SEC Number: CS200411461
File Number: _____

MEGAWIDE CONSTRUCTION CORPORATION
(Company's Full Name)

20 N. Domingo St., Barangay Valencia
Quezon City 1112
(Company's Address)

655-1111
(Telephone Number)

December 31
(Calendar Year Ending)

DEFINITIVE INFORMATION STATEMENT
SEC Form 20-IS

December 31, 2018
Period Ended Date

MEGAWIDE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 31 2019
MARKET REGULATION DEPT.
BY: _____ TIME: 3:05

May 31, 2019

VICENTE GRACIANO P. FELIZMENIO, JR.
Director
Market and Securities Regulation Department
Securities and Exchange Commission

Re: **MEGAWIDE CONSTRUCTION CORPORATION**
Definitive Information Statement

Dear Director Felizmenio,

We are submitting the Definitive Information Statement ("DIS") of Megawide Construction Corporation with the following attachments:

1) Management's Report;
2) Audited Consolidated Financial Statements as of December 31, 2018;
3) Quarterly Report (SEC Form 17-Q) as of March 31, 2019;
4) Notice and Agenda of Annual Stockholder's Meeting;
5) Proxy Form;
6) Certifications of Qualification of Independent Directors; and
7) Certification that none of the directors and officers works with the government.

In addition, enclosed is our responses to the SEC's checklist of the required disclosures.

Very truly yours,

ALTHEA ISOBEL F. OAMINAL
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 31 2019
MARKET REGULATION DEPT.
BY: Sheryl TIME: 3:0

MEGAWIDE CONSTRUCTION CORPORATION
20 N. Domingo Street, Barangay Valencia, Quezon City
Tel. No. (02) 655-1111

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Megawide Construction Corporation:

Notice is hereby given that the Annual Stockholders' Meeting of MEGAWIDE CONSTRUCTION CORPORATION (Megawide) will be held on July 2, 2019 at 2:00 PM, at Ballroom B 7th Floor, Marco Polo Hotel, Meralco Ave, San Antonio, Pasig, 1600 Metro Manila, to consider and take action upon the following matters:

1. Call to Order
   - The Chairman will call the meeting to order.

2. Proof of Notice and Quorum
   - The Corporate Secretary will certify that notices of the meeting have been duly sent to stockholders of record date as required by the By-Laws. She will also attest to the attendance at the meeting and whether a quorum is present. Except as otherwise provided by law, a quorum shall consist of stockholders owning majority of the outstanding capital stock, (exclusive of treasury stock), in person or represented by proxy.

3. Approval of the Minutes of the Annual Stockholders' Meeting on July 2, 2018
   - The Minutes of the Annual Stockholders' Meeting will be submitted for approval. It contains the following matters: (a) approval of the minutes of the Annual Stockholders' Meeting on September 18, 2017; (b) Chairman's Address and President's Report; (c) Election of Directors; (d) Approval of the 2017 Audited Financial Statements; (e) Appointment of External Auditor; (f) Ratification of all acts of Management and the Board of Directors; (g) Approval of the Amendment of the Articles of Incorporation to change the principal office; and (h) Approval of the corporate guaranty in favor of Major Homes, Inc.. A copy of the Minutes is available in Megawide's website.

4. Chairman's Address and President's Report
   - The Chairman and President will give a welcome address and give the operational highlights of 2018.

5. Election of Directors
   - The stockholders will approve the election of the regular and independent directors to hold office until the next Annual Stockholders' Meeting and until their respective successors have been elected and qualified. The nominees were evaluated on the basis of all qualifications required by By-Laws, Manual on Corporate Governance and that no provision or disqualification would apply to them. The profile and qualifications of the nominees are available in the Definitive Information Statement and Annual Report.

6. Approval of the 2018 Audited Financial Statements
   - The 2018 Audited Financial Statements (2018 AFS) will be submitted for approval.

7. Appointment of External Auditor
   - The stockholders will approve the appointment of Punongbayan & Araullo as external auditor.

8. Ratification of all acts of Management and the Board of Directors
   - For ratification of the stockholders are the acts of Management and the Board of Directors in the ordinary course of Megawide's construction business. A list of such acts is too voluminous to be included in the Information Statement. These acts pertain to obtaining government permits and clearances, execution of contracts, availment of services from banks and other acts necessary for various construction projects of Megawide.

9. Other Matters
   - The floor will be open for questions from the stockholders.

All stockholders of record at the close of business on May 17, 2019 are entitled to notice of and vote at the annual meeting and at any adjournment thereof. The stock and transfer books of Megawide will be closed from end of business day on May 17, 2019.

Should you be unable to attend the meeting personally, kindly accomplish the enclosed proxy form and submit the same to the office of the Stock Transfer Agent at the address below. Proxies will be validated on June 21, 2019 at the said address.

Banco de Oro Unibank, Inc. - Trust and Investments Group
BDO Corporate Center, 7899 Makati Avenue, Makati City

Makati, Philippines, May 31, 2019.

(SGD)
ALTHEA ISOBEL F. OAMINAL
Corporate Secretary

PROXY

The undersigned stockholder of **MEGAWIDE CONSTRUCTION CORPORATION** (the "Company") hereby appoints _____ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **Annual General Meeting of Stockholders** of the Company to be held at **Ballroom B, 7th Floor, Marco Polo Hotel, 1600 Meralco Ave, San Antonio, Pasig, 1600 Metro Manila** on **July 2, 2019 at 2:00 p.m.** and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of annual stockholders' meeting held on July 2, 2018
   ☐ Yes ☐ No ☐ Abstain

2. Election of Directors
   ☐ Vote for all nominees listed below:
   Edgar B. Saavedra
   Oliver Y. Tan
   Manuel Louie B. Ferrer
   Leonilo G. Coronel
   Hilario G. Davide, Jr.
   Celso P. Vivas
   Alfredo E. Pascual

   ☐ Withhold authority for all nominees listed above

   ☐ Withhold authority to vote for the nominees listed below:

   _____ _____
   _____ _____
   _____ _____

3. Approval of the 2018 Audited Financial Statements
   ☐ Yes ☐ No ☐ Abstain

4. Appointment of Punongbayan & Araullo as external auditor
   ☐ Yes ☐ No ☐ Abstain

5. Ratification of all acts of Management and the Board of Directors
   ☐ Yes ☐ No ☐ Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

_____ _____
Date Printed Name of Stockholder

_____
Signature of Stockholder/ Authorized Signatory

This proxy should be received by the Corporate Secretary on or before **June 21, 2019**, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, 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 and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person. This proxy shall be valid for five (5) years from the date hereof unless otherwise indicated in the box herein provided. ☐

No director or executive officer, nominee for election as director, or associate of such director, executive officer of nominee of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

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
   [X] Definitive Information Statement

2. Name of registrant as specified in its charter	**MEGAWIDE CONSTRUCTION CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization	**Philippines**
4. SEC Identification Number	**CS200411461**
5. BIR Tax Identification Code	**232-715-069-000**
6. Address of principal office	**20 N. Domingo St., Barangay Valencia Quezon City**
7. Registrant's telephone number, including area code	**(02) 655-1111**
8. Date, time, and place of the meeting of security holders	**July 2, 2019 2:00 P.M.**
9. Approximate date on which the Information Statement is first to be sent or given to stockholders	**June 4, 2019**

10. 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
Common Stock	**2,084,295,417**
Preferred Stock	**40,000,000**

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes **X** No _____

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

Philippine Stock Exchange, Inc. - Common and Preferred Shares

A. GENERAL INFORMATION

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

The Annual Stockholders' Meeting ("ASM") of Megawide Construction Corporation (hereinafter referred to as "Megawide", the "Corporation", or the "Company"), shall have the following details:

a) Date of Meeting **July 2, 2019**

Time of Meeting **2:00 P.M.**

Place of Meeting **Ballroom B, 7th Floor, Marco Polo Hotel, 1600 Meralco Ave,, San Antonio, Pasig, Metro Manila**

Registrant's Mailing Address **No. 20 N. Domingo Street, Barangay Valencia Quezon City, Manila 1112**

b) Approximate date when the Information Statement is first to be sent or given to security holders: **June 4, 2019**

As in previous years, there will be an OPEN FORUM before the Annual Report and Audited Financial Statements for the year ended 31 December 2018 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

Item 2. Dissenters' Right of Appraisal

A dissenting stockholder has the right to demand payment of the fair market value of his shares in the following instances provided under the Section 80 of the Revised Corporation Code as quoted below:

a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
b) In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
c) In case of merger or consolidation.
d) *In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.*

In such instances, the right may be exercised by any stockholder who shall have voted against the proposed action by making a written demand to the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair market value of his shares. Failure to make the demand shall be deemed a waiver of such right.

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 (1) of whom shall be named by the stockholder, another by the corporation and the third by the two (2) 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. Provided, that no payment shall be made to any dissenting stockholder unless the corporation

has unrestricted retained earnings in its books to cover such payment and provided further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Corporation Code.

Item 3. Interest of Persons In or Opposition to Matters to be Acted Upon

a) No current member of the Board of Directors of the Company (the "Board") or officer of the Company or nominee for election as a Director of the Company, nor any associate of such persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the ASM, other than election to office.

b) No Director has informed Megawide in writing that he intends to oppose any action to be taken by Megawide at the ASM.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a) As of April 30, 2019, Megawide has 2,084,295,417 issued and outstanding common shares.[1] All the shares of stock are entitled to vote.

b) All stockholders of record at the close of business on May 17, 2019 are entitled to notice and to vote at the ASM.

c) Cumulative voting is allowed for election of members of the board in a stock corporation. Every stockholder is entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock and transfer books of Megawide. Each stockholder may vote such number of shares for as many persons as there are directors to be elected; or he may cumulate his shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal; or he may distribute these shares 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 as shown in the books of the Megawide multiplied by the total number of Directors to be elected.

d) Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than five percent (5%) of Megawide's shares of stock as of April 30, 2019 are as follows:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner[2]	Citizenship	Number of Shares Held	Percent (%)
Common	Citicore Holdings Investment, Inc. (Citicore) – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra	Filipino	712,925,501	34.20

[1] As of April 30, 2019, of the 2,084,295,417 shares, 280,838,248 common shares or 13.47% of the issued and outstanding common shares are owned by foreigners.
[2] Except for the Directors, officers, Citicore, and Megacore other beneficial owners are unknown to Megawide.

Common	Megacore Holdings, Inc. (Megacore)[3] – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra	Filipino	617,709,197	29.64
Common	PCD Nominee Corporation (Filipino) –Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly-Held Shares	Filipino	1,044,207,656	50.10
Common	PCD Nominee Corporation (Non-Filipino) – Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly-Held Shares	Non-Filipino	280,838,248	13.47

As of April 30, 2019, no other PCD participants have more than 5% of any class of Megawide's voting securities, except the following:

Title of Class	**Name & Address of Record Owner & Relationship with Issuer**	**Name of Beneficial Owner & Relationship with Record Owner**	**Citizenship**	**Number of Shares Held**	**Percent** (%)
Common	Megacore Holdings, Inc. – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra	Filipino	617,709,197	29.63

The Board generally has the power to vote on behalf of their respective corporations. A proxy is usually designated to cast the vote for the corporation.

2. Security Ownership of Management

Security Ownership of Directors and Management

The following table sets forth security ownership of Megawide's Directors, officers and nominees for election as Director as of April 30, 2019[4]:

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Owner**	**Citizenship**	**Percentage of Ownership**
Common	Edgar B. Saavedra Director, President and Chief Executive Officer	1 (Direct) 2 (Indirect)	Filipino	Nil
Common	Manuel Louie B. Ferrer Director	1 (Indirect)	Filipino	Nil
Common	Oliver Y. Tan Director	18,767,852 (Indirect)	Filipino	0.90%
Common	Hilario G. Davide, Jr. Independent Director	1 (Direct)	Filipino	Nil
Common	Leonilo G. Coronel Independent Director	5 (Indirect)	Filipino	Nil

[3] Megacore's shares are lodged with PCD Nominee.
[4] Majority of the shares of the Directors and officers are currently lodged with the PCD Nominee.

Common	Celso P. Vivas Independent Director	1 (Indirect)	Filipino	Nil
Common	Alfredo E. Pascual Independent Director	1 (Indirect)	Filipino	Nil
N/A	Althea Isobel F. Oaminal Corporate Secretary, and Corporate Information Officer	0	Filipino	Nil
N/A	Jennifer C. Lee Assistant Corporate Secretary and Corporate Information Officer	0	Filipino	Nil
N/A	Anthony G. Topacio Assistant Corporate Secretary	0	Filipino	Nil
N/A	Raymund Jay G. Gomez Chief Legal Officer, Compliance Officer, and Data Privacy Officer	0	Filipino	Nil
N/A	Christopher A. Nadayag Treasurer Deputy Chief Financial Officer	0	Filipino	Nil
Aggregate Shareholdings of Directors and Officers as a Group		**18,767,864**		**0.90%**

No Director or key officer of Megawide owns at least ten (10%) of Megawide's issued and outstanding shares of common stock.

The shareholdings of Manuel Louie B. Ferrer, Leonilo G. Coronel, Oliver Y. Tan, Celso P. Vivas and Alfredo E. Pascual are classified as indirect shares because they are lodged with the PCD Nominee.

3. There are no voting trusts or similar agreements with respect to any portion of the outstanding shares, nor any agreement which may result in a change of control of Megawide.

Item 5. Directors and Executive Officers

The Governance, Nominations and Compensation Committee ("GNCC")[5] processed and evaluated the nominations for Directors in accordance with the guidelines required by law last May 20, 2019. The GNCC resolved that the following nominees are qualified for election to the Board at the ASM on July 2, 2019:

1) Edgar B. Saavedra
2) Hilario G. Davide, Jr. (Independent Director) [6]
3) Leonilo G. Coronel (Independent Director)[7]
4) Oliver Y. Tan
5) Manuel Louie B. Ferrer
6) Celso P. Vivas (Independent Director) [8]
7) Alfredo E. Pascual (Independent Director) [9]

1. Directors and Executive Officers

As of April 30, 2019, Megawide is governed by a Board of seven (7) Directors composed of Edgar B. Saavedra, Manuel Louie B. Ferrer, Oliver Y. Tan, Leonilo G. Coronel, Hilario

[5] The Governance, Nominations and Compensation Committee is composed of Hilario G. Davide, Jr. (Chairman), Leonilo G. Coronel, Celso P. Vivas, and Alfredo E. Pascual.
[6] Stockholder Suyen Corporation nominated Leonilo G. Coronel, Hilario G. Davide, Jr., Celso P. Vivas, and Alfredo E. Pascual as Independent Directors. All four (4) nominees are not related to the stockholder that nominated them.
[7] Ibid.
[8] Ibid.
[9] Ibid.

G. Davide, Jr., Alfredo E. Pascual, and Celso P. Vivas. Megawide's management team is headed by Edgar B. Saavedra who serves as the Company's President, and Chief Executive Officer.

The Directors shall hold office for one (1) year or until their successors are elected and qualified. The annual meeting of the stockholders shall be held every June 30 of each year, or the next business day if June 30 falls on a weekend or a holiday.

The Board is ultimately responsible for the direction and control of the business affairs and management of Megawide, and the preservation of its assets and properties. No person can be elected as Director of Megawide unless he or she is a registered owner of at least one (1) voting share of the Company.

Section 38 of the Securities Regulation Code ("SRC") requires that at least two (2) members of the Board be Independent Directors. The Company's New Manual on Corporate Governance which is based on the Code of Governance for Publicly Listed Corporations, recommends that publicly-listed corporations should have at least three (3) members who are Independent Directors, or such number as to constitute at least one-third (1/3) of the Members of the Board, whichever is higher. Meanwhile, the Amended Articles and Incorporation and By-Laws of Megawide provide that the seven (7) Directors shall include such number of Independent Directors as may be required by law.

Selection of Nominees for Directors

The deadline for submission of nominations for election to the Board was on May 20, 2019 which was also the date of the meeting of the GNCC.

The GNCC screened and approved the seven (7) nominees for election to the Board in accordance with the Company's New Manual on Corporate Governance. The GNCC assessed the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the Independent Directors, the GNCC reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for Independent Directors as set forth in the Company's New Manual on Corporate Governance, the SRC, and the SRC Implementing Rules and Regulations.

On the meeting scheduled on May 20, 2019, the GNCC screened the nominees and determined that they have all the qualifications and none of the disqualifications for election to the Company's Board of Directors.

Below are information on the nominees for Directors, including their education, business experience and directorships in other reporting companies:

EDGAR B. SAAVEDRA – age 44; Filipino citizen; co-founder of the Company; first elected Director of Megawide on July 28, 2004; Chairman of the Board since September 18, 2017; Chairman of the Executive Committee of the Board.

Mr. Saavedra's engineering experience spans over twenty (20) years. He received his Bachelor's degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

Mr. Saavedra is the Chairman, President, and Chief Executive Officer of the Company. He is also a Director of Citicore Power Inc. ("CPI"), Citicore Infrastructure Holdings Inc.

("CIHI"), Altria East Land Inc., MySpace Properties, Inc. ("MySpace"), Citicore Holdings Investment, Inc. ("Citicore"), and Megacore Holdings, Inc.

Mr. Saavedra is not a Director in other reporting companies.

OLIVER Y. TAN – age 41; Filipino citizen; first elected Director of Megawide on September 16, 2016; Member – Executive Committee; Board Risk Oversight Committee, Finance Committee, and Audit and Compliance Committee.

Mr. Tan holds a degree in Business Administration from the Philippine School of Business Administration.

Mr. Tan is also a Director of CPI, CIHI, MySpace, Citicore, Citicore-Megawide Consortium Inc. ("CMCI"), GMR Megawide Cebu Airport Corporation ("GMCAC"), and Megawatt Clean Energy Inc. ("MCEI"). He is also a Director and the Corporate Secretary of Future State MySpace Property, Inc. and IRMO Inc. Mr. Tan previously served as Chief Financial Officer of the Corporation, Vice President for Finance of Citicore and MySpace, as well as Corporate Secretary of Future State MySpace Property, Inc.

Mr. Tan is not a Director in other reporting companies.

MANUEL LOUIE B. FERRER – age 43; Filipino citizen; first elected Director of Megawide on September 18, 2017; Member – Executive Committee, and Finance Committee.

Mr. Ferrer obtained his degree in Industrial Design from De La Salle University in 1996.

Mr. Ferrer has been Megawide's Chief Corporate Affairs and Branding Officer (previously called Chief Marketing Officer) since 2011. He serves as the President and a Director of GMCAC, MWM Terminals, Inc., and CMCI. He is also a Director of CPI, and the Chairman and President of the Megawide Corporate Foundation, Inc.

Mr. Ferrer is not a Director in other reporting companies.

HILARIO G. DAVIDE, JR. – age 82; Filipino citizen; first elected Independent Director of Megawide on September 18, 2017; Chairman – Governance, Nominations and Compensation Committee; Member – Finance Committee, Board Risk Oversight Committee, Executive Committee, and Audit and Compliance Committee.

Mr. Davide obtained his Bachelor of Laws from the University of the Philippines.

Mr. Davide was the former permanent Representative of the Republic of the Philippines to the United Nations in New York from February 2007 to April 2010. He also served as Chief Justice of the Supreme Court of the Philippines from November 1998 to December 2005. Mr. Davide was also the Commissioner of the 1986 Constitutional Commission. He is currently an Independent Director and Vice Chairman of the Manila Bulletin Publishing Corporation and an Independent Director of the Philippine Trust Company. Lastly, Mr. Davide is a Trustee of the University of San Carlos in Cebu City.

LEONILO G. CORONEL – age 72; Filipino citizen; first elected Independent Director of Megawide on July 19, 2010; Chairman – Finance Committee; Member – Audit and Compliance Committee, Governance, Nominations and Compensation Committee, Executive Committee, and Board Risk Oversight Committee.

Mr. Coronel obtained his Bachelor of Arts degree, Major in Economics from the Ateneo de Manila University.

Mr. Coronel is the Managing Director of BAP Credit Bureau Inc., an Advisor of the Philippine Clearing House Corporation, the Treasurer of PDS Holdings, and a Consultant of the Bankers Association of the Philippines. He also serves as Executive Director of RBB Micro Finance Foundation, and an Independent Director of DBP-Daiwa Securities and SMBC Philippines, Inc.

Mr. Coronel served as Project Director of Small & Medium Ents. Credit Program of the Philippine Business for Social Progress; a Consultant of the Land Bank of the Philippines; a Director of Software Ventures International Corporation; a Director at the Philippine Dealing System, Philippine Depository & Trust Corp., and Philippine Clearing House Corporation; and a Trustee/Treasurer and Member of the Capital Market Development Council Institute.

Mr. Coronel is a Non-Executive Director of Philippine National Bank since May 2013.

CELSO P. VIVAS – age 72; Filipino citizen; first elected Independent Director of Megawide on July 2, 2018; Chairman – Audit and Compliance Committee; Member – Governance, Nominations and Compensation Committee, Board Risk Oversight Committee, and Finance Committee.

Mr. Vivas earned his Bachelor's degree in Business Administration from the University of the East and acquired his Masters of Business Administration Degree from the Asian Institute Management of the Philippines. He also completed the Company Directors' Course of the Australian Institute of Company Directors, as a scholar of the Institute of Corporate Directors.

Mr. Vivas was a Partner at SGV & Company until his retirement in 2001. He serves as the Lead Independent Director for Keppel Philippines Holdings, Inc. and is an Independent Director of Keppel Philippines Marine, Inc., Keppel Philippines Properties, Inc., and Republic Glass Holdings Corporation. Lastly, he is a Trustee of the Foundation and of Marubeni Foundation.

ALFREDO E. PASCUAL – age 70; Filipino citizen; first elected Independent Director of Megawide on October 9, 2018; Chairman – Board Risk Oversight Committee; Member – Governance, Nominations and Compensation Committee, Audit and Compliance Committee, Executive Committee, and Finance Committee.

Mr. Pascual obtained his degree in Bachelors of Science, Major in Chemistry from the University of the Philippines. He then received his Master of Business Administration degree from the same university.

Mr. Pascual is the Chief Executive Officer of the Institute of Corporate Directors. He likewise serves as an Independent Director for SM Investments Corporation, Asiabest Group International, Inc., and Enderun Colleges, Inc. He is also a Board Adviser to the Philippine Institute for Development Studies, and a Trustee for the Institute for Solidarity in Asia and the Center for Excellence in Governance. Mr. Pascual is also the former President of the University of the Philippines.

Executive Officers Who Are Not Directors

MARKUS HENNIG – 39, German citizen. Mr. Hennig is the Executive Vice President of the Business Unit Group of the Company. He has over 23 years' experience in the precast industry and has worked in several other countries such as Germany, United States of America, United Arab Emirates, Saudi Arabia, and Kazakhstan.

RAYMUND JAY S. GOMEZ – 47, Filipino citizen. Mr. Gomez is the Chief Legal Counsel, Compliance Officer, and Data Privacy Officer of the Company. Before joining Megawide, he was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. Mr. Gomez also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., as Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., as Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and as an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda College.

ANTHONY VERGEL VELASCO – 43, Filipino Citizen. Mr. Velasco is currently the Chief Audit Executive ("CAE") of Megawide. He was the former CAE of the 2GO Group. He was also an IT Audit Manager of Premiere Bank (now Security Bank Savings) and a Senior Audit Systems Specialist of the Philippine Health Insurance Corporation. Mr. Velasco is a Certified Internal Auditor and Certified Information Systems Auditor. He received his Bachelor's degree in Accountancy from San Beda College and earned his Masters of Business Administration – Major in Financial Management from the National College for Business and Arts.

LEONARDO JOSE M. BERBA – 56, American citizen. Mr. Berba is the Chief Human Resources Officer of Megawide. He worked as the Group General Manager of Epicurean Partners Exchange, Inc. and Coffee Masters, Inc. He received his Bachelor of Science in Mechanical Engineering degree from the University of the Philippines.

JESSIE CRUZ – 53, Filipino citizen. Mr Cruz is the Chief Technology Officer of the Company. Previously, he was a Director at UST-Global and a Regional IT Director at Transitions Optical Philippines, Inc. Mr. Cruz received his Bachelor of Science in Electronics and Communications Engineering degree from the University of Santo Tomas.

JEROME MARIO ORFANO – 34, Filipino citizen. Mr. Orfano is the Chief Risk Officer of Megawide. He previously worked for Manila Water Company, Inc. as Enterprise Risk Management Department Head (OIC). He obtained his Bachelor's and Master's degree in Economics from the University of the Philippines.

CHRISTOPHER A. NADAYAG – 35, Filipino citizen. Mr. Nadayag is the Treasurer and Deputy Chief Financial Officer. Previously, he served as the Accounting Manager of Megawide. He worked for SGV & Company as a Senior Associate Auditor. He received his Bachelor of Science in Accountancy degree from San Sebastian College.

ALTHEA ISOBEL F. OAMINAL – 29; Filipino citizen. Ms. Oaminal is the Corporate Secretary and Corporate Information Officer of Megawide. She also serves as Corporate Secretary for Keyland Corporation and Pilipinas Total Gas, Inc. She obtained her Juris Doctor degree from the University of the Philippines.

JENNIFER C. LEE – 34; Filipino citizen. Ms. Lee is the Assistant Corporate Secretary and Corporate Information Officer of the Company. She is also the Assistant Corporate Secretary of GMCAC. She also serves as Corporate Secretary for Wagenborg Manila, Inc. and Assistant Corporate Secretary of QBE Seaboard Insurance Philippines, Inc. Ms. Lee received her Juris Doctor degree from the University of the Philippines.

ANTHONY G. TOPACIO – 37, Filipino citizen. Mr. Topacio is the Assistant Corporate Secretary of the Company. Prior to joining the Company, he served as Corporate Secretary, Compliance Officer, Data Protection Officer, and Acting Head of the Human Resources, Legal and Regulatory Affairs Department at Beneficial Life Insurance Company, Inc. He was also a Legal Manager at International Container Terminal Services, Inc., an Associate General Counsel at Aboitiz Equity Ventures, Inc., and a Tax Supervisor

at KPMG Philippines Manabat San Agustin & Company. Mr. Topacio obtained his Bachelor of Laws degree from San Beda College.

2. No single person is expected to make a significant contribution to the business since Megawide considers the collective efforts of all its employees as instrumental to the overall success of its performance.

   Family Relationships

   None of the Company's executive officers are related to each other or to its Directors and substantial shareholders.

3. Involvement in Certain Legal Proceedings

   Megawide is not aware of the occurrence during the past five (5) years until present of any of the following events that are material to an evaluation of the ability or integrity of any Director or executive officer:

   a) Any bankruptcy petition filed by or against any Director, or any business of a Director, nominee for election as Director, or executive officer who was a Director, general partner or executive officer of said business either at the time of the bankruptcy or within two (2) years prior to that time;

   b) Any Director, nominee for election as Director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

   c) Any Director, nominee for election as Director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

   d) Any Director, nominee for election as Director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

4. Certain Relationship and Related Transactions

Related Party Category	Notes	Amount of Transaction	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company:					
Cash granted	5, 27.4	(148,848,438)	146,322,222	Interest-bearing	Unsecured
Shareholder:					

Revenue from services	6, 20.1, 27.1	14,782,658	1,008,487	Normal credit terms	Unsecured
Minority Shareholders and their affiliates:					
Airport operator's fee	21.2, 27.6	38,774,762	-	On demand; noninterest-bearing	Unsecured
Cash granted	5, 27.4	841,103	841,103	On demand; noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(172,939,978)	-	On demand; noninterest-bearing	Unsecured
Associate:					
Revenue from services	6, 20.1, 27.1	153,157,722	905,100,150	Normal credit terms	Unsecured
Rent income	27.2	53,571	228,750	On demand	Unsecured
Joint Arrangement:					
Revenue from services	6, 20.1, 27.1	769,940,008	29,082,652	Normal credit terms	Unsecured
Cash granted	5, 27.4	(1,890,090)	1,074,666	On demand; non-interest bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(14,883,628)	(14,883,628)	On demand; non-interest bearing	Unsecured
Related parties under common ownership:					
Rent income	27.2	160,714	606,786	Normal credit terms	Unsecured
Revenue from services	6, 20.1, 27.1	172,643,575	237,415,487	Normal credit terms	Unsecured
Advances from customers	18, 27.1	7,474,658	(29,929)	Normal credit terms	Unsecured

Rent expense	22, 27.2	2,811,703	-	Normal credit terms	Unsecured
Cash granted	5, 27.4	3,144,351,971	3,144,370,721	On demand; Interest-bearing and non-interest bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(44,222,623)	(44,683,199)	On demand; non-interest bearing	Unsecured
Retirement fund		44,798	-	Upon retirement of beneficiaries	Partially funded
Advances to Officers and Employees	6, 27.3	12,375,774	34,271,539	Upon liquidation, noninterest-bearing	Unsecured
Key Management Personnel:					
Compensation	27.8	209,941,711	-	On demand	Unsecured

The above summary is also reflected in the audited consolidated financial statements for year ended December 31, 2018. Please see Notes 2.24 and 27 of the Consolidated Financial Statements and Independent Auditors' Report of the Corporation for reference.

There is no director who has declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of disagreement with Megawide on matters relating to operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

All Officers and Directors as a Group

1. The aggregate annual compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing calendar year (2019) to Megawide's Chief Executive Officer and four (4) most highly compensated executive officers as a group are as follows (see next page):

SUMMARY COMPENSATION TABLE
Annual Compensation
(In ₱ Millions)

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Compensation
Edgar B. Saavedra *Chairman, President and CEO* **Manuel Louie Ferrer** *Chief Corporate Affairs and Branding Officer* **Oliver Tan** *Chief Investment Officer* **Markus Hennig** *EVP – Business Units Group* **Albert Saringo** *VP – Operations*				
CEO & Most Highly Compensated Executive Officers	2019	93.97	6.95	1.91
	2018	85.43	6.32	1.74
	2017	57.83	.36	.74
Aggregate compensation paid to all other officers and directors as a group unnamed	2019	57.70	8.78	1.36
	2018	49.27	7.98	1.40
	2017	63.10	2.46	1.49

2. Under the By-Laws of Megawide, by resolution of the Board, each Director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among Directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

   On November 4, 2011, the Board, upon recommendation of the GNCC, approved the giving of a Twenty Thousand Pesos (PhP 20,000.00) Director's per diem per Board meeting and a Thirty Thousand Pesos (PhP 30,000.00) monthly allowance in the form of reimbursable expenses for each regular Director. Subsequently, on 10 October 2018, the Board resolved to increase the Director's per diem per Board meeting to Forty Four Thousand Pesos (PhP 44,000.00) for Executive Directors, Sixty Two Thousand Pesos (PhP 62,000.00) for Non-Executive Directors, and Fifty Eight Thousand Pesos (PhP 58,000.00) for Independent Directors.

3. There are no bonus, profit sharing, stock options, warrants, rights, other compensation plans or arrangements with Directors or officers that will result from their resignation, retirement, termination of employment or change in the control of Megawide.

   The duties and responsibilities of the elected corporate officers are specified in Megawide's By-laws and New Manual on Corporate Governance.

4. There are no outstanding warrants or options held by Megawide's Chief Executive Officer, executive officers and Directors.

Item 7. Independent Public Accountants

The accounting firm of Punongbayan & Araullo served as Megawide's external auditor for the last fiscal year. The handling partner of Punongbayan & Araullo is Ms. Mailene Sigue-

Bisnar[10]. There was no change in or disagreement with the external auditor on accounting and financial disclosures.

In accordance with Megawide's New Manual on Corporate Governance, the Audit and Compliance Committee recommends the appointment of the external auditor. The Audit and Compliance Committee is composed of Celso P. Vivas (Chairman), Oliver Y. Tan, Leonilo G. Coronel, Alfredo E. Pascual, and Hilario G. Davide, Jr.

The approval of the re-appointment of Punongbayan & Araullo as external auditor, with Ms. Mailene Sigue-Bisnar as handling partner, for the current year will be undertaken during the ASM.

Punongbayan & Araullo representatives will be present during the stockholders' meeting and will have an opportunity to make a statement if they desire to do so. It is also expected that the attending representatives will be able to respond to appropriate questions.

Item 8. Compensation Plans

No action is to be taken during the ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

No action is to be taken during the ASM with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one (1) class of securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Megawide's consolidated financial statements are incorporated herein by reference as **Exhibit** "1".

For the Management's Discussion and Analysis and Changes in and Disagreements with Accountants on Accounting and Financial Disclosure, please refer to the Management's Report attached to this Information Statement.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

No action is to be taken during the ASM with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with Megawide;

[10] Pursuant to SRC Rule 68, Paragraph 3 (b) (iv) and (ix) (Rotation of External Auditors) which states that the signing partner shall be rotated after every five (5) years of engagement with a two-year (2-year) cooling off period for the re-engagement of the same signing partner, the Company engaged Ms. Mailene Sigue-Bisnar of Punongbayan & Araullo for the examination of the Company's financial statements for 2016. Previously, the Company engaged Mr. Leonardo D. Cuaresma, Jr. of Punongbayan & Araullo for the examination of the Company's financial statements from 2014 to 2015. Ms. Bisnar was also the signing partner for the Company from 2009-2013.

(ii) acquisition by the Company or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of the Company; or (v) liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action is to be taken during the ASM with respect to acquisition or disposition of any property of Megawide.

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The approval of the minutes of the ASM held on July 2, 2018 will be taken up during the meeting.

The matters taken up during the ASM on July 2, 2018 were as follows:

a) Call to Order
b) Proof of Notice and Quorum
c) Approval of the Minutes of the Annual Stockholders' Meeting on September 18, 2017
d) Chairman's Address and President's Report
e) Election of Directors
f) Approval of the 2017 Audited Financial Statements
g) Appointment of External Auditor
h) Ratification of all acts of Management and the Board of Directors
i) Approval of the Amendment of the Articles of Incorporation to change its principal office address
j) Approval of the corporate guaranty in favor of Major Homes Inc.
k) Other Matters
l) Adjournment

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

None

Item 18. Other Proposed Action

Ratification of the Acts of Management and the Board of Directors

For ratification of the stockholders are the acts of management and the Board in 2018 up to July 2, 2019. The resolution to be adopted will be the ratification and approval of all acts of management, including corporate officers and the Board in 2018 up to the date of the ASM.

Regular and Special Meetings of the Board were held on the following dates:

a) July 2, 2018
b) August 7, 2018
c) September 28, 2018
d) October 9, 2018
e) December 12, 2018

f) January 8, 2019
g) February 13, 2019
h) April 4, 2019

At these meetings, matters discussed included the presentation of detailed operations and financial reports. In addition to these reports, the Board approved acts pertaining to obtaining government permits and clearances, execution of contracts, availment of services from banks and other acts necessary for various construction projects of Megawide.

Item 19. Voting Procedures

Stockholders as of May 17, 2019 may vote during the Company's ASM on July 2, 2019.

a) The vote required for approval or election

The vote required for the election of Directors and all questions (except in cases otherwise provided by the Corporation) is the vote of at least a majority of the outstanding capital stock.[11]

b) The method by which votes will be counted

Article II, Section 7 of the By-laws provides that at all meetings of stockholders, a stockholder may vote in person or by proxy. Section 24 of the Corporation Code of the Philippines provides that in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election.

Each stockholder shall have one (1) vote for each share of stock entitled to vote and recorded in his name in the books of Megawide.

Punongbayan & Araullo will assist in the counting of votes.

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on May 31, 2019.

ALTHEA ISOBEL F. OAMINAL
Corporate Secretary

[11] Sections 24 and 48 of the Corporation Code.

MANAGEMENT'S REPORT
(UNDER RULE 20.4, AMENDED IRR OF THE SRC)

Management's Discussion and Analysis

***Review of results for the three (3) months ended March 31, 2019 as compared with the results for the three (3) months ended March 31, 2018 and* Material Changes in Megawide's Unaudited Balance Sheet as of March 31, 2019 compared to the Audited Balance Sheet as of December 31, 2018**

Results of Operations

Consolidated revenue stood strong at P3.6 billion for the three months ending March 31, 2019. Construction segment, which contributed 72% of the consolidated revenue started to ramp up from a sturdy order book of 2018. The trend is expected to move upwards in the succeeding quarters as major works from 2018's new projects started to commence. Meanwhile, airport operations, which contributed 25% of the consolidated revenue remained steadfast with 38% year-on-year growth which is due to the increase in passenger volume. Airport merchandising and terminal operations contributed 2% and 1% of the consolidated revenues, respectively, contributing diversified revenue streams.

REVENUES

The Company posted consolidated revenues of P3.56 billion for the three (3) months ended March 31, 2019.

Construction

The construction segment contributed 72% of the Group's total revenue amounting to P2.57 billion. The Company is now experiencing ramp up on its operations from the take-off of structural works on recently awarded contracts. Compared to the fourth quarter performance in 2018, revenue for the quarter increased by 10%. The Company is expected to increase its revenue volume in the coming quarters. On-going projects which contributed to the first quarter's revenue include Araneta's Gateway Mall, 8990 Holding's Ortigas and Tondo Projects and Midland's Taft East Gate.

The new contracts secured in 2019 reached P6.2 billion, which include Megaworld's Sunset BPO, Gentry Manor and Empire East Highland Mall. Order book as of the end of March 2019 is at P53.68 billion and provides revenue visibility for the next 2 to 3 years. In terms of mix, residential projects comprised 59%, office and commercial at 33%, while infrastructure projects contributed the remaining 8%, attributable to the Clark International Airport EPC contract.

Airport Operations

Airport operations delivered revenues of P892 million and contributed 25% to the total consolidated revenue in 2019. This was driven largely by the 13% growth in total passenger volume to 3,060,529 passengers, with international and domestic passengers growing 11% and 15% respectively. Domestic passengers comprised 66% of the total passenger mix while international passengers comprised 34%. Air traffic volume likewise increased by 5% with international traffic increasing by 10% and domestic traffic improving by 3%.

Per segment, share of Passenger Service Charge (PSC), representing 54% of airport revenues, increased by 36% to P485 million driven by the double-digit growth in passenger throughput. On the other hand, non-aero or commercial revenues grew by 42% to P302 million and contributed 34% to airport operations. The remaining 12% is accounted for by aero-related revenues, which increased by 37% to P105 million.

Airport Merchandising

Meanwhile, airport merchandising contributed 2% of the consolidated revenue. However, with the opening of Terminal 2 and expected influx of foreign tourists, coupled with the expansion of Terminal 1 by the end of 2019, airport merchandising is expected to improve its contribution moving forward.

Terminal Operations

Terminal Operations posted a revenue of P20 million representing cost recovery of terminal operations related expenses amounting to P15 million in compliance with IFRIC 12, Service Concessionaire Arrangement, and the P5 million lease income from commercial space.

COSTS AND EXPENSES

Direct Costs is at P2.5 billion
Consolidated direct costs paralleled movement of revenue for construction, airport merchandising and terminal operations segment. Meanwhile, airport operation cost increased by P168 million due to depreciation of terminal 2.

Gross Profit is at P1.1 billion
Consolidated gross profit amounted to P1,097.3 million in 2019 and translated to a consolidated gross profit margin of 31% versus 26% in 2018. Gross profit by the construction business reached P395.8 million or 15% of construction revenue and 36% of the consolidated gross profit while the airport business delivered P634.6 million or 71% of airport revenue and 58% of the consolidated gross profit. The balance came from the airport merchandising and terminal operations segments

Operating Expenses amounts to P366 million
Operating Expenses for the three-month period amounts to P366 million. Current period expenses now include overhead expenses relating to operation of terminal 2, which commenced operations last July 2018 and terminal operation cost, which were consolidated beginning August 2018.

Finance Costs amounts to P402 million
The increase in finance costs was due to the loan availments of the airport segment in 2019 and interest expenses on existing loan pertaining to Terminal 2 cost of MCIA which were previously treated as capitalized borrowing cost while the asset is under construction. Moreover, construction segment availed of working capital loans.

Finance Income amounts to P54 million.
The amount is consistent with March 2018.

Other Income amounts to P65 million
Other income for the year mainly pertains to equipment rental and sale.

Review of financial conditions as of March 31, 2019 as compared with financial conditions as of December 31, 2018

ASSETS

Current Assets decreased by P135 million

The following discussion provides a detailed analysis of the decrease in current assets:

Cash and Cash Equivalents decreased by 27% or P1.5 billion
The decrease in cash & cash equivalents is basically due to payments made to suppliers and subcontractors for the construction of ongoing projects for which downpayments from client were received in 2018. In addition, payments were made for the rehabilitation of MCIA

terminal, construction of commercial space for PITX project and acquisition of construction equipment.

Financial Assets at fair value through profit or loss decreased by 100% or by P26 million
The decrease is due to remeasurement of interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022, start date is on December 15, 2017. A notional amount of USD 75.0 million floating rate loan was swapped to fixed rate.

Trade and Other Receivables increased by 1% or by P95 million
The construction receivables increased due to timing differences in the collection cycle of the trade receivables of the Group which is 45 to 60 days from invoice date while retention receivables increased relative to accomplishment for the period. Retention receivables pertain to progress billings which is withheld by the project owner equivalent to 5% to 10% of the project. Retention receivables are collected upon issuance of the certificate of completion by the project owner. In airport operations, receivables increased basically due to an increase in revenue.

Construction Materials decreased by 4% or by P33 million
The decrease is due to the timing of placing the orders for materials to suppliers and actual delivery to project sites and warehouses.

Contract assets increased by 18% or P550 million
The increase is mainly due to newly awarded contracts which are on mobilization phase and contract asset related to terminal operations.

Other Current Assets increased by 17% or by P814 million
The increase is mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects for which related downpayments were received from a customer in 2018 and the impact of the adoption of PFRS 16, Leases which increased prepaid rent during the period.

Non-Current Assets increased by 3% or by P1.1 billion

The following discussion provides a detailed analysis of the increase in non-current assets:

Investments in Associates and Joint Ventures decreased by P764,000
The change is a result of take up share in losses on the Group's investment in joint venture.

Concession Assets increased by P82 million
The increase is due to capital investments of GMCAC related to the rehabilitation of the Terminal 1 of MCIA.

Property, Plant and Equipment decreased by P22 million
The Group procured certain construction equipment in 2019 that will support specification requirement of the ongoing projects. The addition was offset by depreciation recognized during the period.

Investment Properties increased by 7% or by P254 million
The increase is due to capital investment of commercial space for 2019. MWMTI has a Concession Agreement with the government to build and operate the PITX for 35 years and also allows for the construction and development of office buildings and commercial establishments which was recorded as investment in properties in the books of MWMTI. The terminal started operations in 2018 while construction of commercial space on three towers is still in progress to date.

Other Non-Current Assets increased by 26% or by P751 million
The increase is due to the additional placement of unrestricted cash amounting to P1.5 billion in the restricted funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loan availments of GMCAC.

LIABILITIES AND EQUITY

Current Liabilities increased by 3% or by P496 million

The following discussion provides a detailed analysis of the increase in current liabilities:

Interest-Bearing Loans and Borrowings-Current increased by 17% or by P1.1 billion
The increase is due to the availment of short-term loans of the Parent and MGCJV, Inc., the joint venture of the Parent and GMR Group established to construct the new Clark International Airport.

Trade and Other Payables increased by 5% or by P265 million
The increase is mainly due to volume and timing of purchases and payments to suppliers and subcontractors as well as an increase in retention payable by the Parent. In addition, interest related to loans of Clark Airport was accrued during the period.

Advances from Customers decreased by 13% or by P437 million
The decrease is due to recoupments for the period based on progress billings.

Contract liabilities decreased by 38%or P451 million
The decrease in contract liabilities is due to the catch up of cost billing of subcontractors with revenue billings to clients for ongoing projects particularly for projects nearing completion.

Other Current Liabilities increased by 12% or by P28 million
The increase is due to additional deferred output VAT of GMCAC as a result of increase in revenue from the previous quarter.

Non-Current Liabilities increased by 1% or by P321 million

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current increased by 1% or by P203 million
The increase is due to GMCAC's loan availments during the period.

Deferred tax liabilities increased by 28% or by P116 million
The increase is due to treatment on amortization of concession asset of GMCAC for tax purposes.

Other non-current liabilities increased by P1 million
The increase is mainly due to the retention to subcontractors of GMCAC related to the construction of the MCIA Terminal 2.

Equity attributable to Parent increased by P69 million
The increase is the function of the share buyback program of the Parent, dividend payments to common stock and preferred stock shareholders and earnings of the Group.

***Review of results for the year ended December 31, 2018 as compared with the results for the year ended December 31, 2017 and* Material Changes in Megawide's Audited Balance Sheet as of December 31, 2018 compared to the Audited Balance Sheet as of December 31, 2017**

Results of Operations

Megawide posted a consolidated EBITDA of P4.59 billion and a net profit of P1.87 billion for the full year 2018. EBITDA remained healthy with a year-on-year growth of 6% propelled by the airport business. 51% of EBITDA or P2.36 billion was delivered by the construction business while the balance was from the airport segment. In terms of net profit, P1.04 billion or 55% was brought by airport operations and merchandising segments while the remaining 45% was from the construction business. Overall, the results arose from the strong performance of airport operations and the varying stages of order book and one-off items related to the construction segment.

REVENUES

The Company posted consolidated revenues of P16.0 billion for the 12 months ended December 31, 2018, compared with the P19.2 billion of consolidated revenues for the same period of 2017.

Construction

The construction segment contributed 79% of the Group's total revenue amounting to P12.69 billion against P16.7 billion in the previous year. Lower revenues were recognized as a result of the varying stages of on-going construction projects where several projects are in the tail end while others were just mobilized in the 4th quarter of 2018. The projects that were substantially completed during the year were Cyber Park Tower 2, Arthaland Superstructure, BGC 5th Avenue, Project Delta Phase 1, The Hive Tower A, Landers Arcovia, and Landers Alabang while the projects that were mobilized towards the end of 2018 include Hampton O&P, Cold Storage Caloocan, 8990 Ortigas, Ascott-DD Meridian Park and Double Dragon Tower Phase 3.

The new contracts secured in 2018 reached P29.52 billion, some of which are Gateway Mall 2 Hotel, Golden Bay Tower, Taft East Gate, Space Ubelt, University Tower 5, International Finance Center, Cold Storage Caloocan, The Hive Tower C & D and Mandani Bay in Cebu City, and was 273% of the total new contracts booked in 2017. The 2018 order book also included the supply and installation of pre-cast materials to various external clients such as Phirst Park Homes owned by Tanza Properties, Inc., a subsidiary of Century Properties, Inc.

At end of the year, order book remained very promising and stood at P50.09 billion and provides revenue visibility for the next 2 to 3 years. In terms of mix, residential projects comprised 67%, office and commercial at 23%, while infrastructure projects contributed the remaining 10%, attributable to the Clark International Airport EPC contract.

Airport Operations

Airport operations delivered revenues of P3.00 billion and contributed 19% to the total consolidated revenue in 2018. This was driven largely by the 15% growth in total passenger volume to 11.5 million passengers, with international and domestic passengers growing 23% and 12% respectively. Domestic passengers comprised 67% of the total passenger mix while international passengers comprised 33%. Air traffic volume likewise increased by 15% with international traffic increasing by 19% and domestic traffic improving by 14%.

The over-all increase in passenger and air traffic was attributed to new airline partners as well as new routes in both international and domestic sectors. To date, the Company is serving 33 domestic and 24 international destinations, with 7 local and 19 international airline partners. MCIA Terminal 2 was inaugurated last June 7, 2018 and started commercial operations in July 1, 2018.

Per segment, share of Passenger Service Charge (PSC), representing 55% of airport revenues, increased by 29% to P1.66 billion driven by the double-digit growth in passenger throughput. On the other hand, non-aero or commercial revenues grew by 34% to P970 million and contributed 32% to airport operations. The remaining 12% is accounted for by aero-related revenues, which increased by 26% to P372 million.

Airport Merchandising

Meanwhile, airport merchandising contributed the remaining 2% to consolidated revenue last year. However, with the opening of Terminal 2 and expected influx of foreign tourists, coupled with the expansion of Terminal 1 by the end of 2019, airport merchandising is expected to improve its contribution moving forward.

COSTS AND EXPENSES

Direct Costs decreased by 20% or by P2.94 billion
Consolidated direct costs down by 20% to P11.61 billion in 2018 due to the lower construction revenues.

Gross Profit lower by 5% or by P228.50 million
Consolidated gross profit amounted to P4.39 billion in 2018 and translated to a consolidated gross profit margin of 27% versus 24% in 2017, despite the 5% drop from the previous year's P4.61 billion. Gross profit by the construction business reached P1.90 billion or 43% of the consolidated gross profit while the airport business delivered P2.26 billion or 52%. The balance came from the airport merchandising segment.

Operating Profit lower by 13% or by P427.75 million
Consolidated operating profit amounted to P2.90 billion in 2018 due to lower construction revenues generated. Airport operations contributed P1.80 billion which is 18% higher compared with P1.52 billion in 2017.

Finance Costs increased by 80% or by P591.64 million
The increase in finance costs was due to the loan availments of the airport segment in 2018 and recognizing half-year interest expenses in Terminal 2 of MCIA. Moreover, construction segment availed of working capital loans, recognized a one-time loss related to the impairment of disputed construction receivables, and adoption of the new accounting standard PFRS 15, Revenue from Contracts with Customers.

Finance Income rose by 19% or by P35.75 million
The improvement in finance income was mainly attributed to the interest hike in 2018.

Other Income, net increased by 942% or by P543.80 million
In 2018, other income of the Company, mainly from equipment rental, increased significantly due to a more active sales and marketing campaign. In addition, a revaluation gain amounting to P307 million on the Company's stake in MWMTI as a result of its acquisition of WMPMI, the vehicle that owns 49% of MWMTI.

Tax Expense decreased by 15% or by P86.21 million
Consolidated tax expenses declined by 11% to P492.84 million due to a decline in the operating profit of the Group.

Review of financial condition as of December 31, 2018 as compared with the financial condition as of December 31, 2017

Financial Condition

ASSETS

Current Assets increased by 33% or by P6.09 billion
The following discussion provides a detailed analysis of the increase in current assets:

Cash and Cash Equivalents increased by 16% or P803.78 million
The increase in cash & cash equivalents is basically due to the downpayments received by the construction business for its new projects and the increase in operating cash inflow of the airport operation segment as a result of higher revenues.

Financial Assets at fair value through profit or loss decreased by 99% or by P3.18 billion
The parent company terminated its placement to fund its equity infusion in MWMTI and its share buyback program.

Trade and Other Receivables increased by 56% or by P3.68 billion
The construction receivables increased by P400 million due to timing differences in the collection cycle of the trade receivables of the Group which is 45 to 60 days from invoice date while retention receivables increased by P258 million. Retention receivables pertain to progress billings which is withheld by the project owner equivalent to 5% to 10% of the project. Retention receivables are collected upon issuance of the certificate of completion by the project owner. In airport operations, receivables increased by P189 million basically due to an increase in revenue. The increase in other receivables is mainly due to the accrual of interest income of the Group. Advances to affiliates also increased in 2018 due to bridge financing extended to affiliates for business expansion and diversification program.

Construction Materials increased by 50% or by P287.74 million
The increase is due to the timing of placing the orders for materials to suppliers and actual delivery to project sites and warehouses.

Costs in excess of billings on uncompleted contracts – net / Contract assets increased by 46% or P965.18 million
The increase is mainly due to the adoption of the new accounting standard PFRS 15, Revenue from Contracts with Customers, which recognizes actual constructions costs incurred and reclassifies unbilled progress billings to contract assets. The increase is mainly due to projects fulfillment cost in relation to MWMTI contract with the government and other newly awarded contract which are on mobilized phase.

Other Current Assets increased by 260% or by P3.53 billion
The increase is due to advances made by the Parent to its suppliers and subcontractors for its new projects that just started and the increase in prepaid taxes of the Group.

Non-Current Assets increased by 15% or by P5.40 billion
The following discussion provides a detailed analysis of the increase in non-current assets:

Investments in Associates and Joint Ventures decreased by 16% or by P177.39 million
The decrease is due to the elimination of the investments in MWMTI, as a result of the Parent's acquisition of the 49% stake of WMPMI in MWMTI in 2018. After the acquisition, the Parent owned 100% of MWMTI that resulted to a change in the accounting treatment from an investment in joint venture to an investment in subsidiary.

Concession Assets increased by 10% or P2.68 billion
The increase is due to capital investments of GMCAC related to the construction of the MCIA Terminal 2 and rehabilitation of the Terminal 1.

Property, Plant and Equipment increased by 5% or by P278.03 million
The Group procured new property, plant and equipment amounting to P942 million, which included the Parent's capital investments in land, warehouses, construction and transportation equipment, to support its expanding order book and GMCAC's investments in new systems and office equipment to support the growing airport operations.

Investment Properties increased by 2,450% or by P3.32 billion
In 2018, the Parent acquired the 49% stake of WMPMI in MWMTI that resulted to a change in the accounting treatment by the Parent of its investment in MWMTI from an investment in joint venture to an investment in subsidiary. The consolidation of the MWMTI in the books of the Parent resulted to the recognition of investment in properties amounting to P3.32 Billion. MWMTI has a Concession Agreement with the government to build and operate the PITX for 35 years and also allows for the construction and development of office buildings and commercial establishments which was recorded as investment in properties in the books of MWMTI.

Other Non-Current Assets increased by 8% or by P222.56 million
The increase is due to the additional placement of unrestricted cash amounting to P216.0 million in the restricted funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loan availments of GMCAC.

LIABILITIES AND EQUITY

Current Liabilities increased by 76% or by P7.15 billion
The following discussion provides a detailed analysis of the increase in current liabilities:

Interest-Bearing Loans and Borrowings-Current increased by 150% or by P3.85 billion
The increase is due to the availment of short-term loans of the Parent and MGCJV, Inc. MGCJV Inc. is the joint venture of the Parent and GMR Group established to construct the new Clark International Airport.

Trade and Other Payables increased by P7.15 million
The increase is mainly due to volume and timing of purchases and payments to suppliers and subcontractors as well as an increase in retention payable by the Parent.

Advances from Customers increased by 561% or by P2.96 billion
The net increase is due to the new downpayments received by the Parent for its new projects.

Billing in excess of costs on uncompleted contracts – net/Contract liabilities increased by 26%or P246.06 million
Due to the adoption of PFRS 15, Revenues from Contracts with Customers, billings in excess of costs on uncompleted contracts is duly reclassified to contract liabilities. The increase in contract liabilities is due to the timing of cost billing of subcontractors for certain projects nearing completion.

Other Current Liabilities increased by 67% or by P93.81 million
The increase is due to the increase in taxes payables of the Group and unearned income of GMCAC for the advance payments received from customers and concessionaires.

Non-Current Liabilities increased by 17% or by P4.47 billion
The following discussion provides a detailed analysis of the increase in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current Increased by 15% or by P3.98 billion
The increase is the net of GMCAC's loan availments amounting P3.9 Billion and the Company's loan repayment amounting to P684.00 Million. In addition, MWMTI's current loan amounting to P825 million was also consolidated under the Parent.

Deferred tax liabilities increased by 495% or by P349.14 million
The increase is due to the timing brought about by the change from output to input method in recognizing construction revenue for the construction segment in conformance with the new accounting standard PFRS 15, Revenue from Contracts with Customers, and the impact of the difference in amortizing the concession asset per accounting and tax treatment.

Other non-current liabilities increased by 54% or by P129.81 million
The increase is mainly due to the retention payable of GMCAC related to the construction of the MCIA Terminal 2.

Equity attributable to Parent decreased by 4% or P557.34 million
The decrease is the function of the share buyback program of the Parent, dividend payments to common stock and preferred stock shareholders and decrease in earnings of the Parent.

Review of results for the year ended December 31, 2017 as compared with the results for the year ended December 31, 2016 and **Material Changes in Megawide's Audited Balance Sheet as of December 31, 2017 compared to the Audited Balance Sheet as of December 31, 2016**

Results of Operations

Group Revenue increased by 9% or P1.50 billion
Diversified engineering and infrastructure conglomerate Megawide Construction Corporation posted a 9% increase in consolidated revenues for the full year of 2017 to Php19.2 billion from Php17.7 billion in the previous year, on the back of the stable growth of the construction business and the robust performance of the airport segment. The Company still derives bulk of revenues from construction business at 87% while airport business accounted for 12% and the remaining balance is attributed to airport merchandising.

Construction revenues reached Php16.7 billion, a 6% growth from last year's Php15.8 billion, due to the private sector projects. Quarter on quarter, revenue grew by 24% to Php4.3 billion. New contracts booked coming from the private sector totaled to Php10.8 billion at the end of the year. This brought total order book to Php32.6 billion in 2017, providing earnings visibility for the next two years.

Airport operations generated Php2.3 billion of revenues, 23% higher year-on-year from Php1.9 billion, as a result of the double-digit increase in passenger throughput of 12%, with international passenger volume outpacing domestic passenger volume growth at 24% and 7%, respectively. For the fourth quarter of the year, revenue grew by 17% to Php575 million.

Non-aero revenues, which accounted for 31% of the total, increased by 36% to Php723 million. Passenger service charge went up by 16% to Php1.3 billion, representing 56% of airport revenues. The remaining 13% is coming from Aero related revenues, which grew by 27% to Php295 million.

At the end of 2017, MCIA handled 9.97 million passengers, with domestic passengers representing 69% while international passengers accounted for 31%. Similarly, air traffic volume increased by 19%, with 30% increase in international and 16% increase in domestic. The overall increase in passenger volume is brought about by new airlines and routes in both international and domestic sector as the Company continue to promote Mactan-Cebu airport as an alternative gateway to the country. In 2017, the Company was able to add twelve (12) international routes, with seven (7) destinations to and from Chinese cities, and twenty-three (23) domestic destinations. To date, the Company is serving 35 domestic and 22 international destinations, with seven domestic and 18 international airline partners. New international airlines include Juneyao Airlines, Sichuan Airlines, Lucky Air, Okay Airways, and Pan Pacific while AirJuan is the newly added domestic airline.

Direct Costs increased by 5% or P758 million
The movement in direct cost is paralleled with movement in revenue across all three segments.

Gross Profit increased by 19% or P743 million
The movements in operating revenues and expenses resulted in a consolidated gross profit of P4.61 in 2017, rising by 19% from last year's P3.87 billion. Gross profit earned by

construction business is P2.63 billion or 57% of the Group's gross profit, with an increase of 11% from 2016 or P269 million while P1.88 billion or 41% is accounted for airport operation with an increase of 24% or P367 million. Increase in Group's gross profit in fueled by strong revenue contribution by both business segments ending up with an increase in Gross profit by P743 million.

