

May 10, 2013

**PHILIPPINE STOCK EXCHANGE, INC.**

Philippine Stock Exchange Plaza,  
Ayala Triangle, Ayala Avenue,  
1226 Makati City, Philippines

Attention: *MS. JANET A. ENCARNACION*  
*Head – Disclosure Department*

RE: SEC Form 17-Q

Gentlemen:

We are submitting attached Quarterly Report (SEC Form 17-Q) for the first quarter of 2013 of Megawide Construction Corporation.

Thank you.

Very truly yours,

**MEGAWIDE CONSTRUCTION CORPORATION**

By:

  
**GRACE Q. BAY**  
Assistant Corporate Secretary  
Compliance Officer  
Corporate Information Officer

  
**JOYCE M. BRIONES**  
Corporate Information Officer

# **MEGAWIDE CONSTRUCTION CORPORATION**

Company's Full Name

**2/F Spring Bldg.,  
Arnaiz Ave. cor. P. Burgos St., Pasay City**  
Company's Address

**655-1111**  
Telephone Number

**December 31**  
Fiscal Year Ending  
(Month & Day)

**SEC FORM 17 – Q**  
Form Type

**March 31, 2013**  
Period Ended Date

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(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, 2013**
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 **2/F Spring Bldg. Arnaiz Ave. cor. P. Burgos St., Pasay City, Metro Manila**  
Postal Code
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 of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock</b>	<b>1,114,100,003</b>

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 Stock**

12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

The interim Financial Statements of Megawide Construction Corporation (“Megawide”) as of March 31, 2013 with comparative figures as of December 31, 2012 and March 31, 2012, 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

*Review of results for the three (3) months ended March 31, 2013 as compared with results for the three (3) months ended March 31, 2012*

#### Results of Operations

##### Revenues and Cost of Construction

Megawide recorded gross revenues of P2.65 billion for the first quarter of 2013. There is an increase of 20% compared to revenue booked for the same period in 2012 amounting to P2.20 billion. Operating efficiency has also improved for the first quarter of 2013 due to better control on construction expenses. Operating expense ratio in 2013 and 2012 is almost identical; 4.41% and 4.97%, respectively. Other income, net has increased by P.03 billion due to gain on sale of RTB. As a result, net income increased to P.32 billion from P.26 billion during the same period in 2012.

***Review of financial condition as of March 31, 2013 as compared with financial condition as of December 31, 2012***

**Financial Condition**

As of the end of the first quarter of 2013, total assets stood at P16.42 billion, 36% higher than its value of P12.03 billion as of same period of 2012.

***Current assets grew by 48% due to the following:***

Cash and cash equivalents increased by 363% or P759 million due to collections of some receivables towards the end of the quarter, collection of downpayment from Citicore-Megawide Consortium Inc. (CMCI) for the PPP school infrastructure project of the Department of Education and from H2O Ventures for World Hotel Project.

Short-term investments increased by 62% or P3.21 billion because the Company invested the proceeds of its corporate notes issuance to Retail Treasury Bond.

Inventory increased by 161% or P109 million due to voluminous purchase of construction materials required by projects especially cement and rebar for the PPP school infrastructure project of the Department of Education.

Cost in excess of billing increased by 55% or P578 million because of expenses already incurred for the quarter of 2013 but not yet billed as of the cut-off period for some projects. This will be billed subsequently in April.

Other current assets also increased by 13% or P143 million due to downpayments made to subcontractors for the PPP. These advances will be proportionately deducted from their billings based on their accomplishment.

Trade and other receivables decreased by 18% or P619 million due to collection of bulk of the receivables in first quarter as a result of the joint effort of the Operation and Finance Departments to push for a stricter billing and collection policy.

***Non-current assets grew by 5% due mainly to:***

Increase in property and equipment because of the expansion of batching plant in Taguig and acquisition of 13 units of mobile mixers and other construction equipment

As of the end of the first quarter of 2013, total liabilities registered an increase of 56%, from P7.25 billion as of 2012 to P11.32 billion at the end of first quarter of 2013.

***Current liabilities increased by 2% or P107 million due to:***

Increase in advances from customers by 119% or P825 million due to downpayments received from H2O Ventures for World Hotel and from CMCI for the PPP school infrastructure project of Department of Education.

Decrease in trade and other payables by 20% or P381 million due to substantial payments made to suppliers towards the end of the first quarter.

Decrease in billings in excess of costs on uncompleted projects by 8% or P95 million because higher accomplishments made in the first quarter resulting to higher recoupment of downpayments from customers.

Decrease in interest-bearing loans and borrowings by 11% or P223 million due to payments of short-term loans.

