MEGAWIDE
ENGINEERING EXCELLENCE

November 14, 2014

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:

Please find attached Megawide Construction Corporation's ("Company") interim unaudited financial statement as of September 30, 2014 (SEC Form 17-Q) which highlights the Company's financial performance for the third quarter of 2014. This is being filed both for compliance purposes and in conjunction with the Company's Perpetual Preferred Share Offering which is set to commence on Monday, November 17, 2014 until November 24, 2014. Any interested person may download the same through the PSE Edge or secure a copy from the Securities and Exchange Commission. This will also be available on the Company's website beginning Monday, November 17, 2014.

Thank you.

Very truly yours,

MEGAWIDE CONSTRUCTION CORPORATION

By:

FLORENTINO A. TUASON, JR.
Corporate Secretary

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

September 30, 2014
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 **September 30, 2014**

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
Common Stock	**1,649,426,127**

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 Consolidated Financial Statements of Megawide Construction Corporation ("Megawide") as of September 30, 2014 with comparative figures as of December 31, 2013 and September 30, 2013, 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 nine (9) months ended September 30, 2014 as compared with results for the nine (9) months ended September 30, 2013

Results of Operations

Gross Construction Revenues jumped to ₱7.54 billion as of 3rd Quarter of 2014 due to the accomplishments of projects near completion such as Jazz Residences, Linear Residences, Studio Zen, FCC Cebu and other on-going projects of the Parent Company and Gross Construction Revenues for the nine months ended September 30, 2014 posted slight increase of 4% or Php321 million compared to the same period last year.

Gross Profit also jumped by 2% or ₱31 million for 3rd Quarter of 2014 compared to 3rd Quarter of 2013 due to higher Gross Revenues. Meanwhile gross profit margins were unchanged at 17%.

The Operating Expenses increased by 32% or ₱77 million mainly due to the consolidation of pre-operating expenses of GMCAC thus contributing to 4% minimal decrease in operating profit margin. However, moving forward once GMCAC starts to post revenues beginning November 1, 2014, consolidated operating profit margin should improve.

Finance Income decreased by 80% or ₱240 million due to absence of one-time trading gain in financial assets particularly on government securities as the Company mobilized cash to fund its equity portion in the subsidiary GMCAC in relation to the Mactan-Cebu International Airport Project thus contributing to the decrease in net profit of ₱308.69 million or 31%.

Review of financial condition as of September 30, 2014 as compared with financial condition as of December 31, 2013

Financial Condition

Current Assets decreased by 3% or P555 million

Current Assets decreased to Php16.19 billion from ₱16.74 billion mainly due to decrease in cash and cash equivalents and termination of some financial assets placements as cash were deployed to Investment in Airport Subsidiary to fund the Company's equity portion for the payment of upfront bid premium to the government after it was awarded the Concession Agreement last April 2014.

Megawide together with GMR Infrastructure Limited (GMR) formed a Special Purpose Vehicle named GMR Megawide Cebu Airport Corporation (GMCAC) to hold the Concession Rights to Operation and Maintain the Mactan-Cebu International Airport Project. The Company owns 60% of the Special Purpose Vehicle.

The following discussions provide a detailed analysis of decreased of current assets.

Cash and cash equivalents – decreased by 67% or P1.5 billion

- Cash and cash equivalents decreased by 67% or ₱1.52 billion due to deployment of cash for investment made by the Parent Company to GMR Megawide Cebu Airport Corporation (GMCAC). Accordingly, the Parent Company's equity ownership interest is accounted for as an investment in a subsidiary; and, starting in 2014, the financial statements of GMCAC are consolidated with that of the Parent Company.

Financial assets at fair value through profit or loss – decreased by 21% or P1.25 billion

- Likewise, the Parent Company terminated some of its short term placements to deploy cash for investment in GMCAC.

Trade and other receivables, net – decreased 7% by P267 million

The following accounts caused the net decreased in trade and other receivables

- The trade receivable of the Parent Company decreased by P986 million. This is the result of the good effort of the management to collect its receivables through efficiency in monitoring of receivables and follow-ups to clients when the receivables are already due.
- Retention receivable of the Parent Company increased by P667 million. This is due to the progress billings as of the end of the 3rd quarter that were subjected to retention by the clients. Retention receivable shall be collected once the projects is finished and supported by Certificate of Completion signed by the independent management and acknowledge by the client.
- Receivable of GMCAC increased by P52 million as of the end of the 3rd quarter due to advances made to suppliers for preliminary works in preparation for the take-over of the Airport on Nov. 1, 2014.

Cost in excess of billings increased by 32% or P721 million

- The increase is typical for last semester project cycles wherein more projects are in near completion stage compared to projects about to start or at early semester project cycles; projects completed or near completion stage are Mplace Phase 1 and 2, Blue Residences, Grass Tower 2 and Jazz Residences, Linear Residences, Studio City, Studio Zen, Ihub 9 and 10 and FCC Cebu while newly started projects are Fern Residences of SMDC, BPO Araneta of Araneta Group, Shangrila Salcedo and Annapolis of Bayswater Realty, 8990 Tower of Foghorn Inc., World Plaza of Real Property Innovative Solutions Inc.

Construction materials increased by 33% or P114 million

- Increased in Construction Materials particularly steel bars and cements are due to preparation for new project requirements as well as excess construction materials from completed projects pulled out that can be used to new projects to be started early next year.

Other current assets increased by 84% or P1.65 billion

- The increased in other current assets of Php1.65 billion is due to increase in tax assets attributable to the input vat on upfront bid premium paid by GMCAC to the government last April 2014, these input vat can be use immediately once GMCAC start to recognize sales output vat by November 2014.

Investment in associate increase by 296% or P581 million

- This represents the Company's equity subscription or participation in the Special Purpose Vehicle named Megawide Worldciti Consortium Inc (MWCCI) set-up mainly to handle the Modernization of Philippine Orthopedic Hospital project it won early in December 2013; The investment represents economic interest of 51% in the project but the Company doesn't have management control nor it will be involve in the day to day operation of the hospital upon completion.

Non-current assets increased by 330% or P15.69 billion

- Increase in non-current assets of Php15.69 billion is primarily due to the concession right of GMCAC and investment in associate.

The following discussions provide a detailed analysis of increased of non-current assets.

Concession Rights increased by 100% or P14.93 billion

- The Concession Rights to expand, operate and maintain the Mactan-Cebu International Airport was granted by the Philippine Government through the Department of Transportation and Communications and Mactan-Cebu International Airport Authority (MCIAA) to the Company last April 2014. In compliance to the Concession Agreement, GMCAC paid an upfront premium amounting to P14.40 million net of Vat to MCIAA.

Plant, Property & Equipment increased by 3% or P128 million

- The increased of Php128 million are due to newly acquired construction equipment and is part of the annual Capital Expenditures of the Company to support its business operation. Megawide booked ten (10) projects in 2014 with total contract value of P8 billion.

Deferred tax asset increased by 19% or P8 million

- The increase is due to the deferred tax asset for the accrual of retirement benefits of the Parent Company.

Other non-current assets increased by 22% or P43 million

- The increase is due to increase in deferred input vat on purchases of capital assets and investment in new engineering system and software to enhance project's budget monitoring and controls.

Total Assets of the Group increased by 70% or P15 billion

- The Group's total asset increased by 70% or Php 15 billion as of September 30, 2014 compared to December 31, 2014 primarily due to the concession right of GMCAC and investment in associate for the Modernization of Philippine Orthopedic Hospital.

Current liabilities increased by 159% or P12.45 billion

- Increased in current liabilities of Php12.45 billion is primarily due to recognition of the short-term bridge loan facility entered into by the Company's subsidiary GMCAC amounting P11 billion to fund the upfront premium it paid to the government for the Concession Rights to expand, operate and maintain the Mactan Cebu International Airport as a result of financial statement consolidation. Upon maturity on April 2015, the short-term bridge loan facility will be converted to long term facility as part of the project financing expected to be achieve before the year-end.

- The following discussions provide a detailed analysis of increased of current liabilities.

