

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

BERNARD B. RABANZO

(Contact Person)

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3	0
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Month Day
(Fiscal Year)

	1	7	-	Q
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(Form Type)

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Month Day
(Annual Meeting)

846-7910

(Company Telephone Number)

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(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Total No. of Stockholders

--

Amended Articles Number/Section

Total Amount of Borrowings

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 September 30, 2019
2. SEC identification number 184228 3. BIR Tax Identification No 000-275-291-000
4. Exact name of issuer as specified in its charter MRC ALLIED, INC.
5. Makati City, Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. 5th Floor, Eurovilla 4 Building, 853 A. Arnaiz Avenue, Makati City 1229
Address of issuer's principal office Postal Code
8. +632 846-7910
Issuer's telephone number, including area code
9. MRC ALLIED INDUSTRIES, INC.
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt outstanding
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Common Shares	8,512,658,975
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11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes ☒ No ☐

12. Indicate by check mark whether the registrant:

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

Yes [X] No []

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

Yes [X] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

See attached.

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

See attached.

PART II--OTHER INFORMATION

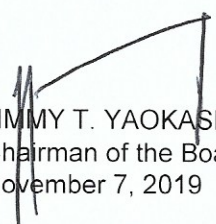
The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such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

SIGNATURES

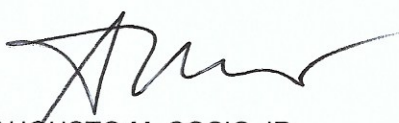
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MRC ALLIED, INC.

By:



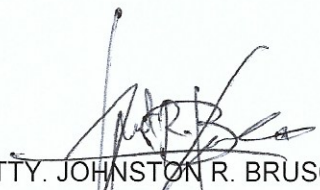
JIMMY T. YAOKASIN
Chairman of the Board
November 7, 2019



AUGUSTO M. COSIO JR.
President
November 7, 2019



BERNARD B. RABANZO
Treasurer
November 7, 2019



ATTY. JOHNSTON R. BRUSOLA
Corporate Secretary
November 7, 2019

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(With Comparative Figures for December 31, 2018)

	September 30, 2019 UNAUDITED	2018
ASSETS		
Current Assets		
Cash	1,238,575	798,779
Due from related parties	13,061,673	12,498,005
Real estate projects	562,805,383	562,805,383
Other current assets-net	5,935,889	5,025,728
Total Current Assets	583,041,520	581,127,895
Noncurrent Assets		
Property and equipment-net	5,279,952	7,524,396
Exploration and evaluation assets	464,252,600	464,252,600
Other noncurrent assets	281,227,146	281,227,146
Total Noncurrent Assets	750,759,698	753,004,143
TOTAL ASSETS	1,333,801,218	1,334,132,038
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	25,000,000	25,000,000
Trade and other payables	364,650,743	362,213,393
Due to related parties	215,909,153	192,708,961
Subscription payable	255,250,000	255,250,000
Statutory and other payables	2,902,398	2,856,674
Total Current Liabilities	863,712,294	838,029,028
Noncurrent Liability		
Pension liability	8,222,861	8,222,861
Deferred Tax Liability	2,123,245	2,123,245
Total Noncurrent Liabilities	10,346,106	10,346,106
Total Liabilities	874,058,400	848,375,134
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	(391,523,079)	(365,508,994)
Total Equity	459,742,818	485,756,904
TOTAL LIABILITIES AND EQUITY	1,333,801,218	1,334,132,038

See accompanying Notes to Consolidated Statements

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

Notes to Financial Statements

As of September 30, 2019

1	Cash	<u><u>1,238,575</u></u>
2	Real Estate Projects	
	Developed Land for Sale	359,257,715
	Land Under Development	<u>203,547,668</u>
		<u><u>562,805,383</u></u>
3	Due from related parties	
	New Cebu Township One	<u><u>12,676,916</u></u>
4	Property and equipment	
	Land	1,045,000
	Transportation equipment	4,014,604
	Furniture, Fixtures and Equipment	220,348
	Land and Lease Improvements	-
	Gold processing plant & tunnels	<u>-</u>
		<u><u>5,279,952</u></u>
5	Exploration and evaluation assets	
	Surigao Mines, Inc.	444,252,600
	Tampakan Mines, Inc.	<u>20,000,000</u>
		<u><u>464,252,600</u></u>
6	Bank Loans	
	First Metro Investment Corporation	<u><u>25,000,000</u></u>
7	Accounts Payable and Other Liabilities	
	Accounts Payable	-
	Accrued	
	Interest & Penalties	364,650,743
	Project Costs	679,989
	Statutory Liabilities	255,037
	Others	<u>1,967,371</u>
		<u><u>367,553,140</u></u>
8	Due to related parties	
	Advances From Stockholders	215,909,153
	Subscription Payable	<u>255,250,000</u>
		<u><u>471,159,153</u></u>

