MEGAWIDE CONSTRUCTION CORPORATION

Company's Full Name

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

655-1111
Telephone Number

December 31
Fiscal Year Ending
(Month & Day)

SEC FORM 17-A
Form Type

December 31, 2013
Period Ended Date

–

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

1. For the fiscal year ended	**December 31, 2013**
2. SEC Identification Number	**CS200411461**
3. BIR Tax Identification No.	**232-715-069-000**
4. Exact name of issuer as specified in its charter	**Megawide Construction Corporation**
5. Province, Country or other jurisdiction of incorporation or organization	**Philippines**
6. Industry Classification Code	(SEC Use Only)
7. Address of Principal Office Postal Code	**2/F Spring Bldg. Arnaiz Ave. cor. P. Burgos St., Pasay City, Metro Manila**
8. Issuer's telephone number, Including area code	**655-1111**
9. Former name, former address and fiscal year, if changed since last report	**Not Applicable**

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	1,649,426,127

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

Yes [√] No [ ]

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

Philippine Stock Exchange

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [√] No [ ]

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

Yes [√] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Number of non-affiliate shares as of March 31, 2014	712,492,392
Closing price per share as of March 31, 2014	P11.92
Market value as of March 31, 2014	P8,492,909,312.64

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Description of Business

Business Development During the Past Three Fiscal Years (2011-2013)

Megawide Construction Corporation (Megawide) was registered with the Securities and Exchange Commission (SEC) on July 28, 2004 to exist for 50 years, or until July 28, 2054. Its primary purpose is to engage in the general construction business. It includes constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures, and to own, use, improve, develop real estate of all kinds. Its registered office is located at 2/F Spring Bldg., Arnaiz Ave. cor. P. Burgos St., Pasay City. The Company also maintains an office in its own building at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

Below are the significant business developments of Megawide for the past 3 fiscal years:

2011

Initial Public Offering

Eight hundred fifty-seven million and two (857,000,002) common shares of Megawide were registered with the SEC on February 4, 2011 and listed in the Philippine Stock Exchange (PSE) on February 18, 2011.

Increase in authorized capital stock and declaration of stock dividends

On June 3 and 30, 2011 the Board of Directors and stockholders, respectively, approved the declaration of stock dividends of 257,100,001 shares which is equivalent to 30% of the outstanding shares. The stock dividends were distributed on November 10, 2011.

On June 3, 2011, Megawide's Board of Directors approved the further increase in authorized capital stock from P1.0 billion common shares to P2.0 billion common shares with P1.00 par value by way of stock dividends. The increase in authorized capital stock was approved by the SEC on September 15, 2011.

State-of-the-Art Precast Manufacturing Complex

In May 2011, Megawide broke ground for its 12-hectares State-of-the-Art Precast Concrete Manufacturing Complex in Taytay, Rizal. The facility is fully automated and considered to be the largest precast plant in the country. The Company will use the facility to mass produce modular housing components to address the housing backlog of the nation. Moreover, the same can also be used for school buildings and hospitals.

Cooperation with IHI Infrastructure Systems Co., Ltd.

The management entered into a Cooperation Agreement with IHI Infrastructure Systems Co., Ltd. of Japan in September 2011 to jointly bid for big ticket infrastructure projects of the Philippine government.

2012

In July 2012, the incorporators of Megawide collectively holding a total of Six Hundred Eighty Eight Million Five Hundred Thousand shares or 61.8% of the total issued and outstanding capital stock of Megawide transferred their shares to Citicore Holdings Investment, Inc. (Citicore). By virtue of the transfer, Citicore now legally own and control 61.80% of the issued and outstanding capital stock of Megawide.

In October 2012, Megawide entered into a joint venture agreement with its parent company Citicore Investments Holdings Inc (CHI) and formed Citicore-Megawide Consortium Inc. (CMCI). Ten percent (10%) of the issued and outstanding stock of CMCI is owned by Megawide while 90% is owned by CHI. The first project booked by CMCI was the Department of Education's PPP for school buildings. The Department of Education awarded to CMCI in 2012 the school buildings in Regions 3 and 4. CMCI commissioned Megawide to construct all the school buildings in both regions.

In December 2012, Megawide acquired 100% of the issued and outstanding stock of Altria East Land, Inc., the owner of the property in Taytay, Rizal where the precast plant of Megawide is located.

2013

On May 21, 2013, Megawide entered into a Placing Agreement with Citicore, CLSA Limited and First Metro Investments Corporation for the offer and sale of Citicore's 118,729,800 Megawide common shares at a price of P20.00 per Offer Share.

On October 17, 2013, Megawide signed the Build-Lease-Transfer Agreements for School Infrastructure Projects Phase II for Regions I, II, III and Cordillera Administrative Region, with the Department of Education.

On November 28, 2013, the Megawide-World Citi Consortium was awarded the Modernization of the Orthopedic Hospital PPP project by the DOTC-DOH.

On December 12, 2013, the PBAC of the DOTC opened all proposals for the Mactan Cebu International Airport PPP project to reveal that the Megawide-GMR Consortium submitted the highest bid. The DOTC-MCIAA later issued the Notice of Award on April 4, 2014.

Business of Issuer

Description of Issuer

Megawide is a fast rising construction company in the Philippines, which employs modern Advanced Technology Building Systems (ATBS), such as Pre-cast Concrete and Formwork Systems in its projects. It is the preferred contractor of several major real estate developers for its quality workmanship, efficient delivery of projects, excellent construction safety standards, and its use of ATBS.

Customer and Project Selection

Megawide is frequently being invited to bid for major domestic low to high-rise building projects. The scope of work on these projects generally include, among others, site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

In line with its risk policies while frequently invited to project biddings, Megawide carefully selects which projects to participate in, based on the following criteria:

- Creditworthiness of the project owner determined through background checks with banks and financial community, business and trade associations, HLURB standing and major suppliers credit records; and,
- Liquidity of the project owner determined through financial ratios and financial performances for the past three years.

In addition, Megawide also evaluates each potential project based on the following:

- Size of the over-all development blueprint of the project and its implementation timetable on phases;
- Complexities and limitations of the structural design of the high-rise building project;
- Project location accessibility of heavy construction equipment and proximity to clusters of on-going project sites;
- Logistics difficulties and limitations; and,
- Profitability.

Megawide negotiates the final construction price with the project owner. Upon receipt of the Notice to Proceed or the Notice of Award for a project, Megawide, depending on the agreement with the project owner, procures the necessary building permits and other regulatory permits, and immediately prepares for mobilization of construction equipment, manpower and materials needed for the project. Megawide secures performance bonds and surety bonds required to obtain downpayment from the project owner, and contractor's all-risk insurance. It also negotiates and finalizes the terms of its construction contract with the project owner. The responsibilities and warranties of Megawide under its construction contracts typically include on-time project turn-over and completion as per an agreed timetable, adherence to the agreed material specifications and construction methods, and warranty on workmanship and material defects. In the normal course of business, on a per project basis, Megawide sub-contracts to specialty or trade contractors such tasks as mechanical and electric works for its projects.

During construction, quality control procedures are strictly followed. The QA/QC Manager is responsible for quality assurance and quality control during production and construction. Under him are highly-trained inspectors and personnel. His team conducts on-site inspections to assure compliance. As standard procedure, concrete samples are tested by specialized laboratories to ensure compliance with American Society for Testing and Materials (ASTM), American National Standards Institute (ANSI) and Construction Specifications Institute (CSI) specifications.

To ensure that projects are on schedule, on-site project managers monitor and control the progress of projects, mindful of the completion date pursuant to the construction contract.

Project managers are responsible for accomplishing project objectives, developing the project plan, managing the project team and budget.

Upon project completion, the following activities are conducted as a condition to project turnover to the owner:

- Megawide submits a Notice of Turn-Over and Completion to the project owner;
- Megawide and the project owner conduct a joint inspection and punch listing;
- Should there be no pending items for completion, the project owner issues a Certificate of Completion;
- The project owner releases retention monies upon submission by Megawide of a guarantee bond. The guarantee bond is typically valid for up to 1 year from the project's turnover date, and is required by project owners to guarantee the quality of the materials provided, the equipment installed and its workmanship.

Terms Granted to Customers

Bids for construction projects are typically accompanied with particular material specifications and the kind of finishes to be used for the project. Deviations from agreed material specifications are subject to variation orders. Consistent with industry practice, Megawide normally requires the following key terms of payment in its construction contracts:

- A downpayment of 15% - 20% of the contract price prior to commencement of construction activities. Customers usually require that Megawide obtain a performance bond to guarantee that it will execute the work in accordance with the contract;

- Monthly progress billing (or interim billings). Progress billings are subject to pro-rata recoupment of downpayments, and retention monies equivalent to 10% of the billed amount, to be reduced to 5% upon 50% completion of the project; and

- The release of the 5% retention monies within one-year from full completion of the project. Customers usually require that Megawide obtain a guarantee bond to guarantee the quality of the materials provided, the equipment installed and its workmanship.

The exposure of Megawide to credit risk on its receivables relates primarily to the inability of the customer to fully settle the unpaid balance of contract receivables and other claims owed to Megawide. Credit risk is managed in accordance with Megawide's credit risk policy, which requires the evaluation of the creditworthiness of the customer.

Completed Projects

As of December 31, 2013, Megawide has approximately 2,322,790 square meters floor area under its construction portfolio. The notable projects that Megawide has completed for the past 3 years are:

1. **Citysquare Residences** – Citysquare Residences is a 28-storey residential condominium with floor area of 19,600 square meters located at the heart of the Chinatown Business district.

2. **Antel Spa Residences -** Antel Spa Residences is a 34-storey mixed-use high-rise condominium located at the financial capital of Metro Manila with a gross floor area of 33,360 square meters. It is complete with building amenities such as power gym and fitness center, sky garden, coffee shop, resort spa pool, garden ballroom and wide selection of commercial spaces that include organic restaurants and markets, beauty and medical establishments.

3. **B-Hotel -** Parcvue B-Hotel is a 10-storey Three Star Hotel with Penthouse located in Madrigal Business Center, Alabang, Muntinlupa City with a gross floor area of 11,200 square meters.

4. **SMDC Showroom** - SMDC Showroom is located at MOA Complex, Pasay City with total floor area of 3,200 square meters showcasing various SM Residences Projects.

5. **Hampton Garden Tower K and L -** Hampton Garden Tower K and L is a low-rise residential condominium located at C. Raymundo Avenue, Maybunga, Pasig City, with total floor area of 7,500 square meters offering 191 residential units.

6. **SM Grass Residences Tower 1** – 41-storey high-rise residential building located at the back of SM City North Edsa with 1,956 residential units. Its total floor area is 77,151.20 square meters.

7. **SM Sea Residences** - The project is located near the SM MOA, and is composed of six (6)-storey residential condominiums (Phases 1, 2 and 3). The Sea Residences has a total of 2,703 residential units on a gross floor area of 139,850 square meters. Amenities offered include a swimming pool, playgrounds and a clubhouse.

8. **Belle Grande Casino** - The project is a casino consisting of two L-shaped hotel towers and four high-end condominiums on top of a 2-level casino podium located at Macapagal Avenue, Pasay City. Total floor area is 250,000 square meters and lot area of 3.5 hectares. Once completed, it will be the largest casino in the Philippines.

9. **University Tower II** - University Tower II is a 31-multi-storey office and residential condominium located across University of Santo Tomas (UST) with a floor area of 25,000 square meters. The Project offers 736 units with 65 parking slots located at the Second, Third and Fourth Floors.

10. **University Tower Malate** - University Tower III is a 40-multi-storey commercial and residential condominium with a floor area of 29,000 square meters. The project is located near the university belt area at Pedro Gil, Malate and consists of 6 commercial units at the ground floor and 689 residential units with 86 parking slots.

11. **Berkeley** – Berkeley Residences is a 35-storey residential building located at Katipunan Avenue corner Escalera St., Loyola Heights, Quezon City, with floor area of 55,310 square meters.

12. **Hampton Gardens Condominiums Tower I and J** – Hampton Gardens is a multi-storey residential building consisting of 16 cluster buildings located at C. Raymundo Avenue, Maybunga, Pasig City. Tower I and J consists of 10,000 square meters floor area offering 320 residential units.

13. **Asya Office Building** – Asya Office Building is a medium-rise office and commercial building located at Macapagal Boulevard, MOA Complex with total floor area of 17,000 square meters.

14. **Antel Serenity Tower Hotel & Residences** – Antel Serenity Tower is a 36-storey hotel and residential condominium located in Makati Avenue, Makati City that features 144 exclusive hotel units and 184 private residences. The Serenity Tower will have a hotel standard ballroom, high-ceiling grand lobby, function rooms and business center. This has a total floor area of 33,360 square meters.

15. **Bench Corporate Office Building** – Bench Tower is a 23-storey office building located in Global City, Fort Bonifacio, Taguig City with a gross floor area of 35,000 square meters.

16. **Malate Bayview Mansion** – Malate Bayview Mansion is a commercial condominium located in the center of Malate, Manila. The project consists of a 44-storey mixed-use condominium building with floor area of 59,060 square meters.

17. **SM Grass Tower 3 Residences -** Tower 3 has 1,988 residential units and total floor area of 220,018 square meters.

18. **My Place South Triangle Phase I** – My Place Phase 1 (Residential Tower A & B) is a 27-storey residential condominium located at South Triangle, Quezon City. Its total floor area is 96,513 square meters.

On-Going Projects

The following are on-going projects of Megawide as of December 31, 2013:

1. **SM Grass Residences Tower 2** – Tower 2 has 1,988 residential units and total floor area of 220,018 square meters.

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

3. **Blue Residences –** Blue Residences is a 40-storey residential condominium located at Katipunan Avenue, Quezon City with total floor area of 72,700 square meters.

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

5. **Studio City –** Studio City is an 18-storey residential condominium located in FCC, Alabang, Muntinlupa City with total floor area of 12,334.74 square meters.

6. **Studio Zen –** Studio Zen is a 22-storey residential condominium located in Taft Avenue, Pasay City with total floor area of 18,992.67 square meters.

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

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

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

10. **Jazz Residencez Phase II –**Composed of Towers B & D, 30-storey condominium, on top of a 5-level shopping mall and parking basement. It is located along Jupiter Street, Bel-Air Makati. It has a total floor area of 65,106.91 square meters.

11. **My Place South Triangle Phase II –** My Place Phase II (Residential Tower C & D) is a 27-storey residential condominium located at South Triangle, Quezon City. Its total floor area is 96,513 square meters.

12. **Belle Grande Casino Phase II –** Expansion of the Belle Grande Entertainment Complex located in Macapagal Ave., Paranaque City with estimated 116,206.72 square meters.

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

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

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

16. **Dep Ed School Buildings –** Megawide was commissioned by CMCI to construct the PPP of Department of Education in Region 3 and 4. Total number of classrooms to be constructed in Regions 3 and 4-A is 2,885 and 4,259, respectively.

17. **Camarin Project –** This is a10 five-storey medium rise buildings with land development located in Camarin Coloocan City. This is a low-cost housing project of National Housing Authority. Its total lot area is 3,823.98 square meters.

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

19. **Dimensione –** 4-storey commercial building with area of 650 square meters.

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

21. **Shangrila Salcedo –**With a total floor area of 3,880 square meters, Shang Salcedo Place, a 68-storey residential building is located in Salcedo Village, Makati City, and has 715 residential units.

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

Major Customers

Megawide is currently servicing the majority of high-rise condominium projects in Metro Manila for several major local developers, primarily for its use of High Technology Building Systems, and quality workmanship. While Megawide is constantly invited to bid for major domestic high-rise building projects, it opts to focus on a selected clientele that provides synergy in business operations and better risk management. Approximately 64% of its Construction Order Book[1] for the past six years was repeat orders from existing customers.

SMDC

SMDC is the publicly-listed, property development firm of the SM Group. It launched twelve condominium projects in 2009 with a total land area of 707,861 square meters, and gross floor area of 2.0 million square meters. SMDC is Megawide's top customer for the past three years.

Belle Corporation

Belle Corporation is a publicly-listed company, and is a leading developer of high-end residential and leisure properties. The Belle group owns approximately 1,280 hectares of land.

Filinvest Land Incorporated

Filinvest Land, Inc. (FLI) is one of the leading real estate developers in the Philippines. FLI spun-off from Filinvest Development Corporation, the listed holding company for real estate business of the Gotianum family, which has more than 40 years of experience in real estate development.

Cyberzone Properties, Inc. (CPI)

Cyberzone Properties, Inc. is the subsidiary of Filinvest Development Corporation responsible for I.T. park development. CPI has awarded 3 of its projects to MCC in 2012 namely; IHUB 9 & 10 and FCC Cebu.

Prince Jun Development Corporation and Malate Bayview Development Corporation

Prince Jun Development Corporation and Malate Bayview Development Corporation are privately-held real estate companies that focus on residential condominiums located within or near the university belt areas in Metro Manila. It has two high-rise towers located in España, Manila, one commercial and residential condominium in Pedro Gil, Manila, and two high-rise condominiums in Malate, Manila.

[1] "Construction Order Book" refers to the value of construction contracts awarded to Megawide during a specified period.

Antel Land Holdings

Antel Land Holdings is a privately-owned company with over 2 Million square meters of land inventory. It is one of the leading upscale condominium developers in Metro Manila, with projects mostly located in the Makati and Ortigas central business districts and Manila.

Bellevue Group

The Bellevue Group is a privately-owned developer that caters to the hotel and tourism segment of the property market. It owns several hotel chains in the country.

Citicore-Megawide Consortium Inc. (CMCI) – The Department of Education awarded to CMCI the construction of its school buildings in Regions 3 and 4. The total number of classrooms to be constructed in Regions 3 and 4-A is 2,885 and 4,259, respectively.