Interest-bearing loans and borrowings-current increased by 519% or P12.62 billion

- Due to financial statement consolidation, the Parent Company (Megawide) recognized the short-term bridge loan facility entered into by its subsidiary GMCAC amounting P11 billion to fund the upfront premium it paid to the government for the Concession Rights to expand, operate and maintain the Mactan Cebu International Airport. Upon maturity on April 2015, the short-term bridge loan facility will be converted to long term facility as part of the project financing expected to be achieve before the year-end.

- The Parent Company also obtained additional short-terms loan with local banks for its working capital requirements.

Trade and other payables increased by 65% or P1.32 billion

- Increased in Trade and other Payables of Php1.32 billion are mainly due to extended or longer credit terms negotiated with suppliers and subcontractors as a result of the Vendors Financing Program implemented in partnership with banks. Consequently, average credit terms increased from 60-days to 180-days. Likewise, supplier's and subcontractor's retention payable increased by Php194 million due to more completed projects, as a policy and practice, the Company retain equivalent to 10% of the contract value as retention to guarantee any workmanship defects within 1-year from completion.

Advances from customers increased by 12% or P115 million

- Advances from customer pertains to downpayment received from customers ranging from 15% to 20% of the contract amount. The downpayment shall be recouped based on the accomplishment on each progress billing submitted to the clients.
- Increase in advances from customers is due to downpayments received for new projects.

Billings in excess of costs decreased by 68% or P1.58 billion

- The decrease is due to new projects started which include Fern Residences of SMDC, Proscenium of Rockwell, World Plaza of Daiichi, Mareic Building of Green Way, 27 Annapolis of Bayswater and 8990 Tower of Forghorn.

Other current liabilities decreased by 43% or by P22.75 million

- The decrease is due to the amortization of deferred interest income on sale and leaseback of the Parent Company and decrease in withholding taxes.

Non-Current liabilities decreased by P8.32 million

- Decreased in non-current liabilities of Php8.32 million is primarily due to decrease in interest-bearing loans and borrowings caused by reclassification of finance lease.

- The following discussions provide a detailed analysis of increased of current liabilities.

Interest-bearing loans and borrowings non-current decreased by P19 million

- The decrease is due to the reclassification of non-current portion of finance lease to current portion.

Retirement benefit obligation increased by 13% or P14 million

- Increase is due to accrual of retirement obligation.

Total Liabilities of the Group increased by 96% or P12.44 billion

The Group's total liabilities increased by 96% or Php12.44 billion as of September 30, 2014 compared to December 31, 2014 primarily due to recognition of the short-term bridge loan facility entered into by the Company's subsidiary GMCAC amounting P11 billion to fund the upfront premium it paid to the government for the Concession Rights to expand, operate and maintain the Mactan Cebu International Airport as a result of financial statement consolidation. Upon maturity on April 2015, the short-term bridge loan facility will be converted to long term facility as part of the project financing expected to be achieve before the year-end.

Capital stock increased by 45% or P750 million

- The increase was due to the stock dividends declared amounting Php750 million last June 30, 2014 at its annual stockholders' meeting. The stock dividends equivalent to 750.0 million common shares of stock with par value of P1.0 each shall be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2013.

Retained earnings decreased by 1% or P34 million

- The decreased was primarily due to the stock dividends declared amounting to Php750 million off-setting the nine months net profit posted in the amount of Php755.64 million.

Non-Controlling interest increased by P1.91 billion

- Non-controlling interest represent the 40% ownership of GMR Infrastructure Limited in the Special Purpose Vehicle company named GMCAC for the Mactan-Cebu International Airport Project.

Material Changes to Megawide's Income Statement for the Quarter Ended September 30, 2014 compared to the Income Statement for the Quarter Ended September 30, 2013 (increase/decrease of 5% or more)

Material Changes to Megawide's Income Statement for the quarter ended September 30, 2014 compared to the Income Statement for the quarter ended September 30, 2013 are as follows:

Gross Construction Revenues jumped to ₱7.54 billion as of 3rd Quarter of 2014 due to the accomplishments of projects near completion such as Jazz Residences, Linear Residences, Studio Zen, FCC Cebu and other on-going projects of the Parent Company and Gross Construction Revenues for the nine months ended September 30, 2014 posted slight increase of 4% or Php321 million compared to the same period last year.

The Operating Expenses increased by 32% or Php77 million mainly due to the consolidation of pre-operating expenses of GMCAC.

Finance Income decreased by 80% or Php240 million due to absence of one-time trading gain in financial assets particularly on government securities as the Company mobilized cash to fund its equity portion in the subsidiary GMCAC in relation to the Mactan-Cebu International Airport Project thus contributing to the decrease in net profit of Php308.68 million or 31%.

Material Changes to Megawide's Balance Sheet as of September 30, 2014 compared to the Balance Statement as of December 31, 2013 (increase/decrease of 5% or more)

- Cash and cash equivalents decreased by 67% or ₱1.52 billion due to deployment of cash for investment made by the Parent Company to GMR Megawide Cebu Airport Corporation (GMCAC). Accordingly, the Parent Company's equity ownership interest is accounted for as an investment in a subsidiary; and, starting in 2014, the financial statements of GMCAC are consolidated with that of the Parent Company.

- Financial assets at fair value through profit or loss decreased by 21% or P1.25 billion due to the Parent Company has terminated of some of its short term placements to deploy cash for investment in GMCAC.

- Trade and other receivables decreased 7% by P267million due to the result of the good effort of the management to collect its receivables through efficiency in monitoring of receivables and follow-ups to clients when the receivables are already due and due to the progress billings as of the end of the 3rd quarter that were subjected to retention by the clients. Retention receivable of the Parent Company increased by P667 million. This is due to the progress billings as of the end of the 3rd quarter that were subjected to retention by the clients. Retention receivable shall be collected once the projects is finished and supported by Certificate of Completion signed by the independent management and acknowledge by the client. Receivable of GMCAC increased by P52 million as of the end of the 3rd quarter due to advances made to suppliers for preliminary works in preparation for the take-over of the Airport on Nov. 1, 2014.

- Cost in excess of billings increased by 32% or P721million The increase is typical for last semester project cycles wherein more projects are in near completion stage compared to projects about to start or at early semester project cycles; projects completed or near completion stage are Mplace Phase 1 and 2, Blue Residences, Grass Tower 2 and Jazz Residences, Linear Residences, Studio City, Studio Zen, Ihub 9 and 10 and FCC Cebu while newly started projects are Fern Residences of SMDC, BPO Araneta of Araneta Group, Shangrila Salcedo and Annapolis of Bayswater Realty, 8990 Tower of Foghorn Inc., World Plaza of Real Property Innovative Solutions Inc.

- Construction materials increased by 33% or P114 million due to preparation for new project requirements as well as excess construction materials from completed projects pulled out that can be used to new projects to be started early next year.

- The increased in other current assets of Php1.65 billion is due to increase in tax assets attributable to the input vat on upfront bid premium paid by GMCAC to the government last April 2014, these input vat can be use immediately once GMCAC start to recognize sales output vat by November 2014.

- Investment in associate increase by 296% or P581 million due Company's equity subscription or participation in the Special Purpose Vehicle named Megawide Worldciti Consortium Inc (MWCCI) set-up mainly to handle the Modernization of Philippine Orthopedic Hospital project it won early in December 2013; The investment represents economic interest of 51% in the project but the Company doesn't have management control nor it will be involved in the day to day operation of the hospital upon completion.

- Concession Rights increased by 100% or P14.93 billion**.** This is the right to expand, operate and maintain the Mactan-Cebu International Airport was granted by the Philippine Government through the Department of Transportation and Communications and Mactan-Cebu International Airport Authority (MCIAA) to the

Company last April 2014. In compliance to the Concession Agreement, GMCAC paid an upfront premium amounting to P14.40 million net of Vat to MCIAA.

- Deferred tax asset increased by 19% or P8 million due to the deferred tax asset for the accrual of retirement benefits of the Parent Company.

- Other non-current assets increased by 22% or P43 million due to increase in deferred input vat on purchases of capital assets and investment in new engineering system and software to enhance project's budget monitoring and controls.

