

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

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(Contact Person)

846-7910

(Company Telephone Number)

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3	1
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Month *Day*
(Fiscal Year)

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(Form Type)

Month *Day*
(Annual Meeting)

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(Secondary License Type, If Applicable)

--

Dept. Requiring this Doc.

Amended Articles Number/Section

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Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2015

2. Commission identification number 184228 3. BIR Tax Identification No 000-275-291

.....
4. Exact name of issuer as specified in its charter

MRC ALLIED, INC.

5. Province, country or other jurisdiction of incorporation or organization

Philippines

6. Industry Classification Code: (SEC Use Only)

.....
7. Address of issuer's principal office

Postal Code

5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City 1223

8. Issuer's telephone number, including area code

846-7910

MRC ALLIED INDUSTRIES, INC.

9. Former name, former address and former fiscal year, if changed since last report

6th Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas, Legaspi Village, Makati City

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 [] No [X]

12. Indicate by check mark whether the registrant:

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

Yes ☒ 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:



BENJAMIN M. BITANGA
President & Chairman of the Board
April 28, 2015



CHERRIE MARIE B. LACSI
Treasurer
April 28, 2015



BERNARD B. RABANZO
PSE Compliance Officer
April 28, 2015



FEDERICO P. PRIETO
In-House Legal Counsel
April 28, 2015

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED MARCH 31, 2015
(With Comparative Figures for December 31, 2014)

March 31, 2015
UNAUDITED

2014

ASSETS		
Current Assets		
Cash	115,305	115,083
Trade and other receivables-net	694,239	306,665
Due from related parties	12,584,032	12,584,032
Real estate projects	562,805,383	562,805,383
Other current assets-net	1,239,060	1,040,953
Total Current Assets	577,438,019	576,852,116
Noncurrent Assets		
Property and equipment-net	16,394,600	16,927,987
Exploration and evaluation assets	464,252,600	464,252,600
Other noncurrent assets	2,500,000	2,500,000
Total Noncurrent Assets	483,147,200	483,680,587
TOTAL ASSETS	1,060,585,219	1,060,532,703
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	25,707,812	25,707,812
Trade and other payables	284,677,833	283,840,491
Due to related parties	37,983,863	29,313,685
Income tax payable	-	-
Total Current Liabilities	348,369,508	338,861,988
Noncurrent Liability		
Pension liability	9,003,180	9,003,180
Bank loans-net of current	-	-
Total Noncurrent Liabilities	9,003,180	9,003,180
Total Liabilities	357,372,688	347,865,168
Equity (Capital Deficiency)		
Capital stock-P0.10 par value		
Authorized shares-15,000,000,000		
Issued shares-8,512,658,975	851,265,898	851,265,898
Additional paid-in capital	-	-
Deficit	(208,652,463)	(138,598,363)
Total Equity	(749,031,480)	712,667,535
TOTAL LIABILITIES AND EQUITY	1,061,782,919	1,060,532,703

See accompanying Notes to Consolidated Statements

MRC ALLIED, INC. (formerly MRC ALLIED INDUSTRIES, INC.) AND SUBSIDIARY
Notes to Financial Statements
As of March 31, 2015

1	Cash	
	Bank of Commerce	115,305
2	Accounts Receivable consists of:	
	Trade Receivables	66,405,978
	Advances to:	
	Suppliers	13,203,767
	Officers & Employees	1,320,571
	Others	1,654,241
		82,584,557
	Less: Allowance for Doubtful Accounts	(81,890,318)
		694,239
3	Real Estate Projects	
	Developed Land for Sale	359,257,715
	Land Under Development	203,547,668
		562,805,383
4	Due from related parties	
	New Cebu Township One	12,584,032
5	Property and equipment	
	Land	1,045,000
	Transportation equipment	10,918,223
	Furniture, Fixtures and Equipment	20,067
	Gold processing plant & tunnels	4,411,310
		16,394,600
6	Exploration and evaluation assets	
	Surigao Mines, Inc.	444,252,600
	Tampakan Mines, Inc.	20,000,000
		464,252,600
7	Bank Loans	
	First Metro Investment Corporation	25,707,812
8	Accounts Payable and Other Liabilities	
	Accounts Payable	506,689
	Accrued	
	Interest & Penalties	271,276,054
	Project Costs	9,619,346
	Salaries & Benefits	3,111,281
		-
	Output VAT Payable	
	Others	164,463
		284,677,833
9	Due to related parties	
	Advances From Stockholders	37,983,863

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2015
(With Comparative Figures for March 31, 2014)