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(With Comparative Figures for September 30, 2018)

	JANUARY TO SEPTEMBER 30, 2019 UNAUDITED	JANUARY TO SEPTEMBER 30, 2018 UNAUDITED
EXPENSES		
Mining Expenses	-	-
Interest	2,437,350	2,437,350
General and administrative	23,576,735	23,702,888
Other charges-net	-	-
LOSS BEFORE INCOME TAX	26,014,085	26,140,238
INCOME TAX BENEFIT	-	-
NET LOSS	26,014,085	26,140,238
OTHER COMPREHENSIVE INCOME	-	(30,000)
TOTAL COMPREHENSIVE LOSS	26,014,085	26,110,238
BASIC/DILLUTED LOSS PER SHARE	0.003	0.003

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(With Comparative Figures for September 30, 2018)

	JULY TO SEPTEMBER 30, 2019	JULY TO SEPTEMBER 30, 2018
	UNAUDITED	UNAUDITED
EXPENSES		
Mining Expenses	-	-
Interest	812,450	812,450
General and administrative	5,660,176	6,313,419
Other charges-net	-	-
LOSS BEFORE INCOME TAX	6,472,626	7,125,869
INCOME TAX BENEFIT	-	-
NET LOSS	6,472,626	7,125,869
OTHER COMPREHENSIVE INCOME	-	(30,000)
TOTAL COMPREHENSIVE LOSS	6,472,626	7,095,869
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 PERIOD ENDED SEPTEMBER 30, 2019
(With Comparative Figures for September 30, 2018)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at December 31, 2018	851,265,898	-	(365,508,994)	485,756,904
Total Comprehensive loss for the year			(26,041,085)	(26,041,085)
Balances at January to September 30, 2019	851,265,898	-	(391,523,078)	459,742,820

Balances at December 31, 2017	851,265,898	-	(306,252,925)	545,012,973
Total Comprehensive loss for the year			(26,110,238)	(26,110,238)
Balances at January to September 30, 2018	851,265,898	-	(332,363,162)	518,902,736

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(With Comparative Figures for September 30, 2018)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at June 30, 2019	851,265,898	-	(385,050,452)	466,215,446
Total Comprehensive loss for the quarter			(6,472,626)	(6,472,626)
Balances at September 30, 2019	851,265,898	-	(391,523,078)	459,742,820
Balances at June 30, 2018	851,265,898	-	(325,267,294)	525,998,604
Total Comprehensive loss for the quarter			(7,125,869)	(7,125,869)
Balances at September 30, 2018	851,265,898	-	(332,393,162)	518,872,736

See accompanying Notes to Consolidated Statements.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019
(With Comparative Figures for September 30, 2018)

	JANUARY TO SEPTEMBER 30, 2019 UNAUDITED	JANUARY TO SEPTEMBER 30, 2018 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(26,014,085)	(26,140,238)
Adjustment for:		
Interest expense	-	-
Depreciation and amortization	2,244,444	2,545,766
Provision for probable losses and impairment		
Operating loss before working capital changes	(23,769,641)	(23,594,472)
Decrease (increase) in:		
Trade and accounts receivable	-	275,440
Other current assets	(910,161)	(595,460)
Increase (decrease) in:		
Trade and other payables	2,483,074	2,206,343
Pension liability	-	
Net cash used in operating activities	(22,196,728)	(21,708,149)
CASH FLOW FROM A FINANCING ACTIVITIES		
Increase in amount due to related parties	22,636,524	21,611,772
NET INCREASE IN CASH	439,796	(96,377)
CASH AT BEGINNING OF FIRST QUARTER	798,779	716,788
CASH AT END OF YEAR	1,238,575	620,411
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.

