directors, as provided by the Revised Corporation Code. Each common share of the Company owned by a shareholder as of **May 24, 2021** is entitled to one (1) vote (each, a “Voting Share”) except in the election of directors where one share is entitled to as many votes as there are Directors to be elected. The election of Directors shall be by ballot and/or via online voting each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as Directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected. Thus, since there are seven (7) directors to be elected, each Voting Share is entitled to seven (7) votes.
- f) 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 record date May 24, 2021):

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	Bernard B. Rabanzo (as President of Menlo)	Filipino	4,387,674,716	51.5429
	PCD Nominee Corp.* G/F MKSE Building Ayala Avenue, Makati City	PCD Participants/Brokers	Filipino/Non-Filipino	3,904,582,583	45.8680

*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 April 2021, 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 record date May 24 2021):

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

Title of Class	Name of Beneficial Ownership	Amount and Nature of Ownership	Citizenship	Percentage of Class
Common Stock	Jimmy T. Yaokasin Director/Chairman c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Augusto M. Cosio, Jr. Director/President & CEO 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	James G. Velasquez Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Emmanuel K. Velasco Independent Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Gopal Sham Daswani Independent Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial 1,000 Indirect Ownership(2)A**	Filipino	0.0000
Common Stock	Alma F. Buntua Director c/o MRC Allied, Inc. 5/f Eurovilla 4, 853 Arnaiz Ave. Makati City	1 Record & Beneficial	Filipino	0.0000
Common Stock	Johnston R. Brusola Corporate Secretary 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 1,006 common shares.

** Mr. Gopal Sham Daswani has a balance of Indirect Ownership as of record date of 1,000 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 130,896,454 or 1.54 percent as of April 30, 2021.

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

No change of control in the Company has occurred since the beginning of its last fiscal year.

In the Annual Stockholders Meeting held last 28 February 2013, stockholders representing 2/3 of the outstanding capital stock approved the debt to equity conversion in the maximum amount of Pesos: One Billion (Php1,000,000,000.00) and the reduction of the par value of the shares of stock of MRC from Twenty Centavos (Php0.20) to Ten Centavos (P0.10) 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

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

The Company, in the normal course of business, has transactions with its related parties. The following summarizes the related party transactions of the Company and its outstanding balances as at and for the years ended December 31, 2020 and 2019:

Stockholder

a. The Company provides noninterest-bearing cash advances for working capital requirements to a stockholder. These have aggregated P13.11 million and P11.16 million as at December 31, 2020 and 2019, respectively, and are due and collectible on demand.

b. The Company obtains noninterest cash advances from MCC for its working capital requirements. These have aggregated P248.32 million and P222.47 million as at December 31, 2020 and 2019, respectively, and are due and payable on demand.

Other Related Parties

Transactions with other related parties mainly consist of the following:

a. Noninterest-bearing cash advances made to officers aggregated P130,312 as at December 31, 2020 and 2019.

b. The Company provides advances to subsidiaries for working capital aggregated to P18.28 million and P11.97 million as at December 31, 2020 and 2019, respectively.

Item 5. Directors and Executive Officers

Board of Directors and Executive Officer

The Company overseen by its Board of Directors (BOD) consisting of Five (5) regular members and two (2) Independent Directors. The members of the Board are elected annually by the stockholders and shall each serve a term of one (1) year until the election and qualification of a new set of BOD.

The following are the incumbent Directors and Officers of the Company as of the date of distribution of this Information Statement.

NAME	AGE (As of last Birthday)	CITIZENSHIP	CURRENT POSITION	TERM OF OFFICE	NO. OF YEARS/MONTHS IN SERVICE
Jimmy T. Yaokasin	52	Filipino	Chairman	1 year	8 years as director & 1yr & 11 months as Chairman of the Board
Augusto M. Cosio, Jr.	69	Filipino	President& CEO	1 year	2 year & 7 months
Bernard B. Rabanzo	48	Filipino	Director/Chief Admin & Finance Officer	1 year	10yrs.
*Emmanuel K. Veloso	70	Filipino	Independent Director	20 days	20 days
*Gopal Sham Daswani	39	Filipino	Independent Director	1 year	3 years 7 months
James G. Velasquez	55	Filipino	Director	1 year	2 year & 11 months
Alma F. Buntua	51	Filipino	Director	1 year	2 year & 5 months

****As of the filing of this report the term of Mr. Emmanuel K. Veloso as Independent Director, was twenty (20) days in lieu of the untimely demise of Mr. Bernardo B. Galang. Mr. Veloso was nominated by Mr. Augusto M. Cosio, Jr. , President of the Company and elected by the Board during the regular meeting dated May 7, 2021 via zoom- application while Mr.. Gopal Sham Daswani's term was three (3) years and seven (7) months from the date of his nomination and election as Independent Director of the Company.***

The Company held its Annual Stockholders Meeting on September 18, 2020.

During the stockholders' meeting held 18 September 2020, the following matters were approved, confirmed, and ratified by the stockholders present during said meeting:

1. The minutes of the previous special meeting of the stockholders held last 18 June 2019 at the Manila Polo Club, McKinley Road, Forbes Park, Makati City;
3. The 2019 Audited Financial Statement of the Corporation;
4. The acts, proceedings, transactions, and agreements, authorized by and entered into by the Board of Directors and officers of the corporation, for and on behalf of the Corporation from the last special stockholders' meeting to date;
5. The re-appointment of the firm Reyes Tacandong & Company as external auditors of the Corporation;
6. The nomination and election of the following as members of the Board of Directors of the Company: Jimmy T. Yaokasin, Augusto M. Cosio Jr., Bernard B. Rabanzo, James G. Velasquez, Alma F. Buntua, Bernardo B. Galang (Independent Director), and Gopal Sham Daswani (Independent Director);

The Articles of Incorporation and By-laws provide for Seven (7) Members of the Board of Directors. The directors are elected for a term of one (1) year and serve until the election and acceptance of their qualified successors.

On May 07, 2021, the Board of Directors elected Mr. Emmanuel K. Veloso as Independent Director in lieu of Mr. Galang untimely demise. Mr. Veloso was nominated by Mr. Augusto M. Cosio, Jr. Both has no relationship at the time of the election.

The reorganization of the Company's Board Committee as of 18 September 2020 as follows:

Audit Committee

The Company conforms to the procedures for nominations of directors as provided under the provisions of Revised Code of Corporate Governance and the Company's Manual on Corporate Governance on the nomination and election of the members of the Committee.

The Audit Committee is composed of the following: *Chairperson, Gopal Sham Daswani, Independent Director Members, Bernardo B. Galang, Independent Director, Alma F. Buntua, Director.*

Nomination & Remuneration Committee

The Company conforms to the procedures for nominations of directors as provided under SRC Rule 38, as amended, and the Corporation's Manual on Corporate Governance. Nominations for Regular Directors and Independent Directors are being conducted through the Nominations & Remuneration Committee.

The Nomination & Remuneration Committee is composed of the following: Bernard B. Rabanzo, *Director Members, Augusto M. Cosio, Jr., President & CEO, Jimmy T. Yaokasin, Chairman of the Board, Johnston R. Brusola, Secretariat.*

Executive Committee

The Executive Committee is composed of the following: Chairperson: Augusto M. Cosio, Jr., *President & CEO Members, James G. Velasquez, Director, Bernard B. Rabanzo, Chief Admin & Finance Officer, Al Joseph C. De Guzman, Chief Operations Officer, Maria May P. Militante, Chief BDU Officer, Atty. Johnston R. Brusola, Chief Legal & Compliance Officer/Secretariat.*
Governance Committee

The Governance Committee is composed of the following: Chairperson: Jimmy T. Yaokasin, Chairman of the Board, Members, Bernardo B. Galang, Independent Director, Gopal Sham Daswani, Independent Director, Atty. Johnston R. Brusola, Secretariat

In compliance with the Company's 2017 Revised Manual on Corporate Governance, the Board constituted the Risk and Oversight Committee and elected the following as its member:

Risk and Oversight Committee

The Risk and Oversight Committee is composed of the following: Chairperson, Bernardo B. Galang, *Independent Director, Members, Augusto M. Cosio Jr., President & CEO, Gopal Sham Daswani, Independent Director.*

Nomination Procedure

A nominating stockholder shall submit the name and other required information to the Nomination Committee prior to the stockholder's meeting. This recommendation shall be signed by the nominating stockholder together with the acceptance and conformity by the would-be nominee.

The Nomination Committee then prepares a Final List of Candidates which contains all the names and required information about the nominees for Director. Only nominees whose names appear on the Final List are eligible for election as director. No other nomination is entertained after the Final List has been prepared. No other nomination allowed on the floor during the annual meeting.

In case of failure of election for independent directors, the Chairman of the meeting shall call for a separate election during the same meeting to fill up the vacancy.

In case of resignation, disqualification or cessation of independent directorship, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. Independent director so elected shall serve only for the unexpired term of his predecessor.

Nominees for Directorship

The following are nominated for directorships in the forthcoming annual stockholders meeting. The list below includes directorships/officerships held by the Corporation's present directors in other corporations. Most of these directorship/officerships have been held by the directors for the past five (5) years up to present.

Nominees for the Election as Members of the Board for the ensuing year, including the Independent Directors, Are as follows:

Regular Director

Jimmy T. Yaokasin
Augusto M. Cosio, Jr.
Bernard B. Rabanzo
James G. Velasquez
Alma F. Buntua

Independent Director

Emmanuel K. Veloso
Gopal Sham Daswani

Jimmy Tiu Yaokasin, Filipino

Chairman

Mr. Yaokasin serves as member of the Board of Directors in various companies such as the Development Academy of the Philippines, Splash Corporation, Bethel International School Inc., China Philippine Mining Development Inc. and Leyte Cable TV Network Inc.

He is a Certified Public Accountant who obtained his bachelor's degree from the University of the Philippines where he graduated Cum Laude. He has a Master's in Business Administration degree, which he obtained from the Kellogg School of Management of the Northwestern University of Chicago.

Augusto M. Cosio Jr., Filipino

President & CEO

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

Bernard B. Rabanzo, Filipino

Director/Chief Admin & Finance

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

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

James G. Velasquez, Filipino
Director

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

Emmanuel K. Veloso, Filipino
Independent Director

Mr. Veloso is a graduate of Bachelor of Science in Business Administration and Economics from the Sophia University of Tokyo, Japan. An alumnus of the Ateneo de Manila University both for grade school and high school. Actively involved in Civic Society groups such as Sophia University Alumni Association, Pintados Foundation, Inc., Rotary Club of Leyte Gulf, Tacloban City, Grand Lodge of Free and Accepted Masons of the Philippines and Veloso Foundation Inc.

Mr. Veloso handled positions and designations both present and in the past such as, Governor, Province of Leyte in 1986, Mayor of Tacloban City in 1986-1987, Board of Director in Philippine Tourism Authority Manila from 2003-2010. PEA Tollways Corporation in 2005-2006 and San Miguel Kuok Food Security, Inc. He was also a Consultant at San Miguel Corporation in 2010-2013 and Lim Solar Philippines in 2013-present. He is currently the Treasurer for the Center for Natural Farming Initiative Inc from 2014 to present and a former Board of Director of the PNOC Exploration Corporation. He is presently the Vice President, Plutus Mining Corporation.

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

Gopal Sham Daswani, Filipino
Independent Director

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

Alma F. Buntua, Filipino
Director

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

Johnston R. Brusola, Filipino
Corporate Secretary

Atty. Brusola took his undergraduate studies at the University of the Philippines Los Baños Laguna with a Degree in Bachelor of Science in Biology Major in Microbiology. He formerly worked as a Microbiologist at Euromed Laboratories then later on took a training and became a certified Medical Transcriptionist. He also previously joined the BPO industry as a Technical Support Representative. Then he decided to enter law school at the San Beda College Alabang and Philippine Christian University, where he obtained his Bachelor of Laws Degree. He has been admitted to the Bar in 2017 and has been connected with MRC as In-House Counsel since 08 February 2017.

Significant Employees

Other than the above-mentioned directors and corporate officers, The Corporation considers all of its employees to be significant partners and contributors to the business of MRC.

Family Relationships

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

Involvement in Certain Legal Proceedings

1. 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 currently in the Pre-Trial Stage. The parties are in continuous discussion on how the case can be settled amicably but no formal agreement for the purposes has been finalized.

On October 25, 2018, the Court issued its Resolution of the pending matters, in which granted the Plaintiff's Motion for Leave of Court to File an Amendment Complaint and admitted the attached Amended Complaint therein, but denied Plaintiff's application for Temporary Restraining Order. The next setting for Pre-Trial is set on February 22, 2019 at 8:30am. The case was reset. Tentative date for hearing is on June 2019.

The last setting of pre-trial was December 2019 but it was reset to March 2020. On May 13, 2021 hearing was cancelled. As of this date the company does not receive any letter from the Court for the scheduled Pre-Trial.

2. 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 Compulsary 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, their failure to attend the Pre-Trial Hearing set for the case. MRC also filed an opposition to the Motion.

Motion for Reconsideration filed by Plaintiffs was Denied by the Court on in an Order December 6, 2016. Order of Dismissal was affirmed.

Note: Although the case has been dismissed in 2016 we kept this on record until the 5 years lapse.

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

Nature of the case: Ejectment (Unlawful detainer)
Court: Municipal Trial Court in Cities, Naga City, Cebu
Presiding Judge: Hon. Fritz Ritchie Avila

Facts:
Plaintiff is the owner of a portion of land in New Cebu Township One Special Ecozone, Barangay Cantao-an, Naga City, Cebu.

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

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

Status:
The case is currently pending in the Pre-Trial Stage. Due to the appointment of new presiding Judge, next hearing is still to be set by the Court. As of this date the company does not receive any letter from the Court for the scheduled Pre-Trial.

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

On September 28, 2018, Plaintiff MRC filed the instant complaint for Declaration of Nullity of Public Auction Sale with Application for Issuance of Temporary Restraining Order and Writ of Preliminary Injunction, with Damages against herein respondents. The City Mayor, City Treasurer and City Assessor, proceeded to sell the properties of the plaintiff which is knew very well were the subject of the pending Salubre Case.

As of this date the case was re-raffled to Branch 66 of RTC Talisay Cebu. Case is yet to be set for trial.

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

As of this report there are 3 pending cases involving the company directors and officers as follows:

1. Jimmy T. Yaokasin

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

2. James G. Velasquez

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

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

Resignation of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders of the Company because of disagreement with the Company on matters relating to the Company’s operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

a. Compensation of Directors and Executive Officers

Summarized below are the compensation of directors and executive officers of the Corporation for the years ended 2020, 2019, 2018:

(a)Name and Principal Position	(b) Year	Amount		
		(c) Salary as a group	(d) Bonus	Other Annual Compensation
*CEO/President & top five (5) highly compensated executive officers: 2018,2019 & 2020 CEO/President & Directors/Officers as group:				
Augusto M. Cosio, Jr.				
Bernard B. Rabanzo – Chief Admin & Finance Officer	**2021	5,979,043.62	0	0
	2020	5,979,043.62	0	0
Johnston R. Brusola- Corporate Secretary	2019	7,779,043.62	0	0
Al Joseph C. De Guzman- Chief Operation Officer	2018	5,340,279.75	0	0
Maria May P. Militante-Chief BDU Officer				

* All other officers & directors as a group named:				
Jimmy T. Yaokasin	**2021	0	0	230,000.00
Bernardo Galang	2020	0	0	450,000.00
James Velasquez	2019	0	0	230,000.00
Gopal Sham Daswani	2018	0	0	1,105,000.00
Alma F. Buntua				

** Estimated Compensation for 2021 (CEO & top 4 highly compensated officers all other as a group)

*All other directors and office as a group.

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

Member of the board of directors have received per diem for services provided as directors for the years 2020, 2019 and 2018.

The Company has no other arrangements in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly for the years 2020, 2019 and 2018.

c. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no *changes* in or disagreements with accountants on accounting and financial disclosures during the last two calendar years.

Item 7. Independent Public Accountants

The firm Reyes Tacandong & Co., has been elected and approved as external auditor of the Company during its annual stockholders' meeting on September 18, 2020.

The financial statements of MRC for December 31, 2020, as audited by Reyes Tacandong & Co. are incorporated in this report as reference. The objective of the audit is to provide an auditor's report expressing an opinion on the financial statements for the year 2020 in accordance with Philippine Standards on Auditing. Details of the information of the Independent Auditor are as follows:

Accountant : Reyes Tacandong & Co.
Mailing Address : 26th Floor Citibank Tower
8741 Paseo de Roxas, Makati City
Certifying Partner : MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1499-AR-1 Group A
Valid until July 17, 2021
BIR Accreditation No. 08-005144-012-2020
Valid until January 1, 2023
PTR No. 8534279
Issued January 5, 2021, Makati City

For services rendered, fees for the year 2020 is P400,000.00; for 2019 is P400,000.00 and 2018 is P400,000.00, exclusive of €VAT and out of pocket expenses.

The Corporation has complied with SEC Memorandum Circular No. 8, Series of 2003, and Amendments to SRC Rule 68 on the rotation of external auditors or signing partners of a firm after five years of engagement.

As of September 18, 2020 the Audit Committee is composed of the following: Gopal Sham Daswani (Chairperson-Independent Director) Bernardo B. Galang (Member-Independent Director, and Ms. Alma F. Buntua (Member).

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

a) Recent Sales of Unregistered Securities

There are no recent sales of unregistered securities for the past five (5) years.

b) Exempt Transactions and Securities

As of this date the company has no exempt transaction and securities.

After the 2018 application of Exempt transaction, there are no recent transactions of aforementioned transaction.

On May 24, 2018 the Company filed an application for Confirmation of Exempt Transaction under the provision of Section 10.1(k).

June 13, 2018 the company received the confirmation of the Company's proposed issuance of One Billion Four Hundred Twenty Eight Million Five Hundred Seventy One Thousand Four Hundred Seventy One Thousand Four Hundred Twenty Eight (1,428,571,428) common shares at the issue value of Seventy Centavos (Php0.70). In view of the representation of the Company that the subject securities were offered for sale to new subscribers and considering that the total number of new subscriber is not more than Nineteen (19), said proposed issuance is an exempt transaction under Section 10.1 (k) of the Code.

Item 8. Compensation Plans

There are no matters or actions to be taken up in the meeting with respect to any compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No action is to be taken with respect to the authorization or issuance of securities other than for exchange.

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 following:

1.) The Company's consolidated financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited by Reyes Tacandong & Company, attached as **Annex "C."**

2.) Consolidated Interim Financial Statements for the period ended March 31, 2021 SEC Form 17-Q attached as **Annex "D"**.

(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 annual 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 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be taken with respect to any transaction involving merger or consolidation of the Company into or with any other person or of any other person, the acquisition by the Company of another person, the acquisition by the Company of any other

going business or the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Company, or the liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of property.

Item 14. Restatements of the Accounts

No action is to be taken with respect to the restatement of any asset, capital account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following are included in the agenda for approval by the stockholders on the Annual Meeting of the Stockholders to be held on 18 September 2020:

(1) Approval of the Minutes of the Annual Stockholders' Meeting held on June 18, 2019.

A summary of the minutes of last year's Annual Meeting are hereto attached as **ANNEX "E"**

(2) Approval/Ratification of the December 31, 2019 Reports and the Audited Financial Statements

(3) Ratification of other acts of the Board of Directors and Management during the year 2019:

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

(4) Election of the Members of the Board of Directors including two (2) Independent Directors to serve for 2020-2021

Please refer to the list of nominees under Item 5 (p15-16) of this report - "Directors and Executive Officers - Nominee Directors" for details.

(5.) Appointment of External Auditor

Please refer to the write-up on Reyes Tacandong & Company under Item 7 – "Independent Public Accountants" for details.

Requirements under Section 49 of the Revised Corporation Code of the Philippines

a. Description of the voting and vote tabulation procedures used in the 2020 Annual Stockholders' Meeting

The procedure for voting was posted in the company's website. On the Annual Stockholders Meeting, only stockholders of record were entitled to notice and to vote at the 2020 Annual Stockholders' Meeting. The common stock voted on matters scheduled to be taken up at the 2020 Annual Stockholders' Meeting, with each share being entitled to cast one vote for each share of stock held as of the established record date of May 28, 2020.