- Interest-bearing loans and borrowings-current increased by 519% or P12.62 billion due to financial statement consolidation, the Parent Company (Megawide) recognized the short-term bridge loan facility entered into by its subsidiary GMCAC amounting P11 billion to fund the upfront premium it paid to the government for the Concession Rights to expand, operate and maintain the Mactan Cebu International Airport. Upon maturity on April 2015, the short-term bridge loan facility will be converted to long term facility as part of the project financing expected to be achieve before the year-end. The Parent Company also obtained additional short-terms loan with local banks for its working capital requirements.

- Trade and other payables increased by 65% or P1.32 billion due to extended or longer credit terms negotiated with suppliers and subcontractors as a result of the Vendors Financing Program implemented in partnership with banks. Consequently, average credit terms increased from 60-days to 180-days. Likewise, supplier's and subcontractor's retention payable increased by Php194 million due to more completed projects, as a policy and practice, the Company retain equivalent to 10% of the contract value as retention to guarantee any workmanship defects within 1-year from completion.

- Advances from customers increased by 12% or P115 million due to downpayments received for new projects.

- Billings in excess of costs decreased by 68% or P1.6 billion due to new projects started which include Fern Residences of SMDC, Proscenium of Rockwell, World Plaza of Daiichi, Mareic Building of Green Way, 27 Annapolis of Bayswater and 8990 Tower of Forghorn.

- Other current liabilities decreased by 43% or by P22.75 million is due to the amortization of deferred interest income on sale and leaseback of the Parent Company and decrease in withholding taxes.

- Retirement benefit obligation increased by 13% or P14 million due to accrual of retirement obligation.

- Capital stock increased by 45% or P750 million due to the stock dividends declared amounting Php750 million last June 30, 2014 at its annual stockholders' meeting. The stock dividends equivalent to 750.0 million common shares of stock with par value of P1.0 each shall be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2013.

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 nine (9) months ended September 30	
Cash Flow	2014 (unaudited)	2013 (unaudited)
Net cash provided (used) by operating activities	**(1,247)**	**934**
Net cash used in investing activities	**(14,558)**	**(6,726)**
Net cash provided by financing activities	**14,281**	**6,292**

Indebtedness

As of September 30, 2014, 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 described below and in the succeeding pages.

Market Risk

(a) Foreign Currency Risk

Megawide 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 P1,446,609 as of September 30, 2014.

(b) Interest Rate Risk

As at September 30, 2014, Megawide 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 Megawide. Megawide 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.

Megawide continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Its 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	**P 751,676,867**
Short-term investments	**4,754,818,193**
Trade and other receivables excluding advances to suppliers	**3,836,185,400**
Refundable security deposits	**60,397,754**
	P 9,403,078,214

(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 16% of Megawide's contract receivables as of September 30, 2014 due from SMDC. Megawide 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	**P 213,632,662**
More than 3 months but not more than 4 months	**8,512,150**
More than 4 months but more than one year	**4,299,541**
	P 226,444,353

Megawide'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 Megawide.

(c) Financial assets at FVTPL

Megawide is not exposed to any significant credit risk exposures on its investment in financial assets at FVPTL.

(d) Refundable Security Deposit

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

Liquidity Risk

Megawide 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.

Megawide 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 September 30, 2014 Megawide's financial liabilities have contractual maturities which are presented below.

	Current	Non-current
Interest-bearing loans and borrowings	P 15,056,629,819	P 5,013,690,168
Trade and other payables	3,340,799,492	-
	P 18,397,429,311	**P 5,013, 690,168**

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The Company's financial assets currently include FVTPL and loans and receivables as described in more detail as follows:

(a) *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 fair value through profit or loss 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.

(b) *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 Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables and Refundable security and bond deposits (presented under Other Current Assets) in the 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. 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 (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.All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest 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 the financial assets is measured.
The 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

Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings and trade and other payables [except output value-added tax (VAT) and other taxes payable] are recognized when the Company 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 statement of comprehensive 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) 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.

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 Company does not have an unconditional right to defer settlement of the liability for at least twelve months after end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the 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.

Megawide does not have investment in foreign securities.

Key Performance Indicators

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

LIQUIDITY RATIOS		
Key Indicators	**September 30, 2014**	**September 30, 2013**
Current ratio[1]	**.80**	2.38
Acid test ratio[2]	**.45**	1.85
Cash ratio[3]	**.26**	1.34
Book value per share[4]	**4.68**	6.62
SOLVENCY RATIOS		
Key Indicators	**September 30, 2014**	**December 31, 2013**
Interest-bearing debt ratio[5]	.64	.47
Total debt ratio[6]	.69	.58
Interest coverage ratio	3.63	4.71
Debt to equity ratio	1.79	1.39
Asset to equity ratio[7]	3.26	2.39
PROFITABILITY RATIOS		
Key Indicators	**September 30, 2014**	**December 31, 2013**
Earnings per Share[8]	.48	.81
Return on Assets[9]	3.22%	6.13 %
Return on Equity	6.98%	12%
Net Profit Margin[10]	10%	14%

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. 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. 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.
8. Earnings per Share (Net Income/Average Outstanding Shares)
   Reflects Megawide's earning capability
9. Return on Assets (Net Income/Total Assets)
   Indicates whether assets are being used efficiently and effectively
10. Net Profit Margin (Gross Profit/Total Sales)
   Measures the percentage of net income to sales

PART II – OTHER INFORMATION

There is no information not previously report in a report on SEC Form 17-C.

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	**OLIVER Y. TAN**
Principal Executive Officer	Principal Financial Officer
Date: November 14, 2014	Date: November 14, 2014

MEGAWIDE CONSTRUCTION CORPORATION AND ITS SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Amounts in Philippine Pesos)

	FOR NINE MONTHS		FOR THREE MONTHS	
	2014	2013	**2014**	2013
CONTRACT REVENUES	**P 7,538,069,915**	P 7,216,799,462	**P 2,482,758,414**	P 3,048,427,050
CONTRACT COSTS	**6,228,257,923**	5,938,323,262	**2,055,391,865**	2,514,046,519
GROSS PROFIT	**1,309,811,992**	1,278,476,200	**427,366,549**	534,380,531
OTHER OPERATING EXPEN	**319,944,623**	242,847,015	**140,570,608**	82,368,384
OPERATING PROFIT	**989,867,369**	1,035,629,185	**286,795,941**	452,012,147
OTHER INCOME (CHARGES)				
Finance income	**60,657,169**	301,183,202	**11,453,880**	(38,321,958)
Finance costs	**(298,880,269)**	(287,184,919)	**(94,404,410)**	(125,589,859)
Others - net	**34,969,171**	16,836,800	**4,457,703**	(8,112,960)
	(203,253,929)	30,835,083	**(78,492,827)**	(172,024,777)
PROFIT BEFORE TAX	**786,613,440**	1,066,464,268	**208,303,114**	279,987,370
TAX EXPENSE	**(30,985,282)**	(83,219,467)	**9,934,594**	(48,927,616)
NET PROFIT	**P 755,628,158**	P 983,244,801	**P 218,237,708**	P 231,059,754

MEGAWIDE CONSTRUCTION CORPORATION AND ITS SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(Amounts in Philippine Pesos)