Competitors in the Industry

EEI Corporation (EEI), and DMCI Construction (DMCI) are among Megawide's major competitors. Both have on-going residential condominium projects in Metro Manila. DMCI dominates domestic infrastructure, while EEI, a publicly listed company, concentrates on heavy industries projects.

The principal areas of competition are pricing, service and quality of construction. Megawide believes, however, that it has an advantage over its competitors in the high-rise residential condominium market because of its use of High Technology Building Systems, value-added engineering services, technical competence and innovative ability. Furthermore, unit prices of Megawide's projects are competitive with those of EEI's and DMCI's.

Competitive Strengths

Megawide believes that its principal strengths are the following:

1. Use of Modern and Advanced Building Technology
   - Megawide was the first to extensively utilize advanced, modern and comprehensive European building systems that reduce construction time and allow for quicker project turn-over.
   - Megawide employs Formwork Systems, purchased from German company, MEVA Schalungs-Systeme Gmbh, in its on-going projects. Formwork Systems are the temporary or permanent moulds, into which concrete or similar materials are poured into, to form the structural elements of a building. The traditional construction process utilizes timber or plywood formworks. For its projects, Megawide's Formwork Systems are 100% wood-free, all plastic facing. These are nailable like plywood, but maintain structural rigidity. These are also re-usable, putting an end to plywood wastage, and do not swell or shrink like plywood. Megawide utilizes the following Formwork Systems in its existing projects:
     - Slab Formworks
     - Wall Formworks
     - Column Formworks
     - Circular Formworks
     - Climbing Formworks

- Megawide also uses Pre-Cast Concrete Systems purchased from Finnish company, Elematic. The European Pre-Cast Concrete Systems which Megawide employs in its current projects, has the inherent advantages of:
  - Reducing cost
  - Shortening the construction period
  - Improving quality
  - Increasing project volume
  - Environment friendly
- The following table is a summary of the advantages of Megawide's High Technology Building Systems over traditional construction methods:

	Traditional Construction	**Megawide**	**Advantages**
Formworks	Plywood	Plastic face formworks	No swelling and shrinking Stable flexural rigidity Free from rippling and warping Quality in concrete pouring Fast cycle, simple assembly, early stripping, less manual labor employed Even surfaces Zero discoloration Fast on-site cleaning Zero waste Reusable
	Coco lumber	Aluminum & Steel Scaffoldings	More stable and robust Longer lifespan Easy assembly lock and formwork clamp
Pre-Cast Concrete	Concrete Hollow Blocks	Pre-cast walls	Precise, smooth and even curing, high quality, energy saving and ecological
	Traditional Concrete Beams, Columns, Slabs	Pre-cast beams, columns, slabs	Savings in steel and partition wall materials, extra long spans for design flexibility, accurate dimensions and strand locations for less work-on site

2. Strong Research & Development Focus
   - Megawide has established a Research and Development Team composed of the Chief Operating Officer, the Vice President for Operation, the Precast Manager and the Planning and Technical Manager, to continuously adapt and respond to new inventions and standards in construction. It is constantly working with international consultants for value engineering design abilities to achieve more cost efficient building structures and to maximum space utilization.

3. Strong Brand Name and Proven Track Record
   - Megawide has a well-established reputation in the construction industry for its excellent project execution and customer service. It has a proven track record of

efficient operations, having successfully completed numerous low-rise to high-rise condominiums and industrial buildings.

4. Organizational Capability and Flexibility
   - Megawide has a lean organizational structure that is flexible, responsive and adapts to market changes. It has a diverse work force of young, dynamic, committed and highly effective personnel and experienced and well-trained professionals. It also has a disciplined and responsible management team that has effectively surpassed challenging business situations.

5. Financial Strength and Ability to Raise Financing at Competitive Costs
   - Megawide believes it has a strong balance sheet. As a result, it has the ability to secure clean loans at competitive costs.

6. AAA Contractor's License
   - Megawide has an AAA Contractor's License from the Philippine Contractors Accreditation Board (PCAB). This is the highest classification and category for a construction company, which qualifies Megawide to participate in large infrastructure projects such as highways, roads, bridges, piers and airports.

7. Young, Modern and Branded Fleet of Building Equipment
   - Megawide owns and maintains a young, modern and branded fleet of tower cranes and earthmoving equipment to ensure maximum efficiency and minimum down time during construction.

Suppliers

Megawide sources its raw materials, primarily steel, cement and aggregates from external suppliers who are reliable and known in the construction industry. In selecting its suppliers, it considers quality, pricing, and efficient delivery of raw materials. It also does not depend on one or a limited number of suppliers for raw materials and none of its major suppliers are its affiliates. Suppliers usually give Megawide a 60-90 day payment period. Below is a list of Megawide's major third party independent suppliers:

Name of Supplier	Raw Material Supplied
Phases Electrical Contractor	Subcontractor of MEPF
Steel Asia Manufacturing Corp.	Steel
Megapipe Builders Inc	Subcontractor of MEPF
Tonaeki Industrial Corp.	Construction equipment
Seapac Philippines, Inc.	Subcontractor of aluminium works
Premier Ready Mix Incorporated	Concrete, cement
Eagle Cement Corporation	Cement
Lafarge Cement	Cement
Deeconcrete Inc.	Concrete, cement
Comanchesteel Corporation	Steel
United Colourtech Contractors	Subcontractor of painting works
Liebherr Export AG	Batching plant equipment

In order to mitigate the risk of price volatility in raw materials for its projects, Megawide, upon contract award, immediately purchases major materials such as steel and concrete for the entire project. All purchases are done centrally, at Megawide's head office, for all project site requirements.

Quality Control

Megawide's General Specifications of work quality are in accordance with the ASTM, ANSI or CSI. The general specifications can be modified based on local conditions, policies, available materials, local regulations and other special circumstances. In addition to on-site inspections, as a standard procedure, concrete samples are tested by specialized laboratories to ensure compliance with ASTM, ANSI and CSI specifications.

Intellectual Property

Megawide does not believe that its operations are dependent on any patent, trademark, copyright, license, franchise, concession or royalty agreement.

Research and Development

Megawide has formed a Research & Development Team composed of the Chief Operating Officer, the Vice President for Operation, the Precast Manager and the Planning and Technical Manager, to continuously adapt and respond to new inventions, standards and quality assurance in construction. It is also constantly working with international consultants for value engineering to achieve more cost efficient building structures and maximum space utilization. Although it engages in research and development activities, the expenses incurred by Megawide in connection with these activities are not material.

Government Approval and Permits

Megawide believes that it is in compliance with local and national tax laws and regulations and it shall continue to be so by paying all taxes, including income tax, withholding tax, real property tax and such other taxes that are assessed against it and which Megawide believes to be due.

Employees

As of December 31, 2013, Megawide had 1,916 employees.

Division	Total
Operations	202
Head Office	1,714
Total	**1,916**

Megawide will continue to hire qualified and competent employees for the next twelve months for its on-going projects.

Megawide is not unionized. The relationship and cooperation between the management and staff has been good and is expected to remain so in the future. There has not been any incidence of work stoppages or labor disputes in the past. There is no existing collective bargaining agreement between Megawide and its employees. Megawide complies with the

minimum wage and employment benefits standards pursuant to Philippine law. It adopts an incentive system that rewards and recognizes the employees who excel in their respective fields to foster the harmonious relationship between management and the employees.

Megawide has a retirement plan which provides a retirement benefit equal to 22.5 days pay for every year of credited service in accordance with Republic Act No. 7641 or the Retirement Pay Law. On July 19, 2010, its Board of Directors resolved to establish a non-contributory retirement fund for its officers and employees and appointed the fund's board of trustees. Megawide is currently in the midst of partially funding the retirement fund.

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

Edgar Saavedra, the President and COO, and Michael Cosiquien, the Chairman and CEO are central figures in the operations of Megawide and are currently the key decision makers. However, Megawide is continuously hiring experts to further strengthen and professionalize its organizational and management structure. Megawide continues to bolster its management positions in order to spread out responsibilities. It also provides various training programs for its employees to maintain competitiveness and efficiency.

Business Risks

Below is a discussion of the major risks involved in the business of Megawide.

1. Megawide is exposed to risks associated with the Philippine property market, including potential construction contract cancellations.

   Megawide's business is highly dependent on the ability of Philippine real estate developers to market, sell and dispose of condominium units to potential customers. In the event of a weak property market, developers may hold and/or cancel construction contracts and orders. Megawide seeks to minimize the possible effects of a weak property market by gradually diversifying into mid-rise Affordable Housing and socialized housing and infrastructure projects.

2. Significant competition in the construction industry could adversely affect Megawide's business.

   Megawide believes that it has a competitive advantage over other construction companies due to its use of High Technology Building Systems, high quality construction equipment, value-added engineering services, technical competence, and innovative ability. Furthermore, its use of High Technology Building Systems has allowed it to price its projects competitively.

3. Megawide currently contracts with a limited number of developers, subjecting it to concentration risk.

   For the past three years, SMDC has been Megawide's top customer, representing approximately 38% of its Construction Order Book. Megawide's business, financial condition and results of operations may however, be affected, should SMDC significantly reduce the number of new developments or should SMDC decide to contract with

another construction company. To mitigate this risk, Megawide intends to broaden its client base by entering into contracts with other reputable real estate developers that meet its selection criteria. It also continuously performs research and development of new construction and building methodology to keep its competitive edge thereby attracting new clients. Megawide has also been successful in maintaining relationships it has built with its existing roster of developer clients. It also adopts strict quality control measures to ensure that clients are satisfied with the quality of Megawide's output.

4. Megawide is exposed to credit risk on its receivables from construction contracts.

   For on-going projects, Megawide is exposed to credit risk if project owners are unable to fully settle the unpaid balance of receivables under construction contracts, and other claims owed to Megawide. Credit risk is managed in accordance with Megawide's credit risk policy, which requires the evaluation of the creditworthiness of each project owner. Megawide can also resort to enforce its contractor's lien over the project with varying degrees of effectiveness. Under Article 2242 (3) of the Civil Code of the Philippines, a contractor's lien is the claim of a contractor engaged in the construction, reconstruction or repair of buildings, canals or other works, upon said buildings, canals or other works.

5. The volatility in the price of construction materials could affect Megawide's profitability.

   Megawide employs a hedging program and facilities with a number of its suppliers to help mitigate the risk of price volatility. It enters into fixed purchase contracts with its suppliers, immediately upon award of contracts, which fix the unit cost of the materials. These contracts typically range from 6 months to 1 year. No price escalation is charged until the estimated quantities have been delivered within the agreed period.

6. Megawide's reputation will be adversely affected if its projects are not completed on time, or if projects do not meet customer requirements.

   Megawide has a proven track record with years of experience in the construction industry. It has a group of well-trained and experienced technical managers that implement measures to maintain project progress, schedules and quality. In addition, contracts with suppliers and subcontractors contain warranties for quality and requirements for timely completion. These warranties are typically covered by a guarantee bond, surety bond or performance bond.

7. Megawide may be exposed to liquidity risk from delayed payments of progress billings.

   Megawide believes that it has a solid financial background and has established credit lines with several financial institutions from which it is able to easily obtain loans to finance its working capital requirements.

8. The availability of construction materials may affect Megawide's projects.

   The principal raw materials utilized by Megawide in its projects are cement and steel, which are both readily available in the market from a number of sources, including Steel Asia Manufacturing Corporation and Pag-asa Steel Corporation. Megawide also diversifies its sources of these raw materials so that it is not dependent on one or a limited number of suppliers.

9. Megawide is reliant on its High Technology Building Systems to maintain its competitive advantage over other contractors.

   Megawide does not have an exclusivity contract with any of its technology and equipment suppliers. As such, competitors may opt to and will be able to purchase the same technology and equipment from Megawide's suppliers. However, although its competitors may purchase similar technology, Megawide has an advantage as it already has at least 9 years of experience in utilizing said High Technology Building Systems. New users of the High Technology Building Systems will need time to learn and adapt to the change in construction processes. New users should also have significant project volumes in order to realize a return on its investment and to bring down construction cost. To ensure that Megawide maintains its technological advantage, Megawide has established a Research and Development Team to continuously adapt and respond to new inventions and standards in construction.

10. Megawide is exposed to the risk of industrial or labor disputes.

    Megawide has maintained a harmonious relationship between management and staff. It provides employee benefits and complies with labor standards. It is not unionized and there has not been any incidence of work stoppages or labor disputes. It also highly mechanized, and is therefore not dependent on manual labor for its production and structural works.

11. Risk on the separation of key employees

    To mitigate this risk, Megawide gives attractive compensation packages that consist of: (1) basic wages; (2) allowance for project employees, depending on the position of the project employee; (3) project completion bonus for project employees; and (4) performance bonus for project employees occupying key positions such as project managers and assistant project managers, depending on the position of the project employee. It has also entered into employment agreements with its key employees containing a "non-compete" clause, which prevents these key personnel from moving to its competitors.

12. Injuries or damages to third parties could arise from construction accidents.

    Megawide adopts the European Standard on Safety Scaffoldings. Under this standard, safety scaffoldings are built in accordance with the British Standard (BS 5973), which sets out performance requirements for working scaffolds and permissible stress design method. The working scaffold provides a safe workplace with safe access suitable for the work being done. Megawide utilizes German Scaffoldings such as MEVA Automatic Climbing Scaffold, Shoring Tower and other Folding Scaffolds, which were built in accordance with BS 5973. It also strictly implements wearing of proper full body protection gear in accordance with the Zero Accident Safety Program. The program is adopted in all job sites to prevent worker injury under a "Zero Injury" or "Accident" program, which means that accidents or serious injuries to workers can be successfully prevented. Moreover, as part of the project safety program, a Safety Engineer is assigned to each construction site to ensure employee awareness.

13. A slowdown in the Philippine economy could adversely affect Megawide.

This risk is beyond the control of Megawide.

14. Political or social instability could adversely affect the financial results of Megawide.

    This risk is beyond the control of Megawide.

15. Megawide is required to obtain various licenses for its construction business.

    The revocation or non-renewal of these permits and licenses may have a material adverse effect on Megawide's operations. To avoid work stoppage or disruption, Megawide ensures that it is always compliant with the necessary permits required by various licensing authorities.

16. Foreign Exchange Controls

    Any foreign exchange controls that may be imposed by the Government could materially and adversely affect Megawide's ability to obtain machinery and equipment from abroad, which could affect its financial condition and results of operations.

17. Occurrence of Natural Catastrophes or Blackouts

    Natural catastrophes may disrupt Megawide's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. The Philippines has also experienced power outages from power generation shortages and transmission problems, and from disruptions such as typhoons and floods. These types of events may materially disrupt and adversely affect Megawide's business and operations. Prospective investors cannot be assured that the insurance coverage maintained by Megawide will adequately compensate it for all damages and economic losses resulting from natural catastrophes or blackouts, including possible business interruptions.

Item 2. Properties

Megawide owns a 1.0294-hectare property located at Taytay, Rizal which is being used as an equipment stockyard for such items as tower cranes, backhoes and other earthmoving equipment. The same was acquired by Megawide for P21 Million. Megawide owns this property and all its construction equipment such as tower cranes and other earthmoving equipment, free of any mortgage, lien or encumbrance. There are no limitations on Megawide's ownership or usage over this property.

In 2012, Megawide has acquired land in Ortigas Extension, Barangay San Isidro, Taytay Rizal with lot area of 4,167 square meters for P100 million. Another lot was purchased in Taytay, adjacent to Megawide's precast plant with lot area of 16,040 square meters for P30 million. Megawide owns this property free of any mortgage, lien or encumbrance. There are no limitations on Megawide's ownership or usage over this property.

In 2013, Megawide has a total additional land acquisition amounting to P67 million in Taytay Rizal in relation to the Precast Plant expansion. The property is free of any attachments and limitations on ownership and usage.

Megawide invests heavily on new tower cranes and earthmoving equipment to ensure maximum efficiency and minimum down time during construction. As of December 31, 2013, these include tower cranes, heavy equipment, trucks and service vehicles.

Leased Properties

On September 2011, Megawide transferred all its operations to the Megawide Corporate Tower located at 20 N. Domingo St., Barangay Valencia, Quezon City. The lot where its corporate office was constructed is leased from Megapolitan Realty and Development Corporation (Megapolitan) for a monthly rental of P100,000 with a term of 5 years, or until January 31, 2016, and renewable for another 5 years upon mutual agreement.

In addition to the foregoing office spaces, Megawide also leases properties needed for its operations such as the lease agreement with:

1. SMDC for the lease of a 16,614 sqm. parcel of land located at the Mall of Asia Complex to be used as the staging area for the construction of the Sea Residences. The lease is for one (1) year, which will expire on April 25, 2011, with a monthly rental of P581,490.00. The lease was renewed for another twelve (12) months commencing on April 26, 2011 and ended on January 25, 2013. The renewal included, among others the increase in the area of leased premises from 15,614sqm to 33,333 sqm and monthly rental from P581,490.00 to P1,329,120.00.

2. Megapolitan on January 1, 2010 for the lease of a 1,225.61 square feet lot at Edison corner Dian Streets, Makati City for its motor pool for a term of two (2) years, or until December 31, 2012. Megawide pays a monthly rental of P28,622.50. The lease was extended from December 31, 2012 to January 5, 2014; and

3. Megapolitan on January 1, 2010 for the lease of a warehouse located at Brgy. Tagpos, Binangonan, Rizal for a term of two (2) years, or until December 31, 2012. Megawide pays a monthly rental of P28,622. The lease was extended from December 31, 2012 to January 5, 2015 with a 7% escalation.

At no cost, Megawide also leases the land where its precast manufacturing plant is built from Altria East Land, Inc. (Altria). It also leased an office space from Philwide Construction and Development Corporation (Philwide). Megawide pays a rental of P1,000.

