

**MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
*(Amounts in Philippine Pesos)*

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	P 6,782,937,234	P 4,930,939,177
Trade and other receivables - net	5	7,653,831,255	6,527,752,500
Financial assets at fair value through profit or loss	6	1,967,757,467	3,209,481,581
Inventory		585,338,451	577,294,069
Contract assets		2,775,750,936	2,095,587,099
Other current assets		<u>1,961,988,850</u>	<u>1,358,089,942</u>
Total Current Assets		<u>21,727,604,193</u>	<u>18,699,144,368</u>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	7	3,544,472	933,317,631
Investments in associates and joint venture	8	823,969,976	1,104,218,566
Concession assets	10	27,990,600,233	25,608,295,463
Property, plant and equipment - net		5,192,477,964	5,218,064,265
Investment properties		3,221,616,314	135,610,000
Other non-current assets	9	<u>3,119,091,081</u>	<u>2,719,165,512</u>
Total Non-current Assets		<u>40,351,300,040</u>	<u>35,718,671,437</u>
<b>TOTAL ASSETS</b>		<u><b>P 62,078,904,233</b></u>	<u><b>P 54,417,815,805</b></u>

		September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Notes			
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
	12	P 2,736,378,250	P 2,561,487,851
Interest-bearing loans and borrowings			
Trade and other payables	11	5,544,187,405	5,245,248,904
Advances from customers	13	2,221,905,335	527,071,092
Contract liabilities		586,211,545	939,417,541
Other current liabilities	14	196,603,484	140,006,345
		<u>11,285,286,019</u>	<u>9,413,231,733</u>
Total Current Liabilities			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	12	30,510,668,400	26,386,980,490
Post-employment defined benefit obligation		198,098,345	173,266,213
Deferred tax liabilities - net		190,342,378	70,533,741
Other non-current liabilities	14	299,220,010	238,359,359
		<u>31,198,329,133</u>	<u>26,869,139,803</u>
Total Non-current Liabilities			
		<u>42,483,615,152</u>	<u>36,282,371,536</u>
Total Liabilities			
<b>EQUITY</b>			
	17		
Equity attributable to shareholders of the Parent Company:			
Common stock		2,399,426,127	2,399,426,127
Preferred stock		40,000,000	40,000,000
Treasury shares	(	2,627,738,885 )	( 2,627,738,885 )
Additional paid-in capital		8,776,358,765	8,776,358,765
Revaluation reserves	(	12,213,049 )	( 3,949,890 )
Other reserves	(	22,474,837 )	( 22,474,837 )
Retained earnings		7,571,503,041	6,501,996,949
		<u>16,124,861,162</u>	<u>15,063,618,229</u>
Total equity attributable to shareholders of the Parent Company			
Non-controlling interests		3,470,427,919	3,071,826,040
		<u>19,595,289,081</u>	<u>18,135,444,269</u>
Total Equity			
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 62,078,904,233</b>	<b>P 54,417,815,805</b>

*See Notes to Interim Consolidated Financial Statements.*

**MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
*(Amounts in Philippine Pesos)*

	<b>UNAUDITED</b>	<b>AUDITED</b>		
	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>Movement</b>	<b>%</b>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	P 6,782,937,234	P 4,930,939,177	P 1,851,998,057	38%
Trade and other receivables - net	7,653,831,255	6,527,752,500	1,126,078,755	17%
Financial assets at fair value through profit or loss	1,967,757,467	3,209,481,581	( 1,241,724,114 )	-39%
Inventory	585,338,451	577,294,069	8,044,382	1%
Contract assets	2,775,750,936	2,095,587,099	680,163,837	32%
Other current assets	<u>1,961,988,850</u>	<u>1,358,089,942</u>	<u>603,898,908</u>	44%
Total Current Assets	<u>21,727,604,193</u>	<u>18,699,144,368</u>	<u>3,028,459,825</u>	16%
<b>NON-CURRENT ASSETS</b>				
Available-for-sale (AFS) financial assets	3,544,472	933,317,631	( 929,773,159 )	-100%
Investments in associates and joint venture	823,969,976	1,104,218,566	( 280,248,590 )	-25%
Concession assets	27,990,600,233	25,608,295,463	2,382,304,770	9%
Property, plant and equipment - net	5,192,477,964	5,218,064,265	( 25,586,301 )	0%
Investment properties	3,221,616,314	135,610,000	3,086,006,314	2276%
Other non-current assets	<u>3,119,091,081</u>	<u>2,719,165,512</u>	<u>399,925,569</u>	15%
Total Non-current Assets	<u>40,351,300,040</u>	<u>35,718,671,437</u>	<u>4,632,628,603</u>	13%
<b>TOTAL ASSETS</b>	<b><u>P 62,078,904,233</u></b>	<b><u>P 54,417,815,805</u></b>	<b><u>P 7,661,088,428</u></b>	14%

	UNAUDITED September 30, 2018	AUDITED December 31, 2017	Movement	%
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings	P 2,736,378,250	P 2,561,487,851	P 174,890,399	7%
Trade and other payables	5,544,187,405	5,245,248,904	298,938,501	6%
Advances from customers	2,221,905,335	527,071,092	1,694,834,243	322%
Contract liabilities	586,211,545	939,417,541	( 353,205,996 )	-38%
Other current liabilities	196,603,484	140,006,345	56,597,139	40%
Total Current Liabilities	11,285,286,019	9,413,231,733	1,872,054,286	20%
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings	30,510,668,400	26,386,980,490	4,123,687,910	16%
Post-employment defined benefit obligation	198,098,345	173,266,213	24,832,132	14%
Deferred tax liabilities - net	190,342,378	70,533,741	119,808,637	170%
Other non-current liabilities	299,220,010	238,359,359	60,860,651	26%
Total Non-current Liabilities	31,198,329,133	26,869,139,803	4,329,189,330	16%
Total Liabilities	42,483,615,152	36,282,371,536	6,201,243,616	17%
<b>EQUITY</b>				
Equity attributable to shareholders of the Parent Company:				
Common stock	2,399,426,127	2,399,426,127	-	0%
Preferred stock	40,000,000	40,000,000	-	0%
Treasury shares	( 2,627,738,885 )	( 2,627,738,885 )	-	0%
Additional paid-in capital	8,776,358,765	8,776,358,765	-	0%
Revaluation reserves	( 12,213,049 )	( 3,949,890 )	( 8,263,159 )	209%
Other reserves	( 22,474,837 )	( 22,474,837 )	-	0%
Retained earnings	7,571,503,041	6,501,996,949	1,069,506,092	16%
Total equity attributable to shareholders of the Parent Company	16,124,861,162	15,063,618,229	P 1,061,242,933	7%
Non-controlling interests	3,470,427,919	3,071,826,040	P 398,601,879	13%
Total Equity	19,595,289,081	18,135,444,269	P 1,459,844,812	8%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 62,078,904,233</b>	<b>P 54,417,815,805</b>	<b>P 7,661,088,428</b>	<b>14%</b>

*See Notes to Interim Consolidated Financial Statements.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
*(UNAUDITED)*  
*(Amounts in Philippine Pesos)*

	Notes	September 30, 2018	September 30, 2017
<b>REVENUES</b>	15		
Contract revenues		P 10,351,928,529	P 12,442,544,229
Airport operations revenues		2,179,500,780	1,723,356,691
Trading operations revenues		<u>214,870,832</u>	<u>99,057,309</u>
		<u>12,746,300,141</u>	<u>14,264,958,229</u>
<b>DIRECT COSTS</b>	16		
Contract costs		8,618,395,899	10,520,458,471
Costs of airport operations		458,840,012	313,242,838
Costs of trading operations		<u>51,002,248</u>	<u>25,852,774</u>
		<u>9,128,238,159</u>	<u>10,859,554,083</u>
<b>GROSS PROFIT</b>		3,618,061,983	3,405,404,146
<b>OTHER OPERATING EXPENSES</b>		<u>934,987,873</u>	<u>818,678,477</u>
<b>OPERATING PROFIT</b>		<u>2,683,074,110</u>	<u>2,586,725,669</u>
<b>OTHER INCOME (CHARGES)</b>			
Finance costs		( 870,674,441 )	( 636,303,290 )
Finance income		95,675,069	134,144,479
Others - net		<u>186,687,414</u>	<u>64,889,208</u>
		<u>( 588,311,958 )</u>	<u>( 437,269,603 )</u>
<b>PROFIT BEFORE TAX</b>		2,094,762,151	2,149,456,066
<b>TAX EXPENSE</b>		<u>374,986,366</u>	<u>433,842,066</u>
<b>NET PROFIT</b>		<u>P 1,719,775,785</u>	<u>P 1,715,614,000</u>
<b>Net Profit Attributable To:</b>	1		
Shareholders of the Parent Company		P 1,321,173,906	P 1,382,762,214
Non-controlling interests		<u>398,601,879</u>	<u>332,851,786</u>
		<u>P 1,719,775,785</u>	<u>P 1,715,614,000</u>
<b>Earnings per Share</b>		<u>P 0.52</u>	<u>P 0.55</u>

*See Notes to Interim Consolidated Financial Statements.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
*(UNAUDITED)*  
*(Amounts in Philippine Pesos)*

	Note	September 30, 2018	September 30, 2017
<b>NET PROFIT</b>		<b>P 1,719,775,785</b>	P 1,715,614,000
<b>OTHER COMPREHENSIVE INCOME</b>			
Item reclassified subsequently to profit or loss			
Realized loss on fair value change of available-for-sale financial assets		-	70,963,642
Unrealized gain on fair value change of available-for-sale financial assets	7	( 8,263,159 )	-
		( 8,263,159 )	70,963,642
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment defined benefit plan		( 21,711,134 )	( 22,452,017 )
Tax income (expense)		6,513,340	6,735,605
		( 15,197,794 )	55,247,230
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 1,696,314,832</b>	P 1,770,861,230
<b>Total Comprehensive Income Attributable To:</b>			
Shareholders of the Parent Company		P 1,296,858,577	P 1,438,787,136
Non-controlling interests		399,456,255	332,074,094
		<b>P 1,696,314,832</b>	P 1,770,861,230

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**MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES**  
**(A Subsidiary of Citicore Holdings Investment, Inc.)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
**(UNAUDITED)**  
**(Amounts in Philippine Pesos)**