***Non-current liabilities increased by P3.9 billion***

Increase is solely attributable to corporate note issuance by the Company on February 19, 2013 amounting to P4 billion.

***Material Changes to Megawide's Income Statement for the Quarter Ended March 31, 2013 compared to the Income Statement for the Quarter Ended March 31, 2012 (increase/decrease of 5% or more)***

Material Changes to Megawide's Income Statement for the quarter ended March 31, 2013 compared to the Income Statement for the quarter ended March 31, 2012 are as follows:

- 20% increase in Contract Revenues or P445 million  
Increase in Contract Revenues arising from higher accomplishments of projects in 2013.
- 21% increase in Contract Costs or P388 million  
Increase in costs incurred is directly related to the increase in contract revenue
- 7% increase in Operating Expenses or P7.2 million  
Increase is due to the increase in activity and projects
- 427% increase in Finance Income or P61 million  
Increase in cash invested in short-term money market products
- 128% increase in Finance Costs or P27 million  
Increase in short-term loans for working capital
- 31% decrease in Other Income or P4 million  
Increase is due to scrap sales and amortization of unearned income on sales and leaseback transactions
- 158% increase in Income Tax  
Due to increase in taxable income
- 22% increase in Net Income  
Increase in contract revenues and operating efficiency

***Material Changes to Megawide's Balance Sheet as of March 31, 2013 compared to the Balance Statement as of December 31, 2012 (increase/decrease of 5% or more)***

- 363% increase in Cash and Cash Equivalents or P759 million  
Due to collection made towards the end of first quarter, receipt of downpayment from CMCI for the PPP school infrastructure project of the Department of Education and from H2O ventures for the World Hotel Project  
  
Portion of the proceeds from the corporate note issuance was deposited in the bank for working capital purposes
- 62% increase in Short-term Investments or P3.21 billion  
Placements of corporate note proceeds in short-term money market products
- 18% decrease in Trade and other Receivables or P619 million  
Collection of bulk of the receivables in the first quarter as a result of the joint effort of the Operation and Finance Departments to push for a stricter billing and collection policy
- 13% increase in Other Current Assets or P143 million  
Downpayments made to subcontractors for the PPP school infrastructure project of the Department of Education
- 5% increase in the Property and Equipment or P192 million  
Expansion of batching plant in Taguig and acquisition of 13 units of mobile mixers and other construction equipment
- 10% increase in Other Non-Current Assets or P14 million  
Increase in deferred input tax on purchases of fixed assets
- 114% increase in Interest-bearing loans and borrowings, current and non-current portion or P3.74 billion  
Issuance of corporate note amounting to P4 billion and increase in finance lease for transportation equipment
- 20% decrease in Trade and other payables or P381 million  
Decrease is due to substantial payments to suppliers in first quarter
- 119% increase in advances from customers or P825 million  
Due to downpayments received from H2O ventures for the World Hotel Project and from CMCI for PPP school infrastructure project of the Department of Education
- 8% decrease in Billings in excess of costs on uncompleted contracts or P96 million  
Due to higher accomplishment resulting to higher recoupment of advances from customer which is part of progress billing
- 23% increase in income tax payable or P.83 million  
Due to additional income tax payable for first quarter

- 19% increase in Retained Earnings or P322 million Additional net income recorded for the quarter.

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.

## 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	
	2013 (unaudited)	2012 (Audited)
Cash Flow		
Net cash provided by operating activities	528	331
Net cash used in investing activities	(3,459)	(1,579)
Net cash provided by financing activities	3,689	230



## **Indebtedness**

On February 19, 2013, Megawide was able to raise P4 billion corporate notes thru private placement. The proceeds of the fund raising are to be used for the Company's working capital requirements and general corporate purposes.

To date, 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**

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

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

### ***Market Risk***

#### *(a) Foreign Currency Risk*

The Company has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, except for U.S. dollar and Euro denominated Cash in bank amounting to P1.51 million as of March 31, 2013.

#### *(b) Interest Rate Risk*

As at March 31, 2013, the Company is exposed to changes in market rates through its short-term investments which are subject to 30 to 90 days repricing intervals. All other financial assets and liabilities have fixed rates.

### ***Credit risk***

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, such as the granting loans and receivables to customers and placing deposits with local banks and investment in bonds.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets, as summarized below.