Megawide also entered into sale and leaseback transactions with BDO Leasing & Finance Corporation for certain construction and transportation equipment that resulted in a finance lease.

As of December 31, 2013, the carrying amount of construction equipment held under finance lease amounted to P485.80 million. A list of the properties covered by finance lease is attached as Annex "A." Outstanding liabilities for these transactions amounted to P247.70 Million.

Item 3. Legal Proceedings

There are no pending legal proceedings against Megawide and its management that will have immediate material effect on its financial position and operating results.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

Market Information

Megawide's common equity was registered with the SEC on February 4, 2011 and listed in the PSE on February 18, 2011. Megawide offered 292 Million common shares of stock (Offer Shares) to the public from February 7-11, 2011 at the price of P7.84 per share. The Offer Shares represent approximately 34% of Megawide's issued and outstanding capital stock of 857,000,002 shares immediately after the completion of the offer.

Since Megawide's common equity was listed only on February 18, 2011, only the information on the high and low sales prices for each quarter in 2012 and 2013 could be provided:

2012	High	High (adjusted)	Low	Low (adjusted)
First Quarter (Jan. – Mar.)	14.96		8.60	
Second Quarter (April – June)	18.10		13.90	
Third Quarter (July – Sept.)	17.48		15.80	
Fourth Quarter (Oct. – Dec.)	18.52		13.54	
2013				
First Quarter (Jan. – Mar.)	18.80		16.80	
Second Quarter (April – June)	24.20	18.62	17.20	13.23
Third Quarter (July – Sept.)	21.10	16.50	12.40	12.40
Fourth Quarter (Oct. – Dec.)	14.70	14.70	10.10	10.10
2014				
First Quarter (Jan. – Mar.)	14.00	14.00	11.46	11.46

The closing price per share of Megawide's common shares as of March 31, 2014 was P11.92.

Holders

As of March 31, 2014, there are 1,649,426,127 common shares outstanding registered in the name of the following:

Stockholder	Number of Common Shares Held	Percentage of Total Shares (%)
1. Citicore Holdings Investment, Inc.	936,933,735	56.804
2. PCD Nominee Corporation (Filipino)	308,504,597	18.704
3. Sybase Equity Investments Corporation	253,500,000	15.369
4. PCD Nominee Corporation (Non-Filipino)	115,651,107	7.012
5. Suyen Corporation	29,770,000	1.805
6. Ellie Chan	2,431,765	0.147
7. Geoffred Deetan	1,215,883	0.074
8. Dennis Bryan Ty	1,215,883	0.074
9. John I. Bautista, Jr.	109,850	0.007
10. Regina Capital Dev. Corp. 000351	50,700	0.003
11. Grace Q. Bay	10,478	0.001
12. Pacifico C. Silla &/Or Catherine M. Silla &/Or Alexander M.	6,500	Nil
13. Pacifico Silla &/Or Marie Paz Silla Sagum &/Or Nathaniel Si	6,500	Nil
14. Joyce M. Briones	5,408	Nil
15. Bernarda P. Torres	5,200	Nil
16. Frederick E. Ferraris &/Or Ester E. Ferraris	3,900	Nil
17. Gaudencio C. Cabingan	3,250	Nil
18. Agnes H. Cabingan	500	Nil
19. Julius Victor Emmanuel D. Sanvictores	260	Nil
20. Guillermo F. Gili, Jr.	169	Nil
21. Florentino A. Tuason, Jr.	169	Nil
22. Yolanda M. Dela Cruz or Emilio M. Dela Cruz	130	Nil
23. Hector A. Sanvictores	130	Nil
24. Owen Nathaniel S. Au ITF: Li Marcus Au	13	Nil
Total	**1,649,426,127**	**100**
Shares owned by foreigners	**115,651,107**	**7.0016**

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

Dividends

The Board of Directors approved the declaration of cash dividends in the amount of P0.13 per share or total of P150,024,528.20 on June 26, 2012, respectively. The stock dividends were paid on August 15, 2012 to stockholders of record as of July 20, 2012.

On June 26, 2012, the Board of Directors discussed a plan to establish a dividend policy of declaring annual cash and/or stock dividends ranging from payout ratio of 10 to 20 per cent subject to available unrestricted retained earnings, corporate expansion projects, planned capital expenditures and other needs for special allocation.

On June 26, 2013, the Board of Directors adopted a dividend policy of declaring annual cash dividends equivalent to 20% of the prior year income, subject to contractual obligations.

Under the Corporation Code of the Philippines, Megawide's Board of Directors is authorized to declare cash, property stock dividends or a combination thereof. Cash and property dividend declarations require the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least 2/3 of Megawide's outstanding capital stock. Such approval may be given at a general or special meeting duly called for such purpose. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares. Under the Corporation Code, Megawide may not make any distribution of dividends other than out of its unrestricted retained earnings.

Recent Sales of Unregistered or Exempt Securities

Megawide made the following issuances of shares of stock:

- On August 14, 2013, Megawide issued stock dividends amounting to P380,636,801.00 to shareholders.
- On May 15, 2013, Megawide issued shares of stock amounting to P35,959,523.00 from its authorized capital stock to Citicore, Geoffred Deetan, Ellie Chan and Dennis Bryan Ty.
- On May 24, 2013, Megawide issued shares amounting to P118,729,800 to Citicore pursuant to a Placing Agreement with Citicore, CLSA Limited and First Metro Investments Corporation.
- On November 10, 2011, Megawide issued stock dividends amounting to P257,100,001.00 to the shareholders.
- Megawide issued corporate notes amounting to P250 Million on August 1, 2011, P250 Million on August 19, 2011, P150 Million on September 12, 2011 and P250 Million on December 28, 2011 to BDO Private and on October 14, 2011 amounting to P100 Million to SSS.

The foregoing issuances are exempt transactions under Section 10.1 (d), (i), (k) of the SRC, for which no notice or request for exemption is required. Megawide, however, filed a Notice of Exempt Transaction with the SEC on the following dates:

- October 21, 2011 - in relation to the stock dividends paid on November 10, 2011
- August 1, 2013 – in relation to the stock dividends paid on August 14, 2013
- February 13, 2014 - in relation to the issuance of shares on May 21, 2013
- February 17, 2014 - in relation to the issuance of shares on May 15, 2013

The shares were not publicly offered and no underwriter was engaged for purposes of the issuance of the shares. There were also no underwriting discounts or commissions since there were no underwriters engaged.

Item 6. Management's Discussion and Analysis or Plan of Operation

Review of results for the year ended December 31, 2013 as compared with the results for the year ended December 31, 2012

Results of Operations

Revenues and Cost of Construction

Megawide recorded gross revenues of P10.88 billion in 2013. There is an increase of 33% or P2.68 billion compared to revenue booked in 2012 amounting to P8.20 billion. The bulk of the increase is due to the accomplishment of the Company's PPP school infrastructure project of Department of Education in 2013.

Cost of construction is P9.10 billion and P6.81 billion in 2013 and 2012, respectively. There is an increase of 33.60% or P2.29 billion in 2013.

Operating expenses increased by 22.51% or P62.10 million due to the growing operation of the Company. Operating expenses is P338 million and P276 million in 2013 and 2012, respectively.

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

As of the end of 2013, total assets stood at P21.50 billion, 79% higher than its value of P12.04 billion as of the end of 2012.

Current assets grew by 112% or P8.84 billion due to the following:

Cash and cash equivalents increased by 987% or P2.07 billion because of the short-term placements amounting to P700 million with a 14 to 19 day-term that the Company procured before the year ends.

Financial assets at fair value through profit or loss increased by 191% or P3.82 billion because proceeds of the corporate notes issued in February 2013 and new shares issued in May 2013 were invested in short-term placements.

Construction materials increased by 402% or P271 million due to voluminous purchases of construction materials required by projects especially for PPP school infrastructure project of the Department of Education.

Cost in excess of billings increased by 112% or P1.18 billion because of cost of construction already incurred but not yet billed towards the end of the year.

Other current assets also increased by 74% or P829 million due to the increased in advances to suppliers for new projects including the PPP school infrastructure of Department of Education.

Trade and other receivables increased by 19% or P669 million due to the billings in December that were subsequently collected in early 2014 and increase in retention receivable which is 10% of progress billings that were withheld by customers.

Non-current assets grew by 15% due mainly to:

Increase in property and equipment by 15% or P555 million because of the expansion of batching plant in Taguig, acquisition of mobile mixers and construction equipment.

Increase in investment in associate by 35% or P51 million due to the additional investment in CMCI in 2013.

Increase in other non-current asset by 27% or P41 million due to deferred input vat on purchases of capital asset and increase in intangible asset. Intangible asset represents the cost of the computer license software of the Company.

Deferred tax assets decreased by 35% or P22 because of the tax effect of the reversal of allowance for doubtful accounts.

As of the end of 2013, total liabilities registered an increase of 78%, from P7.27 billion as of 2012 to P12.96 billion at the end of 2013.

Current liabilities increased by 30% or P1.82 billion due to:

Interest-bearing loans and borrowings – current increased by 17% or P356 million due to additional short-term loans availed by the Company for working capital. Bank loans interest rate ranges from 2.75% to 3.00%. Portion of the non-current finance lease is reclassified to current potion that also contributed to the increase of this account.

Advances from customers increased by 42% or P294 million due to the downpayments received from Shangrila, Rockwell and BPO Araneta projects.

Billings in excess of costs on uncompleted contracts – net increased by 89% or P1.09 billion because of higher net revenue derived from new projects because of lesser costs that are incurred during the structural phase of the project compared with the finishing phase of the project.

Increase in trade and other payables increased by 4% or P77 million due to increase in retention payable. Retention payable is paid to subcontractors upon completion of work commissioned to them.

As of the end of 2013, total equity registered an increase of 79%, from P4.77 billion as of 2012 to P8.54 billion at the end of 2013.

Capital stock increased by 48% or P535 million due to additional issuance of shares and declaration of stock dividend in 2013

Addition paid-in-capital increased by 114% or P2.24 billion because of the issuance of additional shares in 2013 at a price higher than par value.

Financial Condition

Material Changes in Megawide's Audited Income Statement for the year ended December 31, 2013 compared to the Audited Income Statement for the year ended December 31, 2012 (increase/decrease of 5% or more)

	2013	2012 (As Restated - see Note 2)	Movement	%
CONTRACT REVENUES	**P 10,880,437,252**	P 8,204,809,853	P 2,675,627,399	33%
CONTRACT COSTS	**9,099,307,940**	6,811,343,528	2,287,964,412	34%
GROSS PROFIT	**1,781,129,312**	1,393,466,325	387,662,987	28%
OTHER OPERATING EXPENSES	**338,337,999**	276,176,508	62,161,491	23%
OPERATING PROFIT	**1,442,791,313**	1,117,289,817	325,501,496	29%
OTHER INCOME (CHARGES)				
Finance costs	**(421,151,138)**	(235,063,967)	186,087,171	-79%
Finance income	**459,041,037**	236,833,914	222,207,123	94%
Others - net	**46,896,529**	37,977,894	8,918,635	23%
	84,786,428	39,747,841	45,038,587	113%
PROFIT BEFORE TAX	**1,527,577,741**	1,157,037,658	370,540,083	32%
TAX EXPENSE	**131,944,316**	144,470,987	(12,526,671)	-9%
NET PROFIT	**1,395,633,425**	**1,012,566,672**	**383,066,754**	

- 33% increase in contract revenue or P2.68 billion
  Increase in contract revenue arising from accomplishment of PPP school infrastructure project of the Department of Education

- 33.60% increase in Contract Costs or P2.29 billion
  Increase in contract cost is directly related to the increase in contract revenue

- 22.51% increase in Operating Expenses or P62 million
  Increase in salaries and wages by P15 million because of the increase in manpower to support the growing operation of the Company.

  Taxes and licenses increased by P13 million due to DST on short-term loans, DST on issuance of new shares of the Company and DST on stock dividend.

  Professional fees increased by P9 million due to availment of professional services in arranging the requirements of the PPP school infrastructure project of the Department of Education and other public and private biddings that the Company has participated.

- 94% increase in Finance Income or P222 million
  Increase is due to gain on sale of RTB and interest income on short-term investments

- 79% increase in Finance Costs or P186 million
  Increase is due to interest on corporate note and issuance cost of corporate note

- 23% increase in Other Income or P9 million
  Increase is due to gain on sale of fixes assets and amortization of deferred gain on sale and leaseback

- 9% decrease in Income Tax or P12 million
  Decrease is due to the tax effect of the write-off of allowance for doubtful accounts which is a deductible expense per income tax computation. The company also availed its income tax holiday based on its registered activities.

- 38% increase in Net Income or P383 million
  Increase in contract revenues, operating efficiency and other income

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

	2013	2012 (As Restated - see Note 2)	Movement	%
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P 2,276,033,774**	P 209,299,011	P 2,066,734,763	987%
Financial assets at fair value through profit or loss	**5,824,274,558**	2,004,222,518	3,820,052,040	191%
Trade and other receivables - net	**4,102,937,463**	3,433,591,679	669,345,784	19%
Construction materials	**339,632,753**	67,722,317	271,910,436	402%
Cost in excess of billings on uncompleted contracts	**2,244,616,767**	1,060,186,176	1,184,430,591	112%
Other current assets	**1,954,824,815**	1,125,527,903	829,296,912	74%
Total Current Assets	**16,742,320,130**	7,900,549,604	8,841,770,526	112%
NON-CURRENT ASSETS				
Investment in an associate	**196,268,564**	145,495,124	50,773,440	35%
Property, plant and equipment - net	**4,330,697,120**	3,775,259,228	555,437,892	15%
Deferred tax assets	**41,366,847**	64,122,676	(22,755,829)	-35%
Other non-current assets	**192,344,521**	151,050,092	41,294,429	27%
Total Non-current Assets	**4,760,677,052**	4,135,927,120	624,749,932	15%
TOTAL ASSETS	**P 21,502,997,182**	P 12,036,476,724	P 9,466,520,458	79%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P 2,432,443,752**	P 2,075,625,432	P 356,818,320	17%
Trade and other payables	**2,024,476,795**	1,947,557,599	76,919,196	4%
Income tax payable	**-**	3,701,228	(3,701,228)	-100%
Advances from customers	**987,842,320**	693,478,144	294,364,176	42%
Billings in excess of costs on uncompleted contracts	**2,317,861,428**	1,223,314,186	1,094,547,242	89%
Other current liabilities	**52,613,352**	51,437,639	1,175,713	2%
Total Current Liabilities	**7,815,237,647**	5,995,114,228	1,820,123,419	30%
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**5,032,932,033**	1,194,444,128	3,838,487,905	321%
Post-employment defined benefit obligation	**110,366,827**	50,855,869	59,510,958	117%
Other non-current liability	**3,450,440**	24,682,842	(21,232,402)	-86%
Total Non-current Liabilities	**5,146,749,300**	1,269,982,839	3,876,766,461	305%
Total Liabilities	**12,961,986,947**	7,265,097,067	5,696,889,880	78%
EQUITY				
Capital stock	**1,649,426,127**	1,114,100,003	535,326,124	48%
Additional paid-in capital	**4,207,276,193**	1,961,729,696	2,245,546,497	114%
Revaluation reserve	**(36,064,872)**	(9,826,206)	(26,238,666)	267%
Retained earnings	**2,720,372,788**	1,705,376,164	1,014,996,624	60%
Total Equity	**8,541,010,235**	4,771,379,657	3,769,630,579	79%
TOTAL LIABILITIES AND EQUITY	**P 21,502,997,182**	P 12,036,476,724	P 9,466,520,459	79%

#DIV/0!

- Cash and cash equivalents increased by 987% or P2.07 billion because of a 14 to 90 days short-term placements amounting to P700 million that the Company procured before the year ends.

- Financial assets at fair value through profit or loss increased by 191% or P3.82 billion because proceeds of the corporate notes issued in February 2013 and new shares issued in May 2013 were invested in short-term placements

- Construction materials increased by 402% or P272 million due to voluminous purchases of construction materials required by projects especially for PPP school infrastructure project of the Department of Education.

- Cost in excess of billings increased by 112% or P1.18 billion because of cost of construction already incurred but not yet billed towards the end of the year

- Other current assets also increased by 74% or P829 million due to the increased in advances to suppliers for new projects including the PPP school infrastructure of Department of Education.

- Trade and other receivables increased by 19% or P669 million due to the billings in December that were subsequently collected in early 2014 and increase in retention receivable which is 10% of progress billings that were withheld by customers.

- Increase in property and equipment by 15% or P555 million because of the expansion of batching plant in Taguig, acquisition of mobile mixers and construction equipment.

- Increase in investment in associate by 35% or P51 million due to the additional investment in CMCI in 2013

- Increase in other non-current asset by 27% or P41 million due to deferred input vat on purchases of capital asset and increase in intangible asset. Intangible asset represents the cost of the computer license software of the Company.

- Deferred tax assets decreased by 35% or P23 because of the tax effect of the reversal of allowance for doubtful accounts.

- Interest-bearing loans and borrowings – current increased by 17% or P356 million due to net availments of short-term loans by the Company for working capital. Bank loans interest rate ranges from 2.75% to 3.00%.

- Advances from customers increased by 42% or P294 million due to the downpayments received from Shangrila, Rockwell and BPO Araneta projects.

- Billings in excess of costs on uncompleted contracts – net increased by 89% or P1.09 billion because of higher net revenue derived from new projects because of lesser costs are incurred during the structural phase of the project compared with the MEPF and finishing phase of the project

- Interest-bearing loans and borrowings – noncurrent increased by 321% or P3.83 billion due to the issuance of corporate notes of the Company. Interest rate ranges from 5.47% to 5.68%.