Other Operating Expenses increased by 9% or P99 million
The modest increase in operating expenses is primarily attributable to the increase in manpower and other operating expenses such as utilities, outside services and repairs and maintenance of the airport operation to serve the increase in overall airport operation driven by a significant influx of passenger traffic. The increase in operating expenses is also attributable to the operating expense incurred by the airport merchandising operation amounting to P 53 million.

Finance cost increased by 23% or P152 million
Increase in finance costs due to realization of the one-time loss on sale of retail treasury bonds amounting to P78 million and impairment loss amounting to P95 million.

Finance income decreased by 9% or P16 million
Decrease in finance income is due decline in value of short-term placement of the Group in 2017.

Other income, net decreased by 22% or P16.65 million
In 2016, gain on disposal of property and equipment amounted to P51.75 million whereas in 2017 there is only minimal disposal with marginal gain amounting to P 5 million.

Tax expense increased by 29% or P131 million
Increase in tax expense is due to increase in profit of the Group.

Net income increased by 17% or P328 million
With revenue growth outpacing the rise in cost buoyed by robust performance of both construction and airport operations, net income increased by P328 million.

Review of financial condition as of December 31, 2017 as compared with the financial condition as of December 31, 2016

Financial Condition

Current Assets decreased by 11% or P2.28 billion
The following discussions provide a detailed analysis of the decrease in current assets:

Cash and cash equivalents decreased by 21% or P1.33 billion
The decrease in cash & cash equivalents is basically due to the cost incurred in the construction of Terminal 2 of Cebu Mactan International Airport amounting to P5.42 billion. Terminal 2 is already in the final stretch of its construction schedule and it is due to start operation in June 2018. Total cash used in investing activities by the Group amounted to P4.72 billion which also includes capital investment on land, warehouse, construction and transportation equipment by the Parent amounting to P498 million and investment in subsidiary amounting to P221 million. The Group's operating activities provided cash inflow amounting to P1.35 billion while financing activities provided cash inflow of P2 billion as a result of loan availment of GMCAC to fund the construction of Terminal 2.

Financial assets at fair value through profit or loss decreased by 31% or P1.46 billion
Decrease is due to termination of the short-term placements of the Parent to for working capital and investment purposes.

Trade and other receivables increased by 32% or P1.60 billion

Increase is mainly due to the timing difference in the collection cycle of trade receivable of the Group which is 30 to 45 days from invoice date. Quarter on quarter, revenue grew by 24% to Php4.3 billion in 2017. In addition, retention receivables increased by P972 million. Retention receivable pertain to progress billings which is withheld by the project owner equivalent to 5% to 10%. Retention receivable is collected upon issuance of certificate of completion by the project owner.

Construction materials increased by 28% or P126 million
The increase is due to voluminous purchases of construction materials as a result of the increase in projects' requirement for both current and new projects that were not yet delivered to construction sites from the central warehouse. In addition, finished goods of precast plant increased due to production requirement by its major projects.

Costs in excess of billings on uncompleted contracts – net decreased by 30% or P919 million
The decrease is typically due to realization of catch up of billings versus actual cost incurred to date for projects nearing completion like CyberPark Tower 1, Dep-Ed Phase 2, Philam Life, Arthaland Substructure, Proscenium Substructure, The Hive Tower A, Landers Otis and Balintawak and Le Grand Towers ABC and DEF, Mckinley Sales Office, Hampton M &N, Worldhotel, Annapolis, World Plaza, Southwoods, Shang Salcedo Place, One Townsquare and the Tower One Plaza Magellan.

Other current assets decreased by 17% or P279 million
The decrease is due to amortization of prepaid assets of the Group and decreased in input vat as a result of output vat payments and usage of creditable withholding tax to pay the Group's income tax expense. As a result of robust performance of the Group, both output vat payables and income tax expenses increased in 2017.

Non-current assets increased by 19% or P5.61 billion
The following discussions provide a detailed analysis of the increase in non-current assets:

Investments in associates and joint venture increased by 23% or P208 million
The Parent Company infused cash in MWM, Terminals Inc. (MWMTI) amounting to P204 million. MWMTI, the Consortium between Megawide and WM Property Management, will construct, operate and maintain the integrated transport southwest terminals, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC. The Group also recognized its share in net earnings on its investments in associates amounting to P3.6 million.

Concession asset increased by 26% or P5.27 billion
Increase is due to capital investments of airport subsidiary GMCAC related to the construction of the new Terminal 2 of Mactan-Cebu International Airport. Terminal 2 is expected to open by June 2018.

Property, plant and equipment decreased by 1% or P49 million
The Group procured new property and equipment amounting to P595 which includes the Parents capital investments on land, warehouse, construction and transportation equipment while GMCAC's invested in new system and office improvements to support the passenger traffic growth and the opening of terminal 2 by 2018. Parent Company also reclassified parcels of land previously classified as property plant and equipment amounting to P135 million to investment property since these parcels of lands are not used by the Group in its ordinary course of business. The total depreciation of the Group, excluding the amortization of concession assets, amounted to P532 million as of end of December 31, 2017.

Deferred tax asset decreased by 100% or P34 million
The Group has net deferred tax liability as of December 31, 2017 compared with the P34 million asset from December 31, 2016. The decrease in deferred tax asset is due to the excess of actual cost over estimated cost on its on-going projects booked by Megawide at the

end of the 2017. Deferred taxes are determined by the timing of the incurrence of cost of the projects.

Other non-current assets increased by 3% or P75 million
Increase is due to additional placement of unrestricted cash amounting to P216 million in the Restricted Funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loans availments by GMCAC but offsetted by the recoupment of advances to contractors amounting to P278 million. Deferred input vat also increased by P143 million because of capital investment made by GMCAC related to its construction of the new terminal 2 of Mactan-Cebu International Airport.

Current liabilities decreased by 18% or P2.05 billion
The following discussions provide a detailed analysis of the decrease in current liabilities:

Interest-bearing loans and borrowings current decreased by 5% or P127 million
Decrease is due to payment of short-term loans and finance lease of the Parent. Lease payable pertains to service vehicles purchased through bank financing.

Trade and other payables decreased by 13% or P764 million
The decrease is mainly due to volume and schedule of purchases of materials and services that is directed by the cyclicality of construction accomplishment of every project. Timing of payments to suppliers and subcontractors also affects the movement of trade payables. Retention payable increased by P517 million as a result of the progress billings processed and accrued by the Group as of the end December 31, 2017.

Advances from customers decreased by 59% or P751 million
The decrease is due to the recoupment of downpayment from customers as a result of higher revenue generated by the Parent.

Billings in excess of costs on uncompleted contracts – net decreased by 31% or P429 million
Decrease is due to the closure of finished projects such as Dexterton, Hampton M&N, New Frontier Theater, One Townsquare, Philam Life Center Cebu, Le Grand ABC and Mckinley Sales Office.

Other current liabilities increased by 23% or P26 million
Due to voluminous purchases of materials and services and increase in salaries and wages as a result of robust performance of the Group, withholding taxes at year-end have increased. In addition, income tax payable for airport merchandising segment is recognized also at year-end.

Non-Current liabilities increased by 15% or P3.45 billion
The following discussions provide a detailed analysis of the increase in non-current liabilities:

Interest-bearing loans and borrowings - non-current increased by 14% or P3.31 billion
The increase is primarily due to GMCAC'S availment of P3.42 billion loan in 2017. The availment was made based on the drawdown schedule with the bank to finance the construction of Terminal 2.

Post-employment defined benefit obligation – increased by 54% or P60.77 million
This is due to accrual of retirement obligation of the Parent.

Deferred tax liabilities increased by 100% or P70.53 million
The increase is due to the timing difference of the actual cost and estimated cost of the construction segment.

Other non-current liabilities increased by 4% or P8.27 million
Retention payable of GMCAC related to the construction of the new terminal 2 of Mactan-Cebu International Airport increased by P115.30 million while security deposits decreased by P107M due to reclassification to current portion of deposits maturing in the following year.

Equity attributable to Parent increased by 11% or P1.46 billion
The increase is mainly the function of the Group's share in net income.

Review of results for the year ended December 31, 2016 as compared with the results for the year ended December 31, 2015

Results of Operations

Group Revenue increased by 14% or P2.22 billion
The Group has posted an all-time high revenue of P17.66 billion in 2016 which is 14% or 2.22 billion higher compared with the Group's revenue in 2015. Of the total revenue, construction segment contributed 89% at P15.79 billion while airport segment contributed 11% at P1.87 billion. Construction Segment is continuously outperforming its previous year's revenue production for the two consecutive years and has achieved a compounded annual growth rate of 15%. Meanwhile, has continued to deliver a strong growth of 26% on our second full year of operations and management.

The construction revenue increased by 13% or P1.83 billion due to revenue earned from numerous significant contracts won by the Megawide such as Meridian Park Phase 1 of Double Dragon, Le Grand BPO Cluster Phase 1 & 2 of Megaworld, 8990 Tower in Edsa and Tondo of 8990 Holdings Inc, Landers Warehouse Balintawak & Otis of Southeast Asia Retail, Inc., Proscenium Lincoln and Lorraine Towers of Rockwell, Cyber Park Tower 2 by Araneta Group, Southeast Asia Campus by Megaworld, Arthaland Towers by Arthaland Corp. and three Solar Power farm projects. Total booked new contract in 2016 amounted by the Parent amounted to P12.73 billion. As a result, total construction order book as of December 31, 2016 stands at P38.49 billion. These new contracts include Phase 2 of Meridian Park of Double Dragon, 10 West, St. Moritz, Southeast Asean Campus, One Manchester Cebu of Megaworld, and 8990 Tondo and Cubao by 8990 Holdings Inc.

Meanwhile, Megawide's airport subsidiary GMCAC posted an increase in revenues by 26% or P388 million due to increase in Aeronautical Revenues, Commercial Revenues and Rental Revenues as a result of year-on-year increase in passenger traffic by 12%. Domestic and international flights increased by 8% and 22%, respectively, due to introduction of Xiamen Airlines, China Eastern, Tiger Airway, Emirates, PAL Cebu to Los Angeles and Eva Air and additional domestic flights to Davao, Bacolod, Butuan, Iloilo, Roxas, Ormoc and CDO. Aero and aero-related revenues comprise 72% of the total airport revenues in 2016. Non-aero related revenues, which comprise 28% of the 2016 airport revenues, increased by P192 million or 57% in 2016 primarily due to new concessionaire contracts and advertisements from Jollibee, Suyen Corp., Starbucks, Bigby's Quality Food, Ulli's Streets of Asia and the revamping of contract with Cesar's Foodland Inc .

Gross Profit increased by 20% or P646 million
Gross profit earned from construction is P2.36 billion or 61% of the Group' gross profit while gross profit earned from airport operation amounted P1.51 million. Construction gross profit increased by 13% or P270 million while airport operations booked an increase in gross profit of P376 million, 33% higher than the gross profit earned in 2015. The increase in Group's gross profit is primarily attributable to the increase in construction and airport revenue contribution.

Other Operating Expenses increased by 23% or P201 million
The increase in other operating expenses is directly attributable to increase in revenues of the Group in 2016. As the airport facility is continuously renovated to meet capacity and service requirements mandated by the Concession Agreement, the airport segment procured more spares, worked and supervised contractors. In addition, supplemental agreements were contracted in 2016 to serve the additional headcounts and work shifts related to projects to serve to increase passenger capacity. The implementation of the Baggage Handling System, opening of new toilet facilities around the airport, strengthening of access points after the

Transport Security Administration and Engineering service contractors and the mandatory labor cost rate adjustment all contributed to the increase in Group's operating expense. Meanwhile, construction segment overhead increased due to increase in manpower of the support group to ensure quality of product and on-time delivery of service to clients. The ratio of operating expenses to total revenues of the Group remained at 6% for both years.

Operating Profit increased by 19% or P445 million
The increase is a result of higher revenues from both construction and airport operations of the Group.

Finance Costs increased by 20% or P113 million
Increase in finance cost is mainly due to the interest on P3 billion loan availment by GMCAC in 2016 to fund the construction of terminal 2. The loan availment of GMCAC were made in accordance with its drawdown schedule with the banks.

Finance Income increased by 30% or P43 million
The Group's finance income increased due to higher value of short-term placements and cash in bank of the Group.

Other Income increased by 204% or P50 million
The increase is due to portion of the land sold in 2016 in which the Parent Company recorded a gain on P52 million and the increase in management fees to unconsolidated entities of the Group by P18 million.

Tax Expense decreased by 5% or P21 million
GMCAC's tax expense decreased by P196 million in 2016 due to its availment of its ITH. Upon completion of the BOI registration terms and condition on the renovation of terminal 1, GMCAC availed its ITH incentive. GMCAC is entitled to ITH for period of three years or until December 2018. Meanwhile, Parent's income tax has increased by 55% or P 140 million compared to 2015 income tax due to the expiration of the Parent's Income Tax Holiday (ITH) Incentive in May 30, 2015 and growth in construction earnings in 2016.

Net Income increased by 30% or P446 million
The Group's Consolidated Net Profit increased by P446 million compared to the same period in 2015 due to strong earnings from both construction and airport operations.

Review of financial condition as of December 31, 2016 as compared with the financial condition as of December 31, 2015

Financial Condition

Current Assets decreased by 7% or P1.52 billion
The following discussions provide a detailed analysis of the decrease in current assets:

Cash and cash equivalents increased by 91% or P2.99 million
Cash inflow from operating activities of the Group amounted to P5.61 billion, P3.869 billion of which pertains to the Parent Company and P1.92 billion from the airport operation. The increase in operating cash inflow of the Group is mainly attributable to increase in revenue, efficiency in collecting its receivables and cash management in paying its suppliers. For investing activities, total cash used up to fund the construction of Cebu Airport Terminal 2, procure construction equipment, temporarily place cash to higher yielding investments and infuse cash to unconsolidated entities such as Southwest terminal amounted to P3 billion. Meanwhile, cost to reacquire and sell treasury shares of the Parent amounted to P1.95 billion. In 2016, the Parent purchased 410,842,702 common shares held by Sybase Equity Investment Corporation for a total consideration of P4.12 billion. On October 2016, 150 million of the treasury shares were resold.

Financial assets at fair value through profit or loss decreased by 22% or P1.31 billion

The decrease is due to reclassification of placements which matured at end of year but were reinvested in the next banking day of 2017.

Trade and other receivables decreased by 37% or P2.88 billion
Decrease is primarily due to collection of progress billings of construction receivables as spike in revenue occurred towards the last quarter in 2015 while collection of which were received in early 2016.

Construction materials increased by 54% or P159 million
The increase is due to voluminous purchases of construction materials as a result of the increase in projects' requirement for both current and new projects. In addition, finished goods of the precast plant that were not yet delivered to the construction sites as of the end of 2016 also contributed to the increase in inventory.

Costs in excess of billings on uncompleted contracts – net decreased by 15% or P539 billion
The decrease is typically due to realization of catch up of billings versus actual cost incurred to date for projects nearing completion like BPO Araneta Phase 1, Shangrila, Mareic, The Rise, Philam Life, Arthaland Substructure, Proscenium Substructure, The Hive Tower 1, Landers Otis and Balintawak and LeGrand Towers ABC and DEF.

Other current assets increased by 4% or P57 million
The increase is mainly due to increase in input vat of the Parent as a result of its voluminous purchases of construction materials and services.

Non-current assets increased by 16% or P4.09 million
The following discussions provide a detailed analysis of the increase in non-current assets:

Available-for-sale financial assets (AFS) increased by P931M
The increase is due to the placement of the Parent Company's excess funds to Retail Treasury Bond with an interest rate of 3.5% per annum as part of the Group's cash management program.

Investments in associates and joint venture increased by 10% or P78 million
The Parent Company infused additional fresh cash in MWM, Terminals Inc. (MWMTI) in 2016. MWMTI is the Consortium between Megawide and WM Property Management who will undertake the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC for the construction and operation of Southwest terminal. The Group also recognized its share in net losses on its various equity investments totaling to P10 million.

Concession asset increased by 24% or P3.97 billion
Increase is due to capital investments of airport subsidiary GMCAC related to the construction of the new terminal 2 of Mactan-Cebu International Airport. The terminal 2 is expected to be completed and operational by June 2018.

Property, plant and equipment increased by 6% or P319 million
In 2016, the Group purchased equipment totaling P909 million, of which P718 million is related to the construction segment to support the order book of the Parent. The Group's depreciation in 2016 amounted to P504 million.

Deferred tax asset increased by P34 million
The increase is due to the recognition of the Parent of deferred tax asset on the excess of actual cost over estimated cost on its on-going projects and on its retirement benefits in 2016.

Other non-current assets decreased by 32% or P1.24 billion
The decrease pertains to portion of Restricted Funds of GMCAC's "Cash Flow Waterfall Accounts" required under the Omnibus Loan and Security Agreement that was released and transferred to unrestricted fund for use in operations amounting to P930 million. The

agreement provides that working capital and capital expenditures of the next succeeding quarter's budget shall be released by the bank from GMCAC Cash Flow Waterfall Accounts on a quarterly basis. Also, in 2016, recoupment of downpayment amounting to P391 million for the construction of Mactan-Cebu International Airport were applied against progress billings.

Current liabilities decreased by 9% or P1.19 billion
The following discussions provide a detailed analysis of the decrease in current liabilities:

Interest-bearing loans and borrowings current decreased by 25% or P903 million
The Parent Company paid portion of its short-term bank loans to manage the volatility of interest rates on Short-term loans in anticipation to the increase in interest rate in 2017.

Trade and other payables decreased by 10% or P655 million
The Parent paid its suppliers and subcontractors for its solar farm projects as these projects came into completion in 2016. The Parent also continue to benefit from the extended credit terms as a result of the Parent's growing business relationship with its suppliers.

Advances from customers decreased by 24% or P414 million
The decrease is due to the recoupment of downpayment from customers as a result of higher revenue generated by the Parent.

Billings in excess of costs on uncompleted contracts – net increased by 132% or P778 million
Increase is mainly due to new significant contracts booked last year which are at its early phase like Proscenium Towers Lincoln and Lorraine, Double Dragon, 10 West, South East Asian Campus and Araneta Phase 2. These projects also contributed a big portion of the Parent's total construction revenue. Increase is typical as billings are higher compared to cost during early to middle phase of the construction.

Other current liabilities increased by 5% or P5 million
Increase is only due to increase in withholding taxes of the Group.

Non-Current liabilities increased by 22% or P4.15 billion
The following discussions provide a detailed analysis of the increase in non-current liabilities:

Interest-bearing loans and borrowings - non-current increased by 22% or P4.12 billion
The increase is primarily due to GMCAC availment of P3.05 billion loan in 2016. The availment was made based on the drawdown schedule with bank to finance the construction of Terminal 2. Meanwhile, as a result of its cash management program, the Parent paid its short-term bank loan to avail its P1 billion ten-year corporate term loan.

Deferred tax liability decreased by 100% or P145 million
Decrease is due to recognition of additional deferred tax asset of the Parent on retirement benefit obligation and actual versus estimated construction costs. The net amount of deferred tax asset or deferred tax liability is presented in either deferred tax asset or deferred tax liability.

Other non-current liabilities increased by P136 million or 144%
The increase is due to the portion of the amount retained from the progress billings of Megawide GISPL Construction Joint venture (MGCJV), the construction arm created to facilitate construction of the airport terminal by GMCAC in 2016. MGCJV is 50% owned by Megawide and is accounted for as joint operations in the consolidated financial statements. Retention payable will be due upon final acceptance of the constructed facility. In addition, Security deposits related to lease of space in terminal 1 of GMCAC also increased by P43 million.

Equity decreased by 2% or P395 million

The decrease is mainly the function of the Megawide's treasury shares amounting to P1.96 billion, net of reissuance of treasury shares and it's the corresponding increase in APIC and payment of preferred shares dividend amounting to P281. Meanwhile, total equity of the Group increased by P1.92 billion as result of the recognition of the Group's net profit for 2016.

LIQUIDITY AND CAPITAL RESOURCES

As regards internal and external sources of liquidity, the Company's funding is sourced from internally generated cash flows, and also from borrowings or available credit facilities from other local and international commercial banks.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

There is no significant element of income not arising from continuing operations.

There have not been any seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

Cash Flows

The following table sets forth information from Megawide's pro forma statements of cash flows for the period indicated:

(Amounts in P millions)	For the years ended December 31	
Cash Flow	**2018**	**2017**
Net cash provided by (used in) operating activities	1,308	1,355
Net cash used in investing activities	(5,299)	(4,727)
Net cash provided by financing activities	4,618	2,027

Review of results for the period ended March 31, 2019 as compared with the results for the period ended March 31, 2018.

A. RESULTS OF OPERATIONS

Review of results for the three (3) months ended March 31, 2019 as compared with the results for the three (3) months ended March 31, 2018

Consolidated revenue stood strong at P3.6 billion for the three months ending March 31, 2019. Construction segment, which contributed 72% of the consolidated revenue started to ramp up from a sturdy order book of 2018. The trend is expected to move upwards in the succeeding quarters as major works from 2018's new projects started to commence. Meanwhile, airport operations, which contributed 25% of the consolidated revenue remained steadfast with 38% year-on-year growth which is due to the increase in passenger volume. Airport merchandising and terminal operations contributed 2% and 1% of the consolidated revenues, respectively, contributing diversified revenue streams.

REVENUES

The Company posted consolidated revenues of P3.56 billion for the three (3) months ended March 31, 2019.

Construction

The construction segment contributed 72% of the Group's total revenue amounting to P2.57 billion. The Company is now experiencing ramp up on its operations from the take-off of structural works on recently awarded contracts. Compared to the fourth quarter performance in 2018, revenue for the quarter increased by 10%. The Company is expected to increase its revenue volume in the coming quarters. On-going projects which contributed to the first quarter's revenue include Araneta's Gateway Mall, 8990 Holding's Ortigas and Tondo Projects and Midland's Taft East Gate.

The new contracts secured in 2019 reached P6.2 billion, which include Megaworld's Sunset BPO, Gentry Manor and Empire East Highland Mall. Order book as of the end of March 2019 is at P53.68 billion and provides revenue visibility for the next 2 to 3 years. In terms of mix, residential projects comprised 33%, office and commercial at 59%, while infrastructure projects contributed the remaining 8%, attributable to the Clark International Airport EPC contract.

Airport Operations

Airport operations delivered revenues of P892 million and contributed 25% to the total consolidated revenue in 2019. This was driven largely by the 13% growth in total passenger volume to 356,410 passengers, with international and domestic passengers growing 11% and 15% respectively. Domestic passengers comprised 66% of the total passenger mix while international passengers comprised 34%. Air traffic volume likewise increased by 5% with international traffic increasing by 10% and domestic traffic improving by 3%.

Per segment, share of Passenger Service Charge (PSC), representing 53% of airport revenues, increased by 32% to P470 million driven by the double-digit growth in passenger throughput. On the other hand, non-aero or commercial revenues grew by 16% to P246 million and contributed 28% to airport operations. The remaining 19% is accounted for by aero-related revenues, which increased by 129% to P176 million.

Airport Merchandising

Meanwhile, airport merchandising contributed 2% of the consolidated revenue. However, with the opening of Terminal 2 and expected influx of foreign tourists, coupled with the expansion of Terminal 1 by the end of 2019, airport merchandising is expected to improve its contribution moving forward.

Terminal Operations

Terminal Operations posted a revenue of P20 million representing cost recovery of terminal operations related expenses amounting to P15 million in compliance with IFRIC 12, *Service Concessionaire Arrangement,* and the P5 million lease income from commercial space.

COSTS AND EXPENSES

Direct Costs is at P2.5 billion

Consolidated direct costs paralleled movement of revenue for construction, airport merchandising and terminal operations segment. Meanwhile, airport operation cost increased by P168 million due to depreciation of terminal 2.

Gross Profit is at P1.1 billion

Consolidated gross profit amounted to P1,097.3 million in 2019 and translated to a consolidated gross profit margin of 31% versus 26% in 2018. Gross profit by the construction business reached P395.8 million or 15% of construction revenue and 36% of the consolidated gross profit while the airport business delivered P634.6 million or 71% of airport revenue and 58% of the consolidated gross profit. The balance came from the airport merchandising and terminal operations segments

Operating Expenses amounts to P366 million

Operating Expenses for the three-month period amounts to P366 million. Current period expenses now include overhead expenses relating to operation of terminal 2, which commenced operations last July 2018 and terminal operation cost, which were consolidated beginning August 2018.

Finance Costs amounts to P402 million

The increase in finance costs was due to the loan availments of the airport segment in 2019 and interest expenses on existing loan pertaining to Terminal 2 cost of MCIA which were previously treated as capitalized borrowing cost while the asset is under construction. Moreover, construction segment availed of working capital loans.

Finance Income amounts to P54 million.

The amount is consistent with March 2018.

Other Income amounts to P65 million

Other income for the year mainly pertains to equipment rental and sale.

B. FINANCIAL CONDITION

Review of financial conditions of March 31, 2019 as compared with financial conditions of December 31, 2018

Financial Condition

ASSETS

Current Assets decreased by P135 million

The following discussion provides a detailed analysis of the decrease in current assets:

Cash and Cash Equivalents decreased by 27% or P1.5 billion

The decrease in cash & cash equivalents is basically due to payments made to suppliers and subcontractors for the construction of ongoing projects for which downpayments from client were received in 2018. In addition, payments were made for the rehabilitation of MCIA

terminal, construction of commercial space for PITX project and acquisition of construction equipment.

Financial Assets at fair value through profit or loss decreased by 100% or by P26 million

The decrease is due to remeasurement of interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022, start date is on December 15, 2017. A notional amount of USD 75.0 million floating rate loan was swapped to fixed rate.

Trade and Other Receivables increased by 1% or by P95 million

The construction receivables increased due to timing differences in the collection cycle of the trade receivables of the Group which is 45 to 60 days from invoice date while retention receivables increased relative to accomplishment for the period. Retention receivables pertain to progress billings which is withheld by the project owner equivalent to 5% to 10% of the project. Retention receivables are collected upon issuance of the certificate of completion by the project owner. In airport operations, receivables increased basically due to an increase in revenue.

Construction Materials decreased by 4% or by P33 million

The decrease is due to the timing of placing the orders for materials to suppliers and actual delivery to project sites and warehouses.

Contract assets increased by 18% or P550 million

The increase is mainly due to newly awarded contracts which are on mobilization phase and contract asset related to terminal operations.

Other Current Assets increased by 17% or by P814 million

The increase is mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects for which related downpayments were received from a customer in 2018 and the impact of the adoption of PFRS 16, Leases which increased prepaid rent during the period.

Non-Current Assets increased by 3% or by P1.1 billion

The following discussion provides a detailed analysis of the increase in non-current assets:

Investments in Associates and Joint Ventures decreased by P764,000

The change is a result of take up share in losses on the Group's investment in joint venture.

Concession Assets increased by P82 million

The increase is due to capital investments of GMCAC related to the rehabilitation of the Terminal 1 of MCIA.

Property, Plant and Equipment decreased by P22 million

The Group procured certain construction equipment in 2019 that will support specification requirement of the ongoing projects. The addition was offset by depreciation recognized during the period.

Investment Properties increased by 7% or by P254 million

The increase is due to capital investment of commercial space for 2019. MWMTI has a Concession Agreement with the government to build and operate the PITX for 35 years and also allows for the construction and development of office buildings and commercial establishments which was recorded as investment in properties in the books of MWMTI. The terminal started operations in 2018 while construction of commercial space on three towers is still in progress to date.

Other Non-Current Assets increased by 26% or by P751 million

The increase is due to the additional placement of unrestricted cash amounting to P1.5 billion in the restricted funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loan availments of GMCAC.

LIABILITIES AND EQUITY

Current Liabilities increased by 3% or by P496 million

The following discussion provides a detailed analysis of the increase in current liabilities:

Interest-Bearing Loans and Borrowings-Current increased by 17% or by P1.1 billion

The increase is due to the availment of short-term loans of the Parent and MGCJV, Inc., the joint venture of the Parent and GMR Group established to construct the new Clark International Airport.

Trade and Other Payables increased by 5% or by P265 million

The increase is mainly due to volume and timing of purchases and payments to suppliers and subcontractors as well as an increase in retention payable by the Parent. In addition, interest related to loans of Clark Airport was accrued during the period.

Advances from Customers decreased by 13% or by P437 million

The decrease is due to recoupments for the period based on progress billings.

Contract liabilities decreased by 38%or P451 million

The decrease in contract liabilities is due to the catch up of cost billing of subcontractors with revenue billings to clients for ongoing projects particularly for projects nearing completion.

Other Current Liabilities increased by 12% or by P28 million

The increase is due to additional deferred output VAT of GMCAC as a result of increase in revenue from the previous quarter.

Non-Current Liabilities increased by 1% or by P321 million

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current increased by 1% or by P203 million

The increase is due to GMCAC's loan availments during the period.

Deferred tax liabilities increased by 28% or by P116 million

The increase is due to treatment on amortization of concession asset of GMCAC for tax purposes.

Other non-current liabilities increased by P1 million

The increase is mainly due to the retention to subcontractors of GMCAC related to the construction of the MCIA Terminal 2.

Equity attributable to Parent increased by P69 million

The increase is the function of the share buyback program of the Parent, dividend payments to common stock and preferred stock shareholders and earnings of the Group.

C. MATERIAL EVENTS AND UNCERTAINTIES

There are no other material changes in Megawide's financial position by five percent (5%) or more and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of Megawide.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing Megawide's liquidity in any material way. Megawide does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of Megawide with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of Megawide.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

D. LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth information from Megawide's pro forma statements of cash flows for the periods indicated:

(Amounts in P millions)	For three (3) months ended March 31	
Cash Flow	2019 (unaudited)	2018 (audited)

Net cash provided (used) by operating activities	**(1,044)**	**1,374**
Net cash (used) provided in investing activities	**(1,411)**	**(2,095)**
Net cash provided (used) by financing activities	**921**	**178**

Indebtedness

As of March 31, 2019, Megawide has not been in default in paying interests and principal amortizations.

Megawide is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

RISK MANAGEMENT OBJECTIVES AND POLICIES

Megawide is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors, and focuses on actively securing Megawide's short-to-medium term cash flows by minimizing the exposure to financial markets.

Megawide does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risk are discussed in the quarterly financial statements, Exhibit 1.

KEY PERFORMANCE INDICATORS

Key Performance Indicators

Megawide's key performance indicators (KPIs) are listed below:

Amounts in billion P, except ratios and Earnings per Share	2018	2017	2016
Construction Order Backlog	50.09	32.60	P 38.49
Current Ratio[1]	1.50	1.99	1.83
Net Debt to Equity Ratio[2]	1.72	1.15	.91
Book Value Per Share[3]	5.06	5.20	4.52
Earnings per Share[4]	.56	.70	.57
Return on Assets[5]	.03	.04	.04
Return on Equity[6]	.10	.13	.12
Gross Profit Margin[7]	.27	.24	.22

Notes:
(1) Current Assets / Current Liabilities
(2) Interest bearing loans and borrowings less cash and cash equivalents and financial assets valued through profit or loss / Stockholder's Equity
(3) Total Equity / Issued and Outstanding Shares
(4) Net Profit / Issued and Outstanding Shares
(5) Net Profit / Average Shares
(6) Net Profit / Average Equity
(7) Gross Profit / Revenue

The KPIs were chosen to provide management with a measure of Megawide's sustainability on revenue growth (Construction Orders Backlog) financial strength (Current Ratio and Debt to Equity Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Gross Profit Margin).

Construction Orders Backlog corresponds to the value of any unfinished project phases. This provides a basis for near-term future source of production and revenues of Megawide. Construction Order Backlog tends to increase when booked construction contracts or orders increase. A larger Construction Order Backlog is indicative of higher profit in the future.

The KPIs for the period ending in March 31, 2019 as compared with the period ending March 31, 2018 are as follows:

LIQUIDITY RATIOS		
Key Indicators	**March 31, 2019**	**March 31, 2018**
Current ratio[1]	1.45	1.74
Acid test ratio[2]	0.85	1.38
Cash ratio[3]	0.25	0.70
Book value per share[4]	5.10	5.39
SOLVENCY RATIOS		
Key Indicators	**March 31, 2019**	**March 31, 2018**
Total Debt ratio[5]	.57	.51
Interest coverage ratio	2.12	6.01
Debt to equity ratio	2.10	1.55
Asset to equity ratio[6]	3.69	3.04
PROFITABILITY RATIOS		
Key Indicators	**March 31, 2019**	**March 31, 2018**
Earnings per Share[7*]	.45	.72
Return on Assets[8*]	.03	.03
Return on Equity*	.09	.10
Net Profit Margin[9]	8%	14%

**Annualized through TTM*

Notes:

1. Current Ratio (Current Assets / Current Liabilities)
   To test Megawide's ability to pay its short-term debts
2. Acid Test Ratio (Quick Assets/Current Liabilities)
   Measures Megawide's ability to pay its short-term debts from its most liquid assets without relying on inventory
3. Cash Ratio (Cash + Cash Equivalents + Marketable Securities/ Current Liabilities)
   A more conservative variation of quick ratio.It measures Megawide's ability to pay its short-term debts from its most liquid assets without relying on receivables and inventory.
4. Book Value per Share (Equity/Shares Outstanding)
   Measures the amount of net assets available to stockholders of a given type of stock
5. Total debt ratio (Total Interest-bearing Debt/Total Assets)
   Measures the percentage of funds provided by creditors
6. Asset to equity ratio (Total Asset/Total Equity)
   Shows the relationship of the total assets to the portion owned by shareholders. Indicates Megawide's leverage, the amount of debt used to finance the firm.
7. Earnings per Share (Net Income/Average Outstanding Shares)
   Reflects Megawide's earning capability
8. Return on Assets (Net Income/Total Assets)
   Indicates whether assets are being used efficiently and effectively
9. Net Profit Margin (Gross Profit/Total Sales)
   Measures the percentage of net income to sales

Information on Independent Accountant
External Audit Fees

External Audit Fees and Services

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by Megawide's external auditors:

Particulars	Nature	Audit Fees (amounts in P) For the years ended December 31		
		2018	2017	2016
Punongbayan & Araullo	Audit of Financial Statements	1,950,000.00	1,890,000.00	1,485,000

Except for the audit opinion rendered on the financial statements of Megawide required for annual filing with the SEC and the review for the use of proceeds on Megawide's preferred shares, the afore-cited independent public accountant provides no other types of service.

Audit and Compliance Committee (ACC) Pre-Approval Policy

The ACC is composed of the Chairman, Mr. Celso P. Vivas, Vice Chairman, Mr. Leonilo G. Coronel, and members: former Chief Justice Hilario G. Davide, Jr., Mr. Alfredo E. Pascual, and Mr. Oliver Y. Tan.

The ACC is required to pre-approve all audit and non-audit services to be rendered by independent accountants and approve the engagement fee and any other compensation to be paid to such independent accountants. When deciding whether to approve these items, the ACC takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the ACC communicates with the external auditors with regard to any relationship or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take the necessary action to ensure their independence.

Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

The name of the handling partner for the auditor of Megawide is as follows:

Auditor	Year	Handling Partner
Punongbayan & Araullo	2017 and 2018	2017 and 2018 *– Mailene Sigue-Bisnar*

Megawide has not had any disagreements with its internal auditor/independent accountant on any matter of accounting principles or practices, financial statement of disclosure or auditing scope or procedure.

Financial Statements
The audited consolidated financial statements are herein attached.

Description of the General Nature and Scope of the Business

Megawide Construction Corporation (Megawide) was registered with the Securities and Exchange Commission (SEC) on July 28, 2004 to exist for 50 years, or until July 28, 2054. Its primary purpose is to engage in the general construction business. It includes constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures, and to own, use,

improve, develop real estate of all kinds. Its registered principal office is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

Major Customers

Megawide is currently servicing the majority of high-rise residential, commercial, office and mixed-use development projects in Metro Manila for several major local developers, primarily for its use of High Technology Building Systems, and quality workmanship. While Megawide is constantly invited to bid for major domestic high-rise building projects, it opts to focus on a selected clientele that provides synergy in business operations and better risk management.

SM Development Corporation (SMDC)

SMDC is a leading developer of vertical villages integrated with commercial and retail environments. Their properties are strategically situated in key areas across Metro Manila, specifically in the cities of Makati, Mandaluyong, Manila, Parañaque, Pasay, Pasig, Quezon City, and Taguig, and Tagaytay City. Some of these properties include the Jazz Residences, Sea Residences and Grass Residences.

Rockwell Land Corporation (Rockwell)

Rockwell is one of the premier real estate development companies in the Philippines. It was formed in 1995, after the shutdown of the thermal power plant, by the Lopez Group. Its primary task was to transform the old thermal power plant property into a high-end commercial business district, truly a benchmark for innovation in the real estate industry.

Megaworld Corporation (Megaworld)

Megaworld is one of the country's leading real estate developer and top BPO office developer and landlord in the Philippines. Led by real estate magnate and visionary, Dr. Andrew L. Tan, Megaworld pioneered the LIVE-WORK-PLAY-LEARN township concept in the country. The company introduced the successful large-scale, master-planned mixed-use developments such as Eastwood City in Libis, Quezon City; Newport City in Pasay; McKinley Hill, Forbes Town Center, McKinley West, and Uptown Bonifacio, all in Fort Bonifacio; Woodside City in Pasig; Iloilo Business Park in Mandurriao, Iloilo City; the Mactan Newtown in Lapu-Lapu City, Cebu; and the Davao Park District in Davao City.

Shangri-La Properties, Inc.

Shangri-La Properties, Inc. is a luxury real estate developer in the Philippines. It is the Philippines' property development arm of the prestigious Kuok Group and with core businesses in upscale office and retail leasing and residential development. The company has a landbank of over 500 hectares located in Batangas, Tagaytay, Cavite, and Mactan earmarked for future developments. Backed by the added value and advantages provided by its affiliates worldwide – Kerry Properties, the Kuok Group, and Shangri-La International Hotels and Resorts, and their ever-growing network of property, logistics and infrastructures assets, Shangri-La Properties, Inc. continues to set the pace for premium real estate projects in the Philippines.

8990 Holdings, Inc. (8990)

8990 is the largest mass housing developer in the Philippines in terms of units licensed under B.P. 220 from 2011 to 2013, according to the HLURB. The company has been developing mass housing projects in high-growth areas across Luzon, Visayas and Mindanao since 2003. 8990's "DECA Homes" and "Urban DECA Homes" have also gained a strong reputation in the market, resulting in 8990 garnering numerous awards such as Q Asia Magazine's Best

Housing Developer for 2012 to 2013. 8990 has 8 projects in the pipeline which are scheduled to commence between 2015 and 2019 and in total are expected to provide approximately 64,000 units available for sale.

Double Dragon Properties Corp. (DD)

DD has undertaken several vertical and horizontal developments since it started its commercial operations in April 2010. DD's vision is to accumulate 1,000,000 square meters of leasable space by 2020 primarily through the rollout of 100 community malls across provincial cities in the Philippines through its community mall chain brand "CityMall" under its subsidiary CityMall Commercial Centers Inc. and through the development of 2 major commercial office projects, DD Meridian Park and Jollibee Tower, both of which are located in prime properties in Metro Manila.

Southeast Asia Retail, Inc.

Southeast Asia Retail, Inc. is the company behind the fast-growing membership grocery retailer, Landers Superstore which sells imported and local products in bulk and single-sized in 2 stores in Balintawak, Quezon City and Otis, Manila. It offers premium membership for individual and business use. Landers Superstore will also be opening in Arcovia City and Alabang West as it partnered with Megaworld's newest township developments.

Araneta Center, Inc.

Araneta Center, Inc. is the owner, developer and manager of The Araneta Center. Built and developed on a 35–hectare (90 acre) property right at the heart of Metro Manila, The Araneta Center is a hub of retail, entertainment, residential, hospitality, and office developments that sees an estimated 1,000,000 visitors daily. Araneta Center, Inc. is the owner of the Kia Theater, a reborn classic 60's entertainment landmark, New Frontier Theater and a multi-function venue. It is also the owner of the first building completed in the development (of the Araneta Group), the CyberPark Tower 1 (CPT1), a PEZA-registered tower, and the CyberPark Tower 2 (CPT2), also a PEZA-registered tower. It also sighted a future massive mall development of Gateway Mall 2 which encompasses one side of the Smart Araneta Coliseum whose target completion is in 2020.
ArthaLand Corporation (ArthaLand)

ArthaLand is a real estate company bringing together a brain trust of experts in property development and management. ArthaLand is an entrepreneurial, world-class, boutique developer of unique, enduring, and sustainable projects in the residential, office, and leisure segments. It is principally engaged in the realty development business including home building and development. ArthaLand is the owner-developer of the Arthaland Tower, a 30-storey office and commercial tower in Taguig City designed to be compliant with the Leadership in Energy and Environmental Design (LEED).

HTLand, Inc.

HTLand, Inc. is a joint venture company of Hongkong Land and Taft Properties. Hongkong Land is one of Asia's leading property investment, management and development groups who owns and manages prime offices and luxury retail properties in key Asian cities, principally in Hongkong and Singapore. Taft Properties, on the other hand, is one of the leading property developers in the country, a sister company of Metro Gaisano Retail. Mandani Bay is HTLand's first project in Cebu, a world-class 20-hectare water development with a stunning view of the coast and encompassing cityscape.

Subsidiaries & Affiliates

As of date, Megawide holds 100% interest in Altria and MLI, 100% effective ownership in MWM through 100% interest in MTI, 60% in GMCAC, 50% in GMI, 70% in MCEI, 51% in MWCCI, 50% MGCJV, an unincorporated joint venture, 50% in MGCJV, Inc., a joint venture for Clark Aiport project, 10% CMCI, 60% indirect ownership interest over MCLI through MLI

and holds 100% ownership in MCBVI. GMCAC, MLI, GMI, MCEI, MCLI and MCBVI are considered subsidiaries of the Group while MWCCI, MWM and CMCI are considered affiliates. Altria is accounted for as asset acquisition while MGCJV is accounted for as joint operations.

Altria East Land, Inc.

Altria East Land Inc. (Altria) was incorporated on April 16, 2010 with SEC Registration Number CS201005977. It is authorized to deal and engage in land or real estate business, such as to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of housing projects, commercial, industrial, urban or other kinds of property.

GMR Megawide Cebu Airport Corporation

GMR Megawide Cebu Airport Corporation (GMCAC) was incorporated on January 13, 2014 with SEC Registration Number CS201400629 and currently has an authorized capital stock amounting to P6,000,000,000 and subscribed capital stock amounting to P5,067,410,273 with P1 par value per share. It is authorized to engage in the business of building, rehabilitation, renovating, constructing, developing, operating and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility pursuant to the concession granted to GMCAC and in accordance with R.A. No. 7718 and other applicable laws, rules and regulation.

Megawatt Clean Energy, Inc.

Megawatt Clean Energy, Inc. (MCEI) was incorporated on September 4, 2014 with SEC Registration Number CS201417147. It is authorized to engage in the development of clean or renewable energy sources for power generation, including the design, construction and installation, purchase, importation, commissioning, owning, management and operation of relevant machinery, facilities and infrastructure therefor, the processing and commercialization of by-products in the operations and generally the carrying out of contracts and transactions of every kind and character that may be necessary or conducive to the accomplishment of the purposes of MCEI.

Megawide World Citi Consortium, Inc.

Megawide World Citi Consortium, Inc. (MWCCI) was incorporated on January 16, 2014 with SEC Registration Number CS201400872. It is authorized to plan, construct, equip, operate, own, manage and maintain hospitals, medical facilities, clinical laboratories and such other allied enterprises which may have similar or analogous undertakings or dedicated to services in connection with providing curative and rehabilitative care to sick, diseased or disabled persons; provided that purely professional medical and surgical services shall be performed by duly licenses physicians or surgeons who may or may not be connected with MWCCI and whose services shall be feely and individually contracted by the patients.

MWM Terminals Inc.

MWM Terminals Inc. (MWMTI) was incorporated in the Philippines on February 3, 2015 and established primarily to engage in the business of constructing, operating, and maintaining integrated transport system terminals, stations, hubs and all allied business in relation thereto, including the construction, operations and maintenance of the commercial assets and establishments, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC.

Megawide Land, Inc. (MLI)

Megawide Land, Inc. (MLI) was incorporated on October 28, 2016 to deal and engage in land or real estate business including housing projects, commercial, industrial, urban and other

kinds of real property. A wholly-owned company by Megawide Construction Corporation with Michael C. Cosiquien and Edgar B. Saavedra as two of its incorporators.

Globemerchant Inc. (GMI)

Globemerchants, Inc. was incorporated On May 5, 2016 to engage in, conduct and carry on the business of importing, exporting, buying, selling, distributing, marketing at wholesale goods, wares, and merchandise of every kind as permitted by law. Globermerchant's major shareholders are Megawide Construction Corporation and GMR Holdings Overseas (Singapore) Pte. Ltd. which hold 60% and 40% shares, respectively.

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of Globemerchants to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of December 31, 2017, Globemerchants is 50% owned by the Parent Company.

Megawide Cold Logistics, Inc. (MCLI)

Megawide Cold Logistics, Inc. (MCLI) was incorporated on December 15, 2016 to engage in cold and dry storage business, to acquire, construct, own, lease, charter, establish, maintain and operate factories, plants, cold storage, refrigerators, refrigerated vehicles, warehouses, and other machineries and equipment. MCLI is 60% and 40% owned by Megawide Land, Inc. (MLI) and Philware Magnate, Inc., respectively.

Megawide Construction (BVI) Corporation (MCBVI)

Megawide Construction (BVI) Corporation (MCBVI), was incorporated on June 20, 2017 in the territory of British Virgin Islands, to primarily engage in buying and holding shares of other companies. MCBVI registered address, which is also its principal place of business, is Marcy Building, 2nd floor, Purcell Estate, Road Town Tortola, British Virgin Islands.

Citicore-Megawide Consortium, Inc.

Citicore-Megawide Consotrium, Inc. (CMCI) was incorporated on October 15, 2012 with SEC Registration Number CS201219238. It is authorized to engage in the general construction business, including the construction, improvement and repair of, or any other work upon, buildings, roads, bridges, plants, waterworks and railroads. Its principal place of business is in Quezon City, Metro Manila.

Megawide – GISPL Construction Joint Venture

Megawide – GISPL Construction Joint Venture (MGCJV) is unincorporated and is not registered with SEC. It is engaged in construction works related to the concession for Mactan – Cebu International Airport Terminal project. It is jointly owned and managed by the Company and GMR Infrastructure (Singapore) Pte. Limited – Philippine Branch (GISPL).

Megawide GMR Construction JV, Inc. (MGCJVI)

MGCJVI is a joint venture arrangement incorporated on January 31, 2018 by the Company, owning 50% interest, GISPL with 45% interest and GHOSPL owning the remaining 5%. MGCJVI was established to provide general construction business including construction, improvement and repair of the Clark Airport project.

Parent Company and Other Affiliates

Citicore Holdings Investment, Inc.

Citicore Holdings Investment, Inc. (Citicore) was incorporated on December 3, 2011 and operates primarily as a holding company with ownership interests in Megawide (at 57.43%), MWCCI (at 39%), My Space Properties, Inc. (at 100%), CMCI (at 90%).

Megacore Holdings, Inc.

Megacore Holdings, Inc. (Megacore) was incorporated on July 20, 2017 and is primarily organized to invest in or purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real or personal property including shares of stocks, subscriptions, bonds, debentures, evidences of indebtedness and any securities of any corporations. Megacore has 28.88% ownership interests in Megawide as of December 31, 2017.

My Space Properties, Inc.

My Space Properties, Inc. (MySpace) was incorporated on February 6, 2010, and is presently engaged in real estate development. The construction of its current project "The Hive" which is located at San Isidro St., Ortigas Ave. Ext., Taytay, Rizal is already in full swing. MySpace is wholly-owned subsidiary of Citicore.

Future State Myspace, Inc.

Future State Myspace, Inc. (FSMI) was incorporated on January 27, 2012 to primarily engage in purchasing, acquiring, leasing and selling properties. FSMI is 36% owned by Michael Cosiquien and Edgar Saavedra. It owns 100% of IRMO, Inc.

IRMO Inc.

IRMO, Inc. was incorporated on August 13, 2008 to principally engage in the realty development business, including home building and development. Megawide is constructing The Curve for IRMO, Inc.

Citicore Power Inc.

Citicore Power Inc. (CPI) was incorporated and registered with the SEC on March 11, 2015 and has not yet started commercial operations as of December 31, 2015. CPI was incorporated primarily to engage in the development of renewable and non-renewable energy sources for power generation, including the design, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and the processing and commercialization of by-products in its operations.

Silay Solar Power Inc

Silay Solar Power Inc. (SSPI) was incorporated in the Philippines on August 7, 2015 and established for the development, construction, installation and other related services through contractors, subcontractors, or otherwise, of solar power and other clean or renewable energy infrastructure.

Next Generation Power Technology Corporation

Next Generation Power Technology Corp. (Next Gen) was incorporated in the Philippines and registered with the SEC on December 11, 2013 primarily to explore, develop, utilize and commercialize renewable energy resources such as biomass, solar, wind, hydropower, geothermal and ocean energy sources, including application of hybrid systems and other emerging renewable energy technologies for the generation, transmission, distribution, sale and use of electricity, and fuel generated from renewable energy resources.

First Toledo Solar Energy Corp.

First Toledo Solar Energy Corp. (First Toledo) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 26, 2015 which is primarily engaged to promote, market, distribute and sell renewable energy systems and solar energy products on wholesale basis and components and to engage in energy generation, distribution, development of energy and electricity systems using renewable energy and hybrid systems.

Citicore Infrastructure Holdings Inc.

Citicore Infrastructure Holdings Inc. (CIHI) was incorporated in the Philippines and registered with the SEC on March 11, 2015 and has not yet started commercial operations as of December 31, 2015. CIHI was established primarily to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale.

Megapolitan Realty and Development Corporation

Megapolitan Realty and Development Corporation (Megapolitan) was incorporated on June 20, 1997 to engage in real estate development. Michael C. Cosiquien and Irving Cosiquien each own 5% of Megapolitan's outstanding capital stock and both serve as its directors. Megapolitan's controlling shareholders are the parents of Michael and Irving Cosiquien. Megawide is leasing the lot where its corporate office is located from Megapolitan.

Completed Projects

As of December 31, 2018, Megawide has approximately 5,166,018.08 square meters floor area under its construction portfolio. The notable projects that Megawide has completed for the past 3 years are:

1. **SM Jazz Residences Phase 1 and 2** – SM Jazz Residences is composed of 4 40-storey towers, on top of a 5-level shopping mall and parking basement. It is located along Jupiter Street, Bel-Air Makati. The project has a total floor area of 300,000 square meters in a lot area of 2-hectares.

2. **The Linear** – The Linear is an office and commercial building located at San Antonio, Makati City. Its total floor area is 7,400 square meters.

3. **IHUB 9 Building** – IHUB 9 is a BPO building located in Northgate Cyberzone, FCC, Alabang, Muntinlupa City. Its total floor area is 28,898.04 square meters.

4. **IHUB 10 Building** – IHUB 10 is also a BPO building located in Northgate Cyberzone, FCC, Alabang, Muntinlupa City. Its total floor area is 28,898.04 square meters.

5. **BPO Complex Cebu** – BPO Complex Cebu is located in Phase 1 Lahug, Cebu City, which is a 14-storey commercial building for BPOs with lot area of 45,428.07 square meters.

6. **Dexterton** – A 15-storey commercial building with a floor area of 12,769.43 square meters located in Fort Bonifacio, Taguig City.

7. **New Frontier Theater** – With a total floor area of approximately 10,813.23 square meters, over a lot of approximately 5,817.31 square meters, New Frontier Theater is a 2-storey commercial building owned by Araneta Center, Inc. located at Gen. Aguinaldo Ave., Araneta Center, Cubao, Quezon City.

8. **B-Hotel QC** – A 10-storey hotel building located at Lot 5 and 6 Block S-31, No. 14 Scout Rallos St., Brgy. Laging Handa, Quezon City owned by Northbelle Properties, Inc. with a total lot area of 1,380 square meters and has a total floor area of 11,348 square meters.

9. **Camarin Project** – This is composed of 10 5-storey medium rise buildings with land development located in Camarin, Coloocan City. This is a low-cost housing project of the National Housing Authority. Its total lot area is 3,823.98 square meters.

10. **Cyber Park Tower 1** – A 29-storey BPO building with 3 basement parkings located in Araneta Center, Cubao, Quezon City and owned by the Araneta Group. It has a total lot area of 4,072.65 square meters.

11. **One World Place** – A 34-storey commercial building with floor area of 46,130.39 located in Fort Bonifacio, Taguig City.

12. **World Hotel & Residences** – A 38-storey hotel and condominium with total floor area of 44,011 square meters located in Makati City.

13. **Rockwell Business Center** – A 15-storey building owned by Rockwell-Meralco BPO Venture, a joint venture between Rockwell Land Corporation and Manila Electric Company. The project is located in Meralco Compound, Ortigas Extension. This has a total leasable floor area of 30,287.91 square meters.

14. **SM Grass Residences Tower 4** – A 40-storey residential building owned by SM Development Corporation with a gross floor area of 135,000 square meters and a total lot area of 13,888.458 square meters located at Nueva Viscaya cor. Misamis and Nueva Ecija Sts., Sto. Cristo, Quezon City.

15. **Arthaland Tower Substructure** – A 6-level substructure owned by Arthaland Corporation with a total floor area of 12,000 square meters.

16. **Mactan Newtown STP** – A sewage treatment plant contract with Megaworld Construction Corporation with a total lot area of 1,189.50 square meters and a gross floor area of 4,022.99 square meters.

17. **Landers Warehouse Balintawak** – A warehouse owned by Southeast Asia Retail, Inc. located at Balintawak, Caloocan City. It has a total floor area of 8,360 square meters.

18. **Landers Warehouse Otis** – A mixed-used complex warehouse developed by Southeast Asia Retail, Inc. located at Otis, Sampaloc, Manila with a total floor area of 16,783.50 square meters.

19. **Bataan Solar Project** – This is for the construction and operation of an 8.986 MWdc and an expanded 9.018 MWdc ground-mounted photovoltaic power generation facility in Barangay Alas-Asin, Freeport Area of Bataan, Mariveles, Bataan, for a total generation capacity of 18 MWdc. The Bataan Solar Project is owned by Next Gen.

20. **Toledo Solar Project** – This involves the construction and operation of a 60 MWp ground-mounted photovoltaic power generation facility located at Toledo, Cebu Province. The project is owned by First Toledo.

21. **Silay Solar Project** – The construction and operation of an 18.3 MWdc and an expanded 6.7 MWdc ground-mounted photovoltaic power generation facility in Barangay Rizal, Silay City, Negros Occidental for a total generation capacity of 25MWdc owned by SSPI.

22. **Le Grand Avenue ABC** – Composed of 2 5-storey office and commercial buildings developed by Megaworld Corporation. This is located at Lots 1-4, Mckinley West, Fort Bonifacio, Taguig City with 46,290.85 square meters and 13,500 square meters gross floor area and total lot area, respectively.

23. **Le Grand Avenue DEF** – Composed of 2 5-storey office and commercial buildings developed by Megaworld Corporation. With a total floor area of 46,324.18 square meters and a total lot area of 13,500 square meters located at Lots 1-4, Mckinley West, Fort Bonifacio, Taguig City.

24. **Hampton M and N** – A 9-storey residential building owned by Dynamic Realty Resources Corporation with a total lot area of 1,600 square meters and a gross floor area of 8,971 square meters located at C. Raymundo, Maybunga, Pasig City.

25. **Proscenium Substructure** – This composed of a 3-level basement for Phase 1A and a 2-level basement for Phase 1B owned by Rockwell Land Corporation located in Estrella Corner J.P. Rizal St., Guadalupe Viejo, Makati City and with a total lot area of 35,995 square meters and gross floor area of 101,792.23 square meters.

26. **Plaza Magellan** – A 13-storey commercial building located at Mactan, Cebu City owned by Megaworld Corporation with a total lot area of 2,284.04 and a floor area of 28,890 square meters.

27. **Philam Life Center Cebu** – A 12-storey office building developed by The Philippine American Life and General Insurance Co. with a total floor area of 35,000 square meters and a total lot area of 3,427.11 square meters. The project is located at Cardinal Rosales St. Cor. Samar Loop, Cebu Business Park, Cebu City.

28. **27 Annapolis** – A 44-storey residential building with 3 basements owned by Bayswater Realty and Development Corporation located at No. 27 Annapolis St., Greenhills, San Juan City. 27 Annapolis has a total lot and floor areas of 1,129.60 square meters and 41,584.05 square meters, respectively.

29. **Southwoods Mall and Office Tower** – Developed by Southwoods Mall, Inc., with a gross floor area of 61,762.42 square meters and a total lot area of 18,984.71 square meters. A 52-storey mall and office with one basement located at Southwoods Eco-Centrum, Biñan, Laguna.

30. **One Town Square** – Owned by La Fuerza, Inc., One Town Square is 12-storey office building located at Alabang City with a gross floor area of 29,608.80 square meters and a total lot area of 3,729 square meters.

31. **Urban Deca Tower EDSA** – A 44-storey residential building located at Sierra Madre and EDSA, Brgy. Highways Hills, Mandaluyong City owned by Foghorn, Inc. with a total lot area of 866.25 square meters and a total gross area of 27,527.50 square meters.

32. **University Tower 4** – Located in P. Noval, Sampaloc, Manila, a 46-storey condominium with roof deck and an estimated area of 43,320.21 square meters. This is another project of Prince Jun Development Corp.

33. **World Plaza** – A 27-storey office building owned by Real Property Innovative Solutions, Inc. located at 5th Ave., Bonifacio Global City, Taguig, Metro Manila.World Plaza has a total lot area of 2,731 square meters and an approximate total floor area of 61,500 square meters.

34. **The Curve** – A 32-storey office building located at Lot 1, Block 7, Fort Bonifacio Global City, Taguig owned by IRMO. The Curve has a total floor area of 45,393.66 square meters and a total lot area of 1,585.20 square meters.

35. **Mareic Building** – Owned by Greenway Properties Realty Corporation, Mareic Building is a 40-storey office building with 3 basement areas located at 121 Tordesillas Sts., Salcedo Village, Makati City with a total lot area of 911.26 square meters and a gross floor area of 29,422.74 square meters.

36. **Arthaland Tower Superstructure** – A 31-storey office building owned by Arthaland Corporation. The project is located at the 7th St., Bonifacio Global City, Taguig with a total floor area of 56,652 square meters and a total combined lot area of 2,231.94 square meters.

37. **Landers Warehouse Arcovia** – A mixed-used complex warehouse with a basement developed by Southeast Asia Retail, Inc. located at Pasig City. It has a total floor area of 17,000 square meters and lot area of 14,000 square meters.