Cash and cash equivalents	<b>P 968,328,965</b>
Short-term investments	<b>3,000,000,000</b>
Financial asstes at FVTPL	<b>2,218,385,414</b>
Trade and other receivables excluding advances to suppliers	<b>2,814,359,799</b>
Refundable security deposits	<u><b>34,938,884</b></u>
	<u><b>P 9,036,013,062</b></u>

(a) *Cash and Cash Equivalent and Short-term Investments*

The credit risk for cash and cash equivalents and short-term investments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and government bonds which are considered secured. About 40% of the Company's contract receivables as of March 31, 2013 due from SMDC. The Company mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from this customer and ensuring that collections are received within the agreed credit period.

(b) *Trade and Other Receivables*

Contract receivables are usually due within 30 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 trade receivables that are past due but not impaired are as follows:

Not more than 3 months	<b>P 1,077,213,000</b>
More than 4 months but not more than one year	<b>513,506,306</b>
More than one year	<u><b>120,749,492</b></u>
	<u><b>P 1,711,468,798</b></u>

The Company'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 Company.

(c) *Refundable Security Deposit*

The Company is not exposed to any significant credit risk exposures to the Company's lessors as lease agreements were executed with reputable entities. The Company can negotiate, before the end of the lease term, to apply deposit to rentals due.

### ***Liquidity Risk***

The Company 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 Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. 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.

As at March 31, 2013 the Company's financial liabilities have contractual maturities which are presented below.

	Current	Non-current
Interest-bearing loans and borrowings	P 1,852,467,379	P 5,156,322,501
Trade and other payables	<u>1,565,837,461</u>	<u>-</u>
	<b><u>P 3,418,304,840</u></b>	<b><u>P 5,156,322,501</u></b>

### **Financial Instruments**

The Company categorized its financial instruments as financial asset and financial liabilities. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

The Company's financial assets include fair value through profit and loss (FVTPL) and loans and receivables. FVTPL includes short-term placements and retail treasury bonds (RTB) that are measured at fair value, and changes therein are recognized in profit or loss. Loans and receivables include Cash and Cash Equivalents, Short-Term Investments and Trade and Other Receivables (excluding Advances to suppliers) in the statement of financial position. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. 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, discounted at the effective interest rate.

Financial liabilities, which include interest-bearing loans and borrowings, and trade and other payables [excluding output value-added tax (VAT) payable, unearned income and estimated liability on litigation claims] are measured at amortized cost using the effective interest rate method.

The fair value of the Company's FVTPL are categorized as level 1 wherein quoted prices in active markets for identical assets was used as valuation basis. The Company did not use significant judgment in classifying its FVTPL in the fair value hierarchy because of the availability of a market that quotes prices of identical asset.

The Company considered the risk in the valuation of its financial assets by referring to quoted prices in an active markets for its FVTPL, regularly monitor the age of its receivables from its customers and ensuring that collections are received within the agreed credit period. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. 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, discounted at the effective interest rate.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss as part of Finance costs under the Other income (charges) account in the statement of comprehensive income.

The Company's FVTPL is the only financial asset measured at fair value as of the end of the second quarter. The Company sold its FVTPL in first quarter resulting to gain on sale of P64 million presented as finance income in the statement of comprehensive income. As of the first quarter, the Company opted not to revalue its RTB since the Company has no plan in selling its remaining FVTPL.

The Company does not have investment in foreign securities.

### Key Performance Indicators

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

<b>LIQUIDITY RATIOS</b>		
<b>Key Indicators</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Current ratio	1.98	1.32
Acid test ratio	1.48	.94
Cash ratio	1.01	0.37
Book value per share	4.58	4.29
<b>SOLVENCY RATIOS</b>		
<b>Key Indicators</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Interest-bearing debt ratio	0.58	0.41
Total debt ratio	0.69	0.60
Interest coverage ratio	8.38	25.67
Debt to equity ratio	2.22	1.52
Asset to Equity Ratio	3.22	2.52
<b>PROFITABILITY RATIOS</b>		
<b>Key Indicators</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Fixed asset turnover ratio	0.68	0.74
Total asset turnover ratio	0.19	0.22
Earnings per Share	0.29	0.24

Return on Assets	2.27%	2.61%
Return on Equity	6.32%	5.54%
Net Profit Margin	12.17%	12.00%

Notes:

1. Current Ratio (Current Assets / Current Liabilities)  
To test the Company ability to pay its short-term debts
2. Acid Test Ratio (Quick Assets/Current Liabilities)  
Measures the Company'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. Measures the Company'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. Interest-Bearing Debt Ratio (Interest-Bearing Debt/ Equity + Interest-Bearing Debt)  
Measures the extent to which the assets having explicit cost are financed by interest-bearing debt
6. Total Debt Ratio (Total Liabilities/Total Assets)  
Measures the percentage of funds provided by creditors
7. Interest Coverage Ratio (EBIT/Interest Expense)  
Indicates the margin of safety for payment of all fixed charges
8. Debt to Equity Ratio (Total Liabilities/Total Equity)  
Compares sources provided by creditors with sources provided by shareholders)
9. Asset to Equity Ratio (Total Asset/Total Equity)  
Shows the relationship of the total assets to the portion owned by shareholders.  
Indicates a Company's leverage, the amount of debt used to finance the firm.
10. Fixed Asset Turnover Ratio (Net Sales/Average Net Fixed Assets)  
Measures the level of use of property, plant and equipment
11. Total asset turnover ratio (Net Sales/Average Fixed Assets)  
Measures the level of capital investment relative to sales volume
12. Earnings per Share (Net Income/Average Outstanding Shares)  
Reflects the Company's earning capability
13. Return on Assets (Net Income/Total Assets)  
Indicates whether assets are being used efficiently and effectively
14. Net Profit Margin (Net Profit/Total Sales)  
Measures the percentage of net income to sales

**Submissions of SEC Form 17-C:**

<b>Date Filed</b>	<b>Particulars</b>
January 8, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of December 31, 2012
January 17, 2013	Public Ownership Report as of December 31, 2012
January 17, 2013	List of Top 100 Stockholders as of December 31, 2012
January 30, 2013	Annual Report on the use of proceeds for 2012
January 30, 2013	Certificate of Compliance with the Manual on Corporate Governance 2012
January 30, 2013	Certificate of Attendance 2012
February 8, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of January 31, 2013
February 11, 2013	Clarification of news item published in <i>phlSTAR.com</i> on February 8, 2013
February 12, 2013	Clarification of news item published in <i>phlSTAR.com</i> on February 11, 2013
February 15, 2013	Clarification of news item published in <i>BusinessWorld Online</i> on February 13, 2013
March 7, 2013	Signing of an understanding with GMR Infrastructure Limited
March 8, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of February 28, 2013

**SIGNATURES**

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

**MEGAWIDE CONSTRUCTION CORPORATION**

By:



**MICHAEL C. COSIQUIEN**  
Principal Executive Officer  
Date: May 10, 2013



**OLIVER Y. TAN**  
Principal Financial Officer  
Date: May 10, 2013

MEGAWIDE CONSTRUCTION CORPORATION  
 STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012  
*(Amounts in Philippine Pesos)*  
 (UNAUDITED)

	<u>2013</u>	<u>2012</u>
CONTRACT REVENUES	P 2,651,148,165	P 2,205,274,974
CONTRACT COSTS	<u>2,209,389,367</u>	<u>1,821,712,803</u>
GROSS PROFIT	441,758,799	383,562,171
OTHER OPERATING EXPENSES	<u>116,820,524</u>	<u>109,604,424</u>
OPERATING PROFIT	<u>324,938,275</u>	<u>273,957,747</u>
OTHER INCOME (CHARGES)		
Finance income	76,227,784	14,475,317
Finance costs	( 48,894,641 )	( 21,469,007 )
Others - net	<u>8,648,733</u>	<u>12,609,878</u>
	<u>35,981,876</u>	<u>5,616,188</u>
PROFIT BEFORE TAX	360,920,151	279,573,935
TAX EXPENSE	<u>38,230,670</u>	<u>14,805,328</u>
NET PROFIT	322,689,482	264,768,606
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
NET PROFIT	<u>P 322,689,482</u>	<u>P 264,768,606</u>

*See Notes to Financial Statements.*



**MEGAWIDE CONSTRUCTION CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2013 AND DECEMBER 31, 2012**  
*(Amounts in Philippine Pesos)*