	For the quarter July to September				As of September 30			
	2018	2017	Variance	%	2018	2017	Variance	%
<b>REVENUES</b>								
Contract revenues	P 2,988,966,509	P 4,146,345,351	( P 1,157,378,842 )	-28%	P 10,351,928,529	P 12,442,544,229	( P 2,090,615,700 )	-17%
Airport operations revenues	857,354,080	567,700,913	289,653,167	51%	2,179,500,780	1,723,356,691	456,144,089	26%
Airport merchandising revenues	89,807,476	47,856,401	41,951,075	88%	214,870,832	99,057,309	115,813,523	117%
	<u>3,936,128,065</u>	<u>4,761,902,665</u>	<u>( 825,774,600 )</u>	-17%	<u>12,746,300,141</u>	<u>14,264,958,229</u>	<u>( 1,518,658,088 )</u>	-11%
<b>DIRECT COSTS</b>								
Construction	2,415,113,203	3,556,696,961	( P 1,141,583,758 )	-32%	8,618,395,899	10,520,458,471	( 1,902,062,572 )	-18%
Airport Operation	273,685,409	106,791,269	166,894,140	156%	458,840,012	313,242,838	145,597,174	46%
Airport merchandising cost	20,035,070	14,656,324	5,378,746	37%	51,002,248	25,852,774	25,149,474	97%
	<u>2,708,833,682</u>	<u>3,678,144,554</u>	<u>( 969,310,872 )</u>	-26%	<u>9,128,238,159</u>	<u>10,859,554,083</u>	<u>( 1,731,315,924 )</u>	-16%
<b>GROSS PROFIT</b>	<u>1,227,294,384</u>	<u>1,083,758,111</u>	<u>143,536,273</u>	13%	<u>3,618,061,983</u>	<u>3,405,404,146</u>	<u>212,657,837</u>	6%
<b>OTHER OPERATING EXPENSES</b>	<u>405,743,444</u>	<u>218,013,522</u>	<u>187,729,922</u>	86%	<u>934,987,873</u>	<u>818,678,477</u>	<u>116,309,396</u>	14%
<b>OPERATING PROFIT</b>	<u>821,550,940</u>	<u>865,744,589</u>	<u>( 44,193,649 )</u>	-5%	<u>2,683,074,110</u>	<u>2,586,725,669</u>	<u>96,348,441</u>	4%
<b>OTHER INCOME (CHARGES)</b>								
Finance costs	( 203,336,949 )	( 206,268,166 )	2,931,217	-1%	( 870,674,441 )	( 636,303,290 )	( 234,371,151 )	37%
Finance income	23,726,711	47,130,840	( 23,404,129 )	-50%	95,675,069	134,144,479	( 38,469,410 )	-29%
Others - net	( 50,368,161 )	18,624,037	( 68,992,198 )	-370%	186,687,414	64,889,208	121,798,206	188%
	<u>( 229,978,399 )</u>	<u>( 140,513,289 )</u>	<u>( 89,465,110 )</u>	64%	<u>( 588,311,958 )</u>	<u>( 437,269,603 )</u>	<u>( 151,042,355 )</u>	35%
<b>PROFIT BEFORE TAX</b>	<u>591,572,541</u>	<u>725,231,300</u>	<u>( 133,658,759 )</u>	-18%	<u>2,094,762,151</u>	<u>2,149,456,066</u>	<u>( 54,693,915 )</u>	-3%
<b>TAX EXPENSE</b>	<u>91,655,828</u>	<u>161,163,070</u>	<u>( 69,507,242 )</u>	-43%	<u>374,986,366</u>	<u>433,842,066</u>	<u>( 58,855,700 )</u>	-14%
<b>NET PROFIT</b>	<u>499,916,713</u>	<u>564,068,230</u>	<u>( 64,151,517 )</u>	-11%	<u>1,719,775,785</u>	<u>1,715,614,000</u>	<u>4,161,785</u>	0%
<b>Net Profit Attributable To:</b>								
Shareholders of the Parent Company	P 415,048,554	P 455,757,566	( P 40,709,012 )	-9%	P 1,321,173,906	P 1,382,762,212	( P 61,588,306 )	-4%
Non-controlling interests	84,868,159	108,310,664	( 23,442,505 )	-22%	398,601,879	332,851,788	65,750,091	20%
	<u>P 499,916,713</u>	<u>P 564,068,230</u>	<u>( P 64,151,517 )</u>	-11%	<u>P 1,719,775,785</u>	<u>P 1,715,614,000</u>	<u>P 4,161,785</u>	0%
<b>Earnings Per Share</b>	<u>P 0.16</u>	<u>P 0.18</u>	<u>( P 0.02 )</u>	-9%	<u>P 0.52</u>	<u>P 0.55</u>	<u>( P 0.03 )</u>	-5%

*See Notes to Interim Consolidated Financial Statements.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
**(UNAUDITED)**  
*(Amounts in Philippine Pesos)*

	Attributable to Shareholders of the Parent Company								Non-controlling Interests	Total
	Common Stock	Preferred Stock	Treasury Shares	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total		
Balance at January 1, 2018	P 2,399,426,127	P 40,000,000	( P 2,627,738,885 )	P 8,776,358,765	( P 3,949,890 )	( P 22,474,837 )	P 6,501,996,949	P 15,063,618,229	P 3,071,826,040	P 18,135,444,269
Effect of adoption of the new standard	-	-	-	-	-	-	( 40,917,814 )	( 40,917,814 )	-	( 40,917,814 )
Balance at January 1, 2018, as restated	2,399,426,127	40,000,000	( 2,627,738,885 )	8,776,358,765	( 3,949,890 )	( 22,474,837 )	6,461,079,135	15,022,700,415	3,071,826,040	18,094,526,455
Cash dividends	-	-	-	-	-	-	( 210,750,000 )	( 210,750,000 )	-	( 210,750,000 )
Total comprehensive income for the year	-	-	-	-	( 8,263,159 )	-	1,321,173,906	1,312,910,747	398,601,879	1,711,512,626
Balance at September 30, 2018	<u>P 2,399,426,127</u>	<u>P 40,000,000</u>	<u>( P 2,627,738,885 )</u>	<u>P 8,776,358,765</u>	<u>( P 12,213,049 )</u>	<u>( P 22,474,837 )</u>	<u>P 7,571,503,041</u>	<u>P 16,124,861,162</u>	<u>P 3,470,427,919</u>	<u>P 19,595,289,081</u>
Balance at January 1, 2017	P 2,399,426,127	P 40,000,000	( P 2,627,738,885 )	P 8,776,358,765	( P 67,124,521 )	( P 22,474,837 )	P 5,108,733,613	P 13,607,180,262	P 2,602,354,866	P 16,209,535,128
Issuance during the year	-	-	-	-	-	-	-	-	( 2,961 )	( 2,961 )
Cash dividends	-	-	-	-	-	-	( 210,750,000 )	( 210,750,000 )	-	( 210,750,000 )
Total comprehensive income for the year	-	-	-	-	70,963,642	-	1,382,762,214	1,453,725,856	332,851,786	1,786,577,642
Balance at September 30, 2017	<u>P 2,399,426,127</u>	<u>P 40,000,000</u>	<u>( P 2,627,738,885 )</u>	<u>P 8,776,358,765</u>	<u>P 3,839,121</u>	<u>( P 22,474,837 )</u>	<u>P 6,280,745,827</u>	<u>P 14,850,156,118</u>	<u>P 2,935,203,691</u>	<u>P 17,785,359,809</u>

*See Notes to Interim Consolidated Financial Statements.*



**MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
**(UNAUDITED)**  
*(Amounts in Philippine Pesos)*

	September 30, 2018	September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 2,094,762,151	P 2,149,456,066
Adjustments for:		
Depreciation and amortization	683,044,124	538,589,364
Finance costs	870,674,441	472,265,778
Finance income	( 95,675,069 )	( 134,144,479 )
Loss on fair value change of AFS financial assets	10,109,624	70,963,642
Equity in net gains of associates and joint venture	( 23,995,236 )	( 36,650,508 )
Gain on disposals of property, plant and equipment	( 157,180 )	( 2,575,766 )
Operating profit before working capital changes	3,538,762,855	3,057,904,097
Increase in trade and other receivables	( 952,691,643 )	( 1,860,540,324 )
Increase in inventory	( 8,044,382 )	( 166,677,230 )
Decrease (increase) in contract assets	( 680,163,837 )	539,647,235
Decrease (increase) in other current assets	( 485,488,751 )	78,848,254
Decrease in trade and other payables	( 298,894,713 )	( 568,907,043 )
Increase (decrease) in advances from customers	1,653,916,429	( 328,069,543 )
Increase (decrease) in contract liabilities	( 353,205,996 )	549,911,715
Increase (decrease) in other liabilities	119,768,534	( 4,271,588 )
Increase in post-employment defined benefit obligation	16,568,973	9,549,052
Cash generated from operations	2,550,527,469	1,307,394,625
Cash paid for income taxes	( 39,983,656 )	( 362,826,883 )
Net Cash From Operating Activities	2,510,543,813	944,567,742
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for concession assets	( 2,602,793,044 )	( 3,843,333,926 )
Proceeds from disposal of available-for-sale financial assets	929,773,159	929,036,358
Investment properties	( 3,086,006,313 )	-
Assets acquired from subsidiary	( 460,917,176 )	-
Acquisition of available-for-sale financial assets	-	( 921,510,000 )
Increase in other non-current assets	( 397,746,875 )	( 593,064,414 )
Acquisitions of property, plant and equipment, and computer software license	( 428,986,594 )	( 626,170,349 )
Proceeds from sale of financial assets at fair value through profit or loss (FVTPL)	1,241,724,114	-
Purchase of financial assets at fair value through profit or loss (FVTPL)	-	( 110,637,237 )
Reclassification (acquisition) of investment in joint venture	304,243,826	( 204,000,000 )
Interest received	94,498,829	115,219,795
Fair value change of AFS financial assets	( 10,109,624 )	-
Proceeds from sale of property, plant and equipment	1,693,440	6,008,271
Net Cash Used in Investing Activities	( 4,414,626,258 )	( 5,248,451,502 )
Balance carried forward	( P 1,904,082,445 )	( P 4,303,883,760 )

	September 30, 2018	September 30, 2017
<i>Balance brought forward</i>	( P 1,904,082,445 )	( P 4,303,883,760 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from interest-bearing loans and borrowings	4,803,035,584	4,285,087,029
Repayment of interest-bearing loans and borrowings	( 1,329,457,275 )	( 1,811,015,870 )
Loan acquired from subsidiary	825,000,000	-
Dividends paid	( 210,750,000 )	( 210,750,000 )
Interest paid	( 393,100,753 )	( 113,702,048 )
Proceeds from investment of minority interest	-	( 2,960 )
Net Cash From Financing Activities	<u>3,694,727,556</u>	<u>2,149,616,151</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,790,645,111	( 2,154,267,609 )
<b>CASH ACQUIRED FROM SUBSIDIARY</b>	61,352,946	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>4,930,939,177</u>	<u>6,265,285,131</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>P 6,782,937,234</u>	<u>P 4,111,017,522</u>

*See Notes to Interim Consolidated Financial Statements.*

# MEGAWIDE CONSTRUCTION CORPORATION

Company's Full Name

**20 N. Domingo Street,  
Brgy. Valencia, Quezon City**  
Company's Address

**655-1111**  
Telephone Number

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

**SEC FORM 17 – Q**  
Form Type

**September 30, 2018**  
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, 2018**
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 **20 N. Domingo St., Brgy. Valencia, Quezon City**  
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

<b>Title of Each Class</b>	<b>Number of Shares Outstanding</b>	<b>Amount of Debt Outstanding (₱)</b>
Common	2,138,577,497	0
Preferred	40,000,000	0

11. Are any or all these securities listed on a stock exchange?

Yes ☒ No ☐

If yes, state the name of such stock exchange and classes of securities listed therein:

**Philippine Stock Exchange Common and Preferred 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, 2018 with comparative figures as of December 31, 2017 and September 30, 2017, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

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

### **A. RESULTS OF OPERATIONS**

*Review of results for the nine (9) months ended September 30, 2018 as compared with results for the nine (9) months ended September 30, 2017*

Diversified engineering and infrastructure conglomerate Megawide Construction Corporation ("the Company") posted a consolidated net profit of Php1.72 billion at the end of third quarter of 2018 of which 57% from airport business segment and 43% from construction business segment. The Company, derived 81% of revenue from Construction business while airport business including, merchandising, contributed 19% to the total. The Group's generated revenues of Php12.75 billion was 11% lower than the Php14.26 billion posted in the comparable period in 2017, as a result of the cyclical nature of the construction business segment.