- Post-employment benefits increased by 117% or P59 million as a result of the amendments in PAS 19 mandating the outright recognition of unrecognized actuarial loss instead of deducting it from present value of the obligation.

- Other non-current liability decreased by 86% or P21 million as a result of the reclassification of non-current finance lease to current that are due in 2014.

- Capital stock increased by 48% or P535 million due to additional issuance of shares and declaration of stock dividend in 2013

- Addition paid-in-capital increased by 114% or P2.24 billion because of the issuance of additional shares in 2013 at a price higher than par value. Par value of shares is P1.00.

- Retained earnings increased by 79% or P988 million due to net income earned in 2013.

Review of results for the year ended December 31, 2012 as compared with the results for the year ended December 31, 2011

Results of Operations

Revenues and Cost of Construction

Megawide recorded a gross revenue of P8.20 billion in 2012. There is an increase of 6% compared to revenues booked for the same period in 2011 amounting to P7.74 billion. The increase in contract revenues and its corresponding costs is mainly due to the following new projects: Studio City and Studio Zen of Filinvest Land, Inc., Jazz Phase 2 of SMDC, BPO Buildings of Cyberzone Properties Inc. and Department of Education School Buildings. Total revenue generated from these projects amounted to P2.50 billion at the end of 2012. Operating efficiency improved significantly in 2012 due to better control on construction expenses. As a result, net income increased to P1 billion from P750 million it earned during the same period in 2011.

Review of financial condition as of December 31, 2012 as compared with financial condition as of December 31, 2012

Financial Condition

As of the end of 2012, total assets stood at P12 billion, 45% higher than P8.28 billion as of the end of 2011 due to the following:

Current assets grew *by 32% due to:*

Increase in short-term investments by 158% because Megawide invested its cash in short-term money market products that significantly contributed to the decrease in cash and cash equivalents.

Increase in trade and other receivables by 41% or P994 million because of the increase in accounts receivables by P1 billion.

Cost in excess of billing also increased by P613 million because of unbilled cost not yet billed as of December 31, 2012 for some projects.

Other current assets increased by 58% due to increase in advances to suppliers by P318 million in 2012. Advance payments represent downpayment to supplier and subcontractors. Input VAT increased by P94 million due to voluminous purchases of construction materials (local and imported) in 2012.

Non-current assets grew by 80% due to:

Increase in property and equipment 73% or P1.59 billion as a result of the additions of newly acquired precast plant and machineries and construction equipment to support the existing and new projects of Megawide.

Other non-current assets increased by 66% or P60 million due deferred input tax on purchases of capital asset.

Megawide formed CMCI with its parent company CHI and contributed P145 million which is equivalent to 10% ownership of the joint venture. The investment represents that total investment in subsidiary and associate.

Total liabilities registered an increase of 66% or P2.89 billion due to the following:

Increase in interest-bearing loans by 96% or as a result of additional short-term bank loans for working capital use.

Increase in accounts payable by P421 million which is correlated to the increase on purchases of construction materials and services in 2012.

Increase in retention payable by P337 million also caused the increase in payables.

Increase in billing in excess of cost by 22% or P229 million due to higher billings than actual work done for some projects.

Advances from customers decreased by 14% or P111 million due to recoupment of advances in each billing made to customers.

Material Changes in Megawide's Audited Income Statement for the year ended December 31, 2012 compared to the Audited Income Statement for the year ended December 31, 2011 (increase/decrease of 5% or more)

	2012	2011	Movement	%
CONTRACT REVENUES	**P 8,204,809,853**	P 7,742,125,100	P 462,684,753	6%
CONTRACT COSTS	**6,811,343,528**	6,642,020,589	169,322,939	3%
GROSS PROFIT	**1,393,466,325**	1,100,104,511	293,361,814	27%
OTHER OPERATING EXPENSES	**279,640,802**	263,801,228	15,839,574	6%
OPERATING PROFIT	**1,113,825,523**	836,303,283	277,522,240	33%
OTHER INCOME (CHARGES)				
Finance costs	**(232,225,858)**	(72,601,499)	(159,624,359)	220%
Finance income	**236,833,914**	110,557,930	126,275,984	114%
Others - net	**37,977,894**	19,281,029	18,696,865	97%
	42,585,950	57,237,460	(14,651,510)	-26%
PROFIT BEFORE TAX	**1,156,411,473**	893,540,743	262,870,730	29%
TAX EXPENSE	**144,283,131**	143,418,102	865,029	1%
NET PROFIT	**1,012,128,342**	750,122,641	262,005,701	

Revenue increased by 6% or P462 Million

Increase in construction revenue is due to the projects that started in 2012 namely; Ihub 9 & 10, FCC Cebu, Studio City, Studio Zen, One World, Jazz Phase 2, My Place 2, and Department of Education schools. Total revenue generated from these projects amounted to P2.50 billion in 2012.

Cost of construction increased by 3% or P169 Million

Increase of cost of construction is directly caused by increase in revenue. Cost of construction ratio is 83% and 86% in 2012 and 2011, respectively. There is an operation improvement that caused a 3% savings in cost of construction or P 169 million.

Other operating expenses increased by 6% or P15 Million

Salaries and Wages posted an increase of P22 million due to increase in number of employees from 1,196 to 1,844 from December 31, 2011 to December 31, 2012, or an increase by 648 employees including supervisory and managerial level.

Depreciation expense increased by P19.7 million due to a full year depreciation of Megawide's buildings, furniture, fixtures and office equipment. There is also an increase in depreciation of transportation equipment due to new acquisition of company cars.

Utilities increased by P5.80 million due to increase in number of employees in the head office.

Insurance expense increased by P2 million because of bonds purchased for project biddings, insurance of service vehicles and insurance of office building.

Rental expense increased by P1 million because of rental of additional office equipment and staff house.

However, the total increase of the abovementioned accounts was negated by the decline in Taxes and licenses of P18 million and P19 million for repairs and maintenance.

Finance Costs increased by 220% or P159 million
Increase in bank borrowings by P1.60 billion caused the increase in finance cost

Finance Income increased by 114% or P126 million
Increase in short-term placements by P1.20 billion caused the increase in finance income

Other Income increased by 97% or P18 million
Due to increase in scrap sales and amortization of deferred income in sale and leaseback transaction.

Material Changes in Megawide's Audited Balance Sheet as of December 31, 2012 compared to the Audited Balance Sheet as of December 31, 2011 (increase/decrease of 5% or more)

	2012	2011	Movement	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**P 209,299,011**	P 1,440,677,903	(P 1,231,378,892)	-85%
Short-term investments	**2,004,222,518**	777,938,096	1,226,284,422	158%
Trade and other receivables - net	**3,433,591,679**	2,439,037,760	994,553,919	41%
Construction materials	**67,722,317**	171,171,138	(103,448,821)	-60%
Cost in excess of billings on uncompleted contracts	**1,060,186,176**	446,226,214	613,959,962	138%
Other current assets	**1,125,527,903**	710,251,242	415,276,661	58%
Total Current Assets	**7,900,549,604**	5,985,302,353	1,915,247,251	32%
NON-CURRENT ASSETS				
Investments in subsidiary and associate	**145,495,124**	-	145,495,124	100%
Property, plant and equipment - net	**3,775,259,228**	2,183,564,852	1,591,694,376	73%
Deferred tax assets	**60,134,985**	20,296,912	39,838,073	196%
Other non-current assets	**151,050,092**	90,931,235	60,118,857	66%
Total Non-current Assets	**4,131,939,429**	2,294,792,999	**1,837,146,430**	80%
TOTAL ASSETS	P 12,032,489,033	P 8,280,095,352	P 3,752,393,681	45%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P 2,075,625,432**	P 493,841,994	1,581,783,438	320%
Trade and other payables	**1,947,557,599**	846,088,631	1,101,468,968	130%
Income tax payable	**3,701,228**	-	3,701,228	100%
Advances from customers	**693,478,144**	805,158,499	(111,680,355)	-14%
Billings in excess of costs on uncompleted contracts	**1,223,314,186**	993,356,568	229,957,618	23%
Other liabilities	**51,437,639**	20,397,608	31,040,031	152%
Total Current Liabilities	**5,995,114,228**	3,158,843,300	2,836,270,928	90%
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**1,194,444,128**	1,168,965,421	25,478,707	2%
Retirement benefit obligation	**37,563,567**	24,488,775	13,074,792	53%
Other non-current liability	**24,682,842**	9,217,402		
Total Non-current Liabilities	1,256,690,537	1,202,671,598	54,018,939	4%
Total Liabilities	**7,251,804,765**	4,361,514,898	2,890,289,867	66%
EQUITY				
Capital stock	**1,114,100,003**	1,114,100,003	-	
Additional paid-in capital	**1,961,729,696**	1,961,729,696	-	
Retained earnings	**1,704,854,569**	842,750,755	862,103,814	102%
Total Equity	**4,780,684,268**	3,918,580,454	862,103,814	22%
TOTAL LIABILITIES AND EQUITY	**P 12,032,489,033**	P 8,280,095,352	3,752,393,681	45%

Cash and Cash Equivalents decreased by 85% or P1.23 billion
In 2011, cash & cash equivalents amounted to P1.40 billion mainly due to the unused proceeds received from IPO listing of Megawide in February 2011. As of the year-end quarter of 2012, cash & cash equivalents amounted to only P.21 billion. There is a 86% or P1.23 billion decreased compared with that of 2011. The decreased is due to investment of cash in retail treasury bills or RTB which is earning a 6.25% interest per annum and short-term placements with a local bank earning 4.10% to 4.20% per annum.

Short-term Investments increased by 158% or P1.23 billion
Investments in RTB and short-term placement caused the short-term investments to pile up to P2 billion as of year-end of 2012. Total interest income on these investments amounted to P237 million as year-end. Interest rate of RTB is 6.25% per annum and 4.10% to 4.20% for short-term placements

Trade and Other Receivables increased by 41% or P994 million
Increase in this account is due to the increase in construction receivable by 42% or P994 million. Increase in revenue caused the increase in construction receivable. This increase in receivable represents the billing of Megawide to CMCI for its Department of Education project that started only in the 4th quarter of 2012.

Construction Materials decreased by 60% or P103 million
Increase is due to higher consumption of construction materials in 2012 compared to prior year. Inventories as of year-end are those still in the premise of the warehouse. Inventories already delivered in the projects are considered consumed.

Cost in Excess of Billing increased by 138% or P613 million
Increase is due to unbilled project cost for some projects as of December 31, 2012.

Other Current Asset increased by 58% or P415 million
Advances to Suppliers increased by P318 million in 2012. Advance payments represent downpayment to supplier and subcontractors. In 2012, Megawide paid P116 million as downpayment for its rebar supply, P15 million was paid to the Bureau of Customs for advance duties and the rest to suppliers and subcontractors.

Input VAT increased by P94 million due to voluminous purchases of construction materials (local and imported) in 2012. This is correlated also with the increase in payable as of year-end. Prepaid insurance increased by P14 million because of the procurement of insurances for new projects.

Security deposit increased by P11 million because of the warehouses, staging areas for new projects rented by Megawide for its operation.

Investment in Subsidiary increased by 100% or P145 million
Megawide formed CMCI with its parent company CHI and contributed P145 million which is equivalent to 10% ownership of the joint venture.

Property, Plant & Equipment increased by 73% or P1.59 billion
The increase in property and equipment is due to additions of construction equipment, precast plant, precast and batching machineries in 2012. Total cost of precast plant is P387 million and P592 million for precast and batching machineries.

The Company also purchased the shares of Altria for P305 million but accounted the purchase as purchase of asset only. Altria has a land on its book valued at P303 million. This land too was recognized in the books of Megawide.

Deferred Tax Asset increased by 196% or P39 million
Increase is due to set-up of deferred asset for allowance of doubtful account in 2012 amounting to P88 million.

Interest-Bearing Loans and Borrowings increased by 97% or P1.60 billion
Increase in borrowings is caused by availments of loans for working capital requirements. Megawide opted to invest its cash and avail loans to support its operation because Megawide's investments yield higher return compared with interest cost of borrowed capital. The latest short-term loan interest rate provide to Megawide is ranging from 3.70% to 3.80%.

Trade and Other Payables increased by 130% or P1.10 billion
Accounts Payable increased by P421 million which is correlated to the increase on purchases of construction materials and services in 2012.

Increase in retention payable by P337 million also caused the increase in accounts payable.

Other Payables increased by P302 million because of the purchase of shares of Altria.

Advances from customers decreased by 14% or P111 million
Decrease in this account is due to recoupment of downpayment in 2012. Every progress billing, percentage of the downpayment is deducted from the total billing.

Billing in Excess of Cost increased by 23% or P229 million
Increase is due to higher billing than the actual work done for some projects as of December 31, 2012.

Other Liabilities and Other Non-Current Liabilities increased by 157% or P46 million
Other liabilities include unearned income from sale and leaseback and government payables such as withholding taxes and mandatory contributions.

Unearned income from sale and leaseback arises when Megawide sells its depreciated equipment and leases it back. The difference between the book value of the asset and selling price shall be recognized as unearned income and shall be amortized based on the lease term. There is of P30 million increase of unearned interest income in 2012 because of the leaseback transaction entered into by Megawide with BDO Leasing.

Retirement Benefit Obligation increased 53% or P13 million
The increase in obligation is due to accrual of retirement benefits in 2012.

Retained Earnings increased by 102% or P1.70 billion
Increase is due to net income in 2012

Review of results for the year ended December 31, 2011 as compared with the results for the year ended December 31, 2010

Results of Operations

Revenues

Megawide recorded a gross revenue of P7.74 billion for the year ended December 31, 2011 which was 71% (P3.227 Billion) higher than the P4.515 Billion revenue generated in 2010. The significant increase in revenue is accounted for as follows:

	2011	2010
Revenue from:		
Contracts in progress	P7,049,122,370	P 4,239,503,404
Completed Contracts	693,002,730	275,566,429
	P7,742,125,100	P 4,515,069,833

Revenues from contracts in progress increased by 66% (P2.809 billion) from P4.239 billion revenues posted in 2010 to P7.049 billion in 2011. The increase was primarily due to:

1) Structural works accomplished on projects such as Jazz Residences, Casino Phase 1, 2, 3, 4, and 5, Grass Residences Towers 2 and 3, My Place, and Blue Residences.
2) Tail-end works from Berkeley Residences, Sea Residences Phase 1 and 2, Malate Bayview and University Tower 2 and 3.

Expenses

Contract costs, comprised mostly of materials, outside services, and labor, amounted to P6.642 billion in 2011 up 72% (P2.785 billion) from 2010's P3.856 billion. The increase was a result of additional construction activities in 2011. Operating expenses in 2011 amounted to P263.801 million, a 42% (P78.074 million) increase from 2010's P185.727 million.

Interest income increased by 549% (P93.515 million) from P17.042 million in 2010 to P110.557 million in 2011, as proceeds from the IPO and 5-year fixed rate Corporate Notes were temporarily placed in short-term money market products which earned interests.

Finance costs for the year 2011 amounted to P72.601 million, a 374% (P87.907 million) increase from 2010's P15.305 million. This was mainly due to higher interest expense as the Company incurred additional working capital loan and finance lease obligations.

Net Income

Megawide continued to perform well as its net income jumped by 124% (P415.476 million) from P334.646 million in 2010 to P750.122 million. This was mainly due to the additional project accomplishments for the year, as well as continued cost-efficient practices brought about by Megawide's modern technology. Megawide's earnings per share for 2011 was at P0.68 per share, while P0.63 for 2010.

Material Changes in Megawide's Audited Income Statement for the year ended December 31, 2011 compared to the Audited Income Statement for the year ended December 31, 2010 (increase/decrease of 5% or more)

Material Changes in Megawide's Audited Income Statement for the year ended December 31, 2011 compared to the Audited Income Statement for the year ended December 31, 2010 are as follows:

- 71% increase in Contract Revenues
  Increase in Contracts in Progress Revenues arising from structural works of Jazz Residences in Bel-Air Makati, Casino Phase 1, 2, 3, 4, and 5, Grass Residences Towers 2 and 3, My Place, and Blue Residences.
- 72% increase in Contract Costs
  Increase in costs incurred from additional project accomplishments directly related to the increase in contract revenue.
- 42% increase in Operating Expenses
  Increase arising from the growth in the Company's operation.
- 548% increase in Finance Income
  Additional cash proceeds from IPO, corporate notes and bank loans, placed in short-term money market products.
- 374% increase in Finance Costs
  Higher interest expense incurred as Megawide incurred additional loans via a P1.0 Billion notes facility agreement with a local bank, and availment of credit lines with banks.
- 124% increase in Net Income
  Increase in contract revenues and operating efficiency.

Material Changes in Megawide's Audited Balance Sheet as of December 31, 2011 compared to the Audited Balance Sheet as of December 31, 2010 (increase/decrease of 5% or more)

Material Changes in Megawide's Audited Balance Sheet as of December 31, 2011 compared to the Audited Balance Sheet as of December 31, 2010 are as follows:

- 677% increase in Cash and Cash Equivalents
- 61% increase in Short-term Investments
  Cash proceeds from both the IPO and P1.0 Billion notes thru private placements were temporarily placed in short-term money market products.
- 113% increase in Trade and other Receivables
  Increase in project accomplishments for the year.
- 561% increase in Construction Materials
  Increase in project requirements.
- 150% increase in Property and Equipment
  Acquisition of construction and transportation equipment to support the operations of Megawide.
- 93% increase in Interest-bearing loans and borrowings, current portion
  Increase in finance lease for construction equipment and bank loans obtained from local banks for working capital requirements.
- 51% increase in Trade and other payables
  Increase in accrued expenses and retention payables to subscontractors.
- 47% increase in Billings in excess of costs on uncompleted contracts
  Increase in advances from recently started contracts entered into by Megawide.
- 1,098% increase in Interest-bearing loans and borrowings, non-current

Increase in loans via Megawide's P1.0 Billion notes facility agreement with a local bank, and increase in obligations under finance lease of construction equipment.