	UNAUDITED September 30, 2014		AUDITED December 31, 2013
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**751,676,866**	P	2,276,033,774
Financial assets at fair value through profit or loss	**4,574,818,193**		5,824,274,558
Trade and other receivables - net	**3,836,185,400**		4,102,937,463
Construction materials	**453,298,615**		339,632,753
Costs in excess of billings on uncompleted contracts - net	**2,965,407,082**		2,244,616,767
Other current assets	**3,605,450,153**		1,954,824,815
Total Current Assets	**16,186,836,309**		16,742,320,130
NON-CURRENT ASSETS			
Investment in an associate	**777,486,843**		196,268,564
Concessionaire rights	**14,928,368,249**		-
Property and equipment - net	**4,459,033,979**		4,330,697,120
Deferred tax assets	**49,368,046**		41,366,847
Other non-current assets	**234,541,087**		192,344,521
Total Non-current Assets	**20,448,798,204**		4,760,677,052
TOTAL ASSETS	**36,635,634,513**	P	21,502,997,182
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	**15,056,629,819**	P	2,432,443,752
Trade and other payables	**3,340,799,492**		2,024,476,795
Advances from customers	**1,102,839,145**		987,842,320
Billings in excess of costs on uncompleted contracts - net	**734,270,993**		2,317,861,428
Other current liablities	**29,861,175**		52,613,351
Total Current Liabilities	**20,264,400,624**		7,815,237,646
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	**5,013,690,168**		5,032,932,033
Retirement benefit obligation	**124,743,614**		110,366,827
Other non-current liability	**-**		3,450,440
Total Non-current Liabilities	**5,138,433,782**		5,146,749,300
Total Liabilities	**25,402,834,406**		12,961,986,946
EQUITY			
Capital stock	**2,399,426,127**		1,649,426,127
Additional paid-in capital	**4,207,276,193**		4,207,276,193
Revaluation reserves	**(36,064,872)**		(36,064,872)
Retained earnings	**2,754,348,614**		2,720,372,788
Non-controlling interest	**1,907,814,045**		-
Total Equity	**11,232,800,107**		8,541,010,236
TOTAL LIABILITIES AND EQUITY	**36,635,634,513**	P	21,502,997,182

MEGAWIDE CONSTRUCTION CORPORATION AND ITS SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)
(Amounts in Philippine Pesos)

	Attributable to Shareholders of the Parent Company						
	Capital Stock	**Additional Paid-in Capital**	**Revaluation Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interest**	**Total**
Balance at January 1, 2014	P 1,649,426,127	P 4,207,276,193	(P 36,064,872)	P 2,720,372,788	P 8,541,010,236	P -	P 8,541,010,236
Issuance during the period	750,000,000	-	-	(750,000,000)	-	1,936,157,723	1,936,157,723
Total comprehensive income for the period	-	-	-	783,975,826	783,975,826	(28,343,678)	755,632,148
Balance at September 30, 2014	**P 2,399,426,127**	**P 4,207,276,193**	**(P 36,064,872)**	**P 2,754,348,614**	**P 9,324,986,062**	**P 1,907,814,045**	**P 11,232,800,107**
Balance at January 1, 2013	P 1,114,100,003	P 1,961,729,696	-	P 1,704,854,569	P 4,780,684,268	P -	P 4,780,684,268
Issuances during the period	154,689,323	2,478,325,260	-	-	2,633,014,583	-	2,633,014,583
Stock dividends	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	983,244,801	983,244,801	-	983,244,801
Balance at September 30, 2013	P 1,268,789,326	P 4,440,054,956	-	P 2,688,099,370	P 8,396,943,652	P -	P 8,396,943,652

MEGAWIDE CONSTRUCTION CORPORATION AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Amounts in Philippine Pesos)
(UNAUDITED)

	2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	786,613,440	P	1,066,464,269
Adjustments for:			
Depreciation	429,112,820		371,646,003
Interest income	(60,657,170)		(57,803,446)
Interest expense	298,880,269		287,184,919
Gain on disposals of property and equipment	(12,274,007)		-
Operating profit before working capital changes	1,441,675,352		1,667,491,745
Decrease in trade and other receivables	266,939,568		145,092,817
Increase in construction materials	(113,665,862)		(395,525,111)
Increase in costs in excess of billings on uncompleted contracts	(720,790,315)		(346,044,319)
Increase in other current assets	(1,698,576,846)		(302,191,939)
Increase in other non-current assets	(51,169,301)		(39,242,428)
Increase (Decrease) in trade and other payables	1,082,622,919		(576,701,332)
Increase in advances from customers	114,996,825		535,615,697
Increase (Decrease) in billings in excess of costs on uncompleted contracts	(1,583,590,435)		250,269,934
Increase in retirement benefit obligation	14,376,787		-
Cash generated from (used in) operations	(1,247,181,307)		938,765,065
Cash paid for income taxes	-		(4,534,544)
Net Cash From (Used In) Operating Activities	(1,247,181,307)		934,230,521
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	(577,457,400)		(734,874,464)
Payment for concession rights	(14,734,098,615)		
Decrease (Increase) in short-term investments	1,249,456,365		(5,993,456,969)
Increase in investment in associate	(581,218,279)		(53,500,000)
Interest received	60,657,170		55,420,113
Proceeds from sale of property and equipment	24,016,875		-
Net Cash Used in Investing Activities	(14,558,643,884)		(6,726,411,320)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	15,929,466,762		146,272,557
Payment of loans	(3,328,839,960)		-
Proceeds from investment of non-controlling interest	1,935,974,208		
Proceeds on issuance of shares to stock	-		2,400,235,823
Proceeds on corporate notes	-		4,000,000,000
Interest paid	(255,132,727)		(254,147,173)
Net Cash From Financing Activities	14,281,468,283		6,292,361,207
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,524,356,908)		500,180,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,276,033,774		209,299,011
CASH AND CASH EQUIVALENTS AT END OF YEAR	751,676,866	P	709,479,419

MEGAWIDE CONSTRUCTION CORPORATION
AGING OF RECEIVABLES
SEPTEMBER 30, 2014

	AGING OF RECEIVABLES							
CLIENT	Current	0-30 days	31-60 days	61-90 days	91-120 days	121-360 days	Over 360 days	TOTAL
CITICORE-MEGAWIDE CONSORTIUM	662,737,655	-	-	-	-	-	-	662,737,655
SM DEVELOPMENT CORP.	452,058,309	29,205,241	96,478,131	-	-	-	7,212,362	584,954,042
NATIONAL HOUSING AUTHORITY	112,361,268	-	-	-	-	-	-	112,361,268
FILINVEST LAND, INC.	33,868,194	12,175,256	-	-	-	-	-	46,043,450
ROCKWELL	16,953,269	28,788,351	-	-	-	-	-	45,741,619
BELLE CORP.	4,637,319	-	4,002,648	2,115,823	7,833,880	-	-	18,589,670
OTHERS	50,540,920	18,682,138	10,590,396	11,594,679	678,270	4,299,541	50,545,708	146,931,652
Grand Total	**1,333,156,933**	**88,850,985**	**111,071,175**	**13,710,502**	**8,512,150**	**4,299,541**	**57,758,070**	**1,617,359,356**

MEGAWIDE CONSTRUCTION CORPORATION AND A SUBSIDIARY
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)
(With Comparative Audited Figures for December 31, 2013)
(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 general construction works which involve site development, earthworks, structural and civil works, masonry works, and architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

Currently, the Parent Company is engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. In 2011, the production of the Parent Company's modular housing components has been registered with the Board of Investments (BOI).

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Philippine Securities and 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 P7.8 offer price per share and the listing of those shares on PSE's main board on February 18, 2012.

The Parent Company is a subsidiary of Citicore Holdings Investment, Inc. (Citicore or the ultimate parent company) which owns and control 56.8% of the issued and outstanding capital stock of the Parent Company. 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 Parent Company holds ownership interest in Citicore-Megawide Consortium, Inc. (CMCI) and in Megawide-World Citi Consortium, Inc. (MWCCI), both accounted for as investments in associates (see Note 10.1).

In 2013, the Parent Company, together with GMR Infrastructure Limited (GMR), a company incorporated under the laws of India, formed a consortium to bid to one of the public-private partnership projects of the government which is to construct and operate the Mactan-Cebu International Airport Project (the Project). The parties incorporated a Special Purpose Company (SPC) in order to execute, undertake, and implement the Project in accordance with the concession agreements. The SPC was incorporated as GMR-Megawide Cebu Airport Corporation (GMCAC) on January 13, 2014. GMCAC's registered address, which is also its principal place of business, is located at Mactan Cebu Airport Road, Lapu-Lapu City. The Parent Company acquired 15.0 million shares of stock of GMCAC which represent 60% of GMCAC's issued and outstanding capital stock, giving the Parent Company control over the financial and operations of GMCAC (see Note 24.4). Accordingly, the Parent Company's equity ownership interest is accounted for as an investment in a subsidiary; and, starting in 2014, the financial statements of GMCAC (herein referred to as subsidiary) are consolidated with that of the Parent Company (see Note 2).