#### **Revenues**

##### **Airport operation revenues increased by 26% or P456.1 million**

Airport operations reached Php2,179.5 million of revenues, 26% higher year-on-year from Php1,723.4 million, on the back of the double-digit growth in passenger volume of 15%, with international outperforming domestic passenger growth at 24% and 11%, respectively.

Non-aero or commercial revenues, which contributed 32% to the total, grew by 30% to Php698.4 million. Passenger service charge, representing 55% of airport revenues, increased by 25% to Php1,207.4 million driven by the double-digit growth in passenger throughput. The remaining 13% is accounted for Aero-related revenues, which increased by 24% to Php273.7 million.

At the end of the third quarter, MCIA handled 8.6 million passengers, with domestic passengers representing 66% while international passengers at 34%. Air traffic volume increased by 14%, with 21% increase in international and 12% growth in domestic traffic. The over-all increase in passenger traffic was brought about by new airlines and routes in both international and domestic sectors. To date, the Company is serving 35 domestic and 24 international destinations, with 9 local and 17 international airline partners. Mactan Cebu Airport Terminal 2 was inaugurated last June 7, 2018 and started its commercial operations on July 2, 2018.

Airport merchandising segment are also expected to grow with the increase in foreign tourists. At the end of the 3rd quarter, airport merchandising revenue contributed 2% of the total Group's revenue. Currently operating in Terminal 2, airport merchandising is expected to expand its operation to Terminal 1 in the near future.

##### **Construction operation revenues decreased by 17% or P2.1 billion**

Construction segment revenues ended third quarter at Php10.4 billion, a 17% decline from Php12.4 billion in the prior year, due to the varying stages of construction of projects in the order book and scheduled start of construction of the new projects booked towards the end of 2017 such as Hampton O&P, Cold Storage Caloocan, 8990 Ortigas, Ascott-DD Meridian

Park Double Dragon Tower Phase 3. New contracts booked amounted to Php16.8 billion at the end of the quarter. This is 155% of the total new contracts booked in the full year of 2017. This brought the total outstanding order book to Php39.7 billion by the end of third quarter, providing revenue visibility for the next two years. Order book is comprised mainly of residential projects at 63%, office and commercial at 24%, while infrastructure projects increased its contribution to 13%, with the addition of Clark International Airport EPC. New projects also include Gateway Mall 2 Hotel, Golden Bay Tower, Taft East Gate, Space Ubelt and University Tower 5. Orderbook also includes supply and installation of precast to various external clients including Phirst Park Homes owned by Tanza Properties, Inc, a subsidiary of Century Properties, Inc. This also includes the supply of precast to Clark Airport project.

**Direct Costs decreased by 16% or P1.7 billion**

The movement in direct cost is paralleled with movement in revenue across all three segments.

**Gross Profit increased by 6% or P212.7 million**

The net movement in operating revenues and direct costs resulted in a consolidated gross profit of P3.6 billion in 2018, rising by 6% from last year's P3.4 billion. Gross profit earned by construction business is P1.7 billion or 48% of the Group's gross profit, while P1.9 billion or 48% is accounted for airport operation and the balance to merchandising segment. Despite the decrease in revenue, the Group's profit margin still exceeded the prior year's performance.

**Other Operating Expenses increased by 14% or P116.3 million**

The increase in operating expenses is primarily attributable to the airport operation segment due to the opening of terminal 2 and 9-month operation of merchandising business.

**EBITDA increased by 8% or P263.6 million**

Airport segment EBITDA grew by 27% to P1.6 billion from P1.2 billion at the end of the third quarter as result of double-digit growth in passenger volume by 15% and air traffic volume increased by 14%; airport merchandising segment EBITDA margin positions at 42%. On the other hand, construction segment EBITDA margin stands at 18% or P1.9 billion from last year's same period of 16%.

**Finance cost increased by 37% or P234.4 million**

Airport operation segment start recognizing interest expense on its loan that was used to fund the Terminal 2 after its opening last July 1, 2018. In addition, unrealized forex loss on USD loan amounting to P266.7 million was recorded at end of the third quarter. On the other hand, unrealized market to market gain on interest rate swap transaction amounting to P110.0 million was recognized due to favorable movement of interest rate. While the increase in interest expense of construction segment is due to the adoption of the new accounting standard implementation of PFRS 15, *Revenue from Contracts with Customers* and interest expense incurred by MGCJV Inc. on its loan to fund the construction of Clark International Airport.

**Finance income decreased by 29% or P38.5 million**

Decrease is due to decrease in short-term placements of construction segment.

**Other income, net increased by 188% or P121.8 million**

In 2018, other income of the Parent derived from equipment rental has significantly increased.

**Tax expense decreased by 14% or P58.9 million**

Decrease in tax expense is due to decrease in profit of the Group.<sup>1</sup>

**B. FINANCIAL CONDITION**

*Review of financial conditions of September 30, 2018 as compared with financial conditions of December 31, 2017*

**Financial Condition**

**Current Assets increased by 16% or P3.0 billion**

The following discussions provide a detailed analysis of the increase in current assets:

**Cash and cash equivalents increased by 38% or P1.9 billion**

The increase in cash & cash equivalents is basically due to the down payment received by the construction segment for its new projects, and increase in operating cash inflow of airport operation segment as a result of the increase of its revenue.

**Financial assets at fair value through profit or loss decreased by 39% or P1.2 billion**

The Parent terminated portion of its placement to fund its equity in MWM Terminals, Inc., and for the procurement of construction equipment.

**Trade and other receivables increased by 17% or P1.1 billion**

Increase is mainly due to the timing difference in the collection cycle of trade receivable of the construction segment which is 45 to 60 days from invoice date. In addition, retention receivables increased by P346.0 million. Retention receivables pertain to progress billings that are withheld by the project owner, equivalent to 5% to 10%. Retention receivables are collected upon issuance of certificate of completion by the project owner. On the other hand, airport operation segment which includes merchandising operation, has a combined increase in receivables amounting to P228.0 million which is basically due to the increase in the revenue.

**Inventory increased by P8.0 million**

Increase is mainly due to the inventory of airport merchandising segment.

**Contract assets – net increased by 32% or P680.2 million**

The movement is the typical cycle for projects near completion stage such as University Tower 4, Cyber Park Tower 2, World Plaza, Arthaland Superstructure, Landers Arcovia & Alabang and Project Delta Phase 1, wherein minimal revenues were recognized and evaluation of progress billings slows down as the projects near completion and similarly for new projects that just started because physical accomplishments are yet to be billed compared to cost accrued associated to mobilization and preliminary costs. These are

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<sup>1</sup>



projects like Urban Deca Ortigas, Taft East Gate, The Albany Luxury Residences, Golden Bay Aspire and UT5.

**Other current assets increased by 44% or P603.9 million**

The increase is due to advances made by the Parent to its suppliers and subcontractors for its new projects and increase in input vat of the Group.

**Non-current assets increased by 13% or P4.6 billion**

The following discussions provide a detailed analysis of the increase in non-current assets:

**Investments in associates and joint venture decreased by 25% or P280.2 million**

The decrease is due to the elimination of the investment in MWM, Terminals Inc. (MWMTI) as a result of the consolidation of the Parent and MWMTI.

**Concession asset increased by 9% or P2.4 billion**

Increase is due to capital investments of airport subsidiary GMCAC related to the construction of the new Terminal 2 of Mactan-Cebu International Airport.

**Property, plant and equipment decreased by P25.6 million**

The decrease is due to the net of procurement of fixed assets and depreciation for the 9-month period.

**Investment properties increased by 2,276% or P3.1 billion**

Increase is due to change in effective ownership of the Parent Company as a result of the acquisition of WMPMI who owns the 49% of MWMTI. As a result of the acquisition, the Parent Company now owns the 100% ownership interest in MWMTI that requires consolidation.

**Other non-current assets increased by 15% or P399.9 million**

Increase is due to additional placement of unrestricted cash amounting to P110.9 million in the Restricted Funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loans availments by GMCAC. Deferred input vat of the Group also increased by P142.0 million as a result of purchase of materials and services for the construction of Cebu Mactan Terminal 2 and purchase of construction equipment. In addition, derivative asset of GMCAC on its interest rate swap increased by P91.0 million as a result of favorable movement of interest rate in 2018.

**Current liabilities increased by 20% or P1.9 billion**

The following discussions provide a detailed analysis of the increase in current liabilities:

**Interest-bearing loans and borrowings - current increased by 7% or P174.9 million**

Increase is due to the net availment of short-term loans of the Parent.

**Trade and other payables increased by 6% or P298.9 million**

The increase is due to retention payable increased by P247.2 million as a result of the progress billings processed and accrued by the Group as of the end of the quarter. In addition, accrued expenses increased by P362.8 million due to billings received from various suppliers towards the end of the quarter but subsequently processed while security deposits

received by GMCAC from concessionaires also increased by P102.7 million. Interest payable of GMCAC also increased to P395.9 million. On the other hand, trade accounts payable of the Group decreased by P 769.3 million due to the payments made by the Airport segment to its subcontractors for the construction of the Airport Terminal 2. Airport Terminal 2 has started its commercial operations last July 2, 2018.

**Advances from customers increased by 322% or P1.7 billion**

The net increase is due to the new downpayments received by the Parent for its new projects.

**Contract liabilities – net decreased by 38% or P353.2 million**

Decrease in contract liabilities is due to the decrease in construction revenue of the Parent Company as a result of cyclical nature of the construction business segment.

**Other current liabilities increased by 40% or P56.6 million**

Increase is mainly due to increase in output VAT of the Parent Company.

**Non-Current liabilities increased by 16% or P4.3 billion**

The following discussions provide a detailed analysis of the increase in non-current liabilities:

**Interest-bearing loans and borrowings - non-current increased by 16% or P4.1 billion**

The increase is the net of GMCAC and MGCJV Inc. availment amounting P3.3 billion and P697.3 million, respectively, and Parent's loan repayment amounting to P664.0 million. In addition, MWMTT's current loan amounting to P825.0 million was consolidated to the Parent. MGCJV Inc. is the joint venture of the Parent and GMR Group established to construct the new Clark International Airport.

**Post-employment defined benefit obligation – increased by 14% or P24.8 million**

This is due to accrual of retirement obligation of the Parent.

**Deferred tax liabilities increased by 170% or P119.8 million**

The increase is due to the timing difference of the actual cost and estimated cost of the construction segment.

**Other non-current liabilities increased by 26% or P60.9 million**

The increase is mainly due to retention payable of GMCAC related to the construction of the new terminal 2 of Mactan-Cebu International Airport increased.

**Equity attributable to Parent increased by 7% or P1.1 billion**

The increase is mainly the function of the Group's share in net income.

**C. MATERIAL EVENTS AND UNCERTAINTIES**

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

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

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

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

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

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

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

#### **D. LIQUIDITY AND CAPITAL RESOURCES**

##### **Cash Flows**

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

<b>(Amounts in P millions)</b>	<b>For nine (9) months ended September 30</b>	
<b>Cash Flow</b>	2018 (unaudited)	2017 (audited)
Net cash provided by operating activities	<b>2,510</b>	<b>945</b>
Net cash used in investing activities	<b>(4,415)</b>	<b>(5,248)</b>
Net cash provided by financing activities	<b>3,695</b>	<b>2,150</b>

## Indebtedness

As of September 30, 2018, Megawide has not been in default in paying interests and principal amortizations.