- 97% increase in Capital Stock
  New issued shares from Megawide's IPO and stock dividend declaration in 2011.
- 3,170% increase in Additional paid-in Capital
  Additional paid-in capital from the difference between the share price during IPO and the shares' par value.
- 141% increase in Retained Earnings
  Additional net income recorded for the year.

There are no other material changes in Megawide's financial position (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.

As stated in page 30 of its Prospectus, Megawide has a material commitment for capital expenditures consisting of the following:

Use of Proceeds	Estimated amount (in P)	Schedule of Disbursement
Construction and development of a pre-cast concrete manufacturing plant:		2011 to 2013
Site development and building structure	Up to 97,500,000	221,500,000
Heavy (logistics) equipment	Up to124,000,000	124,000,000
Pre-cast machineries	Up to 700,000,000	700,000,000
Support facilities	Up to 31,000,000	
Training and development	Up to 15,500,000	
Warehousing and yard	Up to 77,500,000	
Subtotal	*Up to 1,045,500,000*	1,045,500,000
Acquisition of new tower cranes and other earthmoving equipment	Up to 506,400,000	506,400,000
Acquisition of new formworks	Up to 465,000,000	502,150,845
Working capital	Up to 163,100,000	163,100,000

Total	Up to 2,180,000,000	2,217,150,845

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

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

(Amounts in P millions)	For the years ended December 31	
Cash Flow	**2013**	**2012**
Net cash provided by (used in) operating activities	299	339
Net cash provided by (used In) investing activities	(4,432)	(2,504)
Net cash provided by (used In) financing activities	6,199	933

Key Performance Indicators

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

Amounts in billion P, except ratios and Earnings per Share	2013	2012	2011
Construction Order Backlog			12.93
Current Ratio[1]	2.14	1.32	1.89
Debt to Equity Ratio[2]	1.52	1.52	0.42
Book Value Per Share[3]	8.44	4.29	3.53
Earnings per Share[4]	1.13	0.91	0.68
Return on Assets	8.32%	9.97%	9.05%
Return on Equity	20.97	23.34%	19.14%
Gross Profit Margin	16%	17%	14.21%

Notes:
(1) Current Assets / Current Liabilities
(2) Interest bearing loans and borrowings / Stockholder's Equity
(3) Total Equity / Issued and Outstanding Shares

(4) Net Income / Issued and Outstanding Shares

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

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

Item 7. Financial Statements

The audited financial statements and supplementary schedules to the financial statements duly submitted to BIR[2] are attached as Exhibit 2 hereto.

Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

1. External Audit Fees and Services

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

Particulars	Nature	Audit Fees (amounts in P) For the years ended December 31		
		2013	2012	2011
Punongbayan & Araullo	Audit of Financial Statements	P1,050,000	P1,050,000	P995,000

Except for the preparation of the financial statements required for Megawide's annual filing with the SEC and the submission of the required financial statements in relation to the registration of its securities, the afore-cited independent public accountant provide no other type of services.

Audit Committee Pre-Approval Policy

Megawide's Audit and Risk Management Committee is composed of the Chairman, Mr. Leonilo G. Coronel, and members, Michael C. Cosiquien and Elizabeth Anne C. Uychaco.

The Audit and Risk Management Committee is required to pre-approve all audit and non-audit services rendered by and approve the engagement fees and other compensation to be paid to the independent accountant. When deciding whether to approve these items, Megawide's Audit and Risk Management Committee takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the Audit and Risk Management Committee actively engages in a dialogue with the external auditors with respect to any

[2] Due for submission with the BIR on April 15, 2014.

disclosed relationships or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take appropriate action to ensure their independence.

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

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

Auditor	Year	Handling Partner
Punongbayan & Araullo	2009, 2010, 2011, 2012 and 2013	Mailene S. Sigue-Bisnar

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

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of Megawide

Directors and Executive Officers

As of December 31, 2013, Megawide is governed by a board of seven (7) directors composed of Michael C. Cosiquien, Edgar B. Saavedra, Yerik C. Cosiquien, Elizabeth Anne C. Uychaco, Florentino A. Tuason, Jr., Leonor M. Briones and Leonilo G. Coronel. Its management team is headed by licensed civil engineers who have been practicing for 16-17 years, namely, its Chairman and Chief Executive Officer, Michael C. Cosiquien and Chief Operating Officer and President, Edgar B. Saavedra.

Directors shall hold office for 1 year or until their successors are elected and qualified. The first directors are also the incorporators. The annual meeting of the stockholders shall be held every June 30 of each year.

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

Section 38 of the SRC requires that at least 2 members of the Board of Directors be independent directors. The Amended Articles and Incorporation and By-Laws of Megawide provide that the 7 directors shall include such number of independent directors as may be required by law.

The table below sets forth each member of Megawide's Board as of December 31, 2013.

	Name	Age	Citizenship	Positions	Term of Office	Directorships Held in Other Companies/ Business Experience

1.	Michael C. Cosiquien	40	Filipino	Director and Chairman of the Board since July 28, 2004 Chief Operating Officer - since July 19, 2010	Yearly	Director, Altria East Land Inc. Director, My Space Properties Director, Citicore Holdings Investment, Inc. Director, Megapolitan Realty and Development Corporation Director, Megapolitan Marketing Inc.
2.	Edgar B. Saavedra	39	Filipino	Director and President since July 28, 2004 Chief Operating Officer - since July 19, 2010	Yearly	Director, Altria East Land Inc. Director, My Space Properties Director, Citicore Holdings Investment, Inc.
3.	Yerik C. Cosiquien	35	Filipino	Director - Since July 28, 2004	Yearly	General Manager, Cosmo Fortune Corporation
4.	Elizabeth Anne C. Uychaco	58	Filipino	Director - since March 16, 2011	Yearly	Senior Vice President, Corporate Services, SM Investments Corporation Vice Chairperson, Belle Corporation
5.	Florentino A. Tuason, Jr.	64	Filipino	Director - since April 8, 2011 Corporate Secretary - since June 3, 2011	Yearly	Former director, DBP Management Corporation, Capitol Development Bank, Telecommunications Industries and Services, Inc. and Phoenix Iron Steel Corporation
7.	Leonilo G. Coronel	67	Filipino	Independent Director - since July 19, 2010	Yearly	Managing Director, BAP Credit Bureau, Inc. Director, Software Ventures, Int'l. Executive Director, RBB Micro Finance Foundation Independent Director, DBP-Aiwa Securities SMBC Phils. Inc.
6.	Leonor M. Briones	73	Filipino	Independent Director - since July 19, 2010	Yearly	President, Social Watch Philippines, Inc. Former Treasurer of the Philippines Former Vice President for Finance and Administration of the University of the Philippines System Former Secretary to the Commission on Audit

The table below sets forth the officers of Megawide as of December 31, 2013.

Executive Officers Who Are Not Directors

	Name	Age	Citizenship	Position	Term of Office	Directorships Held in Other Companies/ Business Experience
1.	Louie Ferrer	38	Filipino	VP for Marketing -since November 22, 2010 Corporate Information Officer - since February 16, 2011	Yearly	Managing Director, MagicWorx Licensing Inc. Former Associate Marketing Engineer, OCB International Co., Ltd
2.	Oliver Y. Tan	36	Filipino	Chief Investment and Strategy Officer - since November 22, 2010 Corporate Information Officer - since February 21, 2011 Chief Financial Officer - since May 20, 2011	Yearly	Director, Myspace Properties Director, Citicore Holdings Investment, Inc. Director, Citicore-Megawide Consortium, Inc Director, Future State Myspace Property, Inc.
3.	Irving C. Cosiquien	41	Filipino	Treasurer - since July 19, 2010	Yearly	Director, Megapolitan General Manager, Megapolitan Marketing, Incorporated Former Operations Manager, Jimmian Hardware
4.	Engr. Masashi Watanabe	64	Japanese	Assistant Vice President for Precast - since June 30, 2010	Yearly	None
5.	Renato Uy	47	Filipino	VP-Comptrollership -since May 2012	Yearly	VP-Finance, Goldland
6.	Claudia Soriano		Filipino	VP-HRD	Yearly	
7.	Engr.Ronald Paulo		Filipino	VP-Operation	Yearly	
5.	Grace Q. Bay	44	Filipino	Corporate Information Officer - since February 16, 2011 Assistant Corporate Secretary - since June 3, 2011 Compliance Officer - since June 30, 2011	Yearly	Partner, Quasha Ancheta Peña & Nolasco Corporate Secretary, St. Luke's Medical Center (Global City), Inc., SLMC Bonifacio Global City MAB Corp., Pilipinas Total Gas, Inc., PTGI Laguna Gas, Inc., Colombo Merchants Philippines, Inc., Brillante Realty, Inc. and Chatham House Condominium Corporation
6.	Joyce M. Briones	33	Filipino	Corporate Information Officer - since February 16, 2011	Yearly	Corporate Secretary, Wagenborg Manila, Inc., American Association of the Philippines, Inc. and Teledevelopment Services, Inc.

Significant Employees

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

Family Relationships

Chairman Michael C. Cosiquein, director Yerik C. Cosiquein and Treasurer Irving C. Cosiquien are siblings.

Involvement in Certain Legal Proceedings

Megawide is not aware of the occurrence during the past 5 years of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer:

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

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

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

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

Item 10. Executive Compensation

All Officers and Directors as a Group

SUMMARY COMPENSATION TABLE
Annual Compensation
(In P Millions)

Name and Position	Fiscal Year	Annual Salary	Bonus

Michael C. Cosiquien Chairman and CEO Edgar B. Saavedra President and COO Oliver Y. Tan CFO Louie Feerer CIO Ronald Paulo VP-Operations Renato H. Uy VP-Comptrollership Claudia Soriano VP-HRD Tarc Froehlich CTO Masashi Watanabe Precast Manager			
	2014	P 66.0	P 5.20
	2013	P 50.0	P 12.0
	2012	P 50.0	P 12.0
Aggregate compensation paid to all other officers and directors as a group unnamed			
	2014	P 42.78	P 3.5
	2013	P19.21	P 2.0
	2012	P 20.0	P 2.0

Compensation of Directors

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

On November 4, 2011, the Board of Directors, upon recommendation of the Compensation Committee, approved the giving of P20,000.00 director's per diem per Board meeting and a P30,000.00 monthly allowance in the form of reimburseable expenses for each regular

director. Each independent director will be given P25,000.00 director's per diem per Board meeting and a P30,000.00 monthly allowance in the form of reimburseable expenses. The Corporate Secretary (who is also a regular director) will be given a P20,000.00 director's per diem per Board meeting and a P30,000.00 monthly allowance in the form of reimburseable expenses. Reimburseable expenses cover receipts for food, beverage, gasoline and travel expenses. The total amount of per diem given to the directors in 2012 is P1,282,352.94.

Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by Megawide's Chief Executive Officer, other officers and/or directors.

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

There are no existing employment contracts with executive officers. Furthermore, there are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from Megawide in the event of change in control of Megawide. However, aside from its employees, Megawide also entered into employment contracts with its foreign experts for a term of 3 years for its Assistant Vice-President for Operation and 1 year for its Assistant Vice President for Precast. Basic terms of these contracts include benefits accorded to the employee (e.g., housing, insurance, vacation leaves, company vehicle, work permits), Megawide's ownership of any invention developed during their employment, liquidated damages in the event of contract pre-termination, and a non-compete clause prohibiting the employee, for a period of two (2) years after the termination of the contract, from engaging, directly or indirectly, for himself or on behalf of or in conjunction with any person, corporation, partnership or other business entity that is connected with the business of Megawide.

The Assistant Vice President for Operations is tasked with directing and coordinating all activities of Megawide and ensuring the most feasible methods for achieving the most economical approach in quality services. His contract is valid from July 30, 2010 to July 30, 2013. The Assistant Vice President for Precast, on the other hand, shall oversee all plant activities and manufacturing operations, including the procurement of raw materials, mobilization of the facilities and personnel, as well as the repair and maintenance of the equipment and machineries. His contract was valid from June 30, 2010 to June 30, 2011 and was renewed for another three (3) years from July 1, 2011 to July 1, 2014.

Warrants and Options

There are no outstanding warrants and options held by any of Megawide's directors and executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of Megawide's shares of stock as of March 31, 2014 were as follows:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
Common	Citicore Holdings Investment, Inc.		Filipino	936,933,735	56.80%
Common	PCD Nominee Corporation (Filipino)		Filipino	308,504,597	18.70%
Common	Sybase Equity Investments Corporation		Filipino	253,500,000	15.37%
Common	PCD Nominee Corporation (Non-Filipino)		Non-Filipino	115,651,107	7.01%

The following table sets forth the participants under the PCD account who own more 5% of the voting securities of Megawide as of March 31, 2014:

Name	Number of Shares Held	Percent (%)
Citicore Holdings Investment, Inc.	936,933,735	56.80%
PCD Nominee Corporation (Filipino)	308,504,597	18.70%
Sybase Equity Investments Corporation	253,500,000	15.37%
PCD Nominee Corporation (Non-Filipino)	115,651,107	7.01%

2. Security Ownership of Management

Security Ownership of Directors and Management

The following table sets forth security ownership of Megawide's directors and officers as of March 31, 2014:

Title of class	Name of beneficial owner	Amount and nature of beneficial owner	Citizenship	Percent of Class
Common	Michael C. Cosiquien Director, Chairman and CEO	2 (Direct)	Filipino	Nil
Common	Edgar B. Saavedra Director, President and COO	2 (Direct)	Filipino	Nil
Common	Yerik C. Cosiquien Director	2 (Direct)	Filipino	Nil

		6,184,165 (Indirect)		
Common	Elizabeth Anne C. Uychaco Director	40,560 (Direct)	Filipino	Nil
Common	Florentino A. Tuason, Jr. Director and Corporate Secretary	169 (Direct)	Filipino	Nil
Common	Leonilo G. Coronel Independent Director	3 (Direct)	Filipino	Nil
Common	Leonor M. Briones Independent Director	3 (Direct)	Filipino	Nil
Common	Louie Ferrer VP for Marketing Corporate Information Officer	0	Filipino	Nil
Common	Oliver Y. Tan Chief Financial Officer Chief Investment and Strategy Officer Corporate Information Officer	16,900	Filipino	Nil
Common	Irving C. Cosiquien Treasurer	0 (Direct) 6,184,165 (Indirect)	Filipino	0.37%
Common	Masashi Watanabe Assistant Vice President for Precast	5,070 (Direct)	Japanese	Nil
Common	Grace Q. Bay Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer	10,478 (Direct)	Filipino	Nil
Common	Joyce M. Briones Corporate Information Officer	6,578	Filipino	Nil
Aggregate shareholdings of directors and officers		12,448,097		0.75%

Voting Trust Holders of 5% or More

There is no voting trust arrangement executed among the holders of 5% or more of the issued and outstanding shares of common stock of Megawide.

Change in Control

There are no arrangements entered into by Megawide or any of its stockholders which may result in a change of control of Megawide.

Item 12. Certain Relationship and Related Transactions

Advances to office and employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are liquidated 60 days from the date the cash advances were received. Advances are only given to few and selected employees that are highly reliable and do not have negative record in the Human Resources Department.

Rendering of service

Megawide provides construction services to SMDC and Ground 18 Realty Corporation of the Bench Group, who are both stockholders of Megawide. Megawide also contracts a casino owned by Belle Casino who is partially owned by SMDC. Contracts with these companies are based on an arms-length transaction and prevailing market price in construction industry. There is no ongoing contractual arrangement between parties as result of the relationship between owners.

Rental of land and building

Rent expense recognized is based on lease agreement with Megapolitan Realty and Development Corporation and Philwide Construction and Development Corporation. Both companies are owned by the family of Michael Cosiquien. Rental rates are based on the current rates used by lessors depending on the location of property being rented. Megawide has three (3) lease agreements with Megapolitan Realty and Development Corporation including its new Head Office building and one (1) with Philwide Construction and Development Corporation which is its Principal Office in Pasay.

Key Management Personnel Compensation

Compensation of key management personnel includes salary and post-employment benefit of Michael Cosiquien and Edgar Saavedra. Their salary is at arm's length and have terms equivalent to the transactions entered into with third parties.

Short-term placement

Megawide has placed its excess cash in a short-term investment with BDO Private. BDO Private is related parties of SMDC. Rates on these investments are based on prevailing rate in the market. Short-term investment with related parties amounted to P700,000,000 million as of December 31, 2013.

Banks loans and finance lease

Megawide availed of loans from BDO Unibank and entered into leaseback agreement with BDO Leasing. Interest rate provided by BDO Unibank and BDO Leasing is 2.75% and 6.5% per annum, respectively. Interest rates are based on prevailing rate in the market. Outstanding bank loan with BDO Unibank is P1,112,500,000 and outstanding lease liability with BDO Leasing is P247,724,631 as of December 31, 2013.

Transactions with Stockholders

In May 21, 2013, Citicore sold 118,729,800 shares to other investors pursuant to a Placing Agreement with Megawide, CLSA Limited and First Metro Investments Corporation. On May 24, 2013, Citicore subscribed to 118,729,800 shares from Megawide.

PART IV – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

a. Exhibits

Exhibit 1* Quarterly Report (SEC Form 17-Q)

*Please refer to the Quarterly Report (SEC Form 17-Q) submitted to the SEC.