38. **Landers Warehouse Alabang** – A 2-storey building for mixed use purposes owned by Southeast Asia Retail, Inc. located at Daang Hari Road, Almanza Dos Las Piñas City with total floor area of 8,800 square meters and lot area of 20,926 square meters.

39. **Project Delta Phase 1** – A plant expansion project for Zenith Foods Corporation. This includes earthworks, substructure, superstructure and roofing for the Red Ribbon Plant Expansion project at Productivity Ave., Camelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna with gross lot area of 5 hectares.

40. **The Hive Buildings** – A 4-block 12-level residential tower owned by by MySpace located at San Isidro St., Ortigas Ave. Ext., Taytay, Rizal. Buildings A and B have a combined total floor area of 24,101.55 square meters and a total lot area of 27,306.11 square meters.

41. **Mactan-Cebu Airport Structural Works** – This project pertains to the site development, earthworks and structural works of MCIA Terminal 2 owned by MGCJV with a total gross floor area of 66,544 square meters and a total lot area of 65,865 square meters.

42. **Proscenium Superstructure (Lincoln and Lorraine)** – Developed by Rockwell Land Corporation, Proscenium (Lincoln and Lorraine) is 42 and 44-storey residential building, respectively with 4 parking floors located at Estrella Cor. JP Rizal Sts., Guadalupe Viejo, Makati City. The project has an estimated total lot area of 36,000 square meters and a combined gross floor area of 88,337.16 square meters.

On-Going Projects

The following are the on-going projects of Megawide as of December 31, 2018:

1. **DEPED Phase 2** – Involves construction of school buildings in Regions I, II, III and CAR thru a direct contract with the Department of Education.

2. **PITX** – The country's 1st landport which is a 4.5-hectare development with transportation bays, commercial spaces and office buildings. The PITX has a capacity of 100,000 passengers daily and offers seamless connections to other modes of

transportation from provincial to in-city buses, taxis, jeepneys, and UV express shuttles. It is located along Diosdado Macapagal Blvd., and will be linked to the planned Light Rail Transit Line 1 (LRT1) Cavite extension.

3. **Urban Deca Tondo** – A mass housing contract with Fog Horn, Inc. which initially focuses on the first buildings which are Buildings 9,10,12 and 13. In 2016, Buildings 1 and 2 were added. These 6 buildings have a total combined lot area of 162,067.37 square meters. Ultimately, there will be 14 clusters of 13-storey buildings in the residential complex located at Tondo, Manila.

4. **Urban Deca Ortigas** – A residential complex composed of 24 clusters of 13-storey buildings located at Ortigas Ext., Pasig City.

5. **Double Dragon Plaza** – A 4-tower 12-storey office building with a mall and basement parking owned by DD-Meridian Park Development Corp. It has 230,130.58 square meters and 23,728.69 square meters gross floor area and total lot area, respectively located at EDSA Ext. cor. Macapagal Ave., Pasay City.

6. **Double Dragon Center East and West** – An 11-storey office and commercial building with a basement and roof deck developed by DD-Meridian Park Development Corp. located at EDSA Ext. cor. Macapagal Ave., Pasay City. It has a total gross floor area and lot area of 51,956.61 square meters and 5,452.26 square meters, respectively.

7. **Southeast Asian Campus** – A 12-storey office owned by Megaworld Corporation with a gross floor area of 84,410.85 square meters and a total lot area of 8,387.47 square meters located at Campus Avenue, Mckinley Hills, Taguig City.

8. **Cyber Park Tower 2** – A 33-storey BPO building with 3 basements and a roof deck located in Araneta Center, Cubao, Quezon City and owned by the Araneta Group. It has a total gross floor area of 74,722.21 square meters and a total lot area of 3,678.63 square meters.

9. **10 West Campus** – An 18-storey office building developed by Megaworld Corporation located at Block 16, Lot 4 McKinley West, Fort Bonifacio, Taguig City. 10 West Campus has a total gross floor area and lot area of 34,200 square meters and 3,466 square meters, respectively.

10. **St. Moritz Private Estate Residences Clusters 1 and 2** – A 2-cluster 9-storey residential buildings with lower grounds located at McKinley Hill, Fort Bonifacio, Taguig City. St. Moritz Private Estate Residences is owned by Megaworld Corporation with a total gross floor area of 35,384 square meters and lot area of 5,695 square meters.

11. **One Manchester Place** – An 18-storey residential construction owned by Megaworld Corporation with a total gross floor area of 55,580.02 square meters and a lot area of 6,880.20 square meters located at Mactan, Newtown, Cebu City.

12. **Zenith Foods Plant Expansion 3** – A mixed use complex owned by Zenith Foods Corporation composed of a bun line, warehouse and 4 other buildings – cold storage, process line and administrative offices, with an aggregate floor area of 45,387.27 square meters. It is located in a 4-hectare land in Integrity Ave., Carmelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna.

13. **Project Delta Phase 2** – This pertains to the architectural and site development of Red Ribbon Plant Expansion project of Zenith Foods Corporation. It includes a 2-storey industrial building located in a 5-hectare lot inside the Zenith Foods Complex at Productivity Ave., Carmelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna.

14. **8990 Urban Deca Tondo** – Site Development, STP and Fire Pump – This project pertains to the site development and structural works of Urban Deca Tondo owned by Fog Horn, Inc. located at Vitas St. Tondo, Manila. The site development has a total floor area of 35,689.70 square meters.

15. **Urban Deca Mall Tondo** – A 2-storey commercial building located in the residential complex of Urban Deca Tondo at Vitas St. Tondo, Manila with a total floor area of 20,132.76 square meters.

16. **Edades Suites** – A high-end residential development of Rockwell Land Corporation composed of an 18-storey residential area, 3-storey podium and a 3-level basement parking. It is located in a 3,158 square meters lot in Rockwell Center, Makati with a total floor area of 25,769 square meters.

17. **BGC 5th Avenue Apartments** – A 17-storey residential building of Fort Bonifacio Development Corp. located at a 2,235 square meter lot at 5th Ave. Cor. 34th Street, Bonifacio Global City, Taguig City with total floor area of 16,441.94 square meters.

18. **Gateway Mall 2** – A commercial building owned by the Araneta Group. This is part of their mall expansion project in Araneta Center, Quezon City.

19. **Hampton O and P** – Developed by Dynamic Realty Resources Corporation, Hampton O and P is a 12-storey residential building inside the Hampton Gardens residential complex at C. Raymundo, Maybunga, Pasig City. It has a total lot area of 1,400 square meters and a gross floor area of 26,045.64 square meters.

20. **Cold Storage Buildings** – An industrial complex project in Taguig and Caloocan which includes a cold storage warehouse and a 3-storey support building. Its total floor area is 11,276 square meters and lot area of 31,166.00 square meters.

21. **Worldwide Plaza** – An addition to Uptown Bonifacio complex is this commercial and office building developed by Megaworld Corporation. This 24-storey building with a 3-level basement parking which will stand at a 7,800 square meter lot with total floor area of 114,310 square meters.

22. **Ascott Double Dragon Meridian** – A new addition to the Meridian Park of Double Dragon Properties Corp. which is a luxury residence developed in partnership with Ascott Singapore. It is composed of a 10-storey building with 1 basement and gross floor area of 49,541.67 square meters. It is located in a 5,657 -square meter lot in DD Meridian Park, Bay Area corner Macapagal Avenue, EDSA Extension, Pasay City.

23. **Double Dragon Tower** – An office building composed of 11-storeys with a basement parking. Its gross floor area is 61,859.05 square meters and it total lot area is 5,257 square meters.

24. **88 MLD Las Piñas Water Reclamation Facility** – A design and construction project in partnership with UEM India Private LTD. and Link Energie Industries Co. for the Maynilad Water Services, Inc. - Las Piñas Water Reclamation Facility. The facility will have a gross floor and lot area of 25,470 square meters.

25. **Clark Airport** – Involves general construction including construction, improvement and repair of the existing Clark Airport in Pampanga City. Clark Airport's construction is a joint venture arrangement by Megawide, GISPL and GHOSPL.

26. **Aspire Corporate Plaza** – A 10-storey office building with a gross construction floor area of 35,172 square meters. Golden Bay Tower is owned by Golden Bay Fresh Land Holdings, Inc.

27. **University Tower 5** – Owned by Prince Jun Development Corp., University Tower 5 is a 52-storey residential building located in Sampaloc, Manila with a total floor area of 56,871.14 square meters.

28. **International Finance Tower** – A 25-storey office building developed by Megaworld Corporation with a gross construction floor area of 114,000 square meters located in BGC, Taguig City.

29. **Mandani Bay Quay** – A premiere waterfront development in Mandaue City, Cebu owned by HTLand, Inc., which is a joint venture company of Hongkong Land and Taft Properties. It has a total gross construction floor area of 328,581 square meters and consists of 3 40-storey residential towers and 1 30-storey office building.

Directors and Officers

Please refer to Item 5 of the Information Statement.

Market Price and Dividends

Stock Prices

Megawide common shares are traded on the SE under the symbol "MWIDE." The shares were listed on the PSE on February 18, 2011. The following table sets out the high and low prices for Megawide's common shares as reported to PSE:

2016	High	Low
First Quarter (Jan. – Mar.)	6.44	5.50
Second Quarter (April – June)	6.89	6.19
Third Quarter (July – Sept.)	15.92	6.60
Fourth Quarter (Oct. – Dec.)	16.30	14.22
2017		
First Quarter (Jan. – Mar.)	18.00	14.16
Second Quarter (April – June)	19.86	16.90
Third Quarter (July – Sept.)	18.94	14.90
Fourth Quarter (Oct. – Dec.)	19.00	15.42
2018		
First Quarter (Jan. – Mar.)	22.15	17.54
Second Quarter (April – June)	25.00	19.80
Third Quarter (July – Sept.)	20.60	15.30

Fourth Quarter (Oct. – Dec.)	19.40	14.02
2019		
First Quarter (Jan. – Mar.)	20.5	17.06

The closing price per share of Megawide's common shares as of April 30, 2019 is Php22.30.

Dividends

Megawide declared dividends as follows during the past 3 years:

Date Approved	Record Date	Type	Amount	Date of Payment
March 1, 2017	March 1, 2017	Preferred Shares	P70,250,000.00	March 3, 2017
July 24, 2017	August 9, 2017	Preferred Shares	P70,250,000.00	September 3, 2017
October 16, 2017	November 8, 2017	Preferred shares	P70,250,000.00	December 3, 2017
December 11, 2017	December 26, 2017	Common shares	P106,928,874.85	December 29, 2017
January 30, 2018	February 15, 2018	Preferred shares	P70,250,000.00	March 3, 2018
May 3, 2018	May 18, 2018	Preferred Shares	P70,250,000.00	June 3, 2018
August 1, 2018	August 16, 2018	Preferred Shares	P70,250,000.00	September 3, 2018
October 1, 2018	October 15, 2018	Common Shares	P256,629,299.64	November 12, 2018
October 30, 2018	November 17, 2018	Preferred Shares	P70,250,000.00	December 3, 2018
January 8, 2019	February 13, 2019	Preferred shares	P70,250,000.00	March 3, 2019
April 3, 2019	May 16, 2019	Preferred shares	P70,250,000.00	June 3, 2019

Holders

As of April 30, 2019, there were 2,084,295,417 common shares outstanding registered in the name of the following:

	Stockholder	Number Of Common Shares Held	Percentage Of Total Shares (%)
1.	PCD NOMINEE CORPORATION (FILIPINO)	1,044,207,656	50.099
2.	CITICORE HOLDINGS INVESTMENT, INC.	712,925,501	34.205
3.	PCD NOMINEE CORPORATION (NON-FILIPINO)	280,838,248	13.474
4.	SUYEN CORPORATION	22,900,000	1.099
5.	AETERNUM HOLDINGS, INC.	21,389,904	1.026
6.	ELLIE CHAN	1,666,901	0.080
7.	JOHN I. BAUTISTA, JR.	159,799	0.008
8.	RICO YAMBAO SALCEDO AND/OR VILMA BAGAY SALCEDO	64,707	0.003
9.	REGINA CAPITAL DEV. CORP. 000351	34,754	0.002
10.	PACIFICO SILLA &/OR MARIE PAZ SILLA &/OR NATHANIEL SILLA	20,000	0.001
11.	GRACE Q. BAY	15,243	0.001
12.	CAMILLE PATRICIA DOMINIQUE T. ANG	14,547	0.001
13.	EDWIN A. JOSEF	10,000	0.000
14.	PACIFICO SILLA &/OR MARIE PAZ SILLA SAGUM &/OR NATHANIEL SILLA	9,456	0.000
15.	PACIFICO C. SILLA &/OR CATHERINE M. SILLA &/OR ALEXANDER M. SILLA	9,456	0.000
16.	MYRA P. VILLANUEVA	8,900	0.000
17.	JOYCE M. BRIONES	7,868	0.000
18.	FREDERICK E. FERRARIS &/OR ESTER E. FERRARIS	5,674	0.000
19.	EDWIN ALDAY JOSEF	5,000	0.000
20.	DEMETRIO D. MATEO	500	0.000
21.	JULIUS VICTOR EMMANUEL D SANVICTORES	379	0.000
22.	GUILLERMO F. GILI, JR.	246	0.000
23.	FLORENTINO A. TUASON, JR.	246	0.000
24.	HECTOR A. SANVICTORES	190	0.000
25.	DANILO G. BAGASIN	100	0.000
26.	JOSELITO C. HERRERA	100	0.000
27.	OWEN NATHANIEL S. AU ITF : LI MARCUS AU	38	0.000
28.	JOSELITO T BAUTISTA	1	0.000
29.	MICHAEL C. COSIQUIEN	1	0.000
30.	HILARIO GELBOLINGO DAVIDE, JR.	1	0.000
31.	EDGAR B. SAAVEDRA	1	0.000
	Total	**2,084,295,417**	**100**
	Shares Owned By Foreigners	280,838,248	**13.47**

The beneficial owners of the shares registered in the name of the PCD Nominee Corporation are PCD's participants who hold the shares on behalf of their clients, including the top 20 shareholders.

Compliance on Corporate Governance

Megawide has substantially complied with the provisions of its Manual on Corporate Governance.

Megawide commits to the principles and best practices of governance to attain its goals and objectives. To ensure good governance, a system has been established that monitors and evaluates the performance of Megawide and its Management. Megawide's Manual on Corporate Governance contains the specific principles which institutionalize good corporate governance in the organization.

Megawide has not deviated from its Manual since its adoption of the Manual until present.

Continuous monitoring is being done by the Compliance Officer, Audit and Compliance Committee and Risk Committee, President and Chief Financial Officer to assure compliance.

UNDERTAKING

A copy of Megawide's annual report in SEC Form 17-A shall be provided free of charge to any stockholder upon his/her written request addressed to the Office of the Corporate Secretary, Megawide Construction Corporation, 20 N. Domingo St., Barangay Valencia, Quezon City.

Republic of the Philippines)
City of Makati)S.S.

SECRETARY'S CERTIFICATE

I, **ALTHEA ISOBEL F. OAMINAL**, of legal age, Filipino, and Corporate Secretary of **MEGAWIDE CONSTRUCTION CORPORATION** (the "Corporation"), a Philippine corporation with principal office address at 20 N. Domingo St., Barangay Valencia, Quezon City, Metro Manila, after having been sworn according to law, hereby depose and state that:

1. The following are the current directors, officers and nominees for directors of the Corporation as of May 20, 2019:
   a. Edgar B. Saavedra – Chairman of the Board of Directors, President and Chief Executive Officer;
   b. Oliver Y. Tan – Director and Chief Investment Strategy Officer;
   c. Manue Louie B. Ferrer – Director and Chief Corporate Affairs and Branding Officer;
   d. Hilario G. Davide, Jr. – Independent Director;
   e. Leonilo G. Coronel – Independent Director;
   f. Celso P. Vivas – Independent Director;
   g. Alfredo E. Pascual – Independent Director;
   h. Althea Isobel F. Oaminal – Corporate Secretary;
   i. Jennifer C. Lee – Assistant Corporate Secretary;
   j. Anthony Topacio – Assistant Corporate Secretary;
   k. Raymund Jay Gomez – Compliance Officer; and
   l. Christopher A. Nadayag – Deputy Chief Financial Officer and Treasurer.

2. The abovementioned directors are also nominees for directors in the upcoming Annual Stockholders' Meeting scheduled on July 2, 2019.

3. None of the current directors and officers are connected with or employees of the government.

WITNESS MY HAND this May 21, 2019 at Makati City.

ALTHEA ISOBEL F. OAMINAL
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this May 21, 2019 at Makati City, affiant exhibiting to me her Passport No. EC2854853 issued at DFA East on November 27, 2014.

Doc. No. 455;
Page No. 92;
Book No. II;
Series of 2019.

JASMINE M. JIMENEZ
NOTARY PUBLIC
ROLL NO. 58106
MAKATI CITY, PHILIPPINES

JASMINE M. JIMENEZ
Commission No. M-278
Notary Public for Makati City
Until December 31, 2019
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 7345865/01.11.2019/Makati City
IBP No. 066796/01.10.2019/Makati City
MCLE No. VI-0017024/12.28.2018/Pasig City
Roll No. 58106

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HILARIO C.J. DAVIDE**, Filipino, of legal age and a resident of No. 2 H.C. Moncado St., BF Homes, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Megawide Construction Corporation and have been director since September 16, 2016.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Philippine National Group of the Permanent Court of Arbitration	Member	8 years, more or less
Association of Retired Justices of the Supreme Court of the Philippines	President	8 years, mor or less
Integrated Bar of the Philippines	Lifetime Member	16 years (regular member since 1976)
Knights of Columbus of the Philippines Foundation, Inc.	Chairman	6 years, more or less
Knights of Columbus Fr. George J. William, SJ Charities, Inc.	Chairman	6 years, more or less
KOMPASS Credit and Financing Corporation	Director	3 years, more or less
Claudio Teehankee Memorial Foundation, Inc.	Chairman, Board of Trustees	More than 6 years
Philippine Trust Company (Philtrust Bank)	Chairman, Board of Trustees	More than 6 years
Council of Elders of the Knights of Rizal	Member	11 years, more or less
Pi Gamma Mu International Social Science Honor Society, Philippine Alpha Chapter	Lifetime Member	11 years (regular member since 1958)
University of San Carlos, Cebu City	Trustee	6 years, more or less
Heart o Francis Foundation, Inc.	Chairman	4 years, more or less

3. I possess all of the qualifications and none of the disqualifications to serve as an Independent Director of Megawide Construction Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. 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.

5. I shall inform the Corporate Secretary of Megawide Construction Corporation of any changes in the abovementioned information within five days from its occurrence.

WITNESS MY HAND this MAY 20, 2019 at Makati City.

HILARIO G. DAVIDE, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 21 2019 at Makati City, affiant personally appeared before me and exhibited to me his TIN: 118-014-622.

Doc. No. 100;
Page No. 21;
Book No. III;
Series of 2019.

KEN R. GADOR NOTARY PUBLIC ROLL NO. 64538 MAKATI CITY, PHILIPPINES

KEN GADOR
Commission No. M-268
Notary Public for Makati City
Until December 31, 2019
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 7345869/01.11.2019/Makati City
IBP No. 066799/01.10.2019/Makati City
MCLE No. VI-0017048/12.28.2018/Pasig City
Roll No. 64538

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LEONILO G. CORONEL**, Filipino, of legal age and a resident of 16 Avocado St., Valle Verde I, 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 Megawide Construction Corporation and have been its independent director since July 19, 2010.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Software Ventures International	Director	More than 11 years
DBP – Aiwa Securities	Independent Director	8 years
PNB	Director	7 years
RBB Micro Finance Foundation	Trustee	5 years

3. I possess all of the qualifications and none of the disqualifications to serve as an Independent Director of Megawide Construction Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other Securities and Exchange Commission ("SEC") issuances.

4. 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.

5. I shall inform the Corporate Secretary of Megawide Construction Corporation of any changes in the abovementioned information within five days from its occurrence.

WITNESS MY HAND this 21 MAY 2019 day of May 2019 at Makati City.

LEONILO G. CORONEL
Affiant

SUBSCRIBED AND SWORN to before me this MAY 21 2019 at MAKATI CITY, affiant personally appeared before me and exhibited to me his TIN: 130-190-655.

Doc. No. 99;
Page No. 21;
Book No. III;
Series of 2019.

KEN R. GADOR NOTARY PUBLIC ROLL NO. 64538 MAKATI CITY, PHILIPPINES

KEN GADOR
Commission No. M-268
Notary Public for Makati City
Until December 31, 2019
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 7345869/01.11.2019/Makati City
IBP No. 066799/01.10.2019/Makati City
MCLE No. VI-0017048/12.28.2018/Pasig City
Roll No. 64538

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CELSO P. VIVAS**, Filipino, of legal age and a resident of 125 Wilson Circle, Greenhills, San Juan, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Megawide Construction Corporation.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Keppel Holdings Inc. (Publicly-listed company)	Independent Director	June 2005 to present
Keppel Philippines Marine Inc. (Public company)	Independent Director	April 2005 to present
Keppel Subic Shipyard Inc. (Public company)	Independent Director	2011 to present
Keppel Philippines Properties Inc. (Publicly-listed company)	Independent Director	November 2004 to present
Republic Glass Holdings, Inc. (Publicly-listed company)	Independent Director	June 2017 to present

3. I possess all of the qualifications and none of the disqualifications to serve as an Independent Director of Megawide Construction Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other Securities and Exchange Commission ("SEC") issuances.

4. 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.

5. I shall inform the Corporate Secretary of Megawide Construction Corporation of any changes in the abovementioned information within five days from its occurrence.

WITNESS MY HAND this May 20, 2019 at Makati City.

MAY 21 2019

CELSO P. VIVAS
Affiant

SUBSCRIBED AND SWORN to before me this May 20, 2019 at Makati City, affiant personally appeared before me and exhibited to me his TIN: 123-305-216.

MAY 21 2019

Doc. No. 101;
Page No. 22;
Book No. III;
Series of 2019.

KEN R. GADOR NOTARY PUBLIC ROLL NO. 64538 MAKATI CITY, PHILIPPINES

KEN GADOR
Commission No. M-268
Notary Public for Makati City
Until December 31, 2019
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 7345869/01.11.2019/Makati City
IBP No. 066799/01.10.2019/Makati City
MCLE No. VI-0017048/12.28.2018/Pasig City
Roll No. 64538

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFREDO E. PASCUAL**, Filipino, of legal age and a resident 12 Penelope Lane, Acropolis, Quezon City, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Megawide Construction Corporation.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation	Lead Independent Director	2017-present
Asiabest Group International Inc.	Independent Director	2019
Enderun Colleges, Inc.	Independent Director	2017-present
Institute of Corporate Directors	Chief Executive Officer	2018-pesent
Philippine Institute for Development Studies	Board Adviser	2019
Institute for Solidarity in Asia	Trustee	2018-present
Center for Excellence in Governance	Trustee	2018-present

3. I possess all of the qualifications and none of the disqualifications to serve as an Independent Director of Megawide Construction Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other Securities and Exchange Commission ("SEC") issuances.

4. 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.

5. I shall inform the Corporate Secretary of Megawide Construction Corporation of any changes in the abovementioned information within five days from its occurrence.

WITNESS MY HAND this 20th day of May 2019 at Makati City.

MAY 27 2019

ALFREDO E. PASCUAL
Affiant

SUBSCRIBED AND SWORN to before me this MAY 27 2019 at _____. affiant personally appeared before me and exhibited to me his PP# EC6422[illegible] - Jan. 9, 2016 - OFA NCR EAST.

Doc. No. 103;
Page No. 22;
Book No. III;
Series of 2019.

KEN R. GADOR NOTARY PUBLIC ROLL NO. 64538 MAKATI CITY, PHILIPPINES

KEN GADOR
Commission No. M-268
Notary Public for Makati City
Until December 31, 2019
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 7345869/01.11.2019/Makati City
IBP No. 066799/01.10.2019/Makati City
MCLE No. VI-0017048/12.28.2018/Pasig City
Roll No. 64538

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

F	S	2	0	0	4	1	1	4	6	1

Company Name

MEGAWIDE CONSTRUCTION CORPORATION AND ITS SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town)Province)

2nd FLOOR SPRING BUILDING, ARNAIZ AVENUE COR. P. BURGOS ST., PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	655-1111	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	JUNE 30	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
EDGRA SAAVEDRA	edgar@megawide.com.ph	655-1111	

Contact Person's Address

20 N. DOMINGO ST., BRGY. VALENCIA, QUEZON CITY

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

P&A Grant Thornton

An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

May 2, 2019

Mr. Christopher A. Nadayag
Deputy Chief Finance Officer
Megawide Construction Corporation
20 N. Domingo Street
Brgy, Valencia
Quezon City

Dear Mr. Nadayag:

In connection with our audit of the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (the Group) as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, enclosed are the two copies of the revised consolidated financial statements of the Group. The revision was made to incorporate the revised statements of cash flows, specifically on the Group's investing and financing activities where certain line items in the excel file were hidden during the printing of the report, thus, were inadvertently omitted in the printed copy. Please note that the respective totals of the cash flows from investing and financing activities remained the same and were not affected.

The following line items were inadvertently omitted during printing:

	2018	2017	2016
Cash flows from investing activities –			
Proceeds from sale of financial assets at fair value through profit or loss	P -	P -	P 1,314,317,271
Cash flows from financing activities:			
Acquisition of treasury shares	(827,087,577)	-	(4,138,844,351)
Reissuance of treasury shares	-	-	2,181,713,755
Proceeds from investment of non-controlling interest	-	-	10,446,654

Please let us know if you want us to print additional copies.

Very truly yours,

Mailene Sigue-Bisnar
Partner

MEGAWIDE

May 6, 2019

MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director
Markets and Securities Regulation Department
Securities and Exchange Commission ("SEC")
G/F Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City

Dear Mr. Felizmenio,

We hereby respectfully resubmit Megawide Construction Corporation and Subsidiaries' (the "Group") SEC 17-A Report along with the revised Audited Consolidated Financial Statements ("Consolidated AFS") as of 31 December 2018. Please find attached the letter of our external auditor, Punongbayan & Araullo, on this matter.

As explained in the said letter, the Consolidated AFS was revised to incorporate in the consolidated statement of cash flows, specifically on the Group's investing and financing activities for the years ended December 31, 2018 and 2016, certain line items which were inadvertently hidden in the excel file and were, thus, omitted in the final printing of the Consolidated AFS. However, please note that the total of each of the cash flows from investing and financing activities remained the same and were not affected.

We trust that you will find the foregoing in order.

Very truly yours,

CHRISTOPHER A. NADAYAG
Deputy Chief Financial Officer

MEGAWIDE

May 6, 2019

Philippine Stock Exchange, Inc. (the "Exchange")
3rd Floor, Tower 1
PSE Plaza, Ayala Triangle
Ayala Avenue, Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen and Mesdames:

Megawide Construction Corporation and Subsidiaries (the "Group") humbly informs the Exchange that the Group has submitted its revised Audited Consolidated Financial Statements ("Consolidated AFS") as of December 31, 2018 to the Securities and Exchange Commission.

The Consolidated AFS was revised to incorporate in the consolidated statement of cash flows, specifically on the Group's investing and financing activities for the years ended December 31, 2018 and 2016, certain line items which were inadvertently hidden in the excel file and were, thus, omitted in the final printing of the Consolidated AFS. However, please note that the total of each of the cash flows from investing and financing activities remained the same and were not affected.

We trust that you will find the foregoing in order.

Very truly yours,

ALTHEA F. OAMINAL
Corporate Secretary

MEGAWIDE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megawide Construction Corp. and its subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2018, 2017 and 2016, 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, including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68;
b. Reconciliation of Retained Earnings Available for Dividend Declaration;
c. Schedule of PFRS and Interpretations adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2018;
d. Schedule of Financial Indicators for December 31, 2018 and 2017;
e. Map showing the Relationship Between and Among the Company and its Related Entities;
f. Schedule of Proceeds and the Expenditures for the Recent Public Offering; and,
g. Details of Transactions with DOSRI.

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 Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for 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. Punongbayan and Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

MEGAWIDE

ENGR. EDGAR B. SAAVEDRA
President
195-661-064-000

ENGR. EDGAR B. SAAVEDRA
Chief Executive Officer
195-661-064-000

CHRISTOPHER A. NADAYAG
Deputy Chief Financial Officer
248-948-533-000

SUBSCRIBED AND SWORN TO before me this MAY 03 2019 at QUEZON CITY affiants exhibiting to me their valid Tax Identification Numbers stated above.

Signed this MAY 03 2019.

DOC. NO. 118
PAGE NO. 24
BOOK NO. I
SERIES OF 2019

MARIA NIKKA N. ESPIRITU
Commission Serial No. NP- 306 (2018-2019)
Notary Public for Quezon City
Until 31 December 2019
Roll of Attorneys No. 67820
IBP No. 073885/11 February 2019/Manila IV
PTR No. 7507740/21 January 2019/ Quezon City
No. 20, N. Domingo St., Brgy. Valencia, Quezon City

P&A
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FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Megawide Construction Corporation and Subsidiaries

December 31, 2018, 2017 and 2016

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

P&A Grant Thornton
An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Megawide Construction Corporation and Subsidiaries
(A Subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy, Valencia
Quezon City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 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 our audits 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.

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 of the current period. 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.

(a) Revenue Recognition of Construction Contracts

Description of the Matter

The Group's revenue from construction contracts represents 77% of its total revenues. The Group uses the percentage of completion method to determine the appropriate amount of contract revenues to be recognized for the reporting period. It uses the input method (i.e., based on the Group's efforts or inputs to the satisfaction of a performance obligation) in determining the percentage-of-completion based on the PFRS 15, *Revenue from Contracts with Customers*, which was initially adopted by the Group as of January 1, 2018.

In our view, the revenue recognition of construction contracts is significant to our audit due to the significance of the contract revenues to the total revenues of the Group, the complexity of the application of PFRS 15 in construction contracts, and the application of significant management judgment in determining when to recognize construction revenue and in estimating the stage of completion of the construction. An error in the application of the requirements of PFRS 15 and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

The Group's disclosures on the impact of the adoption of PFRS 15, new accounting policy on revenue recognition of construction contracts, and basis of significant judgment and estimates are included in Notes 2 and 3 to the consolidated financial statements. In addition, the details of construction contract revenues and costs are disclosed in Notes 20 and 21 to the consolidated financial statements, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition of construction contracts, which was considered to be a significant risk, included the following:

- Testing the design and operating effectiveness of the Group's processes and controls over the recognition and measurement of contract revenues and costs;

- Evaluating the appropriateness of the Company's revenue recognition on construction contracts based on the requirements of PFRS 15 which include the following:

    - reviewing and discussing with management significant construction contracts, including contractual terms and conditions to ensure these contracts are appropriately accounted for in accordance with PFRS 15;

    - determining the appropriate method of recognition of the percentage of completion (i.e., input or output method);

  - determining proper accounting for contract costs whether these are considered as incremental costs of obtaining a contract, costs to fulfil the contract or mobilization costs; and,

  - determining whether performance obligation is distinct for proper allocation of transaction price.

- Testing the schedules of contracts completed and on-going projects as of the end of the reporting period such as, but not limited to, verifying the mathematical accuracy of the schedules, agreeing beginning balances, and recalculating ending balances based on contract costs for the current period; and agreeing contract prices, on a sample basis, to construction contracts;

- Performing analytical review procedures on contract revenues and costs, prior period estimates and consistency with the developments during the current period, stage of completion, and final forecast project results based on our expectations, and following up variances from our expectations;

- Performing detailed analysis of progress billings and actual construction costs incurred by tracing a sample of transactions throughout the current period to source data to verify the propriety of reported amounts, and verifying the appropriateness of the Group's cut-off procedures on contract revenues; and,

- Evaluating the sufficiency and appropriateness of disclosures in the Group's consolidated financial statements in accordance with PFRS 15, including the review of the retrospective analysis and adjustments made by the Group in its 2017 consolidated financial statements.

(b) Accounting for Concession Assets Including Impairment Assessment

Description of the Matter

The Group identified that its Concession Agreement in relation to its Mactan Cebu International Airport (MCIA) Project is within the scope of IFRIC 12 and shall be accounted under the intangible asset model as it receives the right (license) to charge users of the public service. As of December 31, 2018 and 2017, the carrying values of the concession assets amounted to P28,289.3 million and P25,608.3 million, respectively. As disclosed in Note 2 to the consolidated financial statements, the concession asset is recognized initially at cost and subsequently carried at cost less any accumulated amortization and accumulated impairment losses. Effective 2018, the Company changed its method of amortization from straight-line method to unit-of production method. The period and method of amortization are reviewed by the Group at least at the end of each financial reporting period.

Under Philippine Accounting Standards (PAS) 36, *Impairment of Assets*, the Group is required to annually test for impairment the intangible assets with indefinite lives. Furthermore, intangible assets not yet in use are reviewed for impairment annually or more frequently when an indication of impairment arises. The Group's Concession Assets not yet available for use as of December 31, 2018 amounted to P10.0 billion. These are not amortized, but tested for impairment in accordance with the Groups accounting policy.

In our view, this matter is significant to our audit because the amount of concession assets is material to the consolidated financial statements representing 42.9% of the Group's consolidated total assets. In addition, management's assessment process is highly judgmental and is based on significant assumptions, specifically in determining the fair value less costs to sell (which uses current transaction prices) and the value-in-use (which uses a certain discount rate and cash flows projections). The assumptions used by management are generally affected by expected future market and economic conditions.

How the Matter was Addressed in the Audit

Our procedures related to the impairment assessment of Concession Assets included the following:

- Understanding the Group's process in making accounting estimates and determining whether there has been or ought to have been a change from the prior period in the method, judgment and assumptions used by the Group;

- Evaluating the reasonableness of assumptions and methodology used in determining the value-in-use of concession assets, which include the discount rate and cash flow projections, by comparing them to external and historical data; and,

- Performing sensitivity analysis on the calculation to determine whether a reasonably possible change in assumptions could cause the carrying amount of the concession assets to exceed the recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2018, 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, 2018 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 will 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 audits, or otherwise appears to be materially misstated.

Other Matter

Subsequent to the issuance of the 2018 consolidated financial statements on which we have rendered our report dated April 3, 2019, the consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016 were revised to include certain items under the cash flows from investing and financing activities which were inadvertently hidden in the excel file, thus, omitted in the printed copies of the consolidated statements of cash flows. The respective totals of the cash flows from investing and financing activities remained the same and were not affected. Accordingly, our report on the consolidated financial statements is reissued with respect to the consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016.

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, they 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 audit. 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 audit 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 period 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 audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

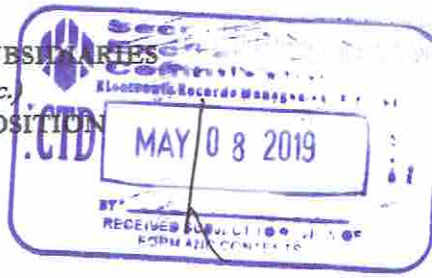
PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 3, 2019, except for the consolidated statements of cash flows, as to which date is May 2, 2019

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(Amounts in Philippine Pesos)



	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 5,734,720,648	P 4,930,939,177
Trade and other receivables - net	6	10,212,127,250	6,527,752,500
Financial assets at fair value through profit or loss	7	26,290,139	3,209,481,581
Construction materials	8	865,035,029	577,294,069
Contract assets	9	3,060,770,976	-
Costs in excess of billings on uncompleted contracts	9	-	2,095,587,099
Other current assets	12	4,891,540,884	1,358,089,942
Total Current Assets		24,790,484,926	18,699,144,368
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	10	3,544,472	-
Available-for-sale financial assets	10	-	933,317,631
Equity advances and investments in associates and joint venture	11	926,832,112	1,104,218,566
Concession assets - net	13	28,289,313,079	25,608,295,463
Property, plant and equipment - net	14	5,496,096,209	5,218,064,265
Investment properties	15	3,457,715,588	135,610,000
Other non-current assets	12	2,941,723,207	2,719,165,512
Total Non-current Assets		41,115,224,667	35,718,671,437
TOTAL ASSETS		P 65,905,709,593	P 54,417,815,805

	Notes	2018	2017
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	P 6,408,573,493	P 2,561,487,851
Trade and other payables	16	5,252,402,324	5,245,248,904
Advances from customers	18	3,485,005,709	527,071,092
Contract liabilities	9	1,185,476,962	-
Billings in excess of costs on uncompleted contracts	9	-	939,417,541
Other current liabilities	19	233,817,574	140,006,345
Total Current Liabilities		16,565,276,062	9,413,231,733
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	30,371,690,492	26,386,980,490
Post-employment defined benefit obligation	23	176,798,596	173,266,213
Deferred tax liabilities - net		419,677,416	70,533,741
Other non-current liabilities	19	368,165,977	238,359,359
Total Non-current Liabilities		31,336,332,481	26,869,139,803
Total Liabilities		47,901,608,543	36,282,371,536
EQUITY	26		
Equity attributable to shareholders of the Parent Company:			
Common stock		2,399,426,127	2,399,426,127
Preferred stock		40,000,000	40,000,000
Treasury shares		(3,454,826,462)	(2,627,738,885)
Additional paid-in capital		8,776,358,765	8,776,358,765
Revaluation reserves		15,204,702	(3,949,890)
Other reserves		(22,474,837)	(22,474,837)
Retained earnings		6,752,591,330	6,501,996,949
Total equity attributable to shareholders of the Parent Company		14,506,279,625	15,063,618,229
Non-controlling interests		3,497,821,425	3,071,826,040
Total Equity		18,004,101,050	18,135,444,269
TOTAL LIABILITIES AND EQUITY		P 65,905,709,593	P 54,417,815,805

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
REVENUES	20			
Contract revenues		P 12,688,462,210	P 16,712,638,593	P 15,786,162,784
Airport operations revenues		2,995,981,030	2,298,404,890	1,871,978,237
Airport merchandising operations revenues		289,894,795	148,099,539	-
Terminal operations revenue		17,653,392	-	-
		15,991,991,427	19,159,143,022	17,658,141,021
DIRECT COSTS	21			
Contract costs		10,784,175,855	14,084,101,553	13,426,336,857
Costs of airport operations		734,304,700	420,246,176	360,951,169
Costs of airport merchandising operations		70,358,260	40,797,109	-
Costs of terminal operations		17,653,392	-	-
		11,606,492,207	14,545,144,838	13,787,288,026
GROSS PROFIT		4,385,499,220	4,613,998,184	3,870,852,995
OTHER OPERATING EXPENSES	22	1,487,179,653	1,287,929,249	1,096,490,333
OPERATING PROFIT		2,898,319,567	3,326,068,935	2,774,362,662
OTHER INCOME (CHARGES)	24			
Finance costs		(1,333,427,143)	(741,783,412)	(665,159,658)
Finance income		220,598,157	184,844,896	184,426,387
Others - net		601,527,749	57,727,980	74,378,856
		(511,301,237)	(499,210,536)	(406,354,415)
PROFIT BEFORE TAX		2,387,018,330	2,826,858,399	2,368,008,247
TAX EXPENSE	25	492,844,159	579,049,390	448,312,507
NET PROFIT		P 1,894,174,171	P 2,247,809,009	P 1,919,695,740
Net Profit Attributable To:	1			
Shareholders of the Parent Company		P 1,469,434,495	P 1,781,192,210	P 1,559,090,997
Non-controlling interests		424,739,676	466,616,799	360,604,743
		P 1,894,174,171	P 2,247,809,009	P 1,919,695,740
Earnings per Share		P 0.56	P 0.70	P 0.57

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Note	2018	2017	2016
NET PROFIT		**P 1,894,174,171**	P 2,247,809,009	P 1,919,695,740
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified subsequently to profit or loss				
Realized loss on fair value change of financial assets at fair value through other comprehensive income	10	**(8,263,159)**	70,963,642	-
Unrealized gain on fair value change of financial assets at fair value through other comprehensive income	10	**-**	8,263,159	(70,963,642)
		(8,263,159)	79,226,801	(70,963,642)
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	23	**40,962,085**	(21,711,134)	(22,452,017)
Tax income (expense)	25	**(12,288,626)**	6,513,340	6,735,605
		28,673,459	(15,197,794)	(15,716,412)
Other Comprehensive Income (Loss) – net of tax		**20,410,300**	64,029,007	(86,680,054)
TOTAL COMPREHENSIVE INCOME		**P 1,914,584,471**	P 2,311,838,016	P 1,833,015,686
Total Comprehensive Income Attributable To:				
Shareholders of the Parent Company		**P 1,488,589,086**	P 1,844,366,842	P 1,473,188,635
Non-controlling interests		**425,995,385**	467,471,174	359,827,051
		P 1,914,584,471	P 2,311,838,016	P 1,833,015,686

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

		Attributable to Shareholders of the Parent Company									
	Notes	Common Stock	Preferred Stock	Treasury Shares	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total
Balance at January 1, 2018											
As previously reported		P 2,399,426,127	P 40,000,000	(P 2,627,738,885)	P 8,776,358,765	(P 3,949,890)	(P 22,474,837)	P 6,501,996,949	P 15,063,618,229	P 3,071,826,040	P 18,135,444,269
Effect of restatements	2	-	-	-	-	-	-	(681,210,813)	(681,210,813)	-	(681,210,813)
As restated		2,399,426,127	40,000,000	(2,627,738,885)	8,776,358,765	(3,949,890)	(22,474,837)	5,820,786,136	14,382,407,416	3,071,826,040	17,454,233,456
Acquisition of treasury shares	26	-	-	(827,087,577)	-	-	-	-	(827,087,577)	-	(827,087,577)
Cash dividends	26	-	-	-	-	-	-	(537,629,300)	(537,629,300)	-	(537,629,300)
Total comprehensive income for the year		-	-	-	-	19,154,592	-	1,469,434,494	1,488,589,086	425,995,385	1,914,584,471
Balance at December 31, 2018		**P 2,399,426,127**	**P 40,000,000**	**(P 3,454,826,462)**	**P 8,776,358,765**	**P 15,204,702**	**(P 22,474,837)**	**P 6,752,591,330**	**P 14,506,279,625**	**P 3,497,821,425**	**P 18,004,101,050**
Balance at January 1, 2017		P 2,399,426,127	P 40,000,000	(P 2,627,738,885)	P 8,776,358,765	(P 67,124,521)	(P 22,474,837)	P 5,108,733,613	P 13,607,180,262	P 2,602,354,866	P 16,209,535,128
Cash dividends		-	-	-	-	-	-	(387,928,875)	(387,928,875)	-	(387,928,875)
Change in effective ownership		-	-	-	-	-	-	-	-	2,000,000	2,000,000
Total comprehensive income for the year		-	-	-	-	63,174,631	-	1,781,192,211	1,844,366,842	467,471,174	2,311,838,016
Balance at December 31, 2017		P 2,399,426,127	P 40,000,000	(P 2,627,738,885)	P 8,776,358,765	(P 3,949,890)	(P 22,474,837)	P 6,501,996,949	P 15,063,618,229	P 3,071,826,040	P 18,135,444,269
Balance at January 1, 2016		P 2,399,426,127	P 40,000,000	P -	P 8,105,750,476	P 18,777,841	(P 22,474,837)	P 3,830,642,616	P 14,372,122,223	P 2,232,081,161	P 16,604,203,384
Acquisition of treasury shares	25	-	-	(4,138,844,351)	-	-	-	-	(4,138,844,351)	-	(4,138,844,351)
Issuance during the year	25	-	-	1,511,105,466	670,608,289	-	-	-	2,181,713,755	10,446,654	2,192,160,409
Cash dividends	25	-	-	-	-	-	-	(281,000,000)	(281,000,000)	-	(281,000,000)
Total comprehensive income for the year		-	-	-	-	(85,902,362)	-	1,559,090,997	1,473,188,635	359,827,051	1,833,015,686
Balance at December 31, 2016		P 2,399,426,127	P 40,000,000	(P 2,627,738,885)	P 8,776,358,765	(P 67,124,521)	(P 22,474,837)	P 5,108,733,613	P 13,607,180,262	P 2,602,354,866	P 16,209,535,128

See Notes to Consolidated Financial Statements

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 2,387,018,330	P 2,826,858,399	P 2,368,008,247
Adjustments for:				
Finance costs	24	1,333,427,143	725,364,859	665,159,658
Depreciation and amortization	22	1,023,451,211	695,964,736	629,171,969
Gain on acquisition of a subsidiary	24	(307,365,622)	-	-
Finance income	24	(220,598,157)	(168,426,343)	(184,426,387)
Unrealized mark-to-market loss (gain) in interest rate swap	17	(45,218,078)	18,927,939	-
Equity in net gains of associates and joint venture	11, 24	(10,209,371)	(3,606,389)	7,975,668
Loss on fair value change of available-for-sale financial assets	10, 24	8,203,815	78,487,134	-
Gain on disposals of property, plant and equipment	14, 24	(2,876,025)	(5,248,792)	(51,746,695)
Operating profit before working capital changes		4,165,833,246	4,168,321,543	3,434,142,460
Decrease (increase) in trade and other receivables		(221,393,350)	(1,466,007,218)	2,889,335,420
Increase in construction materials		(287,740,960)	(125,987,367)	(158,516,715)
Decrease in costs in excess of billings on uncompleted contracts		1,474,818,478	919,359,170	538,749,039
Increase in contract assets		(3,060,770,976)	-	-
Increase in other current assets		(3,478,911,678)	(96,420,914)	(632,154,823)
Decrease in trade and other payables		(535,244,430)	(845,214,605)	(943,255,563)
Increase (decrease) in advances from customers		2,792,586,126	(751,482,696)	(413,663,864)
Decrease in billings in excess of costs on uncompleted contracts		(939,417,541)	(429,140,004)	778,141,799
Increase in contract liabilities		1,185,476,962	-	-
Increase in other liabilities		223,617,847	34,427,819	140,761,831
Increase in post-employment defined benefit obligation		22,321,536	45,568,102	23,325,885
Cash generated from operations		1,341,175,260	1,453,423,830	5,656,865,469
Cash paid for income taxes		(33,392,637)	(98,908,449)	(51,616,711)
Net Cash From Operating Activities		1,307,782,623	1,354,515,381	5,605,248,758
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets at fair value through profit or loss	7	3,183,191,442	1,463,570,080	1,314,317,271
Additions to concession assets	13	(3,061,212,015)	(5,419,652,784)	(4,087,736,170)
Advances to related parties	27	(2,999,454,546)	-	-
Additions to investment properties	15	(1,868,851,065)	-	
Acquisitions of property, plant and equipment, and computer software license	14	(941,566,129)	(609,663,808)	(698,604,752)
Proceeds from disposal of financial asset at fair value through other comprehensive income [available-for-sale (AFS) financial asset in 2017]	10	913,306,185	921,512,866	-
Acquisition of a subsidiary	11, 24	(344,149,804)	-	-
Decrease (increase) in other non-current assets		(229,489,685)	(108,571,599)	1,236,195,721
Interest received		135,625,877	134,822,533	175,889,910
Investment in joint ventures		(116,648,000)	(204,000,000)	(85,793,818)
Proceeds from sale of property, plant and equipment	14	30,085,388	16,043,442	137,780,533
Acquisition of AFS financial asset	10	-	(921,510,000)	(1,001,874,995)
Net Cash Used in Investing Activities		(5,299,162,352)	(4,727,449,270)	(3,009,826,300)
Balance carried forward		(P 3,991,379,729)	(P 3,372,933,889)	P 2,595,422,458

		2018	2017	2016
Balance brought forward		(P 3,991,379,729)	(P 3,372,933,889)	P 2,595,422,458
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans and borrowings	17, 33	11,832,650,285	5,100,663,558	6,026,169,060
Repayment of interest-bearing loans and borrowings	17, 33	(4,780,636,563)	(1,933,787,135)	(2,805,905,275)
Interest paid	17	(1,069,041,862)	(752,235,635)	(623,310,993)
Dividends paid		(537,629,300)	(387,928,875)	(281,000,000)
Acquisition of treasury shares		(827,087,577)	-	(4,138,844,351)
Reissuance of treasury shares		-	-	2,181,713,755
Proceeds from investment of non-controlling interest		-	-	10,446,654
Net Cash From Financing Activities		4,618,254,983	2,026,711,913	369,268,850
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(22,884,808)	11,876,022	24,986,807
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		603,990,446	(1,334,345,954)	2,989,678,115
CASH AND CASH EQUIVALENTS OF NEW SUBSIDIARY		199,791,025	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,930,939,177	6,265,285,131	3,275,607,016
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 5,734,720,648	P 4,930,939,177	P 6,265,285,131

See Notes to Consolidated Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

Megawide Construction Corporation (the Parent Company) was incorporated in the Philippines on July 28, 2004 and is engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs other allied construction business like the construction and sale of precast items, concrete production, and purchase sale and/or lease of formworks system and construction equipment.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Securities Exchange Commission (SEC) approved the Parent Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Parent Company at P7.84 offer price per share and the listing of those shares in PSE's main board on February 18, 2012. On December 3, 2014, the Parent Company made a primary offer of 40.0 million preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE (see Note 26.1).

On September 22, 2014, the SEC approved the Parent Company's amendment of articles of incorporation, which includes: (i) the Parent Company's power to extend corporate guarantees to its subsidiaries and affiliates; and, (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Parent Company, perpetual preferred shares (see Note 26.1). Both common and preferred shares have a par value of P1.0 per share.

On August 16, 2017, Megacore Holdings, Inc. (Megacore) acquired 313,786,575 shares representing 14.7% ownership over the Parent Company from Citicore Holdings Investment, Inc. (Citicore). This resulted in a decrease in Citicore's ownership from 66.7% to 51.0%.

On December 22, 2017, Megacore further acquired additional shares from Citicore which resulted to an increase in Megacore's equity interest to the Parent Company equivalent to 28.9% or 617,709,197 as of December 31, 2017.

The Parent Company remains a subsidiary of Citicore which owns and controls 33.3% of the issued and outstanding capital stock of the Parent Company as of December 31, 2018 and 2017 because Citicore still directs the overall business operations of the Parent Company through its Chief Executive Officer and President, who is also the President of Citicore.

On December 20, 2017, the state-owned Social Security System acquired a total of 110,532,500 shares or equivalent to 5.2% interest of the Parent Company through purchase of 3.45% stake held by Megacore and the remaining interest from the public.

Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies. The registered address of Citicore and the Parent Company, which is also their principal place of business, is at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

1.2 Subsidiaries, Associates and Joint Arrangements

The Parent Company holds ownership interest in the following subsidiaries, associates and joint arrangements (together with the Parent Company, collectively hereinafter referred to as the Group), which are all incorporated in the Philippines:

Subsidiaries/Associates/Joint Operations/Joint Ventures	Notes	Percentage of Effective Ownership		
		2018	2017	2016
Subsidiaries:				
GMR Megawide Cebu Airport Corporation (GMCAC)	a	**60%**	60%	60%
Megawatt Clean Energy, Inc. (MCEI)	b	**70%**	70%	70%
Globemerchants, Inc. (GMI)	c	**50%**	50%	60%
Megawide Land, Inc. (MLI)	d	**100%**	100%	100%
Megawide Construction (BVI) Corporation (MCBVI)	e	**100%**	100%	-
MWM Terminals, Inc. (MWMTI)	i	**100%**	-	-
Megawide Terminals, Inc. (MTI) *(formerly WM Property Management, Inc.)*	h	**100%**	-	-
Accounted for as Asset Acquisition – Altria East Land, Inc. (Altria)	f	**100%**	100%	100%
Associates:				
Megawide World Citi Consortium, Inc. (MWCCI)	g	**51%**	51%	51%
Citicore Megawide Consortium, Inc. (CMCI)	g	**10%**	10%	10%
Joint Operations:				
Megawide GISPL Construction Joint Venture (MGCJV)	j	**50%**	50%	50%
Megawide GISPL Construction Joint Venture, Inc. (MGCJVI)	k	**50%**	-	-
***Joint Ventures*:**				
Mactan Travel Retail Group Corp. (MTRGC)	l	**25%**	-	-
Select Service Partners Philippines Corp. (SSPPC)	m	**25%**	-	-
MWMTI	i	**-**	51%	51%

a) GMCAC

GMCAC was incorporated in the Philippines and registered in the SEC in 2014. GMCAC's primary purpose is to construct, develop, operate and maintain the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014. GMCAC was established for the purpose of implementing the provisions of the Concession Agreement (see Note 13) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL), and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors). GIL is an entity duly organized and registered in India. DOTr and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project. GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

b) MCEI

MCEI was incorporated in 2014 to engage in the development of clean or renewable energy sources for power generation. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. As of December 31, 2018, MCEI has not yet started operations.

c) GMI

GMI was incorporated in the Philippines in 2016 and is primarily engaged in general merchandise operations. GMI registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City. GMI started its commercial operations in March 2017.

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of GMI to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of December 31, 2017, GMI is 50% owned by the Parent Company. The Parent Company still consolidates its ownership in GMI after the sale as the management considers that the Group has de facto control over GMI even though it effectively holds 50% ownership interest [see Note 3.1(i)].

d) MLI

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. MLI has not commenced its operations as of December 31, 2018.

e) MCBVI

On June 20, 2017, the Parent Company acquired 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands to primarily engage in buying and holding shares of other companies. MCBVI's registered address, which is also its principal place of business, is Marcy Building, 2nd floor, Purcell Estate, Road Town Tortola, British Virgin Islands. In 2018, MCBVI has commenced business operations.

f) Altria

The Parent Company's acquisition of Altria is accounted for as an asset acquisition since it does not constitute an acquisition of business (see Note 11.2).

g) MWCCI and CMCI

The Group's investments in MWCCI and CMCI are accounted for as investments in associates since the ownership of the Parent Company does not result to control over the entities' relevant activities [see Notes 3.1(e), 3.1(i) and 11.1].

h) MTI

On August 9, 2018, the Parent Company acquired 344.5 million shares or 100% ownership interest in MTI from existing shareholders of MTI for P344.1 million (see Note 24.3). MTI owns 49% interest over MWMTI.

MTI (previously WM Properties Management, Inc.) is an entity incorporated and registered on November 11, 2011 to establish, own, manage, administer, operate, maintain, and carry the business of providing property management services, either directly or through third parties, but not limited to the services of rent collection, tenant and lease management, marketing and advertising, repair and maintenance, liaison and other similar services. MTI's registered address and principal place of business is at Waltermart Building, 8001 Epifanio de los Santos Avenue, Veterans Village, Quezon City, Metro Manila.

i) MWMTI

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and MTI, both exercising joint control to direct the relevant activities of MWMTI (see Note 11.3). The joint venture undertakes the development and implementation of the Paranaque Integrated Terminal Exchange (PITX) Project (formerly Southwest Integrated Transport System Project) granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement (BOT Agreement) through the DOTr (see Notes 11.3 and 28.4.2). In November 2018, MWMTI commenced commercial operations.

With the Parent Company's acquisition of 100% ownership interest in MTI in 2018 [see Note 1.2(h)], the Parent Company's effective ownership interest in MWMTI increased from 51% to 100% as of December 31, 2018. Accordingly, the Parent Company consolidates its interest in MWMTI from the acquisition date. Prior to the acquisition, the Group's interest in MWMTI is accounted for as a joint venture as the Group exercises joint control over the joint venture's relevant activities [see Notes 3.1(i) and 11.3].

j) MGCJV

MGCJV is an unincorporated joint venture formed in 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCJV was established to provide construction of works for the renovation and expansion of the MCIA Project and other airport related construction projects of the Group (see Note 11.4).

k) MGCJVI

MGCJVI is an incorporated joint arrangement formed in January 2018 by the Parent Company owning 50% interest and GMR Infrastructure (Singapore) PTE Limited with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GMR both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of Clark Aiport project (see Note 11.4). MGJCVI began to operate in the same year it was formed.

l) MTRGC

MTRGC was incorporated and registered under the laws of the Repubic of the Philippines with the SEC on March 21, 2018 to develop, set-up, operate, maintain and manage the duty paid outlets at the locations in the Mactan Cebu International Airport [see Note 11.3(a)]. It started operations in the same year of incorporation.

m) SSPPC

SSPPC was incorporated and registered under the laws of the Repubic of the Philippines with the SEC on March 13, 2018 to develop, set-up, operate, maintain and manage food and beverage outlets at specified locations in Terminal 1 and Terminal 2 of Mactan Cebu International Airport and the provision of related services thereto [see Note 11.3(a)]. It started operations in the same year of incorporation.

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2018 (including the comparative consolidated financial statements as of December 31, 2017 and for the years ended December 31, 2017 and 2016) were authorized for issue by the Parent Company's Board of Directors (BOD) on April 3, 2019, as endorsed by its Audit and Compliance Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are fully described in the accounting policies below and in the succeeding pages.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group opted to present a separate consolidated statement of income and consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

In 2018, the Group adopted PFRS 9, *Financial Instruments*, which was applied using the transitional relief allowed by the standard. This allows the Group not to restate its prior periods' financial statements. The change in the Group's policies on classification, measurement, and impairment of financial assets resulted in certain adjustments to opening balance of Retained Earnings account as of January 1, 2018 [see Note 2.2(a)(ii)].

Further, the Group adopted PFRS 15, *Revenue from Contracts with Customers*, which was applied using the modified retrospective approach under which changes having a material retrospective restatements on certain accounts in the statement of financial position as at January 1, 2018 are presented together as a single adjustment to the opening balance of Retained Earnings [see Note 2.2(a)(iii)].

Accordingly, the adoption of these two new accounting standards did not require the Group to present its third statement of financial position.

The table below shows the impact of the adoption of PFRS 9 and 15 to the Group's retained earnings and total equity as of January 1, 2018:

	Effects on	
	Retained Earnings	Total Equity
Balance at January 1, 2018, as previously reported	P 6,501,996,949	P 18,135,444,269
Recognition of expected credit losses on contract assets	(288,166,559)	(288,166,559)
Effect of change from output to input method of determining percentage of completion	(332,602,062)	(332,602,062)
Recognition of significant financing component	(81,099,099)	(81,099,099)
Increase in deferred tax assets	20,656,907	20,656,907
Net effect	(681,210,813)	(681,210,813)
Balance at January 1, 2018, as restated	P 5,820,786,136	P 17,454,233,456

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2018 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018:

PAS 40 (Amendments)	:	Investment Property – Reclassification to and from Investment Property
PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration
Annual Improvements to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification

Discussed below and in the succeeding pages are the relevant information about these standards, interpretation and improvements.

(i) PAS 40 (Amendments), *Investment Property – Reclassification to and from Investment Property*. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments provided a non-exhaustive list of examples constituting change in use. The application of these amendments have no impact on the Group's consolidated financial statements.

(ii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

The Group's new accounting policies relative to the adoption of PFRS 9 are fully disclosed in Notes 2.4 and 2.11.