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

## E. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

## F. Key Performance Indicators

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

LIQUIDITY RATIOS		
Key Indicators	September 30, 2018	September 30, 2017
Current ratio <sup>1</sup>	1.93	1.80
Acid test ratio <sup>2</sup>	1.45	1.39
Cash ratio <sup>3</sup>	0.78	0.79
Book value per share <sup>4</sup>	5.70	5.10
SOLVENCY RATIOS		
Key Indicators	September 30, 2018	September 30, 2017
Total Debt ratio <sup>5</sup>	.54	.51
Interest coverage ratio <sup>10</sup>	4.45	5.55
Debt to equity ratio <sup>11</sup>	1.70	1.59
Asset to equity ratio <sup>6</sup>	3.17	3.10
PROFITABILITY RATIOS		
Key Indicators	September 30, 2018	September 30, 2017
Earnings per Share <sup>7</sup>	.52	.55
Return on Assets <sup>8</sup>	.03	.03
Return on Equity <sup>12</sup>	.09	.10
Net Profit Margin <sup>9</sup>	13%	12%

Notes:

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

## PART II-OTHER INFORMATION

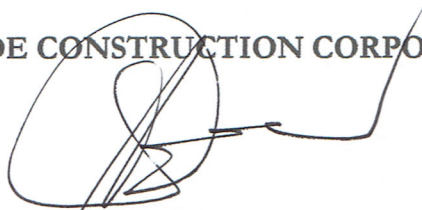
There are no any information not previously reported in a report on SEC Form 17-C.

### SIGNATURES

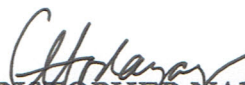
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed by the undersigned thereto duly authorized.

**MEGAWIDE CONSTRUCTION CORPORATION**

By:



**EDGAR B. SAAVEDRA**  
*President and Chief Executive Officer*



**CHRISTOPHER NADAYAG**  
*Deputy Chief Financial Officer / Principal  
Accounting Officer / Comptroller*

**MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Citicore Holdings Investment, Inc.)*  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018 AND DECEMBER 31 AND SEPTEMBER 30, 2017**  
*(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.

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

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

The Parent Company remains as a subsidiary of Citicore Holdings Investment, Inc. (Citicore) which owns and controls 33.3% of the issued and outstanding capital stock of the Parent Company since Citicore still directs the overall business operations of the Parent Company through its Chief Executive Officer and President, who is also the President of Citicore.

Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies. The registered address of Citicore, 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 2<sup>nd</sup> 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.

## ***1.2 Subsidiaries, Associates and Joint Arrangements***

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

### **Subsidiaries:**

GMR Megawide Cebu Airport Corporation (GMCAC)  
Megawatt Clean Energy, Inc. (MCEI)  
GlobemERCHANTS, Inc. (GlobemERCHANTS)  
Megawide Land, Inc. (MLI)  
Megawide Construction (BVI) Corporation (MCBVI)  
MWM Terminals, Inc. (MWMTI)\*  
WM Property Management Inc. (WMPMI)  
*Accounted for as Asset Acquisition –*  
Altria East Land, Inc. (Altria)

\*Parent’s effective interest is derived from its 51.00% direct ownership and indirect holdings of 49.00% through WMPMI which is 100.00% owned by the Parent Company, making MWMTI a subsidiary.

### **Associates:**

Megawide World Citi Consortium, Inc. (MWCCI)  
Citicore Megawide Consortium, Inc. (CMCI)

### **Joint Arrangement-**

*Joint Operation –*

Megawide GISPL Construction Joint Venture (MGCJV)  
Megawide GMR Construction JV, Inc. (MGCJVI)

The Parent Company owns 60% ownership interest in GMCAC. GMCAC was incorporated in the Philippines and registered in the Philippine SEC on January 13, 2014. GMCAC’s primary purpose is to engage in the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014. GMCAC was established for the purpose of implementing the provisions of the Concession Agreement (see Note 10) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL), and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors). GIL is an entity duly organized and registered in India. DOTr and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project. GMCAC’s registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

On September 4, 2014, the Parent Company acquired 70% of the issued and outstanding capital stock of MCEI. MCEI was incorporated to engage in the development of clean or renewable energy sources for power generation, including the design, construction and installation, purchase, importation, commissioning, owning, management and operation of relevant machinery, facilities and infrastructure therefor, and the processing and commercialization of by-products in its operations. Its



registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City.

On October 28, 2016, the Parent Company acquired a 100% ownership interest in MLI, an entity incorporated in the Philippines. MLI is incorporated primarily to engage in real estate and related business MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City.

On May 5, 2016, the Parent Company acquired a 60% ownership interest in Globemerchants, a company incorporated in the Philippines, primarily engaged in exporting, buying, selling, distributing, marketing at a wholesale in so far as may be permitted by law all kinds of goods, wares and merchandise of every kind and description. Globemerchants' registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City. Globemerchants has started commercial operations on March 8, 2017.

On March 15, 2017, the Parent Company sold 2,000,000 shares or 10% interest of Globemerchants to GMR Holdings Overseas (Singapore) Pte. Ltd. (GHOSPL). As of September 30, 2018, Globemerchants is 50% owned by the Parent Company. The Parent Company still consolidates its ownership in Globemerchants after the sale transaction because major decisions involving entering and negotiating Supply and Delivery Agreements (SDA) with Duty Free Philippines Corporation (DFPC) still rests with the Parent Company. In line with this, the Parent Company retains control over Globemerchants' operations.

The transfer of shares by Altria to the Parent Company is accounted for as an asset acquisition since it does not constitute an acquisition of business.

The Group's investments in MWCCI and CMCI are accounted for as investments in associates since the ownership of the Parent Company does not result to control over the entities' relevant activities.

MGCJV is an unincorporated joint venture formed on September 16, 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCJV was established to provide all proper and suitable personnel and labor including supervision, materials, offices, workshops, tools, machinery, equipment and all other resources required for the construction of works for the renovation and expansion of the MCIA Project.

MGCJVI is a joint venture arrangement formed on January 31, 2018 by the Parent Company owning 50% interest and GMR Infrastructure (Singapore) PTE Limited with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GMR both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of Clark Airport project.

The Group's interests in MGCJV and MGCJVI are accounted for as joint arrangements as the Parent Company exercises joint control over the arrangements' relevant activities.

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. MLI has 60% direct ownership interest in Megawide Cold Logistics, Inc. (MCLI), a newly incorporated domestic entity in 2016 that was established to engage in logistics operations. As of September 30, 2018, MCLI has not yet started commercial operations.

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

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and WM Property Management, Inc. (Waltermart), both exercising joint control to direct the relevant activities of MWMTI. The joint venture shall undertake the development and implementation of the Southwest Integrated Transport System Project (ITS Project) granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement (BOT Agreement) through the DOTr.

However, on August 9, 2018, the Parent Company acquired the remaining 49% interest through acquisition of 100% ownership in Waltermart, making the joint venture as 100% owned by the Parent Company. Effectively, MWMTI now becomes a subsidiary of the Parent Company through 51% direct ownership and indirect holdings of 49% through WMPMI.

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these interim consolidated financial information are consistent with those of the annual consolidated financial statements for the year ended December 31, 2017.

### ***2.1 Basis of Preparation of Consolidated Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

These interim consolidated financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the period ended December 31, 2017.

The preparation of interim consolidated financial information in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) *Presentation of Consolidated Financial Statements*

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

(c) *Functional and Presentation Currency*

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

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

## **2.2 Adoption of New and Amended PFRS**

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

The Group adopted for the first time the following amendments and annual improvements to existing standards in accordance with their transitional provisions, which are mandatorily effective for its interim reporting period beginning January 1, 2018.

Discussed below and in the succeeding pages are the relevant information about these new PFRS, amendments and improvements.

- (i) PAS 40 (Amendments), *Investment Property – Reclassification to and from Investment Property* (effective from January 1, 2018). The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments provided a non-exhaustive list of examples constituting change in use.

Based on the Group's assessment, this standard has no significant impact on its interim consolidated financial information.

(ii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
- an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Based on an assessment of the Group's financial assets and liabilities as at September 30, 2018, which has been limited to the facts and circumstances existing at that date, management has identified the following areas that are expected to be most impacted by the application of PFRS 9 (2014):

- On classification and measurement of the Group's financial assets, management holds most financial assets to collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly. Management expects all the Group's financial assets currently classified as loans and receivables to continue to be classified and accounted for at amortized cost. However, a number of available-for-sale (AFS) financial assets and other financial assets are likely to be measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest.
  - The ECL model will apply to the Group's trade receivables and AFS financial assets. For other financial assets and trade receivables, the Group will apply a simplified model of recognizing lifetime expected credit losses as these items do not have a significant financing component.
  - The Group's equity securities currently classified as AFS financial asset, regardless if quoted or not, will be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition.
- (iii) PFRS 15, *Revenue from Contracts with Customers* (effective January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*, effective January 1, 2018. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Based on the requirements of PFRS 15, the Group has assessed that its performance obligation on rendering of construction services is satisfied over time considering that, under existing laws and regulations, the Group does not have an alternative use on the assets being constructed and that it has rights to payment over the accomplishment to date.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Based on its initial assessment, the requirements of PFRS 15 on the following have significant impact on the Group's consolidated financial position, performance and disclosures:

- Identifying the contract
  - Identifying the performance obligations
  - Determination of the transaction price
  - Allocation of the transaction price to the performance obligations
  - Recognizing revenue when/as performance obligations are satisfied.
- (iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration* (effective from January 1, 2018). The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

Based on the Group's initial assessment, this standard has no significant impact on the Group's interim consolidated financial statements because majority of the receipts or payments of advance consideration is in Philippine pesos.

- (v) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, only PAS 28 (Amendment), *Investment in Associates – Clarification on Fair Value through Profit or Loss Classification* (effective from January 1, 2018) is relevant to the Group. The amendment clarifies that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

Management has initially assessed that this amendment has no material impact on the Group's interim consolidated financial statements.

(b) *Effective Subsequent to 2018 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2018. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions and, unless otherwise stated, none of these are expected to have significant impact on the interim consolidated financial information:

- (i) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business.

Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

- (ii) PAS 28 (Amendment), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendment clarifies that the scope exclusion in PFRS 9 (2014) applies only to ownership interests accounted for using the equity method. Thus, the amendment further clarifies that long term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9 (2014), which shall also include long term interests that, in substance, form part of the entity's net investment in an associate or joint venture. Management is currently assessing the impact of this amendment on the Group's consolidated financial statements.
- (iii) PFRS 9 (Amendment), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendment clarifies that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVTOCI. Management is currently assessing the impact of this new standard on the Group's consolidated financial statements.
- (iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases “on-balance sheet” by recognizing a “right of use” asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the “right-of-use” asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to as financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

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

Management is currently assessing the impact of this new standard in its interim consolidated financial statements.