In 2014, the Parent Company, together with Philcarbon, Inc. formed Megawatt Clean Energy, Inc. (Megawatt) to primarily engage in the development of clean or renewable energy sources for power generation. Megawatt was incorporated on September 4, 2014. Megawatt is located in No. 20 N. Domingo St., Brgy. Valencia Quezon City. The Parent Company acquired 70% of Megawatt's issued and outstanding capital stock, giving the Parent Company control over the financial and operations of GMCAC.

The registered address of Citicore, which is also its principal place of business, is at 20 N. Domingo Street, Brgy. Valencia, Quezon City while the registered office of the Parent Company is located at 2nd Floor Spring Building, Arnaiz Avenue Corner P. Burgos St., Pasay City. The Parent Company also maintains an office in its own building at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The interim consolidated financial statements of the Group as of and for the nine months ended September 30, 2014 and the separate statement of comprehensive income, statement of changes in equity and statement of cash flows of the Parent Company for the nine months ended September 30, 2013 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These do not include all of the information required in an annual financial statements in accordance with PAS 1, *Presentation of Financial Statements*, and should be read in conjunction with the financial statements of the Parent Company as of and for the year ended December 31, 2013.

As discussed in Note 1.1, starting 2014, GMCAC and Megawatt became a subsidiary of the Parent Company. Accordingly, the interim financial statements as of and for the nine months ended September 30, 2014 represent the consolidated financial statements of the Parent Company, GMCAC and Megawatt. Prior to 2014, the Parent Company has no subsidiary. Hence, the interim statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended September 30, 2013 represent that of the Parent Company only.

The financial statements have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income and expense.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Parent Company's most recent annual financial statements for the year ended December 31, 2013.

New PFRS and amendments to PFRS effective for the reporting period ending December 31, 2014 are not expected to have a material impact on the Group's interim consolidated financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profit of the Group.

The Group's interim consolidated financial statements as of and for the nine months ended September 30, 2014 comprise the accounts of the Parent Company and a subsidiary after the elimination of material 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 during the 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 interim consolidated financial statements.

The Group does not have other operations with different nature of service and market that would qualify as a separate strategic business unit. Consequently, no segment has been reported.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the 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.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Parent Company's last annual financial statements for the year ended December 31, 2013.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Cash on hand	P 7,908,132	P 4,576,812
Cash in banks	743,768,734	1,571,456,962
Short-term placements	-	700,000,000
	P 751,676,866	P 2,276,033,774

Cash in banks generally earn interest based on daily bank deposit rates.

6. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Contract receivables:			
Related parties		P 970,367,766	P1,747,051,309
Third parties		646,991,590	856,101,408
	18	1,617,359,356	2,603,152,717
Retention receivables:			
Related parties		1,417,184,852	1,173,695,234
Third parties		719,876,016	295,986,273
	18	2,137,060,868	1,469,681,507
Advances to related parties			
		59,169,077	-
Advances to officers and employees		9,308,649	8,195,642
Other receivables		13,287,450	21,907,597
		81,765,176	30,103,239
		P3,836,185,400	P4,102,937,463

Major portion of contract and retention receivables is from transactions with related parties.

Retention receivables pertain to progress billings which are withheld by the project owner equivalent to 5% or 10% as provided in the respective construction contract of each project. This will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.

Trade and other receivables do not bear any interest. All receivables are subject to credit risk exposure.

All of the Group's trade and other receivables have been reviewed for indicators of impairment.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As of September 30, 2014 and December 31, 2013, the Group's financial assets classified as fair value through profit or loss (FVTPL) are composed of Philippine government retail treasury bonds and unit investment trust funds. These financial assets are carried at fair value based on quoted market prices amounting to P4,574.8 million as of September 30, 2014 and P5,824.3 million as of December 31, 2013.

8. CONSTRUCTION MATERIALS

This account consists of the following:

	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Rebars	**P 114,530,287**	P 48,967,576
Precast	**66,922,893**	109,981,556
Mechanical electrical plumbing and fireproof materials	**62,824,186**	41,108,599
Hardware	**61,622,551**	43,486,347
Others	**147,398,698**	96,088,675
	P 453,298,615	P 339,632,753

Others pertain to construction materials which include painting materials, consumables, nails and adhesive items.

9. COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS

An analysis of these accounts is shown below.

	Note	**September 30, 2014 (Consolidated - see Note 2)**	December 31, 2013 (Parent Company - see Note 2)
Total costs incurred on uncompleted contracts (work in progress)	18	**P32,134,979,216**	P 22,536,185,597
Total billings on uncompleted contracts (progress billings)		**(29,903,843,127)**	(22,609,430,258)
		P 2,231,136,089	(P 73,244,661)

The net amounts are included in the statements of financial position under the following captions:

	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Costs in excess of billings on uncompleted contracts (shown under current assets)	**P2,965,407,082**	P 2,244,616,767
Billings in excess of costs on uncompleted contracts (shown under current liabilities)	**(734,270,993)**	(2,317,861,428)
	P 2,231,136,089	(P 73,244,661)

10. INVESTMENTS IN ASSOCIATES AND ACQUISITION OF ASSETS

10.1 Investments in Associates

The components of the carrying values of this account are as follows:

	Note	**September 30, 2014 (Consolidated - see Note 2)**	December 31, 2013 (Parent Company - see Note 2)
Acquisition cost:			
MWCCI		**P 575,924,892**	P -
CMCI		**200,000,000**	200,000,000
		775,924,892	200,000,000
Equity share in net losses:			
Balance at beginning of period		**(3,731,436)**	(1,004,876)
Equity in net income(losses) for the period	22.3	**5,293,387**	(2,726,560)
Balance at end of period		**1,561,951**	(3,731,436)
		P 777,486,843	P 196,268,564

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily engaged to plan, construct, equip, operate own, manage and maintain hospitals, medical facilities, clinical laboratories and such other allied enterprises. Specifically, MWCCI shall execute, undertake, and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the Modernization of the Philippine Orthopedic Center (MPOC) Project.

The Parent Company owns 51% ownership interest in MWCCI. However, the voting rights associated with the Parent Company's ownership does not result to control over MWCCI's relevant activities since World Citi, Inc. (World Citi), which owns 49% ownership interest in MWCCI, subsequently sold 80% of its 49% ownership interest, or 39% ownership interest in MWCCI to Citicore [see Note 28(b)]. As a result of the sale, Citicore acquired ultimate control over MWCCI owning effectively 68%, representing the 39% ownership interest it acquired from World Citi and 29% indirect holding through the Parent Company. Consequently, the Parent Company's equity ownership interest as of September 31, 2014 is accounted for as part of investments in associates.

In a special meeting by the BOD on October 3, 2012, the Parent Company, together with Citicore, formed a joint venture corporation named Citicore-Megawide Consortium, Inc. (CMCI) whereby the Parent Company will own 10% of the issued and outstanding shares of stock of CMCI. 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 September 30, 2014 and December 31, 2013, 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 the CMCI are exercised through a seat in the BOD of CMCI. Taking this into consideration, the Parent Company concluded that it has significant influence over the investee; accordingly, the Parent Company's equity ownership interest is accounted for as an investment in an associate.

MWCCI's and CMCI's shares of stock are not listed in the stock exchange, hence, the fair value of its shares cannot be determined reliably.

The movements in the carrying amount of investments in associates accounted for under equity method as of September 30, 2014 and December 31, 2013 are as follows:

	Note	**September 30, 2014 (Consolidated - see Note 2)**	December 31, 2013 (Parent Company - see Note 2)
Balance at beginning of period		**P 196,268,564**	P 145,495,124
Addition		**580,890,000**	53,500,000
Equity share in net income(losses)	22.3	**328,279**	(2,726,560)
Balance at end of period		**P 777,486,843**	P 196,268,564

The following table presents the unaudited financial information as of and for the nine months ended September 30, 2014, and audited financial information as of and for twelve months ended December 31, 2013 (in thousands) of the associates.