PFRS 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses, on an instrument-by-instrument basis on initial recognition, to present fair value changes in other comprehensive income.

The Group has assessed which business models apply to the financial assets held by the Group at the date of initial application of PFRS 9 and has classified its financial instruments into the appropriate PFRS 9 categories. With respect to certain unquoted equity investments and proprietary golf club shares which were previously classified as AFS financial assets under PAS 39, the Group elected to irrevocably designate these financial assets at FVOCI, as the financial assets are now held by the Group with the objective of selling in the future for liquidity purposes. This did not result in any impact as to measurement and presentation as the financial assets are still measured at fair value and both categories are presented under the Non-current Assets section in the consolidated statements of financial position.

Summarized below is the effect of adoption of PFRS 9 in the classification of the Group's financial assets and financial liabilities at January 1, 2018:

Financial Instruments		Balance as of January 1, 2018	Classification and Measurement Under PAS 39	Classification and Measurement Under PFRS 9
Financial Assets:				
Cash and cash equivalents	P	4,930,939,177	Loans and receivables (amortized cost)	Financial assets at amortized cost
Trade and other receivables-net		6,505,856,735	Loans and receivables (amortized cost)	Financial assets at amortized cost
Refundable security and bond deposits		98,320,376	Loans and receivables (amortized cost)	Financial assets at amortized cost
Investment in trust fund		413,649,488	Loans and receivables (amortized cost)	Financial assets at amortized cost
Short-term commercial papers		3,207,553,457	Financial assets at FVTPL	Financial assets at FVTPL
Unit investment trust funds (UITF)		1,928,124	Financial assets at FVTPL	Financial assets at FVTPL
Investment in RTB		929,773,159	AFS Financial assets	Financial assets at FVOCI
Club shares		1,044,472	AFS Financial assets	Financial assets at FVOCI
Investment in SSPI		2,500,000	AFS Financial assets	Financial assets at FVOCI
Financial Liabilities:				
Interest-bearing loans and borrowings		28,948,468,341	Financial liabilities (amortized cost)	Financial liabilities at amortized cost
Trade and other payables		5,245,248,904	Financial liabilities (amortized cost)	Financial liabilities at amortized cost
Security deposits		3,895,236	Financial liabilities (amortized cost)	Financial liabilities at amortized cost
Retention payable		234,464,123	Financial liabilities (amortized cost)	Financial liabilities at amortized cost

The Group applied the simplified approach, except for receivables from related parties which were assessed based on expected collectability capacity to pay, and recorded lifetime expected losses on all financial assets consisting of cash and cash equivalents and receivables.

The application of ECL methodology for financial assets at amortized cost and contract assets, based on management's assessment of impairment, considering the Group's historical experience and forecasted recoverability of the contract assets, resulted in an adjustment in the opening balance of Retained Earnings amounting to P288.2 million as of January 1, 2018 [see Note 2.1(b)].

(iii) PFRS 15, *Revenue from Contracts to Customers*, together with the *Clarifications to PFRS 15* (herein referred to as PFRS 15). This standard replaced PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group's adoption of PFRS 15 resulted in changes in its accounting policies (see Note 2.17) and adjustments to the amounts recognized in the Group's financial statements. The Group has applied the new standard retrospectively without restatement, with the cumulative effect of initial application recognized as an adjustment to the opening balance of Retained Earnings account at January 1, 2018. In accordance with the transition provisions of PFRS 15, the standard has only been applied to contracts that are not completed as of January 1, 2018. The succeeding paragraphs summarizes the impact of the adoption of PFRS 15.

The Group assessed that a significant financing component is common to its construction contracts, wherein the Group receives advance payments, as the timing of collection of promised consideration is not aligned with the timing of the satisfaction of performance obligation (see Note 18). Such timing difference usually extends beyond 12 months. As of the date of initial application of PFRS 15, the impact to Retained Earnings of the Group arising from the significant financing component amounts to P60.4 million, net of related deferred taxes of P20.7 million. Upon the adoption of PFRS 15, advance payments received from customers, which are applied against subsequent progress billings, are accounted for as a contract liability presented separately as Advances from Customers in the statement of financial position.

The Group also changed its method of determination of percentage of completion from the output method (i.e., based on surveys done and project accomplishment reports prepared by the Group's engineers as evaluated by the customers' engineers) to the input method (i.e., based on the Group's efforts or inputs related directly to the satisfaction of a performance obligation, excluding unexpected amounts of wasted materials, labor or other resources). Moreover, the Group also changed its recognition of contract costs, which is previously based on total estimated costs to complete the project, as determined by project engineers, taking into consideration the stage of completion of the projects, to the recognition of actual costs related to the satisfaction of performance obligations. Costs incurred in fulfilling a contract are recognized as an asset and shown as Deferred Fulfillment Costs under the Other Current Assets account, unless these costs are classified as either Inventories, Property and Equipment or Intangible Assets, which are recognized in accordance with their respective recognition policies (see Notes 2.5, 2.7 and 2.10). As a result of these changes in accounting policies, Costs in Excess of Billings on Uncompleted Contracts amounting to P2,095.6 million, net of Billings in Excess of Costs on Uncompleted Contracts amounting to P939.4 million, in 2017 were reversed to Contract Costs account. These changes in policies also resulted in the recognition of additional contract revenues amounting to P823.6 million. The net effect of these adjustments to the Retained Earnings account as of January 1, 2018 amounted to P332.6 million.

Further, the Group changed its revenue recognition policy on its sale of construction materials to align with the requirements of PFRS 15. The Group produces and sells construction materials (i.e., precast) based on the specifications required by the customer. However, the Group has assessed that the change in accounting policy has no material impact on the Retained Earnings as of January 1, 2018 since the uncompleted construction materials as of December 31, 2017 are not significant to the Group.

The effects of the adoption of PFRS 15 in the Group's consolidated financial position as of December 31, 2018 are summarized below and in the succeeding page.

	As Reported	Adjustments	Amounts before effects of PFRS 15
Assets			
Contract assets	P 3,060,770,976	(P 3,060,770,976)	-
Cost in excess of billings on uncompleted contracts	-	4,583,058,768	4,583,058,768
Other current assets	4,891,540,884	(1,633,221,503)	3,258,319,381
Total Assets	65,905,709,593	(P 110,933,711)	65,794,775,882

	As Reported	Adjustments	Amounts before effects of PFRS 15
Liabilities			
Contract liabilities	P 1,185,476,962	(P 1,185,476,962)	P -
Billings in excess of costs on uncompleted contracts	-	586,228,371	586,228,371
Advances from customers	3,485,005,709	214,951,713	3,699,957,422
Deferred tax liabilities – net	419,667,416	(305,837,763)	113,829,653
Total Liabilities	47,901,608,543	(P 690,134,641)	47,211,473,902
Equity			
Retained earnings	6,752,591,330	579,200,930	7,331,792,260

The effects of the adoption of PFRS 15 in the Group's consolidated statement of income for the year ended December 31, 2018 are summarized below.

	As Reported	Adjustments	Amounts before effects of PFRS 15
Contract revenues	P 12,688,462,210	(P 969,614,364)	P 11,718,847,846
Contract costs	(10,784,175,855)	750,571,205	(10,033,604,650)
Finance costs	(1,333,427,143)	104,906,299	(1,228,520,844)
Tax expense	(492,844,159)	360,735,728	(132,108,431)
Net income	1,894,174,171	P 246,598,868	2,140,773,039

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration Interpretation on Foreign Currency Transactions and Advance Consideration*. The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The application of this interpretation has no impact on the Group's consolidated financial statements.

(v) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, PAS 28 (Amendments), *Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification* is deemed relevant to the Group but had no material impact on the Group's consolidated financial statements as the amendments merely clarify existing requirements. The amendments clarify that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

(b) Effective Subsequent to 2018 that are not relevant to the Group

The following amendments and improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Group's consolidated financial statements:

PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 with PFRS 4
Annual Improvements to PFRS (2014-2016 Cycle)		
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

(c) Effective Subsequent to 2018 but not Adopted Early

There are new PFRS, amendments, interpretations, and annual improvements to existing standards effective for annual periods subsequent to 2018, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance-sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of consolidated retained earnings account at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the Group's consolidated financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vi) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- PFRS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations* and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation.* The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

(vii) PAS 1 and PAS 8 (Amendments), *Definition of Material* (effective from January 1, 2020). The amendments clarify the definition of "material" and to align the definition used in the Conceptual Framework and the standards themselves. Based on the final amendment, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are still subject to the approval of the BOA.

(viii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.3 Basis of Consolidation, Investments in Subsidiaries and Associates, and Interests in Joint Arrangements

The Group's consolidated financial statements comprise the accounts of the Parent Company, its subsidiaries, associates and joint arrangements, as discussed in Note 1.2, after elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries, associates and joint arrangements are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries, associates, interests in joint arrangements and non-controlling interests as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

Distributions from subsidiaries are accounted for as dividend income which are eliminated at consolidation.

i) Accounting for Business Combination Using the Acquisition Method

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.12).

ii) Accounting for Business Combination Using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal shareholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting. Under this method, the financial information of the acquired entities are included as if the acquisition occurred in the earliest period presented. The assets and liabilities of the acquired entities are combined using their respective carrying values and any difference is accounted for and recognized in Other Reserves account presented under the consolidated statement of changes in equity.

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associates is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Parent Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in net profit (losses) of associates and joint venture as part of Others – net account under Other Income (Charges) section of the consolidated statement of income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.20).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) Interests in Joint Arrangements

(i) Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint control arises from a contractually agreed sharing of control in an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control. For interests in joint operation, the Parent Company recognizes in its financial statements its assets including its share of any assets held jointly; its liabilities including its share of any liabilities incurred jointly; its revenue from sale of its share of the output arising from the joint operation; its expenses including its share of any expenses incurred jointly; and its share in the income from the sale of goods or services by the joint operation. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Parent Company and are measured and recognized in accordance with the relevant financial reporting standards.

(ii) Joint Venture

A jointly controlled entity is a corporation, partnership, or other entity in which two or more venturers have an interest, under a contractual arrangement that establishes joint control over the entity. Each venturer usually contributes cash or other resources to the jointly controlled entity. Those contributions are included in the accounting records of the venturer and recognised in the venturer's financial statements as an investment in the jointly controlled entity.

Investments in joint venture are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in a jointly controlled entity is subject to the purchase method. The purchase method involves the recognition of the jointly controlled entity's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the venturer's share of the identifiable net assets of the joint venture at the date of acquisition. Any goodwill or fair value adjustment attributable to the venturer's share in the joint venture is included in the amount recognized as investment in joint venture.

All subsequent changes to the ownership interest in the equity of the joint venture are recognized in the venturer's carrying amount of the investments. Changes resulting from the profit or loss generated by the joint venture are credited or charged against the Equity in net profit (losses) of associates and joint venture as part of Others – net account under Other Income (Charges) section of the consolidated statement of income.

Impairment loss is provided when there is objective evidence that the investments in joint venture will not be recovered (see Note 2.20).

Changes resulting from other comprehensive income of the jointly controlled entity or items recognized directly in the jointly controlled entity's equity are recognized in other comprehensive income or equity of the venturer, as applicable. However, when the venturer's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the venturer does not recognize further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. If the jointly controlled entity subsequently reports profits, the venturer resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the jointly controlled entity are accounted for as a reduction of the carrying value of the investments.

(d) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized as Other Reserves in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interests in various subsidiaries, associates, and joint arrangements as presented in Notes 1.2 and 11.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets in Accordance with PFRS 9

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding pages.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the 2018 statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), Refundable security and bond deposits (presented under Other Current Assets account) and Investment in Trust fund and Refundable security deposits (presented under Other Non-current Assets account) in the consolidated statement of financial position.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of income as part of Finance Income.

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and;

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL. The Group has designated equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of income as part of Finance Income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Other Income (Charges) account, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include debt securities which are held for trading purposes or designated as at FVTPL (see Note 7). Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PFRS 9.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the consolidated statement of income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the consolidated statement of income.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Classification, Measurement and Reclassification of Financial Assets in Accordance with PAS 39

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, and available-for-sale (AFS) financial assets.

A more detailed description of the categories of financial assets relevant to the Group as of and for the year ended December 31, 2017 follows:

(i) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at FVPTL upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees) and Refundable security and bond deposits (presented under Other Current Assets account), and Investment in trust fund and Refundable security deposits (presented under Other Non-current Assets account) in the 2017 consolidated statement of financial position. Cash and cash equivalents includes cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are presented as Available-for-sale Financial Assets under Other Non-current Assets in the 2017 consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include investments in retail treasury bonds (RTB), golf club shares and certain equity investments (see Note 10).

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured. Interest calculated using the effective interest method for all categories of financial assets is recognized in the statement of income. Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

A financial asset is reclassified out of the FVTPL category when the financial asset is no longer held for the purpose of selling or repurchasing it in the near term or under rare circumstances. A financial asset that is reclassified out of the FVTPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

(c) Impairment of Financial Assets under PFRS 9

From January 1, 2018, the Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Group's identification of a credit loss event. Instead, the Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Group elected to use the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For debt instruments measured at FVOCI, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Impairment of Financial Assets under PAS 39

In 2017 and prior years, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables

If there is objective evidence that an impairment loss on loans and receivables carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(ii) Carried at Cost – AFS Financial Assets

If there is objective evidence of impairment for any of the unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and required to be settled by delivery of such an unquoted equity instrument, impairment loss is recognized. The amount of impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

(iii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(e) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Construction Materials

Construction materials are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of construction materials includes all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

The net realizable value of construction materials is the current replacement cost.

2.6 Prepayment and Other Assets

Prepayments and other current assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period, are classified as non-current assets.

2.7 Property, Plant and Equipment

Property, plant and equipment, except land and construction in progress, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in operations or administration is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Precast factory	25 years
Precast and construction equipment	3-15 years
Office furniture, fixtures and equipment	3-10 years
Transportation equipment	5-8 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction of the Group's building, batching plant and precast factory, and any applicable borrowing costs (see Note 2.22). The account is not depreciated until such time that the assets are completed and available for use.

Transportation equipment held under finance lease agreements (see Note 2.18) are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of lease, if shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.8 Acquisition of Asset

Acquisition of interest in an entity that holds investment property which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participant. Under the asset purchase accounting, the purchase costs is allocated to identifiable assets and liabilities based on relative fair values of individual items; goodwill or gain on bargain purchase is not recognized; and, transaction costs are capitalized.

2.9 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Pursuant to the Concession Agreement for the PITX Project, the Group is granted the exclusive right and obligation to construct and develop the commercial area of the PITX Project (see Notes 1.2, 11.3 and 28.4.2), which shall be held for rentals and rendering of any incidental service or facility from the use of commercial areas. Accordingly, the Group accounts for the construction and development of the commercial area as part of Investment Properties.

Investment properties comprising of asset under construction and development are measured initially at acquisition cost, including transaction costs. These include cost of construction, any applicable borrowing costs (see Note 2.22) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Following initial recognition, investment properties are carried at cost less accumulated depreciation and any impairment in value (see Note 2.20).

The Group's investment properties also include land which is carried at cost less any impairment in value.

The carrying value of the investment properties are reviewed for impairment when changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount and impairment losses are recognized in the consolidated statement of income.

Investment property is 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 statement of comprehensive income in the year of retirement or disposal.

2.10 Intangible Assets

The Group's intangible assets currently include acquired software licenses and concession assets as described in more detail as follows:

(a) Concession Assets

The Group accounts for its Concession Agreement in relation to the MCIA Project [see Notes 1.2(a) and 13] under the intangible asset model as it receives the right (license) to charge users of the public service.

The concession asset is recognized initially at cost. It consists of:

(i) Upfront fees payments on the Concession Agreement, including the related borrowing costs;

(ii) Directly attributable costs related to the acquisition of the concession assets; and,

(iii) Cost of infrastructure constructed and under construction in accordance with the terms and conditions of the Concession Agreement. These are not recognized as property, plant and equipment of the Group but as an intangible asset.

Following initial recognition, the service concession asset is carried at cost less any accumulated amortization and any accumulated impairment losses. The service concession asset is amortized on a straight-line basis over the useful life of 25 years following the period covered by the Concession Agreement. Upfront fees and other directly attributable costs are amortized upon the effectivity of the Concession Agreement. Infrastructures are amortized when it is ready for use.

The period and method of amortization are reviewed at least at the end of each financial reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on the concession asset is recognized in the consolidated statement of income in the expense category consistent with the function of the concession asset.

Effective 2018, the Group changed its method of amortization from straight-line method of amortization to unit-of-production method. The change of amortization method was accounted for prospectively as change in accounting estimate [see Note 3.2(g)].

Subsequent costs and expenditures related to infrastructures arising from the Group's commitments to the Concession Agreement are recognized as additions to the concession asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property, plant and equipment and accounted for in accordance with the Group's accounting policy on Property, Plant and Equipment. When the Group has contractual obligations that it must fulfill as a condition of its license to: (i) maintain the infrastructure to a specified level of serviceability; or, (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service concession arrangement, it recognizes and measures these contractual obligations in accordance with the accounting policy on provisions (see Note 2.15). Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized in the consolidated statement of income as incurred.

The concession asset will be derecognized upon turnover to the Grantors. There will be no gain or loss upon derecognition as the concession asset, which is expected to be fully amortized by then, will be handed over to the Grantors with no consideration.

The carrying value of the service concession asset is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting period (see Note 2.20).

(b) Acquired Computer Software Licenses

Acquired computer software license (shown as part of Other Non-current Assets) is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of three to five years as the lives of these intangible assets are considered finite. In addition, this is subject to impairment testing as described in Note 2.20.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred. Costs that are directly attributable to the development phase of new customized software for information technology are recognized as intangible assets if, and only if, the Group can demonstrate all of the following recognition requirements:

(i) technical feasibility of completing the prospective product for internal use or sale;

(ii) the intangible asset will generate probable economic benefits through internal use or sale;

(iii) intention and ability to complete, i.e., availability of sufficient technical, financial and other resources necessary for completion, and use or sell the asset; and,

(iv) ability to measure reliably the expenditure attributable to the intangible asset during development.

Acquired computer software license is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset is determined as the difference between the net disposal proceeds and carrying value of the asset, and is charged to profit or loss for the period.

2.11 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables [except output value-added tax (VAT) and other taxes payable], security deposits and retention payable (under Other Non-current Liabilities) are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss as part of Finance Costs in the consolidated statement of income.

Interest-bearing loans and borrowings are raised for support of funding of operations. Finance charges, including direct costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Obligations under finance lease (included as part of Interest-bearing Loans and Borrowings account) are recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments, at the inception of the lease (see Note 2.18).

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.12 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.20).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Business combinations arising from transfers of interests in entities that are under the common control of the principal shareholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting. Under this method, the financial information of the acquired entities are included as if the acquisition occurred in the earliest period presented. The assets and liabilities of the acquired entities are combined using their respective carrying values and any difference is accounted for and recognized in Other Reserves account presented under the consolidated statement of changes in equity.

2.13 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee; its chief operating decision-maker. The executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments, if any;
- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property, if any.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

2.14 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.15 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.16 Derivative Financial Instruments and Hedging

Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured and accounted for in the consolidated statement of financial position at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment or accounted for as derivative not designated for hedges.

The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the consolidated statement of comprehensive income. To qualify for hedge accounting, the hedging relationship must comply with strict requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group's derivative financial instruments are accounted for transactions not designated as hedges. Certain freestanding derivative instruments that provide economic hedges under the Group's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. For bifurcated embedded derivatives in financial and non-financial contracts that are not designated or do not qualify as hedges, changes in the fair value of such transactions are recognized in the consolidated statement of income.

2.17 Revenue and Expense Recognition

Revenue arises mainly from rendering of construction services, airport operations, airport merchandising operations and terminal operations, above others.

To determine whether to recognize revenue, the Group follows a five-step process:

1) identifying the contract with a customer;
2) identifying the performance obligation;
3) determining the transaction price;
4) allocating the transaction price to the performance obligations; and,
5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Groups performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group often enters into transactions involving construction services, sale of construction materials and other contracts containing performance obligations with counterparties. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(b). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the asset or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group's normal credit terms ranges from 35 to 60 days after billing. In addition, the following specific recognition criteria for each identified performance obligation must also be met before revenue is recognized:

(a) *Contract revenue* – Revenue from construction services is recognized over time as the service is provided. The Group uses the percentage of completion method to determine the appropriate amount to recognize as contract revenue in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

(b) *Airport operations revenue* – Revenue from airport operations pertains to revenue from services related to aeronautical and non-aeronautical activities in the MCIA, which are further classified as follows:

i. *Aeronautical revenue* – Aeronautical revenues pertain mainly to passenger service charges which are recognized as revenue over time when the related airport services have been rendered, the rates for such fees are provided under Administrative Order (AO) No. 2, Series of 2011, issued by MCIAA. On the other hand, revenues from ancillary services such as parking, tacking, and lighting services are recognized at a point in time upon availment of service.

ii. *Concession revenue* – Concession revenues are generated through terminal concessionaires, tenants or airport service providers who pay monthly fees for using or accessing airport facilities to offer their goods and services to the general public and air traveling community. Payments are based on negotiated agreements with these parties, or are based on either a minimum monthly guarantee or on gross receipts. Concession revenue is recorded over time as it is earned. Some tenant agreements require self-reporting of concession operations and/or sales. The timing of concessionaire reporting and when revenue earned is recorded will determine when accruals are required for each tenant.

iii. *Commercial revenue* – Commercial revenues comprise advertising charges, car parking and car rental revenues. Car parking revenue comprises time-based charges from the operation of car parking services. Car rental revenue comprises concession charges from car rental companies. Revenue is recognized over time when the related services are provided.

(c) *Airport merchandising operations revenue* – Airport merchandising operations revenues relates to sale of food and non-food items within the premise of MCIA. Airport merchandising operations revenues are recognized at a point in time when the control over the goods have passed to the buyer.

(d) *Terminal operations revenue* – Terminal operations revenue is recognized under the cost-recovery method in accordance with PFRS 15. Rendering of operating services is one of the Group's performance obligations under the Concession Agreement. Revenues are recognized to the extent of the amount of expenses that are directly attributable to the operations of the terminal area of the PITX Project.

(e) *Rental revenue* – Rental revenue comprise rental of check-in counter charged to airline companies, space rental charged to tenants, and equipment rental [see Note 2.18(b)]. Rental from check-in counters is recognized over the period when the related service have been rendered, while space and equipment rental is recognized on a straight-line basis over the lease term. Contingent revenue is recognized in the period in which the contingent event occurs.

(f) *Management fee* – This is recognized on a time-and-materials basis as the services are provided. Customers are invoiced monthly as work progresses, which are due upon receipt by the customers. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

The Group presents a contract asset when it transfers control of goods or performs services before the customer pays consideration or before payment is due. A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

The Group presents a contract liability when a customer pays the consideration, or the Group has the right to an amount of consideration that is unconditional (i.e., a receivable), before the Group transfers goods or performs services to the customer. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract liability also includes cash received from customers which are applied to subsequent progress billings for construction contracts and are presented as Advances from Customers account under the current liabilities section of the statement of financial position (see Note 18). The Group considers the effect of significant financing component in the contract which is recognized as part of Contract Revenues and Finance Cost in the statement of income [see Note 3.1(b)].

The Group incurs incremental costs in obtaining customer contracts (i.e., biddings costs on construction contracts). These costs are expensed when incurred as these are incurred regardless whether the contract is obtained.

The Group also incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and, (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards. If other standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria, which, if met, result in capitalization:

(i) the costs directly relate to a contract or to a specifically identifiable anticipated contract;
(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

Contract fulfillment assets or capitalized costs (which are recognized as part of Other Current Assets account) are amortized using percentage of completion method consistent with construction revenue recognition policy of the Group. Furthermore, these are derecognized either upon disposal or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment assets or capitalized costs to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive, less the costs that relate to providing services under the relevant contract.

In 2017 and prior periods, the Group recognized revenues based on the provisions of PAS 11 and PAS 18 which is to the extent that such revenues and the related costs incurred or to be incurred can be measured reliably and it is probable that future economic benefits will flow to the Group. Generally, revenues are recognized when the customer has accepted the services that have been provided and the risks and rewards of ownership of the goods has been transferred to the customer. Where the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

2.18 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Leases, which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item, are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at the inception of the lease at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Finance lease obligations, net of finance charges, are included in Interest-bearing Loans and Borrowings account in the consolidated statement of financial position.

For sale and leaseback transactions resulting in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the Group (as seller-lessee) but deferred and amortized over the lease term. However, if the carrying amount of the asset exceeds the sales proceeds, the loss is immediately charged to profit or loss in the consolidated statement of income.

Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments (net of any incentive received from lessor) are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group earns rental revenues from airport operations arising from rental of check-in counters charged to airline companies and space rental charged to tenants of commercial spaces. Rental from check-in counters is recognized when the related service have been rendered. Space rental is recognized on a straight-line basis over the lease term.

Revenue from rentals also include revenue from lease of the Group's office space and various equipment which is recognized on the straight-line basis over the lease term based on the provision of the covering lease contracts, including any minimum rent free period therein, plus additional rent free period as mutually agreed by the contracting parties.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.19 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.20 Impairment of Non-financial Assets

The Group's investments in associates and joint ventures, property, plant and equipment, intangible assets and other non-financial assets are subject to impairment testing. All non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.21 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment defined benefit plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payment using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), in 2018 and reference rates published by Philippine Dealing & Exchange Corp. (PDEx) in 2017 and previous years] that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL and PDEx provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Bonus Plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the employees' performance evaluation attributable to a calendar year. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.22 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.23 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.24 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

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. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates and joint ventures; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.25 Equity

Capital stock represents the nominal value of common and preferred shares that have been issued.
Additional paid-in capital includes any premium received on the issuance of capital stock or reissuance of treasury shares. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise actuarial gains and losses due to remeasurements of post-employment defined benefit plan and the mark-to-market valuation of its financial assets at FVOCI (previously AFS financial assets).

Other reserves represent GMCAC's equity transaction costs arising from the subscriptions to its shares of stocks.

Retained earnings represent all current and prior period results of operations as reported in the consolidated statement of income, reduced by the amounts of dividends declared.

2.26 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit attributable to shareholders of the Parent Company by the weighted average number of common shares subscribed and issued during the year after giving retroactive effect to any stock dividends, stock split or reverse stock split declared in the current year.

Diluted EPS is computed by adjusting the weighted average number of common shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted EPS is equal to the basic EPS.

2.27 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determination of timing of Satisfaction of Performance Obligations (2018)

(i) Construction Revenue

The Group determined that its revenue from construction services shall be recognized over time in accordance with the percentage-of-completion method. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the construction services that create or enhance an asset that the customer controls as the asset is created or enhanced. This demonstrates that the customer obtains the benefits of the Group's rendering of construction service as it performs.

In determining the best method of measuring the progress of the Group's rendering of construction services, management considers the input method (i.e., based on the Group's inputs to the satisfaction of a performance obligation) under PFRS 15 because of the direct relationship between the Group's effort, in terms of incurred labor hours, and the transfer of service to the customer.

(ii) Airport Operations Revenues

The Group determined that its revenue from airport services shall be recognized over time as the services are being rendered and a point in time for ancillary services that are provided for a short span of time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other entities. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iii) Airport Merchandising Operations Revenues

In determining the appropriate method to use in recognizing the Group's revenues from airport merchandising operation revenues of the Group, which include sale of food and non-food items in the premises of MCIA, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods.

(b) Determination of Transaction Price and Amounts Allocated to Performance Obligations (2018)

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone contract prices. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added taxes (VAT)]. In determining the transaction price, the Group adjusts the amount of consideration for the effects of time value of money for payments received prior to rendering construction services when the construction period is more than one year. This circumstance indicates that the contract contain significant financing component. The Group uses the prevailing interest rate at the time of receipt of advance payments, which approximates the Group's borrowing rate.

(c) Determination of ECL on Trade and Other Receivables, Refundable Security and Bond Deposits and Contract Assets (2018)

The Group uses a provision matrix to calculate ECL for trade and other receivables, refundable security and bond deposits, and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Note 31.2.

(d) Evaluation of Business Model Applied in Managing Financial Instruments (2018)

Upon adoption of PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment and trading strategies.

(e) Distinction Between Business Combination and Asset Acquisition

The Group determines whether the acquisition of an entity constitute a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a "business" taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets.

Management has assessed that the acquisition of ownership in Altria is to be accounted for as asset acquisition (see Note 11.2) since it does not constitute a purchase of business. Conversely, the equity ownership in GMCAC, MCEI, MLI, GMI, MCBVI, and MTI are accounted for as investment in subsidiaries, while the equity ownership in CMCI and MWCCI is accounted for as investment in associates (see Note 11.1). Moreover, the acquisitions of interests in MGCJV and MGCJVI are accounted for as interest in joint operations [see Notes 1.2(j), 1.2(k) and 11.4]. In 2017 and prior years, the interest in MWMTI was accounted for as an investment in joint venture until the Parent Company purchased MTI in 2018, thereby making MWMTI a wholly owned subsidiary as of December 31, 2018.

(f) Evaluation of Impairment of AFS Financial Assets (2017)

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Group's non-current financial assets, management assessed that the investment is not impaired. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(g) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as lessee and lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Management has assessed that the lease agreements for transportation and other equipment in which the ownership is transferred to the Group is accounted for as finance lease. All other leases are accounted for as operating leases.

(h) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and contingencies are discussed in Note 2.15 and relevant disclosures are presented in Note 28.

(i) Determination of Control, Joint Control and Significant Influence

Judgment is exercised in determining whether the Group has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

Management considers that the Group has de facto control over GMI even though it effectively holds 50% of the ordinary shares. The Parent Company exercises control over the entity because major decisions involving entering and negotiating Supply and Delivery Agreements with Duty Free Philippines Corporation still rests with the Parent Company. In line with this, the Parent Company retains control over GMI's operations [see Note 1.2(c)].

The Group has determined that it has significant influence in MWCCI and CMCI; hence, the investees are treated as associates (see Note 11.1). In addition, the Group has determined that it has joint control over MWMTI, MGCJV, MGCJVI, MTRGC and SSPPC. The Group recognizes its interest in MWMTI in 2017 as a joint venture, including the Group's interests in MTRGC and SSPPC in 2018, while its interests in MGCJV and MGCJVI are recognized as joint operations [see Notes 2.3(c) and 11.4]. On the other hand, the Group has determined that its ownership interest in Silar Solar Power Inc. (SSPI) does not result in control or significant influence over SSPI (see Note 10).

The related key assumptions on the estimation uncertainty of certain interests in MWCCI, MWMTI (in 2017 and 2016), CMCI, and SSPI are discussed in Note 3.1(l).

(j) Capitalization of Borrowing Costs

The Group determines whether the amount of borrowing costs qualifiy for capitalization as part of the cost of the qualifying asset, or expensed outright. The accounting treatment for the borrowing costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to get the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

(k) Accounting for Service Concession Arrangement

Philippine Interpretation IFRIC 12 outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator or concessionaire should not account for the infrastructure under PAS 16 as property, plant and equipment, but recognized a financial asset and/or an intangible asset if the following conditions are met:

- The Grantor controls or regulates what services the operator or concessionaire must provide with the infrastructure, to whom it must provide them, and at what price; and

- The Grantor controls through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Mactan-Cebu International Airport Project

As discussed in Note 1.2(a), the Philippine Government, acting through the DOTr and MCIAA, executed a Concession Agreement with GMCAC whereby GMCAC was given an exclusive right to design, develop, and undertake the MCIA Project; and, enjoy complete and uninterrupted possession of the MCIA Project Assets for the purpose of implementing the MCIA Project.

At the end of the concession period, GMCAC shall hand-over the MCIA Project and the Project Assets to the Grantors without cost, free from any liens and encumbrances, including all improvements made to the airport facilities, commercial assets, works in progress, and right to receive revenues. In addition, GMCAC shall be entitled to collect and receive concession revenue consisting of revenues on account of passenger service charge, airport parking fees, and tacking fees; other apron charges; and, revenues from commercial charges. GMCAC may apply for an increase of such fees following the procedures as set forth in the Concession Agreement.

The Group has identified that the Concession Agreement is within the scope of IFRIC 12 and shall be accounted for using the intangible asset model, wherein the service concession asset is recognized as an intangible asset in accordance with PAS 38, *Intangible Assets*. The intangible asset is amortized using the usage based method over the life of the concession agreement as management believes that straight-line method best reflects the pattern of consumption of the concession asset.

In April 2014, GMCAC paid upfront fees to the Philippine Government amounting to P14,404.6 million to undertake the implementation and operation of the MCIA Project in accordance with the Concession Agreement (see Note 13). The Group identified certain significant and key activities related to the MCIA Project, as also set forth in the Concession Agreement. As such, the upfront fees were allocated among these key activities using proportionate rates based on the expected construction/renovation costs as follows: (i) existing Terminal 1 infrastructure; (ii) construction of new passenger Terminal; (iii) renovation and expansion of Terminal; and, (iv) capacity augmentation. Subsequent project development costs will be capitalized as incurred on the specific key activities related to the Project.

Parañaque Integrated Terminal Exchange Project

As discussed in Notes 11.3 and 28.4.2, the Philippine Government acting through the DOTr executed a Concession Agreement on February 25, 2015 with MWMTI whereby the latter was given an exclusive right to design, develop, and undertake the PITX Project and enjoy complete and uninterrupted possession of the Project Assets for the purpose of implementing the PITX Project. At the end of the concession period, MWMTI shall hand over the PITX Project and Project Assets to the Grantor without cost, free from any liens and encumbrances, including all improvements made to the terminal facilities, commercial assets, works in progress, and right to receive revenue.

The PITX Project is composed of separately identifiable terminal and commercial areas under a certain development plan with different degrees of control between the Grantor and MWMTI. The terminal area is controlled by the Grantor while the commercial area is controlled by MWMTI. In addition, MWMTI shall be entitled to collect and receive the concessionaire revenue from the commercial area while it will be receiving fixed payments from the Grantor for the terminal area.

Consequently, MWMTI has identified that the Concession Arrangement with respect to the terminal area of the PITX Project is within the scope of Philippine Interpretation IFRIC 12 and shall be accounted for using the financial asset model, wherein the concession asset arising from the component of terminal area is recognized as financial asset in accordance with PFRS 9 (PAS 39 in 2017 and previous years).

On the other hand, the Group determined that the component with respect to the commercial area of the PITX Project is not within the scope of Philippine Interpretation IFRIC 12, and therefore, shall be accounted for using the applicable accounting standard based on the control and purpose of the operation, hence, PAS 40 (see Notes 2.9 and 15).

The related concession asset accounted for under the financial asset model is presented as part of Contract Receivables in the statement of financial position, which includes the recoverable accumulated costs incurred for the development and construction of the PITX Project as determined in accordance with PFRS 15 and equivalent to the fair value of construction services and other considerations provided (see Notes 2.4 and 6).

(l) Non-consolidation of Entities in which the Group Holds More than 50% Ownership

The Parent Company's ownership interest in MWCCI was accounted for as an associate even though it holds 51% ownership interest. In making the assessment of whether the Parent Company has control over the relevant activities of MWCCI, management considers that Citicore has the ultimate control since it effectively owns 66% of MWCCI as of December 31, 2018 and 2017. Moreover, Citicore entered into a management agreement with MWCCI, whereby Citicore shall provide management services to MWCCI for the administration of its activities under the Modernization of the Philippine Orthopedic Center (MPOC) Project [see Note 11.1(a)].

The Parent Company's ownership interest in MWMTI in 2017 and prior years was accounted for as a joint venture even though it holds 51% ownership interest. In making the assessment of whether the Parent Company has control over the relevant activities of MWMTI, management considers that it has joint control with the other venturer, which holds 49% ownership, since both venturers have equal representations to MWMTI's BOD and all significant decisions and approvals to direct the relevant activities of MWMTI for the construction and eventual operation of the PITX Project with the DOTr require consensus of both parties (see Note 11.3). However, in 2018, MWMTI became a subsidiary of the Parent Company due to acquisition by the Parent Company of MTI.

(m) Distinction Between Investment Property and Owner Occupied Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the performance of the Group's construction activities and its supply process.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimation of Allowance for ECL (2018)

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 31.2.

(b) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.
The carrying values of the Group's financial assets carried at FVTPL, investment in SSPI and other non-current financial assets, and the amounts of applicable fair value changes recognized on those assets are disclosed in Notes 7 and 10, respectively.

(c) Determination of Percentage of Completion

The Group uses the percentage of completion method in accounting for its construction contract revenues and costs. Relative to the adoption of PFRS 15 in 2018, the use of the percentage of completion method requires the Group to estimate the stage of completion based on its efforts or inputs (i.e., actual costs incurred) to the satisfaction of a performance obligation relative to the total expected construction costs to be incurred on a per project basis. Review of the benchmarks set by management necessary for the determination of percentage-of-completion is done regularly. Actual data is being compared to the related benchmarks and critical judgment is exercised to assess the reliability of the percentage of completion procedures which are currently in place and make the necessary revisions in the light of current progress. If the proportion of the percentage of completed projects or the total estimated costs per project differs from management's estimates, the amount of profit or loss would have changed. In 2017, the Group determines percentage of completion based on the stage of completion based on surveys done by the Group's engineers and total costs to be incurred on a per project basis.

(d) Impairment of Trade and Other Receivables and Refundable Security and Bond Deposits (2017)

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6. The carrying value of Refundable security and bond deposits is shown in Note 12.

(e) Determination of Net Realizable Value of Construction Materials

In determining the net realizable value of construction materials, management takes into account the most reliable evidence available at the time the estimates are made. The Group periodically reviews its construction materials for possible damaged and obsolete items. Items identified as obsolete are provided with impairment allowance.

Management has assessed that no allowance for obsolescence is required to be recognized on construction materials in 2018, 2017 and 2016.

(f) Accounting for Business Combinations

In 2018, the Group acquired additional interest over MWMTI, upon acquisition of MTI, which resulted to increase in effective ownership to 100%. Since the substance of the transaction involves a business combination, interest in MWMTI is accounted for as investment in subsidiary [see Note 3.1(e)]. The assets and liabilities of the purchased subsidiary were valued at fair value using the discounted cash flow method and resulting gain on bargain purchase is recognized in the 2018 consolidated statement of income under Other Income (Charges) account (see Notes 11.3, 15 and 24.3). A change in the estimated fair value will affect the recognized gain in the consolidated financial statement.

(g) Estimation of Useful Lives of Intangible Assets and Property, Plant and Equipment

The Group estimates the useful lives of intangible assets (other than service concession assets) and property, plant and equipment based on the period over which the assets are expected to be available for use. The related estimated useful lives are reviewed periodically and are 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 assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. 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.

The carrying amount of intangible assets is analyzed in Notes 12.5 and 13. The carrying amount of property, plant and equipment is analyzed in Note 14.

There were no changes in the estimated useful lives of property, plant and equipment and intangible assets in 2018 and 2017. Actual results, however, may vary due to changes in estimates brought about by the changes in factors mentioned above.

The service concession asset was previously amortized on a straight-line basis over the useful life of 25 years following the period covered by the Concession Agreement. In 2018, the Group changed its method of amortization from straight-line method to usage based method. The change of amortization method was accounted for prospectively as change in accounting estimate. The Group's new amortization policy is determined on the method reflecting the asset's usage based on passenger volume and usage of the airport activities over the concession period. The Group believes that the usage-based method reflected the pattern in which the concession's future economic benefits are expected to be consumed by the Group and will be applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits [see Note 2.10(a)]. The change in amortization method resulted in a decrease in amortization expense of P730.0 million for 2018. In 2018 and 2017, amortization expense recognized relating to concession assets amounted to P380.2 million and P150.1 million, respectively.

(b) Principal Assumption for Estimation of Fair Value of Investment Property

The Group's investment property includes assets acquired as a result of a business combination (see Note 24.3). Under PFRS 3, business combinations are accounted for using the acquisition method, which generally acquired assets and assumed liabilities to be measure at fair values at date of acquisition.

The commercial area of the PITX Project is classified as investment property comprising of asset under construction and development was acquired through the business combination, which was measured at fair value using the discounted future cash flow method.

Subsequent to the acquisition through business combination the investment property is carried at cost. the Group determined that the cost approach, which is based on consideration of the cost to reproduce or replace the asset to its service capacity in accordance with current market prices for similar assets, for its investment property more appropriately reflects the highest and best use of the property based on market conditions and development. The Group uses assumptions that are mainly based on market conditions existing at the end of the reporting period. The fair value of the investment property determined using the cost approach reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices.

The best evidence of fair value of parcel of land is the current selling price of the parcels of land. In the absence of such information, the Group determined the amount within the range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

i) Current prices in active market for properties of different nature, conditions or locations, adjusted to reflect those differences;

ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

iii) Current prices for lease of similar assets; and,

iv) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of possible lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rate that reflects current market assessment of the uncertainty in the amount and timing of cash flows.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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. Management assessed that the deferred tax assets recognized as at December 31, 2018 and 2017 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 25.2.

(j) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.20). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

PFRS requires non-financial assets that have not been brought into use to be tested for impairment annually, irrespective of whether there are any indications of impairment. The recoverable amount of the concession assets not yet in use has been determined based on a value in use calculation using cash flow projections from financial model approved by senior management covering a 21-year period, the remaining life of the concession period.

The pre-tax discount rate applied to cash flow projections is 10% as of December 31, 2018 and 2017. The growth rate applied after the completion of Airport Terminal 2 Building ranges from 5% to 10% with an increasing rate after completion of the required capacity augmentation.

The calculation of value in use of the concession assets is most sensitive to the following assumptions:

- Passenger traffic volume
- Discount rate
- Growth rates

The carrying value of the concession assets not yet available for use amounted to P10.0 billion and P23.0 billion as at December 31, 2018 and 2017, respectively (see Note 13).

Management has assessed that no impairment losses are required to be recognized on the Group's non-financial assets in 2018, 2017 and 2016.

(k) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of DBO, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

4. SEGMENT REPORTING

The Group's operating businesses are recognized and managed separately according to the nature of services provided with a segment representing a strategic business unit. The Group's business segments follow:

4.1 Business Segments

(a) Construction – principally refers to general construction business, including constructing and sale of precast items and concrete production.

(b) Airport Operations – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility.

Other operations of the Group comprise the operations and financial control groups. These segments are also the basis of the Group in reporting to its executive committee for its strategic decision-making activities. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment revenues and expenses that are directly attributable to business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

4.3 Analysis of Segment Information

Presented below are the relevant operating segment information about the results of operations and financial position of the Group's business segments as of December 31, 2018, 2017 and 2016, and for the years ended December 31, 2018, 2017 and 2016 (amounts in thousands).

	Construction (before elimination)			Airport Operations			Total		
	2018	2017	2016	**2018**	2017	2016	**2018**	2017	2016
Results of operations									
Segment revenues	**P 13,822,631**	P 18,308,730	P 16,749,775	**P 2,995,981**	P 2,298,405	P 1,871,978	**P 16,818,612**	P 20,607,135	P 18,621,753
Cost and other operating expenses:									
Cost of construction and airport operations excluding depreciation and amortization	**11,097,106**	14,956,866	13,769,266	**354,110**	270,170	254,037	**11,451,216**	15,227,036	14,023,303
Depreciation and amortization	**588,313**	552,423	485,462	**422,531**	174,808	118,677	**1,010,844**	727,231	604,139
Finance cost and other charges – net	**541,728**	274,847	151,741	**574,131**	330,812	251,479	**1,115,859**	605,659	403,220
Tax expense	**287,719**	540,185	430,398	**172,866**	20,718	17,915	**460,585**	560,903	448,313
Other expenses	**507,271**	745,476	720,131	**532,692**	386,899	327,280	**1,039,964**	1,132,375	1,047,412
	13,022,137	17,069,797	15,556,998	**2,056,330**	1,183,407	969,388	**15,078,468**	18,253,204	16,526,387
Segment Net Profit	**P 800,494**	P 1,238,933	P 1,192,777	**P 939,650**	P 1,114,998	P 902,589	**P 1,740,144**	P 2,353,931	P 2,095,366
Consolidated Statements of Financial Position									
Total Segment Assets	**P 33,198,176**	P 27,951,292	P 29,856,543	**P 34,946,805**	P 30,803,076	P 25,899,639	**P 68,144,981**	P 58,754,368	P 55,756,182
Total Segment Liabilities	**P 20,473,361**	P 14,010,557	P 16,828,703	**P 26,151,266**	P 23,205,215	P 19,418,912	**P 46,624,627**	P 37,215,772	P 36,247,615

4.4 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements (amounts in thousands).

	2018	2017	2016
Profit or loss			
Segment net profit	**P 1,740,144**	P 2,353,931	P 2,095,366
Other unallocated income (expense)	**154,030**	(106,122)	(175,670)
Net profit as reported in the consolidated statements of income	**P 1,894,174**	P 2,247,809	P 1,919,696
Assets			
Total segment assets	**P 68,144,981**	P 58,754,368	P 55,756,182
Elimination of intercompany accounts	**(8,391,125)**	(4,718,684)	(4,805,314)
Deferred tax assets – net	-	-	34,046
Other unallocated assets	**6,151,854**	380,132	99,641
Total assets as reported in the consolidated statements of financial position	**P 65,905,710**	P 54,417,816	P 51,084,555
Liabilities			
Total segment liabilities	**P 46,624,627**	P 37,215,772	P 36,247,615
Elimination of intercompany accounts	**(3,605,142)**	(1,075,270)	(1,479,178)
Other unallocated liabilities	**4,882,124**	141,870	106,583
Total liabilities as reported in the consolidated statements of financial position	**P 47,901,609**	P 36,282,372	P 34,875,020

4.5 Other Segment Information

The Group has not identified any segment based on geographical location since the Group's operation is concentrated in one country of location.

Revenues from three major customers in 2018 and two major customers both in 2017 and 2016 accounted for 49%, 28% and 31% of the total revenues as presented in the consolidated statements of income, respectively.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	Notes	2018	2017
Cash on hand		**P 13,539,520**	P 8,775,423
Cash in banks	11.2	**3,527,325,055**	4,863,563,690
Short-term placements	7	**2,193,856,073**	58,600,064
		P 5,734,720,648	P4,930,939,177

Cash in banks generally earn interest based on daily bank deposit rates.

Short-term placements are made for varying periods from 14 to 90 days and earn annual effective interest of 2.0% to 6.0% in 2018, 1.0% to 2.0% in 2017, and 1.2% to 1.8% in 2016. In 2018, there was a financial asset previously classified as FVTPL that was reclassified as part of cash equivalent (see Note 7). Total interest income earned from these financial assets amounted to P77.8 million, P66.1 million and P55.7 million in 2018, 2017 and 2016, respectively, and is presented as part of Finance income under Other Income (Charges) account in the consolidated statements of income (see Note 24.2).

6. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	2018	2017
Contract receivables:			
Third parties		**P 2,598,635,628**	P2,230,023,178
Related parties	27.1	**400,493,319**	383,959,298
	20.1	**2,999,128,947**	2,613,982,476
Retention receivables:			
Third parties		**2,740,820,924**	2,438,299,144
Related parties	27.1	**772,113,457**	816,603,413
	20.1	**3,512,934,381**	3,254,902,557
Advances to:			
Related parties	27.4	**3,292,608,712**	293,154,166
Officers and employees	27.3	**34,271,539**	21,895,765
		3,326,880,251	315,049,931
Receivables from airport operations		**522,312,869**	333,242,965
Other receivables	27.2, 27.7	**267,403,113**	121,267,788
		10,628,659,560	6,638,445,717
Allowance for impairment		**(416,532,310)**	(110,693,217)
		P10,212,127,250	P6,527,752,500

Retention receivables pertain to progress billings which are withheld by the project owners equivalent to 5.0% or 10.0% as provided in the respective construction contract of each project. These will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.

Receivables from airport operations pertain to the Group's accrual of aeronautical, concession, rental and commercial revenues as authorized under the Concession Agreement (see Note 20.2).

Certain advances to related parties are earmarked for potential investment opportunities being pursued by the said related party in line with the Parent Company's expansion and diversification plans.

Trade and other receivables except advances to related parties do not bear any interest. All receivables, except Advances to officers and employees are subject to credit risk exposure [see Note 31.2(b)].

All of the Group's trade and other receivables have been reviewed for impairment. In 2018 and 2017, the Parent Company recognized allowance for impairment losses as approved by its BOD for its long outstanding disputed receivables with a certain client amounting to P305.5 million and P94.9 million, respectively. The allowance was set-up based on the reasonable assessment on its on-going negotiation with the client. The Parent Company observed the slowdown of its collections from the said client starting 2015 and has received its last collection in November of the same year and has not subsequently collected any of its receivables since then. As early as 2013, the Parent Company has started the turn-over process until 2015 including time extensions but only two out of its seven projects were issued with actual related Certificates of Completion and Acceptance (COCAs). Notwithstanding the issuance of COCAs on these two projects, the related receivables have remained outstanding as of end of the reporting periods. Further, despite numerous reconciliations and follow-ups made by the Parent Company in 2015 up to the end of 2017, no final settlement arrangement has been agreed with customer. In 2018, the Parent Company had more clarity on the recoverability of the receivables based on ongoing negotiations. Hence, it provided additional estimated credit losses amounting to P305.5 million in 2018. In 2017, an impairment loss of P96.7 million was set-up for the same client. At present, the Parent Company is continuously in talk with the client to finalize the agreement.

None of the remaining outstanding receivables were found to be impaired upon measuring of its expected credit loss using the provision matrix as determined by the management; hence, no amount of allowance for impairment have been recognized (see Note 31.2).

Total allowance for impairment for long outstanding contract, retention and airport receivables provided by the Parent Company and GMCAC amounted to P416.5 million and P110.7 million as of December 31, 2018 and 2017, respectively.

A reconciliation of the allowance for impairment at the beginning and end of 2018 and 2017 is shown below.

	Note	**2018**	2017
Balance at beginning of year		**P 110,693,217**	P 14,041,150
Impairment losses	22	**305,839,093**	96,652,067
Balance at end of year		**P 416,532,310**	P 110,693,217

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	2018	2017
Interest rate swap asset	**P 26,290,139**	P -
Short-term commercial papers	**-**	3,207,553,457
Unit investment trust funds (UITF)	**-**	1,928,124
	P 26,290,139	P 3,209,481,581

In November 2015, GMCAC entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022, start date is on December 15, 2017. A notional amount of US$75.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap agreement, GMCAC pays annual fixed interest rate of a range of 1.79% to 2.65% and receives floating rate of six-month US$ LIBOR rate on Bloomberg Page on the notional amount. As at December 31, 2018 and 2017, GMCAC recognized P26.3 million derivative asset and P18.9 million derivative liability as part of FVTPL and Trade and Other Payables – Others, respectively. GMCAC recognized in consolidated statement of comprehensive income under "Valuation loss - net" unrecognized gain from change in fair value of the interest rate swap amounting to US$0.5 million or P45.2 million and unrecognized loss amounting to US$0.4 million or P18.9 million in 2018. GMCAC entered into interest rate swap as economic hedges of underlying exposure arising from its foreign currency-denominated loan. Such interest swap agreement is accounted for as a derivate instrument not designated for hedges.

Short-term commercial papers are unsecured, short-term debt instruments issued by a private corporation with high-quality debt ratings with interest rate of 1.2% to 1.8%. These investments are designated by the Group to be carried at FVTPL upon initial recognition. Total interest income earned from these debt securities amounted to P72.4 million, P94.1 million and P128.7 million in 2018, 2017 and 2016, respectively (see Note 24.2). As of December 31, 2017, the fair values of financial assets at FVTPL amounted to P3,209.5 million. In 2018, the remaining financial asset whose fair value is P254.7 million was reclassified as part of cash equivalents (see Note 5).

The fair value changes in 2018, 2017 and 2016 are not significant, hence, not recognized during the reporting periods.

8. CONSTRUCTION MATERIALS

At the end of 2018 and 2017, construction materials were stated at cost. This account consists of the following:

	2018	2017
Consumables and spare parts	**P 223,651,350**	P 170,312,581
Rebars	**140,277,314**	115,771,409
Mechanical electrical plumbing and fireproof materials	**174,511,914**	85,786,135
Hardware	**98,926,621**	81,536,055
Precast	**59,850,388**	49,394,756
Others	**167,817,442**	74,493,133
	P 865,035,029	P 577,294,069

Certain scrap construction materials were sold for P3.4 million, P0.6 million and P1.6 million in 2018, 2017 and 2016, respectively. Proceeds from the sale are presented as part of Others – net account under the Other Income (Charges) section in the consolidated statements of income (see Note 24.3).

Others pertain to construction materials which include painting materials, nails and adhesive items.

9. CONTRACT BALANCES

The breakdown of contract balances as presented in the consolidated statements of financial position as of December 31, 2018 and 2017 is as follows:

	2018	2017
Contract assets	**P 3,060,770,976**	P -
Costs in excess of billings on uncompleted contracts (shown under current assets)	**-**	2,095,587,099
Contract liabilities	**(1,185,476,962)**	-
Billings in excess of costs on uncompleted contracts (shown under current liabilities)	**-**	(939,417,541)
	P 1,875,294,014	P 1,156,169,558

The balance of contract assets as of December 31, 2018 is net of allowance for impairment amounting to P288.2 million [see Note 2.1(b)].

A reconciliation of the movement of the contract balances is shown below.

	2018	2017
Balance at beginning of year	**P 1,156,169,558**	P 1,646,388,724
Work performed during the year	**13,260,394,539**	16,730,440,528
Work billed during the year	**(12,541,270,083)**	(17,220,659,694)
Balance at end of year	**P 1,875,294,014**	P 1,156,169,558

Contract assets pertain to the gross amount due from customers for contract works of all contracts in progress which are not yet billed (see Note 2.17). Contract assets in 2018 also include the cost of the terminal area of the PITX Project amounting to P456.9 million which is to be recovered through the Grantor payments [see Notes 3.1(k) and 15].

The Group satisfies its performance obligation when the full completion of the service and benefit therefrom can be derived by the customers. Invoices are due once related accomplishments for the month is complete.

The Group recognizes contract assets, due to timing difference of billings and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Contract liabilities are also recognized due to billings related to unsatisfied performance obligations. Other contract liabilities include advances from customers representing payments received prior to the Group's satisfaction of its performance obligations (see Note 18).

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (AVAILABLE-FOR-SALE FINANCIAL ASSETS IN 2017)

Other financial assets pertain to the Group's investments in medium to long term RTB in 2017, certain equity investment acquired in 2015 wherein the Parent Company does not exercise control or significant influence and golf club shares. The details of the financial assets at FVOCI (previously AFS financial assets) are shown below.

	2018	2017
Investment securities at FVOCI:		
Investment in SSPI	**P 2,500,000**	P -
Golf club shares	**1,044,472**	-
	3,544,472	-
AFS financial assets:		
Investments in RTB	**-**	929,773,159
Investment in SSPI	**-**	2,500,000
Golf club shares	**-**	1,044,472
	-	933,317,631
	P 3,544,472	P 933,317,631

The reconciliation of the carrying amounts of AFS financial assets are as follows:

	2018	2017
Balance at beginning of year	**P 933,317,631**	P 932,580,830
Disposal of RTB	**(929,773,159)**	(929,036,358)
Additions of RTB	**-**	921,510,000
Unrealized gain (loss) on fair value change of RTB	**-**	8,263,159
Balance at end of year	**P 3,544,472**	P 933,317,631

In 2018 and 2017, the Group sold RTBs with original face values of P921.5 million and P1,000.0 million for P913.3 million and P921.5 million, respectively. Consequently, the Group recognized a loss amounting to P8.2 million and P78.5 million, respectively, which is presented as Loss on sale of financial assets at FVOCI (Loss on sale of AFS financial assets in 2017) under Finance Costs in the 2018 and 2017 statements of income (see Note 24.1).

The Group recognized gain amounting to P8.3 million in 2017 due to changes in fair value of AFS financial assets, which is recognized under Revaluation in 2017 statements of comprehensive income. The gain was reclassified to profit and loss in 2018 upon disposal (see Note 24.1).

The Group has equity interest of 1% as of December 31, 2018 and 2017, respectively over its investment in SSPI. SSPI was incorporated in the Philippines on August 7, 2015 and established for the operation of solar power and other clean or renewable energy infrastructure. SSPI has started commercial operations in 2016. Its registered office, which is also its principal place of business, is located at 20 N. Domingo Street, Barangay Valencia, Quezon City.

As of December 31, 2018 and 2017, the amounts of the Group's non-current financial assets approximates its fair values. Furthermore, in 2017 and 2016, management has assessed that the carrying value of these investments is recoverable and that there is no indication or permanent decline in fair value; hence, no impairment loss is required. In 2018, upon adoption of PFRS 9, impairment assessment for equities is no longer applicable.

11. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES AND JOINT VENTURE AND ACQUISITION OF ASSETS

The carrying values of Investments in Associates and Joint Venture account are shown below:

	Notes	**2018**	2017
Investments in:			
Associates	11.1	**P 807,345,146**	P 799,974,741
Joint ventures	11.3	**119,486,966**	304,243,825
		P 926,832,112	P1,104,218,566

The significant commitments related to the associates and joint venture are discussed in Note 28.

These associates and joint venture are not listed in the local stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amounts of the investments are fully recoverable based on either the prospect of the business or the recoverable amount from the net assets of these associates and joint ventures.

11.1 Equity Advances and Investments in Associates

The components of the carrying values of this account are as follows:

	Note	**2018**	2017
Acquisition cost:			
MWCCI		**P 580,890,000**	P 580,890,000
CMCI		**200,000,000**	200,000,000
		780,890,000	780,890,000
Equity advances in MWCCI		**23,572,864**	23,572,864
Equity share in net profit (losses):			
Balance at beginning of year		**(4,488,123)**	(10,023,441)
Equity in net profit for the year	24.3	**7,370,405**	5,535,318
Balance at end of year		**2,882,282**	(4,488,123)
		P 807,345,146	P 799,974,741

(a) MWCCI

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily established to undertake and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the MPOC Project. MWCCI's registered office, which is also its principal place of business, is at 20 N. Domingo Street, 1112 Valencia, Quezon City.

As of December 31, 2018 and 2017, the Parent Company has 51% ownership interest in MWCCI.

MWCCI sent a Notice of termination of its BOT Agreement with the Department of Health (DOH), which was accepted by DOH in 2016. MWCCI is undertaking measures to recover compensation costs from DOH and believes that that it will ultimately recover in full the costs it incurred relative to the MPOC Project. Accordingly, the Parent Company has not recognized any impairment losses for its investment in MWCCI.