MRC ALLIED, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019
(With Comparative Figures for September 30, 2018)

	JULY TO SEPTEMBER 30, 2019 UNAUDITED	JULY TO SEPTEMBER 30, 2018 UNAUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(6,472,626)	(7,095,869)
Adjustment for:		
Interest expense	-	-
Depreciation and amortization	728,366	848,589
Provision for probable losses and impairment		
Operating loss before working capital changes	(5,744,260)	(6,247,280)
Decrease (increase) in:		
Trade and accounts receivable	-	(10,500)
Other current assets	(75,607)	(167,995)
Increase (decrease) in:		
Trade and other payables	803,571	636,298
Pension liability	-	
Net cash used in operating activities	(5,016,296)	(5,789,477)
CASH FLOW FROM A FINANCING ACTIVITIES		
Increase in amount due to related parties	5,016,296	5,819,477
NET INCREASE IN CASH	-	30,000
CASH AT BEGINNING OF FIRST QUARTER	1,238,575	590,411
CASH AT END OF YEAR	1,238,575	620,411
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, Inc. (MAI) 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:

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.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2018:

PFRS 9, Financial Instruments – This standard replaces PAS 39, Financial Instruments: Recognition and Measurement (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Classification and Measurement. Based on the Company's analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as at December 31, 2018, the Company has concluded that all of its financial assets shall be classified under the new classification categories of PFRS 9.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial assets and liabilities.

Impairment. The Company assessed that the adoption of PFRS 9, specifically on determining impairment loss using general approach has no impact on the carrying amounts of the Company's financial assets carried at amortized cost.

PFRS 15, Revenue from Contracts with Customers – The new standard replaces PAS 11, Construction Contracts, PAS 18, Revenue and their related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core

principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract etc.).

Based on the Company's assessment, all of the Company's contracts with customers shall generally provide single performance obligation at a fixed price which is mainly the delivery of goods and rendering of services. The Company shall recognize revenue as the goods are transferred to the customer and as the services are rendered over time. Accordingly, the adoption of PFRS 15 has no impact in the timing of the Company's revenue recognition.

Amendments to PFRS 15, Revenue from Contract with Customers – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the consolidated financial statements are summarized below:

Effective for annual periods beginning on or after January 1, 2019 -

PFRS 16, *Leases* – This standard will replace PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however remains largely unchanged and the distinction between operating and finance lease is retained.

For Company's non-cancellable operating lease commitment as at December 31, 2018, a preliminary assessment indicates that these arrangements will continue to meet the definition of lease under PFRS 16. Thus, the Company will have to recognize a right-to-use asset and a corresponding liability in respect of all these leases – unless these qualify for low value or short-term leases upon the application of PFRS 16.

Amendment to PFRS 9, *Financial Instruments* – *Prepayment Features with Negative Compensation* – The amendments allow entities to measure particular prepayable financial assets with negative compensation at amortized cost or at fair value through other comprehensive income (instead of at fair value through profit or loss) if a specified condition is met. It also clarifies the requirements in PFRS 9, *Financial Instruments* for adjusting the amortized cost of a financial liability when a modification or exchange does not result in its derecognition (as opposed to adjusting the effective interest rate).

Deferred effectivity -

Amendment to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should 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 new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Company. Additional disclosures will be included in the consolidated financial statements, as applicable.

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 expenses as it continues to explore and develop potential business ventures, particularly renewable energy, resulting to a deficit. However, because of debt-to-equity conversions in 2013 and 2012 and the equity restructuring in 2014 and 2013, it has reduced its deficit resulting to a positive equity of P=485.8 million and P=545.0 million as at December 31, 2018 and 2017, respectively.

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

a. Clean and Renewable Energy

• Solar Power Plant

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

On October 2, 2017, the Company acquired 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.

b. Real Estate

The Company has two land banks consisting of 160-hectare industrial estate in Naga City, Cebu known as the NCTO and 700 hectares raw land in San Isidro Municipality, Leyte known as Amihan Woodlands Township (AWT) (see Note 5). The NCTO comprises of parcels of land that are registered with the Philippine Economic Zone Authority (PEZA). Based on the latest appraisal, the properties have a fair market value of P=1.9 billion as at December 31, 2017.

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

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
Kiblawan, Davao del Sur and Columbio, Sultan Kudarat	7,955.7
Marihatag, Surigao del Sur	3,759.3
Paquibato, Davao City	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 P=464.3 million as at December 31, 2018 and 2017.

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

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

2b) Financial Condition and Results of Operation as of December 31, 2018

2018 – 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 P12.50 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.