The votes of the stockholders registered as present in the online meeting remotely or by proxy were counted by the Stock Transfer Agent of the Company. The Stock Transfer Agent validated the results during the proxy validation date.

b. Record of the questions asked and answers given during the 2020 Annual Stockholders' Meeting

The stockholders were given the opportunity to ask questions during the 2020 Annual Stockholders' Meeting and the Company answered the same. The questions and answers may be found in the minutes of the annual stockholders' meeting, which are posted in the company website.

c. Matters discussed and resolutions reached during the 2020 Annual Stockholders' Meeting

The following are the matters discussed and resolutions reached for the 2020 Annual Stockholders Meeting:

1. Approval of Minutes of the Previous Meeting held on June 18, 2019
2. Approval of the 2019 Audited Financial Statement
3. Ratification of the Corporate Acts of the Board of Directors and Management for the year 2019
4. Approval for the change in the primary purpose and secondary purpose of the company
5. Election of Directors
6. Appointment of External Auditors

d. Voting results of the 2020 Annual Stockholders Meeting

The voting results of the 2020 Annual Stockholders Meeting are as follows:

AGENDA	VOTING RESULTS	
	FAVOR	NOT IN FAVOR
Approval of Minutes of Previous Meeting held on June 18, 2019	5,810,675,756	0
Approval of the 2019 Audited Financial Statement	5,810,675,756	0
Ratification of the Corporate Acts of the Board of Directors and Management for the year 2019	5,810,675,756	0
Approval for the change in the primary purpose of the Company	5,810,675,756	0
Approval for the change in the primary purpose of the Company	5,810,675,756	0
Election of Directors		
1. Mr. Jimmy T. Yaokasin	5,810,675,756	0
2. Mr. Augusto M. Cosio Jr.	5,810,675,756	0
3. Mr. Bernard B. Rabanzo	5,810,675,756	0
4. Mr. James G. Velasquez	5,810,675,756	0
5. Ms. Alma F. Buntua	5,810,675,756	0
6. Mr. Gopal Sham Daswani (Independent Director)	5,810,675,756	0
7. Mr. Bernardo B. Galang (Independent Director)	5,810,675,756	0
Appointment of External Auditors	5,810,675,756	0

The resolution that needed the approval of the stockholders in the 2020 Annual Stockholders Meeting was introduced by a motion duly seconded through the online platform of the virtual meeting. The Chairman asked if there was any objection to every motion. Since there were no objections, all the motions were carried without a vote. The number of votes indicated here are the votes on the resolution from votes of proxies.

e. Directors or trustees, officers and stockholders or members attendees of the 2020 Annual Stockholders' Meeting

During the 2020 Annual Stockholders Meeting, out of the total 8,512,658,975 issued and outstanding common shares, there were 5,810,675,756 common shares present or represented by Stockholders by way of proxies and the said number of shares is equivalent to 68.26% of the total issued and outstanding capital stock of the Corporation.

The Directors and Officers who attended the 2020 Annual Stockholders' Meeting were as follows:

- a) Mr. Jimmy T. Yaokasin, Chairperson
- b) Mr. Augusto M. Cosio Jr., President and CEO
- c) Mr. Bernard B. Rabanzo, Director
- d) Mr. James G. Velasquez, Director
- e) Ms. Alma F. Buntua, Director
- f) Mr. Bernardo B. Galang, Independent Director
- g) Mr. Gopal Sham Daswani, Independent Director
- h) Ms. MARIA MAY P. MILITANTE, Chief Business Development Officer
- i) Engr. Al Joseph C. De Guzman, Chief Operations Officer
- j) Atty. Johnston R. Brusola, Corporate Secretary
- k) Helen Chico – Compliance Officer
- l) Engr. John Ezrael Catabay, RE Engineer

f. Material information on the current stockholders, and their voting rights for the 2020 Annual Stockholders' Meeting

Material information on the current stockholders and voting rights for the 2020 Annual Stockholders Meeting were provided during the meeting and in Items 2 and 19 of the 2020 SEC Form 20-IS. The Corporate Secretary informed the stockholders that stockholders as of record date of May 28, 2020 were entitled to vote in the meeting. There were represented at the meeting, in person or by proxy, stockholders owning 5,810,675,756 common shares, representing 68.26% of the total issued and outstanding capital stock of the Corporation.

g. Appraisals and performance report for the board and the criteria and procedure for assessment

To determine and measure the effectiveness of the Board of Directors, the Company is guided by its Revised Manual on Corporate Governance which is available on the Company website: <https://www.mrcallied.com/manual-on-corporate-governance>

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual Directors and committees.

The Board shall have in place a minimum criteria and process to determine the performance of individual directors. In establishing the criteria, attention is given to the values, principles and skills required for the Company. The Corporate Secretary and Compliance Officer shall oversee the evaluation process.

h. Directors' disclosures on self-dealing and related party transactions

On director disclosure on self-dealings, the Company follows the 2015 Implementing Rules and Regulations of the Securities Regulation Code, which requires Directors and Officers to report their dealings in Company shares within five (5) trading days from the date of the Company's share-related transactions. The Company discloses to the PSE and SEC the ownership (direct and indirect) and any acquisition or disposal of its securities by its Directors, Officers and controlling shareholders pursuant to the PSE Revised Disclosures and the Securities Regulations Code.

Due to the Company's size, risk and operations profile, it has no separate committee for Related Party Transactions (RPT). All Related Party Transactions shall be reviewed and approved by the appropriate approving authority (Risk Oversight Committee) as may be determined by the Board.

Item 16. Matters Not Required to be Submitted

All matters or actions that will require the vote of the security holders will be submitted in the meeting.

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

The Company is intended to amend its Article III of the Articles of Incorporation or the change of Principal office address details are as follows:

1. *Amendment of the Company's principal office address:*

THIRD: That the place where the principal office and place of business of the corporation is to be established in 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village Makati City Metro Manila, Philippines 1229. It may, however, establish branch offices at such other places as the exigencies of the business may require.

The change in principal office address was a business decision for the company would be paying a lesser amount in renting an office space.

All notices and information shall be sent to the new business address of the company.

Item 18. Other Proposed Action

Discussion on Other Proposals

During the Annual Stockholders Meeting held last 18 September 2020, 2/3 of the Corporation's outstanding capital stock approved the following:

- (a) Approval of the Minutes of the Annual Stockholders' Meeting held on June 18, 2019.
- (b) Approval/Ratification of the December 31, 2019 Reports and the Audited Financial Statements
- (c) Approval of the appointment of RT & Company as independent auditor for the year ended 31 December 2019

Item 19. Voting Procedure

(a) VOTE REQUIRED FOR APPROVAL:

Approval of the aforementioned motions or all other matters submitted to a vote would require the affirmative vote of a majority of the shares of the Corporation's common stock present and/or represented and entitled to vote

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) METHOD BY WHICH VOTES WILL BE COUNTED:

On the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate such shares and give one candidate as many votes as the numbers of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied the whole number directors to be elected.

In all items for approval, each voting share of stock entitles its registered owner as of the record date to one vote. In light of the Covid-19 pandemic, stockholders will only be allowed to vote by appointing either a proxy or designating the Chairman of the meeting as such or electronically in absentia.

Proxies shall be in writing, in digital, or electronic form, signed or filed by the stockholders, in the form provided in this Definitive Information Statement or as appearing in the link provided, and shall be received by the Corporate Secretary on or before September 08, 2020. Stockholders may vote electronically in absentia using the link: <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNJbkJVUkNXdz09>, subject for validation procedures. A stockholder voting electronically in absentia shall be deemed present for purposes of quorum. All votes will be counted and tabulated by the inspectors of proxies and ballots to be Supervised by the Corporate Secretary of the Corporation and the results will be validated by independent party.

(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 annual 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.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting through absentia or remote communication, stockholders may access the online link <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNJbkJVUkNXdz09> in order to register vote and on the matters at the meeting.

The persons duly authorized to count the votes during the annual meeting would be the Corporate Secretary and or the assigned third party.

Item 20. Corporate Governance

Pursuant to the Company's Manual on Corporate Governance, the directors and officers of MRC are all exerting their best efforts to comply with the leading practices and principles on good corporate governance. During the Company's annual stockholders' meeting held on 18 June 2019, the stockholders of MRC have elected the new members of its Board. The Board is composed of executive and non-executive directors.

The Governance Committee:

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

Members: Bernardo B. Galang, *Independent Director*

Gopal Sham Daswani, *Independent Director*

Atty. Johnston R. Brusola, *Secretariat*

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

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

- a. Appointment of Compliance officer

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

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

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

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

On November 19, 2020 the Company's Compliance Officer attended the 7th SEC- PSE Corporate Governance Forum via Zoom webinar.

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

The Company will submit its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2020, on or before May 31, 2021, in compliance with SEC Memorandum Circular No.15, Series of 2017.

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 ____ day of May 2021.

MRC ALLIED, INC.

By:



AUGUSTO M. COSIO JR.

President & CEO

FINANCIAL AND OTHER INFORMATION

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.

As at December 31, 2017 and 2016, the total number of Company shares owned by the public aggregated 4,094,003,250 shares and 4,093,589,688 shares, representing 48.09% and 48.08% of the total issued shares and outstanding, respectively.

The Parent Company is 51.54% owned by Menlo Capital Corporation (MCC), a company incorporated in the Philippines and is engaged in the business of Investment House.

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).

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.

a. Clean and Renewable Energy

- Solar Power Plant

On October 2, 2017, the Company entered into an agreement to acquire 15% ownership in Sulu Electric Power and Light (Philippines) Inc. [SEPALCO] which owns and operates a 50 megawatt solar project located in Palo, Leyte for P255.3

million. The power generated from this project is currently being sold to Wholesale Electricity Spot Market (WESM). As at December 31, 2019, the management has ongoing negotiations with local distribution utilities for possible offtake agreements.

The Company, through its subsidiary, had a Solar Energy Service Contract (SESC) with the Department of Energy (DOE) for the exclusive right to explore and develop a solar project in Naga City, Cebu. Predevelopment costs related to the SESC amounted to P23.5 million as at December 31, 2018 and 2017. In 2018, the Department of Environment and Natural Resources (DENR) ordered the suspension of development activities within the solar project's area because of supervening events affecting the condition and feasibility of the area. As a result, the Company had to surrender its service contract with the DOE. The DOE is re-evaluating the project's technical feasibility and design and the result is still pending.

The Company, through its subsidiary, had a service contract with DOE for the exclusive right to explore and develop a solar project in Naga City, Cebu. However, because of the supervening events affecting the condition and feasibility of the location, the DENR ordered the suspension of all development activities within the area in 2018. The Company had to surrender the service contract with the DOE which will then re-evaluate the project's technical feasibility and design. The result of the re-evaluation is still pending as at December 31, 2019.

Solar Photovoltaic (PV) System Project

In 2018, the Company entered into Memorandum of Agreements to develop, design, construct and install a 550 kilowatt power (kWp) and 1,100 kWp solar PV rooftop systems for a third party rice miller located in the Northern Luzon area and a mall located in Mindanao, respectively. These Agreements were pursued and implemented through MREN as the project vehicle.

In 2019, MREN has completed the procurement, design, testing, installation and commissioning of the 550 kWp solar PV system project.

b. 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 raw land located in the Municipality of San Isidro, Leyte known as Amihan Woodlands Township (AWT). The NCTO comprises parcels of land that are registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal dated June 1, 2017, these properties have affair market value of P1,902.1 million.

In January 2020, the Department of Agrarian Reform (DAR) issued a press release on the distribution of 2,200 hectares of agricultural land in San Isidro, Leyte, which includes the land owned by the Company, to qualified beneficiaries. As of date, the Company has not yet received a formal notice or correspondence from DAR or other government agencies regarding the planned distribution.

c. Mining

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

Location	No. of Hectares as at December 31, 2020	No. of Hectares as at December 31, 2019
Paquibato, Davao City	593.2	593.2
Kiblawan, Davao del Sur and Columbio, Sultan Kudarat	7,559.1	7,559.1
Boston and Cateel, Davao Oriental	4,860.0	4,860.0
Marihatag, Surigao del Sur	3,759.3	3,759.3

The above mining sites have ongoing applications for Exploration Permit (EP) with the Mines and Geosciences Bureau (MGB) which were held in abeyance since 2011 due to the moratorium issued by the DENR on the approval of new mining projects. In July 2018, the moratorium was lifted. On December 9, 2019, the MGB released the results of its re-validation of the mining area covered by the Company's application for EP for the mine site located in Paquibato, Davao City. MGB's re-validation showed that certain portions of mining areas covered by the application are within the restricted areas for mining

application pursuant to the DENR's Administrative Order, thus the area possible for mining covered by the application has been reduced from 8,475.60 hectares to 593.19 hectares.

With the lifting of moratorium, the Company has persistently pursued its pending applications for EP for the other mine sites which are in the final stage of evaluation by the MGB. The MGB is set to issue letter-notices on the results on the results of the evaluation of the Company's full compliance with the requirements included in these notices are crucial for the approval of the applications.

d. Cybersecurity

On December 2020, the Company entered into an agreement with 5G Security, Inc. (5GS) to acquire 75% ownership in Kerberus Corporation (Kerberus), a company primarily engaged in cybersecurity services, electronic security, and safety and building management, among others.

The MOA serves as the preparatory and initial agreement between the Company and 5GS on the Company's acquisition of a majority ownership and control of Kerberus, where 5GS owns a majority share and control, subject to certain conditions, such as increasing the authorized capital stock of Kerberus to Php300.0 million. As at December 31, 2020, 5GS is still in the process of complying with the conditions in the MOA.

Business Plan & Plan of Action

- a) The ability of the Company to continue for the next twelve months depends largely on the successful implementation of the above business development projects and other related projects of the company.
- b) Below are the summary of the product research and development f the plan.

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 buyer and/or 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.

Major Risks Related to the Business

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

- Inflationary pressures especially on fuel and equipment costs could adversely affect the Company's operating costs

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

to prevent incurring further losses.

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

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.

Management Discussion and Analysis or Plan of Operation

Discussion on Financial Highlights for 2020, 2019 & 2018.

Financial Condition and Results of Operation as of December 31, 2020:

2020-2019 - The Group has incurred a deficit amounting to P=705.7 million and P=648.0 million as at December 31, 2020 and 2019, respectively, because of operating expenses the Group has incurred as it continues to explore and develop potential business ventures. The Group also recognized provision for impairment loss of P=23.5 million in 2020 on predevelopment costs on a discontinued solar project and P=232.5 million in 2019 on its exploration and evaluation assets resulting from the reduction of a mining area covered by an Exploration Permit (EP) in 2019. In 2020, the Mines and Geosciences Bureau (MGB) denied the Group's application for an EP for failing to comply with a documentary requirement. The recoverability of the exploration and valuation assets amounting to P=214.0 million related to the EP largely depends on the result of the MGB's ruling which is still pending as at the date of the consolidated financial statements. Management and its legal counsel, however, believes that it will get a favorable ruling from MGB on its Motion for Reconsideration and request for an extension of the period to comply with the requirement (see Note 10).

The Group's land banks located in San Isidro, Leyte with carrying amount of P=359.3 million is subject to a possible government reclamation and subsequent distribution to qualified agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program (CARP). As of December 31, 2020, however, the Group has not received any formal notice or correspondence from the Department of Agrarian Reform (DAR) or other government agencies with regard to the planned distribution.

Moreover, the country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. These factors indicate material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The Group's stockholders, however, have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Debt-to-equity conversions of advances from stockholder in 2013 and 2012 and equity restructuring in 2014 and 2013 have reduced the Group deficit. Due to a stockholder has aggregated P=248.3 million and P=222.5 million as at December 31, 2020 and 2019, respectively (see Note 9). The Group also has potential business ventures in mining and renewable energy. With the Group's conversion to a holding company, it intends to explore new investment opportunities, particularly in technology businesses and digital solutions, to diversify its portfolio and generate revenue to sustain operations over time.

The ability of the Company to continue as a going concern depends largely on the successful implementation of the above business development projects.

Financial Condition and Results of Operation as of December 31, 2019:

2019 & 2018 – The company total assets is P1.119 billion and P1.334 billion as at December 31, 2019 and December 31, 2018, respectively. Real estate projects are valued at P359.26 million and P203.55 million for AWT and NCTO, respectively. There were no borrowing costs capitalized as at December 31, 2019 and 2018. The Company, in its normal course of business, has transactions with its related parties. Noninterest bearing cash advances to MCC of ₱11.29 million in December 31, 2019 and P12.50 million in December 31, 2018. In 2019 and 2018, the Company provided allowance for impairment losses amounting to P0.25 million. The Company obtained cash advances from its stockholder for working capital requirements which amounted to P222.47 million and P192.71 million as at December 31, 2019 and 2018, respectively. These advances are due and payable on demand. There were no compensation of key management personnel of the Company in 2019 and 2018. Other current assets amounting to P7.11 million and P5.03 million as at December 31, 2019 and 2018, respectively. Property and equipment amounted to P48.38 million and P28.52 million as at December 31, 2019 and 2018, respectively. Fully depreciated property and equipment with cost and accumulated

depreciation amounting to P26.16 million and P7.52 million as at December 31, 2019 and 2018, respectively, are still being used in operations. The carrying amount of exploration and evaluation assets amounted to P231.75 and P464.25 million as at December 31, 2019 and 2018, respectively. Other noncurrent assets of P255.25 million as at December 31, 2019 and 2018 is attributable to 15% investment in the shares of stock of SEPALCO and the predevelopment costs incurred by the Company in acquiring licenses and service contracts in relation to Menlo Renewable Energy's solar energy service contract with DOE in Naga City, Cebu. Bank loans of P25.0 million as at December 31, 2019 and 2018, represents due and demandable, unsecured loans payable to First Metro Investment Corporation, with 13% annual interest. Trade and Other Payable consists of Accrued Interest and penalties incurred on the outstanding loans amounting to P380.28 million and P362.21 million for 2019 and 2018, respectively. Due to related parties of P222.47 for 2019 and P192.71 million for 2018 are transactions made from a stockholder for working capital advances and acquisition of licenses for Menlo Renewable Corporation. Retirement liabilities amounted to P9.26 million for 2019 and P8.22 for 2018, respectively. These are unfunded, defined benefit retirement plan covering all its qualified employees. As a result, the Company's deficit for 2019 is at negative P648.05 million while for 2018, it's a negative P365.51 million.

Financial Condition and Results of Operation as of December 31, 2018:

2018 & 2017 – The company total assets is P1.334 billion and P1.340 billion as at December 31, 2018 and December 31, 2017, respectively. Real estate projects are valued at P359.26 million and P203.55 million for AWT and NCTO, respectively. There were no borrowing costs capitalized as at December 31, 2018 and 2017. The Company, in its normal course of business, has transactions with its related parties. Noninterest bearing cash advances to MCC of ₱12.50 million in December 31, 2018 and P16.53 million in December 31, 2017. In 2018 and 2017, the Company provided allowance for impairment losses amounting to P0.254 million. The Company obtained cash advances from its stockholder for working capital requirements which amounted to P192.71 million and P163.75 million as at December 31, 2018 and 2017, respectively. These advances are due and payable on demand. There were no compensation of key management personnel of the Company in 2018 and 2017. Other current assets amounting to P5.026 million and P4.232 million as at December 31, 2018 and 2017, respectively. The Company recognized allowance for impairment losses amounting to P8.619 million both in 2018 and 2017. Property and equipment amounted to P7.524 million and P10.557 million as at December 31, 2018 and 2017, respectively. The cost of fully depreciated property and equipment that are being used by the Company amounted to P48.0 million and P5.3 million in 2018 and 2017, respectively. Fully depreciated property and equipment with cost and accumulated depreciation amounting to P15.7 million and P5.3 million as at December 31, 2018 and 2017, respectively, are still being used in operations. No movement on exploration and evaluation assets of P464.25 million as at December 31, 2018 and 2017, respectively. Other noncurrent assets of P281.2 million as at December 31, 2018 and 2017 is attributable to 15% investment in the shares of stock of SEPALCO and the predevelopment costs incurred by the Company in acquiring licenses and service contracts in relation to Menlo Renewable Energy's solar energy service contract with DOE in Naga City, Cebu. Bank loans of P25.0 million as at December 31, 2018 and 2017, represents due and demandable, unsecured loans payable to First Metro Investment Corporation, with 13% annual interest. Trade and Other Payable consists of Accrued Interest and penalties incurred on the outstanding loans amounting to P362.21 million and P341.25 million for 2018 and 2017, respectively. Due to related parties of P192.71 for 2018 and P163.75 million for 2017 are transactions made from a stockholder for working capital advances and acquisition of licenses for Menlo Renewable Corporation. Retirement liabilities amounted to P8.22 million for 2018 and P7.00 for 2017, respectively. These are unfunded, defined benefit retirement plan covering all its qualified employees. As a result, the Company's deficit for 2018 is at negative P365.51 million while for 2017, it's a negative P306.25 million.