(b) CMCI

The Parent Company, together with Citicore, formed CMCI as a consortium for the construction of classrooms in Regions 3 and 4 under the build-lease-transfer Public Private Partnership (PPP) agreement with the Philippine Department of Education (DepEd) ownership interest (see Note 28.3). CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

As of December 31, 2018 and 2017, the Parent Company owns 10% interest in CMCI as a joint venture partner. The rights and powers of the Parent Company over the management and control of CMCI are exercised through a seat in the BOD of CMCI. Taking this into consideration, the Group concluded that it has significant influence over the investee; accordingly, the investment is accounted for as an investment in an associate.

The table below presents the unaudited and audited financial information of MWCCI and CMCI, respectively, as of and for years ended December 31, 2018 and 2017 of the associates (amounts in thousands of PHP).

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income (Loss)
2018						
MWCCI	P 1,192,459	P -	P 87,522	P -	P -	(P 1,840)
CMCI	4,118,657	3,737,556	2,109,372	3,631,097	467,932	(89,885)
2017						
MWCCI	P 1,192,344	P -	P 87,447	P -	P -	(P 41)
CMCI	3,588,141	5,010,010	1,595,271	4,797,252	522,158	55,560

A reconciliation of the above summarized financial information to the carrying amount of the investments in associates is shown below (amounts in thousands of PHP).

	Notes	%Interest Held	Net Asset Value	Share in Net Asset	Carrying Value of Investments
2018					
MWCCI	a	51%	P 1,104,937	P 563,518	P 584,840
CMCI	b	10%	2,115,744	211,574	222,505
Total				P 775,092	P 807,345
2017					
MWCCI	a	51%	P 1,104,897	P 563,497	P 584,840
CMCI	b	10%	2,205,628	220,563	215,135
Total				P 784,060	P 799,975

Management determined that the difference between the respective share in the net assets of the associates and the carrying amount of the investment is not material to the consolidated financial statements.

As of December 31, 2018 and 2017, the Parent Company did not receive any dividends from its associates.

11.2 Acquisition of Assets of Altria

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Parent Company acquired 100% ownership interest in Altria. Altria is a company incorporated in the Philippines and holds an investment property in the form of land. The registered office of Altria, which is also its principal place of business, is located at Coastal Road Bangiad, San Juan, Taytay, Rizal.

As of December 31, 2018 and 2017, Altria has no operations and its assets mainly pertain to the land where the Parent Company's precast and batching facilities are constructed (see Note 14). In accordance with Group's policy (see Note 2.8), the transaction is treated by the Group as an asset acquisition since the transaction does not constitute a business combination.

The purchase price upon acquisition was allocated among the following accounts based on their relative fair values:

	Notes	
Cash in bank	5	P 486,426
Bond deposits	12	1,500,958
Land	14	303,468,569
Accrued expenses	16	(100,000)
		P305,355,953

Subsequent to the date of acquisition, any changes in the carrying value of the net assets acquired in the books of Altria, including the expenses incurred in administering the property (i.e, property taxes), shall be updated in the books of the Parent Company on a line-by-line basis, as if they are consolidated into a single entity. The difference shall be charged directly to profit or loss as part of Others – net account under the Other Income (Charges) section in the consolidated statements of income (see Note 24.3). In 2018, 2017 and 2016, the Parent Company charged P0.1 million, P1.1 million and P0.8 million, respectively, to profit or loss to account for the expenses incurred by Altria, net of changes in cash in bank, bond deposits and accrued expenses.

11.3 Interest in Joint Ventures

This account includes the carrying values of the following components:

	Note	2018	2017
Acquisition costs:			
MTRGC		**P 58,324,000**	P -
SSPPC		**58,324,000**	-
MWM	24.3	**-**	309,967,089
		116,648,000	309,967,089
Equity share in net profit (losses):			
Balance at beginning of year		**(5,723,264)**	(3,794,335)
Equity in net profit (losses) for the year	24.3	**2,838,966**	(1,928,929)
Reclassification to investment in subsidiary	24.3	**(5,723,264)**	-
Balance at end of year		**2,838,966**	(5,723,264)
		P 119,486,966	P 304,243,825

(a) MTRGC and SSPPC

GMCAC has 41.66% interest in Mactan Travel Retail Group Corp. (MTRGC) and Select Service Partners Philippines Corporation (SSPPC), which are primarily engaged in the set-up, operation and management of duty paid retail, food and beverage outlets and provision of related services thereto in the airport terminals (T1 and T2).

The following are the summary of financial information related to the Group's interest in the joint ventures as of December 31, 2018 (amounts in thousands of PHP):

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income (Loss)
2018						
MTRGC	P 131,438	P 55,783	P 45,280	P -	P 73,507	P 1,888
SSPPC	131,146	134,833	120,337	714	180,651	4,927

A reconciliation of the above summarized financial information to the carrying amount of the investments in associates is shown below (amounts in thousands of PHP).

	Net Asset Value	Share in Net Asset	Carrying Value of Investments
MTRGC	P 141,941	P 59,133	P 59,110
SSPPC	144,928	60,377	60,377
Total		P 119,510	P 119,487

(b) MWMTI

MWMTI was incorporated in the Philippines on February 3, 2015 and established primarily to engage in the business of constructing, operating, and maintaining integrated transport system terminals, stations, hubs and all allied business in relation thereto, including the construction, operations and maintenance of the commercial assets and establishments, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTr (see Note 28.4.2).

Additions in 2017 amounted to P204.0 million while equity share in net losses in 2017 amounted to P1.9 million. As discussed in Notes 1.2(h), 1.2(i) and 3.2(f), MWMTI became a subsidiary in 2018 following the increase in the Group's ownership interest through the acquisition of MTI. The Group recognized MWMTI's investment property at fair value based on discounted cash flow method and recognized gain on bargain purchase relative to said acquisition amounting to P307.4 million (see Notes 15 and 24.3). Accordingly, MWMTI became a subsidiary and the Parent Company consolidated MWMTI from the date of acquisition.

The following table presents the audited financial information as of and for the periods ended December 31, 2017 of MWMTI.

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income (Loss)
2017	P 623,134,166	P 1,214,187,222	P 415,684,932	P 825,000,000	P 153,460,335	(P 3,857,860)

11.4 Interest in Joint Operations

As discussed in Notes 1.2(j) and 1.2(k), MGCJV shall undertake the construction works for the renovation and expansion of the MCIA Project in Cebu, while, MGCJVI shall undertake the construction works of the Clark Airport. Also, as discussed in Note 2.3(c)(i), the Parent Company's interests in MGCJV and MGCJVI are accounted for as joint arrangement – joint operation and, as such, the Parent Company accounts for its interest in the relevant assets, liabilities, revenues and expenses of MGCJV and MGCJVI.

As of and for the years ended December 31, 2018 and 2017, the relevant financial information of the Group's interest in MGCJV and MGCJVI which are included in the appropriate accounts in the Group's 2018 consolidated statements of financial position and consolidated statements of income is as follows:

	Before Elimination	Elimination	After Elimination
December 31, 2018			
Assets:			
Cash and cash equivalents	P 311,917,408	P -	P 311,917,408
Trade and other receivables	280,828,089	(280,828,089)	-
Other current assets	45,192,320	-	45,192,320
Property, plant, and equipment – net	1,240,564	-	1,240,564
	P 639,178,381	**(P 280,828,089)**	**P 358,350,292**
Liabilities:			
Trade and other payables	P 177,947,846	P -	P 177,947,846
Due to related parties	7,866,894	-	7,866,894
Contract Liability	244,412,257	-	244,412,257
Other liabilities	14,052,342	-	14,052,342
	P 444,279,339	**P -**	**P 444,279,339**
Revenues and Expenses:			
Contract revenues	P 1,298,357,224	(P 1,298,357,224)	P -
Contract costs	(1,048,183,269)	1,048,183,269	-
Other operating expenses	(67,718,124)	65,432,814	(2,285,310)
Finance income	38,733,362	-	38,733,362
	P 221,189,193	**(P 184,741,141)**	**P 36,448,052**

	Before Elimination	Elimination	After Elimination
December 31, 2017			
Assets:			
Cash and cash equivalents	P 374,239,411	P -	P 374,239,411
Trade and other receivables	693,067,305	(693,067,305)	-
Other current assets	40,680,165	-	40,680,165
Property, plant, and equipment – net	2,315,853	-	2,315,853
	P 1,110,302,734	(P 693,067,305)	P 417,235,429
Liabilities:			
Trade and other payables	P 154,751,254	P -	P 154,751,254
Due to related parties	7,145,237	-	7,145,237
Contract liability	679,243,974	-	679,243,974
Other liabilities	17,573,194	-	17,573,194
	P 858,713,659	P -	P 858,713,659
Revenues and Expenses:			
Contract revenues	P 1,585,891,105	(P 1,585,891,105)	P -
Contract costs	(1,378,467,936)	1,378,467,936	-
Other operating expenses	(86,545,405)	40,229,700	(46,315,705)
Finance income	53,750,713	-	53,750,713
	P 174,628,477	(P 167,193,469)	P 7,435,008

11.5 Material Non-controlling Interests

Non-controlling interests pertain to the 40%, 30%, and 50% equity ownership of minority stockholders in GMCAC, MCEI, and GMI, respectively. The Group determined that only the minority interest in GMCAC is considered as a material non-controlling interest, and accordingly, presented the relevant financial information for GMCAC below (see Note 26.5).

	2018	2017
Assets	**P34,946,804,728**	P30,795,994,984
Liabilities	**26,151,226,010**	3,198,133,981
Equity	**8,795,538,717**	27,597,861,003
Net profit	**939,650,075**	1,114,998,038
NCI in equity	**3,497,821,425**	3,071,826,040
Net income allocated to NCI	**424,739,676**	466,616,799

In 2018 and 2017, GMCAC, MCEI, and GMI have not declared nor paid any dividends.

12. OTHER ASSETS

This account is composed of the following:

	Notes	2018	2017
Current:			
Advances to contractors and suppliers	12.1	**P 1,776,206,219**	P 702,853,344
Deferred fulfillment costs	2.17	**1,633,221,503**	-
Input VAT	12.2	**880,640,102**	470,309,253
Prepaid taxes	12.4	**227,029,354**	55,320,252
Prepaid insurance		**128,646,584**	7,932,589
Refundable security and bond deposits	11.2, 28.1.1	**125,313,438**	87,431,724
Prepaid subscription		**7,347,069**	12,843,833
Prepaid rent		**3,560,596**	8,781,953
Development costs		**1,840,006**	1,840,006
Miscellaneous		**107,736,013**	10,776,988
		4,891,540,884	1,358,089,942
Non-current:			
Input VAT	12.2	**2,097,455,330**	2,084,181,395
Investment in trust fund	12.6	**680,421,727**	413,649,488
Deposits for condominium units	12.3	**68,802,067**	68,802,067
Computer software license – net	12.5	**36,980,796**	43,912,786
Refundable security deposits	28.1	**36,422,529**	10,888,652
Deferred transaction cost	12.7	**20,783,591**	47,478,365
Advances to land owners		**-**	30,731,055
Advances to contractors and suppliers	12.1	**-**	15,231,370
Miscellaneous		**857,167**	4,290,334
		2,941,723,207	2,719,165,512
		P 7,833,264,091	P 4,077,255,454

12.1 Advances to Contractors and Suppliers

Advances to contractors and suppliers pertain to downpayments made by the Group for the construction of airport terminal facilities and purchase of property and equipment based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the contractors and supplier. These advances are classified as current if it would be applied as payments for construction of assets to be classified as inventories, while payments for construction of assets to be classified as property, plant and equipment and investment properties are classified as non-current.

12.2 Input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million and bid premium (see Note 13). Deferred input VAT arising from purchase of capital goods exceeding P1.0 million is to be amortized and credited against output tax evenly over five years or the life of the asset, whichever is shorter.

Non-current portion of input VAT amounting to P2,022.0 million and P1,993.2 million as of December 31, 2018 and 2017, respectively, represents GMCAC's input VAT, pertaining mainly to VAT from the payment of bid premium in 2014, which will be recovered in future years. The balance is to be transferred to input VAT under Other Current Assets systematically on the basis of the Group's projected output VAT payments over the term of the Concession Agreement (see Note 13).

12.3 Deposits for Condominium Units

Deposits for condominium units represent initial downpayments made for the purchase of condominium units. These will be reclassified to investment property upon execution of contract to sell and deed of sale.

12.4 Prepaid Taxes

Prepaid taxes pertain to the excess of quarterly income tax payments over the current tax due during the year and creditable withholding taxes.

12.5 Computer Software License

The details of this account are presented below.

	2018	2017
Cost	**P 104,219,678**	P 100,211,532
Accumulated amortization	**(67,238,882)**	(56,298,746)
	P 36,980,796	P 43,912,786

A reconciliation of the carrying amounts of computer software license at the beginning and end of the reporting periods is shown below.

	Note	**2018**	2017
Balance at beginning of year		**P 43,912,786**	P 42,959,892
Additions		**2,066,511**	14,684,810
Amortization expense for the year	22	**(8,998,501)**	(13,731,916)
Balance at end of year		**P 36,980,796**	P 43,912,786

The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expenses account in the consolidated statements of income.

12.6 Investment in Trust Fund

On November 28, 2014, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a local universal bank (Security Trustee). The investment in trust fund constitutes (i) Revenue Accounts; (ii) Future Major Maintenance Fund Account; (iii) Debt Service Reserve Accounts; (iv) Debt Service Payment Account; and, (v) Distribution Accounts, collectively referred to as "Cash Flow Waterfall Accounts" and Loan Disbursement Accounts under a certain Omnibus Loan and Security Agreement (OLSA) to ensure the prompt payment of the required amortization, interest and principal of the long-term loan.

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts [see Note 17.2(a)].

12.7 Deferred Transaction Cost

Deferred transaction cost represents legal and documentary stamp taxes paid and amount attributable to the undrawn borrowing facility scheduled for drawdown in the subsequent reporting periods. Upon drawdown, the deferred transaction cost will be accounted for as debt issuance cost which is treated as a discount on the related debt and amortized using the effective interest method over the term of the related debt (see Note 17.2).

13. CONCESSION ASSETS

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTr and MCIA by virtue of Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, "*An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes*", as amended by R.A. No. 7718 (referred to as the *"BOT Law"*). Under the said agreement, GMCAC was granted by DOTr and MCIA an exclusive right to design, develop, and undertake the MCIA Project; and, enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets) [see Note 1.2(a)]. The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project comprises the following undertaking:

- Construction of Terminal 2 (T2), along with all Associated Facilities;
- Renovation and expansion, but not the demolition of Terminal 1 (T1) and Associated Facilities;
- Complete reconstruction of Terminal 2 Apron (T2 Apron);
- Capacity Augmentation;
- Development of Commercial Assets; and,
- Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets.

As of December 31, the breakdown of the capitalized concession assets is as follows:

	Upfront Fees	Airport Infrastructure	Total
December 31, 2018			
Cost			
Balance at beginning of year	P 17,253,208,359	P 8,750,994,313	P 26,004,202,672
Additions	646,712,186	2,414,499,829	3,061,212,015
Balance at end of year	17,899,920,545	11,165,494,142	29,065,414,687
Accumulated amortization			
Balance at beginning of year	(318,597,798)	(77,309,411)	(395,907,209)
Amortization for the year	(216,477,166)	(163,717,233)	(380,194,399)
Balance at end of year	(535,074,964)	(241,026,644)	(776,101,608)
Net carrying amount	**P 17,364,845,581**	**P 10,924,467,499**	**P 28,289,313,079**
December 31, 2017			
Cost			
Balance at beginning of year	P 16,411,101,518	P 4,173,448,370	P 20,584,549,888
Additions	842,106,841	4,577,545,943	5,419,652,784
Balance at end of year	17,253,208,359	8,750,994,313	26,004,202,672
Accumulated amortization			
Balance at beginning of year	(217,987,967)	(27,844,050)	(245,832,017)
Amortization for the year	(100,609,831)	(49,465,361)	(150,075,192)
Balance at end of year	(318,597,798)	(77,309,411)	(395,907,209)
Net carrying amount	P 16,934,610,561	P 8,673,684,902	P 25,608,295,463
January 1, 2017			
Cost	P 16,411,101,518	P 4,173,448,370	P 20,584,549,888
Accumulated amortization	(217,987,967)	(27,844,050)	(245,832,017)
Net carrying amount	P 16,193,113,551	P 4,145,604,320	P 20,338,717,871

Upfront fees include P14,404.6 million bid premium paid by GMCAC to the Philippine Government for the MCIA Project. In addition, the capitalized borrowing costs amounted to P690.0 million and P912.3 million as at December 31, 2018 and 2017, respectively, at a capitalization rate of 4.29% to 9.33% in 2018 and 4.31% to 7.87% in 2017.

Cost of airport infrastructure pertains mainly to the design and renovation of passenger terminals and development works of the MCIA Project. In 2018 and 2017, the additions to airport infrastructure amounting to P2,414.5 million and P4,577.5 million, respectively, include rehabilitation of the existing T1, construction of the new T2 building, and structural design and consultants of existing T1 and of T2.

As of December 31, 2018 and 2017, concession assets not yet available for use amounted to P9,970.1 million and P22,969.5 million, respectively. These are not amortized but tested for impairment at December 31, 2018 and 2017 in accordance with GMCAC's accounting policy. The recoverable amounts of these were determined based on a value in use calculation using cash flow projections from financial model approved by the management covering a 21-year period, the remaining life of the concession. The pre-tax discount rate applied to cash flow projections is 10% as of December 31, 2018 and 2017. The growth rate applied after the completion of Airport Terminal 2 Building ranges from 5% to 10% with an increasing rate after completion of the required capacity augmentation. As a result of this analysis, management concluded that the concession assets not yet in use are not impaired.

14. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of December 31, 2018 and 2017 are shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
December 31, 2018								
Cost	P1,005,320,584	P 283,116,297	P 549,726,531	P541,034,388	P 700,901,288	P 5,832,197,808	P 150,907,111	P 9,063,204,007
Accumulated depreciation	-	(78,258,889)	(165,925,458)	(241,886,402)	(453,068,963)	(2,627,968,086)	-	(3,567,107,798)
Net carrying amount	**P1,005,320,584**	**P 204,857,408**	**P 383,801,073**	**P299,147,986**	**P 247,832,325**	**P 3,204,229,722**	**P 150,907,111**	**P 5,496,096,209**
December 31, 2017								
Cost	P 971,600,887	P 273,392,011	P 504,462,455	P386,896,059	P 598,941,490	P 5,340,534,214	P 97,893,614	P 8,173,720,730
Accumulated depreciation	-	(63,937,512)	(129,532,649)	(175,646,147)	(372,818,156)	(2,213,722,001)	-	(2,955,656,465)
Net carrying amount	P 971,600,887	P 209,454,499	P 374,929,806	P211,249,912	P 226,123,334	P 3,126,812,213	P 97,893,614	P 5,218,064,265
January 1, 2017								
Cost	P1,009,185,333	P 269,271,012	P 488,505,131	P231,450,322	P 546,281,294	P 5,068,870,073	P 76,979,853	P 7,690,543,018
Accumulated depreciation	-	(50,445,423)	(102,424,775)	(135,045,903)	(291,402,358)	(1,844,180,378)	-	(2,423,498,837)
Net carrying amount	P1,009,185,333	P 218,825,589	P 386,080,356	P 96,404,419	P 254,878,936	P 3,224,689,695	P 76,979,853	P 5,267,044,181

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2018 and 2017 is shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
Balance at January 1, 2018, net of accumulated depreciation	P 971,600,887	P 209,454,499	P 374,929,806	P211,249,912	P 226,123,334	P 3,126,812,213	P 97,893,614	P 5,218,064,265
Additions	33,719,697	9,724,287	1,517,335	157,062,227	97,719,210	579,344,870	60,411,992	939,499,618
Reclassification	-	-	36,702,337	(1,163,934)	(225,000)	(27,914,908)	(7,398,495)	-
Disposal	-	-	-	(245,991)	-	(26,963,372)	-	(27,209,363)
Depreciation charges for the year	-	(14,321,378)	(29,348,405)	(67,754,228)	(75,785,219)	(447,049,081)	-	(634,258,311)
Balance at December 31, 2018, net of accumulated depreciation	**P1,005,320,584**	**P 204,857,408**	**P 383,801,073**	**P299,147,986**	**P 247,832,325**	**P 3,204,229,722**	**P 150,907,111**	**P 5,496,096,209**
Balance at January 1, 2017, net of accumulated depreciation	P1,009,185,333	P 218,825,589	P 386,080,356	P 96,404,419	P 254,878,936	P 3,224,689,695	P 76,979,853	P 5,267,044,181
Additions	63,422,189	4,120,999	7,656,674	155,387,009	53,353,196	274,918,281	36,120,649	594,978,997
Reclassification	(101,006,635)	-	8,300,650	58,728	-	6,847,510	(15,206,888)	(101,006,635)
Disposal	-	-	-	-	(693,000)	(10,101,650)	-	(10,794,650)
Depreciation charges for the year	-	(13,492,089)	(27,107,874)	(40,600,244)	(81,415,798)	(369,541,623)	-	(532,157,628)
Balance at December 31, 2017, net of accumulated depreciation	P 971,600,887	P 209,454,499	P 374,929,806	P211,249,912	P 226,123,334	P 3,126,812,213	P 97,893,614	P 5,218,064,265

Construction in progress pertains to accumulated costs incurred in constructing a new precast warehouse, workers barracks and logistics department facility which are located in Taytay, Rizal.

In 2018, 2017 and 2016, certain property and equipment were sold for P30.1 million P16.0 million and P137.8 million, respectively. As a result, the Group recognized gains amounting to P2.9 million, P5.2 million and P51.7 million in 2018, 2017 and 2016, respectively, and are presented as Gain (loss) on disposals of property and equipment as part of Others – net under Other Income (Charges) account in the consolidated statements of income (see Note 24.3).

The Group acquired several transportation equipment and construction equipment under finance leases. Outstanding liabilities from the finance leases as of December 31, 2018 and 2017 amounted to P157.9 million and P205.8 million, respectively, and are presented as Obligations under finance lease under Interest-bearing Loans and Borrowings in the consolidated statements of financial position (see Note 17.3).

In 2017, the Parent Company reclassified parcels of land previously classified as property, plant and equipment to investment property since these parcels of land are not used by the Group in its ordinary course of business or are held for undetermined use (see Note 15).

As of December 31, 2018 and 2017, the gross carrying amounts of the Group's fully-depreciated property, plant and equipment that are still in use are P468.1 million and P414.0 million respectively. The Group has no idle properties in any of the years presented.

Depreciation expense is charged to the following accounts in the consolidated statements of income:

	Note	**2018**	2017	2016
Contract costs	21	**P 552,073,867**	P 483,038,875	P 462,170,233
Other operating expenses		**82,184,444**	49,118,753	41,687,392
		P 634,258,311	P 532,157,628	P 503,857,625

15. INVESTMENT PROPERTIES

As discussed in Note 3.1, MWMTI was granted an exclusive right and obligation under the Concession Agreement. Relative to the arrangement, MWMTI incurred cost necessary to construct the facility. The separately identifiable accumulated costs incurred in the development of the PITX Project are allocated based on development and implementation plan for the terminal and commercial areas. Any change in the allocation arising from the necessary revisions in the implementation plan is accounted for prospectively in the consolidated financial statements. The allocation of cost as of the end of December 31, 2018 is as follows:

Terminal area (see Note 9)	P 456,867,131
Commercial area	3,322,115,588
	P3,778,982,719

Costs incurred for the terminal area are presented as unbilled receivables under Contract Assets account in the 2018 consolidated statement of financial position (see Note 9). Unbilled receivable is recognized to the extent of actual cost incurred for the period. Meanwhile, cost incurred for the commercial area are presented as part of Investment Properties in the 2018 consolidated statement of financial position. Also, in 2018, the Group identified that the increase in fair value of MWMTI by P307.4 million is attributed to its investment property. Accordingly, the Group recognized gain or bargain purchase from the acquisition of MTI of the same amount [see Notes 3.2(f), 11.3 and 24.3]. The Group considers the entire portfolio which comprise the Contract Assets and Investment Property in determining the recoverability of the carrying amounts of these assets taking into consideration the potential cash flow earnings, discounted to its present value of the property.

Investment properties also includes parcels of land that are not used by the Group in the ordinary course of the business amounting to P135.6 million as of December 31, 2018 and 2017. Based on management's assessment, the carrying amounts of these assets are fully recoverable, hence, no impairment loss is required in 2018.

16. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	**2018**	2017
Trade payables		**P 2,532,212,397**	P 2,846,737,769
Retention payable	19	**1,833,586,935**	1,571,317,746
Accrued expenses	11.2	**506,694,982**	305,255,812
Security deposits	28.1.2	**142,147,175**	201,336,838
Due to stockholders and related parties	27.5	**59,566,827**	174,410,481
Interest payable	17	**126,709,868**	81,657,313
Accrued salaries		**37,707,726**	26,705,794
Others		**13,776,414**	37,827,151
		P 5,252,402,324	P 5,245,248,904

Retention payable pertains to amounts withheld from payments made to subcontractors to ensure compliance and completion of contracted projects ranging from 5% to 10% of every billing made by the contractor. Upon completion of the subcontracted projects, the amounts are returned to the subcontractors.

Accrued expenses include unreleased checks and unpaid utilities, while accrued salaries pertains to unclaimed salaries and wages of resigned employees.

17. INTEREST-BEARING LOANS AND BORROWINGS

The details of short-term and long-term interest-bearing loans and borrowings are as follows:

	Notes	2018	2017
Current:			
Bank loans	17.2, 28.5	**P 5,651,033,174**	P 2,485,500,000
Notes payable	17.1, 28.5	**693,711,241**	-
Obligations under finance lease	14, 17.3, 28.2	**63,829,078**	75,987,851
		6,408,573,493	2,561,487,851
Non-current:			
Bank loans	17.2, 28.5	**25,124,805,081**	20,420,365,437
Notes payable	17.1, 28.5	**5,152,791,231**	5,836,791,231
Obligations under finance lease	14, 17.3, 28.2	**94,094,180**	129,823,822
		30,371,690,492	26,386,980,490
		P 36,780,263,985	P 28,948,468,341

The total unpaid interest from the foregoing interest-bearing loans and borrowings as of December 31, 2018 and 2017 amounted to P126.7 million and P81.7 million, respectively, and is presented as Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

17.1 Notes Payable

(a) 2013 Notes Facility

On February 19, 2013, the Parent Company executed a notes facility agreement with a local universal bank. In this agreement, the Parent Company desired to offer and issue fixed-rate corporate notes in the aggregate principal amount of P4,000.0 million. The net proceeds of the notes after deducting direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, amounted to P3,957.3 million.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes are issued in three tranches with the following details:

	Principal	Term in Years	Interest Rate
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	100,000,000	10	6%
	P 4,000,000,000		

The nominal rates refer to the Philippine Dealing System Treasury Fixing (PDST-F) rates with respect to the term of each tranche plus an interest spread of 1.75% for Tranche A and B and 1.50% for Tranche C.

The notes, among other things, restrict the Parent Company's ability to:

(a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
(b) make any material change in the nature of its business from that being carried on as of the signing date;
(c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
(d) amend its articles of incorporation and/or by-laws except as required by law;
(e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the notes are current and updated and provided that any such payment is made out of retained earnings and the debt to equity ratio of 2:1 are maintained;
(f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
(g) assign, transfer or otherwise convey any right to receive any of its income or revenues;
(h) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
(i) extend any loan, advance or subsidy to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
(j) permit its financial debt to equity ratio to exceed 2:1; and,
(k) voluntarily prepay any indebtedness.

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement as the transactions during the intervening periods are under the ordinary course of business.

In 2018, Tranche A has matured already, leaving tranche B and C outstanding, with a carrying value of P3,192.8 million as at December 31, 2018.

(b) 2016 Various Notes Facility

In 2016, the Parent Company entered into various notes facility arrangement with a local bank to refinance the corporate note issued in 2011 and to finance its capital expenditure and general corporate requirements. The notes are issued with the following details:

Date Issued	Principal	Term in years	Interest Rate
September 16, 2016	P 650,000,000	10	5.5%
December 5, 2016	350,000,000	10	6.37%
December 16, 2016	1,000,000,000	10	6.37%
	P 2,000,000,000		

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread. The Parent Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.1.

The notes, among other things, restrict the Parent Company's ability to:

(a) Engage in any business or make or permit any material change in the character of its business from that authorized on its amended articles of incorporation and by-laws;
(b) Amendment of articles of incorporation and by-laws which would cause a material adverse effect or be inconsistent with the provisions of the finance document;
(c) Change of ownership and management if as a result the stockholdings of Citicore Investments Holdings Inc. will fall below 51% or enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect;
(d) Sale of asset, transfer or dispose of all or substantially all of its properties and assets except in the ordinary course of business;
(e) Declaration of dividends or retirement of capital if the issuer shall not be in compliance with the financial covenants or would result to an event of default;
(f) Loans and advances to its directors, officers and stockholders (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
(g) Make a capital expenditure not in the ordinary course of business;
(h) Incur additional debt or act as surety on behalf of third parties or incur monetary obligation which shall cause the issuer to breach the financial covenants;
(i) Loans and advances to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
(j) Directly or indirectly incur or suffer to exist any lien upon any assets and revenues, present and future of the issuer or enter into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future whether registered or unregistered of the issuer;
(k) Except for permitted investments, invest in or acquire any (i) share in or any security issued by any person, (ii) acquire directly or indirectly the business or going concern or all substantially all the properties and assets or business of any other corporation or entity or invest in a controlling entity therein; and,
(l) It will not voluntarily suspend or discontinue its entire or a substantial portion of its business operation.

In 2018, all of the three tranches of the second corporate note remained outstanding, with a carrying value of P1.960 million as at December 31, 2018.

As of December 31, 2018 and 2017, the carrying amount of all the corporate notes are P5,846.5 million and P5,836.8 million, respectively.

Total interest on these notes payable amounted to P341.7 million, P354.2 million and P294.9 million in 2018, 2017 and 2016, respectively, and is presented as part of Interest expense from notes payable under Finance Costs account (see Note 24.1). Unpaid interest as of December 31, 2018 and 2017 amounting to P26.0 million and P23.9 million, respectively, and is presented as part of Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

On August 10, 2017, the Parent Company sent a letter to the bank requesting the waiver of one of the loan negative covenants that prohibits the stockholdings of Citicore in the Parent Company to fall below 51% or enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect (see Note 1.1). In September 2017, the request was granted by the bank. The Parent Company is in compliance with all other covenants required to be observed under the loan facility agreement as of December 31, 2018 and 2017.

17.2 Bank Loans

(a) Omnibus Loan and Security Agreement – December 17, 2014

On December 17, 2014, GMCAC entered into a P20,000.0 million (which at GMCAC's option may be increased up to P23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another universal bank as offshore lender to contribute US $75.0 million (or equivalent to P3,500.0 million) into the facility.

The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030; and, interest requirements that are payable annually based on the following:

	First 7 Years	Last 8 Years
P20,000.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 (PDST-R2 benchmark yield) and credit spread
US$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, the following are pledge as collateral on this loan:

- all monies deposited and from time to time standing in the Cash Flow Waterfall Accounts;
- the Project receivables;
- the proceeds of any asset and business insurance obtained, except for the proceeds of insurance policies arising from damage of any Project Assets;
- the Project Documents (Accession Agreement, Technical Service Agreement and Engineering and Procurement Contract); and,
- the 100% of the total issued and outstanding capital stock of GMCAC.

As of December 31, 2018 and 2017, the carrying amount of the assets pledged as collateral amounted to P12,117.4 million and P11,245.8 million, respectively.

In addition, the OLSA provides certain restrictions and requirements which include, among others, maintaining and preserving its corporate existence, complying with all of its material obligations under the project arrangements, restrictions on granting of loans or advances and disposal of major properties and restrictions on payment of dividends. The OLSA also provides financial covenants which include maintaining a maximum debt to equity ratio of 70:30 and a debt service coverage ratio of at least 1.1 times following the Project completion date. As of December 31, 2018 and 2017, GMCAC has complied with the financial and non-financial covenants.

Moreover, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a Security Trustee to ensure the prompt payment of the required amortization, interest and principal of the long-term loan, which was established and maintained by GMCAC during the reporting period (see Note 12.6).

The total drawdowns to date made for the onshore loan amounted to P20,650.0 million while drawdowns on the offshore loan amounted to US$75.0 million (or equivalent to P3.9 billion). As of December 31, 2018 and 2017, the carrying amount of the total onshore and offshore loans amounted to P24,299.8 million and P20,420.4 million respectively. The amount of undrawn borrowing facilities that is available in the future amounted to P220.0 million and nil for onshore and offshore loan, respectively.

The movements of debt issuance cost relating to drawn amounts follows:

	2018	2017
Beginning balance	**P 264,384,563**	P 244,664,044
Additions	**44,064,887**	39,942,309
Amortization during the year	**(14,754,531)**	(20,221,790)
Ending balance	**P 293,694,919**	P 264,384,563

The portion of the debt issue costs pertaining to the undrawn amount of the borrowing facility is recognized as part of Deferred transaction cost under Other Non-current Assets in the consolidated statements of financial position (see Note 12.7).

Total interest expense on these loans, including the amortization of debt issue costs, amounted to P557.1.9 million, P213.1 million and P179.2 million in 2018, 2017 and 2016, respectively, and is presented as part of Interest expense from bank loans under Finance costs under Other Income (Charges) account in the consolidated statements of income (see Note 24.1). Total accrued interest amounting to P83.8 million and P54.5 million as of December 31, 2018 and 2017, respectively, is presented as part of Interest payable under Trade and Other Payables in the consolidated statements of financial position (see Note 16).

Provision in the loan indicates that the borrower shall pay to the lenders, a commitment fee equivalent to 0.3% per annum of the undrawn or uncancelled portion of the commitment that GMCAC does not draw in accordance with the drawdown schedule.

In November 2015, the Group entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022, start date is on December 15, 2017. A notional amount of US$75.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap agreement, the Group pays annual fixed interest rate of a range of 1.79% to 2.65% and receives floating rate of six-month US$ LIBOR rate on Bloomberg Page on the notional amount. As at December 31, 2018, the market valuation gain on the outstanding interest rate swap amounted to US$0.9 million or P45.2 million and is presented as part of Others – net under Other Income (Charges) account in the consolidated statements of income (see Note 24.3).

(b) Other Bank Loans

In addition, the Group also obtained various bank loans with total outstanding balance of P5,651.0 million and P2,485.5 million as of December 31, 2018 and 2017, respectively, representing unsecured short-term loans from other local banks. The loans bear fixed annual interest rates ranging from 2.6% to 2.8% in 2018, 2.6% to 2.8% in 2017and 2.5% to 2.8% in 2016. Total interest on these bank loans amounted to P160.9 million, P66.7 million and P124.8 million in 2018, 2017 and 2016 respectively, and is presented as part of Interest expense from bank loans under Finance costs under Other Income (Charges) account in the consolidated statements of income (see Note 24.1). The unpaid portion of these interest amounted to P18.9 million and P3.3 million as of December 31, 2018 and 2017, respectively, and is presented as part of Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

17.3 Finance Lease Obligations

The obligations under finance lease have an effective interest rate of 6.0% in 2018 and 2017. Lease payments are made on a monthly basis. Total interest from these obligations amounted to P11.0 million, P14.8 million and P10.9 million in 2018, 2017 and 2016, respectively, and is presented as part of Interest expense from finance lease under Finance costs under Other Income (Charges) account in the consolidated statements of income (see Note 24.1).

18. ADVANCES FROM CUSTOMERS

Advances from customers for construction works relate to the following projects:

	Note	**2018**	2017
Contracts in progress:			
Third parties		**P3,148,559,513**	P 295,821,076
Related parties	27.1	**29,929**	7,507,271
		3,148,589,442	303,328,347
Deposit received prior to commencement of a project		**336,416,267**	223,742,745
		P3,485,005,709	P 527,071,092

Advances from customers will be applied against the contract receivables based on work accomplishment on the project. A reconciliation of the movement of the advances from customers is shown in the next page.

Balance at beginning of year	P 527,071,092
Additions	3,486,179,528
Recoupment	(615,418,051)
Effect of PFRS 15	87,173,140
Balance at end of year	**P 3,485,006,709**

19. OTHER LIABILITIES

The details of this account are as follows:

	Notes	2018	2017
Current:			
Withholding taxes		**P 102,406,787**	P 60,713,819
Deferred output VAT		**38,907,666**	41,155,461
Deferred revenue		**25,928,897**	7,867,130
Others		**66,574,224**	30,269,935
		P 233,817,574	P 140,006,345
Non-current:			
Retention payable	16	**P 186,140,105**	P 234,464,123
Security deposits	28.1.2	**148,010,532**	3,895,236
Unearned rent income		**34,015,340**	-
		P 368,165,977	P 238,359,359

Deferred revenue represents advance payments from customers and concessionaires that are subject to refund or future billing applications within 12 months from the end of the reporting period.

Unearned rent income pertains to the difference between the fair value and principal amount of security deposits received at the inception of the lease with concessionaires, which shall be amortized over the corresponding lease term.

Others under current liabilities significantly include government-related payables for employee benefits.

20. REVENUES

When the Group prepares its investor presentations and when the Group's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 2.13 and 4.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. A summary of additional disaggregation from the segment revenues and other unallocated income are shown in the succeeding page.

	Notes	Point in time	Over time	Short-term	Long-term	Total
Contract revenues	20.1	P -	P12,688,462,210	P -	P12,688,462,210	P12,688,462,210
Airport operations:	20.2					
Aeronautical revenues		-	1,654,502,111	1,654,502,111	-	1,654,502,111
Aero related revenues		-	371,956,688	371,956,688	-	371,956,688
Non-aero related revenues		-	969,522,232	969,522,232	-	969,522,231
Trading operations revenues:	20.3					
Food revenues		142,792,131	-	-	143,792,131	142,792,131
Non-food revenues		45,193,644	-	-	45,193,644	45,193,644
Consignment		101,909,020	-	-	101,909,020	101,909,020
Terminal operations	20.4	-	17,653,392	-	17,653,392	17,653,392
						P15,991,991,427

The Group did not present the comparative disaggregation of revenues as allowed by the transitional provisions of PFRS 15.

20.1 Contract Revenues

The details of this account for the years ended December 31, 2018, 2017 and 2016 are composed of the revenues from:

	2018	2017	2016
Contracts in progress	**P 12,097,586,683**	P 15,982,614,204	P10,270,745,337
Completed contracts	**590,875,527**	730,024,389	5,515,417,447
	P 12,688,462,210	P 16,712,638,593	P 15,786,162,784

About 3%, 12%, and 36% of the contract revenues for 2018, 2017 and 2016, respectively, were earned from contracts with an associate and certain related parties under common ownership (see Note 27.1).

20.2 Airport Operations Revenues

The details of this account are composed of the revenues from:

	Note	**2018**	2017	2016
Aeronautical		**P 1,654,502,111**	P1,279,592,220	P1,107,907,898
Concession		**506,752,023**	373,227,479	324,272,726
Rental	28.1.2	**445,114,709**	303,230,474	301,757,680
Others		**389,612,187**	342,354,717	138,039,933
		P 2,995,981,030	P 2,298,404,890	P1,871,978,237

20.3 Airport Merchandising Operations Revenues

The details of this account for the years ended December 31, 2018 and 2017 (nil for 2016) are as follow:

	2018	2017
Sale of food	**P 142,792,131**	P 86,297,920
Consignment	**101,909,020**	60,062,491
Sale of non-food items	**45,193,644**	1,739,128
	P 289,894,795	P 148,099,539

20.4 Terminal Operations Revenue

The PITX Project undertaken by the Group with the DOTr gives the Group the control over the terminal area and the right to collect concessionaire revenue. As disclosed in Note 11, contract assets include unbilled receivable in 2018 which pertains to the cost of the terminal area which is to be recovered through the Grantor payments.

21. DIRECT COSTS

21.1 Contract Costs

The following is the breakdown of contract costs for the years ended December 31:

	Notes	**2018**	2017	2016
Outside services		**P 4,273,853,758**	P 6,210,374,440	P 5,869,448,845
Materials		**3,918,321,688**	5,685,402,272	5,489,212,646
Project overhead		**1,020,454,120**	845,008,197	773,550,438
Salaries and employee benefits	23.1	**1,019,472,422**	860,277,769	831,954,695
Depreciation	14	**552,073,867**	483,038,875	462,170,233
	22	**P 10,784,175,855**	P 14,084,101,553	P 13,426,336,857

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees, utilities, municipal permits, taxes, security services, office supplies and various rental expenses of staging areas.

21.2 Costs of Airport Operations

The following is the breakdown of cost of airport operations:

	Notes	**2018**	2017	2016
Amortization of concession asset	13	**P 380,194,399**	P 150,075,192	P 118,916,249
Utilities		**167,415,952**	103,522,448	100,503,698
Salaries and employee benefits	23.1	**52,363,844**	45,045,096	42,027,227
Airport operator's fee	27.6, 28.4.1(b)	**38,774,762**	26,910,779	22,720,062
Airline collection charges		**28,667,430**	23,025,228	21,586,104
Insurance		**27,171,465**	21,185,125	22,023,100
Technical service charge		**25,793,231**	20,861,939	16,076,018
Repairs and maintenance		**5,581,702**	17,836,039	12,569,400
Others		**8,341,916**	11,784,330	4,529,311
	22	**P 734,304,701**	P 420,246,176	P 360,951,169

21.3 Costs of Airport Merchandising Operations

The following is the breakdown of cost of airport merchandising operations for the years ended December 31, 2018 and 2017 (nil for 2016):

	Note	**2018**	2017
Cost of goods sold:			
Food		**P 40,586,331**	P 23,683,025
Consignment			16,701,545
Non-food		**29,820,697**	299,837
Spoilage and pilferages		**11,163**	162,758
Purchase discounts		**(59,931)**	(50,056)
	22	**P 70,358,260**	P 40,797,109

21.4 Cost of Terminal Operations

The revenue recognized by the Group relating to terminal operations is also the amount of cost incurred since it recognition is based on cost recovery method.

22. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	**2018**	2017	2016
Outside services		**P 4,686,645,439**	P 6,333,998,651	P 5,970,134,153
Materials, supplies and facilities		**3,686,294,789**	5,696,914,274	5,499,111,558
Salaries and employee benefits	23.1	**1,477,935,003**	1,371,232,087	1,292,012,029
Project overhead	21.1	**1,020,454,120**	845,008,197	773,550,438
Depreciation and amortization	12.5, 13, 14	**1,023,451,211**	695,964,736	629,171,969
Impairment losses on receivables	6	**305,839,093**	96,652,067	4,832,271
Utilities		**229,536,350**	153,923,584	143,866,866
Repairs and maintenance		**80,495,117**	57,249,626	43,856,678
Selling expense		**73,730,322**	38,550,315	-
Cost of goods sold	21.3	**70,358,260**	40,797,109	-
Professional fees		**63,943,006**	44,179,254	30,724,030
Taxes and licenses		**60,664,159**	30,750,090	60,225,132
Rentals	27.2, 28.1.1	**40,656,518**	21,132,049	29,039,124
Airport operator's fee	21.2, 27.6, 28.4.1(b)	**38,774,762**	26,910,779	22,720,062
Airline collection charges	21.2	**28,667,430**	23,025,228	21,586,104
Insurance		**26,681,266**	21,209,381	25,326,341
Balance carried forward		**12,914,126,845**	15,497,497,427	14,546,156,755

	Notes	2018	2017	2016
Balance brought forward		**P12,914,126,845**	P15,497,497,427	P14,546,156,755
Travel and transportation		**23,285,952**	34,616,672	33,295,066
Advertising		**19,467,781**	17,639,348	4,741,132
Cost of terminal operations		**17,653,392**	-	-
Representation		**15,756,881**	28,598,072	23,465,539
Security services		**8,278,781**	9,321,858	9,059,068
Gas and oil		**1,180,339**	1,236,983	1,448,670
Miscellaneous		**93,921,889**	244,163,727	265,612,129
		P13,093,671,860	P15,833,074,087	P14,883,778,359

Miscellaneous includes certain construction reworks and warranty cost for certain projects already completed.

These expenses are classified in the consolidated statements of income as follows:

	Notes	2018	2017	2016
Contract costs	21.1	**P 10,784,175,855**	P14,084,101,553	P13,426,336,857
Costs of airport operations	21.2	**734,304,701**	420,246,176	360,951,169
Costs of airport merchandising operations	21.3	**70,358,260**	40,797,109	-
Cost of terminal Operations	21.4	**17,653,392**	-	-
Other operating expenses		**1,487,179,653**	1,287,929,249	1,096,490,333
		P 13,093,671,860	P15,833,074,087	P14,883,778,359

23. POST-EMPLOYMENT DEFINED BENEFIT OBLIGATION

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2018	2017	2016
Short-term employee benefits		**P 1,443,324,841**	P1,338,246,782	P1,278,765,880
Post-employment benefit	23.2	**34,610,162**	32,985,305	13,246,149
	22	**P 1,477,935,003**	P1,371,232,087	P1,292,012,029

The expenses are allocated in the consolidated statements of income as follows:

	Notes	2018	2017	2016
Contract costs	21.1	**P 1,019,472,422**	P 860,277,769	P 831,954,695
Costs of airport operations	21.2	**52,363,844**	45,045,096	42,027,227
Other operating expenses		**406,098,737**	465,909,222	418,030,107
	22	**P 1,477,935,003**	P1,371,232,087	P1,292,012,029

23.2 Post-employment Benefit

(a) Characteristics of Defined Benefit Plan

The Group maintains a partially funded and noncontributory post-employment defined benefit plan covering all regular full-time employees. The Group conforms to the minimum regulatory benefit under the Republic Act No. 7641, *Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit in lump sum equal to 22.5-day pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The normal retirement age is 60 with a minimum of 5 years of credited service.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2018, 2017 and 2016.

The amounts of post-employment DBO in the consolidated statements of financial position are determined as follows:

	2018	2017
Present value of the DBO	**P 180,733,570**	P 177,245,984
Fair value of plan assets	**3,934,974**	3,979,771
	P 176,798,596	P 173,266,213

The movements in the present value of the DBO are as follows:

	2018	2017
Balance at beginning of year	**P 177,245,984**	P 116,433,632
Current service cost	**34,610,162**	32,985,305
Interest cost	**10,111,154**	6,281,069
Remeasurement/actuarial losses (gains) arising from:		
Changes in financial assumptions	**(60,160,684)**	14,340,443
Experience adjustments	**20,082,761**	7,317,776
Changes in demographic assumptions	**(1,155,807)**	(112,241)
Balance at end of year	**P 180,733,570**	P 177,245,984

Actuarial losses arising from experience adjustments pertain to the net effect of differences between previous actuarial assumptions and what actually incurred.

The movements in the fair value of plan assets are presented below.

	2018	2017
Balance at beginning of year	**P 3,979,771**	P 3,933,315
Interest income	**226,847**	211,612
Return on plan assets (excluding amounts included in net interest)	**(271,645)**	(165,156)
Balance at end of year	**P 3,934,974**	P 3,979,771

The plan assets as of December 31, 2018 and 2017 consist of the UITF amounting to P3.9 million and P4.0 million, respectively. The Group has 2,070 participation units on UITF managed by the trust department of a certain universal bank [see Note 31.1(c)].

Actual loss on plan assets was P0.04 million in 2018, while actual returns on plan assets were P0.05 million and P0.02 million in 2017 and 2016, respectively.

The components of amounts recognized in profit or loss and in other comprehensive income (loss) in respect of the defined benefit post-employment plan are as follows (see Note 24.1):

	2018	2017	2016
Recognized in consolidated profit or loss:			
Current service cost	**P 34,610,162**	P 32,985,305	P 13,246,149
Net interest expense	**9,884,306**	6,069,457	3,595,006
	P 44,494,468	P 39,054,762	P 16,841,155
Recognized in consolidated other comprehensive income (loss):			
Actuarial gains (losses) arising from:			
Changes in financial assumptions	**P 60,160,684**	(P 14,340,443)	P 6,868,213
Experience adjustments	**(20,082,761)**	(7,317,776)	(29,145,292)
Changes in demographic assumptions	**1,155,807**	112,241	-
Return on plan assets (excluding amounts included in net interest)	**(271,645)**	(165,156)	(174,938)
	P 40,962,085	(P 21,711,134)	(P 22,452,017)

Current service costs are included as part of Salaries and employee benefits under Other Operating Expenses account in the consolidated statements of income. The net interest expense is included as part of Finance Costs account in the consolidated statements of income (see Note 24.1).

Amounts recognized in other comprehensive income (loss) are presented under item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment DBO, the following significant actuarial assumptions were used:

	2018	2017	2016
Discount rate	**7.62%**	5.74%	5.49%
Expected return on plan assets	**5.00%**	5.00%	5.00%
Employee turn-over rate	**3.00%**	3.00%	3.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 23.8 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Defined Benefit Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. As of December 31, 2018 and 2017, the plan has short-term investments managed through UITF.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan are described in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment DBO as of December 31:

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2018:			
Discount rate	**+/- 1%**	**(P 23,812,091)**	**P 28,914,418**
Salary growth rate	**+/- 1%**	**29,069,377**	**(24,329,729)**
2017:			
Discount rate	+/- 1%	(P 25,297,633)	P 31,783,584
Salary growth rate	+/- 1%	30,553,508	(24,638,723)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contributions

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Group is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Group's discretion. However, in the event a benefit claim, the shortfall will be due and payable from the Group to the plan assets.

The maturity profile of undiscounted expected benefit payments within 10 years from the end of the reporting periods follows:

	2018	2017
More than 1 year to 5 years	**P 39,224,293**	P 30,197,197
More than 5 years to 10 years	**97,939,503**	70,442,597
	P 137,163,796	P 100,639,794

The weighted average duration of the DBO at the end of the reporting period is 15.9 years.

24. OTHER INCOME (CHARGES)

24.1 Finance Costs

The breakdown of this account in is as follows:

	Notes	2018	2017	2016
Interest expense from:				
Bank loans	17.2	**P 717,968,215**	P 279,835,724	P 304,090,333
Notes payable	17.1	**341,717,197**	354,192,747	294,900,693
Finance lease	17.3	**10,987,097**	14,799,233	10,868,662
		1,070,672,509	648,827,704	609,859,688
Foreign currency losses – net		**135,378,464**	-	42,981,171
Finance cost – PFRS 15	9	**104,906,299**	-	-
Interest expense on retirement obligation – net	23.2	**9,884,306**	6,069,457	3,595,006
Loss on sale of FVOCI (previously AFS financial assets)	10	**8,203,815**	78,487,134	-
Bank charges		**4,381,750**	8,399,117	8,723,793
		P 1,333,427,143	P 741,783,412	P 665,159,658

24.2 Finance Income

The details of finance income are the following:

	Notes	2018	2017	2016
Foreign currency gains – net		**P -**	P 16,418,553	P -
Interest income from:				
Financial assets at FVTPL	7	**72,389,335**	94,094,313	128,691,756
Advances to related parties	27.4	**70,429,966**	8,263,465	-
Cash in banks	5	**41,520,356**	16,281,624	10,732,710
Short-term placements	5	**36,258,500**	49,786,941	45,001,921
		P 220,598,157	P 184,844,896	P 184,426,387

24.3 Others – net

This consists of the following:

	Notes	2018	2017	2016
Gain on bargain purchase	11.3, 15	**P 307,365,622**	P -	P -
Rental income		**157,368,150**	19,645,974	20,473,555
Gain on disposals of property and equipment	14, 27.7	**2,876,025**	5,248,792	51,746,695
Equity in net profit (losses) of associates and joint venture	11.1, 11.3	**10,209,371**	3,606,389	(7,975,668)
Income from scrap sales	8	**3,369,824**	622,850	1,626,688
Unrealized gain (loss) on interest rate swap	17.2	**45,218,078**	(18,927,939)	-
Others	11.2, 27.2	**75,120,679**	47,531,914	8,507,586
		P 601,527,749	P 57,727,980	P 74,378,856

In August 2018, the Parent Company bought 344.5 million shares with par value of P1.00 per share from various stockholders of MTI with a total purchase price of P344.1 million. As a result of the transaction, the Parent Company obtained 100% ownership interest in MTI and increased its effective ownership interest in MWMTI from 51% to 100% [see Note 1.2(h)]. Preacquisition loss amounted to P3.6 million.

The fair values of the identifiable assets acquired and liabilities assumed are as follows:

Fair value of assets acquired:	
Cash and cash equivalents	P 199,791,025
Trade and other receivables	376,390,685
Investment property	1,461,141,676
Other assets	164,847,111
	2,202,170,497
Fair value of liabilities assumed:	
Interest-bearing loan	(825,000,000)
Trade and other payables	(415,687,982)
	(1,240,687,982)
Fair value of net assets acquired	961,482,515
Fair value of consideration transferred –	
Cash	344,149,804
Previously-held interest in MWMTI	309,967,089
	654,116,893
Gain on bargain purchase	P 307,365,622

Trade and other receivables at date of acquisition is based on MWMTI's terminal construction and operations using the cost recovery method [see Note 2.17(d)].

The total excess of the consideration transferred over the acquisition date-fair value of the net assets acquired amounting to P307.4 million is presented as Gain on bargain purchase under Other Income (Charges) account in the 2018 consolidated statement of income. The gain on bargain purchase is due to the acquisition at par.

In 2018, Others also include penalty charges on late collections from customers amounting to P17.3 million.

25. TAXES

25.1 Registration with the Board of Investments

On April 19, 2011, the Board of Investments (BOI) approved the Parent Company's application for registration as a new producer of modular housing components/system on a nonpioneer status.

On May 29, 2015, the BOI approved the Parent Company's application for registration of its projects as PPP for School Infrastructure Project Phase 2 – Contract Package A pursuant to Build-Lease-Transfer Agreement with the Philippine DepEd on a nonpioneer status under the Omnibus Investment Code of 1987. Under such registration, the Parent Company is entitled of the following incentives:

(a) ITH for a period of four years from May 30, 2015 or actual start of commercial operations, whichever is earlier;

(b) Importation of capital equipment, spare parts and accessories at zero duty for a period of five years from May 30, 2015;

(c) Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment; and,

(d) Employment of foreign nationals which will hold supervisory, technical or advisory positions for five years from May 30, 2015.

On June 20, 2016, GMCAC was registered with the BOI as a PPP Project for the GMCAC (Phase 2 – Operation and maintenance of Terminal 2) under the Concession Agreement with the DOTr and MCIAA as an expansion Project on a Non-pioneer status under the Omnibus Investment Code of 1987 (Executive Order No. 226).

Under the registration, GMCAC is entitled, among others, to ITH incentives for three years from December 2018 and July 2018 for Phase 1 and Phase 2, respectively, or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration. GMCAC has informed the BOI that the actual start of commercial operations of Phase I is on January 1, 2016 for ITH purposes.

Also, GMCAC is entitled to additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed for the first five years from date of registration but not simultaneously with ITH.

25.2 Current and Deferred Taxes

The components of tax expense as reported in profit or loss and other comprehensive income in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

	2018	2017	2016
Reported in consolidated profit or loss			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 132,111,752**	P 444,795,347	P 584,156,772
Final tax at 20% and 7.5%	**23,877,358**	23,188,157	36,188,529
	155,989,110	467,983,504	620,345,301
Deferred tax expense (income) relating to origination and reversal of temporary differences	**336,855,049**	111,065,886	(172,032,794)
	P 492,844,159	P 579,049,390	P 448,312,507
Reported in consolidated other comprehensive income (loss)			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(P 12,288,626)**	(P 6,513,340)	(P 6,735,605)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense for the year ended December 31 is as follows:

	2018	2017	2016
Tax on pretax profit at 30%	**P 716,105,499**	P 848,057,520	P 710,402,474
Adjustment for income subjected to lower tax rates	**(32,502,891)**	(12,843,737)	(18,094,083)
Tax effects of:			
Non-taxable net profit under ITH	**(363,281,990)**	(259,461,623)	(262,429,425)
Non-deductible expenses	**208,679,709**	58,865,143	20,084,141
Non-taxable income	**(36,156,168)**	(55,567,913)	(1,650,600)
	P 492,844,159	P 579,049,390	P 448,312,507

The net deferred tax liabilities recognized in the consolidated statements of financial position as of December 31, 2018 and 2017 relate to the following:

	2018	2017
Deferred tax assets:		
Impairment losses on trade receivables	**124,959,694**	33,207,965
Post-employment defined benefit obligation	**54,460,610**	51,979,864
Effect of significant financing component	**5,495,035**	-
Deferred revenue	**2,117,065**	-
Excess MCIT	**1,237,944**	-
Difference between estimated and actual cost	**-**	107,454,955
Advance payments from customers	**-**	2,055,875
	188,270,348	194,689,659
Deferred tax liabilities:		
Deferred fulfillment costs	**(224,534,781)**	-
Amortization of concession assets	**(351,766,039)**	(177,256,568)
Uncollected non-taxable income*	**(29,635,657)**	(86,239,102)
Remeasurement gain on DBO	**(1,421,031)**	-
Unrealized foreign currency gains – net	**(391,306)**	(637,976)
Fair value gains on financial assets at FVTPL	**(198,950)**	(193,544)
Deferred charges on loans	**-**	(905,210)
	(607,947,764)	(265,232,400)
Net deferred tax liabilities	**(P 419,677,416)**	(P 70,553,741)

**This pertains to the excess of revenue recognized under percentage of completion over collection of non-taxable revenues under ITH.*

The deferred tax expense (income) recognized in the consolidated statements of income and consolidated statements of comprehensive income for December 31 relate to the following:

	Profit or Loss			**Other Comprehensive Income**		
	2018	2017	2016	**2018**	2017	2016
Excess of actual over estimated cost	**P 331,989,735**	P 67,769,182	(P 131,363,952)	-	-	-
Amortization of concession assets	**174,509,471**	-	-	-	-	-
Impairment losses on trade receivables	**(91,751,729)**	(28,995,620)	-	-	-	-
Uncollected non-taxable income*	**(56,603,445)**	82,998,327	(P 34,655,054)	P -	P -	P -
Post-employment defined benefit obligation	**(13,273,078)**	(11,716,429)	(5,052,347)	**12,288,626**	6,513,340	6,735,605
Construction Revenue – PFRS 15	**(5,495,035)**	-	-	-	-	-
Deferred Revenue	**(2,117,065)**	-	-	-	-	-
Advance payments from customers	**2,055,875**	324,358	434,722	-	-	-
Excess MCIT	**(1,237,944)**	-	-	-	-	-
Deferred charges on loans	**(905,210)**	-	905,210	-	-	-
Unrealized foreign currency gains (losses) – net	**(321,932)**	686,068	(2,301,373)	-	-	-
Fair value gains on financial assets at FVTPL	**5,406**	-	905,210	-	-	-
Deferred tax expense (income)	**P 336,855,049**	P 111,065,886	(P 172,032,794)	**P 12,288,626**	P 6,513,340	P 6,735,605

The Parent Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. No MCIT was reported in 2018, 2017 and 2016 as RCIT was higher than MCIT in those years. GMCAC and MCEI will be subjected to MCIT in 2018 while GMI and MLI will be subjected to MCIT in 2020.