Exhibit 2 Consolidated Financial Statements and Schedules

Megawide did not enter into any plan of acquisition, arrangement, liquidation or succession, instruments defining the rights of security holders, including indentures, voting trust agreement or material contract as of December 31, 2013.

b. Reports on SEC Form 17-C**

Megawide filed the following reports on SEC Form 17-C during the last six (6) month period covered by this Report:

Date Filed	Particulars
July 1, 2013	Adoption by the Board of Directors of a dividend policy of declaring annual cash dividends equivalent to 20% of the prior year income, subject to contractual obligations.
July 1, 2013	Election of the following members of the Board of Directors for the ensuing year: 1. Michael Cosiquien; 2. Edgar B. Saavedra; 3. Yerik C. Cosiquien; 4. Elizabeth Anne C. Uychaco; 5. Florentino A. Tuason, Jr.; 6. Leonor M. Briones (independent director); and 7. Leonilo G. Coronel (independent director). Approval by the stockholders of the following: a. Minutes of the June 26, 2012 Annual

	Stockholders' Meeting; b. Audited Financial Statements for year ended December 31, 2012; c. Appointment of Punongbayan & Araullo as independent auditors; d. Declaration of stock dividends equivalent to 30% of the total issued and outstanding shares of stock with a par value of Php1.00 each to taken from the unrestricted retained earnings as of December 31, 2012 to stockholders of record as of July 19, 2013 payable on August 14, 2013; and authority of the CFO and the Corporate Secretary to file the necessary application for additional listing of the shares with the PSE. Election of the following as officers of Megawide for the ensuing year: Chairman and Chief Executive Officer - Michael Cosiquien President and Chief Operating Officer - Edgar Saavedra Treasurer - Irving Cosiquien Corporate Secretary - Florentino Tuason, Jr. Chief Financial Officer / Chief Investment and Strategy Officer / Corporate Information Officer - Oliver Tan Assistant Corporate Secretary/ Compliance Officer/Corporate Information Officer - Grace Bay Corporate Information Officer - Louie Ferrer Corporate Information Officer - Joyce Briones Appointment of the following as members of the Board Committees: <u>Executive Committee</u> Michael Cosiquien – Chairman

	Edgar Saavedra – Member Elizabeth Anne Uychaco – Member Oliver Tan - Member <u>Audit and Risk Management Committee</u> Leonilo Coronel (independent director) - Chairman Michael Cosiquien - Member Elizabeth Anne Uychaco - Member <u>Compensation Committee</u> Leonilo Coronel (independent director) - Chairman Florentino Tuason, Jr. - Member Edgar Saavedra - Member <u>Nomination Committee</u> Leonor Briones (independent director) - Chairman Yerik Cosiquien - Member Louie Ferrer - Member
July 2, 2013	Clarification of news article published in Inquirer.net
July 8, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of June 30, 2013
July 12, 2013	List of Top 100 Stockholders as of June 30, 2013
July 17, 2013	Report on use of IPO Proceeds as of June 30, 2013
July 17, 2013	Computation on the adjusted price and adjusted number of outstanding shares based on market data as of end of trading period on July 15, 2013 and adjusted number of foreign and local owned shares as of June 30, 2013 as a result of stock dividend declaration.
July 17, 2013	Public Ownership Report as of June 30, 2013

August 12, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of July 31, 2013
August 12, 2013	Final number of stock dividend shares payable to stockholders of record as of July 19, 2013
August 16, 2013	Report on Foreign Ownership as of July 31, 2013 which includes the stock dividend shares payable to stockholders of record as of July 19, 2013 on August 14, 2013
August 28, 2013	Clarification of news article published in Manila Standard Today
September 9, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of August 31, 2013
October 8, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of September 30, 2013
October 16, 2013	List of Top 100 Stockholders as of September 30, 2013
October 18, 2013	Report on use of IPO Proceeds as of September 30, 2013
October 18, 2013	Public Ownership Report as of September 30, 2013
October 21, 2013	Signing of the Build-Transfer Agreements for School Infrastructure Projects Phase II (for Regions I, III and IV) between Megawide and the Department of Education
October 24, 2013	Addendum to disclosure re: signing of Build-Transfer Agreements
October 24, 2013	Clarification of news article posted in *Inquirer.net*
October 29, 2013	Clarification of news article posted in *Manila Bulletin* (Internet edition)
October 30, 2013	Clarification of news article posted in *BusinessWorld Online*

November 11, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of October 31, 2013
December 5, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of November 30, 2013
December 17, 2013	Clarification on news article posted in *philSTAR.com*
December 23, 2013	Clarification on news article posted in *BusinessWorld Online*

**Please refer to the SEC Form 17-C previously filed with the SEC.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in CITY OF MAKATI on APR 15 2014.

By:

MICHAEL C. COSIQUIEN
Principal Executive Officer
(Note: Abroad)

RENATO UY
Comptroller
(Note: Abroad)

EDGAR B. SAAVEDRA
Principal Operating Officer
(Note: Abroad)

CHRISTOPHER NADAYAG
Principal Accounting Officer

OLIVER Y. TAN
Principal Financial Officer

FLORENTINO A. TUASON, JR.
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this APR 15 2014 affiants exhibiting to me their respective valid IDs, as follows:

NAME	Valid ID	DATE OF ISSUE/VALID UNTIL	PLACE OF ISSUE
Florentino A. Tuason, Jr.	Passport No. EB4627079	February 4, 2012	Manila
Oliver Y. Tan	Driver's License No. 4-96-368816	September 25, 2013	Manila
Christopher Nadayag	TIN: 248-948-535		

Doc. No. 33;
Page No. 8;
Book No. I;
Series of 2014.

KATRINA MICHELLE F. MANCAO
NOTARY PUBLIC
ROLL NO. 62126
MAKATI CITY, PHILIPPINES

KATRINA MICHELLE F. MANCAO
Commission No. M-301
Notary Public for Makati City
Until December 31, 2015
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 4239126/01-14-14/Makati City
IBP No. 946580/01-03-14/RSM
Roll No. 62126
Admitted to Bar April 2013

ANNEX “A”
LIST OF PROPERTIES COVERED BY FINANCE LEASE

Bank	DB	Reference (APV #)	Unit	PN No.	Classification	Project	Recorded cost of asset	Book Value
Japan PNB Leasing	DB1		09-0122					
UCPB	DB1	beg.bal	1 Frontier	409400046971			1,121,000.00	280,250.00
UCPB	DB1	beg.bal	3 Strada	409400046958, 409400046960, 409400046946			2,503,800.00	625,950.00
MBTC	DB1	beg.bal	1 Strada				837,000.00	237,150.00
MBTC	DB1	beg.bal	1 Montero				1,470,000.00	416,500.00
BDO	DB1	beg.bal	1 L300 & 1 Altis	33644	Car loan	Megawide - Main/Head Office	1,491,000.00	472,150.00
BDO	DB1	beg.bal	1 Altis	33643	Car loan	Megawide - Main/Head Office	849,000.00	268,850.00
BDO	DB1	beg.bal	1 Fortuner	33714	Car loan	Megawide - Main/Head Office	1,364,000.00	431,933.33
BDO	DB1	beg.bal	L300	33848	Car loan	Megawide - Main/Head Office	652,000.00	260,800.00
BDO	DB1	beg.bal	Strada,Fortuner,L300,Adventure	33860	Car loan	Megawide - Main/Head Office	3,547,000.00	1,393,800.00
BDO	DB1	beg.bal	Strada,Navarra,Carnival	33962	Car loan	Megawide - Main/Head Office	3,641,000.00	1,293,116.67
BDO	DB1	beg.bal	Strada	33913	Car loan	Megawide - Main/Head Office	840,000.00	336,000.00
BDO	DB1	beg.bal	L300 (PO21612)	34132	Car loan	Megawide - Main/Head Office	652,000.00	260,800.00
BDO	DB1	beg.bal	Toyota Fortuner	34137	Car loan	Megawide - Main/Head Office	1,409,000.00	1,032,533.33
BDO	DB1	beg.bal	Montero-Claudia	34160	Car loan	Megawide - Main/Head Office	1,388,000.00	578,333.33
BDO	DB1	beg.bal	Strada-Aguihap	34210	Car loan	Megawide - Main/Head Office	840,000.00	378,000.00
BDO	DB1	beg.bal	Strada-Bactacan	34213	Car loan	Megawide - Main/Head Office	837,000.00	334,800.00
BDO	DB1	beg.bal	Strada-Atun	34247	Car loan	Megawide - Main/Head Office	840,000.00	378,000.00
BDO	DB1	beg.bal	L300(PO25954)	34211	Car loan	Megawide - Main/Head Office	655,000.00	294,750.00
BDO	DB1	beg.bal	Montero-Asiddao	34212	Car loan	Megawide - Main/Head Office	1,398,000.00	629,100.00
BDO	DB1	beg.bal	Tower Crane	34550	Leaseback	Megawide - Main/Head Office	14,099,435.81	9,309,449.24
BDO	DB1	beg.bal	6W Isuzu NPR	34577	Car loan	Megawide - Main/Head Office	1,313,500.00	591,075.00
BDO	DB1	beg.bal	Strada-Precast	34717	Car loan	Megawide - Main/Head Office	850,000.00	439,166.67
BDO	DB1	beg.bal	Toyota Landcruiser	34636	Leaseback	Megawide - Main/Head Office	7,405,000.00	3,208,833.33
BDO	DB1	beg.bal	2 MAN Truck	34641	Leaseback	Megawide - Main/Head Office	4,686,270.87	1,732,232.73
BDO	DB1	beg.bal	Tower Crane(351774)	34640	Leaseback	Megawide - Main/Head Office	13,351,684.29	9,219,590.70
BDO	DB1	beg.bal	Tower Crane(351773)	34638	Leaseback	Megawide - Main/Head Office	13,453,279.46	9,225,464.84
BDO	DB1	beg.bal	Tower Crane(351770)	34637	Leaseback	Megawide - Main/Head Office	13,596,176.52	9,306,817.36
BDO	DB1	beg.bal	Tower Crane(351857)	34646	Leaseback	Megawide - Main/Head Office	13,625,323.48	9,240,441.83
BDO	DB1	beg.bal	Tower Crane(351772)	34645	Leaseback	Megawide - Main/Head Office	14,037,058.18	9,066,729.80
BDO	DB1	beg.bal	Tower Crane(351771)	34650	Leaseback	Megawide - Main/Head Office	14,306,732.72	9,262,243.84
BDO	DB1	beg.bal	Stationary Conc. Pump (210106634)	34644	Leaseback	Megawide - Main/Head Office	7,158,032.78	4,862,894.36
BDO	DB1	beg.bal	Truck Mounted Conc Pump (211801999)	34647	Leaseback	Megawide - Main/Head Office	25,158,762.50	17,166,515.02
BDO	DB1	beg.bal	Concrete Placing Boom	34639	Leaseback	Megawide - Main/Head Office	9,520,765.91	6,411,524.19
BDO	DB1	beg.bal	Tadano RT-Crane (FB3461)	34643	Leaseback	Megawide - Main/Head Office	9,503,237.85	6,218,939.73
BDO	DB1	beg.bal	Strada	34720	Car loan	Megawide - Main/Head Office	850,000.00	439,166.67
BDO	DB1	beg.bal	6W Isuzu NPR2	34718	Car loan	Megawide - Main/Head Office	1,313,500.00	722,425.00
BDO	DB1	beg.bal	6W Isuzu NPR3	34719	Car loan	Megawide - Main/Head Office	1,313,500.00	722,425.00
BDO	DB1	beg.bal	Montero	34721	Car loan	Megawide - Main/Head Office	1,408,000.00	727,466.67
BDO	DB1	beg.bal	Montero	34722	Car loan	Megawide - Main/Head Office	1,408,000.00	774,400.00
BDO	DB1	beg.bal	Montero	34723	Car loan	Megawide - Main/Head Office	1,408,000.00	774,400.00
BDO	DB1	beg.bal	Mitsubishi L300	34755	Car loan	Megawide - Main/Head Office	667,000.00	366,850.00
BDO	DB1	beg.bal	Mitsubishi L300	34754	Car loan	Megawide - Main/Head Office	667,000.00	366,850.00
BDO	DB1	beg.bal	Mitsubishi Strada	34956	Car loan	Megawide - Main/Head Office	850,000.00	467,500.00
BDO	DB1	beg.bal	Mitsubishi Strada	34957	Car loan	Megawide - Main/Head Office	850,000.00	467,500.00
BDO	DB1	beg.bal	Strada (PO#35862)	34944	Car loan	Megawide - Main/Head Office	1,050,000.00	612,500.00
BDO	DB1	beg.bal	Lancer (PO36497)	34945	Car loan	Megawide - Main/Head Office	718,000.00	418,833.33

BDO	DB1	beg.bal	Lancer (PO36496)	34946	Car loan	Megawide - Main/Head Office	718,000.00	418,833.33
BDO	DB1	beg.bal	Concrete Placing Boom	34960	Leaseback	Megawide - Main/Head Office	9,619,845.85	6,566,080.44
BDO	DB1	PU 1000012130	Honda City (PO#36504)	34978	Car loan	Megawide - Main/Head Office	821,000.00	451,550.00
BDO	DB1	PU 1000012131	Honda City (PO#36504)	34979	Car loan	Megawide - Main/Head Office	821,000.00	478,916.67
BDO	DB1	PU 1000012201	Honda Civic (PO#36503)	34980	Car loan	Megawide - Main/Head Office	923,000.00	538,416.67
BDO-2012	DB1	PU 1000006981	Alimak (SI#HSCT11044270)	34995	Leaseback	SM Dev-Jazz Residences Phas	11,980,639.84	6,289,609.50
BDO-2012	DB1	PU 1000009096	Formworks	35062	Leaseback	Megawide - Main/Head Office	196,995,245.13	151,316,655.08
BPI-2012	DB1	PU 1000012220	Starex (28199)	29965800067	Car loan	Megawide - Main/Head Office	1,970,000.00	1,214,833.33
BPI-2012	DB1	PU 1000012221	Starex (28199)	29965800075	Car loan	Megawide - Main/Head Office	1,970,000.00	1,214,833.33
BPI-2012	DB1	PU 1000012222	Alimak Hek (PO#27443)	29965300021/2996580	Leaseback	Megawide - Main/Head Office	12,235,097.85	8,383,465.11
BPI-2012	DB1	PU 1000012223	Tower Crane (PO#27443)	29965800067/2996580	Leaseback	Megawide - Main/Head Office	13,440,291.45	11,246,428.77
BPI-2012	DB1	PU 1000012226	CN450Hoist(PO#27443)	29965300005/2996580	Leaseback	Megawide - Main/Head Office	10,336,844.43	6,710,092.90
BPI-2012	DB1	PU 1000012224	CPBoom(PO#27443)	29965300013/2996580	Leaseback	Megawide - Main/Head Office	9,180,123.63	7,610,640.98
BDO-2012	DB1	PU 1000015574	CONCRETE PLACING BOOM PUTZMEISTER(PO#19878)	35141	Leaseback	SM Dev-Jazz Residences Phas	9,190,330.57	6,073,867.57
BDO-2012	DB1	PU 1000015575	Formworks-BDO Batch(2)	35162	Leaseback	Consolidated Projects	73,917,737.79	54,857,926.68
BDO-2012	DB1	PU 1000020808	35255 Formworks-BDO Batch(3)	35255	Leaseback	Megawide - Main/Head Office	55,691,700.23	31,604,258.40
BDO-2012	DB1	PU 1000022262	Isuzu Flexitruck	35316	Car loan	Megawide - Main/Head Office	1,115,000.00	1,057,500.00
BDO-2012	DB1	PU 1000021910	Fortuner Wilbert (PO#16574)	35515	Car loan	Megawide - Main/Head Office	1,408,000.00	1,032,533.33
BDO-2012	DB1	PU 1000028190	STRADA-MS. EMZ (PO#25103)	35516	Car loan	Megawide - Main/Head Office	2,630,000.00	1,972,500.00
BDO-2012	DB1	PU 1000034348	35519 - Isuzu(PO#34027)	35519	Leaseback	Megawide - Motorpool	1,172,000.00	593,322.79
BDO-2012	DB1	PU 1000032982	DMAX ISUZU (PO#25104) 1	35521	Car loan	Department of Education	2,640,000.00	1,980,000.00
BDO-2012	DB1	PU 1000033002	DMAX ISUZU (PO#25104) 2	35520	Car loan	Department of Education	1,120,000.00	840,000.00
BDO-2012	DB1	PU 1000041612	INNOVA BRONZE(PO#25435)	35538	Car loan	Megawide - Main/Head Office	998,000.00	798,400.00
BDO-2012	DB1	PU 1000041610	TOYOTA - HILUX(PO#25827)	35537	Car loan	Megawide - Main/Head Office	833,000.00	666,400.00
BDO-2012	DB1	PU 1000044443	Two units Volvo Hydralic Excavator(PO#24673)	35644	Leaseback	Megawide - Motorpool	11,400,000.00	#REF!
BDO-2012	DB1	PU 1000038076	One (1) unit Mitsubishi Canter FE71 3.9 DSL M/T 4 Wheeler(PO#27414)	35612		Megawide - Warehouse Taytay	1,245,000.00	996,000.00
BDO-2012	DB1	PU 1000038986	One (1) unit Mitsubishi Strada 2.5 GL 4x2 Diesel (PO 1000029524)	35653	Car loan	Prince-University Tower 4	840,000.00	672,000.00
BDO-2012	DB1	PU 1000041115	One (1) unit Mitsubishi Strada 2.5 GL 4x2 Diesel (PO 1000030564)	35656	Car loan	FILINV-Linear Phase 2	945,000.00	756,000.00
BDO-2012	DB1	PU 1000041116	One (1) unit Mitsubishi Strada 2.5 GL 4x2 Diesel (PO1000029521)	35654	Car loan	Megawide - Warehouse Third P	840,000.00	672,000.00
ADDITIONS 2013:								
BDO-2013	DB3	PU 500000493	1 Unit Frontier Navara. Nissan 2013 4x2 (Black)-(PO#300000437)	35741		Megawide - Precast Plant Tayta	1,151,000.00	939,983.33
BDO-2013	DB3	PU 500000880	Toyota Hilux (Engine no.: 2KDA021459)-(PO#500000793)	35759		Megawide - Precast Plant Tayta	838,000.00	698,333.33
BDO-2013	DB3	PU 500000878	Toyota Hilux (Engine no.: 2KDA043194)-(PO#500000792)	35760		Megawide - Batching Plant Tagu	849,500.00	707,916.67
BDO-2013	DB3	PU 500000912	One (1) Unit 2013 Mitsubishi Strada 2.5 GL 4x2 MT (PO#500000066)	35748		Megawide - Batching Plant Tagu	1,020,000.00	670,833.33
BDO-2013	DB2	PU 300003769	L300.MITSUBISHI.FB DELUXE DUAL AC EURO 2MT (PO#300003293)	35901		Belle-Casino Phase 2	615,000.00	512,500.00
BDO-2013	DB3	PU 500000879	L300.MITSUBISHI.FB DELUXE(PO#500000221)	35757		Megawide - Batching Plant Tagu	615,000.00	522,750.00
BDO-2013	DB2	PU 300003777	MONTERO SPORT.MITSUBISHI.2013(PO#300003190)	35794		Megawide - Main/Head Office	1,403,000.00	1,192,550.00
BDO-2013	DB1	PU 1000046236	FIVE (5) Units 2013 Mitsubishi Strada 2.5 GL 4x2 M/T-(PO#100003081	35689		Department of Education	4,200,000.00	4,144,000.00
BDO-2013	DB1	PU 1000046596	One (1) Unit 2013 Mitsubishi Strada 2.5 GL 4x2 MT-(PO#1000030661)	35690		NHA-Camarin	840,000.00	700,000.00
BDO-2013	DB2	PU 300005052	One (1) Unit 2013 Mitsubishi Strada 2.5 GL 4x2 MT(PO300004326)	35838		Belle-Casino Phase 2	1,063,000.00	903,550.00
BDO-2013	DB2	PU300008598	One (1) Unit 2013 Isuzu Crosswind XT LE 2.5 M/T	35940		NHA	861,500.00	746,633.33
BDO-2013	DB1	PU1000048193	Two (2) Units Hyundai HD65 Dump Truck	35998		Megawide - Motorpool	2,800,000.00	2,473,333.33