In terms of profitability, MRC's net loss stood at P59.26 million in 2018 compared to P60.70 million net loss in 2017. The decreases in net loss of P1.44 million are primarily attributable to the reduction of Company's general and administrative expenses.

Comparable Discussion of Interim Period as of 31 March 2021

The Group's aggregate resource stood at P1.103 billion, while total liabilities and equity amounted to P962.65 Million and P140.68 Million respectively, as of 31 March 2021. Comparing March 31, 2021, against December 2020 level, total resources net decreased by P0.335 million attributed principally on net of accumulated depreciation, due from related parties and other current assets. Total liabilities went up by P4.59 million on 31 March 2021 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 P140.68 Million in 31 March 2021 as against P145.61 Million in 31 December 2019 due mainly to the general expenses for the first quarter of 2021. On a quarter-to-quarter basis, total assets of the Group for the first quarter of 2021 amounted to P1.103Billion compared to the total assets as of end of first quarter of 2020 were decreased by P15.56 million. The decrease is due to the increase of accumulated depreciation, related parties and other current assets. Total liabilities of the Group as of first quarter of 2021 increased by P39.40 Million net of P962.65million this quarter compared to P958.06 million against the same quarter

of 2020. This increase was 25 due to the advances made to stockholders for working capital requirements of its subsidiaries and the accrual of interest on the bank loan and other payables for this quarter of 2021. MRC ended the first quarter of 2021, with a total net loss of P4.92 Million compared to P7.58 Million in the first quarter of 2020. 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

	2021	2020
Current/liquidity ratio	0.62	0.64
Current Assets	589,093,271	582,572,244
Current liabilities	945,474,213	906,909,227
Solvency ratio	(0.005)	(0.008)
After tax income (loss) less deprn	(4,376,455)	(7,258,816)
Total liabilities	962,649,045	923,253,802
Debt-to-equity ratio	6.84	4.72
Total liabilities	962,649,045	923,253,802
Total equity	140,685,047	195,637,430
Asset-to-equity ratio	7.84	5.72
Total assets	1,103,334,092	1,118,891,232
Total equity	140,685,047	195,637,430
Interest rate coverage ratio	(5.62)	(9.33)
Loss before interest and taxes	(4,921,350)	(7,580,718)
Interest expense	874,950	812,450

Profitability ratio

Return on assets	(0.004)	(0.007)
After tax income	(4,921,350)	(7,580,718)
Total assets	1,103,334,092	1,118,891,232
Return of equity	(0.03)	(0.04)
After tax income	(4,921,350)	(7,580,718)
Total equity	140,685,047	195,637,430

Cash amounted to P1.527 million and P1.087 million as at December 31, 2020 and 2019, respectively. These are high grade receivables.

Due from related parties amounted to P13.11 million and P11.29 million as at December 31, 2020 and 2019, respectively. These are standard grade receivables having risks of default but are still collectible.

Discussion and Analysis of Material Events

Discussion and Analysis of Materials Events

(1) i. MRC's debt-to-equity restructuring have a material impact on its liquidity and equity in the first quarter of 2014. The quasi-reorganization, debt-to-equity conversion and the decrease in MRC's par value resulted to a positive equity. ii. There are no other known trends, commitments, events or uncertainties that will have a material impact on MRC's liquidity within the next twelve (12) months except for those mentioned above.

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

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 amount to P1.10 billion and total liabilities and equity is P958.06 million and P145.61 million, respectively. Total assets went down by P15.38 million due to impairment loss of exploration and evaluation assets, depreciation and amortization of property and equipment and due from related parties and other current assets.

Due to Related Parties increased by P25.85 million due to the advances made from parent company for the operation of the Company because of the new thrust into renewable energy. Other current assets are advances to suppliers recorded for the year 2020.

Accrued interest, penalties and other payables of P395.93 million went up by P15.65 million because of the accrual of interest on the bank loan. We recorded an increase of P1.10 million in retirement liability for 2020, thus the increase from P9.26 million in 2019 to P10.36 million in 2020. The Company's tax deferred tax liability amounting to P2.1 million as at December 31, 2020 and December 31, 2019, respectively, pertains to the remeasurement gain on retirement liability.

The Company's total net loss is P57.61 million and P282.54 million as at December 31, 2020 and December 31, 2019, respectively. The components include General and administrative expenses amounted to P22.66 million and P32.10 million as at December 31, 2020, and December 31, 2019 respectively. For Interest expenses and penalties amounted to P15.65 million in 2020 and P18.07 million in 2019. Amounts represent the accrued interest expense and penalties on the bank loans with First Metro Investment Corporation.

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

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

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

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

Credit Risk. Credit risk refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Credit risk from balances with banks and related parties are managed by the Group's management in accordance with the policies set by the BOD. The Group's maximum exposure of credit risk is equal to the carrying amounts of the financial assets.

Liquidity Risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through availing of loans and advances from related parties.

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 2017 to 2019 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 April 30, 2021 at P0.220.

2021	High	Low
1 st Quarter	0.1420	0.1400
2020		
1 st Quarter	0.1422	0.1330
2 nd Quarter	0.1520	0.1460
3 rd Quarter	0.2480	0.2410
4 th Quarter	0.5900	0.5200
2019		
1 st Quarter	0.3900	0.3750
2 nd Quarter	0.3450	0.3350
3 rd Quarter	0.3050	0.2950
4 th Quarter	0.1940	0.1890
2018		
1 st Quarter	0.5900	0.5500
2 nd Quarter	0.5900	0.5700
3 rd Quarter	0.6500	0.6100
4 th Quarter	0.4700	0.4400

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 79,967,666 or 0.94 percent as of July 31, 2020.

b. Security Holders

The number of shareholders of record as of the date of this Report is 635 and outstanding common shares 8,512,658,975.

MRC's Top 20 Stockholders as of April 30, 2021 are as follows:

MRC's Top 20 Stockholders as of April 30, 2021 are as follows:

TOP	NAME	TOTAL SHARES	PERCENTAGE
1.	Menlo Capital Corporation	4,387,674,716	51.5429
2.	PCD Nominee Corporation-Filipino/Non-Filipino	3,904,582, 583	45.2536
3.	Pan Asia Securities Corp	149,274,000	1.7536
4.	EMRO Holdings, Inc.	40,833,000	0.4797
5.	Philippine TA Sec., Inc.	3,750,000	0.0441
6.	Bayan Financial Brokerage	3,399,500	0.0399
7.	1997 Bougainvillea Corporation	2,429,000	0.0285
8.	Lucky Securities, Inc.	1,878,000	0.0221
9.	William T. Gabaldon	1,850,000	0.0217
10.	Pua Yok Bing	1,000,000	0.0117
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.	Elpidio Duca	460,000	0.0054
16.	Asian Appraisal Holdings Inc.	413,562	0.0049
17.	Fely C. Ley	400,000	0.0049
18.	Siguion Reyna, Leonardo T.	400,000	0.0049
19.	Codilla Gwendolyn	333,000	0.0039
20.	Adlawan Edgar	332,000	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.

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

There are no recent sales of unregistered securities or exempt 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, 2020 and Interim Financial Statements for the period ended March 31, 2021 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 2020 is P400,000.00; for 2019 is P400,000.00 and 2018 is P400,000.00, exclusive of VAT and out of pocket expenses.

Corporate Governance

Pursuant to the Company's Manual on Corporate Governance, the directors and officers of MRC are all exerting their best efforts to comply with the leading practices and principles on good corporate governance. During the Company's annual stockholders' meeting held on 18 June 2019, the stockholders of MRC have elected the new members of its Board. The Board is composed of executive and non-executive directors.

The Governance Committee:

Chairperson: Jimmy T. Yaokasin, Chairman of the Board

Members: Bernardo B. Galang, Independent Director

Gopal Sham Daswani, Independent Director

Atty. Johnston R. Brusola, Secretariat

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

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

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

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

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. There are yet no written policies and strategic guidelines on major capital expenditures. Such policies and guidelines will be fleshed out after the Board has completed its reviews of the financial and operational aspects of the company.

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

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

The Company will submit its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2019, on or before May 30, 2020, in compliance with SEC Memorandum Circular No.15, Series of 2017.

**PART III
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:

<u>DISCLOSURE DATE</u>	<u>TITLE</u>
14-Jan-20	List of Top 100 Stockholders as of December 31, 2019
14-Jan-20	Public Ownership Report
22-Jan-20	Other SEC Forms and Requirements
11-Feb-20	Clarification of News Report
16-Mar-20	Material Information/Transactions
26-Mar-20	Request for Extension to File SEC Form 17-A
03-Apr-20	[Amend-1] Request for Extension to File SEC Form 17-A
06-Apr-20	List of Top 100 Stockholders
08-Apr-20	[Amend-2] Request for Extension to File SEC Form 17-A
15-Apr-20	Postponement of Annual Stockholders Meeting
15-Apr-20	Request for Extension to SEC Form 17-Q
14-May-20	Notice of Annual Stockholders Meeting
04-Jun-20	Material Information/Transactions
30-Jun-20	Annual Report
30-Jun-20	Quarterly Report
13-Jul-20	List of Top 100 Stockholders
13-Jul-20	Public Ownership Report
14-Jul-20	Amendments to Articles of Incorporation
14-Jul-20	[Amend-1] Notice to Annual Stockholders Meeting
28-Jul-20	[Amend-1] Amendments to Articles of Incorporation
17-Aug-20	Information Statement
18-Aug-20	Quarterly Report
19-Aug-20	Integrated Annual Corporate Governance
24-Aug-20	Information Statement
26-Aug-20	[Amend-1] Information Statement
26-Aug-20	[Amend-2] Notice of Annual Stockholders' Meeting
18-Sep-20	Result of Annual Stockholder's Meeting
18-Sep-20	Results of Organizational Meeting of the Board of Directors
22-Sep-20	[Amend-1] Amendments of the Articles of Incorporation
12-Oct-20	List of Top 100 Stockholders
12-Oct-20	Public Ownership Report
13-Oct-20	Material Information /Transactions
13-Oct-20	Change in Corporate Contact Details and/or Website
28-Oct-20	Quarterly Report
28-Oct-20	[Amend-1] Quarterly Report
25-Nov-20	[Amend-2] Amendments of the Articles of Incorporation
10-Dec-20	Material Information/Transactions
17-Dec-20	Substantial Acquisition
17-Dec-20	Substantial Acquisition
17-Dec-20	Substantial Acquisition
17-Dec-20	Substantial Acquisition
17-Dec-20	Substantial Acquisition
17-Dec-20	Substantial Acquisition

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., 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village Makati City, Makati City 1223.

“ ANNEX A ”

Registration and Validation Procedures for the Virtual ASM:

Note: In line with the Covid-19 pandemic MRC ALLIED INC. is restricting all communications thru the online and designated email address (es) provided. Please be guided accordingly.

1. Validation of stockholders will be from June 18 to June 29, 2021.
2. Stockholders who will execute a proxy must submit their duly executed proxy thru this link <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkJVUkNXdz09> on or before June 29, 2021, validation of proxies is scheduled on June 29, 2021.

Note: For corporate stockholders, a secretary's certificate on the authorized signatory to execute the proxy is required to be submitted. Scanned copies of the secretary's certificate may be uploaded, but the Corporation reserves the right to require the submission of the originals for authentication.

3. Stockholders who intend to participate in the virtual ASM must register thru this link <https://us02web.zoom.us/j/84686691330?pwd=eFUxOEpzcmhucGpiMnNjbkJVUkNXdz09> for validation starting on June 18 to June 29, 2021 and submit the following documents:

For certificated stockholders:

A. Individual Shareholder

1. Name
2. Address
3. Email address
4. Contact number
5. Scanned copy of 1 valid government ID or 2 secondary valid government ID

B. Corporation

1. Company Name
2. Name of authorized representative
3. Address
4. Email address
5. Contact number
6. Secretary Certificate on List of Authorized Signatories
7. Proxy form indicating the authorized representative to act on behalf of the Corporation (duly signed by Corp signatory/ies)
8. Scanned copy of valid ID of authorized representative and Corporate authorized signatory who signed the authorization letter

For stockholders whose shares are lodged with brokers:

1. Broker's Name
2. Name of authorized representative
2. Address
3. Email address
4. Contact number
5. Broker's Certificate on List of Authorized Signatories
6. Proxy form indicating the authorized representative to act on behalf of the Broker (duly signed by broker signatory/ies)
7. Scanned copy of valid ID of authorized representative and Broker authorized signatory who signed the authorization letter

Separate Registration for Shareholder in Scripless or Electronic Form:

1. Beneficial Shareholder Form
2. Name of authorized representative
2. Address
3. Email address
4. Contact number
5. Broker's Certificate on List of Authorized Signatories
6. Proxy form from a PDTC Participant (either broker or Custodian Bank or Trust Entities or Financial Institution) on the Beneficial Shareholder Name and number of shares as of record date (duly signed by PDTC participant authorized signatory/ies)

7. Scanned copy of valid ID 1 primary valid government ID or 2 secondary valid government ID (we will provide a list of acceptable primary and secondary ID on a separate email)

Note: the above documents will be subject to review for purposes of validation and we may require additional documents as needed.

4. Validated stockholders and proxies will get a confirmation thru email and will be provided with a link to the virtual ASM and the link to cast their vote on or before September 18, 2020.
5. Validated stockholders and proxies may cast their vote through the designated link until September 18, 2020.

6. For the determination of the quorum, all shares represented by duly validated proxies will be counted as "shares represented by proxies" and shares of validated stockholders present at the virtual ASM will be counted as "shares present in person". The Corporate Secretary shall announce all the results during the meeting proper subject to final tabulation.

7. For the tabulation of votes, all validated proxies and ballots submitted on or before June 29, 2021, will be tabulated by the Office of the Corporate Secretary and validated by Professional Stock & Transfer Agent.

8. Questions and comments may be submitted during registration and until 6:00 p.m. July 6, 2021.

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **GOPAL SHAM DASWANI**, Filipino of legal age and a resident of 11 Chico St. Valle Verde 1, Pasig City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MRC ALLIED, INC., and been its independent director since 01 October 2018 up to present.

2. I am affiliated with following companies or organizations (including Government Owned and Controlled Corporations).

<i>Company/Organization</i>	<i>Position/Relationship</i>	<i>Period of Service</i>
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MRC ALLIED, INC., as provided for Section 38 of the Securities Regulation Code and its Implementing Rules and Regulation and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

<i>Name of Director/Officer/Substantial Shareholder</i>	<i>Company</i>	<i>Nature of Relationship</i>
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal /administrative investigation or proceeding (as the case may be):

<i>Offense Charged/Investigated</i>	<i>Tribunal or Agency Involved</i>	<i>Status</i>
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

6. (For those in government service affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in MRC Allied Inc., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

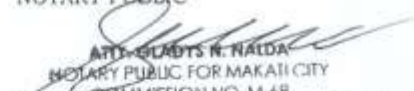
8. I shall inform the Corporate Secretary of MRC ALLIED, INC. of any changes in the above mentioned information within five (5) days from its occurrence.

Done this 25 MAY 2021 day of 2021, at Makati City, Philippines.


GOPAL SHAM DASWANI
Affiant

SUBSCRIBED AND SWORN TO before me this 25 MAY 2021, at Makati City, Philippines, affiant exhibited to me his TIN ID No. 223-504-986.

NOTARY PUBLIC


ATTY. GLADYS R. MALDAN
NOTARY PUBLIC FOR MAKATI CITY
COMMISSION NO. M-68
EXTENDED UNTIL JUNE 30, 2021 THRU BM NO. 3795
5/F EUROVILLA 4 BLDG 853 A ARNAIZ AVE
LEGASPI VILLAGE MAKATI CITY
MGLC COMPLIANCE NO. VI-0016074
PTR No. 8543052 / 01.08.2021 / MAKATI CITY
IBP No. 150987 / 01.13.2021 LEPIE
ATTORNEY'S ROLL NO. 59978

Doc. No. 662
Page No. 29
Book No. II
Series of 2021.

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

1. **Emmanuel Veloso**, Filipino of legal age and a resident of Hacienda Verde, Utap, Tacloban City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MRC ALLIED, INC., and been its independent director since May 7, 2021.

2. I am affiliated with following companies or organizations (including Government Owned and Controlled Corporations).

<i>Company/Organization</i>	<i>Position/Relationship</i>	<i>Period of Service</i>
Plutus Mining Corporation	Vice-President	May 2020-present
Autre Porte Technique, Global Inc.	President	2014-present
Center for Natural Farming Initiative, Inc.	Treasurer	2014-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MRC ALLIED, INC., as provided for Section 38 of the Securities Regulation Code and its Implementing Rules and Regulation and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

<i>Name of Director/Officer/Substantial Shareholder</i>	<i>Company</i>	<i>Nature of Relationship</i>

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal /administrative investigation or proceeding (as the case may be):

<i>Offense Charged/Investigated</i>	<i>Tribunal or Agency Involved</i>	<i>Status</i>
N/A	N/A	N/A

6. (For those in government service affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in MRC Allied Inc., pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of MRC ALLIED, INC. of any changes in the above mentioned information within five (5) days from its occurrence.

Done this 10th day of May 2021, at Makati City, Philippines.



Affiant

SUBSCRIBED AND SWORN TO before me this 14 day of MAY 2021 at Tacloban City, Philippines, affiant exhibited to me his TIN ID No. 40.

CESAR E. LEE
NOTARY PUBLIC
 UNTIL DECEMBER 31, 2021
 P. BURGOS STREET TACLOBAN CITY
 PTR No. 8093271 1-4-2021 TACLOBAN CITY
 IBP LIFETIME MEMBER No. 34399
 MCLE COMP. No. VI-0000063 4-30-2016

Doc. No. 227
 Page No. 47
 Book No. 1000
 Series of 2021

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.


SECRETARY'S CERTIFICATE

I, **JOHNSTON R. BRUSOLA**, of legal age, Filipino, and with office address at 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City, after being sworn in accordance with law, do hereby state that :

1. I am the Corporate Secretary of **MRC ALLIED INC.**, a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at 4th Floor Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City;
2. Based on available records, I hereby certify that none of the named directors and officers of MRC work in the government.
3. I am issuing this certification in compliance with the requirements of the Market and Securities Regulation Department of the Securities and Exchange Commission (SEC).

26 MAY 2021

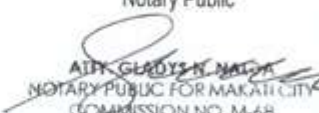
IN WITNESS WHEREOF, I have hereunto affixed my signature this ___ day of May 2021 in the City of Makati, Metro Manila.


ATTY. JOHNSTON R. BRUSOLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 26 MAY 2021 day of _____ 2021 at the Makati City, Metro Manila, Philippines, affiant TIN 284-181-888.

Notary Public

Doc. No. 665
Page No. 29
Book No. II
Series of 2021.