10.2 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 East Land, Inc. (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 date of acquisition, 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 accounted for by the Parent Company as an asset acquisition since the transaction does not constitute an acquisition of a business. Since the land is to be used for operations, the Parent Company classified it as part of property, plant and equipment.

The purchase price was allocated among the following accounts based on their relative fair values:

	Notes	
Cash in bank	5	P 486,426
Bond deposits	11	1,500,958
Land	13	303,468,569
Accrued expenses		(100,000)
		P305,355,953

11. OTHER ASSETS

This account is composed of the following:

	Notes	**September 30, 2014 (Consolidated - see Note 2)**	December 31, 2013 (Parent Company- see Note 2)
Current:			
Input value-added tax (VAT)	11.1	**P 2,168,409,077**	P 83,161,052
Advances to suppliers	11.2	**1,115,855,156**	1,664,758,903
Prepaid taxes	11.5	**183,681,104**	104,129,190
Refundable security and bond deposits	10.2	**62,522,967**	53,713,405
Prepaid rent		**27,189,074**	19,736,576
Prepaid insurance		**31,048,724**	29,325,689
Others		**16,744,051**	-
		3,605,450,153	1,954,824,815
Non-current:			
Deferred input VAT	11.3	**161,289,999**	130,973,713
Intangible assets – net	11.6	**34,888,649**	25,044,630
Deposits for condominium units	11.4	**38,362,439**	36,326,178
		234,541,087	192,344,521
		P 3,839,991,241	P 2,147,169,336

11.1 Input VAT

In 2014, GMCAC paid input VAT amounting to P1,728.5 million pertaining to the bid premium (see Note 12).

11.2 Advances to Suppliers

Advances to suppliers pertain to down payments made by the Group to the suppliers 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 supplier.

11.3 Deferred Input VAT

Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million. Deferred input VAT is to be amortized and credited against output tax evenly over five years or the life of the asset, whichever is shorter.

11.4 Deposits for Condominium Units

Deposits for condominium units represent payments made for the purchase of condominium units from the clients of the Group.

11.5 Prepaid Taxes

Prepaid taxes pertain to the excess of quarterly income tax payments over the current tax due during the year.

11.6 Intangible Assets

Intangible assets represent the cost of computer license software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of five years as the lives of these intangible assets are considered finite.

12. CONCESSION RIGHTS

In April 2014, GMCAC executed a build-operate-transfer (BOT) agreement with the Philippine government, through the Department of Transportation and Communications and Mactan-Cebu International Airport Authority (the Grantor) under the Project. The agreement authorizes GMCAC to perform the following:

- *(a)* Construction of new passenger terminal, along with all associated infrastructure and facilities as per Philippines/International guidelines and International Civil Aviation Organization standards to handle operations;
- *(b)* Rehabilitation and expansion of the existing terminal;
- *(c)* Installation of all the required equipment and other associated facilities;
- *(d)* Installation of the required information technology and other equipment; and,
- *(e)* Operation and maintenance of new and existing terminals during the entire 25-year concession period.

Upon receiving the concession rights to the Project, GMCAC paid the bid premium amounting to P14,404.6 million, net of applicable taxes, to the Grantor. This amount was capitalized as part of Concession Rights in the 2014 interim consolidated statement of financial position.

As of September 30, 2014, GMCAC also capitalized certain debt issue costs and other direct expenses totaling P268.5 million. Moreover, GMCAC capitalized the interest expense incurred amounting to P194.0 million (see Note 15.2) in relation to the availment of loan to be used for the Project. The interest, which will be paid upon maturity of the loan, is reported as part of Interest payable under Trade and Other Payables account in the 2014 interim consolidated statement of financial position (see Note 14).

13. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of September 30, 2014 and December 31, 2013 are shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
September 30, 2014								
Cost	P 762,756,274	P 235,363,596	P 476,269,735	P128,898,164	P 402,971,066	P4,026,261,419	P -	P6,032,520,254
Accumulated depreciation and amortization	-	(26,391,738)	(36,768,419)	(95,474,174)	(141,935,518)	(1,272,916,426)	-	(1,573,486,275)
Net carrying amount	**P 762,756,274**	**P 208,971,858**	**P 439,501,316**	**P 33,423,990**	**P 261,035,548**	**P2,753,344,993**	**P -**	**P4,459,033,979**
December 31, 2013								
Cost	P 620,705,584	P 229,838,657	P 414,492,169	P105,988,248	P 197,240,361	P3,939,632,830	P -	P5,507,897,849
Accumulated depreciation and amortization	-	(19,403,745)	(20,520,166)	(77,776,465)	(82,281,135)	(977,219,218)	-	(1,177,200,729)
Net carrying amount	P 620,705,584	P 210,434,912	P 393,972,003	P 28,211,783	P 114,959,226	P2,962,413,612	P -	P4,330,697,120
January 1, 2013								
Cost	P 515,441,390	P 219,793,378	P 387,345,935	P 94,985,287	P 151,211,382	P3,061,082,887	P 9,272,224	P4,439,132,483
Accumulated depreciation and amortization	-	(10,430,876)	(3,800,916)	(46,397,262)	(53,220,551)	(550,023,650)	-	(663,873,255)
Net carrying amount	P 515,441,390	P 209,362,502	P 383,545,019	P 48,588,025	P 97,990,831	P2,511,059,237	P 9,272,224	P3,775,259,228

As a result of the acquisition of Altria in 2012, the Parent Company recorded additional land amounting to P303.5 million (see Note 10.2).

In 2012 and 2011, the Group entered into several sale and leaseback transactions for certain construction equipment and transportation equipment that resulted in a finance lease. There were no similar transactions in 2013 and 2014. The Group recognized gain on these transactions amounting to P46.6 million and P17.2 million in 2012 and 2011, respectively. The gain is deferred and will be amortized over the term of the lease. The related amortization for the nine months ended September 30, 2014 and 2013 of the deferred gain amounted to P10.6 million for each period (see Note 21.3) while the unamortized deferred gain amounting to P14.1 million and P24.7 million as of September 30, 2014 and December 31, 2013, respectively, is presented as Unearned income under Other Liabilities in the statements of financial position (see Note 17).

As of September 30, 2014 and December 31, 2013, certain property and equipment were sold for P56.3 million and P32.2 million, respectively. As a result, the Parent Company recognized gain amounting to P20.4 million and P10.9 million for the nine months ended September 30, 2014 and 2013, respectively, which is presented as Gain on disposals of property and equipment under Other Income in the statements of comprehensive income (see Note 21.3).

The Parent Company acquired several transportation equipment and construction equipment under finance leases. Outstanding liabilities for the finance leases as of September 30, 2014 and December 31, 2013 amounted to P166.4 million and P247.7 million, respectively, and are presented as Obligations under finance lease under Interest-bearing Loans and Borrowings in the statements of financial position (see Notes 15.3).

14. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	**September 30, 2014 (Consolidated - see Note 2)**	December 31, 2013 (Parent Company - see Note 2)
Trade payables		**P 1,631,436,983**	P 988,827,766
Retention payable		**934,305,651**	739,871,269
Due to stockholders and related parties		**233,553,581**	27,941,301
Accrued expenses		**307,169,546**	211,958,118
Interest payable	12, 15.1 15.2	**233,699,778**	37,971,741
Accrued salaries		**567,777**	15,923,373
Others		**66,176**	1,983,227
		P 3,340,799,492	P 2,024,476,795

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, unpaid utilities and unclaimed salaries and wages of resigned employees.