BDO-2013	DB3	PU 500002153	One (1) Unit Hyundai Truck HD250 Cab Chassis with Flat Bed	35970	Megawide - Motorpool	3,980,000.00	2,812,533.33
BDO-2013	DB3	PU 500001591	**One (1) Unit 2013 Hyundai Grand Starex CRDI GLS A/T**	35916	Megawide-warehouse/formworks	1,703,000.00	1,475,933.33
BDO-2013	DB2	PU300015606	**One (1) Unit 2013 AUV Toyota Innova J 2.5L DSL MT**	36118	National Housing Authority	839,000.00	769,083.33
BDO-2013	DB2	PU 300022866	Five (5) PICK-UP.FOTON BLIZZARD.4X2 TURBO 2.8L M/T	36266	Department of Education	3,465,000.00	3,291,750.00
BDO-2013	DB2	PU 300025082	One (1) Mitsubishi Strada 2012 2.5 GLS SPT-V 4x4 AT	36366	Department of Education 3	1,165,000.00	1,106,750.00
BDO-2013	DB2	PU 300026396	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36379	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300026395	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36380	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300026398	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36381	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300027740	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36478	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300027742	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36479	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300027741	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36480	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300027737	One (1) PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T	36477	Dep Ed Region 4	820,000.00	792,666.67
BDO-2013	DB2	PU300027735	One (1) Mitsubishi Strada 2012 2.5 GLS SPT-V 4x4 AT	36481	Dep Ed Region 4	1,155,000.00	1,116,500.00
BDO-2013	DB3	PU500005764	One (1) Isuzu Forward 10W Truck	36482	Megawide - Warehouse Formwork:	3,170,000.00	3,011,500.00
BDO-2013	DB2	PU300029429	One (1) Sedan Toyota Corolla Altis 1.6 v at	36522	Megawide - Main/Head Office	895,000.00	865,166.67
			PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T			820,000.00	806,333.33
			PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T			820,000.00	806,333.33
			PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T			820,000.00	806,333.33
			PICK-UP.MITSUBISHI.STRADA.2013 2.5 GL 4X2 M/T			820,000.00	806,333.33
			HYUNDAI FUEL TANK LORRY			1,940,000.00	1,907,666.67
			One Unit Mitsubishi Strada 4x2 2013			820,000.00	806,333.33
			ONE UNIT TOYOTA INNOVA E DSL MT			947,000.00	931,216.67
			ISUZU II NHR 4-WHEELERTRUCK LIGHT DUTY TRUCK			1,000,000.00	983,333.33
			ISUZU II NHR 4-WHEELERTRUCK LIGHT DUTY TRUCK			1,000,000.00	983,333.33
			ISUZU FORMWARD 10-WHEELER TRUCK			3,400,000.00	3,343,333.33
			ISUZU II NHR 4-WHEELERTRUCK LIGHT DUTY TRUCK			1,000,000.00	983,333.33
			ISUZU II NHR 4-WHEELERTRUCK LIGHT DUTY TRUCK			1,000,000.00	983,333.33
						690,654,917.15	#REF!

ANNEX “B”
LIST OF PCD PARTICIPANTS

Philippine Depository & Trust Corp.

TOP 100 PDTC PARTICIPANTS

Business Date 03/31/2014

Security ID: MWIDE0000000 **Security Name:** MWIDE

Transfer Agent: EQBKTA00000 **Transfer Agent Name:** BANCO DE ORO UNIBANK, INC. TRANSFER AGENT

S. No.	BPID	BPNAME	HOLDING	%HOLDING
1	HSBC2000000	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	78,456,623.00	18.4971279
2	HSBC1000000	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	71,325,260.00	16.8158201
3	GSIS1000000	GOVERNMENT SERVICE INSURANCE SYSTEM	33,828,960.00	7.9755995
4	27900000000	BDO SECURITIES CORPORATION	30,999,809.00	7.3085918
5	BCDO2000033	BANCO DE ORO - TRUST BANKING GROUP	23,561,007.00	5.5548014
6	DEUB1000000	DEUTSCHE BANK MANILA-CLIENTS A/C	21,087,520.00	4.9716460
7	22000000011	ATR KIMENG CAPITAL PARTNERS, INC. AS INVESTMENT MANAGER FOR	21,052,766.00	4.9634523
8	BCDO2000000	BANCO DE ORO - TRUST BANKING GROUP	16,957,600.00	3.9979658
9	17400000000	HDI SECURITIES, INC.	16,748,864.00	3.9487537
10	20300000000	COL Financial Group, Inc.	14,445,228.00	3.4056428
11	22000000000	MAYBANK ATR KIM ENG SECURITIES, INC.	13,252,135.00	3.1243562
12	BCDO2000010	BANCO DE ORO - TRUST BANKING GROUP	9,449,925.00	2.2279377
13	10100000000	A & A SECURITIES, INC.	7,312,610.00	1.7240391
14	19800000000	LUCKY SECURITIES, INC.	7,294,570.00	1.7197859
15	CITI1000000	CITIBANK N.A.	6,360,310.00	1.4995225
16	SCTD1000000	MBTC - TRUST BANKING GROUP	5,450,980.00	1.2851366
17	SCTD1000016	MBTC TBG AS IM FOR GOVT SERVICE INSURANCE SYSTEM	5,026,750.00	1.1851190
18	SCBK1000000	STANDARD CHARTERED BANK	4,914,440.00	1.1586406
19	10200000000	ABACUS SECURITIES CORPORATION	3,195,708.00	0.7534280
20	26700000000	FIRST METRO SECURITIES BROKERAGE CORP.	2,804,902.00	0.6612906
21	DEUB2000000	DEUTSCHE BANK MANILA-CLIENTS A/C	1,830,583.00	0.4315828
22	DEUB2000007	DEUTSCHE BANK AG MANILA BRANCH A/C CLIENTS DEUB20	1,824,179.00	0.4300730
23	BCDO2000063	FEDERAL PHOENIX ASSURANCE CO., INC.	1,400,217.00	0.3301186
24	12200000000	BELSON SECURITIES, INC.	1,315,920.00	0.3102446
25	12600000000	BPI SECURITIES CORPORATION	1,219,449.00	0.2875003
26	BCDO2000007	BANCO DE ORO - TRUST BANKING GROUP	1,210,020.00	0.2852773
27	UCPB1000000	UNITED COCONUT PLANTERS BANK-TRUST BANKING	1,170,820.00	0.2760354
28	24700000000	STANDARD SECURITIES CORPORATION	1,070,080.00	0.2522847

Security ID: MWIDE0000000 **Security Name:** MWIDE

Transfer Agent: EQBKTA00000 **Transfer Agent Name:** BANCO DE ORO UNIBANK, INC. TRANSFER AGENT

S. No.	BPID	BPNAME	HOLDING	%HOLDING
29	BCDO2000026	BANCO DE ORO - TRUST BANKING GROUP	1,056,120.00	0.2489935
30	22900000000	SALISBURY BKT SECURITIES CORPORATION	879,200.00	0.2072824
31	26900000000	WEALTH SECURITIES, INC.	725,938.00	0.1711489
32	BCDO2000071	IMA#201-78074	612,040.00	0.1442961
33	32300000005	CLSA PHILIPPINES, INC.	578,400.00	0.1363650
34	20600000000	MERIDIAN SECURITIES, INC.	570,770.00	0.1345662
35	23500000000	REGINA CAPITAL DEVELOPMENT CORPORATION	560,924.00	0.1322448
36	11000000000	ANGPING & ASSOCIATES SECURITIES, INC.	523,229.00	0.1233578
37	BCDO2000053	BDO TRUST BANKING GROUP	516,160.00	0.1216912
38	21700000000	RCBC SECURITIES, INC.	492,095.00	0.1160175
39	10300000000	ACCORD CAPITAL EQUITIES CORPORATION	469,699.00	0.1107374
40	11100000000	ANSALDO, GODINEZ & CO., INC.	464,580.00	0.1095305
41	15300000000	EQUITIWORLD SECURITIES, INC.	463,490.00	0.1092736
42	22400000000	PNB SECURITIES, INC.	427,290.00	0.1007389
43	14700000000	E. CHUA CHIACO SECURITIES, INC.	402,470.00	0.0948873
44	BCDO2000005	GENERALI PILIPINAS LIFE ASSURANCE COMPANY - GF	385,670.00	0.0909265
45	11500000000	SB EQUITIES,INC.	366,033.00	0.0862968
46	12400000000	B. H. CHUA SECURITIES CORPORATION	350,500.00	0.0826347
47	21500000000	OPTIMUM SECURITIES CORPORATION	338,400.00	0.0797820
48	36800000000	SunSecurities, Inc.	334,797.00	0.0789326
49	23900000000	RTG & COMPANY, INC.	305,542.00	0.0720353
50	23800000000	R. S. LIM & CO., INC.	301,820.00	0.0711578
51	23100000000	R & L INVESTMENTS, INC.	300,950.00	0.0709527
52	DEUB2000005	DEUTSCHE BANK MANILA-CLIENTS A/C	293,540.00	0.0692057
53	15400000000	EVERGREEN STOCK BROKERAGE & SEC., INC.	276,800.00	0.0652591
54	BCDO2000065	BDO TRUST BANKING GROUP	275,210.00	0.0648842
55	13000000000	CENTURY SECURITIES CORPORATION	272,604.00	0.0642698
56	BCDO2000066	BDO TRUST BANKING GROUP	267,800.00	0.0631372
57	20000000000	MANDARIN SECURITIES CORPORATION	216,060.00	0.0509388
58	18100000000	INVESTORS SECURITIES, INC,	207,470.00	0.0489136
59	25300000000	TOWER SECURITIES, INC.	207,252.00	0.0488622
60	BCDO2000051	BDO TRUST BANKING GROUP	202,930.00	0.0478433
61	15000000000	EASTERN SECURITIES DEVELOPMENT CORPORATION	193,110.00	0.0455281
62	23600000000	R. NUBLA SECURITIES, INC.	192,552.00	0.0453965
63	11200000000	AB CAPITAL SECURITIES, INC.	191,155.00	0.0450672
64	25900000000	UCPB SECURITIES, INC.	190,765.00	0.0449752
65	BCDO2000086	IMA# 201-78082	178,230.00	0.0420199
66	23300000000	R. COYIUTO SECURITIES, INC.	176,225.00	0.0415472
67	21900000000	PAPA SECURITIES CORPORATION	170,579.00	0.0402161
68	DEUB2000003	DEUTSCHE BANK MANILA-CLIENTS A/C	169,000.00	0.0398439

Security ID: MWIDE0000000 **Security Name:** MWIDE

Transfer Agent: EQBKTA00000 **Transfer Agent Name:** BANCO DE ORO UNIBANK, INC. TRANSFER AGENT

S. No.	BPID	BPNAME	HOLDING	%HOLDING
69	16100000000	FRANCISCO ORTIGAS SECURITIES, INC.	167,464.00	0.0394817
70	19900000000	LUYS SECURITIES COMPANY, INC.	151,320.00	0.0356756
71	14000000000	IGC SECURITIES INC.	147,875.00	0.0348634
72	20500000000	MERCANTILE SECURITIES CORP.	141,160.00	0.0332802
73	34500000000	UNICAPITAL SECURITIES INC.	133,200.00	0.0314036
74	24600000000	SUMMIT SECURITIES, INC.	131,300.00	0.0309556
75	12800000000	CAMPOS, LANUZA & COMPANY, INC.	119,870.00	0.0282608
76	10600000000	ALPHA SECURITIES CORP.	116,530.00	0.0274734
77	10900000000	BA SECURITIES, INC.	115,930.00	0.0273319
78	15900000000	FIRST INTEGRATED CAPITAL SECURITIES, INC.	112,300.00	0.0264761
79	13300000000	CITISECURITIES, INC.	111,943.00	0.0263920
80	27800000000	YU & COMPANY, INC.	111,150.00	0.0262050
81	17000000000	GOLDSTAR SECURITIES, INC.	108,400.00	0.0255567
82	27500000000	YAO & ZIALCITA, INC.	106,600.00	0.0251323
83	20800000000	MDR SECURITIES, INC.	104,000.00	0.0245193
84	PABC1000000	AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	101,182.00	0.0238549
85	28600000000	SOLAR SECURITIES, INC.	98,150.00	0.0231401
86	BCDO2000064	BDO TRUST BANKING GROUP	97,760.00	0.0230481
87	BCDO2000015	BANCO DE ORO - TRUST BANKING GROUP	92,040.00	0.0216996
88	28500000000	GOLDEN TOWER SECURITIES & HOLDINGS, INC.	89,570.00	0.0211172
89	25700000000	TRI-STATE SECURITIES, INC.	81,560.00	0.0192288
90	26900000002	WEALTH SECURITIES, INC.	78,850.00	0.0185899
91	28800000000	G.D. TAN & COMPANY, INC.	77,690.00	0.0183164
92	13100000000	PCIB SECURITIES, INC.	74,003.00	0.0174471
93	19000000000	VALUE QUEST SECURITIES CORPORATION	70,500.00	0.0166213
94	13600000000	TRITON SECURITIES CORP.	70,150.00	0.0165387
95	21100000000	NEW WORLD SECURITIES CO., INC.	68,880.00	0.0162393
96	33800000002	PHILIPPINE EQUITY PARTNERS, INC.	67,600.00	0.0159375
97	18200000000	IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	66,025.00	0.0155662
98	BCDO2000014	BANCO DE ORO - TRUST BANKING GROUP	63,180.00	0.0148955
99	16700000000	AURORA SECURITIES, INC.	63,000.00	0.0148530
100	32300000000	CLSA PHILIPPINES, INC.	60,208.00	0.0141948
101	10400000000	A. T. DE CASTRO SECURITIES CORP.	60,150.00	0.0141811
102	19200000000	STRATEGIC EQUITIES CORP.	58,489.00	0.0137895
103	21000000000	MOUNT PEAK SECURITIES, INC.	58,055.00	0.0136872
104	17200000000	GUILD SECURITIES, INC.	56,000.00	0.0132027
105	16200000000	F. YAP SECURITIES, INC.	51,189.00	0.0120684
106	BCDO2000090	IMA#201-78090-5	49,010.00	0.0115547
107	17500000000	H. E. BENNETT SECURITIES, INC.	48,490.00	0.0114321
108	BCDO2000027	BANCO DE ORO - TRUST BANKING GROUP	48,100.00	0.0113402

Security ID: MWIDE0000000 **Security Name:** MWIDE

Transfer Agent: EQBKTA00000 **Transfer Agent Name:** BANCO DE ORO UNIBANK, INC. TRANSFER AGENT