ATTY. GLADYS N. MACARA
NOTARY PUBLIC FOR MAKATI CITY
COMMISSION NO. M-68
EXTENDED UNTIL JUNE 30, 2021 (HRP) BM NO. 3795
5/F EUROVILLA 4 BLDG 853 A, PARNAS AV,
LEGASPI VILLAGE MAKATI
MGLC COMPLIANCE NO. VHT-12
PTR No. B543052 / 01.08.2021 / 11 CITY
HRP No. 150987 / 01.13.2021
ATTORNEY'S ROLL NO. 50979



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
MRC Allied, Inc. and Subsidiaries
5/F Eurovilla 4 Bldg.
853 A. Arnaiz Avenue, Makati City

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MRC Allied, Inc. and Subsidiaries (the Group), a subsidiary of Menlo Capital Corporation, which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2020, 2019 and 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As discussed in Note 1 to the financial statements, the Group has a deficit of ₱705.7 million and 648.0 million as at December 31, 2020 and 2019, respectively, because of operating expenses the Group has incurred as it continues to explore and develop potential business ventures. The Group also recognized a provision for impairment loss of ₱23.5 million in 2020 on predevelopment costs on a discontinued solar project and ₱232.5 million in 2019 on its exploration and evaluation assets resulting from the reduction of a mining area covered by an Exploration Permit (EP) in 2019.

In 2020, the Mines and Geosciences Bureau (MGB) denied the Group's application for an EP for failing to comply with a documentary requirement. The recoverability of the exploration and evaluation assets amounting to ₱214.0 million related to the EP largely depends on the result of the MGB's ruling which is still pending as at the date of our report.

The Group's land banks located in San Isidro, Leyte with carrying amount of ₱359.3 million is subject to a possible government reclamation and subsequent distribution to qualified agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program.



Moreover, the country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country.

These factors may cast a significant doubt on the ability of the Company to continue as a going concern.

The Group stockholders, however, have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Moreover, It has potential business ventures to generate revenue and significant real estate properties.

Debt-to-equity conversions of advances from stockholders in 2013 and 2012 and the equity restructuring in 2014 and 2013 have reduced the Group deficit. Due to a stockholder has aggregated ₱248.3 million and ₱222.5 million as at December 31, 2020 and 2019, respectively.

The Group has a 15% ownership in Sulu Electric Power and Light (Philippines) Inc., which owns and operate a 50 megawatt solar project in Palo, Leyte, and solar photovoltaic (PV) projects for a rice milling plant in Northern Luzon and a mall in Mindanao. In 2020, the Group entered into a Memorandum of Agreement to acquire up to 250,000,000 shares or not less than 75% ownership in Kerberus Corporation, a company engaged in cybersecurity services and other digital solutions.

The Group also has real estate properties in Naga City, Cebu and San Isidro, Leyte representing about 51.0% and 50.3% of Group assets as at December 31, 2020 and 2019, respectively. These properties have an aggregate market value of ₱1,902.1 million based on the latest appraisal dated June 13, 2017.

These business development projects are discussed on Note 1 to the consolidated financial statements.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

Our opinion is not modified with regard to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Assessment of the Recoverable Amounts of Exploration and Evaluation Assets, and Investment Properties

The Group has exploration and evaluation assets, and investment properties representing about 72.0% of the Group assets as at December 31, 2020. Moreover, in 2020, the MGB denied the Group's application of a certain EP because of a lacking documentary requirement. Subsequently, the Group filed a MR to reverse the order of denial and requested for an extension of the period to comply with the requirement due to circumstances beyond the Group's control. The Group's review of the recoverability of these assets was significant to our audit because the assessment process requires significant judgments and assumptions.

The determination of the estimated recoverable amount of exploration and evaluation assets is critically dependent upon the selling price of the most recent acquisitions of comparable porphyry copper-epithermal gold properties in the Philippines and the management's assessment on the result of the evaluation of the MGB on its MR. Our audit procedures included, among others, the review of the mine valuation reports



made by an independent appraiser and comparison of the selling price to recently transacted purchase and sale of mineral properties, including those in copper-gold projects, located in the same vicinity as the exploration and evaluation assets of the Group. We also assessed the reasonableness of the management's judgment on the result of the MGB evaluation by reviewing the process of the Group to arrive at the judgment and developing an independent expectation to corroborate the said management judgment. Further, we assessed the adequacy of the disclosures in Notes 1, 2, 3 and 10 to the consolidated financial statements.

The determination of the recoverable amount of the investment properties involves assessment with reference to market prices at the reporting date of similar properties, less the cost of disposal. Our audit procedures included, among others, the review of the assumptions used in the latest report made by an independent appraiser which includes comparison of selling price used in the valuation with the recently transacted prices and prices of comparable properties located in the same vicinity as the investment properties. We also assessed the adequacy of the disclosures in Notes 2, 3, and 4 to the consolidated financial statements.

As discussed, the MGB denied the Group's application of a certain EP because of a lacking documentary requirement in 2020. Subsequently, the Group filed a MR to reverse the order of denial and requested for an extension of the period to comply with the requirement due to circumstances beyond the Group's control. The recoverability of the exploration and evaluation assets covered by the said EP amounting to ₱214.0 million, however, largely depends on the result of the MGB's ruling on the MR which is still pending as at the date of our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditors' report thereon.

The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Michelle R. Mendoza-Cruz.

REYES TACANDONG & Co.



MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1499-AR-1 Group A

Valid until July 17, 2021

BIR Accreditation No. 08-005144-012-2020

Valid until January 1, 2023

PTR No. 8534279

Issued January 5, 2021, Makati City

March 29, 2021

Makati City, Metro Manila

MRC ALLIED, INC. AND SUBSIDIARIES
(A Subsidiary of Menlo Capital Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash in banks		₱1,527,156	₱1,086,804
Trade receivables	10	163,426	112,542
Due from related parties	9	13,236,450	11,293,788
Real estate projects	4	–	562,805,383
Other current assets	6	11,151,129	7,110,501
Total Current Assets		26,078,161	582,409,018
Noncurrent Assets			
Investment properties	4	562,805,383	–
Exploration and evaluation assets	10	231,749,591	231,749,591
Property and equipment	5	27,786,125	26,164,152
Other noncurrent assets	6	255,250,000	278,727,147
Total Noncurrent Assets		1,077,591,099	536,640,890
		₱1,103,669,260	₱1,119,049,908
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	₱16,379,161	₱16,476,502
Loans payable	7	25,000,000	25,000,000
Accrued interest and penalties	7	395,929,925	380,283,726
Due to a related party	9	248,319,954	222,474,297
Subscription payable	6	255,250,000	255,250,000
Income tax payable		8,991	2,660
Total Current Liabilities		940,888,031	899,487,185
Noncurrent Liabilities			
Security deposit	10	4,687,500	4,958,333
Retirement liability	13	10,364,087	9,262,997
Deferred tax liability	14	2,123,245	2,123,245
Total Noncurrent Liabilities		17,174,832	16,344,575
Total Liabilities		958,062,863	915,831,760
Equity			
Capital stock		851,265,898	851,265,898
Deficit		(705,659,501)	(648,047,750)
Total Equity		145,606,397	203,218,148
		₱1,103,669,260	₱1,119,049,908

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC. AND SUBSIDIARIES
(A Subsidiary of Menlo Capital Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2020	2019	2018
SERVICE REVENUES	10	₱1,602,495	₱298,482	₱–
DIRECT COST	5	1,152,947	165,483	–
GROSS PROFIT		449,548	132,999	–
OPERATING EXPENSES	11	22,664,701	32,096,181	38,296,461
OTHER INCOME (CHARGES)				
Provision for impairment loss on predevelopment cost	10	23,477,147	–	–
Interest expense and penalties	7	15,646,199	18,070,333	20,959,608
Reversal of allowance for impairment loss on security deposit	6	(3,735,443)	–	–
Interest income		(296)	(428)	–
Impairment loss on exploration and evaluation assets	10	–	232,503,009	–
		35,387,607	250,572,914	20,959,608
LOSS BEFORE INCOME TAX		57,602,760	282,536,096	59,256,069
PROVISION FOR CURRENT INCOME TAX	14	8,991	2,660	–
NET LOSS		57,611,751	282,538,756	59,256,069
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE LOSS		₱57,611,751	₱282,538,756	₱59,256,069
BASIC/DILUTED LOSS PER SHARE	15	₱0.007	₱0.033	₱0.007

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC. AND SUBSIDIARIES
(A Subsidiary of Menlo Capital Corporation)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Years Ended December 31		
	2020	2019	2018
CAPITAL STOCK - ₱0.10 par value			
Authorized - 15,000,000,000 shares			
Issued and outstanding - 8,512,658,975			
shares	₱851,265,898	₱851,265,898	₱851,265,898
DEFICIT			
Balance at beginning of year	(648,047,750)	(365,508,994)	(306,252,925)
Net loss	(57,611,751)	(282,538,756)	(59,256,069)
Balance at end of year	(705,659,501)	(648,047,750)	(365,508,994)
	₱145,606,397	₱203,218,148	₱485,756,904

MRC ALLIED, INC. AND SUBSIDIARIES
(A Subsidiary of Menlo Capital Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P57,602,760)	(P282,536,096)	(P59,256,069)
Adjustments for:				
Provision for impairment loss on predevelopment costs	10	23,477,147	–	–
Interest expense and penalties	7	15,646,199	18,070,333	20,959,608
Reversal of allowance for impairment loss on security deposits	6	(3,735,443)	–	–
Depreciation and amortization	5	2,295,288	1,218,201	3,032,157
Retirement benefits expense	13	1,101,090	1,040,136	1,217,713
Interest income		(296)	(428)	–
Impairment loss on exploration and evaluation assets	10	–	232,503,009	–
Operating loss before working capital changes		(18,818,775)	(29,704,845)	(34,046,591)
Increase in:				
Trade receivables		(50,884)	(112,542)	–
Other current assets		(305,185)	(2,084,773)	(793,618)
Increase (decrease) in:				
Trade and other payables		(97,341)	13,619,828	1,927,053
Security deposit		(270,833)	4,958,333	–
Net cash used for operations		(19,543,018)	(13,323,999)	(32,913,156)
Income tax paid		(2,660)	–	–
Interest received		296	428	–
Net cash used in operating activities		(19,545,382)	(13,323,571)	(32,913,156)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	5	(3,917,261)	(19,857,957)	–
Decrease (increase) in:				
Due from related parties	9	(1,942,662)	1,204,217	4,035,660
Other noncurrent assets		–	2,500,000	–
Net cash provided by (used in) investing activities		(5,859,923)	(16,153,740)	4,035,660
CASH FLOWS FROM A FINANCING ACTIVITY				
Increase in due to a related party	9	25,845,657	29,765,336	28,959,487
NET INCREASE IN CASH IN BANKS		440,352	288,025	81,991
CASH IN BANKS AT BEGINNING OF YEAR		1,086,804	798,779	716,788
CASH IN BANKS AT END OF YEAR		P1,527,156	P1,086,804	P798,779
NONCASH FINANCIAL INFORMATION				
Effect of change in primary purpose - reclassification of real estate projects to investment property		P562,805,383	P–	P–

See accompanying Notes to Consolidated Financial Statements.

MRC ALLIED, INC.
(A Subsidiary of Menlo Capital Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

General Information

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

On July 13, 2020, the Company’s Board of Directors (BOD) approved the change in the primary purpose of the Parent Company from “development and sale of real estate” to “the business of a holding company, and for that purpose either in the name of the Company or in the name of any other company”. The amended articles of incorporation (AOI) was approved by the SEC on November 23, 2020.

As at December 31, 2020 and 2019, the total number of Parent Company shares owned by the public represent 48.09% of the total issued shares and outstanding.

The Parent Company is 51.54% owned by Menlo Capital Corporation (MCC or Ultimate Parent), a company incorporated and domiciled in the Philippines and is engaged in the business of Investment House.

The Parent Company’s subsidiaries which were incorporated and domiciled in the Philippines are as follows:

	Date of Incorporation	Nature of Business	% of Ownership
Menlo Renewable Energy Corporation (MREN)	2015	Renewable energy	100
MRC Tampakan Mining Corporation (MRC Tampakan)	2011	Mining	100
MRC Surigao Mines, Inc. (MRC Surigao)	2011	Mining	100
Makrubber Corporation (Makrubber)	1990	Processing and export of natural rubber products	100

Makrubber ceased commercial operations in 2011.

MREN, MRC Tampakan and MRC Surigao have not yet started commercial operations. MREN has a capitalization of ₱35.0 million, while MRC Surigao and MRC Tampakan have a capitalization of ₱5.0 million each.

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the Board of Directors (BOD) on March 29, 2021.

Status of Operations

The Group has incurred a deficit amounting to ₱705.7 million and ₱648.0 million as at December 31, 2020 and 2019, respectively, because of operating expenses the Group has incurred as it continues to explore and develop potential business ventures.

The Group also recognized provision for impairment loss of ₱23.5 million in 2020 on predevelopment costs on a discontinued solar project and ₱232.5 million in 2019 on its exploration and evaluation assets resulting from the reduction of a mining area covered by an Exploration Permit (EP) in 2019.

In 2020, the Mines and Geosciences Bureau (MGB) denied the Group's application for an EP for failing to comply with a documentary requirement. The recoverability of the exploration and evaluation assets amounting to ₱214.0 million related to the EP largely depends on the result of the MGB's ruling which is still pending as at the date of the consolidated financial statements. Management and its legal counsel, however, believes that it will get a favorable ruling from MGB on its Motion for Reconsideration and request for an extension of the period to comply with the requirement (see Note 10).

The Group's land banks located in San Isidro, Leyte with carrying amount of ₱359.3 million is subject to a possible government reclamation and subsequent distribution to qualified agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program (CARP). As at December 31, 2020, however, the Group has not received any formal notice or correspondence from the Department of Agrarian Reform (DAR) or other government agencies with regard to the planned distribution (see Note 4).

Moreover, the country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country.

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

The Group's stockholders, however, have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Debt-to-equity conversions of advances from stockholder in 2013 and 2012 and equity restructuring in 2014 and 2013 have reduced the Group deficit. Due to a stockholder has aggregated ₱248.3 million and ₱222.5 million as at December 31, 2020 and 2019, respectively (see Note 9).

The Group also has potential business ventures in mining and renewable energy. With the Group's conversion to a holding company, it intends to explore new investment opportunities, particularly in technology businesses and digital solutions, to diversify its portfolio and generate revenue to sustain operations over time.

The Company's business development projects are discussed as follows:

a. Clean and Renewable Energy

- Solar Power Plant

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

- Solar Photovoltaic (PV) System Project

The Parent Company, through MREN, has Memorandum of Agreements for a 550 kilowatt-power (kWp) and 1,100 kWp solar PV rooftop systems for a rice milling plant in Northern Luzon and a mall located in Mindanao, respectively (see Note 10). The 550 kWp solar PV project has started operations in 2019, and was able to generate revenue amounting to ₱1.6 million in 2020 and ₱0.3 million in 2019.

b. Cybersecurity and Digital Solutions

On December 9, 2020, the Parent Company entered into a Memorandum of Agreement with 5G SECURITY INC. (5GS) as preparation for the Parent Company's acquisition of ownership and control of Kerberos Corporation (Kerberos), a company engaged in the business of providing cybersecurity, electronic security and value-added services. Under the agreement, 5GS undertakes, among others, to assist Kerberos in increasing its authorized capital stock to ₱300.0 million. After securing the SEC approval on the said increase in authorized capital stock, the Parent Company undertakes to subscribe up to 250,000,000 shares at ₱1.00 par value a share, or equivalent to ₱250.0 million, of Kerberos. The details of the subscription, which shall be covered by a separate subscription agreement, is still subject to the final concurrence of the parties but should not result to less than 75% ownership stake in Kerberos. As at December 31, 2020, 5GS is still in the process of complying with the conditions in the agreement.

The ability of the Group to continue as a going concern depends largely on the successful implementation and outcome of the foregoing projects and the continuing financial support of the Group's stockholders.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

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

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for investment in unquoted securities which are measured at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange for incurring a liability.

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

- In principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal on the most advantageous market must be accessible to the Group.

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in Notes 5 and 18 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020 -

- Amendments to PFRS 16, *Leases - Covid-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023 -

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

Deferred effectivity -

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

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018.

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

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

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

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

Financial Assets and Liabilities

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

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

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

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

The Group does not have financial assets and liabilities at FVPL and debt instruments designated at FVOCI as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2020 and 2019, the Group’s cash in banks, trade receivables and due from related parties are classified under this category (see Notes 9 and 10).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

As at December 31, 2020 and 2019, the Group designated its investment in unquoted equity securities as financial asset at FVOCI (see Note 6).

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

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

As at December 31, 2020 and 2019, the Group's trade and other payables (excluding statutory payable), loans payable, accrued interest and penalties, subscription payable, amounts due to a related party, and security deposit are classified under this category (see Notes 7, 8, 9 and 10).

Reclassification

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

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

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

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

Impairment of Financial Assets at Amortized Cost

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

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

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

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

Derecognition of Financial Assets and Liabilities

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

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

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

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

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

Classification of Financial Instrument between Liability and Equity

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

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Real Estate Projects

Real estate projects are valued at the lower of cost or net realizable value (NRV). Expenditures for development and improvements, including interest incurred on loans obtained to finance the development of the land, are capitalized. Capitalization of the interest is suspended for the periods in which there are no active development and improvements. NRV is the fair value in the ordinary course of business less estimated costs to sell.

Other Current Assets

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

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

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

CWT. CWT represent taxes withheld by the Group's customers as required under Philippine taxation laws and regulations. CWT is recognized as asset and will be used to offset against the Group's income tax liability.

Advances to a Contractor. Advances to a contractor pertains to advance payment for purchase of goods and services which are not yet received by or rendered to the Company.

Exploration and Evaluation Assets

Exploration and evaluation assets represent the Group's acquired rights to do exploration and evaluation of certain mining areas. Expenditures for mine exploration work prior to and subsequent to drilling are deferred as incurred. These shall be written-off if the results of the exploration work are determined to be not commercially viable. If the results are commercially viable, the deferred expenditures and the subsequent development cost shall be capitalized and amortized from the start of commercial operations using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Investment Properties

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

Investment properties are initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up.

Transfers are made to investment properties, when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the separate statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

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

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

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

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

The estimated useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

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

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

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

Other Noncurrent Assets

Other noncurrent assets owned by the Group are assets that are not expected to be realized within the normal operating cycle. These are accounted for at cost less impairment in value.

Predevelopment costs. Predevelopment costs are stated at the amount of cash given up by the Group less impairment in value. The Group capitalizes predevelopment costs if it is probable that such cost will be realized through the ultimate construction of a solar power plant. These also include other costs directly related to the development of the solar power project.

Impairment of Nonfinancial Assets

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

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

Capital Stock

Capital stock represents the par value of the issued shares.

Deficit

Deficit represents cumulative balance of the Group's result of operations.

Basic and Diluted Earnings Per Share (EPS) Attributable to the Equity Holders of the Parent

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

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

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

Segment Reporting

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

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

Revenue Recognition

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

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

The following specific recognition criteria must also be met before revenue is recognized.

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

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

Cost and Expenses Recognition

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

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

Operating Expenses. Operating expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense. Interest expense represents the cost of money used in operations. It is recognized as incurred using the effective interest rate method.

Penalties. Penalties represent the cost of money paid for late charges. These are expensed as incurred.

Leases

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

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

Employee Benefits

Short-term Benefits. The Group provides short-term benefits to its employees in the form of basic salary, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

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

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

Remeasurements pertaining to actuarial gains and losses are recognized immediately in OCI and are closed to retained earnings in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

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

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized under OCI and outside profit or loss.

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

Related Party Relationships and Transactions

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

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

Provisions

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

Contingencies

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

Events After the Reporting Date

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

3. Significant Judgments, Accounting Estimates and Assumptions

In applying the Group's accounting policies, management is required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgment and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

The critical judgments, apart from those involving estimations, that the management has made and that have the most significant effect on the amounts recognized in the financial statements are discussed below.

Assessing the Ability of the Group to Continue as a Going Concern. The Group has a deficit amounting to ₱705.7 million and ₱648.0 million as at December 31, 2020 and 2019, respectively, because of operating expenses that the Group has incurred as it continues to explore and develop potential business ventures, particularly renewable energy and technology business.

With the Group's business development projects as discussed in Note 1, two land banks with appraised value aggregating ₱1,902.1 million and the stockholders' continuing financial support to sustain the Group's operations, management has assessed that the Group has the ability to continue to operate on a going concern basis.