	JANUARY TO MARCH 31, 2015 UNAUDITED	JANUARY TO MARCH 31, 2014 UNAUDITED
EXPENSES		
Mining Expenses	-	-
Interest	812,450	812,450
General and administrative	8,642,782	5,601,888
Other charges-net	-	-
LOSS BEFORE INCOME TAX	9,455,232	6,414,338
INCOME TAX BENEFIT	57	-
NET LOSS	9,455,289	6,414,338
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS	9,455,289	6,414,338
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, 2015
(With Comparative Figures for March 31, 2014)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at December 31, 2014	851,265,898	-	(138,598,078)	712,667,820
Total Comprehensive loss for the quarter			(9,455,289)	(9,455,289)
Balances at March 31, 2015	851,265,898	-	(148,053,367)	703,212,531

Balances at December 31, 2013	851,265,898	106,418,045	(202,238,125)	755,445,818
Total Comprehensive loss for the quarter			(6,414,338)	(6,414,338)
Balances at March 31, 2014	851,265,898	106,418,045	(208,652,463)	(749,031,480)

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2015
(With Comparative Figures for March 31, 2014)

	JANUARY TO MARCH 31, 2015 UNAUDITED	JANUARY TO MARCH 31, 2014 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(9,455,289)	(6,414,338)
Adjustment for:		
Interest expense	285	-
Depreciation and amortization	533,387	1,541,534
Provision for probable losses and impairment		
Operating loss before working capital changes	(8,921,617)	(4,872,804)
Decrease (increase) in:		
Trade and accounts receivable	(387,574)	(1,087,779)
Other current assets	(198,107)	(138,180)
Increase (decrease) in:		
Trade and other payables	837,342	811,833
Pension liability	-	
Net cash used in operating activities	(8,669,956)	(5,286,930)
CASH FLOW FROM A FINANCING ACTIVITIES		
Increase in amount due to related parties	8,670,178	5,238,396
NET INCREASE IN CASH	222	(48,534)
CASH AT BEGINNING OF FIRST QUARTER	115,083	156,046
CASH AT END OF YEAR	115,305	107,512

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

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

Notes to Financial Statements:

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

a.1 Adoption of New and Revised PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretation from IFRIC which the company adopted effective January 1, 2014:

- Amendments to PAS 32, *Financial Instruments: Recognition – Offsetting Financial Assets and Financial Liabilities*
- Amendments to PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*

New and Revised PFRS Not Yet Adopted

- Amendment to PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*
- Amendments to PAS 19, *Employee Benefits – Defined Benefits Plans: Employee Contributions*
- Amendments to PAS 24, *Related Party Disclosures – Key Management Personnel*
- Amendments to PFRS 13, *Fair Value Measurement – Short – Term Receivables and Payables*
- PFRS 9, *Financial Instrument: Classification and Measurement*

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

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

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

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

- a. There is no significant seasonality or cycle of interim operations.
- b. Material events subsequent to the end of the interim includes the application of the following: (i) On January 14, 2014 the SEC approved the Company's further equity restructuring by applying additional paid-in capital of P281.9 million to wipe out the remaining deficit.

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

MRC ALLIED, INC.

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

2a) Plan of Operation

The Company has incurred a deficit mainly because of losses from operations. However, because of the debt-to-equity conversion in 2013 and 2012 and the equity restructuring in 2014 and 2013, it has reduced its deficit to P136.8 million which resulted to a positive equity of P712.7 million as at December 31, 2014.

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

Real Estate

The Company has two land banks consisting of 160 hectare industrial estate in Naga City, Cebu known as the New Cebu Township One (NCTO) and 700 hectares of raw land in San Isidro Municipality, Leyte known as Amihan Woodlands Township (AWT). The NCTO comprises of parcels of land that is registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal, the properties, the properties have a fair market value of P1.5 billion. The Company is selling portion of this properties.

Solar Power Plant

The Company plans to develop in NCTO at least 50 megawatt solar power plant that can either supply electricity to the Visayas grid and/or offer its production to large power consumers within and around Naga City, Cebu. Management is currently negotiating with several interested local and foreign entities concerning the solar project. The renewable energy venture of the Company will be subjected to the approval by the stockholders.

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:

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

Exploration and evaluation assets recognized in the consolidated statements of financial position amounted to nil and P464.3 million as at December 31, 2014 and 2013, respectively. These comprised of P600.0 million shares of consideration paid to AMC and PMC equivalent to P444.0 million and P20.0 million paid for the reimbursement of costs on pre-exploration activities.