15. INTEREST-BEARING LOANS AND BORROWINGS

The details of short-term and long-term interest-bearing loans and borrowings are as follows:

	Note	**September 30, 2014 (Consolidated - see Note 2)**	December 31, 2013 (Parent Company - see Note 2)
Current:			
Bank loans	15.2	**P 14,938,182,883**	P 2,256,199,800
Obligations under finance lease	15.3	**118,446,936**	176,243,952
		15,056,629,819	2,432,443,752
Non-current:			
Notes payable	15.1	**4,965,768,753**	4,961,451,354
Obligations under finance lease	15.3	**47,921,415**	71,480,679
		5,013,690,168	5,032,932,033
		P 20,070,319,987	P 7,465,375,785

15.1 Notes Payable

On February 19, 2013, the Parent Company executed a notes facility agreement with a local 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	5.48%
Tranche B	3,250,000,000	7	5.68%
Tranche C	100,000,000	10	5.67%
	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 Group'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 or retain, retire, purchase or otherwise acquire any class of its capital stock;
(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.;
(j) permit its financial debt to equity ratio to exceed 2:1; and,
(k) voluntarily prepay any indebtedness.

The Group has complied with all the debt covenants set forth in the notes facility agreement. As of September 30, 2014 and December 31, 2013,

In 2011, the Parent Company was granted another unsecured Notes payable facility up to P3,000.0 million by a local bank, to which P1,000.0 million was availed. The loan bears an annual interest of 6.52% payable in 5 years. The carrying value of the loan is P1,000.0 million as of September 30, 2014 and December 31, 2013. Total interest on these notes payable is presented as Interest expense from notes payable under Finance Costs account (see Note 22.1). Unpaid interest as of September 30, 2014 and December 31, 2013 amounting to P42.2 million and P35.6 million, respectively, is presented as part of Interest payable under Trade and Other Payable in the statements of financial position (see Note 14).

15.2 Bank Loans

In 2014, GMCAC executed a promissory note with a local bank amounting to P11,293.2 million, with an interest of 3.75% payable one year from the initial drawdown. The loan is for the sole purpose of financing the bid premium paid for the concession rights. Accordingly, the related interest expense amounting to P194.0 million is capitalized as part of the Concession Rights account (see Note 12).

As security for the loan, GMCAC executed an outright assignment of all of the following:

(a) receivables under loans or advances,
(b) rights to collect termination payments due to GMCAC under the concession agreement (see Note 12), and;
(c) proceeds, products and fruits of all the foregoing.

In addition, GMCAC also pledged all its issued and outstanding shares, and any new or additional shares of stock, subscriptions, warrants and other rights to purchase or acquire such shares of stock to the local bank.

Other bank loans represent short-term unsecured loans from local banks availed by the Parent Company. The loans bear fixed annual interest rates ranging from 2.25% to 3.00% in 2014. Certain bank loans were obtained from a local bank, which is a related party under common ownership. Total interest on these bank loans is presented as Interest expense from bank loans under Finance Costs account in the interim statements of comprehensive income (see Note 21.1).

Unpaid interest as of September 30, 2014 and December 31, 2013 amounting to P233.70 million and P2.4 million, respectively, is presented as part of Interest payable under Trade and Other Payable in the consolidated statement of financial position (see Note 14) .

15.3 Finance Lease Obligations

The obligations under finance lease have an effective interest rate of 5.40% and interest ranging from 6.50% to 6.75%. Lease payments are made on a monthly basis. Interest expense is presented under Finance Costs (see Note 21.1).

16. ADVANCES FROM CUSTOMERS

Advances from customers relates to the following projects:

	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Contracts in progress:		
Third parties	**P 169,721,316**	P 911,288,131
Related parties	**-**	-
	169,721,316	911,288,131
Deposit received prior to commencement of a project	**933,117,829**	76,554,189
	P 1,102,839,145	P 987,842,320

Advances from customers will be applied against the contract receivables based on work accomplishment on the project.

17. OTHER LIABILITIES

The details of this account are as follows:

	Note	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Current:			
Withholding taxes		**P 19,748,141**	P 27,066,256
Unearned income	13	**9,549,148**	21,232,403
Others		**563,887**	4,314,692
		29,861,176	52,613,351
Non-current–			
Unearned income	13	**-**	3,450,440
		P 29,861,176	P 56,063,791

Others include social security and home development mutual fund liabilities for remittance to the related government agencies.

18. CONTRACT REVENUES

The details of this account for the nine months ended September 30, 2014 and 2013 are composed of the revenues from:

	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Contracts in progress	**P7,460,733,102**	P7,216,799,462
Completed contracts	**77,336,813**	-
	P 7,538,069,915	P 7,216,799,462

About 15% and 30% of the contract revenues for 2014 and 2013, respectively, were earned from contracts with SM Development Corporation (SMDC), a related party under common ownership.

Contracts in progress and the balances of the related accounts are as follows:

	Notes	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Total cost incurred on uncompleted contracts (work in progress)	9	**P 32,134,979,216**	P 22,536,185,597
Contract receivables	6	**1,617,359,356**	2,603,152,717
Retention receivables	6	**2,137,060,868**	1,469,681,507

19. OPERATING EXPENSES

The details of operating expenses by nature for the nine months ended September 30, 2014 and 2013 are shown below.

	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Salaries and employee benefits	**P 109,671,980**	P 103,289,352
Taxes and licenses	**64,081,515**	17,510,982
Outside services	**36,914,450**	23,858,791
Depreciation and amortization	**28,410,342**	27,196,970
Professional fees	**25,552,138**	16,549,891
Utilities	**12,502,703**	7,814,294
Repairs and maintenance	**7,287,896**	11,693,778
Supplies	**4,959,552**	8,669,933
Rentals	**4,947,768**	3,778,258
Security services	**3,749,122**	3,956,535
Insurance	**1,865,403**	1,668,676
Gas and oil	**998,949**	2,827,154
Miscellaneous	**19,002,805**	14,032,401
	P 319,944,623	P 242,847,015

These expenses are classified in the statements of comprehensive income as follows:

	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Contract costs	**P 6,228,257,923**	P 5,938,323,262
Other operating expenses	**319,944,623**	242,847,015
	P 6,548,202,546	P 6,181,170,277

20. POST-EMPLOYMENT DEFINED BENEFIT OBLIGATION

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 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.

For the nine months ended September 30, 2014, the Group accrued for the current service cost of the employees entitled in the plan, however, actuarial gains or losses, if any, during the period were not determined but management believes that its effect, if any, is not significant to the September 30, 2014 interim consolidated financial statements.

21. OTHER INCOME (CHARGES)

21.1 Finance Costs

The breakdown of this account for the nine months ended September 30, 2014 and 2013 is as follows:

	Note	**2014 (Consolidated - see Note 2)**	2013 (Parent Company - see Note 2)
Interest expense from:	15		
Notes payable		**P 172,583,477**	P 189,107,880
Issuance costs of corporate note		-	39,052,540
Bank loans		**121,079,621**	42,058,731
Finance lease		**5,217,171**	16,965,768
		P 298,880,269	P 287,184,919

21.2 Finance Income

The details of finance income for the nine months ended September 30, 2014 and 2013 are the following:

	Notes	**2014 (Consolidated - see Note 2)**	2013 (Parent Company - see Note 2)
Interest income from:	5		
Short-term placements		**P 65,368,615**	P 57,116,958
Cash in banks		**421,362**	686,489
		65,789,977	57,803,447
Gain(losss) on sale of financial assets at FVTPL		(**5,132,808)**	243,379,756
		P 60,657,170	P 301,183,202

21.3 Others

This consists of the following for the nine months ended September 30, 2014 and 2013:

	Notes	**2014 (Consolidated - see Note 2)**	2013 (Parent Company - see Note 2)
Gain (Loss) on disposals of property and equipment	13	**P 18,870,486**	P 14,686,201
Amortization of deferred gain on sale and leaseback	13	**15,133,695**	-
Equity in net losses of associates	10	**(328,279)**	-
Others		**1,293,269**	2,150,599
		P 34,969,171	P 16,836,800

22. TAXES

22.1 Registration with BOI

On April 19, 2011, the BOI approved the Parent Company's application for registration as a new producer of modular housing components/system on a nonpioneer status. Under the terms of the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987, the Parent Company is entitled to the following tax and nontax incentives, among others:

(a) Income Tax Holiday (ITH) for a period of four years from June 1, 2011;

(b) Importation of consigned equipment for a period of 10 years from June 1, 2011 subject to posting of re-export bond;

(c) Employment of foreign nationals which will hold supervisory, technical or advisory positions for five years from June 1, 2011; and,

(d) Exemption from warfage dues and any export tax, duty, impost and fee on exports of its registered export products for a period of 10 years from June 1, 2011.