Assessing Control and Ownership over Real Estate Properties. As discussed in Note 4, the Group, through the Parent Company, has real estate properties comprising a 192-hectare industrial estate in Naga City, Cebu (NCTO) (which properties are covered either only by Deeds of Absolute Sale/Assignment in favor of the Parent Company and/or Tax Declarations and without any certificates of titles in the Parent Company's name) and a 700-hectare land in Leyte (AWT) (covered by Transfer Certificates of Title). Management has assessed whether or not the Group has control over these properties based on the practical ability to direct the use of the assets. The Group has been exercising control and administration over these properties, including the right to dispose the same. . It is the intention of the Group to dispose of or sell these properties covered by titles, deeds of absolute sale/assignment and tax declarations through outright sales or through joint venture with property developers. Thus, management has assessed that the Group has the control and ownership of the real estate properties.

Classifying Property. The Group determines whether a property is classified as real estate inventory, investment property or property and equipment:

- Real estate inventory comprises property that is held for sale or for development in the ordinary course of business. Principally, these are real estate projects that the Group develops and intends to sell before, or on completion of, construction.
- Investment properties comprises land and buildings that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rent income or for capital appreciation. These are real estate properties that are primarily held for capital appreciation and not intended to be sold in the ordinary course of business.
- Property and equipment are tangible items that are held for use in the production or supply of goods or services and are expected to be used for more than one period. These are owner-occupied properties which are substantially for use of the Group or in the operations.

In 2020, the SEC approved the change in the Group's primary purpose from the development and sale of real estate to a holding company. The Group has determined that the land banks, previously recognized as real estate projects, are now primarily held for capital appreciation. Consequently, these land banks were reclassified to investment properties (see Note 4).

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

Classifying Financial Instruments. The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position. The Group classifies its 15% ownership in the unquoted shares of SEPALCO as financial assets at FVOCI. Management has assessed that its carrying amount approximates its fair value.

Establishing Control over Investment in Subsidiaries. The Parent Company determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following factors were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

Determining Whether an Agreement Contains a Lease. The Group determined whether agreements entered into contain a lease based on the substance of the arrangement at inception date. In determining whether an agreement contains a lease, management assessed whether the arrangement is dependent on the use of a specific asset or assets, conveys a right to uses of the asset and transfers substantially all the risks and rewards incidental to ownership to the Group.

The Group has entered into an agreement for the general technical and associated requirements for the design, supply, delivery, installation, testing and commissioning of a solar PV project. Management accounted for the arrangement as a power purchase agreement accounted for as normal executory contract.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into a lease agreement for its office space for a period of one year. The Group elected not to recognize ROU assets and lease liability for short-term leases. The Group recognizes the lease payments associated with this agreement as an expense on a straight-line basis over the lease term.

Assessing Legal Contingencies. The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with legal counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As at December 31, 2020, the Group is involved in litigations and claims, which arise in the normal course of business. Management and its legal counsel believe, however, that the ultimate outcome of these cases will not materially affect the Group's financial position, financial performance and cash flows. No provision for impairment losses arising from legal contingencies was recognized in the consolidated financial statements as at December 31, 2020 and 2019.

Estimates and Assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Assessing the ECL on Trade Receivables. When the Group assessed that there is a significant change in the credit risk, the Group estimates ECL on trade receivables using a provision matrix. Depending on the diversity of its debtor's base, the Group uses its historical credit loss experience adjusted for forward-looking factors, as appropriate.

The Group assessed that the credit risk on trade has not increased significantly since initial recognition as these financial assets is determined to have low credit risk and the Group has firm established relationships with its customers and other counterparties.

No provision for ECL was recognized in 2020 and 2019. The carrying amount of trade receivables amounted to ₱0.8 million and ₱0.1 million as at December 31, 2020 and 2019, respectively (see Note 10).

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group measures the loss allowance for a financial asset at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. For financial instruments for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

No allowance for ECL was recognized in 2020 and 2019. The carrying amount of due from related parties amounted to ₱13.2 million and ₱11.3 million as at December 31, 2020 and 2019, respectively (see Note 9).

Estimating the Useful Lives of Property and Equipment. The useful lives of each item of the Group's property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of the property and equipment in 2020 and 2019.

The carrying amount of property and equipment amounted to ₱27.8 million and ₱26.2 million as at December 31, 2020 and 2019, respectively (see Note 5).

Assessing the Impairment of Nonfinancial Assets. The Group determines whether an asset is impaired when indication exists, or when an annual impairment testing for an asset is required. Determining the fair value of these assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial position and financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

Provision for impairment losses on the Group's nonfinancial assets amounted to ₱23.5 million in 2020 and nil 2019 and 2018. Reversal of allowance for impairment losses amounted to ₱3.7 million in 2020 and nil in 2019 and 2018. Allowance for impairment losses on other current assets amounted to ₱3.4 million and ₱7.2 million as at December 31, 2020 and 2019, respectively (see Note 6).

The carrying amounts of nonfinancial assets are as follows:

	Note	2020	2019
Other current assets	6	₱11,151,129	₱7,110,501
Investment properties	4	562,805,383	–
Property and equipment	5	27,786,125	26,164,152
Other noncurrent assets*	6	–	23,477,147

*Excluding financial asset at FVOCI

Assessing the Recoverability of Exploration and Evaluation Assets. The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether the future economic benefits are likely, based on assumptions made and may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in the consolidated statements of comprehensive income in the period when the new information becomes available. The Group reviews the carrying amount of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable values and exceed their fair values.

The Group recognized an impairment loss of ₱232.5 million in 2019 resulting from the reduction of the mining area covered by an EP. In 2020, the MGB denied the Group's application of another EP because of a lacking documentary requirement. Subsequently, the Group filed a MR to reverse the order of denial and requested for an extension of the period to comply with the lacking requirement due to circumstances beyond the Group's control. The recoverability of the exploration and evaluation assets covered by the said EP amounting to ₱214.0 million largely depends on the result of the MGB's ruling on the MR which is still pending as at the date of approval and issuance of these consolidated financial statements.

The carrying amounts of exploration and evaluation assets amounted to ₱231.7 million as at December 31, 2020 and 2019 (see Note 10).

Determining the Retirement Liability. The determination of the obligation and cost for provision for retirement benefits is dependent on the selection of certain assumptions, notwithstanding the simplification in estimating retirement liability; the Group still makes a certain assumption particularly on discount rates and expected salary increase rates as indicated in Note 13. While the Group believes that the assumption is reasonable and appropriate, significant differences in the actual experience or significant changes in the assumption may materially affect the retirement liability.

Retirement liability amounted to ₱10.4 million and ₱9.3 million as at December 31, 2020 and 2019, respectively (see Note 13).

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of NOLCO and excess MCIT is based on the forecasted taxable income of the following reporting period. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The carrying amounts of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized in the future.

The Group's unrecognized deferred tax assets amounted to ₱124.9 million and ₱125.7 million as at December 31, 2020 and 2019, respectively, since management has assessed that there will be no sufficient future taxable income against which these tax benefits can be utilized (see Note 14).

4. Real Estate Properties

The Group, through the Parent Company, has real estate properties comprising a 192-hectare industrial estate in Naga City, Cebu (NCTO) (which properties are covered either only by Deeds of Absolute Sale/Assignment in favor of the Parent Company and/or Tax Declarations and without any certificates of titles in the Parent Company's name) and a 700-hectare land in Leyte (AWT) (covered by Transfer Certificates of Title).

Details are as follows:

	2020	2019
AWT	₱359,257,715	₱359,257,715
NCTO	203,547,668	203,547,668
	₱562,805,383	₱562,805,383

About 82 hectares of the NCTO properties are covered by Tax Declarations and Deeds of Absolute Sale/Assignment in favor of the Parent Company while about 100 hectares are covered by Tax Declarations in the names of the original owners. The remaining 10 hectares are not covered by Deeds of Assignment/Sale. It is to be noted that the Parent Company has maintained actual, open, continuous, exclusive, notorious, and uninterrupted possession of the properties so any person who questions the ownership of the Parent Company over these properties will need to show by preponderance of evidence that they have a greater claim over the Parent Company.

These properties were previously recognized as “Real Estate Projects” when the Parent Company was publicly listed in 1995. The Naga City properties are not yet covered by Transfer Certificates of Title and are not registered in the Parent Company’s name as the title to these properties are still in the names of the assignors or previous owners. The Parent Company has been exercising control and administration over these properties, including the right to dispose the same. The Leyte properties, however, are covered by Transfer Certificates of Title. It is the intention of the Parent Company to dispose of or sell these properties covered by titles, deeds of absolute sale/assignment and tax declarations through outright sales or through joint venture with property developers.

As discussed in Note 1, the SEC approved the change in the Parent Company’s primary purpose from property development and sale of real estate to a holding company on November 23, 2020. The properties were reclassified as “Investment Properties” in 2020.

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

Fair Value

The fair value of land banks located in NCTO and AWT amounted to ₱1,100.0 million and ₱802.1 million, respectively, based on a valuation report by an independent appraiser dated June 13, 2017. The valuation of real estate projects applied the sales comparison approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity and the related market data. These are adjusted for the difference in location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability of the specific property.

This fair value measurement is categorized as Level 3 (significant unobservable input). Management believes that this value is indicative of the fair value of properties covered by titles and tax declarations.

5. Property and Equipment

Details and movements of this account follow:

	2020					Total
	Land	Solar PV system	Transportation Equipment	Furniture, Fixtures and Equipment	Land and Leasehold Improvements	
Cost						
Balance at beginning of year	₱1,045,000	₱19,857,957	₱10,920,120	₱3,181,700	₱13,376,170	₱48,380,947
Additions	–	3,841,173	–	76,088	–	3,917,261
Disposal	–	–	–	–	(5,063,281)	(5,063,281)
Balance at end of year	1,045,000	23,699,130	10,920,120	3,257,788	8,312,889	47,234,927
Accumulated Depreciation and Amortization						
Balances at beginning of year	–	165,483	7,052,439	2,858,849	12,140,024	22,216,795
Depreciation and amortization	–	1,152,947	1,108,214	34,127	–	2,295,288
Disposal	–	–	–	–	(5,063,281)	(5,063,281)
Balances at end of year	–	1,318,430	8,160,653	2,892,976	7,076,743	19,448,802
Carrying Amounts	₱1,045,000	₱22,380,700	₱2,759,467	₱364,812	₱1,236,146	₱27,786,125

	2019						Total
	Land	Solar PV system	Transportation Equipment	Furniture, Fixtures and Equipment	Land and Leasehold Improvements		
Cost							
Balance at beginning of year	₱1,045,000	₱-	₱10,920,120	₱3,181,700	₱13,376,170		₱28,522,990
Additions	-	19,857,957	-	-	-		19,857,957
Balance at end of year	1,045,000	19,857,957	10,920,120	3,181,700	13,376,170		48,380,947
Accumulated Depreciation and Amortization							
Balances at beginning of year	-	-	6,074,355	2,784,215	12,140,024		20,998,594
Depreciation and amortization	-	165,483	978,084	74,634	-		1,218,201
Balances at end of year	-	165,483	7,052,439	2,858,849	12,140,024		22,216,795
Carrying Amounts	₱1,045,000	₱19,692,474	₱3,867,681	₱322,851	₱1,236,146		₱26,164,152

Fully depreciated property and equipment with cost and accumulated depreciation amounting to ₱10.4 million and ₱15.7 million as at December 31, 2020 and 2019, respectively, are still being used in operations.

Depreciation and amortization expense is recognized as follows:

	Note	2020	2019	2018
Direct cost		₱1,152,947	₱165,483	₱-
Operating expenses	11	1,142,341	1,052,718	3,032,157
		₱2,295,288	₱1,218,201	₱3,032,157

Direct cost pertains to the depreciation of solar PV system.

6. Other Assets

Current

This account consists of:

	Note	2020	2019
Input VAT		₱7,214,085	₱6,043,077
Deposits	12	3,937,043	3,735,443
CWT		3,418,129	3,418,129
Advances to a contractor		-	1,067,423
		14,569,257	14,264,072
Less allowance for impairment losses		3,418,128	7,153,571
		₱11,151,129	₱7,110,501

Movements in the allowance for impairment losses are as follows:

	2020	2019	2018
Balance at beginning of year	₱7,153,571	₱8,619,233	₱8,619,233
Reversal of allowance for impairment losses	(3,735,443)	-	-
Write-off	-	(1,465,662)	-
Balance at end of year	₱3,418,128	₱7,153,571	₱8,619,233

In 2020, the Group terminated its lease contract for its previous office space. Security deposits amounting to ₱3.7 million were subsequently collected thus, the related allowance for impairment loss was reversed (see Note 12).

In 2019, the Group wrote-off non-recoverable input VAT amounting to ₱1.5 million.

Noncurrent

This account consists of:

	2020	2019
Financial asset at FVOCI	₱255,250,000	₱255,250,000
Predevelopment costs	23,477,147	23,477,147
	278,727,147	278,727,147
Less allowance for impairment loss on predevelopment costs	23,477,147	—
	₱255,250,000	₱278,727,147

Predevelopment costs pertain mainly to the costs of feasibility studies, permits and payments to technical consultants related to the Group's solar project in Naga, Cebu. The DENR ordered the suspension of the development activities within the solar project's area because of supervening events affecting the area's condition and feasibility. As a result, the Group, through MREN, had to surrender its service contract with the DOE to allow the re-evaluation of the project's technical feasibility and design. The result of the evaluation has been pending since 2018, thus, provision for impairment loss on predevelopment costs was recognized in 2020 (see Note 10).

Financial asset at FVOCI pertains to the 15% investment in the shares of stock of SEPALCO. The related subscription payable is due and demandable.

The Group designated its investment in SEPALCO as financial asset at FVOCI because the Group intends to hold this investment for the long term and for strategic purposes. The Group assessed that the cost of investment is an appropriate estimate of its fair value because there have been no significant developments from the date the investment was acquired that could drive significant change in fair value as at December 31, 2020 and 2019.

No financial asset at FVOCI were disposed of during 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

7. Loans Payable

Bank loan amounting to ₱25.0 million represents unsecured, due and demandable loan from First Metro Investment Corporation (FMIC) with 13% annual interest that has been outstanding since February 1998.

Interest and penalties from this loan consist of:

	2020	2019	2018
Interest	₱3,253,550	₱3,254,301	₱3,246,302
Penalties	12,392,649	14,816,032	17,713,306
	₱15,646,199	₱18,070,333	₱20,959,608

Accrued interest and penalties amounted to ₱395.9 million and ₱380.3 million as at December 31, 2020 and 2019, respectively.

There were no borrowing costs capitalized in 2020 and 2019.

8. Trade and Other Payables

This account consists of:

	2020	2019
Trade	₱10,758,817	₱10,769,539
Retention payable	2,224,091	2,224,091
Accrued:		
Management and professional fees	944,852	1,194,853
Rent	386,794	227,636
Statutory payables	2,064,607	2,060,383
	₱16,379,161	₱16,476,502

Trade payables are noninterest-bearing and payable based on the normal credit terms of the supplier.

Retention payable pertains to the amount retained by the Group from the payable to contractors and is expected to be refundable within one year from the completion of the solar PV system. In February 2021, the Group, through MREN, received a Notice to Terminate from its contractor. As at the date of the approval and issuance of these consolidated financial statements, MREN is in the process of negotiating the terms of the agreement with the contractor (see Note 10).

Accrued expenses are normally settled immediately in the succeeding year.

Statutory payables include withholding taxes and payables to other regulatory agencies to be settled in the subsequent month.

9. Related Party Transactions

The Group, in the normal course of business, has transactions with its related parties.

The following summarizes the related party transactions of the Group and its outstanding balances as at and for the years ended December 31, 2020 and 2019:

	Nature of Transactions	Transactions during the Year		Outstanding Balance	
		2020	2019	2020	2019
Due from:					
Stockholder	Advances for working capital	₱1,942,662	(₱1,196,417)	₱13,106,138	₱11,163,476
Officers	Advances for business purpose	-	(7,800)	384,757	384,757
Less allowance for impairment losses		-	-	(254,445)	(254,445)
				₱13,236,450	₱11,293,788

	Nature of Transactions	Transactions during the Year		Outstanding Balance	
		2020	2019	2020	2019
Due to -					
Ultimate Parent	Advances for working capital	₱25,845,657	₱29,765,336	₱248,319,954	₱222,474,297

Terms and Conditions

Advances to officers are unsecured, noninterest-bearing and are settled through liquidation and salary deduction for a specified period of time.

Outstanding balances from related parties, except for advances to officers, are unsecured, noninterest-bearing, collectible or payable on demand and are settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

No provision for ECL on due from related parties was provided in 2020, 2019 and 2018.

Key Management Personnel

Management and professional fees of key management personnel of the Group amounted to ₱1.1 million in 2020, ₱3.6 million in 2019 and ₱1.5 million in 2018. There were no long-term and post-employment benefits paid or accrued to key management personnel.

10. Significant Agreements

Mines Operating Agreements (MOA)

The Group entered into MOA for gold and copper covering mining areas where Alberto Mining Corporation (AMC) and Pensons Mining Corporation (PMC) have applications for EP or Mineral Production Sharing Agreement (MPSA) with the MGB. These are summarized as follows:

Holder	Date	Location	No. of Hectares as at December 31, 2020	No. of Hectares as at December 31, 2019
AMC	November 8, 2010	Kiblawan, Davao del Sur and Columbio, Sultan Kudarat	7,559.1	7,559.1
	January 7, 2011	Marihatag, Surigao del Sur	3,759.3	3,759.3
PMC	February 4, 2011	Paquibato, Davao City	593.2	593.2
	March 28, 2011	Boston and Cateel, Davao Oriental	4,860.0	4,860.0

Each MOA provides for, among others:

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

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

In consideration for the MOA dated November 8, 2010 (AMC Kiblawan) and February 4, 2011 (PMC Paquibato), MCC, a stockholder, issued 600 million MCC shares each to AMC and PMC in 2011 equivalent to ₱464.3 million.

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

	2020	2019
PMC Paquibato	₱17,749,591	₱250,252,600
AMC Kiblawan	214,000,000	214,000,000
	231,749,591	464,252,600
Less allowance for impairment loss	–	232,503,009
	₱231,749,591	₱231,749,591

Movements in the allowance for impairment loss follow:

	2020	2019
Balance at beginning of year	₱232,503,009	₱–
Impairment loss during the year	–	232,503,009
Write off	(232,503,009)	–
Balance at end of year	₱–	₱232,503,009

As discussed in Note 1, the Group had to recognize an impairment loss of ₱232.5 million in 2019 on its exploration and evaluation assets arising from the reduction of the mining area covered by the EP for PMC Paquibato. These were written off in 2020.

MGB's re-validation of the mining area covered by the Group's application for EP for PMC Paquibato in 2019 determined that a huge portion of the mining area covered by the application falls within the "Areas Closed to Mining Applications" pursuant to the pertinent provisions of the DENR Administrative Order No. 2012-07, implementing rules and regulations of Executive Order No. 79, as amended (the Administrative Order), while certain portions are situated within the Davao City Conservation Area. The mining area applied for by the said EP was reduced from 8,475.60 hectares to 593.19 hectares.

The MGB released an Order of Denial dated September 15, 2020 covering the EP application for AMC Kiblawan because of a failure to comply with a documentary requirement within the specified period. The Group has been persistent in obtaining the required document, however, because of the limitations brought by the mandated lockdown during the Covid-19 pandemic and other circumstances beyond the Group's control, the document was not obtained and submitted within the required period. Pursuant to the MGB's guidelines and procedures, the Group filed a Motion for Reconsideration to reverse the denial and management believes that the MGB's evaluation will yield a favorable result and allow the Group to continue to pursue the said EP application. The recoverability of the exploration and evaluation assets covered by the said EP amounting to ₱214.0 million, however, largely depends on the result of the MGB's ruling on the Motion for Reconsideration which is still pending as at the date this consolidated financial statements. Management and its legal counsel believes that it will get a favorable ruling from MGB on its Motion for Reconsideration and request for an extension of the period to comply with the requirement.

The Parent Company has not yet transferred the 600 million common shares at ₱0.10 par value for the MOA dated March 28, 2011 (PMC Davao Oriental) pending the final determination of the mining areas by PMC. The consideration for the MOA dated January 7, 2011 (AMC Surigao), which was entered into by MRC Surigao, is subject to a separate agreement. As at December 31, 2020 and 2019, the Group is awaiting the lifting of the moratorium on the issuance of new mining permits by the Department of Environment and Natural Resources (DENR) to finalize the terms of the MOA.