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

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

2b) Financial Condition and Results of Operation as of December 31, 2014

2014-The Company's total assets as of 31 December 2014 was registered at P576.85 million, while its total liabilities and equity amounted to P357.37 million and P703.21 million, respectively. Total assets increase of P5.15 million compared to last year's P571.70 million is due to advances from related parties and other current assets. Accounts payable and other current liabilities of P338.86 million went up by P41.01 million because of the advances made from related parties for the company's operation amounting to P29.31 million in 2014 from P10.16 million in 2013; and the accrual of interest on the bank loan and other payables in the amount of P261.97 million in 2013 to P283.34 million in 2014. We recorded P1.22 million in Pension liability for 2014, thus the increase.

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

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

2c) Comparable Discussion of Interim Period as of 31 March 2015

The Group's aggregate resource stood at P1.060 Billion, while total liabilities and equity amounted to P357.37 Million and P703.21 Million respectively, as of 31 March 2015. Comparing March 31, 2015 against December 2014 level, total resources net increased by P0.59 million attributed principally for the adjustments on accumulated depreciation and advances of subsidiaries and affiliates. Total liabilities went up by P9.51 Million from P6.4 million in 31 March 2014 due to the following: (i) accrual of interest and penalties of the existing bank loans and the additional advances from Menlo Capital Corporation 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 P703.21 Million in 31 March 2015 as against of P712.67 Million in 31 December 2014 due mainly to the general expenses for the first quarter of 2015.

On a quarter to quarter basis, total assets of the Group for the first quarter of 2015 amounted to P1.061 Billion compared to the total assets as of end of first quarter of 2014 were the same.

Total liabilities of the Group as of first quarter of 2015 increased by P9.5 Million net of P357.37 Billion compared to P312.75 Billion this quarter against the same quarter of 2014. These were mainly the total of general and administrative expenses for this quarter of 2015.

MRC ended the first quarter of 2015, with a total net loss of P9.5 Million compared to P6.4 Million in the first quarter of 2014. 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

	2015	2014
Current/liquidity ratio	1.66	1.88
Current Assets	577,438,019	573,243,220
Current liabilities	348,369,508	304,264,602
Solvency ratio	0.026	0.020

After tax income (loss) less dep	9,455,289	6,414,338
Total liabilities	357,372,688	312,751,439
Debt-to-equity ratio	0.51	(0.41)
Total liabilities	357,372,688	312,751,439
Total equity	703,212,531	(749,031,480)
Asset-to-equity ratio	1.51	(1.41)
Total assets	1,060,585,219	1,061,782,919
Total equity	703,212,531	(749,031,480)
Interest rate coverage ratio	10.64	7.89
Loss before interest and taxes	8,642,782	6,414,338
Interest expense	812,450	812,450
Profitability ratio		
Return on assets	0.009	0.006
After tax income	9,455,289	6,414,338
Total assets	1,060,585,219	1,061,782,919
Return of equity	0.013	0.008
After tax income	9,455,289	6,414,338
Total equity	703,212,531	(749,031,480)

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.
- ii. There are no events that will trigger any direct or contingent financial obligation that is material to the Group or any default or acceleration of an obligation for the period.
- (3) i. 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

- i. Trade and other receivables – The increase from P0.306 Million to P0.694 Million was due to the advances to related parties and interest on bank loan.
- ii. Due to Related Parties – The increase from P29.31 Million in 2014 to P37.98 Million in 2015 was due to the additional advances made from Menlo Capital Corporation to support the daily general expenses of the Company.

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

a. The financial risk exposures of MRC Allied and its Subsidiary particular on currency, interest, credit, market and liquidity risks would not materially affect the financial condition and results of operation of the Company. The SEC approved on January 14, 2014 the Company's further equity restructuring by applying additional paid-in capital of P281.9 million against its remaining deficit.

b. The major asset of the Company consists mainly of its real estate projects with book value amounting to P562.80 Million – developed land for sale of P247.09 Million and land under development of P359.26 Million.

MRC Allied, Inc.

Aging of Accounts Receivable

As of March 31, 2015

	Total	1-3 mos	4-6 mos	7 mos to 1 year	1-2 years	3-5 years	Past Due Accts. & Items in Litigation
1) Type of Accounts Receivable:							
a) Trade Receivables	66,405,978.00					66,405,978.00	
Less: Allowance for Doubtful Accounts	(66,405,978.00)					(66,405,978.00)	
Net Trade Receivables	0.00					66,405,978.00	
b) Non- Trade Receivable:							
1. Advances							
Suppliers	13,203,767.00					13,203,767.00	
Officers & Employees	1,320,571.00					1,320,571.00	
2. Others	1,654,241.00					1,654,241.00	
Less: Allowance for Doubtful Accounts	(15,484,340.00)					(15,484,340.00)	
Net Non-Trade Receivables	694,239	0.00	0.00	0.00	0.00	694,239	
Net Receivable	694,239	0.00	0.00	0.00	0.00	694,239	

-Nothing follows-