The deferred tax assets recognized in the interim statement of financial position relate to the following:

	September 30, 2014 (Consolidated - see Note 2)	December 31, 2013 (Parent Company - see Note 2)
Retirement benefit obligation	**P 37,423,084**	P 33,110,048
Deferred gain on sale and leaseback	**11,944,962**	7,404,853
Unrealized foreign currency losses – net	**-**	851,946
	P 49,368,046	P 41,366,847

23. EQUITY

23.1 Capital Stock

Capital stock consists of:

	Shares		Amount	
	September 30, 2014 (Consolidated- see Note 2)	December 31, 2013 (Parent Company- see Note 2)	**September 30, 2014 (Consolidated- see Note 2)**	December 31, 2013 (Parent Company- see Note 2)
Common shares – P1 par value				
Authorized	**2,000,000,000**	2,000,000,000	**P2,000,000,000**	P2,000,000,000
Issued and outstanding:				
Balance at beginning of period	**1,649,426,127**	1,114,100,003	**1,649,426,127**	1,114,100,003
Issuance during the period	**750,000,000**	154,689,326	**-**	154,689,326
Stock dividends distributed	**-**	380,636,798	**-**	380,636,798
Balance at end of period	**2,399,426,127**	1,649,426,127	**P1,649,426,127**	P 1,649,426,127

In the meeting of the Parent Company's BOD held on May 14, 2014 and of the stockholders held on June 30, 2014, the BOD and the stockholders approved the amendment of the articles of incorporation to increase the Parent Company's authorized capital stock from P2,000.0 million divided into 2,000.0 million common shares to P5,000.0 million divided into 4,930.0 million common shares and 70.0 million preferred shares, both with a par value of P1.0 each. Also, on the same respective dates, the BOD and the stockholders approved the creation of preferred shares with the features, terms and conditions subject to the approval by the SEC. The minimum subscription and paid-up requirement shall be issued from the stock dividends to be declared upon approval by the SEC of the Parent Company's application for the increase in authorized capital stock.

On May 20, 2013, the Parent Company issued 118.7 million shares at P17.65 per share, net of transaction costs, to Citicore under private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code. Also, on May 2013, the Parent Company issued 36.0 million shares to Citicore and various shareholders at P8.50 per share, net of transaction costs. Total increase in additional paid-in capital as a result of the new share issuance amounted to P2,245.5 million.

23.2 Dividends

On May 14, 2014 and June 30, 2014, the Parent Company's BOD and stockholders, respectively, approved the declaration of the stock dividends in relation to the increase in capital stock. The stock dividends equivalent to 750.0 million common shares of stock with par value of P1.0 each shall be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2013. The record date of the stockholders entitled to the stock dividends shall not be less than 10 days nor more than 30 days after all clearances and approvals by the SEC have been secured. The record date is yet to be determined by the Parent Company's BOD.

On April 8, 2013, the BOD of the Parent Company approved the proposal to declare stock dividends equivalent to 30% of the total issued and outstanding shares of stock equivalent to P380.6 million (P1.0 par value). This was approved by the stockholders in a regular meeting held on June 26, 2013. The stock dividends were distributed within 2013.

23.3 Retained Earnings

In 2014, the Parent Company's BOD and stockholders approved the declaration of stock dividends relative to its application for increase in authorized capital stock, which was subsequently approved by the SEC on September 22, 2014.

23.4 Non-Controlling Interest

In 2014, 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.

The non-controlling interest representing GMR's 40% ownership in GMCAC is presented as part of Non-controlling Interest account in the September 30, 2014 consolidated statement of financial position.

The Parent Company also acquired 70% ownership in Megawatt. The non-controlling interest representing Philcarbon's 29.99% ownership in Megawatt is presented as part of

Non-controlling Interest account in the September 30, 2014 consolidated statement of financial position

24. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

24.1 Operating Lease Commitments – 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. The related refundable security deposits are presented as part of Other Current Assets in the consolidated statement of financial position (see Note 11).

24.2 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. The liabilities relating to the finance leases are shown as part of Interest-bearing Loans and Borrowings.

24.3 Public-private Partnership with Department of Education

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 its Department of Education 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 under a build-lease-and transfer contractual arrangement, 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.

Total lease payments for the 10-year term amounted to P12,834.8 million which will be collected on a monthly basis in accordance with the schedule provided by both parties. All overdue lease payments shall be subjected to interest at the rate of 6-month PDST-F.

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 year, and the second time at any point between the 8th and 9th 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 to handle the PPP school infrastructure project and executed an Accession Agreement to transfer all rights and obligation of the proponent to CMCI under the agreement with the government (see Note 1.1). On October 18, 2012, the Company and CMCI executed a construction agreement whereby the Parent Company has agreed to undertake the construction of the PPP school infrastructure project for a contract price of P8,000.0 million.

In 2012, CMCI obtained a loan facility with a local bank for P6,500.0 million which was received by the latter in 2012. The Company and Citicore are severally liable for the obligation in case of non-payment of CMCI (see Note 25.9).

24.4 Build-Operate-Transfer Agreements

Mactan-Cebu International Airport Project

In 2014, GMCAC entered into a BOT agreement with the Grantor. 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. GMCAC expects to take over the operations of the Project by the fourth quarter of 2014 and construction of the new passenger terminal to start by the first quarter of 2015.

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 will be a pioneer in the privately operated airport space in the Philippines when it takes over the Mactan Cebu International Airport on the scheduled take over date of November 1, 2014. GMCAC intends to undertake an orderly and timely take-over of the existing Mactan-Cebu International Airport as scheduled and efficient roll-out of the construction of new passenger terminal by the first quarter of 2015.

MPOC Project

On March 6, 2014, MWCCI, an associate (see Note 10.1), entered into a BOT agreement with DOH to undertake the MPOC Project. The scope of work on the New Hospital Facility involves the following:

(a) Planning, design and construction and commissioning;
(b) Procurement, installation, and commissioning of the assets in the New Hospital Facility;
(c) Operation and maintenance, including the New Hospital Facility's diagnostic center, out-patient departments, inpatient departments, and all other activities related to the operations of the hospital;
(d) Undertaking and providing the MPOC services, as well as administrative and ancillary services (such as clinical laboratory, imaging and radiology, sterile supplies, and pharmacy);
(e) Provision of appropriately qualified staff (medical, paramedical, nursing and support); and,
(f) Provision of teaching and training facilities and training programs.

The BOT agreement shall expire after 25 years from the date of issuance of Certificate of Possession by the DOH. As required in the Notice of Award on the MPOC Project, MWCCI entered into an omnibus loan and security agreement with various banks, wherein the Parent Company is a guarantor.

24.5 Credit Lines

The Group has existing credit lines with local banks totalling P20,755.0 million and P6,660.0 million in 2014 and 2013, respectively.

The Group availed of bank loans totalling P14,938.0 million and P2,256.2 million from the credit lines in 2014 and 2013, respectively (see Note 15). Only the loan obtained by GMCAC was secured, as disclosed in Note 15.2. Unused credit lines as of September 30, 2014 and December 31, 2013 amounted to P5,817.0 million and P4,403.8 million, respectively. Certain credit lines are with a local bank which is a related party under common ownership.

24.6 Legal Claims

In 2014, certain legal claim was filed against the Parent Company. There is no related provision recognized in the 2014 and 2013 financial statements as management believe that the Parent Company has strong legal position related to such case.

24.7 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the 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 financial statements, taken as a whole.

25. EARNINGS PER SHARE

Basic earnings per share for the six months ended September 30 were computed as follows:

	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Net profit attributable to Parent Company's shareholders	**P 783,975,826**	P 983,244,801
Divided by weighted average number of outstanding common shares	**1,649,426,127**	1,197,382,844
Basic and diluted earnings per share	**P 0.48**	P 0.82