2c) Comparable Discussion of Interim Period as of 30 September 2019

The Group's aggregate resource stood at P1.334 Billion, while total liabilities and equity amounted to P874.06 Million and P459.74 Million respectively, as of 30 September 2019. Comparing September 30, 2019 against December 2018 level, total resources net decreased by P0.086 million attributed principally on accumulated depreciation, due from related parties and other current assets. Total liabilities went up by P25.68 Million in 30 September 2019 due to the following: (i) accrual of interest and penalties of the existing bank loans and 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 P459.74 Million in 30 September 2019 as against of P485.76 Million in 31 December 2018 due mainly to the general expenses for the third quarter of 2019.

On a quarter to quarter basis, total assets of the Group for the third quarter of 2019 amounted to P1.334 Billion compared to the total assets as of end of third quarter of 2018 amounted to P1.339 Billion, were decreased by P5.49 million. The decrease is due to accumulated depreciation from P2.55 million in the third quarter of 2018 to P2.24 million in 2019; in due from related parties amounted to P17.17 million in 2018 to P13.06 million in 2019; and in other current assets amounted to P4.83 million in 2018 to P5.94 million in 2019.

Total liabilities of the Group as of third quarter of 2019 increased by P53.67 Million net of P820.39 million compared to P874.06 million this quarter against the same quarter of 2018. 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 2019.

MRC ended the third quarter of 2019, with a total net loss of P26.01 Million compared to P26.11 Million in the third quarter of 2018. The increase was 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

	2019	2018
Current/liquidity ratio	0.67	0.69
Current Assets	583,041,520	581,127,895
Current liabilities	863,712,294	838,029,028
Solvency ratio	(0.030)	(0.066)
After tax income (loss) less depn	(26,014,085)	(56,223,912)
Total liabilities	874,058,400	848,375,134
Debt-to-equity ratio	1.90	1.75
Total liabilities	874,058,400	848,375,134
Total equity	459,742,818	485,756,904
Asset-to-equity ratio	2.90	2.75
Total assets	1,333,801,218	1,334,132,038
Total equity	459,742,818	485,756,904
Interest rate coverage ratio	(9.67)	(1.83)
Loss before interest and taxes	(23,576,735)	(38,296,461)
Interest expense	2,437,350	20,959,608

Profitability ratio

Return on assets	(0.019)	(0.044)
After tax income	(26,014,085)	(59,256,069)
Total assets	1,333,801,218	1,334,132,038
Return of equity	(0.057)	(0.122)
After tax income	(26,014,085)	(59,256,069)
Total equity	459,742,818	485,756,904

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:

Total assets is P1.334 billion and total liabilities and equity is P874.06 million and P459.74 million, respectively. Total assets went down by P0.086 million this quarter due to accumulated depreciation, due from related parties and other current assets.

Trade and other payables of P364.65 million went up by P2.43 million because of the accrual of interest on the bank loan, statutory liabilities and other payables in third quarter of 2019.

Due to a related party amounted to P215.91 million in 2019. The increase of P23.20 million was due to the advances made from a stockholder for working capital operation of its subsidiary.

Net loss of P26.01 million compared to the Company's net loss of P26.11 for 2018 of the same quarter. Net loss for this quarter is attributed to the accrual of interest of loans amounting to P2.43 million and depreciation of P2.24 million.

General and administrative expenses of P23.58 million as against P23.70 million for third quarter of 2018. The increase in general and administrative expenses is attributed to the depreciation and amortization amounting to P2.24 million; salaries and wages of P9.17 million; and other expenses in the day to day operation of the Company.

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

The Company's principal financial instruments are cash, due from a stockholder, loans payable, accrued interest and penalties and other payables (excluding statutory payables) and due to a related party.

The BOD is responsible for the Company's risk management. The Company has risk management policies to identify and manage Company 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 Company's activities.

The Company 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.

1. Liquidity Risk. The Company's objective is to maintain a balance between continuity of funding and flexibility through availment of loans and advances from related parties. The maturity profile of the Company's financial liabilities as at December 31, 2018 and 2017 based on contractual payments follow:
2. Credit Risk. Credit risk refers to potential loss arising from failure by counter parties to fulfill their obligations.

Cash amounted to P=0.799 million and P=0.717 million as at December 31, 2018 and 2017, respectively. These are high grade receivables.

Due from a stockholder amounted to P=12.50 million and P=16.53 million as at December 31, 2018 and 2017, respectively. These are standard grade receivables having risks of default but are still collectible.

MRC Allied, Inc.

Aging of Accounts Receivable

As of September 30, 2019

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

-Nothing follows-