	<u>UNAUDITED</u> March 31, 2013	<u>AUDITED</u> December 31, 2012
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 968,328,965	P 209,299,011
Short-term investments	3,000,000,000	-
Financial assets at fair value through profit or loss	2,218,385,414	2,004,222,518
Trade and other receivables - net	2,814,359,799	3,433,591,679
Construction materials	176,780,517	67,722,317
Costs in excess of billings on uncompleted contracts - net	1,638,214,082	1,060,186,176
Due from stockholders		
Other current assets	<u>1,268,985,339</u>	<u>1,125,527,903</u>
Total Current Assets	<u>12,085,054,115</u>	<u>7,900,549,604</u>
<b>NON-CURRENT ASSETS</b>		
Investment in an associate	145,495,124	145,495,124
Property and equipment - net	3,968,153,401	3,775,259,228
Deferred tax assets	60,134,985	60,134,985
Other non-current assets	<u>165,505,208</u>	<u>151,050,092</u>
Total Non-current Assets	<u>4,339,288,718</u>	<u>4,131,939,429</u>
<b>TOTAL ASSETS</b>	<b><u>P 16,424,342,833</u></b>	<b><u>P 12,032,489,033</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	P 1,852,467,379	P 2,075,625,432
Trade and other payables	1,565,837,461	1,947,557,599
Advances from customers	1,518,943,550	693,478,144
Billings in excess of costs on uncompleted contracts - net	1,127,696,966	1,223,314,186
Income tax payable	4,534,543	3,701,228
Other current liabilities	<u>32,296,398</u>	<u>51,437,639</u>
Total Current Liabilities	<u>6,101,776,298</u>	<u>5,995,114,228</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	5,156,322,501	1,194,444,128
Retirement benefit obligation	37,563,567	37,563,567
Other non-current liability	<u>25,306,718</u>	<u>24,682,842</u>
Total Non-current Liabilities	<u>5,219,192,786</u>	<u>1,256,690,537</u>
Total Liabilities	<u>11,320,969,084</u>	<u>7,251,804,765</u>
<b>EQUITY</b>		
Capital stock	1,114,100,003	1,114,100,003
Additional paid-in capital	1,961,729,696	1,961,729,696
Retained earnings	<u>2,027,544,051</u>	<u>1,704,854,569</u>
Total Equity	<u>5,103,373,750</u>	<u>4,780,684,268</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>P 16,424,342,833</u></b>	<b><u>P 12,032,489,033</u></b>

**MEGAWIDE CONSTRUCTION CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**  
*(Amounts in Philippine Pesos)*  
**(UNAUDITED)**

	<u>2013</u>	<u>2012</u>
<b>CAPITAL STOCK</b>		
Balance at beginning of year	P 1,114,100,003	P 565,000,002
Issuances during the year	<u>-</u>	<u>291,999,998</u>
Balance at end of year	<u>1,114,100,003</u>	<u>857,000,000</u>
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at beginning of year	1,961,729,696	60,000,000
Issuances during the year	<u>-</u>	<u>1,925,119,959</u>
Balance at end of year	<u>1,961,729,696</u>	<u>1,985,119,959</u>
<b>RETAINED EARNINGS</b>		
Balance at beginning of year	1,704,854,569	429,728,115
Net profit	<u>322,689,482</u>	<u>104,085,555</u>
Balance at end of year	<u>2,027,544,051</u>	<u>533,813,670</u>
<b>TOTAL EQUITY</b>	<u><b>P 5,103,373,750</b></u>	<u><b>P 3,375,933,629</b></u>

*See Notes to Financial Statements.*

**MEGAWIDE CONSTRUCTION CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012**  
*(Amounts in Philippine Pesos)*  
**(UNAUDITED)**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>P 360,920,151</b>	P 279,573,935
Adjustments for:		
Depreciation	117,815,474	69,018,871
Interest income	( 76,227,784 )	( 14,475,317 )
Interest expense	48,894,641	21,469,007
Loss on disposals of property and equipment		-
Operating profit before working capital changes	451,402,482	355,586,496
Decrease in trade and other receivables	619,231,880	336,666,618
Increase in construction materials	( 109,058,200 )	( 102,520,134 )
Decrease(increase) in costs in excess of billings on uncompleted contracts	( 578,027,906 )	446,226,214
Increase in other current assets	(170,096,934.74)	( 68,877,942 )
Decrease in other non-current assets	( 14,455,116 )	( 48,093,691 )
Decrease in trade and other payables	( 400,237,503 )	( 12,714,282 )
Increase (Decrease) in advances from customers	825,465,406	( 109,000,000 )
Decrease in billings in excess of costs on uncompleted contracts	( 95,617,220 )	( 450,554,095 )
Cash generated from (used in) operations	528,606,890	346,719,183
Cash paid for income taxes	-	( 14,805,328 )
Net Cash From (Used In) Operating Activities	528,606,890	331,913,855
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment	( 321,467,501 )	( 272,143,807 )
Increase in short-term investments	( 3,214,162,896 )	( 1,322,297,808 )
Interest received	76,227,784	14,475,317
Proceeds from sale of property and equipment	-	-
Net Cash Used in Investing Activities	( 3,459,402,614 )	( 1,579,966,298 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from loans	3,738,720,318	252,319,190
Interest paid	( 48,894,641 )	( 21,469,007 )
Net Cash From Financing Activities	3,689,825,677	230,850,183
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	759,029,954	( 1,017,202,260 )
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>209,299,011</b>	1,440,677,903
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>P 968,328,965</b>	P 423,475,643

*See Notes to Financial Statements.*