The Group continues to pursue its pending applications for EP for the other mine sites which are in the final stage of evaluation by the MGB. The MGB is set to issue letter-notices on the results of the evaluation. The Group's full compliance with the requirements included in these notices are crucial for the approval of the said applications.

Solar Power Projects

- a. In 2018, the Group has entered into agreements to develop, design, construct and install a 550 kWp (550 kWp Project) and 1,100 kWp (1,100 kWp Project) solar PV system for a third party rice miller located in the Northern Luzon area and a mall located in Mindanao, respectively. These agreements were pursued and implemented through MREN.

550 kWp Project

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

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

The agreement provides for, among others:

- Monthly variable service fee, calculated by applying the agreed rate of ₱7.00/per kWh, or distribution utility (DU) rate whichever is lower but subject to floor rate of ₱6.50/per kWh, to the monthly Net Energy Output. The total monthly fee shall be subject to adjustments from daily downtime inclusion and/or other fees due by reason of violation or breach of the agreement.
- Security deposit, in the form of surety bond or cash. Surety bond must be demandable at anytime during the term of this agreement and should be issued by a surety or insurance company duly certified by the Insurance Commission, in the amount of ₱5.0 million. Security deposits in the form of cash shall be deposited and maintained to a specified account to be agreed by the parties. This deposit shall be forfeited in favor of the Company in case of any default by the other party in the terms of the agreement. Security deposit amounted to ₱4.7 million and ₱5.0 million as at December 31, 2020 and 2019, respectively.

Revenues amounted to ₱1.6 million in 2020 and ₱0.3 million in 2019. Outstanding receivables, which are noninterest-bearing and are usually collected within 30 days, amounted to ₱0.1 million as at December 31, 2020 and 2019.

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

On February 21, 2021, MREN received a Notice to Terminate from its contractor for the engineering, procurement and commissioning of the 550 kWp Project. As at the date of the approval and issuance of these consolidated financial statements, MREN is in the process of verifying the grounds for termination and negotiating with the contractor certain terms of the agreement. Payables to the contractor, including trade and retention payables, aggregated ₱13.0 million as at December 31, 2020 (see Note 8).

1,100 kWp Project

On March 1, 2019, MREN re-executed the agreement for the 1,100 kWp solar PV project in a mall located in Mindanao. The project was put on-hold to pending the result of the assessment of the structural integrity of the building which may have been compromised because of recent earthquakes that occurred in the area. The result of the assessment is still pending as at December 31, 2020 and 2019.

- b. The Group, through MREN, had a Solar Energy Service Contract with the DOE for the exclusive right to explore and develop a solar project in Naga, Cebu which is in predevelopment stage. MREN, among others, has to secure the necessary permits and clearances from all relevant government entities for the project. It also has to perform exploration, assessment, field verification, harnessing, piloting and other activities and provide technology and financing in connection with the predevelopment stage.

However, in 2018, the DENR ordered the suspension of the development activities within the solar project's area because of supervening events affecting the condition and feasibility of the area. As a result, the Group had to surrender its service contract with the DOE to allow for the re-evaluation of the project's technical feasibility and design. The result of the DOE's re-evaluation has been pending since 2018, thus, the Company recognized provision for impairment loss on the project's predevelopment costs amounting to ₱23.5 million in 2020 (see Note 6).

11. Operating Expenses

This account consists of:

	Note	2020	2019	2018
Salaries, wages and employee benefits		₱15,019,234	₱20,637,987	₱18,939,661
Rent	12	1,342,201	1,441,490	1,243,229
Management and professional fees		1,341,508	3,865,889	3,783,558
Depreciation and amortization	5	1,142,341	1,052,718	3,032,157
Entertainment, amusement and representation		877,598	1,081,116	2,587,609
Transportation and travel		437,561	981,852	839,197
Taxes and licenses		350,282	314,863	2,666,747
Communication, light and water		330,010	592,713	722,439
Dues and subscriptions		246,521	270,854	336,347
Fuel and oil		221,188	161,375	251,807
Repairs and maintenance		179,959	17,276	63,365
Supplies		61,386	147,951	186,073
Others		1,114,912	1,530,097	3,644,272
		₱22,664,701	₱32,096,181	₱38,296,461

Others represent marketing, insurance, donations, service charges, security services and other miscellaneous expenses.

12. Leases

In 2020, the Group transferred office space. The new lease agreement, dated October 12, 2020, has a term of one year and renewable upon the mutual agreements of the parties. Deposits on lease contract amounted to ₱0.2 million as at December 31, 2020. Security deposits from the previous lease agreement amounting to ₱3.7 million were subsequently collected, thus, the related allowance for impairment loss was reversed in 2020 (see Note 6).

Rent expense charged to "Operating expenses" account amounted to ₱1.3 million in 2020, ₱1.4 million in 2019 and ₱1.2 million in 2018 (see Note 11).

13. Retirement Benefits

The Group has an unfunded, defined benefit retirement plan covering all of its qualified employees.

The latest actuarial valuation is dated December 31, 2017. The Group did not obtain an actuarial valuation as at December 31, 2020 and 2019 because the Group has assessed that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

The components of retirement liability recognized in the consolidated statements of financial position are as follows:

	2020	2019	2018
Balance at beginning of year	₱9,262,997	₱8,222,861	₱7,005,148
Retirement benefits expense:			
Current service cost	794,720	681,795	691,713
Interest cost	306,370	358,341	526,000
Balance at end of year	₱10,364,087	₱9,262,997	₱8,222,861

Retirement benefits expense presented under “Salaries, wages and employee benefits” amounted to ₱1.1 million in 2020, ₱1.0 million in 2019 and ₱1.2 million in 2018 (see Note 11).

The actuarial assumptions used to determine the retirement benefits are as follows:

	2020	2019	2018
Discount rates	3.80%	5.11%	7.51%
Expected rates of salary increase	10.00%	10.00%	10.00%

Sensitivity analysis based on reasonable possible changes of assumptions are as follows:

	Basis Points	2020	2019	2018
Discount rate	+100	(₱2,023,079)	(₱1,805,688)	(₱1,540,134)
	-100	2,540,870	2,266,785	1,914,710
Salary rate	+125	2,357,819	2,133,077	1,847,883
	-125	(1,936,623)	(1,748,051)	(1,521,232)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The weighted average duration of the retirement benefit plan is 17 years in 2020.

The maturity analysis based on a 10-year projection of expected future benefit payments amounted to ₱0.3 million for the financial year 2020.

14. Income Taxes

The Group's provision for current income tax pertains to MCIT in 2020 and 2019.

On November 26, 2020, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill was approved by the Senate of the Philippines. Under the CREATE Bill, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. On March 26, 2021, the CREATE bill was signed into law by the President.

The consensus and guidance under Philippine Interpretations Committee Q&A 2020-07, *Accounting for the Proposed Changes in Income Tax Rates under the CREATE Bill*, considers the circumstance as a non-adjusting event. Accordingly, the income tax rate used in preparing the financial statements as at and for the year ended December 31, 2020 is the tax rate of 30% in determining the provision for current and deferred income tax.

The income tax rates used in preparing the consolidated financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The reconciliation of income tax computed using the statutory tax rate to the provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2020	2019	2018
Income tax benefit computed at statutory tax rate	(₱17,280,828)	(₱84,760,829)	(₱17,776,821)
Change in unrecognized deferred tax assets	(793,212)	66,367,383	(67,027,556)
Tax effects of:			
Expired NOLCO	17,824,628	18,033,489	83,771,625
Nondeductible expenses	258,492	323,459	776,283
Interest income subject to final tax	(89)	(128)	-
Expired excess MCIT over RCIT	-	39,286	256,469
	₱8,991	₱2,660	₱-

The Group did not recognize deferred tax assets amounting to ₱124.9 million and ₱125.7 million as at December 31, 2020 and 2019, respectively, as it is not probable that sufficient taxable income will be available against which the benefit of the deferred tax assets can be utilized.

The components giving rise to unrecognized deferred tax assets are summarized below:

	2020	2019
NOLCO	P111,530,267	P48,834,406
Provision for impairment loss on predevelopment cost	7,043,144	-
Retirement liability	5,232,472	4,902,145
Allowance for impairment losses of current assets	1,025,439	2,146,071
Allowance for uncollectible trade and other receivables	76,334	76,334
Excess MCIT over RCIT	11,651	2,660
Allowance for impairment loss of exploration and evaluation assets	-	69,750,903
	P124,919,307	P125,712,519

The Group's deferred tax liability amounting to P2.1 million as at December 31, 2020 and 2019 pertains to remeasurement gain on retirement liability.

Under the Republic Act No. 11494, also known as "Bayanihan to Recover As One Act" and Revenue Regulations No. 25-2020, the Company is allowed to carry-over its net operating losses incurred for taxable years 2020 and 2021 for the next five (5) years immediately following the year of such loss. Consequently, NOLCO incurred in 2020 amounting to P268.4 million shall be carried over until 2025.

As at December 31, 2020, the Group's NOLCO that can be carried forward and claimed as deduction against the regular taxable income are as follows:

Year Incurred	Amount	Utilized	Expired	Balance	Expiry
2020	P268,401,629	P-	P-	P268,401,629	2025
2019	47,915,178	-	-	47,915,178	2022
2018	55,450,747	-	-	55,450,747	2021
2017	59,415,428	-	59,415,428	-	2020
	P431,182,982	P-	P59,415,428	P371,767,554	

Movements of MCIT are as follows:

Year Incurred	Amount	Utilized	Expired	Balance	Expiry
2020	P8,991	P-	P-	P8,991	2023
2019	2,660	-	-	2,660	2022
	P11,651	P-	P-	P11,651	

PEZA Registration

The Group is an ecozone developer/operator of NCTO and AWT pursuant to Republic Act (RA) No. 7916 as amended by RA No. 8748. As a PEZA-registered developer/operator, the Group is subject to 5% tax on gross income of the PEZA-registered activities in lieu of all national and local taxes. As at December 31, 2020, the Group has no PEZA-registered activities.

15. Basic/Diluted Loss Per Share

The following reflects the net loss and share data used in the basic/dilutive loss per share computations:

	2020	2019	2018
Net loss (a)	(P57,611,751)	(P282,538,756)	(P59,256,069)
Weighted average number of outstanding shares (b)	8,512,658,975	8,512,658,975	8,512,658,975
Basic/diluted loss per share (a/b)	(P0.007)	(P0.033)	(P0.007)

The Group has no dilutive potential common shares in 2020, 2019 and 2018.

16. Financial Risk Management Objectives and Policies

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

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

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

Credit Risk. Credit risk refers to the potential loss arising from any failure by counter parties to fulfill their obligations, as and when they fall due. Credit risk from balances with banks and related parties are managed by the Group's management in accordance with the policies set by the BOD. The Group's maximum exposure of credit risk is equal to the carrying amounts of the financial assets.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements:

	2020	2019
Cash in banks	P1,527,156	P1,086,804
Trade receivables	163,426	112,542
Due from related parties	13,236,450	11,293,788
Total credit risk exposure	P14,927,032	P12,493,134

The tables below show the credit quality and aging analysis of the Group's financial assets as at December 31, 2020 and 2019:

	2020								Total
	Neither Past Due nor Impaired			Past Due but not Impaired				Impaired	
	High Grade	Standard Grade	Substandard Grade	1 - 30 Days	31 - 60 Days	More than 60 Days			
Cash in banks	₱1,527,156	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱1,527,156
Trade receivables	-	163,426	-	-	-	-	-	-	163,426
Due from related parties	-	13,106,138	-	-	-	-	254,445	-	13,360,583
	₱1,527,156	₱13,269,564	₱-	₱-	₱-	₱-	₱254,445	₱-	₱15,051,165

	2019								Total
	Neither Past Due nor Impaired			Past Due but not Impaired				Impaired	
	High Grade	Standard Grade	Substandard Grade	1 - 30 Days	31 - 60 Days	More than 60 Days			
Cash in banks	₱1,086,804	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱1,086,804
Trade receivables	-	112,542	-	-	-	-	-	-	112,542
Due from related parties	-	11,293,788	-	-	-	-	254,445	-	11,548,233
	₱1,086,804	₱11,406,330	₱-	₱-	₱-	₱-	₱254,445	₱-	₱12,747,579

The credit quality of the receivables is managed by the Group using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Financial assets that are still collectible but require persistent effort from the Group to collect are considered substandard grade accounts. Past due but not impaired are items with history of frequent default, nevertheless, the amounts are still collectible. Financial assets that are most likely uncollectible are considered as impaired.

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

Liquidity Risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through availing of loans and advances from related parties. The maturity profile of the Group's financial liabilities as at December 31, 2020 and 2019 based on contractual payments follow:

	Total Carrying Amount	2020 Contractual Undiscounted Payments			
		On Demand	< 1 Year	1 to 5 Years	> 5 Years
Trade and other payables*	₱14,314,554	₱-	₱14,314,554	₱-	₱-
Loans payable	25,000,000	25,000,000	-	-	-
Accrued interest and penalties	395,929,925	395,929,925	-	-	-
Subscription payable	255,250,000	255,250,000	-	-	-
Due to a related party	248,319,954	248,319,954	-	-	-
Security deposit	4,687,500	-	-	4,687,500	-
	₱943,501,933	₱924,499,879	₱14,314,554	₱4,687,500	₱-

*Excluding statutory payables amounting to ₱2,064,607.

	2019				
	Total Carrying Amount	Contractual Undiscounted Payments			
		On Demand	< 1 Year	1 to 5 Years	> 5 Years
Trade and other payables*	₱14,416,119	₱-	₱14,416,119	₱-	₱-
Loans payable	25,000,000	25,000,000	-	-	-
Accrued interest and penalties	380,283,726	380,283,726	-	-	-
Subscription payable	255,250,000	255,250,000	-	-	-
Due to a related party	222,474,297	222,474,297	-	-	-
Security deposit	4,958,333	-	-	4,958,333	-
	₱902,382,475	₱883,008,023	₱14,416,119	₱4,958,333	₱-

*Excluding statutory payables amounting to ₱2,060,383.

Capital Management

The primary objective of the Group's capital management is to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its operations, pay existing obligations and maximize stockholder value. The Group considers the paid-in capital presented in the consolidated statements of financial position as its core capital.

The required minimum authorized capital stock and paid-up capital of a Company engaged in mining industries are ₱100.0 million and ₱6.25 million, respectively.

The Group manages its capital structure and makes adjustments when there are changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from related parties, return capital to stockholders or issue new shares. No changes were made in the objectives, policies and processes in 2020 and 2019.

As discussed in Note 1, the Group is continuously undertaking specific actions to improve operations, including restructuring and settlement of outstanding loans and communication with prospective investors which are part of the Group's policies and processes in managing its capital.

The debt-to-equity ratio as at December 31, 2020 and 2019 are as follows:

	2020	2019
Total liabilities	₱958,062,863	₱915,831,760
Total equity	145,606,397	203,218,148
	6.58:1	4.51:1

17. Fair Value of Financial Assets and Liabilities

Set out below is a comparison by category of carrying amount and fair values of all of the Group's financial assets and liabilities that are carried in the consolidated financial statements as at December 31, 2020 and 2019.

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in banks	₱1,527,156	₱1,527,156	₱1,086,804	₱1,086,804
Trade receivables	163,426	163,426	112,542	112,542
Financial asset at FVOCI	255,250,000	255,250,000	255,250,000	255,250,000
Due from related parties	13,236,450	13,236,450	11,293,788	11,293,788
	₱270,177,032	₱270,177,032	₱267,743,134	₱267,743,134

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Trade and other payables*	₱14,314,554	₱14,314,554	₱14,416,119	₱14,416,119
Due to a related party	248,319,954	248,319,954	222,474,297	222,474,297
Subscription payable	255,250,000	255,250,000	255,250,000	255,250,000
Security deposit	4,687,500	4,687,500	4,958,333	4,958,333
	₱522,572,008	₱522,572,008	₱497,098,749	₱497,098,749

*Excluding statutory payables amounting to ₱2,064,607 and ₱2,060,383 in 2020 and 2019, respectively.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

Cash in banks, Trade Receivables, Trade and Other Payables, and Due to Related Parties. The carrying amounts of cash in banks, trade receivables, trade and other payables (excluding statutory liabilities), and due to related parties, approximate their fair values due to their short-term maturities.

Financial Asset at FVOCI and Subscription Payable. The carrying amounts of receivables from disposal of interest and rental deposits approximate their fair values.

Security Deposit. The fair value of security deposit is based on the discounted value of future cash flows using the applicable rate of 5.0% in 2020 and 2019, respectively

18. Segment Reporting

The Group has three operating segments: (1) development and sale of real estate projects, (2) mining activities and (3) renewable energy.

Operating results of the Group are regularly reviewed by the Group's BOD, to make decisions about resources to be allocated to the segment and to assess its performance. Segment expenses are measured in accordance with PFRS. The presentation and classification of segment expenses are consistent with the consolidated statements of comprehensive income.

The Group has only one geographical segment as all of its assets are located in the Philippines.

Operating segments information as at and for the year ended December 31, 2020 and 2019 are as follows:

	2020				
	Real Estate	Mining	Renewable Energy	Reconciling Items	Total
Net loss	₱11,910,756	₱17,830,101	₱27,870,894	₱-	₱57,611,751
Assets	₱570,984,072	₱378,503,745	₱317,110,793	(₱162,929,350)	₱1,103,669,260
Liabilities	430,693,977	311,974,748	292,853,500	(77,459,362)	958,062,863
Net assets	140,290,095	66,528,997	24,257,293	(85,469,988)	145,606,397
Revenues	3,735,606	-	1,602,495	-	5,338,101
Depreciation and amortization	-	1,142,341	1,152,947	-	2,295,288
Interest expense and penalties	15,646,199	-	-	-	15,646,199
	2019				
	Real Estate	Mining	Renewable Energy	Reconciling Items	Total
Net loss	₱18,070,333	₱232,503,009	₱31,965,414	₱-	₱282,538,756
Assets	₱562,805,383	₱407,430,968	₱305,003,841	(₱156,190,284)	₱1,119,049,908
Liabilities	416,669,968	293,194,593	276,687,495	(70,720,296)	915,831,760
Net assets	146,135,415	114,236,375	28,316,346	(85,469,988)	203,218,148
Revenues	-	-	298,482	-	298,482
Depreciation and amortization	-	1,052,718	165,483	-	1,218,201
Interest expense and penalties	18,070,333	-	-	-	18,070,333



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
MRC Allied, Inc. and Subsidiaries
5/F Eurovilla 4 Bldg.
853 A. Arnaiz Avenue, Makati City

We have audited the accompanying consolidated financial statements of MRC Allied, Inc. and Subsidiaries (the Group), a subsidiary of Menlo Capital Corporation, as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered our report dated March 29, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Group has six hundred twenty four (624) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.

MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1499-AR-1 Group A

Valid until July 17, 2021

BIR Accreditation No. 08-005144-012-2020

Valid until January 1, 2023

PTR No. 8534279

Issued January 5, 2021, Makati City

March 29, 2021
Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
MRC Allied, Inc. and Subsidiaries
5/F Eurovilla 4 Bldg.
853 A. Arnaiz Avenue, Makati City

We have audited in accordance with Philippines Standards on Auditing, the consolidated financial statements of MRC Allied, Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated March 29, 2021. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Schedule of Financial Soundness Indicators
- Conglomerate Map

These schedules are presented for purposes of complying with the Part II of the Revised SRC Rule 68, and are not part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1499-AR-1 Group A

Valid until July 17, 2021

BIR Accreditation No. 08-005144-012-2020

Valid until January 1, 2023

PTR No. 8534279

Issued January 5, 2021, Makati City

March 29, 2021

Makati City, Metro Manila

MRC ALLIED, INC.
(A Subsidiary of Menlo Capital Corporation)
AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Retained earnings, as adjusted to amount available for dividend declaration, at beginning of year	(P648,047,750)
Add: Net loss for the year	(57,611,751)
<u>Retained earnings available for dividend declaration, at end of year</u>	<u>(P705,659,501)</u>

RECONCILIATION:

<u>Retained earnings at end of year as shown in the financial statements</u>	<u>(P705,659,501)</u>
<u>Retained earnings available for dividend declaration, at end of year</u>	<u>(P705,659,501)</u>

MRC ALLIED, INC.
(A Subsidiary of Menlo Capital Corporation)
AND SUBSIDIARIES

OTHER SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2020

Schedule A. Financial Assets

The Group does not have outstanding financial assets (Loans and Receivables, Fair value through Profit or Loss, Held to Maturity Investments, Available for sale Securities) which constitute five percent or more of total current assets as at and for the year ended December 31, 2020.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Stockholders	₱11,163,476	₱1,942,662	₱-	₱-	₱-	₱-	₱13,106,138
Officers	384,757	-	-	-	-	-	384,757

Schedule C. Amounts receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

Included in the consolidation of the Group's financial statements were the following subsidiaries:

Subsidiaries	Date of Incorporation	Nature of Business	% of Ownership
Menlo Renewable Energy Corporation (MREN)	2015	Renewable energy provider	100.00
MRC Tampakan Mining Corporation (MRC Tampakan)	2011	Mining	100.00
MRC Surigao Mines, Inc. (MRC Surigao)	2011	Mining	100.00
Makrubber Corporation (Makrubber)	1990	Processing and export of natural rubber products	100.00

Makrubber has ceased operations in 2011.

MREN has started commercial operations in 2019.

MRC Tampakan and MRC Surigao have not started commercial operations as at 2020.

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Menlo Renewable Energy Corporation (MREN)	₱11,970,004	₱6,825,025	₱-	₱-	₱-	₱18,795,029	₱18,795,029
MRC Tampakan Mining Corporation (MRC Tampakan)	500,000	-	-	-	-	500,000	500,000
MRC Surigao Mines, Inc. (MRC Surigao)	15,814,328	341,560	-	-	-	16,241,388	16,241,388

Schedule D. Long-term Borrowings

The Group has loans payable which is due and demandable amounting to ₱25.0 million as at December 31, 2020.

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

The Group does not have an outstanding long term loans from related parties as at and for the year ended December 31, 2020. The Group has due to a related party which is due and demandable amounting to ₱248.3 million as at December 31, 2020.

Schedule F. Guarantees of Securities of Other Issuers

The Group is not a party to a guaranty agreement for securities of other issuing entities as at and for the year ended December 31, 2020.

Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for captions, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Others
Common shares	15,000,000,000	8,512,658,975	-	4,418,653,722	2,000	4,094,003,253

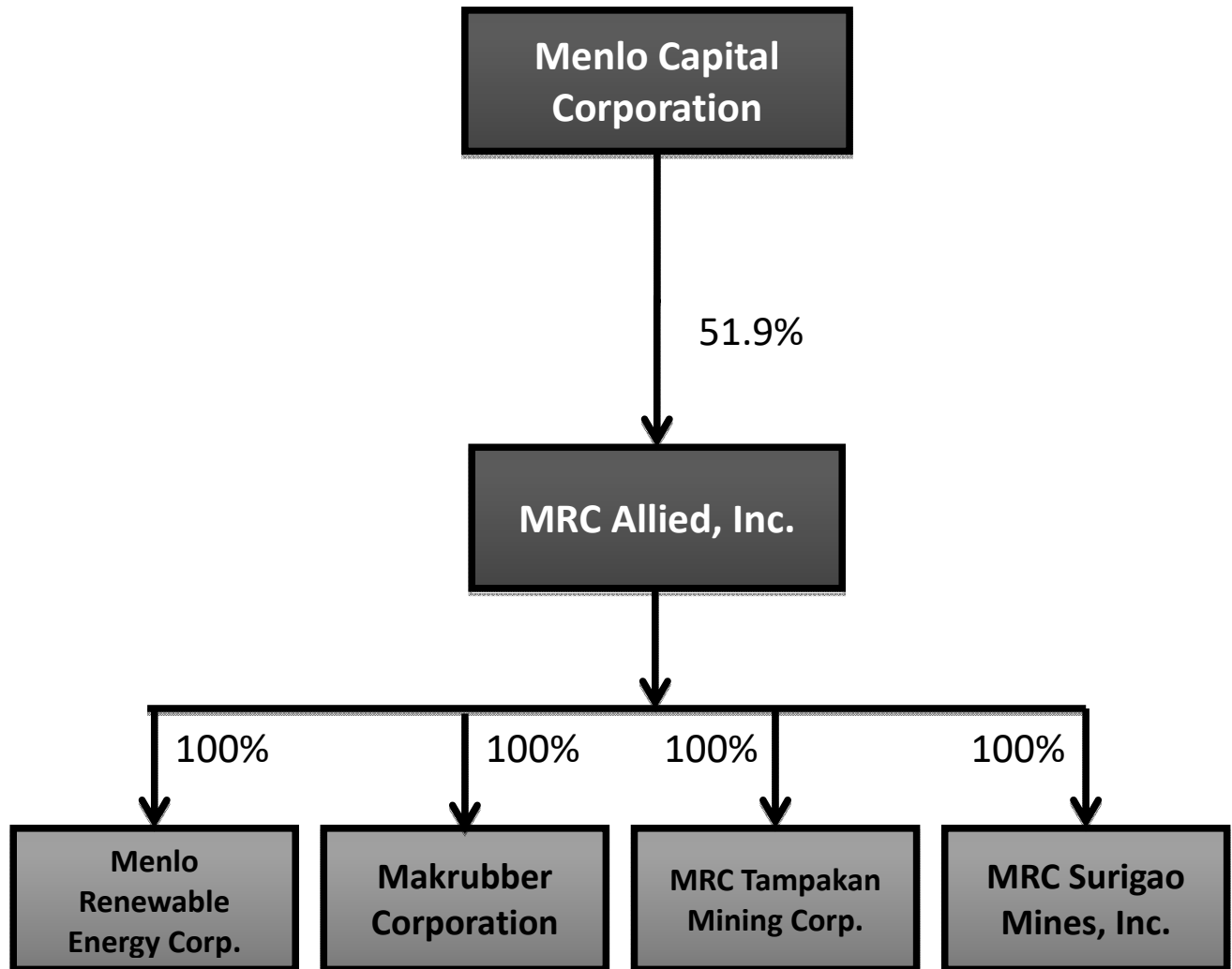
MRC ALLIED, INC.
(A Subsidiary of Menlo Capital Corporation)
AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020

Ratio	Formula	2020	2019
Current/Liquidity Ratio			
	Current assets	₱26,078,161	₱582,409,018
	Divided by: Current liabilities	940,888,031	899,487,185
	Current/Liquidity ratio	0.03:1.00	0.65:1.00
Solvency Ratio			
	Net loss before depreciation and amortization	(55,316,463)	(281,320,555)
	Divided by: Total liabilities	958,062,863	915,831,760
	Solvency ratio	(0.06):1.00	(0.31):1.00
Debt-to-Equity Ratio			
	Total liabilities	₱958,062,863	₱915,831,760
	Divided by: Total equity	145,606,397	203,218,148
	Debt-to-Equity ratio	6.58:1.00	4.51:1.00
Asset-to-Equity Ratio			
	Total assets	₱1,103,669,260	₱1,119,049,908
	Divided by: Total equity	145,606,397	203,218,148
	Asset-to-Equity ratio	7.58:1.00	5.51:1.00
Interest Rate Coverage Ratio			
	Loss before interest and taxes	(₱41,956,561)	(₱264,465,763)
	Divided by: Interest expense	15,646,199	18,070,333
	Interest Rate Coverage ratio	(2.68):1.00	(14.64):1.00
Return on Assets Ratio			
	Net loss	(₱57,611,751)	(₱282,538,756)
	Divided by: Total assets	1,103,669,260	1,119,049,908
	Return on Assets ratio	(0.05):1.00	(0.25):1.00
Return on Equity Ratio			
	Net loss	(₱57,611,751)	(₱282,538,756)
	Divided by: Total equity	145,606,397	203,218,148
	Return on Equity ratio	(0.4):1.00	(1.39):1.00
Net Profit Margin			
	Net loss	(₱57,611,751)	(₱282,538,756)
	Divided by: Revenues	1,602,495	298,482
	Return on Equity ratio	(35.95):1.00	(946.59):1.00

MRC ALLIED, INC.
(A Subsidiary of Menlo Capital Corporation)
AND SUBSIDIARIES

CONGLOMERATE MAP
DECEMBER 31, 2020



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management of MRC Allied, Inc (the "Parent Company") and Subsidiaries (collectively, the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

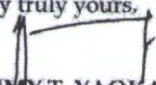
In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

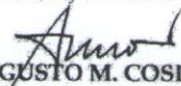
The Board of Directors is responsible in overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

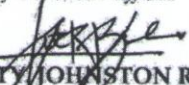
Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Very truly yours,


JIMMY T. YAOKASIN
Chairman of the Board


AUGUSTO M. COSIO JR.
President & Chief Executive Officer


BERNARD B. RABANZO
Chief Financial Officer


ATTY. JOHNSTON R. BRUSOLA
Corporate Secretary

Signed this 29th day of March 2021

06 APR 2021

ABSCRIBED & SWORN TO BEFORE ME THIS

day of March 2021 by the AFFIANT EXHIBITING TO ME HIS

TIN 201-181-548-000 AS PROOF OF IDENTITY

S/F Eurovilla 4 Building, 853 Arnaiz Avenue,
Legazpi Village, Makati City, Metro Manila Tel. No. (02) 846 7910

New Cebu Township One (NCTO), Barangay Cantao-an, Naga, Cebu Tel. No. (052) 222-1232

ATTY. GLADYS N. NARDA

NOTARY PUBLIC FOR MAKATI CITY

COMMISSION NO M-68

EXTENDED UNTIL JUNE 30, 2021 THRU BM NO. 3795

S/F EUROVILLA 4 BLDG 853 A ARNAIZ AVE

LEGASPI VILLAGE MAKATI CITY

MGLE COMPLIANCE NO VI-0016074

PTR No. B543052 / 01.08.2021 / MAKATI CITY

RP No. 150987 / 01.13.2021 LEYTE

ATTORNEY'S ROLL NO. 50978

DOC NO. 526
PAGE NO. 1
BOOK NO. II
SERIES NO. 2021

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**
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. **4th/F, Spirit of Communications Centre 106 Carlos Palanca St. Legazpi Village, Makati City** **1229**
Address of issuer's principal office Postal Code
8. **+632 8846-7910/09173186964/09087380854**
Issuer's telephone number, including area code
9. - _____
Former name, former address and former fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt outstanding
.....
Common Shares	8,512,658,975
.....

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

Yes [X] No []

12. Indicate by check mark whether the registrant:

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 No

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

Yes No

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

See attached.

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

See attached.

PART II—OTHER INFORMATION

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

SIGNATURES

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

MRC ALLIED, INC.

By:



JIMMY T. YAOKASIN
Chairman of the Board
May 11, 2021



AUGUSTO M. COSIO, JR.
President
May 11, 2021



BERNARD B. RABANZO
Chief Admin. And Finance Officer
May 11, 2021



ATTY. JOHNSTON R. BRUSOLA
Corporate Secretary
May 11, 2021

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED MARCH 31, 2021
(With Comparative Figures for December 31, 2020)

	<i>March 31, 2021</i>	<i>2020</i>
	<i>Unaudited</i>	
ASSETS		
Current Assets		
Cash	1,474,993	1,527,156
Trade and other receivables-net	163,426	163,426
Due from related parties	13,438,442	13,236,450
Real estate projects	562,805,383	562,805,383
Other current assets-net	11,211,027	11,151,129
Total Current Assets	589,093,271	588,883,544
Noncurrent Assets		
Property and equipment-net	27,241,230	27,786,125
Exploration and evaluation assets	231,749,591	231,749,591
Other noncurrent assets	255,250,000	255,250,000
Total Noncurrent Assets	514,240,821	514,785,716
TOTAL ASSETS	1,103,334,092	1,103,669,260
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	16,562,242	16,379,161
Loans payable	25,000,000	25,000,000
Accrued interest and penalties	396,742,375	395,929,925
Due to related parties	251,910,605	248,319,954
Subscription payable	255,250,000	255,250,000
Income tax payable	8,991	8,991
Total Current Liabilities	945,474,213	940,888,031
Noncurrent Liability		
Retirement Liability	10,364,087	10,364,087
Security deposit	4,687,500	4,687,500
Deferred tax liability	2,123,245	2,123,245
Total Noncurrent Liabilities	17,174,832	17,174,832
Total Liabilities	962,649,045	958,062,863
Equity (Capital Deficiency)		
Capital Stock-P20 par value		
Authorized shares – 15,000,000,000		
Issued shares – 4,125,000,000	851,265,898	851,265,898
Deficit	(710,580,851)	(705,659,501)
Total Equity	140,685,047	145,606,397
TOTAL LIABILITIES AND EQUITY	1,103,334,092	1,103,669,260

See accompanying Notes to Consolidated Statements

MRC ALLIED, INC. (formerly MRC ALLIED INDUSTRIES, INC.) AND SUBSIDIARIES

Notes to Financial Statements

As of March 31, 2021

1.	Cash in Bank	1,474,993
2.	Real Estate Projects	
	Developed Land for Sale	359,257,715
	Land Under Development	203,547,668
		562,805,383
3.	Other Current Assets	
	Prepaid CWT	3,418,129
	Deposits	3,937,043
	Input Tax	7,273,982
	Allowance for Unrecoverable taxes	(3,418,128)
		11,211,026
4.	Due from Related Parties	
	New Cebu Township One	13,438,442
5.	Property and Equipment	
	Land	1,045,000
	Transportation Equipment	2,482,413
	Furniture, Fixtures and Equipment	346,220
	Land and Lease Improvements	1,236,146
	Solar PV Systems	22,131,451
		27,241,230
6.	Exploration and Evaluation Projects	
	Surigao Mines Inc.	211,749,591
	Tampakan Mines, Inc.	20,000,000
		231,749,591
7.	Bank Loans	
	First Metro Investment Corporation	25,000,000
8.	Accounts Payable and Other Liabilities	
	Accrued Payables	
	Interest and penalties	396,742,375
	Management Fees	944,852
	Rent	386,794
	Project costs	10,758,817
	Statutory Liabilities	2,122,888
	Others	2,357,882
		413,313,608
9.	Due to Related Parties	251,910,605

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2021
(With Comparative Figures for March 31, 2020)

	JANUARY TO MARCH 31, 2021 UNAUDITED	JANUARY TO MARCH 31, 2020 UNAUDITED
REVENUES	335,875	154,673.-
EXPENSES		
Mining Expenses	-	-
Interest	874,950	812,450
General and administrative	4,382,275	6,922,941
Other charges-net	-	-
LOSS BEFORE INCOME TAX	4,921,350	7,580,718
INCOME TAX BENEFIT	-	-
NET LOSS	4,921,350	7,580,718
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS	4,921,350	7,580,718
BASIC/DILLUTED LOSS PER SHARE	0.001	0.001

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2021
(With Comparative Figures for March 31, 2020)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at December 31, 2020	851,265,898	-	(705,659,501)	145,606,397
Total Comprehensive loss for the quarter			(4,921,350)	(4,921,350)
Balances at January to March 31, 2021	851,265,898	-	(710,580,851)	140,685,047
Balances at December 31, 2019	851,265,898	-	(648,047,750)	203,218,148
Total Comprehensive loss for the quarter			(7,580,718)	(7,580,718)
Balances at January to March 31, 2020	851,265,898	-	(655,628,468)	195,637,430

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2021
(With Comparative Figures for March 31, 2020)

	JANUARY TO MARCH 31, 2021 UNAUDITED	JANUARY TO MARCH 31, 2020 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(4,921,350)	(7,580,718)
Adjustment for:		
Interest expense	-	-
Depreciation and amortization	544,895	321,902
Provision for probable losses and impairment		
Operating loss before working capital changes	(4,376,455)	(7,258,816)
Decrease (increase) in:		
Trade and accounts receivable	-	-
Other current assets	(59,898)	(318,645)
Increase (decrease) in:		
Trade and other payables	995,531	776,254
Pension liability	-	
Net cash used in operating activities	(3,440,822)	(6,801,207)
CASH FLOW FROM A FINANCING ACTIVITIES		
Increase in amount due to related parties	3,388,659	6,645,788
NET INCREASE IN CASH	(52,163)	(155,419)
CASH AT BEGINNING OF FIRST QUARTER	1,527,156	1,086,804
CASH AT END OF YEAR	1,474,993	931,385

NON CASH TRANSACTIONS

Advances by related parties for:

Exploration and evaluation costs capitalized

Property and equipment acquisitions

Increase in other noncurrent assets

Settlement of loans

Debt-to-equity conversion

- -

See accompanying Notes to Consolidated Statements.

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements Required under SRC RULE 68.1

Basic and Diluted Earnings per Share (See Attached Income Statement)

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Notes to Financial Statements:

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

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for investment in unquoted securities which are measured at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange for incurring a liability.

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

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

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

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Notes 5 and 18 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

Effective for annual periods beginning on or after January 1, 2020:

Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020 -

Amendments to PFRS 16, *Leases - Covid-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

Annual Improvements to PFRS 2018 to 2020 Cycle:

Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023 -

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

classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Deferred effectivity -

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

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018.

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

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

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

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

Financial Assets and Liabilities -

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

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

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

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

The Group does not have financial assets and liabilities at FVPL and debt instruments designated at FVOCI as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

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

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

As at December 31, 2020 and 2019, the Group’s cash in banks, trade receivables and due from related parties are classified under this category.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

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

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

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

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency

gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income (OCI) are reclassified from equity to profit or loss as a reclassification adjustment.

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

As at December 31, 2020 and 2019, the Group designated its investment in unquoted equity securities as financial asset at FVOCI (see Note 6).

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

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

As at December 31, 2020 and 2019, the Group's trade and other payables (excluding statutory payable), loans payable, accrued interest and penalties, subscription payable, amounts due to a related party, and security deposit are classified under this category (see Notes 7, 8, 9 and 10).

Reclassification

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

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

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

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

Impairment of Financial Assets at Amortized Cost

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

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

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

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

Derecognition of Financial Assets and Liabilities

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

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

the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or the Group has transferred its right to receive cash flows from the financial asset and either

- (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

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

Classification of Financial Instrument between Liability and Equity

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

Deliver cash or another financial asset to another entity;

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

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

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

Real Estate Projects

Real estate projects are valued at the lower of cost or net realizable value (NRV). Expenditures for development and improvements, including interest incurred on loans obtained to finance the development of the land, are capitalized. Capitalization of the interest is suspended for the periods in which there are no active development and improvements. NRV is the fair value in the ordinary course of business less estimated costs to sell.

Other Current Assets

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

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

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

CWT. CWT represent taxes withheld by the Group's customers as required under Philippine taxation laws and regulations. CWT is recognized as asset and will be used to offset against the Group's income tax liability.

Advances to a Contractor. Advances to a contractor pertains to advance payment for purchase of goods and services which are not yet received by or rendered to the Company.

Exploration and Evaluation Assets

Exploration and evaluation assets represent the Group's acquired rights to do exploration and evaluation of certain mining areas. Expenditures for mine exploration work prior to and subsequent to drilling are deferred as incurred. These shall be written-off if the results of the exploration work are determined to be not commercially viable. If the results are commercially viable, the deferred expenditures and the subsequent development cost shall be capitalized and amortized from the start of commercial operations using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Investment Properties

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

Investment properties are initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up.

Transfers are made to investment properties, when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the separate statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

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

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

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

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of each of the property and equipment is estimated based on the period

over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The estimated useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

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

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

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

Other Noncurrent Assets

Other noncurrent assets owned by the Group are assets that are not expected to be realized within the normal operating cycle. These are accounted for at cost less impairment in value.

Predevelopment costs. Predevelopment costs are stated at the amount of cash given up by the Group less impairment in value. The Group capitalizes predevelopment costs if it is probable that such cost will be realized through the ultimate construction of a solar power plant. These also include other costs directly related to the development of the solar power project.

Impairment of Nonfinancial Assets

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

An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is

reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock

Capital stock represents the par value of the issued shares.

Deficit

Deficit represents cumulative balance of the Group's result of operations.