- (v) IFRIC 23, Uncertainty over Income Tax Treatments (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the tax authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. Management is currently assessing the impact of this interpretation on the Group's consolidated financial statements.
- (vi) Annual Improvements to PFRS (2015-2017 Cycle). Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify the existing requirements:

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

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

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

### 3. SEGMENT REPORTING

The Group's operating businesses are recognized and managed separately according to the nature of services provided with a segment representing a strategic business unit. The Group's business segments follow:

#### 3.1 Business Segments

- (a) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, and architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.
- (b) *Airport Operations* – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility.



- (c) *Airport Merchandising Operations* – relates to sale of food and nonfood items within the premises of Mactan Cebu Airport.

Other operations of the Group comprise the operations and financial control groups. These segments are also the basis of the Group in reporting to its executive committee for its strategic decision-making activities. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment revenues and expenses that are directly attributable to business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

### ***3.2 Segment Assets and Liabilities***

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

### 3.3 Analysis of Segment Information

Presented below are the relevant operating segment information about the results of operations and financial position of the Group's business segments as of and for the periods ended September 30, 2018, December 31, 2017 and September 30, 2017 (amounts in thousands).

	<u>Construction</u>		<u>Airport Operations</u>		<u>Airport Merchandising</u>		<u>Total</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
	<u>( Unaudited )</u>	<u>( Unaudited )</u>	<u>( Unaudited )</u>	<u>( Unaudited )</u>	<u>( Unaudited )</u>	<u>( Unaudited )</u>	<u>( Unaudited )</u>	<u>( Unaudited )</u>
<b>Results of operations</b>								
Revenues	<u>P 10,351,929</u>	<u>P 12,442,544</u>	<u>P 2,179,501</u>	<u>P 1,723,357</u>	<u>P 214,871</u>	<u>P 99,057</u>	<u>P 12,746,301</u>	<u>P 14,264,958</u>
Cost and other operating expenses:								
Cost of construction and airport operations excluding depreciation and amortization	<u>8,214,004</u>	<u>10,139,774</u>	<u>238,352</u>	<u>199,721</u>	<u>51,002</u>	<u>25,853</u>	<u>8,503,358</u>	<u>10,365,348</u>
Depreciation and amortization	<u>432,251</u>	<u>407,309</u>	<u>247,432</u>	<u>129,452</u>	<u>3,361</u>	<u>1,828</u>	<u>683,044</u>	<u>538,589</u>
Finance cost and other Charges – net	<u>184,366</u>	<u>151,788</u>	<u>404,844</u>	<u>281,409</u>	<u>(898)</u>	<u>4,073</u>	<u>588,312</u>	<u>437,270</u>
Tax expense	<u>344,311</u>	<u>403,328</u>	<u>15,995</u>	<u>17,003</u>	<u>14,680</u>	<u>13,510</u>	<u>374,986</u>	<u>433,841</u>
Other expenses	<u>449,975</u>	<u>456,877</u>	<u>366,289</u>	<u>284,607</u>	<u>74,675</u>	<u>32,812</u>	<u>890,939</u>	<u>774,296</u>
	<u>9,624,907</u>	<u>11,559,076</u>	<u>1,272,912</u>	<u>912,192</u>	<u>142,820</u>	<u>78,076</u>	<u>11,040,639</u>	<u>12,549,344</u>
Segment Net Profit	<u>P 727,022</u>	<u>P 883,468</u>	<u>P 906,589</u>	<u>P 811,165</u>	<u>P 72,051</u>	<u>P 20,981</u>	<u>P 1,705,662</u>	<u>P 1,715,614</u>
	<u>Construction</u>		<u>Airport Operations</u>		<u>Airport Merchandising</u>		<u>Total</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>( Unaudited )</u>	<u>( Audited )</u>	<u>( Unaudited )</u>	<u>( Audited )</u>	<u>( Unaudited )</u>	<u>( Audited )</u>	<u>( Unaudited )</u>	<u>( Audited )</u>
<b>Consolidated Statements of Financial Position</b>								
Total Segment Assets	<u>P 30,474,842</u>	<u>P 27,951,292</u>	<u>P 34,524,213</u>	<u>P 30,729,206</u>	<u>P 190,488</u>	<u>P 73,870</u>	<u>P 65,189,543</u>	<u>P 58,754,368</u>
Total Segment Liabilities	<u>P 15,948,259</u>	<u>P 14,010,557</u>	<u>P 25,752,633</u>	<u>P 23,160,964</u>	<u>P 56,916</u>	<u>P 44,251</u>	<u>P 41,757,808</u>	<u>P 37,215,772</u>

### 3.4 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements (amounts in thousands).

#### Profit or loss

	September 30, 2018 ( Unaudited )	September 30, 2017 ( Unaudited )
Segment net profit	P 1,705,662	P 1,715,614
Other unallocated income	<u>14,114</u>	<u>-</u>
Net profit as reported in the consolidated statements of income	<u>P 1,719,776</u>	<u>P 1,715,614</u>

September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
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#### Assets

Total segment assets	P 65,189,543	P 58,754,368
Elimination of intercompany accounts	( 6,874,790 )	( 4,716,684 )
Other unallocated assets	<u>3,764,151</u>	<u>380,132</u>
Total assets as reported in the consolidated statements of financial position	<u>P 62,078,904</u>	<u>P 54,417,816</u>

#### Liabilities

Total segment liabilities	P 41,757,808	P 37,215,772
Elimination of intercompany accounts	( 1,081,523 )	( 1,075,270 )
Other unallocated liabilities	<u>1,807,330</u>	<u>141,870</u>
Total liabilities as reported in the consolidated statements of financial position	<u>P 42,483,615</u>	<u>P 36,282,372</u>

### 3.5 Other Segment Information

The Group has not identified any segment based on geographical location since the Group's operation is concentrated in one country of location.

There are three and four customers in periods ended September 30, 2018 and September 30, 2017, respectively, wherein the revenues earned from each customer exceeded 10% of total revenues as presented in the interim consolidated statements of comprehensive income. The revenues earned from these customers accounted for 43% and 67% of total revenues in September 30, 2018 and September 30, 2017, respectively.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Cash on hand	P 9,407,980	P 8,775,423
Cash in banks	6,647,206,936	4,863,563,690
Short-term placements	<u>126,322,318</u>	<u>58,600,064</u>
	<b><u>P6,782,937,234</u></b>	<b><u>P4,930,939,177</u></b>

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

Short-term placements are made for varying periods from 14 to 90 days and earn annual effective interest of 2.0% to 3.9% in 2018 and 1.4% to 2.4% in 2017.

#### 5. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Contract receivables:			
Third parties		<b>P2,924,542,341</b>	P2,230,023,178
Related parties	19.1	<u>242,543,477</u>	<u>383,959,298</u>
	15.1	<b><u>3,167,085,818</u></b>	<b><u>2,613,982,476</u></b>
Retention receivables:			
Third parties		<b>2,808,356,194</b>	2,438,299,144
Related parties	19.1	<u>792,520,255</u>	<u>816,603,413</u>
	15.1	<b><u>3,600,876,449</u></b>	<b><u>3,254,902,557</u></b>
Advances to:			
Related parties	19.4	<b>312,134,296</b>	293,154,166
Officers and employees	19.3	<u>8,891,667</u>	<u>21,895,765</u>
		<b><u>321,025,963</u></b>	<b><u>315,049,931</u></b>
Receivables from airport operations		<b>516,639,605</b>	333,242,965
Receivable from sale of goods		<b>100,585,638</b>	-
Other receivables	19.2	<u>58,623,498</u>	<u>121,267,788</u>
Allowance for impairment		<b>( 111,005,716 )</b>	<b>( 110,693,217 )</b>
		<b><u>P 7,653,831,255</u></b>	<b><u>P6,527,752,500</u></b>

Retention receivables pertain to progress billings which are withheld by the project owners equivalent to 5.0% or 10.0% as provided in the respective construction contract of each project. These will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.

Receivables from airport operations pertain to the Group's accrual of aeronautical, concession, rental and commercial revenues as authorized under the Concession Agreement (see Note 15.2).

Receivables from trading operations pertain to the Group's sales of food and on-food products by the merchandising segment.

Trade and other receivables do not bear any interest. All receivables are subject to credit risk exposure (see Note 23.2).

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

Total allowance for impairment for long outstanding contract, retention and airport receivables provided by the Parent Company and GMCAC amounted to P111.0 million and P110.7 million of September 30, 2018 and December 31, 2017, respectively.

A reconciliation of the allowance for impairment at the beginning and end of September 30, 2018 and December 31, 2017 is shown below.

	September 30, 2018 ( <u>Unaudited</u> )	December 31, 2017 ( <u>Audited</u> )
Balance at beginning of period	P 110,693,217	P 14,041,150
Impairment losses	<u>312,499</u>	<u>96,652,067</u>
Balance at end of period	<u>P 111,005,716</u>	<u>P 110,693,217</u>

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	September 30, 2018 ( <u>Unaudited</u> )	December 31, 2017 ( <u>Audited</u> )
Short-term commercial papers	P1,965,809,594	P3,207,553,457
Unit investment trust funds (UITF)	<u>1,947,873</u>	<u>1,928,124</u>
	<u>P1,967,757,467</u>	<u>P3,209,481,581</u>

Short-term commercial papers are unsecured, short-term debt instruments issued by a private corporation with high-quality debt ratings with interest rate of 2.0% to 3.9%. These investments are designated by the Group to be carried at fair value through profit or loss upon initial recognition.

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

AFS financial assets pertain to the Group's investments in medium to long term RTB in 2017, certain equity investment acquired in 2015 wherein the Parent Company does not exercise control or significant influence (see Note 1.2) and golf club shares. The details of AFS financial assets are shown below.

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Investment in SSPI – at cost	P 2,500,000	P 2,500,000
Gold club shares	1,044,472	1,044,472
Investments in RTB	-	929,773,159
	<u>P 3,544,472</u>	<u>P 933,317,631</u>

The reconciliation of the carrying amounts of AFS financial assets are as follows:

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Balance at the beginning of year	P 933,317,631	P 932,580,830
Additions of RTB	-	921,510,000
Disposal of RTB	( 921,510,000 )	( 929,036,358 )
Unrealized gain due to fair value change of RTB	-	8,263,159
Reversal of unrealized gain due to fair value change of RTB	( 8,263,159 )	-
Balance at end of year	<u>P 3,544,472</u>	<u>P 933,317,631</u>

In 2017, RTB with an original face value of P921.51 million was purchased and held indefinitely, of which an unrealized gain of P8.3 million was recognized due to fair value changes of AFS financial assets, that are presented as Unrealized Gain on Fair Value Changes of AFS Financial Assets in the 2017 consolidated statements of comprehensive income.

The RTB were sold on August 2018, in response to liquidity requirements and changes in market conditions. The Group recognized a realized loss on disposal of RTB amounting to P10.1 million as part of Finance costs, presented in the 2018 interim consolidated statements of comprehensive income.

The Group has equity interest of 1% over its investment in SSPI and has accounted for its investment in SSPI at cost. SSPI was incorporated in the Philippines on August 7, 2015 and established for the development, construction, installation and other related services through contractors, subcontractors, or otherwise, of solar power and other clean or renewable energy infrastructure. SSPI started commercial operations in 2016. Its registered office, which is also its principal place of business, is located at 20 N. Domingo Street, Barangay Valencia, Quezon City.

Moreover, management has assessed that the carrying value of these investments is recoverable and that there is no indication or permanent decline in fair value; hence, no impairment loss is required in 2018 and 2017.