In 2016, GMI and MLI have unrecognized deferred tax asset of P0.9 million each arising from their respective NOLCO, which can be claimed as deduction against future taxable income up to 2019. In addition, MCEI incurred NOLCO amounting to P0.1 million in 2016 and P0.4 million in 2015, which can be claimed as deduction against future taxable income until 2019 and 2018, respectively.

In 2018, 2017 and 2016, the Group opted to claim itemized deductions in computing for its income tax due.

26. EQUITY

26.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2018	2017	2016	**2018**	2017	2016
Common shares – P1 par value						
Authorized	**4,930,000,000**	4,930,000,000	4,930,000,000	**P 4,930,000,000**	P4,930,000,000	P4,930,000,000
Subscribed and paid in:	**2,399,426,127**	2,399,426,127	2,399,426,127	**P 2,399,426,127**	P2,399,426,127	P2,399,426,127
Less:						
Treasury shares						
Balance at beginning of year	**260,842,702**	260,842,702	-	**2,627,738,885**	2,627,738,885	-
Reacquisition	**48,811,880**	-	410,842,702	**827,087,577**	-	4,138,844,351
Issuance	**-**	-	(150,000,000)	**-**	-	(1,511,105,466)
Balance at end of year	**309,564,582**	260,842,702	260,842,702	**3,454,826,462**	2,627,738,885	2,627,738,885
Issued and outstanding	**2,089,771,545**	2,138,583,425	2,138,583,425	**(P1,055,400,135)**	(P 228,312,758)	(P 228,312,758)
Preferred – P1 par value						
Authorized	**70,000,000**	70,000,000	70,000,000	**P 70,000,000**	P 70,000,000	P 70,000,000
Issued and outstanding	**40,000,000**	40,000,000	40,000,000	**P 40,000,000**	P 40,000,000	P 40,000,000

As of December 31, 2018 and 2017, the Parent Company has 23 and 29 holders of its common equity securities owning at least one board lot of 100 shares listed in the PSE, respectively, and its share price closed as of such dates at P18.50 and P18.00 per share in 2018 and 2017, respectively. The Parent Company has 2,399.4 million common shares traded in the PSE both as of December 31, 2018 and 2017.

As of December 31, 2018 and 2017, the Parent Company has 40.0 million preferred shares traded in the PSE. The preferred share price closed at P98.0 and P109.40 per share as of December 31, 2018 and 2017, respectively.

26.2 Dividends

In 2018 and 2017, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter (total of P281.0 million) to holders of preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2017 and 2016, respectively. The series of record dates and payments are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2018:				
Approval dates	January 30, 2018	May 3, 2018	August 11, 2018	October 30, 2018
Record dates	February 15, 2018	May 18, 2018	August 16, 2018	November 16, 2018
Payment dates	March 3, 2018	June 3, 2018	September 3, 2018	December 3, 2018
2017:				
Approval dates	March 1, 2017	April 25, 2017	July 24, 2017	October 16, 2017
Record dates	March 1, 2017	May 10, 2017	August 10, 2017	November 8, 2017
Payment dates	March 3, 2017	June 3, 2017	September 3, 2017	December 3, 2017

The dividends on preferred shares bear cumulative, non-participating cash dividends based on the issue price, payable quarterly in arrears every dividend payment date, at the fixed rate of 7.025% per annum from listing date.

On October 1, 2018 and December 11, 2017, the BOD approved the declaration of cash dividends for common shares at P0.12 per share and P0.05 per share, respectively. The cash dividends were paid on November 12, 2018 and December 29, 2017, respectively, to all common stockholders of record as of October 15, 2018 and December 26, 2017, respectively. The dividends were paid out of the unrestricted retained earnings of the Parent Company distributable as dividends as of December 31, 2018 and 2017, respectively.

26.3 Treasury Shares

On July 20, 2016, the Parent Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the 7-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted P4,138.8 million.

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost of P2,627.7 million.

On October 1, 2018, the Parent Company's BOD approved a share buyback program worth up to P2.0 billion over a period of two years. Total cost to acquire treasury shares in 2018 amounted to P827.1 million which is equivalent to 48.8 million shares.

26.4 Retained Earnings

On April 8, 2013, the BOD of the Parent Company approved the declaration of dividends and gave management the authority to decide the type (cash, stock or mixed) and amount of any dividends to be declared subsequently.

The Parent Company's retained earnings are restricted to the extent of the cost of treasury shares (see Note 26.3).

26.5 Non-controlling Interest

Upon incorporation, the Parent Company acquired 15.0 million shares of GMCAC. The purchase of the shares is part of the shareholders' agreement to execute, undertake, and implement the Project in accordance with the concession agreement. The shares acquired represent 60% of the total issued and outstanding shares of GMCAC (see Note 1.2). The non-controlling interest representing 38.24% ownership of GMR Infrastructure (Singapore) Pte. Ltd. (GISPL) and 1.66% ownership of GIL in GMCAC is presented as part of Non-controlling Interest account in the consolidated statements of financial position (see Note 11.5).

Another non-controlling interest representing 30% ownership of Philcarbon, Inc. in MCEI is presented as part of Non-controlling Interest account in the consolidated statements of financial position (see Note 11.5).

In 2016, the Parent Company acquired 12.0 million shares of GMI representing 60% of the total issued and outstanding shares of GMI. On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of GMI to GHOSPL. As of December 31, 2017, GMI is 50% owned by the Parent Company.

Also in 2016, the Group's controlling 60% ownership in MCLI resulted in 40% non-controlling interest of the other stockholder. The non-controlling interest representing 50% ownership of GHOSPL in GMI and 40% of other stockholder in MCLI are presented as part of Non-controlling Interest account in the consolidated statements of financial position (see Note 11.5).

26.6 Revaluation and Other Reserves

The movements of this account are as follows:

	Retirement Benefit Obligation (see Note 23)	**Non-current Financial Assets** (see Note 10)	**Other Reserves** (see Note 2)	**Total**
Balance as of January 1, 2018	(P 12,213,049)	P 8,263,159	(P 22,474,837)	(P 26,424,727)
Remeasurements of post-employment defined benefit plan	40,962,085	-	-	40,962,085
Recycled to profit or loss	-	(8,263,159)	-	(8,263,159)
Other comprehensive income (loss) before tax	40,962,085	(8,263,159)	-	32,698,926
Tax income	(12,288,626)	-	-	(12,288,626)
Other comprehensive income (loss) after tax	28,673,459	(8,263,159)	-	20,410,300
Balance as of December 31, 2018	**P 15,204,702**	**P -**	**(P 22,474,837)**	**(P 7,270,136)**

	Retirement Benefit Obligation (see Note 23)	Non-current Financial Assets (see Note 10)	Other Reserves (see Note 2)	Total
Balance as of January 1, 2017	P 3,839,121	(P 70,963,642)	(P 22,474,837)	(P 89,599,358)
Remeasurements of post-employment defined benefit plan	(22,931,671)	-	-	(21,711,134)
Recycled to profit or loss	-	70,963,642	-	70,963,642
Fair value gain on AFS financial assets	-	8,263,159	-	8,263,159
Other comprehensive income (loss) before tax	(22,931,671)	79,226,801	-	56,295,130
Tax income	6,879,501	-	-	6,879,501
Other comprehensive income (loss) after tax	(16,052,170)	79,226,801	-	63,174,631
Balance as of December 31, 2017	(P 12,213,049)	P 8,263,159	(P 22,474,837)	(P 26,424,727)
Balance as of January 1, 2016	P 18,777,841	P -	(P 22,474,837)	(P 3,696,996)
Remeasurements of post-employment defined benefit plan	(22,452,017)	-	-	(22,452,017)
Fair value loss on AFS financial assets	-	(70,963,642)	-	(70,963,642)
Other comprehensive loss before tax	(22,452,017)	(70,963,642)	-	(93,415,659)
Tax income	6,735,605	-	-	6,735,605
Other comprehensive loss after tax	(15,716,412)	(70,963,642)	-	(85,902,362)
Balance as of December 31, 2016	P 3,061,429	(P 70,963,642)	(P 22,474,837)	(P 89,599,358)

27. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent company and other shareholders, subsidiaries, associates, joint venture, parties related to the Parent Company by common ownership and key management personnel.

The summary of the Group's transactions with related parties as of December 31, 2018 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company –					
Cash granted	5, 27.4	(P 148,848,438)	P 146,322,222	Interest-bearing	Unsecured
Shareholders –					
Revenue from services	6, 20.1, 27.1	14,782,658	1,008,487	Normal credit terms	Unsecured

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Minority shareholders and their affiliates:					
Airport operator's fee	21.2, 27.6	38,774,762	-	On demand; Noninterest-bearing	Unsecured
Cash granted	5, 27.4	841,103	841,103	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(172,939,978)	-	On demand; Noninterest-bearing	Unsecured
Associate:					
Revenue from services	6, 20.1, 27.1	153,157,722	905,100,150	Normal credit terms	Unsecured
Rent income	27.2	53,571	228,750	Normal credit terms	Unsecured
Joint Arrangement:					
Revenue from services	6, 20.1, 27.1	769,940,008	29,082,652	Normal credit terms	Unsecured
Cash granted	5, 27.4	(1,890,090)	1,074,666	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(14,883,628)	(14,883,628)	On demand; Noninterest-bearing	Unsecured
Related Parties Under Common Ownership:					
Rent income	27.2	160,714	606,786	Normal credit terms	Unsecured
Revenue from services	6, 20.1, 27.1	172,643,575	237,415,487	Normal credit terms	Unsecured
Advances from customers	18, 27.1	7,474,658	(29,929)	Normal credit terms	Unsecured
Rent expense	22, 27.2	2,811,703	-	Normal credit terms	Unsecured
Cash granted	5, 27.4	3,144,351,971	3,144,370,721	On demand; Interest-bearing and noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(44,222,623)	(44,683,199)	On demand; Noninterest-bearing	Unsecured
Retirement fund		44,798	-	Upon retirement of beneficiaries	Partially funded
Advances to Officers and Employees	6, 27.3	12,375,774	34,271,539	Upon liquidation, Noninterest-bearing	Unsecured
Key Management Personnel – Compensation	27.8	209,941,711	-	On demand	Unsecured

The summary of the Group's transactions with related parties as of December 31, 2017 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company – Cash granted	5, 27.4	(P 623,328,162)	P 290,170,659	On demand; Interest-bearing	Unsecured
Minority shareholders and their affiliates:					
Airport operator's fee	21.2, 27.8	26,910,779	-	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	38,117,405	(172,939,978)	On demand; Noninterest-bearing	Unsecured

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Associates:					
Revenue from services	6, 20.1, 27.1	-	747,599,683	Normal credit terms	Unsecured
Rent income	27.2	53,571	171,429	Normal credit terms	Unsecured
Joint Arrangement:					
Revenue from services	6, 20.1, 27.1	1,303,585,007	174,362,420	Normal credit terms	Unsecured
Cash granted	5, 27.4	2,964,756	2,964,757	On demand; Noninterest-bearing	Unsecured
Related Parties Under Common Ownership					
Rent income	27.2	P 53,571	P 434,821	Normal credit terms	Unsecured
Advances from customers	18, 27.1	7,507,271	7,507,271	Normal credit terms	Unsecured
Revenue from services	6, 20.1, 27.1	724,464,404	278,600,608	Normal credit terms	Unsecured
Rent expense	22, 27.2	(2,649,539)	-	On demand	Unsecured
Cash granted	5, 27.4	(43,733)	18,750	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	4,720,879	(1,470,503)	On demand; Noninterest-bearing	Unsecured
Sale of land		(33,902,500)	-	On demand; Noninterest-bearing	Unsecured
Retirement fund		(3,933,315)	-	Upon retirement of beneficiaries	Partially funded
Advances to Officers and Employees	6, 27.3	(3,723,622)	21,895,765	Upon liquidation; Noninterest-bearing	Unsecured
Key Management Personnel –					
Compensation	27.8	182,781,767	-	On demand	Unsecured

The summary of the Group's transactions with related parties as of December 31, 2016 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Ultimate Parent Company –					
Cash granted	5, 27.4	P 865,552,193	P 879,951,560	On demand; Interest-bearing	Unsecured
Shareholders:					
Revenue from services	6, 20.1, 27.1	-	6,433,075	Normal credit terms	Unsecured
Cash obtained	16, 27.4, 27.5	801,841	-	On demand; Noninterest-bearing	Unsecured
Minority shareholders and their affiliates:					
Airport operator's fee	21.2, 27.8	22,720,062	-	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(26,751,350)	(134,822,573)	On demand; Noninterest-bearing	Unsecured

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Associates:					
Revenue from services	6, 20.1, 27.1	102,433,524	747,599,683	Normal credit terms	Unsecured
Cash granted	5, 27.4	(54,050)	-	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	20,500,000	-	On demand; Noninterest-bearing	Unsecured
Rent income	27.2	128,571	117,857	Normal credit terms	Unsecured
Related Parties Under Common Ownership:					
Rent income	27.2	P 267,857	P 263,393	Normal credit terms	Unsecured
Revenue from services	6, 20.1, 27.1	2,520,320,414	167,088,575	Normal credit terms	Unsecured
Advances from customers	18, 27.1	39,660,186	-	Normal credit terms	Unsecured
Rent expense	22, 27.2	(2,911,697)	-	On demand	Unsecured
Cash granted	5, 27.4	(3,833,288)	62,483	On demand; Noninterest-bearing	Unsecured
Cash obtained	16, 27.4, 27.5	(1,095,445)	(6,919,382)	On demand; Noninterest-bearing	Unsecured
Retirement Fund	26.9(a)	(16,590)	3,933,315	Upon retirement of beneficiaries	Partially funded
Sale of land		(136,340,000)	33,902,500	On demand; Noninterest-bearing	Unsecured
Retirement fund		(16,590)	3,933,315	Upon retirement of beneficiaries	Partially funded
Advances to Officers and Employees	6, 27.3	(8,386,345)	18,172,143	Upon liquidation; Noninterest-bearing	Unsecured
Key Management Personnel – Compensation	27.8	149,491,241	-	On demand	Unsecured

27.1 Rendering of Services

In the normal course of business, the Group provides construction services to its associate, a certain previous shareholder and other related parties. The related revenue from these transactions amounted to P1,110.5 million, P2,028.0 million and P2,662.8 million in 2018, 2017 and 2016, respectively, and is recorded as part of Contract Revenues account in the consolidated statements of income (see Note 20.1). Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these transactions, which are generally unsecured and settled through cash within three to six months, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, are presented as part of Contract and Retention receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

Through application of the ECL model based on the lifetime expected credit loss wherein the Group used its historical experience, external indicators and forward-looking information to calculate the ECL using the provision matrix, no significant amount of impairment losses was required to be recognized for the years 2018, 2017 and 2016.

The Group also receives advances or deposit from related party customers. In 2018 and 2017, the advances from customers with related parties amounting to nil and P219.0 million was applied against the progress billing based on project working accomplishment as of December 31, 2018 and 2017, respectively.

27.2 Rental of Land and Building

The Group is a lessee of certain parcels of land and building owned by related parties under common ownership.

In 2018 and 2017, the Group recognized rent expense amounting P2.8 million and P2.6 million, respectively, from the lease agreement with Megapolitan Realty and Development Corporation (Megapolitan) for the land where the Group's building is located (see Notes 22 and 28.1.1). The Group has no outstanding payables from the rental transaction with Megapolitan as of December 31, 2018 and 2017.

In 2018 and 2017, the Group also leases an office space where its registered address is located from Philwide Construction and Development Corporation (Philwide).

Megapolitan and Philwide are entities owned by the Group's stockholders and their close family members.

The Parent Company also leases out its office space to its associates and related parties under common ownership. As a result, the Group recognized rent income amounting to P0.3 million in 2018 and P0.4 in 2017 from the lease of its office building to several related parties. This is recorded as part of Other Income (Charges) – net account in the consolidated statements of income (see Note 24.3). The outstanding balances arising from these transactions are presented as part of Other receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

27.3 Advances to Officers and Employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables (see Note 6).

No impairment losses were recognized in 2018, 2017 and 2016 for these advances.

27.4 Advances to and from Related Parties

The Group obtained unsecured, noninterest-bearing cash advances from certain related parties to finance portion of its working capital requirement payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

The Group has provided unsecured, interest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. In 2018, the Parent Company also provided bridge financing to its associates for the Group's business expansion and diversification program. The outstanding balance from these transactions is shown under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

Further, upon assessment of recoverability based on the capacity to pay and expected collectability of these advances, no impairment losses were recognized in 2018, 2017 and 2016.

The Group's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances (see Note 32.2).

27.5 Advances to and from Minority Shareholders

The minority shareholders granted unsecured, noninterest-bearing cash advances to GMCAC to support its Project bid-related expenses. The minority interest shareholder also granted unsecured noninterest-bearing cash advances to MCEI to support its working capital operations. The outstanding balance from this transaction is shown under Trade and Other Payables account in the consolidated statements of financial position (see Note 16).

27.6 Airport Operator's Fee

In August 2014, GMCAC signed a Technical Service Agreement with GIL to provide operational advice and expertise to the Group as required in the Concession Agreement (see Note 13). Technical service fee presented as Airport operator's fee as part of Costs of Airport Operations under the Direct Costs section of the consolidated statements of income [see Notes 21.2 and 28.4.1(b)].

27.7 Others

In 2016, the Parent Company sold parcels of land located in Taytay, Rizal to a related party under common ownership, which resulted in the recognition of gain from sale and presented as part of Gain on disposal of property and equipment as part of Others – net under Other Income (Charges) account in the 2016 consolidated statement of income (see Notes 14 and 24.3). The outstanding receivable amounting to P33.9 million is presented as part of Other receivables under the Trade and Other Receivables account in the 2016 consolidated statement of financial position (see Note 6).

27.8 Key Management Compensation

The compensation of key management personnel is broken down as follows:

	2018	2017	2016
Short-term employee benefits	**P 207,383,418**	P 175,585,387	P 140,866,315
Post-employment benefits	**2,558,293**	7,196,380	8,624,926
	P 209,941,711	P 182,781,767	P 149,491,241

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating Lease Commitments

28.1.1 Group as Lessee

The Group is a lessee under operating leases covering its office space, and its stockyards and certain construction equipment with terms ranging from one year to two years subject to renewal options. Total rental expense from these operating leases, presented as Rentals under Other Operating Expenses amounted to P40.7 million, P21.1 million and P29.0 million in 2018, 2017 and 2016, respectively (see Notes 22 and 27.2). The related refundable security deposits amounting to P161.7 million and P98.3 million as of December 31, 2018 and 2017, respectively, are presented as part of Other Current Assets in the consolidated statements of financial position (see Note 12).

28.1.2 Group as Lessor

The Group is a lessor under operating leases with various entities and airline companies for the lease of airport terminal space and check-in counters which have a lease term ranging from one to three years. Rental income earned amounted to P445.1 million, P303.2 million and P301.8 million in 2018, 2017 and 2016, respectively, which is recognized under Airport Operations Revenues in the consolidated statements of income (see Note 20.2). The related security deposits are presented as part of Trade and Other Payables and Other Non-current Liabilities section in the consolidated statements of financial position (see Notes 16 and 19).

The future minimum lease receivables under the non-cancellable operating leases as of the end of the reporting periods are as follows:

	2018	2017
Within one year	**P 202,025,576**	P 83,661,438
After one year but not more than five years	**793,019,401**	-
	P 995,044,977	P 83,661,438

28.2 Finance Lease Commitments – Group as Lessee

The Group has finance leases covering certain transportation and construction equipment with terms ranging from two to five years. Future minimum lease payments (MLP) under the finance leases together with the present value (PV) of the net minimum lease payments (NMLP) as of December 31 are as follows:

	2018		**2017**	
	Future MLP	**PV of NMLP**	Future MLP	PV of NMLP
Within one year	P 74,296,108	P 63,829,078	P 85,549,331	P 75,987,851
After one year but not more than five years	109,524,240	94,094,179	146,159,433	129,823,822
Total MLP	183,820,348	157,923,257	231,708,764	205,811,673
Amounts representing finance charges	(25,897,091)	-	(25,897,091)	-
PV of MLP	P 157,923,257	P 157,923,257	P205,811,673	P205,811,673

The liabilities relating to the finance leases are shown as part of Interest-bearing Loans and Borrowings account (see Note 17.3).

28.3 PPP with DepEd

On October 8, 2012, the Parent Company, together with Citicore (collectively referred to as proponent), executed a build-lease-transfer agreement with the Philippine Government, through DepEd under the PPP for school infrastructure project, which provides initiatives on the construction of classroom nationwide to address the current classroom backlog and future requirements for classrooms.

The agreement requires the construction, maintenance and lease of school buildings, whereby, the project proponent is authorized to finance and construct the school facility within 16 months from the execution date and upon its completion turns it over to the government agency or local government unit concerned on a lease agreement for a period of 10 years from the issuance of certificate of completion. After which, ownership of the facility is automatically transferred to the government agency or local government unit concerned.

During the lease period, the proponent shall be responsible for the maintenance works, which shall be performed twice, the first time at any point between the fourth and fifth years, and the second time at any point between the eighth and ninth years. At the end of the 10-year term, the proponent shall bear all costs incurred in connection with the transfer of rights to the Philippine Government.

Pursuant to the above agreements, the Parent Company and Citicore established CMCI (see Note 1) to handle the PPP school infrastructure project. In 2016, the construction of the school buildings has been maintained.

28.4 Build-Operate-Transfer Agreements

28.4.1 Mactan-Cebu International Airport Project

(a) BOT Agreement

In 2014, GMCAC entered into a BOT agreement with the Grantors relative to the MCIA Project. GMCAC was established to undertake the Project involving, among others, the construction of a world-class airport passenger terminal (along with associated infrastructure and facilities), the renovation and expansion of the existing airport terminal and the operation and maintenance of both airport passenger terminals for a period of 25 years.

On April 8, 2014, the Parent Company entered into Shareholders' Agreement with GMR setting forth the terms and conditions governing their participation in the share capital of GMCAC, their rights and obligations as shareholders in relation to GMCAC. Under the said Shareholders' Agreement, the parties defined the business of GMCAC, the required manpower support from each shareholder, the composition of the board, formation of committees and the management team for the orderly management of the Project, conduct of board and shareholder meetings as well as restrictions on the transfer rights of the stockholders and issuance of additional shares.

GMCAC is a pioneer in the privately operated airport space in the Philippines when it took over the Mactan Cebu International Airport on the scheduled take over date of November 1, 2014.

(b) Technical Service Agreement

On August 19, 2014, GMCAC entered into a Technical Services Agreement (the Agreement) with GIL to provide for the services in compliance with the Concession Agreement are described below.

(i) The preparation of policies and procedures such as O&M Manual and the updating of such every January 30th of each calendar year, Fire Safety Manual, and any other additional systems, documentation and manuals to meet the Performance Standards under the Concession Agreement;

(ii) Provide training or technical services to key personnel of GMCAC so that GMCAC may undertake the O&M of the facilities;

(iii) Provide qualified experts, on a permanent or long-term basis; and,

(iv) Provide other staff on non-permanent basis either based on GIL's location or seconded to GMCAC.

The service fee shall be 1.25% of the actual audited gross revenue. The Agreement is effective up to the expiry of the Concession Period unless terminated earlier upon mutual consent of the parties.

Airport operator's fee recognized for 2018, 2017 and 2016 amounted to P38.8 million, P26.9 million and P22.7 million, respectively (see Notes 21.2 and 27.6).

(c) Omnibus Loan and Security Agreement

As more fully discussed in Note 17.2(a), on December 17, 2014, the Group entered into a certain OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another local universal bank as offshore lender. As of December 31, 2018, the amount of undrawn borrowing facility that may be available in the future amounted to P220 million (see Note 28.5).

28.4.2 Parañaque Integreated Terminal Exchange Project

On February 25, 2015, MWMTI (see Note 11.3), entered into a BOT agreement with the DOTr to undertake the PITX Project. Upon completion of the project, MWMTI shall operate and maintain the facility, which is divided into terminal and commercial areas, within the agreed concession period of 35 years from the date of the completion of the construction, which is equivalent to 18 months.

The development and implementation of the PITX Project is divided into terminal and commercial areas and related developments therein for a total lot area of 193.4 hectares (the Project Assets). Specifically, the PITX Project to be undertaken by MWMTI, as the concessionaire, consists of the following:

- The design, engineering and construction of the PITX Terminal, access road and the pedestrian connections between the PITX Terminal and Asia World Station concourse within 18 months from the construction date;
- From its completion until the end of the concession period, the operation and maintenance of the PITX Terminal in accordance with the Concession Agreement;
- The collection and remittance to the Grantor of terminal fee from users of the PITX Terminal;

- The financing of the above activities;
- The design, financing, engineering and construction of commercial assets, carrying out of the commercial business, and collection of any commercial revenue at the concessionaire's option; and,
- Turn-over of the Project Assets to the Grantor at the end of the Concession Period

Pursuant to the Concession Agreement, MWMTI shall be entitled to collect and receive the concessionaire revenue comprising of annual grantor payment (AGP), commercial revenue, and any applicable grantor compensation payments. The AGP is collectible from the Grantor at the end of every anniversary year from the construction completion date thereof. For commercial revenue, MWMTI is free to impose and collect commercial charges from the use of commercial areas. On the other hand, the Grantor shall be entitled to the terminal fee revenue from the users of the public service and other charges.

At the end of the concession period, MWMTI shall hand-over the PITX Project Assets to the Grantor without cost, free from any liens and encumbrances, including all improvements made to the terminal facilities, commercial assets, works in progress and right to receive commercial revenues.

On November 5, 2018, MWMTI opened the terminal. However, the construction of commercial areas and related developments therein is still in progress as of the end of 2018.

28.5 Credit Lines

The Group has existing credit lines with local banks totalling P48,170.0 million and $75.0 million (P3,744.2 million) for 2018 and P P40,745.4 million and $75.0 million (P3,744.2 million) for 2017.

The Group availed of bank loans totalling P33,831.0 million and $75.0 million (P3,877.5 million) for 2018 and P26,713.9 million and $75.0 million (P3,744.2 million) for 2017 (see Note 17.2). Only the loan obtained by GMCAC was secured, as disclosed in Note 17.2. Unused credit lines as of December 31, 2018 amounted to P14,339.0 million.

28.6 Capital Commitments on Use of Proceeds

The Parent Company has capital commitments to utilize the proceeds from the issuance of its preferred shares amounting to P3,938.5 million for various PPP projects, development of renewable energy projects, and bid preparation and preliminary works for PPP projects that the Parent Company will bid for (see Note 26.1). As of December 31, 2018, the balance of unutilized proceeds amounted to P309.3 million.

28.7 Legal Claims

There are pending claims, tax assessment, and other legal actions filed by the Group or against the Group arising from the normal course of business. There are no related provisions recognized in the consolidated financial statements as management believes that the Group has strong legal positions related to such claims. Moreover, management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

28.8 Others

Apart from the foregoing significant commitments, and the Group's construction commitments with various counterparties under the ordinary course of business, there are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements, taken as a whole.

29. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	2018	2017	2016
Net profit attributable to shareholders of the Parent Company	**P 1,469,434,495**	P 1,781,192,210	P1,559,090,997
Dividends on cumulative preferred shares	**(281,000,000)**	(281,000,000)	(281,000,000)
Net profit available to common shareholders of the Parent Company	**1,188,434,495**	1,500,192,210	1,278,090,997
Divided by weighted average number of outstanding common shares	**2,130,249,359**	2,138,583,425	2,253,241,668
Basic and diluted EPS	**P 0.56**	P 0.70	P 0.57

The Group does not have dilutive potential common shares outstanding as of December 31, 2018, 2017 and 2016; hence, diluted EPS is equal to the basic EPS.

30. EVENTS AFTER THE END OF THE REPORTING PERIOD

30.1 Declaration of Dividends

On January 8, 2019, the Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million to holders of preferred shares on record as of February 13, 2019. The dividends which is payable on March 3, 2019, shall be taken out of the unrestricted earnings of the Company as of December 31, 2018.

30.2 Share Buy-Back Program

In 2019, pursuant to the share buyback program, the Group acquired treasury cost for P99.25 million (equivalent to 4.65 million shares).

30.3 Effectivity of Revised Corporation Code

On February 20, 2019, RA 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (The Revised Corporation Code), was signed into law. Among the provisions of the Revised Corporation Code, the following would impact the Company:

- Removal of the 50-year maximum corporate term; hence, stock corporations may have unlimited life unless otherwise provided in the articles of incorporation.

- Requirement for the BOD of a public interest entity to include independent directors constituting at least 20% of the BOD.

- Disqualification and removal of directors or officers being found administratively liable for any offenses involving fraudulent acts; and being found liable by foreign court or equivalent foreign regulatory authority for acts, violations or misconduct.

- Removal of the subscription requirement of 25% of authorized capital stock and paid-up capital requirement of 25% of subscribed capital stock.

31. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 32. The main types of risk are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with the Group's Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

31.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from intercompany advances to and from foreign related parties, which are denominated in US dollars. The Group also holds US dollar-denominated cash.

Significant US dollar-denominated financial assets (liabilities), translated into Philippine pesos at the closing rates, are as follows:

	2018	2017
Cash in banks	**P 960,840,991**	P 984,676,163
Other non-current assets		
Investment in trust fund	**6,122,222**	42,385,370
Trade and other payables	**(2,507,534)**	(3,788,567)
Long-term debt	**(3,912,000,000)**	(1,193,280,000)
	(P2,947,544,321)	(P 170,007,034)

If the Philippine peso had strengthened by 11.16% and 9.3% in 2018 and 2017, respectively, against the US dollar, with all other variables held constant, profit before tax for the years ended December 31, 2018 and 2017 would have increased by P328.9 million and P15.8 million, respectively. If the Philippine peso had weakened by the same percentages against the US dollar, then profit before tax for 2017 and 2016 would have decreased by the same amounts, respectively. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held as at December 31, 2018 and 2017, with effect estimated from the beginning of the year.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates.

As at December 31, 2018 and 2017, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are subject to monthly repricing intervals (see Note 5) and certain short-term interest-bearing loans which is subject to variable interest rate (see Note 17). All other financial assets and financial liabilities have fixed rates or are noninterest-bearing.

The sensitivity of the profit before tax is analyzed based on a reasonably possible change in interest rates of +/-291.0, +/-90.0 and +/-24.0 basis points in 2018, 2017 and 2016, respectively, based on observation of current market conditions with effect from the beginning of the year. The changes in interest rates have been determined based on the average market volatility in interest rates for each period using standard deviation and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables held constant, if the interest rates increased by 291.0 basis points, 90.0 basis points and 24.0 basis points profit before tax in 2018, 2017 and 2016, respectively, would have decreased by P108.3 million in 2018 and increased by P11.9 million and P25.6 million in 2017 and 2016, respectively. Conversely, if the interest rates decreased by the same basis points, profit before tax would have been higher and lower by the same amounts.

(c) Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVTPL carried at fair value, except for interest rate swap asset and short-term commercial papers measured at amortized cost that approximates their fair values (see Note 32.4). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment and at some extent, diversifying the investment portfolio in accordance with the limit set by the management. As of December 31, 2017, these financial assets are valued at P3,209.5 million, respectively.

For UITF investments with carrying values of P1.9 million as of December 31, 2017, an average volatility of 14.6% has been observed during 2017 based on the published Net Asset Value per Unit (NAVPu) for UITF investments at the end of 2017. If fair values for this instrument increased or decreased by that percentage, profit before tax is insignificantly affected in 2017.

In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored for further fluctuations in existing market yield rates.

31.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, such as the granting of loans and receivables to customers and related parties and placing deposits with local banks and investment in bonds and UITF.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets and contract assets is the carrying amount of the related assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	Notes	**2018**	2017
Cash and cash equivalents	5	**P 5,734,729,648**	P 4,930,939,177
Trade and other receivables – net *(excluding advances to officers and employees)*	6	**10,177,855,711**	6,505,856,735
Investments in RTB	10	**-**	929,773,159
Refundable security and bond deposits	12	**161,735,967**	98,320,376
Investment in trust fund	12	**680,421,727**	413,649,488
Contract assets	9	**3,060,770,976**	-
		P 19,815,514,029	P 12,878,538,935

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and trade and other receivables as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Asset

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables and contract assets.

To measure the ECL, trade and other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Group also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 36 months before December 31, 2018 or January 1, 2018, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Group considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

As of December 31, 2018, none of the outstanding receivables and contract assets were found to be impaired using the provision matrix as determined by the management; hence, no amount of allowance for impairment have been recognized.

For 2017 (under PAS 39), management assessed that the past due trade and other receivables as of December 31, 2017 are as follows:

Not more than 3 months	P 460,388,661
More than 3 months but not more than 4 months	89,178,660
More than 4 months but not more than one year	3,653,064
More than one year	379,338,459
	P 932,558,844

(c) Financial Assets at FVTPL and Investment in Trust Fund

In 2018 and 2017, the Group is exposed to credit risk on its investments in UITF, short-term commercial papers and trust fund. However, the Group has assessed that such risk is minimal since the counterparties are reputable listed leasing company and financial institutions with high quality external credit ratings.

(d) Refundable Security and Bond Deposits, and Investments in RTB

The Group is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Group can negotiate, before the end of the lease term, to apply deposit to rentals due. Also, the investments in RTB and bond deposits are made with the Philippine Government, hence, the exposure on credit risk is assessed by the management to be not be significant.

31.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

	2018		
	Current		**Non-current**
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
Interest-bearing loans and borrowings	**P 5,651,033,174**	**P 63,829,078**	**P31,065,401,733**
Trade and other payables	**5,252,402,324**	-	-
Security deposits (gross of unearned income)	-	-	**148,010,532**
Retention payable (under other non-current liabilities)	-	-	**186,140,105**
	P10,903,435,498	**P 63,829,078**	**P31,399,552,370**

	2017		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 2,487,337,886	P 75,987,851	P26,386,980,490
Trade and other payables	5,245,248,904	-	-
Security deposits (gross of unearned income)	-	-	3,895,236
Retention payable (under other non-current liabilities)	-	-	234,464,123
	P 7,732,586,790	P 75,987,851	P26,625,339,849

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of reporting periods.

32. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

32.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2018 Carrying Values	2018 Fair Values	2017 Carrying Values	2017 Fair Values
Financial Assets					
At amortized cost (2018)/ Loans and receivables (2017):					
Cash and cash equivalents	5	**P 5,734,720,648**	**P 5,734,720,648**	P 4,930,939,177	P 4,930,939,177
Trade and other receivables – net	6	**10,177,855,711**	**10,177,855,711**	6,505,856,735	6,505,856,735
Refundable security and bond deposits	12	**161,735,967**	**161,735,967**	98,320,376	98,320,376
Investment in trust fund	12	**680,421,727**	**680,421,727**	413,649,488	413,649,488
Contract assets	9	**3,060,770,976**	**3,060,770,976**	-	-
		19,815,505,029	**19,815,505,029**	11,948,765,776	11,948,765,776
Financial assets at FVTPL:	7				
Short-term commercial papers		**-**	**-**	3,207,553,457	3,207,553,457
UITF		**-**	**-**	1,928,124	1,928,124
		-	**-**	3,209,481,581	3,209,481,581
Financial assets at FVOCI (previously AFS financial assets):	10				
Investments in RTB		**-**	**-**	929,773,159	929,773,159
Club shares		**1,044,472**	**1,044,472**	1,044,472	1,044,472
Investment in SSPI		**2,500,000**	**2,500,000**	2,500,000	2,500,000
		3,544,472	**3,544,472**	933,317,631	933,317,631
		P 19,819,049,501	**P 19,819,049,501**	P 16,091,564,988	P 16,091,564,988
Financial Liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	17	**P 36,780,263,985**	**P 36,223,346,073**	P 28,948,468,341	P 28,284,545,311
Trade and other payables	16	**5,252,402,324**	**5,252,402,324**	5,245,248,904	5,245,248,904
Security deposits	19	**148,010,532**	**148,010,532**	3,895,236	3,895,236
Retention payable*	19	**186,140,105**	**186,140,105**	234,464,123	234,464,123
		P 42,366,816,946	**P 41,809,899,034**	P 34,432,076,604	P 33,768,153,574

**Under Other Non-current Liabilities*

See Notes 2.4 and 2.11 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 31.

32.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2018 and 2017 and does not have relevant offsetting arrangements except as disclosed in Notes 26.6 and 30.2(b). Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 27 can be potentially offset to the extent of their corresponding outstanding balances.

32.3 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

32.4 Financial Instruments Measured at Fair Value

The short-term commercial papers amounting to P248.1 million as of December 31, 2017 (nil in 2018) are not quoted in an active market and are measured at amortized cost (see Note 32.5) since upon designation by the Group as financial assets at FVPTL and due to short term nature, approximates the fair value [see Note 31.1(c)]. This is classified under Level 3 of the fair value hierarchy.

Since the fair value of the Group's AFS financial assets approximates the cost amounting to P1.0 million as of December 31, 2017 (nil in 2018), the fair value change is deemed immaterial (see Note 10). The Group's AFS financial assets are under Level 2 of the fair value hierarchy. Moreover, certain equity investment classified as AFS financial asset is carried at cost (see Note 10); hence, such is no longer categorized in the fair value hierarchy.

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of December 31, 2018 and 2017.

	Notes	Level 1	Level 2	Level 3	Total
December 31, 2018					
Financial assets:					
Derivative asset	7	P 26,290,139	P -	P -	P 26,290,139
Equity securities –					
Golf club shares	10	-	1,044,472	-	1,044,472
		P 26,290,139	**P 1,044,472**	**P -**	**P 27,334,611**
December 31, 2017					
Financial assets:					
Equity securities:					
Financial assets at FVTPL (UITF)	7	P 1,928,124	P -	P -	P 1,928,124
Golf club shares	10	-	1,044,472	-	1,044,472
Debt securities –					
Investments in RTB	10	-	929,773,159	-	929,773,159
		P 1,928,124	P930,817,631	P -	P 932,745,755

The Group has no financial liabilities measured at fair value as of December 31, 2018 and 2017.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

Described below is the information about how the fair values of the Group's classes of financial assets are determined.

(a) Equity Securities

As of December 31, 2018 and 2017, instrument included in Level 2 comprise equity securities classified as financial assets at FVOCI (previously AFS). These securities were valued based on their fair market values by reference on published share prices of golf club shares and NAVPu for UITF investments as at December 31, 2018 and 2017, respectively. These are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

(b) Debt Securities

The fair value of the Group's debt securities which consist of government bonds is estimated by reference to prices quoted in BVAL for 2018 and PDEx for 2017 representing the net clean closing prices for outstanding government bonds.

32.5 Financial Instruments Measured at Amortized Cost

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed. Short-term commercial papers are included below since these financial instruments are measured at amortized cost, which approximate their fair values upon designation as financial assets at FVTPL (see Note 32.4).

	Level 1	Level 2	Level 3	Total
2018:				
Financial assets:				
Cash and cash equivalents	P5,734,720,648	P -	P -	P 5,734,720,648
Trade and other receivables - net	-	-	10,177,855,711	10,177,855,711
Refundable security and bond deposits	-	-	161,735,967	161,735,967
Investment in trust fund	680,421,727	-	-	680,421,727
Contract assets	-	-	3,060,770,976	3,060,770,976
	P6,415,142,375	**P -**	**P 13,400,362,654**	**P19,815,505,029**
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 36,223,346,073	P 36,223,346,073
Trade and other payables	-	-	5,252,402,324	5,252,402,324
Security deposits	-	-	148,010,532	148,010,532
Retention payable (under other non-current liabilities)	-	-	186,140,105	186,140,105
	P -	**P -**	**P 41,809,899,034**	**P41,809,899,034**
2017:				
Financial assets:				
Cash and cash equivalents	P4,930,939,177	P -	P -	P 4,930,939,177
Trade and other receivables - net	-	-	6,505,856,735	6,505,856,735
Short-term commercial papers	-	-	3,207,553,457	3,207,553,457
Refundable security and bond deposits	-	-	87,914,216	87,914,216
Investment in trust fund	-	-	413,649,488	413,649,488
	P4,930,939,177	P -	P 10,214,973,896	P 15,145,913,073
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 28,284,545,311	P 28,284,545,311
Trade and other payables	-	-	5,245,248,904	5,245,248,904
Security deposits	-	-	3,895,236	3,895,236
Retention payable (under other non-current liabilities)	-	-	234,464,123	234,464,123
	P -	P -	P 33,768,153,574	P 33,768,153,574

32.6 Fair Value Measurement for Investment Property Carried at Cost

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis.

	Note	Level 1	Level 2	Level 3	Total
December 31, 2018	14				
Building for Lease		P -	P -	P 3,310,275,163	P3,310,275,163
Land		-	-	135,610,000	135,610,000
		P -	P -	P 3,445,885,163	P3,445,885,163
December 31, 2017	14				
Land		P -	P3,310,275,163	P 135,610,000	P3,445,885,163

In estimating the fair value of investment property, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

There has been no change to the valuation techniques used by the Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2018.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans (Note 17.2)	Notes Payable (Note 17.1)	Finance Lease Obligations (Note 17.3)	Total
Balance as of January 1, 2018	P 22,905,865,437	P 5,836,791,231	P 205,811,673	P 28,948,468,341
Cash flows from financing activities:				
Additional borrowings	11,109,657,723	693,711,241	29,281,321	11,832,650,285
Repayment of borrowings	(4,019,466,826)	(684,000,000)	(77,169,737)	(4,780,636,563)
Loans of acquired subsidiary	825,000,000	-	-	825,000,000
Unrealized gain on interest rate swap	(45,218,078)	-	-	(45,218,078)
Balance at December 31, 2018	**P 30,775,838,256**	**P 5,846,502,472**	**P 157,923,257**	**P 36,780,263,985**
Balance as of January 1, 2017	P 19,592,055,956	P 5,896,791,231	P 273,816,792	P 25,762,663,979
Cash flows from financing activities:				
Additional borrowings	5,024,381,542	-	76,282,016	5,100,663,558
Repayment of borrowings	(1,729,500,000)	(60,000,000)	(144,287,135)	(1,933,787,135)
Unrealized loss on interest rate swap	18,927,939	-	-	18,927,939
Balance at December 31, 2017	P 22,905,865,437	P 5,836,791,231	P 205,811,673	P 28,948,468,341

34. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, equity and liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, re-issuance of treasury shares or sell assets to reduce debt.

	Notes	**2018**	2017
Interest-bearing loans and borrowings	17	**P 36,780,263,985**	P 28,948,468,341
Cash and cash equivalents	5	**(5,734,720,648)**	(4,930,939,177)
Financial assets at FVTPL	7	**(26,290,139)**	(3,209,481,581)
Net debt		**31,019,253,198**	20,808,047,583
Total equity		**18,004,101,050**	18,135,444,269
		1.72: 1.00	1.15: 1.00

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

The Board of Directors and Stockholders
Megawide Construction Corporation and Subsidiaries
(A Subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy, Valencia
Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Megawide Construction Corporation and Subsidiaries (the Group) for the year ended December 31, 2018, on which we have rendered our report dated April 3, 2019. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, as amended, of the Philippine Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 3, 2019

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
LIST OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule A
Financial Assets - Fair Value Through Profit or Loss and Fair Value Through Other Comprehensive Income
December 31, 2018

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
Fair Value through Profit of Loss (FVTPL)				
BDO Private	-	-	-	P 5,022,453
First Metro Investment Corp. (i)	-	-	-	63,366,796
BPI IMA	-	-	-	40,258,585
Others	-	26,290,139	26,290,139	-
TOTAL	**-**	**P 26,290,139**	**P 26,290,139**	**P 108,647,834**
Fair Value through Other Comprehensive Income (FVTOCI)				
Investment in Club shares - The City Club, Alphaland Makati Place	P 1,044,472	P 1,044,472	P 1,044,472	-
Investment in Silay Solar Power, Inc. (SSPI)	2,500,000	2,500,000	2,500,000	-
TOTAL	**P 3,544,472**	**P 3,544,472**	**P 3,544,472**	**-**

Supplementary information on FVTPL and FVOCI

(i) *Short-term commercial papers are unsecured, short-term debt instruments issued by a private corporation with high-quality debt ratings.*

(ii) *The investments are carried at fair value based on their fair market values by reference on published net asset value price per unit quoted by financial institutions and from the Philippine Dealings & Exchange Corp.*

(iii) *This represents the increase in fair value of the asset which is not yet realized, interest received and accrued interest income as of December 31, 2018.*

(iv) In 2018, RTB with an original face value of P921.51 million was purchased and held indefinetly; hence, was classified as AFS financial assets. Unrealized gain on fair value change amounting to P8.26 million was recognized under Revaluation Reserves in the other comprehensive income.

(v) T*his investment represents equity instrument wherein the Group neither exercises control or significant influence as discussed in Note 10 to the consolidated financial statements*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2018

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
				-	-	-	-
ABEGAIL CABIGAS	-	150,000	-	-	150,000	-	150,000
ABEGAIL VICENTE	7,400	-	-	-	7,400	-	7,400
ABNER CATACUTAN	8,447	-	-	-	8,447	-	8,447
ADRIAN KUCZMIK	141,259	-	-	-	141,259	-	141,259
AIKO B. TALORETE	-	50,000	25,000	-	25,000	-	25,000
ALBERTO DACUMA	1,238	-	-	-	1,238	-	1,238
ALEJANDRO A. MANALO	-	83,478	83,478	-	-	-	-
ALEJANDRO MANALO	155,000	-	-	-	155,000	-	155,000
ALEXANDER UMALI	4,500	-	-	-	4,500	-	4,500
ALFREDO C. CASASIS	12,500	-	-	-	12,500	-	12,500
ALLAN L. VALENZUELA	1,920	-	-	-	1,920	-	1,920
ALMA GARCIA	32,000	-	-	-	32,000	-	32,000
ALVIN ESGUERRA	94,400	-	-	-	94,400	-	94,400
ALVIN SOGUILON	3,241	-	-	-	3,241	-	3,241
ALVIN TORRES	147,232	-	-	-	147,232	-	147,232
ALYANA GRACE T. ROBLEZA	30,000	1,935,250	1,871,548	-	93,702	-	93,702
ANA LIZA MANLAPAZ	-	46,800	-	-	46,800	-	46,800
ANA LIZA MANLAPAZ	32,000	-	-	-	32,000	-	32,000
ANDREW ACQUAAH HARRIS	1,367,600	1,487,671	560,364	-	2,294,907	-	2,294,907
ANGELI A. CADORNA	9,316	-	-	-	9,316	-	9,316
ANGELICA FERRER	1,445	-	-	-	1,445	-	1,445
ANISH SRIVASTAVA	-	95,576	95,576	-	-	-	-
ANNA BHEL SIBUG	3,360	-	-	-	3,360	-	3,360
ANNA KARENINA M. SALGA	102,873	-	-	-	102,873	-	102,873
ANNA KARENINA SALGADO	-	547,000	12,000	-	535,000	-	535,000
ANTHONY TOPACIO	-	498,851	6,585	-	492,266	-	492,266
APOLINARIO V. ARGUDO	-	43,200	-	-	43,200	-	43,200
ARCEL V. GUINOCOR	1,408	704	704	-	1,408	-	1,408
ARCHIBALD GARCIA	138,664	-	-	-	138,664	-	138,664
ARGIE C. GLENOGO	2,400	-	-	-	2,400	-	2,400
ARIA ROSARIO NOGRALES	220,000	-	-	-	220,000	-	220,000
ARIEL MAGUIGAD	4,400	-	4,400	-	-	-	-
ARIES BACUAJON	3,185	-	-	-	3,185	-	3,185
ARLENE M. TUDTUD	-	3,713	3,713	-	-	-	-
ARMANDO A. TRASADO	2,400	-	-	-	2,400	-	2,400
ARMANDO MANAOG	42,474	-	-	-	42,474	-	42,474
ARMARIE A. BORDEN	20,000	-	-	-	20,000	-	20,000
ARNOLD G. ANACAYA	2,388	-	-	-	2,388	-	2,388
ARNOLD I. VILLAFUERTE	3,000	-	-	-	3,000	-	3,000
ARNOLD R. BASISTER	15,449	-	-	-	15,449	-	15,449
ARON B. OGATIA	1,440	-	-	-	1,440	-	1,440
ARSENIO P. SENO	100	-	-	-	100	-	100
ARTHUR FERNANDEZ	-	199,091	81,551	-	117,540	-	117,540
ARVY P. EMACTAO	-	50,000	50,000	-	-	-	-
AUDREY B. INOCENCIO	-	2,238	2,238	-	-	-	-
AVIGAEL C. MANINGO	-	359,600	359,600	-	-	-	-
AVIGAEL MANINGO	100,000	-	-	-	100,000	-	100,000
BANAG, AUDREY PRESA	9,738	-	-	-	9,738	-	9,738
BEJIE VILLON	6,000	-	-	-	6,000	-	6,000
BENA KRISTIE S. UDQUIN	2,199,516	381,917	52,737	-	2,528,696	-	2,528,696
BENJAMIN R. DELA CRUZ	50,000	-	-	-	50,000	-	50,000
BENJAMIN S. FABROA, JR.	10,557	-	-	-	10,557	-	10,557
BENJAMIN VICENTE JR.	28,208	-	-	-	28,208	-	28,208
BRYAN BALISI	14,025	-	-	-	14,025	-	14,025
BRYAN R. MALINAO	127,862	-	-	-	127,862	-	127,862
BUTCH CASTILLO	26,895	-	-	-	26,895	-	26,895
CAMELO BASCO	2,000	-	-	-	2,000	-	2,000
CARLOS L. TRECE	195,590	5,250	140,050	-	60,790	-	60,790
CARLOS LEITAO	182,396	-	-	-	182,396	-	182,396
CARLOS TRECE	50,000	-	-	-	50,000	-	50,000
CARLOS VILCHEZ	-	48,402	-	-	48,402	-	48,402
CARMEN ANNE LOUISE V. C	-	38,240	-	-	38,240	-	38,240
CAROLINE JEANEL C. LOPEZ	32,000	-	-	-	32,000	-	32,000
CATHERINE A. PANGANDOY	-	41,600	-	-	41,600	-	41,600
CATHERINE C. CENA	7,000	-	-	-	7,000	-	7,000
CATHERINE LIM	1,800	-	-	-	1,800	-	1,800
CELSO C. ANCHETA	7,109	-	-	-	7,109	-	7,109
CEZAR V. MAYHAY	1,550	-	-	-	1,550	-	1,550
CHARMAINE DE LEON ESPIN	28,833	-	-	-	28,833	-	28,833
CHARTON BENZULANO	1,550	-	-	-	1,550	-	1,550
CHERYMAY T. DE TORRES	14,400	-	-	-	14,400	-	14,400
CHITO BILOG	10,000	-	-		10,000	-	10,000
Balance forwarded	P 5,720,067	P 6,068,580	P 3,349,543	-	P 8,439,103	-	P 8,439,103

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 5,720,067	P 6,068,580	P 3,349,543	-	P 8,439,103	-	P 8,439,103
CHRISTIAN ALISANDAO	2,000	-	-	-	2,000	-	2,000
CHRISTIAN BIGUEJA	-	40,800	-	-	40,800	-	40,800
CHRISTIAN JOSEPH ARGOS	338	-	-		338	-	338
CHRISTINE CRISO S. ANGELI	32,000	-	-	-	32,000	-	32,000
CHRISTINE CRISOL ANGELE	9,600	-	-	-	9,600	-	9,600
CHRISTOPHER L. RUADO	9,000	-	-	-	9,000	-	9,000
CHRISTOPHER PACA	16,208	-	-	-	16,208	-	16,208
CHRISTOPHER S. PACA	-	15,000	15,000	-	-	-	-
CLARISSA CABALDA	29	-	-	-	29	-	29
CLAUDIA SORIANO	168,935	-	-	-	168,935	-	168,935
CRISANTO BERTOLDO	1,550	-	-	-	1,550	-	1,550
CRISANTO CALOS	1,550	-	-	-	1,550	-	1,550
CRISANTO LABE JR.	975	1,650	-	-	2,625	-	2,625
CRISMAR MENDEZ	2,000	-	-	-	2,000	-	2,000
CRISTINE A. FORTUNO	30,833	-	-	-	30,833	-	30,833
CYRIEL A. GAROLACAN	1,650	-	-	-	1,650	-	1,650
DANILO ANTONIO	2,800	-	-	-	2,800	-	2,800
DANILO DUMAS	-	57,000	-	-	57,000	-	57,000
DANILO N. MAGHANOY	1,650	-	-	-	1,650	-	1,650
DANILO R. MONTOYA JR.	1,650	-	-	-	1,650	-	1,650
DARA DEANNA OBIDO	31,329	-	-	-	31,329	-	31,329
DARLENE JOY MADAMBA	50,000	-	-	-	50,000	-	50,000
DARLYN PHEIA LOPEZ	41,600	-	-	-	41,600	-	41,600
DARRYL RAÑOLA	1,550	-	-	-	1,550	-	1,550
DENMARK P. NUIQUE	7,464	-	-	-	7,464	-	7,464
DENNIS BIASON	-	57,600	-	-	57,600	-	57,600
DENTOR P. CABRAL	1,650	-	-	-	1,650	-	1,650
DEWEY S. OLAYA	140,000	50,000	15,000	-	175,000	-	175,000
DEXTER SUAZO	2,625	-	-	-	2,625	-	2,625
DHANNY JEAN AUGUSTO	2,500	-	-	-	2,500	-	2,500
DIANA JOY D. VICTORIA	28,530	-	7,030	-	21,500	-	21,500
DIONISIO A. MAMUAD	1,475	-	-	-	1,475	-	1,475
DIONISIO M. DELFIN	-	40,800	-	-	40,800	-	40,800
DIONY D. CANTA	1,475	-	-	-	1,475	-	1,475
DOMINADOR Z. LUMONTOL	1,475	-	-	-	1,475	-	1,475
DOMINGO IBARLIN JR.	-	80	-	-	80	-	80
DONABELLE SISON	32,000	-	-	-	32,000	-	32,000
DYAN KARLA S. SENO	32,000	-	-	-	32,000	-	32,000
EARL ANDREW A. CRUZ	5,915	-	5,915	-	-	-	-
EBENEZER G. JAMORA	4,000	-	-	-	4,000	-	4,000
EDDIE CORNELIO	1,550	1,650	-	-	3,200	-	3,200
EDELITO C. TAPIC	-	46,523	-	-	46,523	-	46,523
EDGAR NUGUIT	975	-	-	-	975	-	975
EDGAR VALERA	403,332	140,255	-	-	543,587	-	543,587
EDGAR VALERA	-	100,000	-	-	100,000	-	100,000
EDGARDO ABAD	7,380	-	-	-	7,380	-	7,380
EDGARDO D. MALIT	23,735	-	-	-	23,735	-	23,735
EDISON A. DOMINGUEZ	1,475	-	-	-	1,475	-	1,475
EDMAR F. FETALINO	1,650	-	-	-	1,650	-	1,650
EDMUNDO ALMARIO	50,000	-	-	-	50,000	-	50,000
EDUARD LANTACA	6,650	1,650	-	-	8,300	-	8,300
EDUARDO RAMIREZ	10,504	-	-	-	10,504	-	10,504
EDUARDO CARDINOZA JR.	1,550	-	-	-	1,550	-	1,550
EDUARDO DE LEON	1,550	3,100	-	-	4,650	-	4,650
EIGHT DRAGON METAL	14,509	-	-	-	14,509	-	14,509
EINSTEIN O. CHIU	489,413	6,657	43,099	-	452,970	-	452,970
ELGIN G. BARREDO	2,880	-	-	-	2,880	-	2,880
ELISON JOHN B. RAMOS	9,500	-	-	-	9,500	-	9,500
ELIZABETH B. LOPEZ	5,000	-	-	-	5,000	-	5,000
ELMAR MAQUILING	2,000	-	-	-	2,000	-	2,000
ELMER FLANDEZ	4,873	-	-	-	4,873	-	4,873
ELMER OFILAN	1,550	3,090	-	-	4,640	-	4,640
ELMER RIBAMBA	500	-	-	-	500	-	500
ELPIDIO BORJA I	6,000	-	-	-	6,000	-	6,000
ELSA AMAT	85,877	-	-	-	85,877	-	85,877
ELVIN GOLIMLIM	22,660	-	-	-	22,660	-	22,660
EMILIO GABRIEL S. PEREZ	2,997	-	-	-	2,997	-	2,997
EMMANUEL JOLEJOLE	1,540	1,650	-	-	3,190	-	3,190
ENRICO D. GAW	100,597	7,273	35,000	-	72,870	-	72,870
ENRIQUE RAMOS	19,704	-	-	-	19,704	-	19,704
EPHRAIM JOSE D. VALDEZ	-	68,400	8,400	-	60,000	-	60,000
ERIC N. GABRIEL	271,753	-	-	-	271,753	-	271,753
ERICSON BENITEZ BENITEZ	2,000	-	-	-	2,000	-	2,000
ERNESTH JORDAN ROMANO	6,000	-	-	-	6,000	-	6,000
ERNESTO N. CONDADA JR.	1,475	-	-	-	1,475	-	1,475
ERVIN LIMPAG	516	-	-	-	516	-	516
ERWIN AMARO	1,550	-	-	-	1,550	-	1,550
ERWIN HERANDOY	1,650	-	-	-	1,650	-	1,650
ERWIN I. OCHAQUE	1,650	-	-	-	1,650	-	1,650
ERWIN L. SISON	960	-	-	-	960	-	960
ESTELITO CENSON JR.	53,160	-	-	-	53,160	-	53,160
ESTELITO M. CENSON JR.	-	185,402	107,000	-	78,402	-	78,402
Balance forwarded	P 8,009,086	P 6,897,159	P 3,585,988	-	P 11,320,258	-	P 11,320,258