Basic and Diluted Earnings Per Share (EPS) Attributable to the Equity Holders of the Parent

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

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

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

Segment Reporting

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

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

Revenue Recognition

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

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

The following specific recognition criteria must also be met before revenue is recognized.

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

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

Cost and Expenses Recognition

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

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

Operating Expenses. Operating expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense. Interest expense represents the cost of money used in operations. It is recognized as incurred using the effective interest rate method.

Penalties. Penalties represent the cost of money paid for late charges. These are expensed as incurred.

Leases

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

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

Employee Benefits

Short-term Benefits. The Group provides short-term benefits to its employees in the form of basic salary, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

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

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

Remeasurements pertaining to actuarial gains and losses are recognized immediately in OCI and are closed to retained earnings in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

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

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized under OCI and outside profit or loss.

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

Related Party Relationships and Transactions

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

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

Provisions

Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be

required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

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

Events After the Reporting Date

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

MRC ALLIED, INC.

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

2a) Plan of Operation

The Group has incurred a deficit amounting to P=705.7 million and P=648.0 million as at December 31, 2020 and 2019, respectively, because of operating expenses the Group has incurred as it continues to explore and develop potential business ventures.

The Group also recognized provision for impairment loss of P=23.5 million in 2020 on predevelopment costs on a discontinued solar project and P=232.5 million in 2019 on its exploration and evaluation assets resulting from the reduction of a mining area covered by an Exploration Permit (EP) in 2019.

In 2020, the Mines and Geosciences Bureau (MGB) denied the Group's application for an EP for failing to comply with a documentary requirement. The recoverability of the exploration and evaluation assets amounting to P=214.0 million related to the EP largely depends on the result of the MGB's ruling which is still pending as at the date of the consolidated financial statements. Management and its legal counsel, however, believes that it will get a favorable ruling from MGB on its Motion for Reconsideration and request for an extension of the period to comply with the requirement

The Group's land banks located in San Isidro, Leyte with carrying amount of P=359.3 million is subject to a possible government reclamation and subsequent distribution to qualified agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program (CARP). As at December 31, 2020, however, the Group has not received any formal notice or correspondence from the Department of Agrarian Reform (DAR) or other government agencies with regard to the planned distribution.

Moreover, the country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country.

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

The Group's stockholders, however, have continued to provide financial support to sustain Group operations and to meet its maturing obligations. Debt-to-equity conversions of advances from stockholder in 2013 and 2012 and equity restructuring in 2014 and 2013 have reduced the Group deficit. Due to a stockholder has aggregated P=248.3 million and P=222.5 million as at December 31, 2020 and 2019, respectively.

The Group also has potential business ventures in mining and renewable energy. With the Group's conversion to a holding company, it intends to explore new investment opportunities, particularly in technology businesses and digital solutions, to diversify its portfolio and generate revenue to sustain operations over time.

The Company's business development projects are discussed as follows:

a. Clean and Renewable

Energy Solar Power Plant

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

Solar Photovoltaic (PV) System Project

The Parent Company, through MREN, has Memorandum of Agreements for a 550 kilowatt-power (kWp) and 1,100 kWp solar PV rooftop systems for a rice milling plant in Northern Luzon and a mall located in Mindanao, respectively (see Note 10). The 550 kWp solar PV project has started operations in 2019, and was able to generate revenue amounting to P=1.6 million in 2020 and P=0.3 million in 2019.

b. Cybersecurity and Digital Solutions

On December 9, 2020, the Parent Company entered into a Memorandum of Agreement with 5G SECURITY INC. (5GS) as preparation for the Parent Company's acquisition of ownership and control of Kerberos Corporation (Kerberos), a company engaged in the business of providing cybersecurity, electronic security and value-added services. Under the agreement, 5GS undertakes, among others, to assist Kerberos in increasing its authorized capital stock to P=300.0 million. After securing the SEC approval on the said increase in authorized capital stock, the Parent Company undertakes to subscribe up to 250,000,000 shares at P=1.00 par value a share, or equivalent to P=250.0 million, of Kerberos. The details of the subscription, which shall be covered by a separate subscription agreement, is still subject to the final concurrence of the parties but should not result to less than 75% ownership stake in Kerberos. As at December 31, 2020, 5GS is still in the process of complying with the conditions in the agreement.

The ability of the Group to continue as a going concern depends largely on the successful implementation and outcome of the foregoing projects and the continuing financial support of the Group's stockholders.

2b) Financial Condition and Results of Operation as of December 31, 2020

2020 – The company total assets is P1.104 billion and P1.119 billion as at December 31, 2020 and December 31, 2019, respectively. Real estate projects are valued at P359.26 million and P203.55 million for AWT and NCTO, respectively. There were no borrowing costs capitalized as at December 31, 2020 and 2019. The Company, in its normal course of business, has transactions with its related parties. Noninterest bearing cash advances to MCC of ₱13.24 million in December 31, 2020 and P11.29 million in December 31, 2019. In 2020 and 2019, the Company provided allowance for impairment losses amounting to P0.25 million. The Company obtained cash advances from its stockholder for working capital requirements which amounted to P248.32 million and P222.47 million as at December 31, 2020 and 2019, respectively. These advances are due and payable on demand. There were no compensation of key management personnel of the Company in 2020 and 2019. Other current assets amounting to P11.15 million and P7.11 million as at December 31, 2020 and 2020, respectively. Property and equipment amounted to P27.79 million and P26.16 million as at December 31, 2020 and 2019, respectively. Fully depreciated property and equipment with cost and accumulated depreciation amounting to P26.16 million and P7.52 million as at December 31, 2020 and 2019, respectively, are still being used in operations. The carrying amount of exploration and evaluation assets amounted to P231.75 as at December 31, 2020 and 2019, respectively. Other noncurrent assets of P255.25 million as at December 31, 2020 and 2019 is attributable to 15% investment in the shares of stock of SEPALCO

Bank loans of P25.0 million as at December 31, 2020 and 2019, is due and demandable, it represents unsecured loans payable to First Metro Investment Corporation, with 13% annual interest. Trade and Other Payable consists of Accrued Interest and penalties incurred on the outstanding loans amounting to P412.31 million and P396.76 million for 2020 and 2019, respectively. Due to related parties of P248.32 for 2020 and P222.47 million for 2019 are transactions made from a stockholder for working capital advances. Retirement liabilities amounted to P10.36 million for 2020 and P9.26 for 2019, respectively. These are unfunded, defined benefit retirement plan covering all its qualified employees. As a result, the Company's deficit for 2020 is at negative P705.66 million while for 2019, it's a negative P648.05 million.

In terms of profitability, MRC's net loss stood at P57.61 million in 2020 compared to P282.54 million net loss in 2019. The decrease in net loss of P224.93 million are primarily attributable to the impairment loss on exploration and evaluation assets amounting to P232.5 million for the year 2019 and impairment loss on predevelopment cost of P23.48 million.

2c) Comparable Discussion of Interim Period as of 31 March 2021

The Group's aggregate resource stood at P1.103 Billion, while total liabilities and equity amounted to P962.65 Million and P140.68 Million respectively, as of 31 March 2021. Comparing March 31, 2021 against December 2020 level, total resources net decreased by P0.335 million attributed principally on net of accumulated depreciation, due from related parties and other current assets. Total liabilities went up by P4.59 Million in 31 March 2021 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 P140.68 Million in 31 March 2021 as against P145.61 Million in 31 December 2019 due mainly to the general expenses for the first quarter of 2021.

On a quarter to quarter basis, total assets of the Group for the first quarter of 2021 amounted to P1.103 Billion compared to the total assets as of end of first quarter of 2020 were decreased by P15.56 million. The decrease is due to the increase of accumulated depreciation, related parties and other current assets.

Total liabilities of the Group as of first quarter of 2021 increased by P39.40 Million net of P962.65 million this quarter compared to P958.06 million against the same quarter of 2020. This increase was

due to the advances made to stockholders for working capital requirements of its subsidiaries and the accrual of interest on the bank loan and other payables for this quarter of 2021.

MRC ended the first quarter of 2021, with a total net loss of P4.92 Million compared to P7.58 Million in the first quarter of 2020. 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

	2021	2020
Current/liquidity ratio	0.62	0.64
Current Assets	589,093,271	582,572,244
Current liabilities	945,474,213	906,909,227
Solvency ratio	(0.005)	(0.008)
After tax income (loss) less depre	(4,376,455)	(7,258,816)
Total liabilities	962,649,045	923,253,802
Debt-to-equity ratio	6.84	4.72
Total liabilities	962,649,045	923,253,802
Total equity	140,685,047	195,637,430
Asset-to-equity ratio	7.84	5.72
Total assets	1,103,334,092	1,118,891,232
Total equity	140,685,047	195,637,430
Interest rate coverage ratio	(5.62)	(9.33)
Loss before interest and taxes	(4,921,350)	(7,580,718)
Interest expense	874,950	812,450
Profitability ratio		
Return on assets	(0.004)	(0.007)
After tax income	(4,921,350)	(7,580,718)
Total assets	1,103,334,092	1,118,891,232
Return of equity	(0.03)	(0.04)
After tax income	(4,921,350)	(7,580,718)
Total equity	140,685,047	195,637,430

Cash amounted to P1.527 million and P1.087 million as at December 31, 2020 and 2019, respectively. These are high grade receivables.

Due from related parties amounted to P13.11 million and P11.29 million as at December 31, 2020 and 2019, respectively. These are standard grade receivables having risks of default but are still collectible.

MRC Allied, Inc.
Aging of Accounts Receivable
As of March 31, 2021

	Total	1-3 mos	4-6 mos	7 mos to 1 year	1-2 years	3-5 years	Past Due Accts. & Items in Litigation
1) Type of Accounts Receivable:							
a) Trade Receivables	163,426.00			163,426.00		0.00	
Less: Allowance for Doubtful Accounts	(0.00)					(0.00)	
Net Trade Receivables	0.00					0.00	
b) Non-Trade Receivable:							
1. Advances-officers	384,757.00					384,757.00	
	0.00					0.00	
Officers & Employees	384,757					384,757	
Net Receivable	0.00	0.00	0.00	0.00	0.00	0.00	

-Nothing follows-



**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF
MRC ALLIED INC.**

Video Conference through Zoom Application
On 18 September 2020

DIRECTORS PRESENT:

Mr. JIMMY T. YAOKASIN, Chairperson
Mr. AUGUSTO M. COSIO JR., President and CEO
Mr. BERNARD B. RABANZO, Director
Mr. JAMES G. VELASQUEZ, Director
Ms. ALMA F. BUNTUA, Director
Mr. GOPAL SHAM DASWANI, Independent Director
Mr. BERNARDO B. GALANG, Independent Director

I. CALL TO ORDER

The Chairman of the Board, Mr. Jimmy T. Yaokasin, presided over and called the meeting to order at around 9:00 A.M.

II. PROOF OF THE REQUIRED NOTICE OF MEETING & CERTIFICATION OF QUORUM

Upon inquiry by the Chairman, the Corporate Secretary certified that the appropriate notices were sent to all stockholders. As provided by SEC, notice of the ASM was done by publishing in a newspaper of general circulation. The notice for the event was published under the Philippine Star and Manila Standard last August 26 and 27, both print and online. The Corporate Secretary likewise certified that out of the total 8,512,658,975 issued and outstanding common shares, there were 5,810,675,756 common shares present or represented by Stockholders by way of proxies and the said number of shares is equivalent to 68.26% of the total issued and outstanding capital stock of the Corporation. Hence, the Corporate Secretary declared that a quorum was present.

III. APPROVAL OF PREVIOUS MINUTES

In view of the fact that copies of the minutes of the Annual Stockholders' Meeting held last 18 June 2019 have been previously distributed to all stockholders, on a motion made and duly seconded, the Stockholders passed and approved the following resolution:

Stockholders' Resolution No. 1, series of 2020

“**RESOLVED**, that the reading of the minutes of the previous Annual Stockholders' Meeting held last 18 June 2019, be as it is hereby, dispensed with and that the same be, as it is hereby, approved without reading.”

IV. APPROVAL OF THE 2018 AUDITED FINANCIAL STATEMENTS

Upon motion duly made and seconded, the Stockholders passed and approved the following resolution:

Stockholders' Resolution No. 2, series of 2020

“**RESOLVED**, that the Audited Financial Statement for the year 2019 of MRC Allied, Inc., as prepared by its external auditors Reyes-Tacandong & Company, is hereby approved.”

V. PRESIDENT'S REPORT

Mr. Augusto M. Cosio Jr. said that it feels strange to address everyone during the Annual Stockholders Meeting through his screen. That the unique times have shaped and molded the corporate world in a way no one has ever imagined. In the old normal, we could have dressed up for the occasion in one elegant hall greeting each other good morning as we start off the event. However, this time, strange as it is, we were waiting online until everyone logs in and admitted to the portal.

As he has been a President & CEO for a full year, Mr. Augusto M. Cosio Jr. informed everyone that they have been able to commission the pilot project of one of their 100% wholly owned subsidiary MREN. They were able to commission and operationalize the 550kWp Solar PV Rooftop Project in Nueva Ecija, which has been generating power since October 2019 and recorded the first revenue for MRC after a long period of time. They take pride on the project as it is not only a pioneer Solar PV Rooftop for the portfolio, but also a footprint of MRC Allied as an operational RE company in Luzon and are working hard to replicate the same project to some more project owners but has quite been put on hold due to the pandemic. He also informed everyone that the 50MW Solar Operating Plant in Leyte is continuously operating in the Visayas and supplying the Grid with its generated capacity even amidst the pandemic.

Mr. Cosio also said that as the pandemic brought about a paradigm shift in the conduct of business and operations, MRC had to do aggressive business repositioning to build our solid and sustainable strategies for MRC which lead to decision of shifting the Company to become a holding company. He said that this will enable MRC to hold other affiliated companies under its umbrella which will further improve the company's opportunity to generate income, revenues, profits and eventually dividends for our stockholders and that this is the direction they want to go, the path they want to pursue and the strategy they want to follow.

Finally, Mr. Cosio said to MRC's stockholders, "I know we are in a very uncertain time and changing world but as they say, the best way to predict the future, is to create it!"

VI. RATIFICATION AND APPROVAL OF CORPORATE ACTS

After some discussion and upon motion made and duly seconded, the following resolution was duly passed and approved:

Stockholders' Resolution No. 3, series of 2020

"**RESOLVED**, that all acts, proceedings, transactions and agreements, authorized by the Board of Directors and Officers of the Corporation, for and on behalf of the Corporation from the last Stockholders' Meeting to date be approved, confirmed and ratified."

VII. APPROVAL OF THE AMENDMENT OF THE PRIMARY PURPOSE AND SECONDARY PURPOSE

The Chairman requested the Corporate Secretary to read provisions that have been amended and added to the primary and secondary purpose. Ms. Maria May Militante read the amendment on the Primary Purpose and the Corporate Secretary read the amendment on the Secondary Purpose. The following was read:

PRIMARY PURPOSE

To carry on the business of a holding company and for that purpose either in the name of the said corporation or in the name of any other corporation, purchase or otherwise acquire and own, hold, use, develop, subdivide, manage, operate, lease, lease out, sell assign, transfer, mortgage, pledge, exchange otherwise dispose of real property and personal property or business of every kind and description, and, while the owner or the holder of such real or 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, any real or personal property or business at any time held or controlled by this corporation or in which it may be interested.

SECONDARY PURPOSES

6. To enter into, make, perform and carry out contracts of every sort and kind with any person, firm, association, corporation whether private, public or municipal or body government or politic, domestic or foreign.
7. To prepare project studies, market reports, business evaluation studies, and to provide management counsel for business enterprises, non-profit organizations, and foundations, government agencies and corporations, international organizations and other entitie
11. To borrow or raise money in such manner as the company shall think fit by the issuance of bonds, promissory notes, and other evidences of indebtedness and to secure the repayment thereof by mortgage, pledge, deed of trust, and charge of lien upon the whole or any part of the properties of the corporation or owns an interest in a corporation, directly or indirectly, domestic or foreign

12. To act as guarantor or co-obligor or assume any obligation of any person or corporation or entities in which this corporation may have an interest directly or indirectly, without necessarily engaging in the surety business, and to allow the shares of stock or property of this corporation, whether real or personal, to be used as collateral to secure any such obligations
13. To manage, operate, administer, supervise, participate in and otherwise to take part in, aid, promote, and assist, financially or otherwise, in any legal manner, any body politic, corporation, association, partnership, firm, syndicate, combination, organization, or other entity except the management of funds, investments, portfolio, and similar assets of said entities.
15. To do any act designed to protect, preserve, improve, or enhance the value of, or otherwise, develop, any real or personal property or business at any time held or controlled by this corporation or in which it may be interested, whether domestic or foreign.

VIII. ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

As disclosed in the SEC Form 20-IS, the following were nominated and consequently duly elected as members of the Board of Directors of the Corporation to serve as such until the next stockholders meeting or until their successors shall have been duly elected and qualified:

A. For Regular Directors:

- (1) Mr. Jimmy T. Yaokasin
- (2) Mr. Augusto M. Cosio Jr.
- (3) Mr. Bernard B. Rabanzo
- (4) Mr. James G. Velasquez
- (5) Ms. Alma F. Buntua

B. For Independent Directors:

- (1) Mr. Gopal Sham Daswani
- (2) Mr. Bernardo B. Galang

IX. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman said that Management is recommending to the stockholders the reappointment of the firm Reyes Tacandong & Co. as the external auditor of the Corporation for the year 2019. Upon motion made and seconded, the Stockholders passed and approved the following resolution:

Stockholders' Resolution No. 4, series of 2020

"RESOLVED, that the accounting firm of Reyes Tacandong & Company be reappointed as external auditor of the Corporation for the year 2020."

X. OTHER MATTERS/ADJOURNMENT

On motion made and duly seconded, there being no other matters discussed, the meeting was adjourned at around 10:00 A.M.

XI. OPEN FORUM

Upon adjournment, Miss Militante opened the floor for questions.

A question was sent in the chat box in the zoom application asking if the company would be supplying dolomite sand in the beatification of Manila Bay to which Mr. Cosio answered in the negative.

The next question was, considering the negative retained earnings, is the company on a going concern. Mr. Cosio answered in the positive but stated that the Company is receiving support from its shareholders.

The next question was about energy. "The DOE announced that they will be preparing to award for first green energy supplier permit. Does MRC have any participation or involvement for this"? Mr. Cosio relayed that as of the moment, there is none but the company is getting ready to participate in renewable energy opportunities. The Company currently has pipeline for energy projects.

Another question was is there a future in solar energy. Mr. Cosio then said that from literature of developed countries, solar panels has become more efficient and the Company will look into it more closely.

Another question was, is there a plan to make MRC a holding company and give dividend. Mr. Cosio said that as a holding company, they will be able to invest in other industries. As of the moment, the Company's biggest asset is real estate. During this time of pandemic, it is hard to convert earning during this time of pandemic. However, there are certain industries that are likely to benefit from the new normal and these are the industries the Company is looking in to and renewable energy is part of it.

The next question was, what companies will be part of MRC as a holding company and is PT&T one of them. Mr. Cosio said that the Company is still thinking of what companies to invest into and the Company's ability to acquire them and enter to such industry.

The next question was is MRC to become a holding company. Mr. Cosio informed the questioner that it is exactly the reason why the Company is holding the ASM, to become a holding company. If the resolution is approved, then the

Company will proceed with registration with the SEC and amend the Articles of Corporation. Follow-up question, if yes, do you have the date of transition. Mr. Cosio then said that it is a matter of SEC approval. There is an administrative process that the Company need to go through.

The next question was is there any foreign investors joining MRC. Mr. Cosio said that if they check PSE, they will see foreign investors that bought MRC shares.

Another question was what is the company's plan on the landbank and mining assets. Are there any time table on developing the landbank and mining assets? Mr. Cosio said that mining industry has been put on hold because of the suspension of the MPSA. Once it has been lifted, the Company can activate the MPSA. As for the landbanks, the Company is looking for partners in developing them.

The last question was, is Rappler going to be part of MRC. Mr. Cosio said that as of the moment, there is no formal decision. The Company needs to talk to Rappler if there is any possibility.

Certified Correct:



ATTY. JOHNSTON R. BRUSOLA
Corporate Secretary