## 8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE, AND ACQUISITION OF ASSETS

The carrying values of Investments in Associates and Joint Venture account are shown below:

	Note	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Investments in:			
Associates	8.1	P 823,969,976	P 799,974,741
Joint venture	8.2	<u>-</u>	<u>304,243,825</u>
		<u>P 823,969,976</u>	<u>P1,104,218,566</u>

The Parent Company has also investment in SSPI which are accounted for as AFS financial asset since the Parent Company neither exercises control or significant influence over SSPI (see Note 7).

### 8.1 Investments in Associates

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

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Acquisition cost:		
MWCCI	P 580,890,000	P 580,890,000
CMCI	<u>200,000,000</u>	<u>200,000,000</u>
	<u>780,890,000</u>	<u>780,890,000</u>
Equity advances in MWCCI	<u>23,572,864</u>	<u>23,572,864</u>
Equity share in net profit (losses):		
Balance at beginning of period	( 4,488,123 )	( 10,023,441 )
Equity in net profit (losses) for the year	<u>23,995,235</u>	<u>5,535,318</u>
Balance at end of period	<u>19,507,112</u>	<u>( 4,488,123 )</u>
	<u>P 823,969,976</u>	<u>P 799,974,741</u>

### 8.2 Interest in Joint Venture

The carrying values of the interest in joint venture in MWMTI as of September 30, 2018 and December 31, 2017 are as follows:

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Acquisition cost	P 304,243,825	P 102,172,754
Additions	725,838,055	204,000,000
Equity share in net losses	-	( 1,928,929)
Reclassification	( 1,030,081,880)	-
Balance at end of the period	<u>P -</u>	<u>P 304,243,825</u>

On August 9, 2018, the Parent Company acquired WMPMI who owns the remaining 49% interest of the Joint Venture. Effective after the acquisition, MWMTI becomes a subsidiary of the Parent thus reclassification to investment in subsidiary was effected.

### 8.3 Interest in Joint Operation

The Parent Company's interest in MGCJV is accounted for as joint arrangement – joint operation and, as such, the Parent Company accounts for its interest in the relevant assets, liabilities, revenues and expenses of MGCJV. The relevant financial information of the Group's interest in MGCJV which are included in the appropriate accounts in the Group's consolidated statements of financial position and consolidated statements of income is as follows:

#### September 30, 2018

	Before Elimination	Elimination	After Elimination
<i>Assets:</i>			
Cash and cash equivalents	P 345,109,406	P -	P 345,109,406
Trade and other receivables	267,213,322	( 267,213,322)	-
Other current assets	44,194,426	-	44,194,426
Property, plant, and equipment – net	<u>1,522,583</u>	<u>-</u>	<u>1,522,583</u>
	<u>P 658,039,737</u>	<u>(P 267,213,322)</u>	<u>P 390,826,415</u>
<i>Liabilities:</i>			
Trade and other payables	P 269,598,851	P -	P 269,598,851
Due to related parties	9,625,991	-	9,625,991
Contract liabilities	224,707,045	-	224,707,045
Other liabilities	<u>4,669,804</u>	<u>-</u>	<u>4,669,804</u>
	<u>P 508,601,691</u>	<u>P -</u>	<u>P 508,601,691</u>



**December 31, 2017**

	Before Elimination	Elimination	After Elimination
<i>Assets:</i>			
Cash and cash equivalents	P 374,239,411	P -	P 374,239,411
Trade and other receivables	693,067,305	( 693,067,305)	-
Other current assets	40,680,165	-	40,680,165
Property, plant, and equipment – net	<u>2,513,853</u>	<u>-</u>	<u>2,513,853</u>
	<u>P 1,110,500,734</u>	<u>(P 693,067,305)</u>	<u>P 417,433,429</u>
<i>Liabilities:</i>			
Trade and other payables	P 154,751,254	P -	P 154,751,254
Due to related parties	7,145,237	-	7,145,237
Contract liabilities	679,243,974	-	679,243,974
Other liabilities	<u>17,573,194</u>	<u>-</u>	<u>17,573,194</u>
	<u>P 858,713,659</u>	<u>P -</u>	<u>P 858,713,659</u>

**September 30, 2018**

<i>Revenues and Expenses:</i>			
Contract revenues	P 1,171,182,946	(P1,171,182,946)	P -
Contract costs	( 1,004,001,438)	1,004,001,438	-
Other operating expenses	( 47,462,503)	47,462,503	-
Finance income	<u>36,795,082</u>	<u>-</u>	<u>36,795,082</u>
	<u>P 156,514,087</u>	<u>(P 119,719,005)</u>	<u>P 36,795,082</u>

**September 30, 2017**

<i>Revenues and Expenses:</i>			
Contract revenues	P 1,159,376,868	(P1,159,376,868)	P -
Contract costs	( 974,762,868)	974,762,868	-
Other operating expenses	( 58,645,277)	-	( 58,645,277)
Finance income	<u>46,930,116</u>	<u>-</u>	<u>46,930,116</u>
	<u>P 172,898,839</u>	<u>(P 184,614,000)</u>	<u>(P 11,715,161)</u>

## 9. OTHER ASSETS

This account is composed of the following:

		September 30, 2018 ( <u>Unaudited</u> )	December 31, 2017 ( <u>Audited</u> )
	<u>Note</u>		
Current:			
Advances to contractors and suppliers	9.1	P 1,099,569,047	P 702,853,344
Input VAT	9.2	631,690,105	470,309,253
Refundable security and bond deposits		122,413,929	87,431,724
Prepaid subscription		22,264,472	12,843,833
Prepaid taxes	9.4	18,893,119	55,320,252
Prepaid insurance		7,140,915	7,932,589
Prepaid rent		6,922,556	8,781,953
Development costs		1,840,005	1,840,006
Miscellaneous		<u>51,254,702</u>	<u>10,776,988</u>
		<b><u>P 1,961,988,850</u></b>	<b><u>P 1,358,089,942</u></b>
Non-current:			
Input VAT	9.2	P 2,226,165,170	P 2,084,181,395
Investment in trust fund	9.5	524,523,543	413,649,488
Derivative asset	9.8	91,032,008	-
Refundable security deposits		79,484,020	10,888,652
Deposits for condominium units	9.3	68,802,067	68,802,067
Deferred transaction cost	9.7	55,582,891	47,478,365
Computer software license – net	9.6	46,091,481	43,912,786
Advances to contractors and suppliers	9.1	-	15,231,370
Advances to land owners		-	30,731,055
Miscellaneous	9.8	<u>27,409,901</u>	<u>4,290,334</u>
		<b><u>P 3,119,091,081</u></b>	<b><u>P 2,719,165,512</u></b>

### 9.1 Advances to Contractors and Suppliers

Advances to contractors and suppliers pertain to downpayments made by the Group for the construction of airport terminal facilities and purchase of property and equipment based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the contractors and supplier.

### 9.2 Input VAT/Deferred Input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million and bid premium. Deferred input VAT arising from purchase of capital goods exceeding P1.0 million is to be amortized and credited against output tax evenly over five years or the life of the asset, whichever is shorter.

### **9.3 Deposits for Condominium Units**

Deposits for condominium units represent initial downpayments made for the purchase of condominium units. These will be reclassified to investment property upon execution of contract to sell and deed of sale.

### **9.4 Prepaid Taxes**

Prepaid taxes pertain to creditable withholding taxes.

### **9.5 Investment in Trust Fund**

On November 28, 2014, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a local universal bank (Security Trustee). The investment in trust fund constitutes (i) Revenue Accounts; (ii) Future Major Maintenance Fund Account; (iii) Debt Service Reserve Accounts; (iv) Debt Service Payment Account; and, (v) Distribution Accounts, collectively referred to as "Cash Flow Waterfall Accounts" and Loan Disbursement Accounts under a certain Omnibus Loan and Security Agreement (OLSA) to ensure the prompt payment of the required amortization, interest and principal of the long-term loan.

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts.

### **9.6 Computer Software License – net**

The details of this account are presented below.

	<b>September 30, 2018 ( <u>Unaudited</u> )</b>	<b>December 31, 2017 ( <u>Audited</u> )</b>
Cost	<b>P 105,432,615</b>	<b>P 100,211,532</b>
Accumulated amortization	<b>( <u>59,341,134</u> )</b>	<b>( <u>56,298,746</u> )</b>
	<b><u>P 46,091,481</u></b>	<b><u>P 43,912,786</u></b>

The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expenses account in the consolidated statements of income.

### **9.7 Deferred Transaction Cost**

Deferred transaction cost represents legal and documentary stamp taxes paid and attributable to the amount of undrawn borrowing facility scheduled for drawdown in the subsequent reporting periods. Upon drawdown, the deferred transaction cost will be accounted for as debt issuance cost which is treated as a discount on the related debt and amortized using the EIR method over the term of the related debt.

### **9.8 Derivative Asset**

Derivative asset pertains to derivative gain on the interest rate swap of GMCAC due to favorable movement of interest rates in nine months of 2018.

## 10. CONCESSION ASSETS

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTr and MCIA by virtue of Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, “An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes”, as Amended by R.A. No. 7718 (referred to as the “BOT Law”). Under the said agreement, GMCAC was granted by DOTr and MCIA an exclusive right to design, develop, and undertake the MCIA Project; and enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets) (see Note 1.2).

The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project comprises the following undertaking:

- Construction of Terminal 2 (T2), along with all Associated Facilities;
- Renovation and expansion, but not the demolition of Terminal 1 (T1) and Associated Facilities;
- Complete reconstruction of Terminal 2 Apron (T2 Apron);
- Capacity Augmentation;
- Development of Commercial Assets; and,
- Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets.

Upfront fees include P14,404.6 million bid premium paid by GMCAC to the Philippine Government for the MCIA Project.

## 11. TRADE AND OTHER PAYABLES

This account consists of the following:

		September 30, 2018	December 31, 2017
	Note	( <u>Unaudited</u> )	( <u>Audited</u> )
Trade payables		P 2,077,485,958	P 2,846,737,769
Retention payable		1,818,511,435	1,571,317,746
Accrued expenses		668,014,154	305,255,812
Interest payable		477,573,688	81,657,313
Security deposits		304,026,890	201,336,838
Accrued salaries		57,581,801	26,705,794
Due to stockholders and related parties	19.4	49,154,675	174,410,481
Income tax payable		5,727,498	-
Others		<u>86,111,306</u>	<u>37,827,151</u>
		<u>P 5,544,187,405</u>	<u>P 5,245,248,904</u>

## 12. INTEREST-BEARING LOANS AND BORROWINGS

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

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current:		
Bank loans	P 2,688,935,493	P 2,485,500,000
Obligations under finance lease	<u>47,442,757</u>	<u>75,987,851</u>
	<u>2,736,378,250</u>	<u>2,561,487,851</u>
Non-current:		
Bank loans	23,696,250,754	20,420,365,437
Notes payable	6,684,593,824	5,836,791,231
Obligations under finance lease	<u>129,823,822</u>	<u>129,823,822</u>
	<u>30,510,668,400</u>	<u>26,386,980,490</u>
	<u>P 33,247,046,650</u>	<u>P 28,948,468,341</u>

### 12.1 Notes Payable

On February 19, 2013, the Parent Company executed a notes facility agreement with a local universal bank. In this agreement, the Parent Company desired to offer and issue fixed-rate corporate notes in the aggregate principal amount of P4,000.0 million. The net proceeds of the notes after deducting direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, amounted to P3,957.3 million.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes are issued in three tranches with the following details:

	<u>Principal</u>	<u>Term in Years</u>	<u>Interest Rate</u>
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	<u>100,000,000</u>	10	6%
	<u>P 4,000,000,000</u>		

On February 23, 2018, the Parent Company has repaid the Tranche A of this notes payable.