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 8,009,086	P 6,897,159	P 3,585,988	-	P 11,320,258	-	P 11,320,258
ESTRELLA A. ALVARADO	-	206,136.00	110,715	-	95,421	-	95,421
EUTEMIO R. SARNO	28,800	-	-	-	28,800	-	28,800
EVELYN ALBARAN BEROU	41,600	-	-	-	41,600	-	41,600
FARRA MAE PUZON	10,064	-	-	-	10,064	-	10,064
FELINO CANAYA	1,550	14,400	-	-	15,950	-	15,950
FELIPE R. GARCIA JR.	1,550	-	-	-	1,550	-	1,550
FELIVIC LIGATUB	-	44,500	-	-	44,500	-	44,500
FERDINAND A. PADDAYUM	74,963	-	-	-	74,963	-	74,963
FERDINAND B. RODRIGUEZ	15,099	-	-	-	15,099	-	15,099
FERDINAND C. DESAMITO	3,685	-	3,685	-	-	-	-
FERMIN CHAVEZ JR.	25,700	-	-	-	25,700	-	25,700
FERNANDO L. PAGATPATAN	1,119	-	-	-	1,119	-	1,119
FIDEL P. CUERDO	9,000	112,250	105,586	-	15,664	-	15,664
FLOR ROLAND ALABADO	210	41,265	41,475	-	-	-	-
FLORANTE C. PACTAO	1,475	-	-	-	1,475	-	1,475
FLOREVAR BALDOZA	2,223	-	-	-	2,223	-	2,223
FRANCESCA MICAELA SANT	92,500	70,000	151,227	-	11,273	-	11,273
FRANCIS LUIS C. DE GUZMA	10,500	-	-	-	10,500	-	10,500
FRANCISCO B. BELLEZA JR.	1,550	-	-	-	1,550	-	1,550
FRANCISCO M. GILIG JR.	-	90,114	90,000	-	114	-	114
FRANCISCO M. GILIG, JR.	40,000	-	-	-	40,000	-	40,000
FRANCISCO RIOJA JR.	3,200	-	-	-	3,200	-	3,200
FRANKLIN AUSTRIA	4,200	-	-	-	4,200	-	4,200
FREDERICK B. EBREO	1,650	-	-	-	1,650	-	1,650
FREDERICK TAN	-	95,790	26,848	-	68,942	-	68,942
FRIDAY TUERES	85,000	-	-	-	85,000	-	85,000
FRITZ LIM	26,895	-	-	-	26,895	-	26,895
GAURAV AGGARWAL	65,138	-	-	-	65,138	-	65,138
GEEVERGHESE MATHEW -. J	-	15,156	1,482	-	13,674	-	13,674
GEEVERGHESE MATHEW JO	-	5,377	5,377	-	-	-	-
GENEROSO LLAGONO JR.	2,000	-	-	-	2,000	-	2,000
GENNA C. MIJARES	26,591	-	-	-	26,591	-	26,591
GEORGE L. BERMUDO	1,550	16,650	-	-	18,200	-	18,200
GERALD ROXAS	3,000	-	-	-	3,000	-	3,000
GIL AZARCON	1,500	-	-	-	1,500	-	1,500
GIL DONATO	6,086	-	-	-	6,086	-	6,086
GILBERT L. ZAMORA	1,650	-	-	-	1,650	-	1,650
GILBERT NEPOMUCINO	1,550	-	-	-	1,550	-	1,550
GINO TALIBONG	2,000	-	-	-	2,000	-	2,000
GIOVANNI D. RUIZ	64,000	-	2,200	-	61,800	-	61,800
GLADYS F. RETUERTO	-	330,665	330,665	-	-	-	-
GLADYS RETUERTO	54,285	-	-	-	54,285	-	54,285
GRETCHEN SALDAVIA CACI	10,000	-	-	-	10,000	-	10,000
HAYDEE CHUA	57,000	-	-	-	57,000	-	57,000
HAYDEE MAYOR	3,359	-	-	-	3,359	-	3,359
HEHERSON AGCAOILI	4,200	748,632	128,000	-	624,832	-	624,832
HERMIE CORNELIO	1,550	-	-	-	1,550	-	1,550
HERMINIGILDO BAUTISTA J	3,100	-	1,550	-	1,550	-	1,550
HESOLER RANDY JEMAR	2,000	-	-	-	2,000	-	2,000
IRENEO NARCISO JR.	3,200	-	-	-	3,200	-	3,200
IRINEO AGUIHAP	-	46,900	7,200	-	39,700	-	39,700
ISIDRO BURAYAG	1,550	-	-	-	1,550	-	1,550
ISRAEL K. BONAVENTE	6,936	-	-	-	6,936	-	6,936
IVY MACABALITAO	32,000	-	-	-	32,000	-	32,000
JAIME A. ESTARES SR.	3,273	-	3,273	-	-	-	-
JAIME BAMBALAN	1,550	-	-	-	1,550	-	1,550
JAIME M. LOPEZ	56,400	-	-	-	56,400	-	56,400
JAKE S. ESTEVES	5,005	-	-	-	5,005	-	5,005
JAN B. DENAGA	2,729	-	-	-	2,729	-	2,729
JANINE MORAL	28,833	-	-	-	28,833		28,833
JAQUELINE D. MACONO	41,600	-	41,600	-	-	-	-
JASPER NOEL CABRERA	89,927	-	-	-	89,927	-	89,927
JAY ARR LIBATON	2,550	-	-	-	2,550	-	2,550
JAY CRISOLOGO	18,549	-	-	-	18,549	-	18,549
JAY GERAND SANTIAGO	1,550	-	-	-	1,550	-	1,550
JAYCEL ADINA	8,000	3,400	-	-	11,400	-	11,400
JAYPEE C. BELENCIO	16,400	-	-	-	16,400	-	16,400
JAYSON APOSTOL	1,550	-	-	-	1,550	-	1,550
JAYSON DELOS SANTOS	-	43,200	-	-	43,200	-	43,200
JAYSON SOMBRENO	1,550	-	-	-	1,550	-	1,550
JEAY O. PORTES	32,000	9,600	-	-	41,600	-	41,600
JEFE MAHUSAY	1,550	-	-	-	1,550	-	1,550
JEFEY MANGABON	1,550	-	-	-	1,550	-	1,550
JEFFERSON R. AREVALO	1,650	-	-	-	1,650	-	1,650
JEFFREY BAJA	52	-	-	-	52	-	52
JEFFREY OCAMPO	420,687	-	-	-	420,687	-	420,687
JEFFRY QUICAY	1,550	-	-	-	1,550	-	1,550
JEIFLYN ALEXIS C. DIZON	42,000	-	-	-	42,000	-	42,000
JEMIMAH NAOMI DE LOS SA	2,000	-	-	-	2,000	-	2,000
JENELYN S. GURROBAT	28,667	-	-	-	28,667	-	28,667
JENER B. TOLOSA	1,920	-	-	-	1,920	-	1,920
JENNY D. GUITA	26,412	-	-	-	26,412	-	26,412
JERALBINE NUGUID	60,000	3,302	-	-	63,302	-	63,302
JERALBINE R. NUGUID	131	-	-	-	131	-	131
JEREMIAH CARL ALCERA	-	45	-	-	45	-	45
JEREMIAH JO	-	1,419	-	-	1,419	-	1,419
JERICHA JAN M. IGNACIO	32,000	-	-	-	32,000	-	32,000
JERMYN LEAL	-	302,157	225,800	-	76,357	-	76,357
JEROME C. CABAÑES	1,650	-	-	-	1,650	-	1,650
JEROME GUEVARRA	5,321	-	5,321	-	-	-	-
JEROME MALUPAY	9,891	-	-	-	9,891	-	9,891
JERRUIN SALINAS	1,550	-	-	-	1,550	-	1,550
Balance forwarded	P 9,795,911	P 9,098,117	P 4,867,991	-	P 14,026,036	-	P 14,026,036

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			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 9,795,911	P 9,098,117	P 4,867,991	-	P 14,026,036	-	P 14,026,036
JERRY B. HERNANDEZ	14,400	-	-	-	14,400	-	14,400
JESSIE CORONEL	4,800	-	-	-	4,800	-	4,800
JESSIE SIGGAOAT	1,550	-	-	-	1,550	-	1,550
JESTINE Q. MAMITES	-	18,669	18,669	-	-	-	-
JESUS ARIMBUYUTAN	310,000	-	150,000	-	160,000	-	160,000
JESUS C. IBANEZ, JR.	4,800	-	-	-	4,800	-	4,800
JESUS GONZALO C. VERGAR	31,850	-	-	-	31,850	-	31,850
JETON M. COMENDADOR	1,475	-	-	-	1,475	-	1,475
JHOMER F. PELAEZ	120,000	-	-		120,000	-	120,000
JHORABEL O. ALCANTARA	4,500	-	-	-	4,500	-	4,500
JIMBO L. MILLARES	2,154	-	-	-	2,154	-	2,154
JIMMY BANDONG	1,550	-	-	-	1,550	-	1,550
JIMMY D. DURANGO	975	-	-	-	975	-	975
JIMSON D. CUEVAS	1,650	1,848	-	-	3,498	-	3,498
JINGO CAOL-OLAN	1,550	-	-	-	1,550	-	1,550
JINKY S. PACHECO	32,000	-	32,000	-	-	-	-
JO R. AQUINO	9,600	-	-	-	9,600	-	9,600
JOAN CECILIA L. CARICARI	2,339	-	-	-	2,339	-	2,339
JOANNE CLAIRE S. SIMBAJO	-	3,099	3,000	-	99	-	99
JOEL B. ARNADO	6,000	-	-	-	6,000	-	6,000
JOEL H. GALANG	6,500	-	-	-	6,500	-	6,500
JOEL LUAGUE	1,986	-	1,986	-	-	-	-
JOEL P. MORA JR.	1,650	1,650	-	-	3,300	-	3,300
JOEL ROCA	2,890	-	-	-	2,890	-	2,890
JOEM C. FLOJO	1,650	-	-	-	1,650	-	1,650
JOEY ALBERT CEREZO	114	-	-	-	114	-	114
JOEY YAP	-	16,793	253	-	16,540	-	16,540
JOHN DICK QUITOS	1,550	-	-	-	1,550	-	1,550
JOHN ENRIQUE V. MADRIGA	85,250	5,000	-	-	90,250	-	90,250
JOHN HAROLD B. MANUEL	149,238	-	-	-	149,238	-	149,238
JOHN HENRY JAY G. MANAT	-	67,200	14,325	-	52,875	-	52,875
JOHN KALVIN CARREON	41,500	457,500	386,208	-	112,792	-	112,792
JOHN REY DANIEL	1,550	1,650	-	-	3,200	-	3,200
JOHN RONALD RENDON	3,000	-	-	-	3,000	-	3,000
JOHN VALENTINE S. BINAM	6,000	-	-	-	6,000	-	6,000
JOHNREL VIDAL	1,550	-	-	-	1,550	-	1,550
JOMEL ZACARIAS	1,550	-	-	-	1,550	-	1,550
JOMER DARAMAN	2,525	-	-	-	2,525	-	2,525
JON PHILIP DONAIRE	27,264	-	-	-	27,264	-	27,264
JONATHAN F. SALUDEZ	3,200	1,650	-	-	4,850	-	4,850
JONATHAN FUGOSO	2,000	500	-	-	2,500	-	2,500
JORDAN JOEL ORTIZ	3,973	-	-	-	3,973	-	3,973
JOSE C. RAMIREZ	9,475	-	2,600	-	6,875	-	6,875
JOSE C. SAMPANG	97,529	-	-		97,529	-	97,529
JOSE M. GORPIDO, JR.	1,475	-	-	-	1,475	-	1,475
JOSE RENE D. ESCOMEN	1,027	-	-	-	1,027	-	1,027
JOSEPH CABOL	1,550	-	-	-	1,550	-	1,550
JOSEPH CORTEZ	1,000	-	-	-	1,000	-	1,000
JOSEPH HAYES F. HONORIO	1,762	-	-	-	1,762	-	1,762
JOSEPH N. IMPERIAL	4,407	-	-	-	4,407	-	4,407
JOSEPH PAYURAN	1,550	-	-	-	1,550	-	1,550
JOSUE G. GA	1,650	-	-	-	1,650	-	1,650
JOUIE V. LEE OLIVER	583,000	5,750	85,296	-	503,454	-	503,454
JOVANIE PASCULADO	1,550	-	-	-	1,550	-	1,550
JR. S. LLANO	1,650	-	-	-	1,650	-	1,650
JUAN TIMO	4,750	-	-	-	4,750	-	4,750
JULIANA ARENAS	150,000	-	100,061	-	49,939	-	49,939
JULIEN STEINER	7,810	-	-	-	7,810	-	7,810
JULIUS BATAYOLA	-	56,600	-	-	56,600	-	56,600
JULIUS C. MANDAWE	1,650	-	-	-	1,650	-	1,650
JUSTINE C. RIVERA	14,400	-	-	-	14,400	-	14,400
KARA MAE MENDIOLA	-	41,600	-	-	41,600	-	41,600
KARL JOSEPH A. DEINLA	100,779	-	-	-	100,779	-	100,779
KARRI, LACHA REDDY	1,460	-	-	-	1,460	-	1,460
KATHERINE DUGTONG	3,600	40,253	40,705	-	3,148	-	3,148
KATHERINE P. VIENA	-	1,300,000	-	-	1,300,000	-	1,300,000
KATHLEEN M. TAPIA	32,000	-	-	-	32,000	-	32,000
KATHY ROSE S. BACANI	-	134,735	35,010	-	99,725	-	99,725
KEESHELY M. DE VERA	35,331	-	-	-	35,331	-	35,331
KEITH ANTHONY CALIMAG	-	1,022,969	10,198	-	1,012,771	-	1,012,771
KEN REQUER B. PEGALAN	120,771	-	-	-	120,771	-	120,771
KENETTE MENOR	1,550	-	-	-	1,550	-	1,550
KENNY MYKELL M. MADRID	43,200	-	-	-	43,200	-	43,200
KHAREN C. ALFUENTE	41,600	-	-	-	41,600	-	41,600
KIM BESMONTE	1,550	-	-	-	1,550	-	1,550
KIM DE LOS SANTOS	1,550	3,300	-	-	4,850	-	4,850
KIMBERLY L. BONGHANOY	31,833	-	-	-	31,833	-	31,833
KIRK ALEXIS B. CABREROS	2,400	-	-	-	2,400	-	2,400
KRISTINA JERRYLYN T. SAL	32,000	9,600	9,600	-	32,000	-	32,000
KRISTOFFER JAN V. SERIOSA	24,304	-	-	-	24,304	-	24,304
LAILANIE A. ROBLES	32,000	-	32,000	-	-	-	-
LALAINE ANN R. ROSALES	6,300	-	-	-	6,300	-	6,300
LARA MAE A. LOLARGA	15,000	-	-	-	15,000	-	15,000
LARRY APOSTOL	1,550	-	-	-	1,550	-	1,550
LARRY NOCEJA	-	57,600	-	-	57,600	-	57,600
LAUDENCIO DANGIW	1,550	-	-	-	1,550	-	1,550
LAURITO CABUAL	134	-	-	-	134	-	134
LAWRENCE F. HARDER	-	33,478	1,918	-	31,561	-	31,561
LEOBERT RAMOS	99,999	-	-	-	99,999	-	99,999
LEOBERT RAMOS	29,312	-	-	-	29,312	-	29,312
LEONARD SANGUENZA	1,550	-	-	-	1,550	-	1,550
LEONIL FERNIN	1,550	-	-	-	1,550	-	1,550
LETECIA QUILES	18,500	-	-	-	18,500	-	18,500
LIBERTY BAYON	-	43,450	1,850	-	41,600	-	41,600
LIMWEL P. JUGO	1,650	-	-	-	1,650	-	1,650
LLORIEN MARIE CRISOSTON	20,000	-	-	-	20,000	-	20,000
LLOYD NIÑO A. MASCARIÑA	73,828	-	-	-	73,828	-	73,828
LORNA C. LLIDO	90	-	-	-	90	-	90
LORNA SANTOS	9,600	-	-	-	9,600	-	9,600
LUCENA B. BAUTISTA	20,389	-	-	-	20,389	-	20,389
LUCILA FAMILIAR	1,694	-	-	-	1,694	-	1,694
LUCKY LEBRILLA	1,550	-	-	-	1,550	-	1,550
LUIGIE LLANO	975	-	-	-	975	-	975
LUTHER S. GERONIMO	975	-	-	-	975	-	975
LYMAR MELGAZO	1,550	-	-	-	1,550	-	1,550
LYNARD G. BARREDO	1,650	-	-	-	1,650	-	1,650
LYNNIE TEVES	150,000	-	-	-	150,000	-	150,000
Balance forwarded	P 12,543,602	P 12,423,010	P 5,793,670	-	P 19,172,943	-	P 19,172,943

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			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 12,543,602	P 12,423,010	P 5,793,670	-	P 19,172,943	-	P 19,172,943
MA. ABIGAEL JANE LIBRANI	35,317	50,000	-	-	85,317	-	85,317
MA. CECILIA TRABALLO	50,000	5,245	50,000	-	5,245	-	5,245
MA. CRISTINA G. ANGAN	-	49,829	49,829	-	-	-	-
MA. DARREN CORRE	169,140	-	-	-	169,140	-	169,140
MA. ELOISA ORACION	24,167	-	-	-	24,167	-	24,167
MA. JACINTA VICTORIA T. I	402,985	-	-	-	402,985	-	402,985
MA. JANIKA ALCANTARA	11,000	-	-	-	11,000	-	11,000
MA. JONAH PEREYRA	41,729	-	-	-	41,729	-	41,729
MA. LOURDES VALERA	22,647	-	-	-	22,647	-	22,647
MA. ROXANNE A. PAGUIO	2,875	-	-	-	2,875	-	2,875
MA. TERESA D. PACIENTE	163,430	-	2,700	-	160,730	-	160,730
MA. THERESA PASCUAL	138,840	-	-	-	138,840	-	138,840
MADHU SUDHAN RAO CHER	8,729	-	-	-	8,729	-	8,729
MAE ANN A. FORCADILLA	60,747	42,000	41,600	-	61,147	-	61,147
MAGESH NAMBIAR	268	-	-	-	268	-	268
MAGESH PERAYIL KANNETI	66,273	-	-	-	66,273	-	66,273
MAGESH PERAYIL KANNOTI	-	142,571	92,764	-	49,807	-	49,807
MAGNUS ALBERTUS CATBAC	2,400	-	-	-	2,400	-	2,400
MAILA COROCOTO	-	49,400	-	-	49,400	-	49,400
MANDY DE VENECIA	4,320	-	-	-	4,320	-	4,320
MANUEL DIAMOS	6,764	-	-	-	6,764	-	6,764
MANUEL LOUIE B. FERRER	830,000	-	-	-	830,000	-	830,000
MANUEL M. ABECO JR.	894	-	-	-	894	-	894
MANUEL MELCHOR BONGU	-	254,644	40,000	-	214,644	-	214,644
MARCELINO LAQUINDANUN	1,550	-	-	-	1,550	-	1,550
MARCELINO MANGAYA-AY J	2,703	-	-	-	2,703	-	2,703
MARCIANO AVENIDO	2,000	-	-	-	2,000	-	2,000
MARCOS PALAPAL	-	37,750	-	-	37,750	-	37,750
MARIA APRIL C. MAN-ON	5,552	-	-	-	5,552	-	5,552
MARIA CELNA BERNARDO	90,000	-	-	-	90,000	-	90,000
MARIA CHRISTINA PELPENC	4,690	30,512	-	-	35,202	-	35,202
MARIA ELENA O. DEMECILL	10,004	-	-	-	10,004	-	10,004
MARIA LOURDES M. MOZO	-	89,563	88,860	-	702	-	702
MARIA ROWENA MARCELLA	-	384,000	192,000	-	192,000	-	192,000
MARIA SULPICIA POLINGA	-	204,207	46,585	-	157,622	-	157,622
MARIA THERESA PASCUAL	-	255,000	95,000	-	160,000	-	160,000
MARIBETH J. MONTERO	30,000	-	-	-	30,000	-	30,000
MARICAR V. CRUZ	9,533	-	-	-	9,533	-	9,533
MARICEL CO	116,375	-	-	-	116,375	-	116,375
MARICEL REYES	-	12,327	-	-	12,327	-	12,327
MARIE ARCIE ANNE SERCAL	32,000	-	-	-	32,000	-	32,000
MARIE CRISTINA NUQUE	-	139,668	-	-	139,668	-	139,668
MARIE NENETTE G. CASTILI	-	36,300	36,300	-	-	-	-
MARIE STEPHANIE M. NOLII	10,250	-	-	-	10,250	-	10,250
MARIECAR D. MANZANO	32,000	-	32,000	-	-	-	-
MARILAG LATORRE	8,211	-	-	-	8,211	-	8,211
MARILYN ORDENIS	180,000	-	-	-	180,000	-	180,000
MARIO LOPE P. PAR	-	221,640	134,098	-	87,542	-	87,542
MARISSA C. GORRE	-	90,000	-	-	90,000	-	90,000
MARJORIE BALINOYOS	30,334	-	-	-	30,334	-	30,334
MARJORIE R. VENTOSO	32,000	-	-	-	32,000	-	32,000
MARK ANTHONY VALDEZ	10,000	-	-	-	10,000	-	10,000
MARK COPER	4,155	-	-	-	4,155	-	4,155
MARK DANIEL MATA	4,000	-	-	-	4,000	-	4,000
MARK JASON L. GARRERO	1,650	-	-	-	1,650	-	1,650
MARK JOSEPH DIMAYUGA	1,550	-	-	-	1,550	-	1,550
MARK JOSEPH T. OBO	15,527	-	-	-	15,527	-	15,527
MARK LESTER T. GALLEPOS	14,100	-	-	-	14,100	-	14,100
MARK LLOYD A. RAMIREZ	1,550	-	-	-	1,550	-	1,550
MARK NICKSON P. GARCIA	-	1,356,168	1,224,948	-	131,221	-	131,221
MARK NIEVERA	45,255	-	-	-	45,255	-	45,255
MARK ROCAFORT	440	954,840	955,280	-	-	-	-
MARK U. VILLAGONZALO	3,273	-	-	-	3,273	-	3,273
MARKUS HENNIG	-	781,088	33,031	-	748,057	-	748,057
MARLA REMEDIOS AVILA	33,524	-	-	-	33,524	-	33,524
MARRY CHRIS MARPA	185,049	677,441	755,921	-	106,569	-	106,569
MARTIN MIGUEL FLORES	2,400	225,037	13,752	-	213,685	-	213,685
MARTIN SIMON GIORDAN	18,411	-	-	-	18,411	-	18,411
MARVIN GLORIA	10,489	-	-	-	10,489	-	10,489
MARVIN M. ENCARNACION	1,650	-	-	-	1,650	-	1,650
MARY ANN ZACARIAS	65,000	220,614	222,738	-	62,876	-	62,876
MARY GRACE GONZAGA	41,600	-	-	-	41,600	-	41,600
MARY HILDA R. SERRANO	1,162	-	-	-	1,162	-	1,162
MARY JANE T. CAJAYON	-	41,600	-	-	41,600	-	41,600
MARY JOY FAMI	86,892	-	-	-	86,892	-	86,892
MARY JOY S. FAMI	41,600	-	-	-	41,600	-	41,600
MARY ROSE HOPE PATRICIO	963	-	-	-	963	-	963
MARYCON SALAZAR	1,905	-	-	-	1,905	-	1,905
MAURO SAN JOSE	-	130,000	-	-	130,000	-	130,000
MELCHOR T. TORRES	0	-	-		0	-	0
MELCHOR V. HERRERA	1,650	-	-		1,650	-	1,650
MELISSA P. DAVID	172,000	-	32,000		140,000	-	140,000
MELONA E. DABLO	891	-	-		891	-	891
MELVIN GRAY E. DELA CRU	32,000	-	-		32,000	-	32,000
MELVIN LOZANO	15,050	-	-		15,050	-	15,050
MENCHIE C. CADAMPOG	-	75,000	-		75,000	-	75,000
MENCHIE O. DIASEN	32,000	9,600	41,600		-	-	-
MERIAM E. MATA	-	4,819	4,819		-	-	-
MERLINDO D. Jr. TAYRUS	1,655	-	1,655		-	-	-
MIA GRACE PAULA S. CORTE	53,367	-	-		53,367	-	53,367
MICHAEL BERMUDO	-	40,000	-	-	40,000	-	40,000
MICHELE A. BARROZO	10,000	-	-	-	10,000	-	10,000
Balance forwarded	P 16,094,089	P 19,033,871	P 9,981,149	-	P 25,146,811	-	P 25,146,811

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 16,094,089	P 19,033,871	P 9,981,149	-	P 25,146,811	-	P 25,146,811
MISCHIEL U. ENRIQUEZ	36,905	-	-	-	36,905	-	36,905
MOTHI LAL	3,800	-	-	-	3,800	-	3,800
MYLENE TIBON	-	335	-	-	335	-	335
NELSON LEGARDE	150,000	-	-	-	150,000	-	150,000
NELSON M. CASADO	17,640	-	-	-	17,640	-	17,640
NEMIA M. CORILLA	854,167	-	-	-	854,167	-	854,167
NESTOR C. ABRIAL	6,563	2,363	-	-	8,925	-	8,925
NESTOR L. SIERVO JR	20,117	-	-	-	20,117	-	20,117
NICANOR NICKIE B. ARENAS	13,875	-	-	-	13,875	-	13,875
NIKKO F. DEL ROSARIO	7,609	-	-		7,609	-	7,609
NIÑO DELOS REYES	28,485	620,784	525,074		124,195	-	124,195
NOE G. GERAPUSO	1,027	-	-		1,027	-	1,027
NOEL CADIENTE	1,550	-	-		1,550	-	1,550
NONILON F. MUDLONG	1,650	-	-		1,650	-	1,650
NORMAN N. ESCOBAR	135,750	78,700	-		214,450	-	214,450
NORMAN RESURECCION	3,000	-	-		3,000	-	3,000
PANFILO MARTIN, JR.	-	140,000	-		140,000	-	140,000
PEDRO PISUEÑA	3,200	-	-		3,200	-	3,200
PENNYLANE CARAVANA	50,000	-	-		50,000	-	50,000
PETER ENRILE	8,000	-	-		8,000	-	8,000
PHILIP ROMULO FRANCIA	365,519	-	-		365,519	-	365,519
PHOEBE KATHERINE B. REY	29,554	-	-	-	29,554	-	29,554
POLICARPIO VEGA JR.	15,000	-	-	-	15,000	-	15,000
PREMIER C. SEMILLA	-	41,600	-	-	41,600	-	41,600
PRINCESS DELOS SANTOS	5,367	-	-	-	5,367	-	5,367
PRINCESS GUMIRAN	5,000	-	-	-	5,000	-	5,000
RACHELLE E. CUYOS	525	-	-	-	525	-	525
RAFFY FELICIANO	8,000	-	-	-	8,000	-	8,000
RAIZA JACKIE LOUISE ESPIN	17,722	249,725	247,473	-	19,974	-	19,974
RALPH LIM	237,496	-	-		237,496	-	237,496
RAMIR F. MANA-AY	9,618	-	9,618	-	-	-	-
RAMON LOR	2,950	-	-	-	2,950	-	2,950
RAMON PACHECO III	17,300	-	-	-	17,300	-	17,300
RANDY ADRIANO	11,900	-	-	-	11,900	-	11,900
RANDY ESGUERRA	3,000	-	-	-	3,000	-	3,000
RANDY RETES	1,550	-	-	-	1,550	-	1,550
RANIEL ASUELO MONTEROI	2,000	-	-	-	2,000	-	2,000
RAQUEL VERZOSA	26,500	-	-	-	26,500	-	26,500
RAUL B. GOLEZ	15,345	-	-	-	15,345	-	15,345
RAUL SAPIANDANTE	2,400	-	-	-	2,400	-	2,400
RAVISHANKAR SARAVU	-	116,076	54,907	-	61,169	-	61,169
RAY ALEXIS C. VALINO	80,000	858,724	872,429	-	66,295	-	66,295
RAYMUNDO LAYSON	516,798	179,100	349,709	-	346,188	-	346,188
RAYMUNDO P. PRONDA	262,394	14,400	30,000	-	246,794	-	246,794
REA G. RUBION	3,845	-	-	-	3,845	-	3,845
REALINO MONTEMOR	6,463	-	-	-	6,463	-	6,463
RECILE POSECION	12,158	-	-	-	12,158	-	12,158
REDINTO M. OLIVERAS	1,475	-	-	-	1,475	-	1,475
REGAN A. TACANDONG	6,720	-	-	-	6,720	-	6,720
REGAN TACANDONG	66,720	707,054	-	-	773,774	-	773,774
REGGIE DASALLA	1,550	-	-	-	1,550	-	1,550
REGIE DELOS NIÑOS	1,650	-	-	-	1,650	-	1,650
REGINA CARMELLI TOLOSA	20,000	-	-	-	20,000	-	20,000
REJEAN VALENZUELA	-	41,600	-	-	41,600	-	41,600
REMAR T. ESEQUE	1	-	-	-	1	-	1
RENATO ALEGADO	3,255	-	-	-	3,255	-	3,255
RENATO C. ALEGADO	3,360	-	-	-	3,360	-	3,360
REY C. RAMIREZ	19,010	-	-	-	19,010	-	19,010
REYMOND DALAOYAN	2,000	-	-	-	2,000	-	2,000
REYNALDO CANDO	1,550	1,650	-	-	3,200	-	3,200
REYNALDO RODRIN	451,845	271,305	149,800	-	573,350	-	573,350
REYNOLD JAZARENO	2,600	-	-	-	2,600	-	2,600
RHEA A. TANEO	-	36,478	33,478	-	3,000	-	3,000
RHODA M. GUCILATAR	2,240	-	-	-	2,240	-	2,240
RHODESSA MALLARI	-	243,701	-	-	243,701	-	243,701
RICARDO AMOTO JR.	1,550	-	-	-	1,550	-	1,550
RICARDO MANUEL	75,000	127,165	-	-	202,165	-	202,165
RICARDO SABANAL	2,525	-	-	-	2,525	-	2,525
RICHARD ORTEGA	2,400	-	-	-	2,400	-	2,400
RICHARD PELOTOS	4,189	-	4,189	-	-	-	-
RICHEL BORDE	41,600	-	-	-	41,600	-	41,600
RICHEL PAGAWITAN	3,800	-	-	-	3,800	-	3,800
RICIA VINELLI MONTEJO	37,033	-	-	-	37,033	-	37,033
RICKY DOMONDON	-	775,469	14,407	-	761,061	-	761,061
ROANNE G. HUELVA	7,680	-	7,680	-	-	-	-
ROBERT JASON TORRES	-	151,388	-	-	151,388	-	151,388
ROBERTSON G. QUIRES	1,475	-	-	-	1,475	-	1,475
ROBY CHARLIE G. MALLARI	15,631	-	-	-	15,631	-	15,631
RODERIC CORPORAL	1,650	-	-	-	1,650	-	1,650
RODNEY ANDRE MORALES	5,000	-	-	-	5,000	-	5,000
RODNEY C. GARCIA	3,000	-	-	-	3,000	-	3,000
RODNEY DELICANO	1,550	-	-	-	1,550	-	1,550
RODRIGO S. PAMAHOY	22,292	-	-	-	22,292	-	22,292
ROGILYN PONES	29,667	-	-	-	29,667	-	29,667
Balance forwarded	P 19,935,849	P 23,691,488	P 12,279,914	-	P 31,347,423	-	P 31,347,423

Name	Balance at End of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 19,935,849	P 23,691,488	P 12,279,914	-	P 31,347,423	-	P 31,347,423
ROHSAN ARIEL N. LUCES	1,150	-	-	-	1,150	-	1,150
ROLAND N. RIÑA	1,950	-	-	-	1,950	-	1,950
ROLANDO C. SUAZO	12,600	-	-	-	12,600	-	12,600
ROLEN L. JALIMBAWA	1,650	-	-	-	1,650	-	1,650
ROMAR B. CARNIYAN	1,650	-	-	-	1,650	-	1,650
ROMEO B. BOBILES	1,650	-	-	-	1,650	-	1,650
ROMEO C. SAKAY	1,444	-	-	-	1,444	-	1,444
ROMEO DIAZ	14,000	1,000	14,000	-	1,000	-	1,000
ROMEO FURIGAY	205,600	1,968,061	1,537,653		636,008	-	636,008
ROMMEL ONDONG	104,801	-	-	-	104,801	-	104,801
ROMMEL PINEDA	-	85,365	45,451	-	39,914	-	39,914
ROMMEL S. OBISPO	988	-	-	-	988	-	988
ROMNICK T. LLENADO	1,650	-	-	-	1,650	-	1,650
RONALD ALLAN M. NICOLAS	15,687	-	-	-	15,687	-	15,687
RONALD PAOLO	24,186	-	24,186	-	-	-	-
RONALD ROSELLER B. MANO	127,092	-	-	-	127,092	-	127,092
RONALDO A. NOEL	1,838	-	-	-	1,838	-	1,838
RONALDO PALIN	975	1,650	-	-	2,625	-	2,625
RONIEL ROLDAN	-	83,406	30,400	-	53,006	-	53,006
RONILO C. PONSICA	1,650	-	-	-	1,650	-	1,650
RONNIE SALINGAY	9,550	-	8,000	-	1,550	-	1,550
ROSE ANN ENRIQUEZ	200,000	-	-	-	200,000	-	200,000
ROWENA B. TRILLANA	21,637	-	-	-	21,637	-	21,637
ROY GARCHITORENA	2,000	-	-	-	2,000	-	2,000
ROYCE MILTON CATACUTAN	20,159	-	-	-	20,159	-	20,159
RUBEN PEÑALOSA	2,525	-	-	-	2,525	-	2,525
RUBIELIZA ALBAY	124,716	-	-	-	124,716	-	124,716
RUFINO DIZO	-	290,330	-	-	290,330	-	290,330
RUSKY L. FERRER	30	-	-	-	30	-	30
RUSTOM ESTROPIA	139,840	37,241	139,840	-	37,241	-	37,241
RYAN ERMAC	40	-	-	-	40	-	40
RYAN GALINDEZ	1,550	-	-	-	1,550	-	1,550
RYAN JAY LAI	238	-	-	-	238	-	238
RYAN P. ERMAC	-	200,000	-	-	200,000	-	200,000
SALVADOR DE GUZMAN	6,350	-	-	-	6,350	-	6,350
SAMUEL A. ELLE	5,000	-	-	-	5,000	-	5,000
SATURNINO D. OLIVER JR.	1,550	-	-	-	1,550	-	1,550
SERGIO S. MALIGRO JR.	7,200	-	-	-	7,200	-	7,200
SHARON D. PEREZ	9,600	-	-	-	9,600	-	9,600
SHEILA G. ANGELES	330	-	-	-	330	-	330
SHEILA MAY V. LLUVIDO	855	-	-	-	855	-	855
SHERRY LEE L. HATAGUE	3,360	-	-	-	3,360	-	3,360
SHERWIN ELOPRE	1,550	-	-	-	1,550	-	1,550
SHERWIN GATBONTON	50,000	-	-	-	50,000	-	50,000
SHERWIN SEGUI	95,000	-	-	-	95,000	-	95,000
SHIELA NEPOMUCENO	5,734	-	-	-	5,734	-	5,734
SONNY BOY G. ENRIQUEZ	51,460	-	-	-	51,460	-	51,460
STEPHANIE GRACE G. MANA	10,887	4,201	4,201	-	10,887	-	10,887
STEPHANIE M. LIM	-	3,340	-	-	3,340	-	3,340
SUDARSHAN MADHAV DOD	34,982	-	-	-	34,982	-	34,982
SULPICIA POLINGA	12,250	-	6,500	-	5,750	-	5,750
SULPICIO A. GARCIA	36,766	-	-	-	36,766	-	36,766
TARCYZJUSZ FROEHLICH	87,328	-	-	-	87,328	-	87,328
TECSON, ULYSSES P.	-	724,829	691,350	-	33,478	-	33,478
TEDY L. VALLESTERO	480	-	-	-	480	-	480
TIMOTHY JIM ALTONAGA	46,200	-	-	-	46,200	-	46,200
TRACELLE ANNE A. BASILIS	33,586	-	-	-	33,586	-	33,586
TRACELLE ANNE B. NAVARR	3,360	32,000	-	-	35,360	-	35,360
TRISTAN JOHN Y. SANTOS	480	-	-	-	480	-	480
VALERIE AYRA RAMOS	-	143,676	75,000	-	68,676	-	68,676
VEN ROGER GOCOTANO	1,650	-	-	-	1,650	-	1,650
VENER TEOPE	35,905	56,000	91,905	-	-	-	-
VENUS V. LOGDAT	32,000	-	-	-	32,000	-	32,000
VICTOR L. ASPA, JR.	975	1,650	-	-	2,625	-	2,625
VILMA P. LUMAPAS II	45,920	-	41,600	-	4,320	-	4,320
VIRGILIO CARSIDO JR.	-	93,436	51,900	-	41,537	-	41,537
VIRGILIO UMALI JR.	350	-	-	-	350	-	350
WENNIE S. PALACIO	14,352	-	-	-	14,352	-	14,352
WILLIE G. RUFINO	16,192	-	-	-	16,192	-	16,192
WILTON DY	62,500	-	-	-	62,500	-	62,500
WINSTON V. JIMENEZ	63,515	-	-	-	63,515	-	63,515
YASMIN LAMBATAN	56,000	-	-	-	56,000	-	56,000
YOLANDA D. SURIO	32,000	-	-	-	32,000	-	32,000
YUNICE C. PRADHAN	2,500	-	-	-	2,500	-	2,500
ZANDY BAUIT	48,906	-	-	-	48,906	-	48,906
TOTAL ADVANCES TO OFFICERS AND EMPLOYEES	P 21,895,765	P 27,417,674	P 15,041,899	-	P 34,271,539	-	P 34,271,539
Advances to stockholder							
Edgar Saavedra	17,564	-	17,564	-	-	-	-
TOTAL ADVANCES TO STOCKHOLDER	17,564	-	17,564	-	-	-	-
	21,913,329	27,417,674	15,059,463	-	34,271,539	-	34,271,539
Advances to related parties under common ownership							
Advances to Future State Myspace, Inc.	18,750	7,952		-	26,702	-	26,702
Advances to Megawide Foundation, Inc.	-	2,614,344,020	-	-	2,614,344,020	-	2,614,344,020
TOTAL ADVANCES TO RELATED PARTIES UNDER COMMON OWNERSHIP	18,750	2,614,351,971	-	-	2,614,370,721	-	2,614,370,721
Advances to non-controlling interest							
Philcarbon, Inc.	-	841,103	-	-	841,103	-	841,103
TOTAL ADVANCES TO MINORITY INTEREST	187,505	-	187,505	-	-	-	-
	187,505	841,103	187,505	-	841,103	-	841,103
	P 22,119,584	**P 2,642,610,748**	**P 15,246,968**	**-**	**P 2,649,483,364**	**-**	**P 2,649,483,364**

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule C
Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2018

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
GMR Megawide Cebu Airport Corporation (GMCAC), Subsidiary	P 776,235,382	-	P 461,707,922	P -	P 314,527,460	P -	P 314,527,460

Supplementary information –

In 2018, Megawide, through its share in assets of the Megawide GISPL Construction Joint Venture (MGCJV), has a receivable to GMCAC for the billings of completed works at the end of the year.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule D
Intangible Assets
December 31,2018

Description	Beginning Balance, net of accumulated amortization	Additions at Cost	*Deduction*			Ending Balance, net of accumulated amortization
			Charged to Cost and Expenses (iii)	Charged to Other Accounts	Other Changes Additions (Deductions)	
(i) Computer software license	P 43,912,786	P 2,066,511	(P 8,998,501)	P -		P 36,980,796
(ii) Concession assets	25,608,295,463	3,061,212,015	(380,194,399)	-	-	28,289,313,079
TOTAL	**P 25,652,208,249**	**P 3,063,278,526**	**(P 389,192,900)**	**P -**	**-**	**P 28,326,293,875**

Supplementary information on Intangible Assets:

(i) *Computer software license and system are presented as part of other non-current assets in the consolidated statement of financial position. Its additions during the period represent software customization fees, new human resource system and various installation fees.*

(ii) *Concession assets pertain to GMR Megawide Cebu Airport Corp.'s payment for bid premium and other related expenditures pertaining to the Cebu-Mactan Internation Airport Project.*

(iii) Computer license software and system are amortized on a straight-line basis over the estimated useful lives of five years. Concession assets are amortized over 25 years, the concession period.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule E
Long-Term Debt
December 31, 2018

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-Term Debt" in Related Statement of Financial Position
Bank loans (i)	P 30,775,838,255	P 5,651,033,174	P 25,124,805,081
Note payable (ii)	5,846,502,472	5,152,791,231	693,711,241
Obligations under finance lease (iii)	157,923,258	63,829,078	94,094,180
Total	**P 36,780,263,985**	**P 10,867,653,483**	**P 25,912,610,502**

Supplementary information on Long-term Debt

(i) *Total bank loans represent certain omnibus loan security agreement (OLSA) and other bank loans that were entered into with various local universal bankscomprising of P17,200.0 million drawdown from the OLSA with maturity of 15 years, and P2,500.0 million short-term unsecured bank loans.*

(ii) *Total notes payable represents unsecured availments from two notes facility agreement with a local bank for private placement amounting to P4,000.0 million in 2013 and P1,000.0 million in 2011. These notes have maturity term that ranges from five to ten years from date of issue.*

In September 2016 and December 2016, the Parent Company availed an unsecured corporate 10-year corporate loans amounting to P650.0 million and P350.0 million to refinance the 5-year corporate note issued in 2011. Also, the Parent Company availed another P1,000.0 million unsecured 10-year corporate note for capital expenditures and general corporate requirments.

(iii) *The obligations under finance lease have an effective interest rate of 6.0% in 2017 and 2016 with maturity of three to five year from the date of transaction.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule F
Indebtedness to Related Parties
December 31, 2018

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Advances from Megawide Land, Inc.	P -	P 44,683,199
Advances from Megawide GMR Construction Joint Venture, Inc.	-	14,883,628
Advances from minority shareholder [1]	134,822,573	-
Advances from MySpace Properties, Inc.	-	-
Due to employees and others [2]	6,919,382	-
Total	**P 141,741,955**	**P 59,566,827**

Supplementary information on Indebtedness to Related Parties

[1] *The minority shareholders of GMR-Megawide Cebu Airport Corp. (GMCAC) granted unsecured noninterest-bearing cash advances to GMCAC to support its Cebu-Mactan Internation Airport Project bid-related expenses.*

[2] *This includes outstanding liability for personnel-related expenses.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule H
Capital Stock
December 31, 2018

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption (i)	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	4,930,000,000	2,399,426,127	-	1,127,356,248	27,771,592	1,244,298,287
Preferred	70,000,000	40,000,000	-	-	-	40,000,000

(i) On July 20, 2016, the Parent Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the 7-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted P4.138.8 million.

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost of P2,627.7 million.

On October 1, 2018, the Parent Company's BOD approved a share buyback program worth up to P2.0 billion over a period of two years. Total cost to acquire treasury shares in 2018 amounted to P824.77 million which is equivalent to 48.81 shares.

MEGAWIDE CONSTRUCTION CORPORATION
Reconciliation of Retained Earnings Available for Dividend Declaration
For Year Ended December 31, 2018

Unappropriated Retained Earnings of the Parent Company at Beginning of Year, as restated	P 4,687,776,938
Prior Periods' Outstanding Reconciling Item	
Deferred tax income	80,237,866
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted	5,147,352,812
Net Profit of the Parent Company Realized During the Year	
Net profit per audited financial statements	800,493,579
Non-actual/unrealized income	
Deferred tax income related to deferred tax assets recognized in the profit or loss during the year	497,296,194
Other Transaction During the Year	
Treasury shares - at cost	(3,454,826,462)
Cash dividends to preferred shareholders	(537,629,300)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P 1,918,570,234**

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Deletion of Short-term Exemptions			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation* (*effective January 1, 2019)*			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4, *Insurance Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2014)	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* (*effective January 1, 2019)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	✓		
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation* (*effective January 1, 2019)*			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases* *(effective January 1, 2019)*			✓
PFRS 17	Insurance Contracts *(effective January 1, 2021)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Tax Consequences of Dividends* (*effective January 1, 2019)*			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		

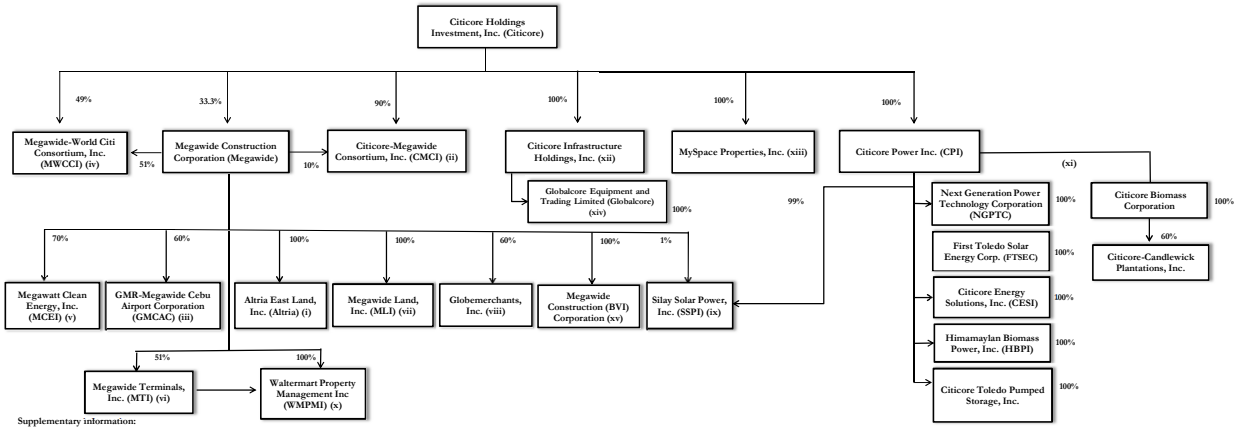
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
	Amendment to PAS 23: Eligibility for Capitalization* *(effective January 1, 2019)*			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans**	✓		
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss**	✓		
	Amendment to PAS 28: Long-term Interest in Associates and Joint Venture* (*effective January 1, 2019*)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Reclassification to and from Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies**	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration	✓		
IFRIC 23	Uncertainty Over Income Tax Treatments (effective *January 1, 2019*)			✓
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs**	✓		

* These standards will be effective for periods subsequent to 2018 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES
December 31, 2017



Supplementary information:

(i) Megawide's acquisition of Altria is treated as an acquisition of asset and not a business acquisition. Hence, Altria is not considered a subsidiary of the Megawide.

(ii) The rights and powers of Megawide over the management and control of the CMCI are exercised through a seat in the Board of Directors (BOD). Taking this into consideration, the Megawide concluded that it has significant influence over the investee; accordingly the investment is accounted for as an investment in associate.

(iii) Megawide acquired 15.0 million shares of stock of GMCAC which represent 60% of GMCAC's issued and outstanding capital stock, giving Megawide control over the financial and operations of GMCAC.

(iv) Megawide acquired 51% ownership interest in MWCCI, but accounted for the investment as an associate since it does not have control over MWCCI's relevant activities. Citicore acquired 68% effective ownership interest over MWCCI, hence, obtained the control over MWCCI.

(v) On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI. The investment in MCEI is accounted for as an investme

(vi) MTI was accounted for as a joint venture even though Megawide holds 51% ownership interest. Megawide considers that it has joint control with the other venturer, which holds 49% ownership, since both venturers have equal representations to MWMTI's BOD and all significant decisions and approvals to direct the relevant activities of MWMTI.

(vii) On October 28, 2016, the Parent Company acquired a 100% ownership interest in MLI, an entity incorporated in the Philippines. MLI is incorporated primarily to engage in real estate and related business.

(viii) On May 5, 2016, the Parent Company acquired a 60% ownership interest in Globemerchants, a company incorporated in the Philippines, primarily engaged in exporting, buying, selling, distributing, marketing at a wholesale in so far as may be permitted by law all kinds of goods, wares and merchandise of every kind and description.

(ix) In February 2016, SSPI's unissued shares of stock were acquired by CPI resulting in a 75% equity interest over SSPI and diluting Megawide's equity interest over SSPI from 100% to 25%. Hence, SSPI ultimately became a subsidiary of CPI. In 2016, the Megawide's equity interest was reduced from 100% to 1% upon acquisition of a related party under common ownership.

(x) WMPMI is 100% owned by MCC and 49% owned by MTI.

(xi) In 2016, the following newly incorporated entities: HBPI, CESI, BGESSI, NGESSI, LGESSI and CGESSI, became wholly owned subsidiaries of the CPI upon subscription on their common shares.

In 2015, CPI acquired NGPTC. CPI acquired additional shares of NGPTC through conversion of advances to equity investments.

In November 2015, CPI entered into a share purchase agreement (SPA) for the acquisition of FTSEC for $12.0 million. CPI paid the former stockholder of FTSEC amounting to P40.1 million. The agreement was subsequently amended and reduced the purchased price to $9.6 million. CPI gained control on FTSEC in May 2016 upon significant compliance of the parties to the SPA. CPI then recognized FTSEC as its subsidiary.

(xii) In March 2015, CHI acquired 100% ownership to CIHI. CIHI was established primarily to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale.

In January 2012, upon execution of Deed of assignment between CHI and Myspace's stockholders, the 100% ownership of Myspace was transferred to CHI.

(xiii)

(xiv) Globecore is a foreign registered and domiciled in Hong Kong, which is primarily engaged in buying, selling, importing, and exporting of general equipment.

(xv) On June 20, 2017, the Parent Company acquired a 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands, a primarily engage in buying and holding shares of other companies.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule of Relevant Financial Ratios as Required
Under SRC Rule 68, as amended
December 31, 2018
(Amounts in Philippine Pesos)

		December 31, 2018			December 31, 2017	
I. Current/liquidity ratios						
a. Current Ratio						
Total Current Assets	P	24,790,484,926	1.50	P	18,699,144,368	1.99
Total Current Liabilities		16,565,276,062			9,413,231,733	
b. Quick Ratio/Acid Test Ratio						
(Cash and Cash Equivalents + Financial Assets at Fair Value through Profit or Loss + Trade and Other Receivables)		15,973,138,037	0.96		14,668,173,258	1.56
Total Current Liabilities		16,565,276,062			9,413,231,733	
c. Cash Ratio						
(Cash and Cash Equivalents + Financial Assets at Fair Value through Profit or Loss)		5,761,010,787	0.35		11,458,691,677	1.22
Total Current Liabilities		16,565,276,062			9,413,231,733	
II. Solvency ratios						
a. Solvency Ratio						
(After Tax Net Profit + Depreciation)		2,908,772,246	0.06		2,943,773,743	0.08
Total Liabilities		47,901,608,543			36,282,371,536	
b. Debt-to-Equity Ratio						
Total Interest-bearing loans		36,780,263,985	2.04		28,948,468,341	1.60
Total Equity		18,004,101,050			18,135,444,269	
c Net Debt-to-Equity Ratio						
Total Interest-bearing loans - Cash - Financial Assets at FVPL		31,019,253,198	1.72		17,489,776,664	0.96
Total Equity		18,004,101,050			18,135,444,269	
d Total Debt Ratio						
Interest Bearing Debt Ratio		36,780,263,985	0.56		28,948,468,341	0.53
Total Assets		65,905,709,593			54,417,815,805	
e Interest Bearing Debt Ratio						
Interest Bearing Debt Ratio		36,780,263,985	0.67		28,948,468,341	0.61
Equity + Interest Bearing Debt Ratio		54,784,365,035			47,083,912,610	

III. Asset-to-equity ratio					
Total Assets	65,905,709,593	3.66		54,417,815,805	3.00
Total Equity	18,004,101,050			18,135,444,269	
IV. Asset-to-liability ratio					
Total Assets	65,913,000,271	1.38		54,417,815,805	1.50
Total Liabilities	47,901,608,543			36,282,371,536	
V. Interest Coverage Ratio					
(Earnings Before Interest and Taxes)	3,720,445,473	2.79		3,552,223,258	4.90
Interest Expense	1,333,427,143			725,364,859	
VI. Profitability Ratios					
a. Gross Profit Margin					
Gross Profit	4,385,499,220	27%		4,613,998,184	24%
Revenues	15,991,991,427			19,159,143,022	
b. Net Profit Margin					
Net Profit	1,894,174,171	12%		2,247,809,009	12%
Revenues	15,991,991,427			19,159,143,022	
c. Return on Equity					
Net profit	1,894,174,171	0.10		2,247,809,009	0.13
Average Equity	18,069,772,660			17,172,489,699	
d. Return on Assets					
Net profit	1,894,174,171	0.03		2,247,809,009	0.04
Average Assets	60,161,762,699			52,751,185,322	
VII. Market Ratios					
a. Book Value per Share Attributable to Owners of Parent Company					
Total Equity	18,004,101,050	8.62		18,135,444,269	8.48
Outstanding Shares	2,089,765,617			2,138,577,497	
b. Earnings per Share Attributable to Owners of Parent Company					
Net Profit after preferred shares dividend	2,175,174,171	1.02		2,528,809,009	1.18
Weighted Average Outstanding Shares	2,130,249,359			2,138,577,497	

MEGAWIDE CONSTRUCTION CORPORATION

Schedule of Preferred Shares Proceeds

Under SRC Rule 68, as amended

December 31, 2018

(Amounts in Philippine Pesos)

Preferred Shares Proceeds			P	4,000,000,000
Less: Issuance related expenses				
Underwriter fees	P	53,598,978		
Professional fees		5,189,714		
Registration and taxes		2,535,625		
Bank charges		201,400		61,525,717
Net Preferred Shares Proceeds				3,938,474,283
Less: Disbursements				
Mactan-Cebu International Airport	P	1,184,173,963		
Clark Airport	P	553,054,645		
Public School Infrastructure Project (PSIP) Phase II		542,878,283		
Southwest Integrated Transport System		1,182,753,617		
Project Development of Renewable Energies		31,775,538		
Regional Prison Facilities		23,962,320		
Privatization of Airports		110,542,553		3,629,140,919
Balance of Preferred Shares Proceeds as of December 31, 2018			**P**	**309,333,364**

MEGAWIDE CONSTRUCTION CORPORATION
Company's Full Name

20 N. Domingo Street,
Barangay Valencia
Quezon City
Company's Address

655-1111
Telephone Number

December 31
Fiscal Year Ending
(Month & Day)

SEC FORM 17-Q
Form Type

March 31, 2019
Period Ended Date

–

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

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, 2019**
2.	SEC Identification Number	**CS200411461**
3.	BIR Tax Identification No.	**232-715-069-000**
4.	Exact Name of Issuer as Specified in its Charter	**Megawide Construction Corporation**
5.	Province, Country or other Jurisdiction of Incorporation or Organization	**Philippines**
6.	Industry Classification Code (SEC use only)	
7.	Address of Principal Office Postal Code	**No. 20 N. Domingo Street, Barangay Valencia, Quezon City** **1112**
8.	Issuer's Telephone Number, including Area Code	**(02) 655-1111**
9.	Former Name, Former Address and Fiscal Year, if Changed since Last Report	**Not Applicable**

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

Title of Each Class	**Number of Shares Outstanding**	**Amount of Debt Outstanding (₱)**
Common	2,084,295,417	0
Preferred	40,000,000	0

11. Are any or all these securities listed on a stock exchange?

Yes [✓] No [ ]

If yes, state the name of such stock exchange and classes of securities listed therein:

Philippine Stock Exchange - Common and Preferred Shares

12. Check whether the issuer:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 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 that the registrant was required to file such reports):

Yes [✓] No [ ]

has been subject to such filing requirements for the past 90 days.

Yes [✓] No [ ]

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The interim Consolidated Financial Statements of Megawide Construction Corporation ("Megawide") as of March 31, 2019 with comparative figures as of December 31, 2018 and March 31, 2018, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

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

A. RESULTS OF OPERATIONS

Review of results for the three (3) months ended March 31, 2019 as compared with the results for the three (3) months ended March 31, 2018

Consolidated revenue stood strong at P3.6 billion for the three months ending March 31, 2019. Construction segment, which contributed 72% of the consolidated revenue started to ramp up from a sturdy order book of 2018. The trend is expected to move upwards in the succeeding quarters as major works from 2018's new projects started to commence. Meanwhile, airport operations, which contributed 25% of the consolidated revenue remained steadfast with 38% year-on-year growth which is due to the increase in passenger volume. Airport merchandising and terminal operations contributed 2% and 1% of the consolidated revenues, respectively, contributing diversified revenue streams.

REVENUES

The Company posted consolidated revenues of P3.56 billion for the three (3) months ended March 31, 2019.

Construction

The construction segment contributed 72% of the Group's total revenue amounting to P2.57 billion. The Company is now experiencing ramp up on its operations from the take-off of structural works on recently awarded contracts. Compared to the fourth quarter performance in 2018, revenue for the quarter increased by 10%. The Company is expected to increase its revenue volume in the coming quarters. On-going projects which contributed to the first quarter's revenue include Araneta's Gateway Mall, 8990 Holding's Ortigas and Tondo Projects and Midland's Taft East Gate.

The new contracts secured in 2019 reached P6.2 billion, which include Megaworld's Sunset BPO, Gentry Manor and Empire East Highland Mall. Order book as of the end of March 2019 is at P53.68 billion and provides revenue visibility for the next 2 to 3 years. In terms of mix, residential projects comprised 33%, office and commercial at 59%, while infrastructure projects contributed the remaining 8%, attributable to the Clark International Airport EPC contract.

Airport Operations

Airport operations delivered revenues of P892 million and contributed 25% to the total consolidated revenue in 2019. This was driven largely by the 13% growth in total passenger volume to 356,410 passengers, with international and domestic passengers growing 11% and 15% respectively. Domestic passengers comprised 66% of the total passenger mix while international passengers comprised 34%. Air traffic volume likewise increased by 5% with international traffic increasing by 10% and domestic traffic improving by 3%.

Per segment, share of Passenger Service Charge (PSC), representing 53% of airport revenues, increased by 32% to P470 million driven by the double-digit growth in passenger throughput. On the other hand, non-aero or commercial revenues grew by 16% to P246 million and contributed 28% to airport operations. The remaining 19% is accounted for by aero-related revenues, which increased by 129% to P176 million.

Airport Merchandising

Meanwhile, airport merchandising contributed 2% of the consolidated revenue. However, with the opening of Terminal 2 and expected influx of foreign tourists, coupled with the expansion of Terminal 1 by the end of 2019, airport merchandising is expected to improve its contribution moving forward.

Terminal Operations

Terminal Operations posted a revenue of P20 million representing cost recovery of terminal operations related expenses amounting to P15 million in compliance with IFRIC 12, *Service Concessionaire Arrangement,* and the P5 million lease income from commercial space.

COSTS AND EXPENSES

Direct Costs is at P2.5 billion
Consolidated direct costs paralleled movement of revenue for construction, airport merchandising and terminal operations segment. Meanwhile, airport operation cost increased by P168 million due to depreciation of terminal 2.