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 6.5% payable in 5 years. This loan was paid in full through refinancing of an unsecured 10-year corporate note in December 2016.

On September 16, 2016 and December 5, 2016, the Parent Company availed an unsecured 10-year corporate note amounting to P650.0 million and P350.0 million, respectively, to refinance the 5-year corporate note issued in 2011. On December 16, 2016 the Parent Company availed another P1,000.0 million unsecured 10-year corporate note to finance its capital expenditures and general corporate requirements.

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread.

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement as the transactions during the intervening periods are under the ordinary course of business.

## 12.2 Bank Loans

### (a) Omnibus Loan and Security Agreement – December 17, 2014

On December 17, 2014, GMCAC entered into a P20,000.0 million (which at GMCAC's option may be increased up to P23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another universal bank as offshore lender to contribute US \$75.0 million (or equivalent to P3,500.0 million) into the facility. The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030; and, interest requirements that are payable annually based on the following:

	First 7 Years	Last 8 Years
P20,000.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 (PDST-R2 benchmark yield) and credit spread
US\$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, certain assets are pledge as collateral on this loan.

### (b) Omnibus Loan and Security Agreement – March 22, 2018

On March 22, 2018, MGCJV, Inc. entered into a P7.50 billion Omnibus Loan and Security Agreement (OLSA) with Metropolitan Bank & Trust Company (MBTC) and Philippine National Bank (PNB) as Lenders. The proceeds from the loan shall be used to finance the construction of Clark International Airport. Interest is the sum of the 3-month PDST-R2 rate plus a certain spread payable every three (3) months. Repayment of the principal is as follows:

Principal repayment schedule	Milestone payments from BCDA (in billions)	Principal repayment of the Loan amount
First	P5.58	At least 85% of the principal milestone payment
Second	1.66	100% of the second milestone payment
Third	2.12	Remaining balance of the Loan

The outstanding balance of the Loan as of September 30, 2018 amounted to P1,394.7 million. The maturity of the Loan is on May 18, 2021.

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, certain assets are pledge as collateral on this loan.

(c) *Other Bank Loans*

In addition, the Group also obtained various bank loans with total outstanding balance of P2,688.9 million and P2,485.5 million as of September 30, 2018 and December 31, 2017, respectively, representing unsecured short-term loans from other local banks. The loans bear fixed annual interest rates ranging from 3.3% to 4.6% in 2018 and 2.5% to 2.8% in 2017.

### 13. ADVANCES FROM CUSTOMERS

Advances from customers for construction works relate to the following projects:

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Contracts in progress:		
Third parties	P1,085,065,402	P 295,821,076
Related parties	<u>-</u>	<u>7,507,271</u>
	<u>1,085,065,402</u>	<u>303,328,347</u>
Deposit received prior to commencement of a project – Third parties	<u>1,136,839,933</u>	<u>223,742,745</u>
	<u><b>P2,221,905,335</b></u>	<u><b>P 527,071,092</b></u>

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

### 14. OTHER LIABILITIES

The details of this account are as follows:

	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Current:		
VAT payable	P 75,242,249	P -
Withholding taxes	42,295,665	60,713,819
Deferred output VAT	40,799,931	41,155,461
Deferred revenue	13,776,847	7,867,130
Others	<u>24,488,792</u>	<u>30,269,935</u>
	<u><b>P 196,603,484</b></u>	<u><b>P 140,006,345</b></u>
Non-current:		
Retention payable	P 287,946,395	P 234,464,123
Security deposits	9,649,111	3,895,236
Deferred revenue	<u>1,624,504</u>	<u>-</u>
	<u><b>P 299,220,010</b></u>	<u><b>P 238,359,359</b></u>

## 15. REVENUES

### *15.1 Contract Revenues*

The details of this account for the periods ended September 30, 2018 and 2017 are composed of the revenues from:

	September 30, 2018 ( <u>Unaudited</u> )	September 30, 2017 ( <u>Unaudited</u> )
Contracts in progress	P 9,761,053,001	P 11,744,554,664
Completed contracts	<u>590,875,528</u>	<u>697,989,565</u>
	<u>P 10,351,928,529</u>	<u>P 12,442,544,229</u>

### *15.2 Airport Operations Revenues*

The details of this account for three months ended September 30 are composed of the revenues from:

	September 30, 2018 ( <u>Unaudited</u> )	September 30, 2017 ( <u>Unaudited</u> )
Aeronautical	P 1,207,354,804	P 964,239,333
Aero related	273,748,399	221,200,697
Non-aero related	<u>698,397,577</u>	<u>537,916,661</u>
	<u>P 2,179,500,780</u>	<u>P 1,723,356,691</u>

### *15.3 Trading Operations Revenues*

The details of this account are composed of the revenues from:

	September 30, 2018 ( <u>Unaudited</u> )	September 30, 2017 ( <u>Unaudited</u> )
Food revenues	P 117,596,720	P 58,165,547
Non-food revenues	<u>97,274,112</u>	<u>40,891,762</u>
	<u>P 214,870,832</u>	<u>P 99,057,309</u>



## 16. DIRECT COSTS

### 16.1 Contract Costs

The following is the breakdown of contract costs for the period ended September 30:

	September 30, 2018 ( <u>Unaudited</u> )	September 30, 2017 ( <u>Unaudited</u> )
Outside services	P 3,826,490,925	P 4,643,975,161
Materials	3,280,874,240	4,164,653,446
Project overhead	619,901,242	905,803,472
Salaries and employee benefits	461,754,667	441,581,482
Depreciation and amortization	<u>429,374,825</u>	<u>364,444,910</u>
	<b><u>P 8,618,395,899</u></b>	<b><u>P 10,520,458,471</u></b>

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees, utilities, municipal permits, taxes, security services, office supplies and various rental expenses of staging areas.

### 16.2 Costs of Airport Operations

The following is the breakdown of cost of services:

	September 30, 2018 ( <u>Unaudited</u> )	September 30, 2017 ( <u>Unaudited</u> )
Amortization of concession asset	P 220,488,274	P 113,521,528
Utilities	109,183,396	78,014,045
Salaries and other benefits	38,497,143	34,779,017
Airport operator's fee	25,895,575	20,788,065
Airline collection charges	20,583,285	17,279,557
Insurance	17,277,846	15,719,324
Others	<u>26,914,493</u>	<u>33,141,302</u>
	<b><u>P 458,840,012</u></b>	<b><u>P 313,242,838</u></b>

### 16.3 Costs of Trading Operations

The following is the breakdown of cost of trading:

	September 30, 2018 ( <u>Unaudited</u> )	September 30, 2017 ( <u>Unaudited</u> )
Cost of food	P 27,552,721	P 15,178,351
Cost of non-food	<u>23,181,513</u>	<u>10,734,153</u>
Total	50,734,234	25,912,504
Spoilage and pilferages	335,079	-
Purchase discount	( <u>67,065</u> )	( <u>59,730</u> )
	<b><u>P 51,002,248</u></b>	<b><u>P 25,852,774</u></b>

## 17. EQUITY

### 17.1 Dividends

On January 30, 2018, May 3, 2018 and August 1, 2018, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter to holders of preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2017. The series of record dates and payments are as follows:

	<u>Record date</u>	<u>Payment date</u>
1 <sup>st</sup> Quarter	February 15, 2018	March 3, 2018
2 <sup>nd</sup> Quarter	May 18, 2018	June 3, 2018
3 <sup>rd</sup> Quarter	August 16, 2018	September 3, 2018

The dividends on the preferred shares bear cumulative, non-participating cash dividends based on the issue price, payable quarterly in arrears every dividend payment date, at the fixed rate of 7.025% per annum from listing date.

### 17.2 Treasury shares

On July 20, 2016, the Parent Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the 7-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted P4,138.8 million.

On October 20, 2016, the Parent Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury share amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost P2,627.7 million.

## 18. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	<b>September 30, 2018</b>	September 30, 2017
	<b>( <u>Unaudited</u> )</b>	( <u>Unaudited</u> )
Net profit attributable to shareholders of the Parent Company	<b>P 1,321,173,906</b>	P 1,382,762,214
Dividends on cumulative preferred shares	<b>( <u>210,750,000</u> )</b>	( <u>210,750,000</u> )
Income available to shareholders of the Parent Company	<b>1,110,423,906</b>	1,172,012,214
Divided by weighted average number of outstanding common shares	<b><u>2,138,577,497</u></b>	<u>2,138,577,497</u>
Basic and diluted EPS	<b><u>P .52</u></b>	<u>P .55</u>

The Group does not have dilutive potential common shares outstanding as of September 30, 2018 and 2017; hence, diluted EPS is equal to the basic EPS.

## 19. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent company and other shareholders, subsidiaries, associates, joint venture, parties related to the Parent Company by common ownership.

The summary of the Group's transactions with related parties as of September 30, 2018 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
<b>Ultimate Parent Company –</b>					
Advances granted	5	P 20,570,322	P 310,740,982	On demand; Interest-bearing	Unsecured
<b>Minority shareholders and their affiliates:</b>					
Airport operator's fee	16.2	25,895,575	-	On demand; Noninterest-bearing	Unsecured
Cash granted	5, 10	546,011	546,011	On demand; Noninterest-bearing	Unsecured
<b>Associates:</b>					
Revenue from services	5, 19.1	-	747,599,683	Normal credit terms	Unsecured
Rent income	5, 19.2	40,179	214,420	Normal credit terms	Unsecured
<b>Joint Arrangement:</b>					
Revenue from services	5, 19.1	831,177,882	28,029,162	Normal credit terms	Unsecured
Cash granted	5	( 2,143,486)	821,270	On demand; Noninterest-bearing	Unsecured
<b>Related Parties Under Common Ownership:</b>					
Rent income	5, 19.2	160,714	606,786	Normal credit terms	Unsecured
Advances from customers	13	7,507,271	-	Normal credit terms	Unsecured
Revenue from services	5, 19.1	162,478,783	259,434,887	Normal credit terms	Unsecured
Advances granted	5	7,282	26,033	On demand; Noninterest-bearing	Unsecured
Advances obtained	11	125,255,806	( 49,154,675)	On demand; Noninterest-bearing	Unsecured
<b>Advances to Officers and Employees</b>	5	(10,244,191)	8,891,667	Upon liquidation; Noninterest-bearing	Unsecured

The summary of the Group's transactions with related parties as of December 31, 2017 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
<b>Ultimate Parent Company –</b> Advances granted	5	(P 623,328,162)	P 290,170,659	On demand; Interest-bearing	Unsecured
<b>Minority shareholders and their affiliates:</b> Airport operator's fee	16.2	26,910,779	-	On demand; Noninterest-bearing	Unsecured
Advances obtained	11	38,117,405	( 172,939,978)	On demand; Noninterest-bearing	Unsecured
<b>Associates:</b> Revenue from services	5	-	747,599,683	Normal credit terms	Unsecured
Rent income	5	53,571	171,429	Normal credit terms	Unsecured
<b>Joint Arrangement:</b> Revenue from services	5	1,303,585,007	174,362,420	Normal credit terms	Unsecured
Advances granted	5	2,964,756	2,964,757	On demand; Noninterest-bearing	Unsecured
<b>Related Parties Under Common Ownership:</b> Rent income		53,571	434,821	Normal credit terms	Unsecured
Advances from customers		7,507,271	7,507,271	Normal credit terms	Unsecured
Revenue from services	5	724,464,404	278,600,608	Normal credit terms	Unsecured
Rent expense		( 2,649,539)	-	On demand	Unsecured
Advances granted	5	( 43,733)	18,750	On demand; Noninterest-bearing	Unsecured
Advances obtained	11	4,720,879	( 1,470,503)	On demand; Noninterest-bearing	Unsecured
<b>Advances to Officers and Employees</b>	5	( 3,723,622)	21,895,765	Upon liquidation; Noninterest-bearing	Unsecured

### 19.1 Rendering of Services

In the normal course of business, the Group provides construction services to related parties under common ownership, associate, a certain previous shareholder and other related parties. The related revenue from these transactions amounted to P993.7 million and P2,625.1 million in September 30, 2018 and September 30, 2017, respectively. These revenues are recorded as part of Contract Revenues account in the consolidated statements of income (see Note 15.1). Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these transactions, which are generally unsecured and settled through cash within three to six months, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, are presented as part of Contract and Retention receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 5).

There were no impairment losses recognized in September 30, 2018 and 2017 for these related party receivables.

The Group, also receives advances or deposit from related party customers. The amount of outstanding customer advances received from related parties are presented as part of Advances from Customers account in the consolidated statements of financial position (see Note 13). In 2018, the advances from customers with related parties amounting to P38.4 million was applied against the progress billing based on project working accomplishment as of September 30, 2018.

### ***19.2 Rental of Land and Building***

The Group is a lessee of certain parcels of land and building owned by related parties under common ownership.

In September 30, 2018 and 2017, the Group recognized rent expense amounting to P2.0 million and P2.3 million, respectively, from the lease agreement with Megapolitan Realty and Development Corporation (Megapolitan), an entity owned by the Group's stockholders and their close family members, for the land where the Group's building is located. The Group has no outstanding payables from the rental transaction with Megapolitan as of September 30, 2018 and 2017.

The Parent Company also leases out its office space to its associates and related parties under common ownership. As a result, the Group recognized rent income amounting to P0.2 million in September 30, 2018 and 2017, respectively from the lease of its office building to several related parties. This is recorded as part of Other Income (Charges) – net account in the consolidated statements of income. The outstanding balances arising from these transactions are presented as part of Other receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 5).

### ***19.3 Advances to Officers and Employees***

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables (see Note 5).

No impairment losses were recognized in September 30, 2018 and 2017 for these advances.

### ***19.4 Advances to and from Related Parties***

The Group obtained unsecured, noninterest-bearing cash advances from certain related parties to finance portion of its working capital requirement payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the consolidated statements of financial position (see Note 11).

The Group gave unsecured, interest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. The outstanding balance from this transaction is shown under Trade and Other Receivables account in the consolidated statements of financial position (see Note 5). Further, no impairment losses were recognized in September 30, 2018 and December 31, 2017 for these advances.

The Group's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances.

## **20. COMMITMENTS AND CONTINGENCIES**

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial information. Management is of the opinion, that losses, if any, from these items will not have any material effect on its interim consolidated financial information.

## **21. CHANGES IN ACCOUNTING ESTIMATES**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

## **22. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On October 30, 2018, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter to holders of preferred shares on record as of November 16, 2018. The dividends which is payable on December 3, 2018, shall be taken out of the unrestricted earnings of the Parent Company as of December 31, 2017.

## **23. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 24. The main types of risk are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with the Group's Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Group is exposed to are described on the succeeding paragraphs.

### ***23.1 Market Risk***

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from its operating, investing and financing activities.

(a) *Foreign Currency Risk*

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from its US dollar-denominated cash and cash equivalents and loans payable which have been used to fund the Cebu Mactan Airport project. The principal and interest of the loans payable will be funded by the US dollar-denominated sales generated by the airport operation. Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions.

(b) *Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates.

The Group is exposed to changes in market rates through its cash in banks and short-term placements which are subject to monthly repricing intervals and some short-term working capital loans which are subject to variable interest rate. Any increase in finance costs due to changes in interest rates will be mitigated by the finance income on cash and cash equivalents and short-term placements.

(c) *Other Price Risk Sensitivity*

The Group's market price risk arises from its available-for-sale financial assets carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment and at some extent, diversifying the investment portfolio in accordance with the limit set by the management. As of September 30, 2018 and December 31, 2017, these financial assets are valued at nil and P929.8 million, respectively.

In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored for further fluctuations in existing market yield rates.

## **23.2 Credit Risk**

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

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

		September 30, 2018 ( <u>Unaudited</u> )	December 31, 2017 ( <u>Audited</u> )
Cash and cash equivalents	4	P 6,782,937,234	P 4,930,939,177
Trade and other receivables – net*	5	7,644,939,588	6,505,856,735
Financial assets at FVTPL	6	1,967,757,467	3,209,481,581
Investments in RTB	7	-	929,773,159
Refundable security and bond deposits	9	201,897,949	98,320,376
Investment in trust fund	9	<u>524,523,543</u>	<u>413,649,488</u>
		<u>P 17,122,055,781</u>	<u>P 16,088,020,516</u>

\*Excluding advances to officers and employees amounting to P8.9 million and P21.9 million as at September 30, 2018 and December 31, 2017, respectively.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and trade and other receivables as described below.

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

The Group mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from the related parties and ensuring that collections are received within the agreed credit period. Moreover, the related advances from customers will be offset against the trade and other receivables.

Contract receivables are usually due within 45 to 60 days and do not bear any interest.

Some of the unimpaired trade receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. The contract receivables that are past due but not impaired are shown in the succeeding page.



	September 30, 2018 ( Unaudited )	December 31, 2017 ( Audited )
Not more than 3 months	P 335,852,758	P 460,388,661
More than 3 months but not more than 4 months	67,581,920	89,178,660
More than 4 months but not more than one year	66,074,690	3,653,064
More than one year	<u>381,775,772</u>	<u>379,338,459</u>
	<u>P 851,285,140</u>	<u>P 932,558,844</u>

The Group's management considers that the financial assets which are past due but not impaired for each reporting period are of good credit quality based on historical default rates. The balance of such receivables relates to reputable companies that have a good track record with the Group.

(c) *Financial Assets at FVTPL and Investment in Trust Fund*

In September 30, 2018 and December 31, 2017, the Group is exposed to credit risk on its investments in UITF, short-term commercial papers and trust fund. However, the Group has assessed that such risk is minimal since the counterparties are reputable listed leasing company and financial institutions with high quality external credit ratings.

(d) *Refundable Security and Bond Deposits, and Investments in RTB*

The Group is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Group can negotiate, before the end of the lease term, to apply deposit to rentals due. Also, the investments in RTB and bond deposits are made with the Philippine Government, hence, the exposure on credit risk is assessed by the management to be not be significant.

### 23.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

	September 30, 2018 (Unaudited)		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 2,688,935,493	P 47,442,757	P 30,510,668,400
Trade and other payables	5,544,187,405	-	-
Security deposits (gross of unearned income)	-	-	11,273,615
Retention payable (under Other Non-current Liabilities)	-	-	287,946,395
	<u>P 8,233,122,898</u>	<u>P 47,442,757</u>	<u>P30,809,888,410</u>

	December 31, 2017 (Audited)		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 2,487,337,886	P 75,987,851	P26,386,980,490
Trade and other payables	5,245,248,904	-	-
Security deposits (gross of unearned income)	-	-	3,895,236
Retention payable (under Other Non-current Liabilities)	-	-	234,464,123
	<b><u>P 7,732,586,790</u></b>	<b><u>P 75,987,851</u></b>	<b><u>P26,625,339,849</u></b>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of reporting periods.

## 24. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

		September 30, 2018		December 31, 2017	
		(Unaudited)		(Audited)	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial Assets</b>					
Loans and receivables:					
Cash and cash equivalents	4	P 6,782,937,234	P 6,782,937,234	P 4,930,939,177	P 4,930,939,177
Trade and other receivables – net*	5	7,644,939,588	7,644,939,588	6,505,856,735	6,505,856,735
Refundable security and bond deposits	9	201,897,949	201,897,949	98,320,376	98,320,376
Investment in trust fund	9	<u>524,523,543</u>	<u>524,523,543</u>	<u>413,649,488</u>	<u>413,649,488</u>
		<u>15,154,298,314</u>	<u>15,154,298,314</u>	<u>11,948,765,776</u>	<u>11,948,765,776</u>
Financial assets at FVTPL:					
Short-term commercial papers	6	1,965,809,594	1,965,809,594	3,207,553,457	3,207,553,457
UITF		<u>1,947,873</u>	<u>1,947,873</u>	<u>1,928,124</u>	<u>1,928,124</u>
		<u>1,967,757,467</u>	<u>1,967,757,467</u>	<u>3,209,481,581</u>	<u>3,209,481,581</u>
AFS financial assets:					
Investments in RTB	7	-	-	929,773,159	929,773,159
Club shares		1,044,472	1,044,472	1,044,472	1,044,472
Investment in SSPI – at cost		<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
		<u>3,544,472</u>	<u>3,544,472</u>	<u>933,317,631</u>	<u>933,317,631</u>
		<u>P 17,125,600,253</u>	<u>P 17,125,600,253</u>	<u>P 16,091,564,988</u>	<u>P 16,091,564,988</u>
<b>Financial Liabilities</b>					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	12	P 33,247,046,650	P33,247,046,650	P 28,948,468,341	P 28,948,468,341
Trade and other payables	11	5,544,187,405	5,544,187,405	5,245,248,904	5,245,248,904
Retention payable**	14	287,946,395	287,946,395	234,464,123	234,464,123
Security deposits	14	<u>11,273,615</u>	<u>11,273,615</u>	<u>3,895,236</u>	<u>3,895,236</u>
		<u>P 39,090,454,065</u>	<u>P 39,090,454,065</u>	<u>P 34,432,076,604</u>	<u>P 34,432,076,604</u>

\* Excluding advances to officers and employees amounting to P8.9 million and P21.9 million as at September 30, 2018 and December 31, 2017, respectively.

\*\* Under other non-current liabilities

There were neither transfers between Level 1 and 2 nor changes in Level 3 instruments in both periods.

MEGAWIDE CONSTRUCTION CORPORATION  
AGING OF RECEIVABLES  
AS OF SEPTEMBER 30, 2018

SEGMENT	CURRENT	1-30 days	31-60 day	61-90 days	91-120 days	121-150 days	151-180 days	Over 180 days	TOTAL
Construction	2,428,606,989	111,491,114	47,254,247	107,016,495	54,824,097	1,053,656	42,711,303	374,127,916	3,167,085,818
Airport operation	361,290,195	57,556,103	42,228,043	23,172,137	13,023,918	3,518,631	2,428,907	13,421,670	516,639,605
Airport merchandising	29,938,030	38,335,909	32,311,699						100,585,638
<b>Total</b>	<b>2,819,835,214</b>	<b>207,383,127</b>	<b>121,793,990</b>	<b>130,188,632</b>	<b>67,848,016</b>	<b>4,572,288</b>	<b>45,140,210</b>	<b>387,549,586</b>	<b>3,784,311,062</b>