Gross Profit is at P1.1 billion
Consolidated gross profit amounted to P1,097.3 million in 2019 and translated to a consolidated gross profit margin of 31% versus 26% in 2018. Gross profit by the construction business reached P395.8 million or 15% of construction revenue and 36% of the consolidated gross profit while the airport business delivered P634.6 million or 71% of airport revenue and 58% of the consolidated gross profit. The balance came from the airport merchandising and terminal operations segments

Operating Expenses amounts to P366 million
Operating Expenses for the three-month period amounts to P366 million. Current period expenses now include overhead expenses relating to operation of terminal 2, which commenced operations last July 2018 and terminal operation cost, which were consolidated beginning August 2018.

Finance Costs amounts to P402 million
The increase in finance costs was due to the loan availments of the airport segment in 2019 and interest expenses on existing loan pertaining to Terminal 2 cost of MCIA which were previously treated as capitalized borrowing cost while the asset is under construction. Moreover, construction segment availed of working capital loans.

Finance Income amounts to P54 million.
The amount is consistent with March 2018.

Other Income amounts to P65 million
Other income for the year mainly pertains to equipment rental and sale.

B. FINANCIAL CONDITION

Review of financial conditions as of March 31, 2019 as compared with financial conditions as of December 31, 2018

ASSETS

Current Assets decreased by P135 million

The following discussion provides a detailed analysis of the decrease in current assets:

Cash and Cash Equivalents decreased by 27% or P1.5 billion
The decrease in cash & cash equivalents is basically due to payments made to suppliers and subcontractors for the construction of ongoing projects for which downpayments from client were received in 2018. In addition, payments were made for the rehabilitation of MCIA

terminal, construction of commercial space for PITX project and acquisition of construction equipment.

Financial Assets at fair value through profit or loss decreased by 100% or by P26 million
The decrease is due to remeasurement of interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in June 2022, start date is on December 15, 2017. A notional amount of USD 75.0 million floating rate loan was swapped to fixed rate.

Trade and Other Receivables increased by 1% or by P95 million
The construction receivables increased due to timing differences in the collection cycle of the trade receivables of the Group which is 45 to 60 days from invoice date while retention receivables increased relative to accomplishment for the period. Retention receivables pertain to progress billings which is withheld by the project owner equivalent to 5% to 10% of the project. Retention receivables are collected upon issuance of the certificate of completion by the project owner. In airport operations, receivables increased basically due to an increase in revenue.

Construction Materials decreased by 4% or by P33 million
The decrease is due to the timing of placing the orders for materials to suppliers and actual delivery to project sites and warehouses.

Contract assets increased by 18% or P550 million
The increase is mainly due to newly awarded contracts which are on mobilization phase and contract asset related to terminal operations.

Other Current Assets increased by 17% or by P814 million
The increase is mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects for which related downpayments were received from a customer in 2018 and the impact of the adoption of PFRS 16, Leases which increased prepaid rent during the period.

Non-Current Assets increased by 3% or by P1.1 billion

The following discussion provides a detailed analysis of the increase in non-current assets:

Investments in Associates and Joint Ventures decreased by P764,000
The change is a result of take up share in losses on the Group's investment in joint venture.

Concession Assets increased by P82 million
The increase is due to capital investments of GMCAC related to the rehabilitation of the Terminal 1 of MCIA.

Property, Plant and Equipment decreased by P22 million
The Group procured certain construction equipment in 2019 that will support specification requirement of the ongoing projects. The addition was offset by depreciation recognized during the period.

Investment Properties increased by 7% or by P254 million
The increase is due to capital investment of commercial space for 2019. MWMTI has a Concession Agreement with the government to build and operate the PITX for 35 years and also allows for the construction and development of office buildings and commercial establishments which was recorded as investment in properties in the books of MWMTI. The terminal started

operations in 2018 while construction of commercial space on three towers is still in progress to date.

Other Non-Current Assets increased by 26% or by P751 million
The increase is due to the additional placement of unrestricted cash amounting to P1.5 billion in the restricted funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loan availments of GMCAC.

LIABILITIES AND EQUITY

Current Liabilities increased by 3% or by P496 million

The following discussion provides a detailed analysis of the increase in current liabilities:

Interest-Bearing Loans and Borrowings-Current increased by 17% or by P1.1 billion
The increase is due to the availment of short-term loans of the Parent and MGCJV, Inc., the joint venture of the Parent and GMR Group established to construct the new Clark International Airport.

Trade and Other Payables increased by 5% or by P265 million
The increase is mainly due to volume and timing of purchases and payments to suppliers and subcontractors as well as an increase in retention payable by the Parent. In addition, interest related to loans of Clark Airport was accrued during the period.

Advances from Customers decreased by 13% or by P437 million
The decrease is due to recoupments for the period based on progress billings.

Contract liabilities decreased by 38%or P451 million
The decrease in contract liabilities is due to the catch up of cost billing of subcontractors with revenue billings to clients for ongoing projects particularly for projects nearing completion.

Other Current Liabilities increased by 12% or by P28 million
The increase is due to additional deferred output VAT of GMCAC as a result of increase in revenue from the previous quarter.

Non-Current Liabilities increased by 1% or by P321 million

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current increased by 1% or by P203 million
The increase is due to GMCAC's loan availments during the period.

Deferred tax liabilities increased by 28% or by P116 million
The increase is due to treatment on amortization of concession asset of GMCAC for tax purposes.

Other non-current liabilities increased by P1 million
The increase is mainly due to the retention to subcontractors of GMCAC related to the construction of the MCIA Terminal 2.

Equity attributable to Parent increased by P69 million
The increase is the function of the share buyback program of the Parent, dividend payments to common stock and preferred stock shareholders and earnings of the Group.

C. MATERIAL EVENTS AND UNCERTAINTIES

There are no other material changes in Megawide's financial position by five percent (5%) or more and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of Megawide.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing Megawide's liquidity in any material way. Megawide does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent obligations), and other relationships of Megawide with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of Megawide.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

D. LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth information from Megawide's pro forma statements of cash flows for the period indicated:

(Amounts in P Millions)	For three (3) months ended March 31	
Cash Flow	**2019** (unaudited)	**2018** (unaudited)
Net cash provided by operating activities	(1,044)	1,374
Net cash used in investing activities	(1,411)	(2,095)
Net cash provided by financing activities	921	178

Indebtedness

As of March 31, 2019, Megawide has not been in default in paying interests and principal amortizations.

Megawide is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

E. RISK MANAGEMENT OBJECTIVES AND POLICIES

Megawide is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors, and focuses on actively securing Megawide's short-to-medium term cash flows by minimizing the exposure to financial markets.

Megawide does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risk are discussed in the quarterly financial statements, Exhibit 1.

F. KEY PERFORMANCE INDICATORS

Megawide's top KPIs are as follows:

Amounts in P Billion, except Ratios and Earnings per Share	**March 31, 2019**	**March 31, 2018**
Construction Order Backlog	P 53.68	P 50.09*
Current Ratio[1]	1.45	1.74
Book Value Per Share[2]	5.10	5.39
Earnings per Share[3]	.45	.72
Return on Assets[4]	.02	.04
Return on Equity[5]	.09	.13
Gross Profit Margin[6]	.31	.26

**as of December 31, 2018*

The KPIs were chosen to provide management with a measure of Megawide's sustainability on revenue growth (Construction Orders Backlog) financial strength (Current Ratio and Debt to Equity Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Gross Profit Margin).

Construction Orders Backlog corresponds to the value of any unfinished project phases. This provides a basis for near-term future sources of production and revenues for Megawide. Construction Order Backlog tends to increase when booked construction contracts or orders increase. A larger Construction Order Backlog is indicative of higher profits in the future.

PART II–OTHER INFORMATION

There are no any information not previously reported in a report on SEC Form 17-C.

[1] *Current Assets/Current Liabilities*
[2] *Total Equity/Issued and Outstanding Shares*
[3] *Net Profit/Issued and Outstanding Shares (TTM)*
[4] *Net Profit/Average Shares (TTM)*
[5] *Net Profit / Average Equity (TTM)*
[6] *Gross Profit / Revenue*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in MAKATI CITY on MAY 15 2019.

By:

EDGAR B. SAAVEDRA
President and Chief Executive Officer

CHRISTOPHER A. NADAYAG
Deputy Chief Financial Officer/ Principal Accounting Officer / Comptroller

ALTHEA ISOBEL F. OAMINAL
Corporate Secretary

SUBSCRIBED AND SWORNTO before me in MAKATI CITY on MAY 15 2019, affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
Edgar B. Saavedra	Passport No. P0395124A	Valid until September 25, 2021	Manila
Althea Isobel F. Oaminal	Passport No. EC2854853	Valid until November 26, 2019	Manila
Christopher Nadayag	Passport No. EC3598125	Valid until March 5, 2020	Manila

Doc. No. 478;
Page No. 97;
Book No. II;
Series of 2019.

RENATO S. PUNO NOTARY PUBLIC ROLL NO. 69389 MAKATI CITY, PHILIPPINES

RENATO S. PUNO
Commission No. M-369
Notary Public for Makati City
Until December 31, 2019
6th Floor, Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 7345871/01-11-2019/Makati City
IBP Lifetime No. 016751/05-12-2017/Muntinlupa City
MCLE Compliance No. VI-0017047/12-28-18/Pasig City
Roll No. 69389

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND DECEMBER 31, 2018
(Amounts in Philippine Pesos)

	Notes		(Unaudited) 31 March 2019		(Audited) 31 December 2018
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	4	**P**	**4,201,197,164**	P	5,734,720,648
Trade and other receivables - net	5		**10,306,652,297**		10,212,127,250
Financial assets at fair value through profit or loss			**-**		26,290,139
Construction materials			**831,761,003**		865,035,029
Contract assets			**3,610,456,312**		3,060,770,976
Other current assets	7		**5,705,495,389**		4,891,540,884
Total Current Assets			**24,655,562,165**		24,790,484,926
NON-CURRENT ASSETS					
Financial assets at fair value			**3,544,472**		3,544,472
Investments in associates and joint venture	6		**926,068,199**		926,832,112
Concession assets	8		**28,371,021,064**		28,289,313,079
Property, plant and equipment - net			**5,474,062,821**		5,496,096,209
Investment properties	9		**3,711,278,572**		3,457,715,588
Other non-current assets	7		**3,692,877,595**		2,941,723,207
Total Non-current Assets			**42,178,852,723**		41,115,224,667
TOTAL ASSETS		**P**	**66,834,414,888**	P	65,905,709,593

	Notes	(Unaudited) 31 March 2019	(Audited) 31 December 2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	**P 7,499,906,830**	P 6,408,573,493
Trade and other payables	10	**5,517,202,206**	5,252,402,324
Advances from customers		**3,047,651,179**	3,485,005,709
Contract liabilities		**734,019,594**	1,185,476,962
Other current liabilities	12	**262,211,511**	233,817,574
Total Current Liabilities		**17,060,991,320**	16,565,276,062
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	**30,574,454,109**	30,371,690,492
Post-employment defined benefit obligation		**178,153,130**	176,798,596
Deferred tax liabilities - net		**535,463,682**	419,677,416
Other non-current liabilities	12	**369,365,915**	368,165,977
Total Non-current Liabilities		**31,657,436,836**	31,336,332,481
Total Liabilities		**48,718,428,156**	47,901,608,543
EQUITY	15		
Equity attributable to shareholders of the Parent Company:			
Common stock		**2,399,426,127**	2,399,426,127
Preferred stock		**40,000,000**	40,000,000
Treasury shares		**(3,554,348,139)**	(3,454,826,462)
Additional paid-in capital		**8,776,358,765**	8,776,358,765
Revaluation reserves		**15,204,702**	15,204,702
Other reserves		**(22,474,837)**	(22,474,837)
Retained earnings		**6,921,596,491**	6,752,591,330
Total equity attributable to shareholders of the Parent Company		**14,575,763,109**	14,506,279,625
Non-controlling interests		**3,540,223,623**	3,497,821,425
Total Equity		**18,115,986,732**	18,004,101,050
TOTAL LIABILITIES AND EQUITY		**P 66,834,414,888**	P 65,905,709,593

See Notes to Consolidated Interim Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
MARCH 31, 2019 AND MARCH 31, 2018
(Amounts in Philippine Pesos)

	Notes	(Unaudited) 31 March 2019	(Unaudited) 31 March 2018
REVENUES	13		
Contract revenues		**P 2,567,727,559**	P 3,736,723,366
Airport operations revenues		**891,994,561**	646,077,558
Trading operations revenues		**84,918,604**	66,742,264
Terminal operations revenue		**20,003,363**	-
		3,564,644,087	4,449,543,188
DIRECT COSTS	14		
Contract costs		**2,171,979,201**	3,171,327,735
Costs of airport operations		**257,375,031**	89,576,188
Costs of trading operations		**22,031,831**	16,833,393
Costs of terminal operations		**15,927,021**	-
		2,467,313,084	3,277,737,316
GROSS PROFIT		**1,097,331,003**	1,171,805,872
OTHER OPERATING EXPENSES		**366,585,297**	282,417,407
OPERATING PROFIT		**730,745,706**	889,388,465
OTHER INCOME (CHARGES)			
Finance costs		**(401,720,449)**	(160,191,718)
Finance income		**54,277,541**	39,320,937
Others - net		**65,403,834**	17,898,179
		(282,039,074)	(102,972,602)
PROFIT BEFORE TAX		**448,706,632**	786,415,863
TAX EXPENSE		**167,049,270**	150,641,607
NET PROFIT		**P 281,657,362**	P 635,774,256
Net Profit Attributable To:	1		
Shareholders of the Parent Company		**P 239,255,164**	P 475,290,232
Non-controlling interests		**42,402,198**	160,484,024
		P 281,657,362	P 635,774,256
Earnings per Share	15	**P 0.45**	P 0.72

See Notes to Consolidated Interim Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
MARCH 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Attributable to Shareholders of the Parent Company									
	Common Stock	Preferred Stock	Treasury Shares	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total
Balance at January 1, 2019	P 2,399,426,127	P 40,000,000	(P 3,454,826,462)	P 8,776,358,765	P 15,204,702	(P 22,474,837)	P 6,752,591,330	P 14,506,279,625	P 3,497,821,425	P 18,004,101,050
Acquisition of treasury shares	-	-	(99,521,677)	-	-	-	-	(99,521,677)	-	(99,521,677)
Cash dividends	-	-	-	-	-	-	**(70,250,000)**	(70,250,000)	-	(70,250,000)
Total comprehensive income for the year	-	-	-	-	-	-	239,255,161	239,255,161	42,402,198	281,657,359
Balance at March 31, 2019	**P 2,399,426,127**	**P 40,000,000**	**(P 3,554,348,139)**	**P 8,776,358,765**	**P 15,204,702**	**(P 22,474,837)**	**P 6,921,596,491**	**P 14,575,763,109**	**P 3,540,223,623**	**P 18,115,986,732**
Balance at January 1, 2018	P 2,399,426,127	P 40,000,000	(P 2,627,738,885)	P 8,776,358,765	(P 3,949,890)	(P 22,474,837)	P 6,501,996,949	**15,063,618,229**	P 3,071,826,040	P 18,135,444,269
Cash dividends	-	-	-	-	-	-	**(70,250,000)**	**(70,250,000)**	-	(P 70,250,000)
Total comprehensive income for the year	-	-	-	-	**(8,281,484)**	-	**475,290,232**	**467,008,748**	**160,484,024**	**627,492,772**
Balance at March 31, 2018	**P 2,399,426,127**	**P 40,000,000**	**(P 2,627,738,885)**	**P 8,776,358,765**	**(P 12,231,374)**	**(P 22,474,837)**	**P 6,907,037,181**	**P 15,460,376,977**	**P 3,232,310,064**	**P 18,692,687,041**

See Notes to Consolidated Interim Financial Statements

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
MARCH 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	(Unaudited) 31 March 2019	(Unaudited) 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**P 448,706,633**	P 786,415,863
Adjustments for:		
Finance costs	**401,720,449**	160,191,719
Depreciation and amortization	**349,326,060**	176,654,400
Finance income	**(54,277,541)**	(39,320,937)
Equity in net losses (gains) of associates and joint venture	**763,913**	(3,606,389)
Operating profit before working capital changes	**1,146,239,514**	1,080,334,656
Increase in trade and other receivables	**(94,525,047)**	(1,151,489,448)
Decrease (increase) in construction materials	**33,274,026**	(50,419,955)
Decrease (increase) in contract assets	**(549,685,336)**	264,171,926
(Increase) in other current assets	**(865,217,505)**	(210,002,515)
Increase in trade and other payables	**143,745,684**	871,170,274
Increase (decrease) in advances from customers	**(437,354,530)**	159,970,277
Increase (decrease) in contract liabilities	**(451,457,368)**	456,953,856
Increase (decrease) in other liabilities	**29,593,875**	(24,830,806)
Increase in post-employment defined benefit obligation	**1,354,533**	7,732,691
Cash generated from operations	**(1,044,032,154)**	1,403,590,956
Cash paid for income taxes	**-**	(29,253,996)
Net Cash From Operating Activities	**(1,044,032,154)**	1,374,336,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to concession assets	**(221,384,503)**	(1,351,712,506)
Additions to Investment properties	**(331,289,620)**	-
Increase in other non-current assets	**(753,414,135)**	(242,296,260)
Interest received	**54,277,541**	37,416,239
Reclassification (acquisition) of investment in joint venture	**-**	(294,841,005)
Proceeds from sale of property, plant and equipment	**(185,356,406)**	-
Proceeds from sale (purchase) of financial assets at fair value through profit or loss	**26,290,139**	(243,926,196)
Net Cash Used in Investing Activities	**(1,410,876,984)**	(2,095,359,728)
Balance carried forward	**(P 2,454,909,138)**	(P 721,022,768)

	(Unaudited) 31 March 2019	(Unaudited) 31 March 2018
Balance brought forward	(**P 2,454,909,138**)	(P 721,022,768)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing loans and borrowings	**1,459,731,916**	1,085,173,989
Repayment of interest-bearing loans and borrowings	(**165,634,971**)	(1,066,006,916)
Interest paid	(**202,939,614**)	229,295,503
Dividends paid	(**70,250,000**)	(70,250,000)
Acquisiton of treasury shares	(**99,521,677**)	-
Net Cash From Financing Activities	**921,385,654**	178,212,576
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(**1,533,523,484**)	(542,810,192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,734,720,648**	4,930,939,177
CASH AND CASH EQUIVALENTS AT END OF YEAR	**P 4,201,197,164**	P 4,388,128,985

See Notes to Consolidated Interim Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND DECEMBER 31 AND MARCH 31, 2018
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

Megawide Construction Corporation (the Company) was incorporated in the Philippines on July 28, 2004 and is engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs other allied construction business like the construction and sale of precast items, concrete production, and purchase sale and/or lease of formworks system and construction equipment.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Securities Exchange Commission (SEC) approved the Parent Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Parent Company at P7.84 offer price per share and the listing of those shares in PSE's main board on February 18, 2012. On December 3, 2014, the Parent Company made a primary offer of 40.0 million preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE.

On September 22, 2014, the SEC approved the Parent Company's amendment of articles of incorporation, which includes: (i) the Parent Company's power to extend corporate guarantees to its subsidiaries and affiliates; and, (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Parent Company, perpetual preferred shares. Both common and preferred shares have a par value of P1.0 per share.

On August 16, 2017, Megacore Holdings, Inc. (Megacore) acquired 313,786,575 shares representing 14.7% ownership over the Parent Company from Citicore Holdings Investment, Inc. (Citicore). This resulted to a decrease in Citicore's ownership from 66.7% to 51.0%.

On December 22, 2017, Megacore further acquired additional shares from Citicore which resulted to an increase in Megacore's equity interest to the Parent Company equivalent to 28.9% or 617,709,197 beginning December 2017.

The Parent Company remains a subsidiary of Citicore which owns and controls 33.3% of the issued and outstanding capital stock of the Parent Company as of December 31, 2018 and 2017 because Citicore still directs the overall business operations of the Parent Company through its Chairman and Chief Executive Officer, who is also the President of Citicore.

On December 20, 2017, the state-owned Social Security System acquired a total of 110,532,500 shares or equivalent to 5.2% interest of the Parent Company through purchase of 3.45% stake held by Megacore and the remaining interest from the public.

Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies. The registered address of Citicore and the Parent Company, which is also their principal place of business, is at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

1.2 Subsidiaries, Associates and Joint Arrangements

The Parent Company holds ownership interest in the following subsidiaries, associates and joint arrangements (together with the Parent Company, collectively hereinafter referred to as the "Group"), which are all incorporated in the Philippines:

Subsidiaries/Associates/ Joint Ventures	Notes	Percentage of Effective Ownership		
		March 2019	December 2018	2017
Subsidiaries:				
GMR Megawide Cebu Airport Corporation (GMCAC)	a	60%	60%	60%
Megawatt Clean Energy, Inc. (MCEI)	b	70%	70%	70%
GMI, Inc. (GMI)	c	50%	50%	50%
Megawide Land, Inc. (MLI)	d	100%	100%	100%
Megawide Construction (BVI) Corporation (MCBVI)	e	100%	100%	100%
MWM Terminals, Inc. (MWMTI)	i	100%	100%	-
Megawide Terminals, Inc. (MTI)	h	100%	100%	-
Accounted for as Asset Acquisition –				
Altria East Land, Inc. (Altria)	f	100%	100%	100%
Associates:				
Megawide World Citi Consortium, Inc. (MWCCI)	g	51%	51%	51%
Citicore Megawide Consortium, Inc. (CMCI)	g	10%	10%	10%
Joint Operation –				
Megawide GISPL Construction Joint Venture (MGCJV)	j	50%	50%	50%
Megawide GISPL Construction Joint Venture, Inc. (MGCJVI)	k	50%	50%	50%
Joint Venture –				
MWM Terminals, Inc. (MWMTI)	i	-	-	51%

a) GMCAC

GMCAC was incorporated in the Philippines and registered in the Philippine SEC in 2014. GMCAC's primary purpose is to construct, develop, operate and maintain the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014. GMCAC was established for the purpose of implementing the provisions of the Concession Agreement (see Note) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL), and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors). GIL is an entity duly organized and registered in India. DOTr and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project. GMCAC's registered address,

which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

b) MCEI

MCEI was incorporated in 2014 to engage in the development of clean or renewable energy sources for power generation. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City.

c) GMI

GMI was incorporated in the Philippines in 2016, primarily engaged in general merchandise operations. GMI registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City. GMI started its commercial operations in March 2017.

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of GMI to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of December 31, 2017, GMI is 50% owned by the Parent Company. The Parent Company still consolidates its ownership in GMI after the sale transaction because major decisions involving entering and negotiating Supply and Delivery Agreements (SDA) with Duty Free Philippines Corporation (DFPC) still rests with the Parent Company. In line with this, the Parent Company retains control over GMI's operations.

d) MLI

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. MLI has 60% direct ownership interest in Megawide Cold Logistics, Inc. (MCLI), a newly incorporated domestic entity in 2016 that was established to engage in logistics operations. MCLI has not yet started commercial operations to date.

e) MCBVI

On June 20, 2017, the Parent Company acquired a 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands to primarily engage in buying and holding shares of other companies. MCBVI registered address, which is also its principal place of business, is Marcy Building, 2nd floor, Purcell Estate, Road Town Tortola, British Virgin Islands. In 2018, MCBVI has commenced business operations.

f) Altria

The transfer of shares by Altria to the Parent Company is accounted for as an asset acquisition since it does not constitute an acquisition of business (see Note).

g) MWCCI and CMCI

The Group's investments in MWCCI and CMCI are accounted for as investments in associates since the ownership of the Parent Company does not result to control over the entities' relevant activities.

h) MTI

MTI is an entity incorporated and registered on November 11, 2011 to establish, own, manage, administer, operate, maintain, and carry the business of providing property management services, either directly or through third parties, but not limited to the services of rent collection, tenant and lease management, marketing and advertising, repair and maintenance, liaison and other similar services. MTI's registered address and principal place of business is at Waltermart Building, 8001 Epifanio delos Santos Avenue, Veterans Village, Quezon City, Metro Manila.

In August 09, 2018, the Company purchased 344.5 million shares or 100% ownership interest from shareholders of MTI with a purchase price of P344.1 million. MTI owns 49% interest over MWMTI.

i) MWMTI

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and WM Property Management, Inc. (Waltermart), both exercising joint control to direct the relevant activities of MWMTI. The joint venture shall undertake the development and implementation of the Southwest Integrated Transport System Project (ITS Project) granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement
(BOT Agreement) through the DOTr.

With the acquisition of MTI shares in 2018, the Parent Company now effectively owns 100% ownership interest in MWMTI. Prior to 2018, the interests in MWMTI is accounted for as joint arrangements as the Parent Company exercises joint control over the arrangements' relevant activities.

j) MGCJV

MGCJV is an unincorporated joint venture formed in 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCJV was established to provide construction of works for the renovation and expansion of the MCIA Project and other airport related construction projects of the Group (see Note 6.3).

k) MGCJVI

MGCJVI is an incorporated joint arrangement formed on January 31, 2018 by the Parent Company owning 50% interest and GMR Infrastructure (Singapore) PTE Limited with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GMR both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of Clark Aiport project.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these interim consolidated financial information are consistent with those of the annual consolidated financial statements for the year ended December 31, 2018.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

These interim consolidated financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2018.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group opted to present a separate consolidated statement of income and consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2019 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PAS 28	:	Investment in Associates – Long-term Interest in Associates
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PAS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization
PFRS 3 (Amendments)	:	Business Combinations and PFRS 11

Discussed below and in the succeeding pages are the relevant information about these standards, interpretation and improvements, which did not have material impact on the Company's consolidated financial statements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance-sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of consolidated retained earnings account at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the Group's consolidated financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vi) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Company but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- PFRS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations* and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation.* The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

(vii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

3. SEGMENT REPORTING

The Group's operating businesses are recognized and managed separately according to the nature of services provided with a segment representing a strategic business unit. The Group's business segments follow:

3.1 Business Segments

(a) *Construction* – principally refers to general construction business, including constructing and sale of precast items and concrete production.

(b) *Airport Operations* – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility.

(c) *Terminal Operations* – relate to the business of building and developing the transport model system in Parañaque Integrated Terminal Exchange (PITX) and operating the commercial units within the facility.

Other operations of the Group comprise the operations and financial control groups. These segments are also the basis of the Group in reporting to its executive committee for its strategic decision-making activities. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment revenues and expenses that are directly attributable to business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

3.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

3.3 Analysis of Segment Information

Presented below are the relevant operating segment information about the results of operations of the Group's business segments for the period ending March 31, 2019 and 2018 and financial position of the Group's business segments as of March 31, 2019 and December 31, 2018 (amounts in thousands).

	Construction		Airport Operations & Merchandising		Terminal Operations		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Results of operations								
Segment Revenues	**P 2,567,728**	P 4,012,679	**P 976,913**	P 712,820	P 20,003	P -	**P 3,564,644**	P 4,725,499
Cost and other operating expenses:								
Cost of construction and airport operations excluding depreciation and amortization	**2,024,561**	3,299,433	**139,730**	78,962	19,660	-	**2,183,952**	3,378,395
Depreciation and amortization	**147,418**	141,043	**139,677**	35,611	4,377	-	**291,471**	176,654
Finance cost and other charges – net	**44,074**	26,490	**247,110**	72,842	-	-	**291,184**	99,332
Tax expense	**89,238**	144,783	**77,810**	5,418	-	-	**167,048**	150,201
Other expenses	**85,200**	131,661	**273,121**	125,070	(730)	-	**357,592**	256,731
	2,390,491	3,743,410	**877,448**	317,903	23,307	-	**3,291,247**	4,061,313
Segment Net Profit	**P 177,237**	P 269,269	**P 99,465**	P 394,917	(P 3,304)	P -	**P 273,397**	P 664,186
Consolidated Statements of Financial Position								
Total Segment Assets	**P 33,930,903**	P 33,198,176	**P 35,697,222**	P 34,946,805	P 5,015,607	P -	**P 74,643,822**	P 68,144,981
Total Segment Liabilities	**P 21,173,102**	P 20,473,361	**P 26,706,608**	P 26,151,266	P 3,709,335	P -	**P 51,589,045**	P 46,624,627

3.4 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated interim financial statements (amounts in thousands).

	March 31, 2019	March 31, 2018
Profit or loss		
Segment net profit	**P 273,397**	P664,186
Other unallocated income (expense)	**8,260**	(28,412)
Net profit as reported in the consolidated statements of income	**P 281,657**	P 635,774

	December 31, 2019	December 31, 2018
Assets		
Total segment assets	**P 74,643,822**	P 68,144,981
Elimination of intercompany accounts	**(8,004,665)**	(8,391,125)
Other unallocated assets	**195,258**	6,151,854
Total assets as reported in the consolidated statements of financial position	**P 66,834,415**	P 65,905,710
Liabilities		
Total segment liabilities	**P 51,589,045**	P 46,624,627
Elimination of intercompany accounts	**(2,901,418)**	(3,605,142)
Other unallocated liabilities	**30,801**	4,882,124
Total liabilities as reported in the consolidated statements of financial position	**P 48,718,428**	P 47,901,609

3.5 Other Segment Information

The Group has not identified any segment based on geographical location since the Group's operation is concentrated in one country of location.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash on hand	**P 99,719,336**	P 13,539,520
Cash in banks	**2,302,087,120**	3,527,325,055
Short-term placements	**1,799,390,708**	2,193,856,073
	P 4,201,197,164	P5,734,720,648

Cash in banks generally earn interest based on daily bank deposit rates.

Short-term placements are made for varying periods from 14 to 90 days and earn annual effective interest of 2.0% to 6.0% in 2019 and 2018.

5. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Contract receivables:			
Third parties		**P2,869,262,874**	P2,598,635,628
Related parties	17.1	**215,161,753**	400,493,319
		3,084,424,627	2,999,128,947
Retention receivables:			
Third parties		**2,764,773,019**	2,740,820,924
Related parties	17.1	**821,465,086**	772,113,457
		3,586,238,105	3,512,934,381
Advances to:			
Related parties	17.4	**3,104,335,839**	3,292,608,712
Officers and employees	17.3	**40,431,491**	34,271,539
		3,144,767,330	3,326,880,251
Receivables from airport operations		**571,342,452**	522,312,869
Other receivables		**336,412,093**	267,403,113
Allowance for impairment		**(416,532,310)**	(416,532,310)
		P10,306,652,297	P10,212,127,250

Retention receivables pertain to progress billings which are withheld by the project owners equivalent to 5.0% or 10.0% as provided in the respective construction contract of each project. These will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.

Receivables from airport operations pertain to the Group's accrual of aeronautical, concession, rental and commercial revenues as authorized under the Concession Agreement and sale of souvenir items via credit line.

Trade and other receivables except advances to related parties do not bear any interest. All receivables, except Advances to officers and employees are subject to credit risk exposure.

All of the Group's trade and other receivables have been reviewed for indications of impairment. The Parent Company recognized allowance for impairment losses as approved by its BOD for its long outstanding disputed receivables with a certain client amounting to P400.4 million. The allowance was set-up based on the reasonable assessment on its on-going negotiation with the client. The Parent Company observed the slowdown of its collections from the said client starting 2015 and has received its last collection in November of the same year and has not subsequently collected any of its receivables since then. As early as 2013, the Parent Company has started the turn-over process until 2015 including time extensions but only two out of its seven projects were issued with actual related Certificates of Completion and Acceptance (COCAs). Notwithstanding the issuance of COCAs on these two projects, the related receivables have remained outstanding as of end of the reporting periods. Further, despite numerous reconciliations and follow-ups made by the Parent Company in 2015 up to the end of 2017, no final settlement arrangement has been agreed with customer. At present, the Parent Company is continuously in talk with the client to finalize the agreement.

None of the outstanding receivables in 2019 were found to be impaired using the provision matrix as determined by the management; hence, no amount of allowance for impairment have been recognized.

6. EQUITY ADVANCES AND INVESTMENTS IN ASSOCIATES AND ACQUISITION OF ASSETS

The carrying values of Investments in Associates and Joint Venture account are shown below:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Investments in:			
Associates	6.1	**P 807,345,146**	P 807,345,146
Joint venture	6.2	**118,723,053**	119,486,966
		P 926,068,199	P 926,832,112

The Parent Company has also investment in SSPI which are accounted for as Financial asset at fair value through other comprehensive income as the Parent Company neither exercises control or significant influence over SSPI.

6.1 Equity advances and Investments in Associates

The components of the carrying values of this account are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Acquisition cost:		
MWCCI	**P 580,890,000**	P 580,890,000
CMCI	**200,000,000**	200,000,000
	780,890,000	780,890,000
Equity advances in MWCCI	**23,572,864**	23,572,864
Equity share in net profit (losses):		
Balance at beginning of period	**2,882,282**	(4,488,123)
Equity in net profit for the period	**-**	7,370,405
Balance at end of period	**2,882,282**	2,882,282
	P 807,345,146	P 807,345,146

6.2 Interest in Joint Venture

This account includes the carrying values of the following components:

	2019	2018
Acquisition costs:		
MTRGC	**P 58,324,000**	P 58,324,000
SSPPC	**58,324,000**	58,324,000
	116,648,000	116,648,000
Equity share in net profit (losses):		
Balance at beginning of period	**2,838,966**	-
Equity in net profit (losses) for the period	**(763,911)**	2,838,966
Balance at end of period	**2,075,055**	2,838,966
	P 118,723,055	P 119,486,966

GMCAC has 41.66% interest in Mactan Travel Retail Group Corp. (MTRGC) and Select Service Partners Philippines Corporation (SSPPC), which are primarily engaged in the set-up, operation and management of duty paid retail, food and beverage outlets and provision of related services thereto in the airport terminals (T1 and T2).

6.3 Interest in Joint Operation

The Parent Company's interest in MGCJV and MGCJVI is accounted for as joint arrangement – joint operation and, as such, the Parent Company accounts for its interest in the relevant assets, liabilities, revenues and expenses of MGCJV and MGCJVI. The relevant financial information of the Group's interest in MGCJV and MGCJVI which are included in the appropriate accounts in the Group's consolidated statements of financial position and consolidated statements of income are as follows:

	Before Elimination	Elimination	After Elimination
March 31, 2019			
Assets:			
Cash and cash equivalents	P 339,946,861	P -	P 339,946,861
Trade and other receivables	193,824,282	(193,824,282)	-
Other current assets	22,536,839	-	22,536,839
Property, plant, and equipment – net	932,304	-	932,304
	P 557,240,286	(P 193,824,282)	P 363,416,004
Liabilities:			
Trade and other payables	P 186,573,681	P -	P 186,573,681
Due to related parties	268,956	-	268,956
Contract liabilities	145,551,551	-	145,551,551
Other liabilities	2,395,790	-	2,395,790
	P 334,789,978	P -	P 334,789,978

	Before Elimination	Elimination	After Elimination
Revenues and Expenses:			
Contract revenues	P 329,291,241	(P 329,291,241)	P -
Contract costs	(99,401,409)	99,401,409	-
Other operating expenses	(10,434,560)	10,121,523	(313,037)
Finance income	2,995,036	-	2,995,036
	P 222,450,308	(P 219,768,309)	P 2,681,999
December 31, 2018			
Assets:			
Cash and cash equivalents	P 311,917,408	P -	P 311,917,408
Trade and other receivables	280,828,089	(280,828,089)	-
Other current assets	45,192,320	-	45,192,320
Property, plant, and equipment – net	1,240,564	-	1,240,564
	P 639,178,381	**(P 280,828,089)**	**P 358,350,292**
Liabilities:			
Trade and other payables	P 177,947,846	P -	P 177,947,846
Due to related parties	7,866,894	-	7,866,894
Contract Liability	244,412,257	-	244,412,257
Other liabilities	14,052,342	-	14,052,342
	P 444,279,339	**P -**	**P 444,279,339**
Revenues and Expenses:			
Contract revenues	P 1,298,357,224	(P 1,298,357,224)	P -
Contract costs	(1,048,183,269)	1,048,183,269	-
Other operating expenses	(67,718,124)	65,432,814	(2,285,310)
Finance income	38,733,362	-	38,733,362
	P 221,189,193	**(P 184,741,141)**	**P 36,448,052**

6.4 Acquisition of Assets of Altria

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Parent Company acquired 100% ownership interest in Altria. Altria is a company incorporated in the Philippines and holds an investment property in the form of land. The registered office of Altria, which is also its principal place of business, is located at Coastal Road Bangiad, San Juan, Taytay, Rizal.

As of the reporting dates, Altria has no operations and its assets mainly pertain to the land where the Parent Company's precast and batching facilities are constructed. In accordance with Group's policy, the transaction is treated by the Group as an asset acquisition since the transaction does not constitute a business combination.

The purchase price upon acquisition was allocated among the following accounts based on their relative fair values:

Cash in bank	P 486,426
Bond deposits	1,500,958
Land	303,468,569
Accrued expenses	(100,000)
	P305,355,953

Subsequent to the date of acquisition, any changes in the carrying value of the net assets acquired in the books of Altria, including the expenses incurred in administering the property (i.e, property taxes), shall be updated in the books of the Parent Company on a line-by-line basis, as if they are consolidated into a single entity.

7. OTHER ASSETS

This account is composed of the following:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Current:			
Advances to contractors and suppliers	7.1	**P 2,685,013,766**	P 1,776,206,219
Deferred fulfilment costs		**1,633,221,503**	1,633,221,503
Input VAT	7.2	**730,031,907**	880,640,102
Prepaid taxes	7.4	**273,741,080**	227,029,354
Prepaid insurance		**101,429,718**	128,646,584
Refundable security and bond deposits		**122,933,092**	125,313,438
Prepaid subscription		**27,352,958**	7,347,069
Prepaid rent		**55,551,818**	3,560,596
Development costs		**1,840,006**	1,840,006
Miscellaneous		**74,379,541**	107,736,013
		5,705,495,389	4,891,540,884

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Non-current:			
Input VAT	7.2	**2,034,611,760**	2,097,455,330
Investment in trust fund	7.6	**1,494,065,076**	680,421,727
Deposits for condominium units	7.3	**68,802,067**	68,802,067
Computer software license – net	7.5	**41,212,392**	36,980,796
Refundable security deposits		**36,422,529**	36,422,529
Deferred transaction cost	7.7	**17,449,636**	20,783,591
Miscellaneous		**314,135**	857,167
		3,692,877,595	2,941,723,207
		P 9,398,372,984	P 7,833,264,091

7.1 Advances to Contractors and Suppliers

Advances to contractors and suppliers pertain to downpayments made by the Group for the construction of airport terminal facilities and purchase of property and equipment based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the contractors and supplier. These advances are classified as current since it would be applied payments for construction of assets to be classified as inventories.

7.2 Input VAT/Deferred Input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million and bid premium . Deferred input VAT arising from purchase of capital goods exceeding P1.0 million is to be amortized and credited against output tax evenly over five years or the life of the asset, whichever is shorter.

7.3 Deposits for Condominium Units

Deposits for condominium units represent initial downpayments made for the purchase of condominium units. These will be reclassified to investment property upon execution of contract to sell and deed of sale.

7.4 Prepaid Taxes

Prepaid taxes pertain to the excess of quarterly income tax payments over the current tax due during the year and creditable withholding taxes.

7.5 Computer Software License – net

The details of this account are presented below.

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Cost	**P 135,186,455**	P 104,219,678
Accumulated amortization	**(93,974,063)**	(67,238,882)
	P 41,212,392	P 36,980,796

The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expenses account in the consolidated statements of income.

7.6 Investment in Trust Fund

On November 28, 2014, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a local universal bank (Security Trustee). The investment in trust fund constitutes (i) Revenue Accounts; (ii) Future Major Maintenance Fund Account; (iii) Debt Service Reserve Accounts; (iv) Debt Service Payment Account; and, (v) Distribution Accounts, collectively referred to as "Cash Flow Waterfall Accounts" and Loan Disbursement Accounts under a certain Omnibus Loan and Security Agreement (OLSA) to ensure the prompt payment of the required amortization, interest and principal of the long-term loan.

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts.

7.7 Deferred Transaction Cost

Deferred transaction cost represents legal and documentary stamp taxes paid and attributable to the amount of undrawn borrowing facility scheduled for drawdown in the subsequent reporting periods. Upon drawdown, the deferred transaction cost will be accounted for as debt issuance cost which is treated as a discount on the related debt and amortized using the EIR method over the term of the related debt.

8. CONCESSION ASSETS

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTr and MCIA by virtue of Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, *"An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes"*, as Amended by R.A. No. 7718 (referred to as the *"BOT Law"*). Under the said agreement, GMCAC was granted by DOTr and MCIA an exclusive right to design, develop, and undertake the MCIA Project; and enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets). The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project comprises the following undertaking:

- Construction of Terminal 2 (T2), along with all Associated Facilities;
- Renovation and expansion, but not the demolition of Terminal 1 (T1) and Associated Facilities;
- Complete reconstruction of Terminal 2 Apron (T2 Apron);
- Capacity Augmentation;
- Development of Commercial Assets; and,
- Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets.

Upfront fees include P14,404.6 million bid premium paid by GMCAC to the Philippine Government for the MCIA Project.

9. INVESTMENT PROPERTIES

The balance of this account is shown below:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Land	**P 130,243,635**	P 9,161,000
Infrastructure	**3,581,034,937**	3,448,554,588
	P 3,711,278,572	P 3,457,715,588

Investment properties include parcels of land that are not used by the Group in the ordinary course of the business amounting to P130.2 million. Based on management's assessment, the carrying amounts of these assets are fully recoverable, hence, no impairment loss is required in both years.

MWMTI was granted an exclusive right and obligation under the Concession Agreement. Relative to the arrangement, MWMTI incurred cost necessary to construct the facility. The separately identifiable accumulated costs incurred in the development of the PITX Project are allocated based on development and implementation plan for the terminal and commercial areas. Any change in the allocation arising from the necessary revisions in the implementation plan is accounted for prospectively in the consolidated financial statements. The allocation of cost as of the end of the period is as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Terminal area	**P 456,867,131**	P 456,867,131
Commercial area	**3,124,167,806**	2,991,687,457
	P 3,581,034,937	P 3,448,554,588

Costs incurred for the terminal area are presented as unbilled receivables under Contract Assets account in the consolidated statements of financial position. Unbilled receivable is recognized to the extent of actual cost incurred for the period. Meanwhile, cost incurred for the commercial area are presented as part of Investment Properties in the

consolidated statements of financial position. The Group considers the entire portfolio which comprise the Contract Assets and Investment Property in determining the recoverability of the carrying amounts of these assets taking into consideration the potential cash flow earnings, discounted to its present value of the property.

10. TRADE AND OTHER PAYABLES

This account consists of the following:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (Audited)
Trade payables		**P 2,238,399,049**	P 2,532,212,397
Retention payable		**1,927,666,618**	1,833,586,935
Accrued expenses		**515,277,539**	506,694,982
Interest payable		**536,986,086**	126,709,868
Security deposits		**138,326,879**	142,147,175
Due to stockholders and related parties	17.4	**39,669,148**	59,566,827
Accrued salaries		**75,623,848**	37,707,726
Others		**45,253,039**	13,776,414
		P 5,517,202,206	P 5,252,402,324

11. INTEREST-BEARING LOANS AND BORROWINGS

The details of short-term and long-term interest-bearing loans and borrowings are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current:		
Bank loans	**P 6,716,628,446**	P 5,651,033,174
Notes payable	**693,711,241**	693,711,241
Obligations under finance lease	**89,567,143**	63,829,078
	7,499,906,830	6,408,573,493
Non-current:		
Bank loans	**25,338,805,081**	25,124,805,081
Notes payable	**5,119,291,231**	5,152,791,231
Obligations under finance lease	**116,357,797**	94,094,180
	30,574,454,109	30,371,690,492
	P38,074,360,939	P36,780,263,985

11.1 Notes Payable

(a) 2013 Notes Facility

On February 19, 2013, the Parent Company executed a notes facility agreement with a local universal bank. In this agreement, the Parent Company desired to offer and issue fixed-rate corporate notes in the aggregate principal amount of P4,000.0 million. The net proceeds of the notes after deducting direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, amounted to P3,957.3 million.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes are issued in three tranches with the following details:

	Principal	Term in Years	Interest Rate
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	100,000,000	10	6%
	P 4,000,000,000		

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement as the transactions during the intervening periods are under the ordinary course of business.

On February 23, 2018, the Parent Company has repaid the Tranche A of this notes payable.

(b) 2016 Various Notes Facility

In 2016, the Parent Company entered into various notes facility arrangement with a local bank to refinance the corporate note issued in 2011 and to finance its capital expenditure and general corporate requirements. The notes are issued with the following details:

Date Issued	Principal	Term in years	Interest Rate
September 16, 2016	P 650,000,000	10	5.5%
December 5, 2016	350,000,000	10	6.37%
December 16, 2016	1,000,000,000	10	6.37%
	P 2,000,000,000		

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread. The Parent Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.1.

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement as the transactions during the intervening periods are under the ordinary course of business.

11.2 Bank Loans

(a) Omnibus Loan and Security Agreement – December 17, 2014

On December 17, 2014, GMCAC entered into a P20,000.0 million (which at GMCAC's option may be increased up to P23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another universal bank as offshore lender to contribute US $75.0 million (or equivalent to P3,500.0 million) into the facility. The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030; and, interest requirements that are payable annually based on the following:

	First 7 Years	Last 8 Years
P20,000.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 (PDST-R2 benchmark yield) and credit spread
US$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, certain assets are pledge as collateral on this loan:

(b) Other Bank Loans

In addition, the Group also obtained various bank loans with total outstanding balance of P6,716 million and P5,651.0 million as of March 31, 2019 and December 31, 2018, respectively, representing unsecured short-term loans from other local banks. The loans bear fixed annual interest rates ranging from 2.6% to 2.8% in 2019 and 2018.

12. OTHER LIABILITIES

The details of this account are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Current:		
Deferred output VAT	**P 48,915,900**	P 38,907,666
Withholding taxes	**103,103,308**	102,406,787
Deferred revenue	**34,108,135**	25,928,897
Others	**76,084,168**	66,574,224
	P 262,211,511	P 233,817,574
Non-current:		
Retention payable	**P 187,340,043**	P 186,140,105
Security deposits	**148,010,532**	148,010,532
Unearned rent income	**34,015,340**	34,015,340
	P 369,365,915	P 368,165,977

13. REVENUES

13.1 Contract Revenues

This account pertains to construction revenue for the period.

13.2 Airport Operations Revenues

The details of this account for three months ended March 31 are composed of the revenues from:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Aeronautical	**P 469,867,706**	P 356,587,698
Aero related	**175,827,790**	77,271,675
Non-aero related	**246,299,065**	212,218,185
	P 891,994,561	P 646,077,558

13.3 Airport Merchandising Operations Revenues

The details of this account are composed of the revenues from:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Food revenues	**P 47,547,120**	P 36,879,141
Non-food revenues	**37,371,484**	29,863,123
	P 84,918,604	P 66,742,264

13.4 Terminal Operations Revenue

The Paranaque Integrated Terminal Exchange (PITX) Project undertaken by the Group with the DOTr gives the Group the control over the terminal area and the right to collect concessionaire revenue. Contract assets include unbilled receivable which pertains to the cost of the terminal area which is to be recovered through the Grantor payments.

The revenue recognized by the Group relating to terminal operations is also the amount of cost incurred since it recognition is based on cost recovery method.

14. DIRECT COSTS

14.1 Contract Costs

The following is the breakdown of contract costs for the period ended March 31:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Outside services	**P 703,320,311**	P 1,334,487,158
Materials	**857,350,662**	1,048,955,737
Project overhead	**173,822,004**	428,308,092
Salaries and employee benefits	**290,068,435**	224,873,595
Depreciation and amortization	**147,417,789**	134,703,153
	P 2,171,979,201	P 3,171,327,735

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees, utilities, municipal permits, taxes, security services, office supplies and various rental expenses of staging areas.

14.2 Costs of Airport Operations

The following is the breakdown of cost of services:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Amortization of concession asset	**P 139,676,518**	P 28,815,213
Utilities	**56,271,027**	25,152,425
Salaries and other benefits	**14,828,419**	8,978,288
Airport operator's fee	**18,659,606**	8,207,846
Airline collection charges	**8,277,510**	5,917,711
Insurance	**10,055,038**	5,515,250
Repairs and maintenance	**5,812,406**	5,033,164
Others	**3,794,507**	1,956,291
	P 257,375,031	P 89,576,188

14.3 Costs of Airport Merchandising Operations

The following is the breakdown of cost of trading:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Cost of food	**P 9,599,930**	P 9,258,101
Cost of non-food	**12,431,901**	7,575,292
	P 22,031,831	P 16,833,393

14.4 Costs of Terminal Operations

The details of this account for the period ending March 31, 2019 (nil for March 31, 2018) are shown below.

Salaries and other benefits	**P**	**9,801,151**
Utilities		**1,775,161**
Outside services		**691,826**
Security services		**1,164,359**
Depreciation		**2,117,118**
Insurance		**260,345**
Repairs and maintenance		**86,489**
Others		**30,572**
	P	**15,927,021**

15. EQUITY

15.1 Dividends

In 2019 and 2018, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter to holders of preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2018 and 2017, respectively. The series of record dates and payments are as follows:

	2019	2018
Approval dates	January 8, 2019	January 30, 2018
Record dates	February 13, 2019	February 15, 2018
Payment dates	March 3, 2019	March 3, 2018

The dividends on the preferred shares bear cumulative, non-participating cash dividends based on the issue price, payable quarterly in arrears every dividend payment date, at the fixed rate of 7.025% per annum from listing date.

15.2 Treasury shares

On July 20, 2016, the Parent Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the 7-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted P4.138.8 million.

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost P2,627.7 million.

On October 1, 2018, the Parent Company's BOD approved a share buyback program worth up to P2.0 billion over a period of two years. Total cost to acquire treasury shares in 2019 amounted to P99.5 million which is equivalent to 4.6 million shares.

16. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Net profit attributable to shareholders of the Parent Company	**P 1,233,399,424**	P 1,816,502,222
Dividends on cumulative preferred shares	**(281,000,000)**	(281,000,000)
Income available to shareholders of the Parent Company	**952,339,424**	1,535,502,222
Divided by weighted average number of outstanding common shares	**2,117,280,074**	2,138,577,497
Basic and diluted EPS	**P .45**	P .72

The Group does not have dilutive potential common shares outstanding as of March 31, 2019 and 2018; hence, diluted EPS is equal to the basic EPS.

17. RELATED PARTY TRANSACTIONS

17.1 Rendering of Services

In the normal course of business, the Group provides construction services to related parties under common ownership, associate, a certain previous shareholder and other related parties. The related revenue from these transactions amounted to P53.8 million and P501.5 million in 2019 and 2018, respectively. These revenues are recorded as part of Contract Revenues account in the consolidated statements of income. Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these transactions, which are generally unsecured and settled through cash within three to six months, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, are presented as part of Contract and Retention receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 5).

Through application of the ECL model based on the lifetime expected credit loss wherein the Group used its historical experience, external indicators and forward-looking information to calculate the ECL using the provision matrix, no significant amount of impairment losses was required to be recognized for the periods ended March 31, 2019 and 2018.

17.2 Rental of Land and Building

The Group is a lessee of certain parcels of land and building owned by related parties under common ownership.

In March 31, 2019 and 2018, the Group recognized rent expense amounting to P0.75 million from the lease agreement with Megapolitan Realty and Development Corporation (Megapolitan), an entity owned by the Group's stockholders and their close family members, for the land where the Group's building is located. The Group has no outstanding payables from the rental transaction with Megapolitan as of March 31, 2019 and 2018.

17.3 Advances to Officers and Employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables (see Note 5).

No impairment losses were recognized in March 31, 2019 and 2018 for these advances.

17.4 Advances to and from Related Parties

The Group obtained unsecured, noninterest-bearing cash advances from certain related parties to finance portion of its working capital requirement payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the consolidated statements of financial position (see Note 10).

The Group gave unsecured, interest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. The outstanding balance from this transaction is shown under Trade and Other Receivables account in the consolidated statements of financial position (see Note 5). Further, no impairment losses were recognized in March 31, 2019 and December 31, 2018 for these advances.

The Group's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances.

18. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial information. Management is of the opinion, that losses, if any, from these items will not have any material effect on its interim consolidated financial information.

19. SEASONAL OR CYCLICALITY OF OPERATIONS

Due to the seasonal nature of the airport operation business, higher revenues and operating profits are usually expected in the months of January, April, May, July and December. Higher revenues from these months are mainly attributed to the increased traffic during the peak holiday season in the Philippines and other neighbouring countries.

20. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

On April 3, 2019 the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter to holders of preferred shares on record as of May 16, 2019. The dividends which is payable on June 3, 2019, shall be taken out of the unrestricted earnings of the Parent Company as of December 31, 2018.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 23. The main types of risk are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with the Group's Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Group is exposed to are described on the succeeding paragraphs.

22.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from its US dollar-denominated cash and cash equivalents and loans payable which have been used to fund the Cebu Mactan Airport project. The principal and interest of the loans payable will be funded by the US dollar-denominated sales generated by the airport operation. Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates.

The Group is exposed to changes in market rates through its cash in banks and short-term placements which are subject to monthly repricing intervals and some short-term working capital loans which are subject to variable interest rate. Any increase in finance costs due to changes in interest rates will be mitigated by the finance income on cash and cash equivalents and short-term placements.

(c) Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVTPL carried at fair value, except for interest rate swap asset and short-term commercial papers measured at amortized cost that approximates their fair values. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment and at some extent, diversifying the investment portfolio in accordance with the limit set by the management. As of March 31, 2019 and December 31, 2018, these financial assets are valued at P3.5 million and P3,209.5 million, respectively.

In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored for further fluctuations in existing market yield rates.

22.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, such as the granting of loans and receivables to customers and related parties, and placing deposits with local banks and investment in bonds.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

		March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash and cash equivalents	4	**P 4,201,197,164**	P 5,734,729,648
Trade and other receivables – net	5	**10,266,220,806**	10,177,855,711
Refundable security and bond deposits	7	**159,355,621**	161,735,967
Investment in trust fund	7	**1,494,065,076**	680,421,727
Contract asset		**3,610,456,312**	3,060,770,976
		P 19,731,294,979	P 19,815,514,029

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and trade and other receivables as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

Of the gross carrying amount of trade and other receivables, a substantial portion is due from various related parties as of March 31, 2019 and December 31, 2018. The Group mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from the related parties and ensuring that collections are received within the agreed credit period. Moreover, the related advances from customers will be offset against the trade and other receivables.

Contract receivables are usually due within 45 to 60 days and do not bear any interest.

Some of the unimpaired trade receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. The contract receivables that are past due but not impaired are shown in the succeeding page.

As of March 31, 2019 and December 31, 2018, none of the outstanding receivables and contract assets were found to be impaired using the provision matrix determined by the management; hence, no amount of allowance for impairment have been recognized.

The Group's management considers that the financial assets which are past due but not impaired for each reporting period are of good credit quality based on historical default rates. The balance of such receivables relates to reputable companies that have a good track record with the Group.

(c) Investment in Trust Fund

As of March 31, 2019 and December 31, 2018, the Group is exposed to credit risk on its investments in UITF, short-term commercial papers and trust fund. However, the Group has assessed that such risk is minimal since the counterparties are reputable listed leasing company and financial institutions with high quality external credit ratings.

(d) Refundable Security and Bond Deposits

The Group is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Group can negotiate, before the end of the lease term, to apply deposit to rentals due. Also, the investments in RTB and bond deposits are made with the Philippine Government, hence, the exposure on credit risk is assessed by the management to be not be significant.

22.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

	March 31, 2019 (Unaudited)		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 7,410,339,687	P 89,567,143	P30,574,454,109
Trade and other payables	5,517,202,206	-	-
Security deposits (gross of unearned income)	-	-	148,010,532
Retention payable (under Other Non-current Liabilities)	-	-	187,340,043
	P12,927,541,893	**P 89,567,143**	**P30,909,804,684**

	December 31, 2018 (Audited)		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	**P 5,651,033,174**	**P 63,829,078**	**P31,065,401,733**
Trade and other payables	**5,252,402,324**	-	-
Security deposits (gross of unearned income)	-	-	**148,010,532**
Retention payable (under other non-current liabilities)	-	-	**186,140,105**
	P10,903,435,498	**P 63,829,078**	**P31,399,552,370**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of reporting periods.

23. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2019 Carrying Values	2019 Fair Values	2018 Carrying Values	2018 Fair Values
Financial Assets					
At amortized cost):					
Cash and cash equivalents	4	**P 4,201,197,164**	**P 4,201,197,164**	P 5,734,720,648	P 5,734,720,648
Trade and other receivables – net	5	**10,266,220,806**	**10,266,220,806**	10,177,855,711	10,177,855,711
Refundable security and bond deposits	7	**159,355,621**	**159,355,621**	161,735,967	161,735,967
Investment in trust fund	7	**1,494,065,076**	**1,494,065,076**	680,421,727	680,421,727
Contract assets		**3,610,456,312**	**3,610,456,312**	3,060,770,976	3,060,770,976
		19,731,294,979	**19,731,294,979**	19,815,505,029	19,815,505,029
Financial assets at FVOCI:					
Club shares		**1,044,472**	**1,044,472**	1,044,472	1,044,472
Investment in SSPI		**2,500,000**	**2,500,000**	2,500,000	2,500,000
		3,544,472	**3,544,472**	3,544,472	3,544,472
		P 19,734,839,451	**P 19,734,839,451**	P 19,819,049,501	P 19,819,049,501
Financial Liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	11	**P 38,074,360,939**	**P 38,074,360,939**	P 36,780,263,985	P 36,223,346,073
Trade and other payables	10	**5,517,202,206**	**5,517,202,206**	5,252,402,324	5,252,402,324
Security deposits	12	**148,010,532**	**148,010,532**	148,010,532	148,010,532
Retention payable*	12	**187,340,043**	**187,340,043**	186,140,105	186,140,105
		P 43,926,913,720	**P 43,926,913,720**	P 42,366,816,946	P 41,809,899,034

**Under Other Non-current Liabilities*

There were neither transfers between Level 1 and 2 nor changes in Level 3 instruments in both periods.

MEGAWIDE CONSTRUCTION CORPORATION
AGING OF RECEIVABLES
as of March 31, 2019

Segment	Current	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	Over 150 Days	Total
Construction	2,151,989,517	67,775,080	3,929,829	113,608,699	15,907,957	73,654,610	657,558,935	3,084,424,627
Airport	314,388,841	66,516,897	45,450,257	19,666,025	62,249,493	44,149,657	18,921,281	571,342,452
Total	**2,466,378,358**	**134,291,977**	**49,380,086**	**133,274,724**	**78,157,450**	**117,804,267**	**676,480,216**	**3,655,767,079**