S. No.	BPID	BPNAME	HOLDING	%HOLDING
109	BCDO2000028	BANCO DE ORO - TRUST BANKING GROUP	46,930.00	0.0110643
110	21300000000	NIEVES SECURITIES, INC.	43,380.00	0.0102274
111	BCDO2000037	BDO TRUST BANKING GROUP	43,290.00	0.0102062
112	14500000000	DIVERSIFIED SECURITIES, INC.	38,480.00	0.0090721
113	23000000000	QUALITY INVESTMENTS & SECURITIES CORPORATION	38,450.00	0.0090651
114	16800000000	GLOBALINKS SECURITIES & STOCKS, INC.	37,500.00	0.0088411
115	BCDO2000092	BDO TRUST FAO GENERALI PILIPINAS LIFE ASSURANCE COMPANY- EQUITY I	36,680.00	0.0086478
116	21800000000	PAN ASIA SECURITIES CORP.	35,080.00	0.0082705
117	24000000000	S.J. ROXAS & CO., INC.	33,850.00	0.0079806
118	19500000000	LITONJUA SECURITIES, INC.	33,800.00	0.0079688
119	27000000000	WESTLINK GLOBAL EQUITIES, INC.	33,800.00	0.0079688
120	BCDO2000069	IMA# 201-78068	31,070.00	0.0073251
121	17900000000	I. ACKERMAN & CO., INC.	29,842.00	0.0070356
122	BCDO2000078	IMA#201-78076	29,692.00	0.0070003
123	28300000000	EAGLE EQUITIES, INC.	28,402.00	0.0066961
124	28200000000	PCCI SECURITIES BROKERS CORP.	26,329.00	0.0062074
125	11900000000	ASTRA SECURITIES CORPORATION	26,000.00	0.0061298
126	32300000003	PERLA COMPAÑA DE SEGUROS INC.	26,000.00	0.0061298
127	BCDO2000052	BDO TRUST BANKING GROUP	21,060.00	0.0049652
128	26600000000	VICSAL SECURITIES & STOCK BROKERAGE, INC.	20,280.00	0.0047813
129	25100000000	TANSENGCO & CO., INC.	19,186.00	0.0045233
130	BCDO2000068	IMA# 208-78180-7	15,080.00	0.0035553
131	27300000000	WONG SECURITIES CORPORATION	15,000.00	0.0035364
132	32300000002	CLSA PHILIPPINES, INC.	13,113.00	0.0030916
133	27200000000	BERNAD SECURITIES, INC.	13,000.00	0.0030649
134	26000000000	UOB KAY HIAN SECURITIES (PHILS.), INC.	12,900.00	0.0030413
135	14100000000	CUALOPING SECURITIES CORPORATION	12,350.00	0.0029117
136	19300000000	LARRGO SECURITIES CO., INC.	11,050.00	0.0026052
137	BCDO2000094	IMA#101-78104-5	8,970.00	0.0021148
138	14200000000	DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	8,000.00	0.0018861
139	26300000000	VENTURE SECURITIES, INC.	7,384.00	0.0017409
140	BCDO2000085	IMA# 208-50271	6,890.00	0.0016244
141	25500000000	APEX PHILIPPINES EQUITIES CORPORATION	6,500.00	0.0015325
142	23700000000	AAA SOUTHEAST EQUITIES, INCORPORATED	6,400.00	0.0015089
143	SCTD1000030	MBTC TBG AS INVT. MNGR. FOR 3011-00033-12	5,000.00	0.0011788
144	11800000000	ASIASEC EQUITIES, INC.	3,900.00	0.0009195
145	PPSB1000008	EAST WEST BANKING CORP.-TRUST DIVISION FAO 387-311-008354	3,900.00	0.0009195
146	11600000000	ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	3,000.00	0.0007073
147	BCDO2000009	BANCO DE ORO - TRUST BANKING GROUP	3,000.00	0.0007073
148	BCDO2000095	IMA#101-78105-1	2,990.00	0.0007049

Security ID: MWIDE0000000 **Security Name:** MWIDE

Transfer Agent: EQBKTA00000 **Transfer Agent Name:** BANCO DE ORO UNIBANK, INC. TRANSFER AGENT

S. No.	BPID	BPNAME	HOLDING	%HOLDING
149	BCDO2000093	BLUE CROSS INSURANCE INC.	2,860.00	0.0006743
150	12500000000	JAKA SECURITIES CORP.	2,080.00	0.0004904
151	1120000FTXN	AB CAPITAL SECURITIES, INC.	1,950.00	0.0004597
152	15700000000	FIRST ORIENT SECURITIES, INC.	1,690.00	0.0003984
153	BCDO2000070	IMA# 201-78069	1,690.00	0.0003984
154	BCDO2000096	IMA#101-78107-8	1,500.00	0.0003536
155	25200000000	THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	1,300.00	0.0003065
156	12300000000	BENJAMIN CO CA & CO., INC.	845.00	0.0001992
157	18000000000	I. B. GIMENEZ SECURITIES, INC.	338.00	0.0000797
158	33800000000	PHILIPPINE EQUITY PARTNERS, INC.	224.00	0.0000528
159	18300000000	INTRA-INVEST SECURITIES, INC.	65.00	0.0000153
160	20900000000	DEUTSCHE REGIS PARTNERS, INC.	63.00	0.0000149
161	12900000000	SINCERE SECURITIES CORPORATION	50.00	0.0000118
162	MEGAWIDE000	MEGAWIDE CONSTRUCTION CORPORATION	12.00	0.0000028
163	HSBC4000000	THE HONGKONG & SHANGHAI BANKING CORP. LTD. -OWN ACCOUNT	1.00	0.0000002

EXHIBIT 2

CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

COVER SHEET

FS 2004 1146 1

S.E.C. Registration Numb

MEGAWIDE

CONSTRUCTION

CORPORATION

(Company's Full Name)

2nd FLOOR SPRING BUILDING,

ARNAIZ AVENUE COR.

P. BURGOS ST., PASAY CITY

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

MICHAEL COSIQUIEN

Contact Person

655- 1111

Company Telephone Number

12 31

Month Day

Calendar Year

AFS

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

-

Amended Articles Number/Section

Total Amount of Borrowings ('000)

Total No. of Stockholders

353369

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

MEGAWIDE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megawide Construction Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013, 2012 and 2011, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68;
b. Reconciliation of Retained Earnings Available for Dividend Declaration;
c. Schedule of PFRS and Interpretations adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2013;
d. Schedule of Financial Indicators for December 31, 2013 and 2012;
e. Map showing the Relationship Between and Among the Company and its Related Entities;
f. Schedule of Proceeds and the Expenditures for the Recent Public Offering; and,
g. Details of Transactions with DOSRI.

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors, appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and stockholders has expressed its opinion on the fairness of presentation upon completion of such examination.

MEGAWIDE

ENGR. MICHAEL C. COSIQUIEN
Chairman and Chief Executive Officer
150-443-099-000

ENGR. EDGAR B. SAAVEDRA
President and Chief Operating Officer
195-661-064-000

OLIVER V. TAN
Chief Financial Officer
208-264-817

SUBSCRIBED AND SWORN TO before me this 28 APR 2014 at QUEZON CITY affiants exhibiting to me their valid Tax Identification Numbers stated above.

DOC NO 388
PAGE NO 74
BOOK NO V
SERIES OF 2014

ATTY. [illegible] C. FERNANDEZ
NOTARY PUBLIC
Until December 31, 2014
Lifetime [illegible] 6-5-1995
PTR. No. [illegible] 1-2-2014
Quezon City
TIN 120-802-013
ROLL NO. 33831
MCLE 4 0047822 / 5-15-13

Punongbayan & Araullo

An instinct for growth™

Financial Statements and Independent Auditors' Report

Megawide Construction Corporation

December 31, 2013, 2012 and 2011
(With Corresponding Figures as of January 1, 2012)

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and Stockholders
Megawide Construction Corporation
(A Subsidiary of Citicore Holdings Investment, Inc.)
2nd Floor Spring Building
Arnaiz Avenue Corner P. Burgos St.
Pasay City

Report on the Financial Statements

We have audited the accompanying financial statements of Megawide Construction Corporation, which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Date 15 APR 2014
MA. GRACE A. DORA L. ASUNCION

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Megawide Construction Corporation as at December 31, 2013 and 2012, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

Date 15 APR 2014

MA. RACHEL PAUL CASTILLO

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2013 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 4225004, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-2 (until Aug. 8, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-20-2012 (until May 15, 2015)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

March 27, 2014

Date 15 APR 2014
RECEIVED
MA. GRACE AURORA L. CASTILLO

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 and 2012
(With Corresponding Figures as of January 1, 2012)
(Amounts in Philippine Pesos)

I.C.T.D.S
ELECTRONIC RECORDS AND MANAGEMENT DIVISION
APR 15 2014
BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENT

	Notes	2013	December 31, 2012 (As Restated - see Note 2)	January 1, 2012 (As Restated - see Note 2)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	4	P 2,276,033,774	P 209,299,011	P 1,440,677,903
Financial assets at fair value through profit or loss	6	5,824,274,558	2,004,222,518	777,938,096
Trade and other receivables - net	5	4,102,937,463	3,433,591,679	2,439,037,760
Construction materials	7	339,632,753	67,722,317	171,171,138
Cost in excess of billings on uncompleted contracts	8	2,244,616,767	1,060,186,176	446,226,214
Other current assets	9	1,954,824,815	1,125,527,903	710,251,242
Total Current Assets		16,742,320,130	7,900,549,604	5,985,302,353
NON-CURRENT ASSETS				
Investment in an associate	10	196,268,564	145,495,124	-
Property, plant and equipment - net	11	4,330,697,120	3,775,259,228	2,183,564,852
Deferred tax assets	21	41,366,847	64,122,676	26,486,573
Other non-current assets	9	192,344,521	151,050,092	90,931,235
Total Non-current Assets		4,760,677,052	4,135,927,120	2,300,982,660
TOTAL ASSETS		P 21,502,997,182	P 12,036,476,724	P 8,286,285,013

Date 15 APR 2014
RECEIVED
MA. GRACE AURORA L. CASTILLO

	Notes	2013	December 31, 2012 (As Restated - see Note 2)	January 1, 2012 (As Restated - see Note 2)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13	P 2,432,443,752	P 2,075,625,432	P 493,841,994
Trade and other payables	12	2,024,476,795	1,947,557,599	846,088,631
Advances from customers	14	987,842,320	693,478,144	805,158,499
Billings in excess of costs on uncompleted contracts	8	2,317,861,428	1,223,314,186	993,356,568
Other current liabilities	15	52,613,351	51,437,639	20,397,608
Total Current Liabilities		7,815,237,646	5,995,114,228	3,158,843,300
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13	5,032,932,033	1,194,444,128	1,168,965,421
Post-employment defined benefit obligation	20	110,366,827	50,855,869	45,120,978
Other non-current liability	15	3,450,440	24,682,842	9,217,402
Total Non-current Liabilities		5,146,749,300	1,269,982,839	1,223,303,801
Total Liabilities		12,961,986,946	7,265,097,067	4,382,147,101
EQUITY	23			
Capital stock		1,649,426,127	1,114,100,003	1,114,100,003
Additional paid-in capital		4,207,276,193	1,961,729,696	1,961,729,696
Revaluation reserves		(36,064,872)	(9,826,206)	(14,525,807)
Retained earnings		2,720,372,788	1,705,376,164	842,834,020
Total Equity		8,541,010,236	4,771,379,657	3,904,137,912
TOTAL LIABILITIES AND EQUITY		P 21,502,997,182	P 12,036,476,724	P 8,286,285,013

See Notes to Financial Statements.

Date 15 APR 2014
MA. GRACE AURORA L. CASTILLO

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012 (As Restated - see Note 2)	2011 (As Restated - see Note 2)
CONTRACT REVENUES	16	P 10,880,437,252	P 8,204,809,853	P 7,742,125,100
CONTRACT COSTS	17	9,099,307,940	6,811,343,528	6,642,020,589
GROSS PROFIT		1,781,129,312	1,393,466,325	1,100,104,511
OTHER OPERATING EXPENSES	18	338,337,999	276,176,508	263,453,885
OPERATING PROFIT		1,442,791,313	1,117,289,817	836,650,626
OTHER INCOME (CHARGES)	19			
Finance income		459,041,037	236,833,914	110,557,930
Finance costs		(421,151,138)	(235,063,967)	(72,865,577)
Others - net		46,896,529	37,977,894	19,281,029
		84,786,428	39,747,841	56,973,382
PROFIT BEFORE TAX		1,527,577,741	1,157,037,658	893,624,008
TAX EXPENSE	21	131,944,316	144,470,987	143,418,102
NET PROFIT		1,395,633,425	1,012,566,672	750,205,906
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit plan	20	(37,483,809)	6,713,716	(20,751,153)
Tax income (expense)	21	11,245,143	(2,014,115)	6,225,346
		(26,238,666)	4,699,601	(14,525,807)
TOTAL COMPREHENSIVE INCOME		P 1,369,394,759	P 1,017,266,273	P 735,680,099
Earnings per Share				
Basic and diluted	25	P 1.13	P 1.18	P 0.70

See Notes to Financial Statements.

Date 15 APR 2014
RECEIVED
MA. GRACE AURORA L. CASTILLO

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012 (As Restated - see Note 2)	2011 (As Restated - see Note 2)
CAPITAL STOCK	23			
Balance at beginning of year		P 1,114,100,003	P 1,114,100,003	P 565,000,002
Issuances during the year		154,689,323	-	292,000,000
Stock dividends distributed		380,636,801	-	257,100,001
Balance at end of year		1,649,426,127	1,114,100,003	1,114,100,003
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		1,961,729,696	1,961,729,696	60,000,000
Issuances during the year		2,245,546,497	-	1,901,729,696
Balance at end of year		4,207,276,193	1,961,729,696	1,961,729,696
REVALUATION RESERVES				
Balance at beginning of year				
As previously reported		-	-	-
Effect of adoption of PAS 19 (Revised)	2	(9,826,206)	(14,525,807)	-
As restated		(9,826,206)	(14,525,807)	-
Remeasurement of post-employment defined benefit plan, net of tax		(26,238,666)	4,699,601	(14,525,807)
Balance at end of year		(36,064,872)	(9,826,206)	(14,525,807)
RETAINED EARNINGS				
Balance at beginning of year				
As previously reported		1,704,854,569	842,750,755	349,728,115
Effect of adoption of PAS 19 (Revised)	2	521,595	83,265	-
As restated		1,705,376,164	842,834,020	349,728,115
Dividends	23	(380,636,801)	(150,024,528)	(257,100,001)
Net profit for the year		1,395,633,425	1,012,566,672	750,205,906
Balance at end of year		2,720,372,788	1,705,376,164	842,834,020
TOTAL EQUITY		P 8,541,010,236	P 4,771,379,657	P 3,904,137,912

See Notes to Financial Statements.

15 APR 2014
MA. GRACE AURORA L. CASTILLO

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012 (As Restated - see Note 2)	2011 (As Restated - see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,527,577,741	P 1,157,037,658	P 893,624,008
Adjustments for:				
Depreciation and amortization	9, 11	520,620,448	359,421,062	207,810,073
Finance income	19	(459,041,037)	(236,833,914)	(110,557,930)
Finance costs	19	421,151,138	235,063,967	72,865,577
Loss (gain) on disposals of property, plant and equipment	19	(19,412,623)	(2,176,227)	312,500
Equity in net loss of an associate	10	2,726,560	1,004,876	-
Operating profit before working capital changes		1,993,622,227	1,562,235,312	1,064,054,228
Increase in trade and other receivables		(623,328,896)	(896,380,413)	(1,395,406,729)
Decrease (increase) in construction materials		(271,910,436)	103,448,821	(145,262,552)
Increase in costs in excess of billings on uncompleted contracts		(1,184,430,591)	(613,959,962)	(323,286,926)
Increase in other current assets		(947,367,807)	(578,255,593)	(269,328,595)
Increase in other non-current assets		(42,290,772)	(58,838,746)	(73,636,534)
Increase (decrease) in trade and other payables		(22,523,442)	761,221,153	286,270,976
Increase (decrease) in advances from customers		294,364,176	(111,680,355)	17,203,543
Increase in billings in excess of costs on uncompleted contracts		1,094,547,242	229,957,618	543,763,263
Increase (decrease) in other liabilities		(20,056,690)	46,505,471	6,606,091
Increase in retirement benefit obligation		56,028,120	13,074,792	19,878,806
Cash generated from (used in) operations		326,653,131	457,328,098	(269,144,429)
Cash paid for income taxes		(26,709,672)	(17,441,044)	(186,734,374)
Net Cash From (Used in) Operating Activities		299,943,459	439,887,054	(455,878,803)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets at fair value through profit or loss		(5,538,315,799)	(3,410,771,147)	-
Proceeds from sale of financial assets at fair value through profit or loss	6	1,718,263,759	2,184,486,725	(777,938,096)
Acquisitions of property, plant and equipment and intangible assets	9, 11	(1,027,690,838)	(1,574,193,218)	(1,353,784,009)
Interest received		436,032,593	89,316,333	58,261,945
Investment in an associate	10	(53,500,000)	(146,500,000)	-
Proceeds from sale of property, plant and equipment	11	32,223,044	353,423,860	154,841,230
Decrease in short term-investments		-	-	483,636,902
Net Cash Used in Investing Activities		(4,432,987,241)	(2,504,237,447)	(1,434,982,028)
Balance brought forward		(P 4,133,043,782)	(P 2,064,350,393)	(P 1,890,860,831)

15 APR 2014
RECEIVED
MA. GRACE AURORA L. CASTILLO

	Notes	2013	2012	2011 (As Restated - see Note 2)
Balance carried forward		(P 4,133,043,782)	(P 2,064,350,393)	(P 1,890,860,831)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans and borrowings	13	9,488,566,463	3,767,214,945	1,350,000,000
Repayment of interest-bearing loans and borrowings	13	(5,293,260,238)	(2,584,046,811)	(294,962,999)
Proceeds from issuance of shares of stock	23	2,400,235,820	-	2,193,729,696
Interest paid	13	(383,179,398)	(234,868,788)	(32,002,238)
Advances from (repayments of amounts due to) stockholders	12, 22	(12,584,102)	29,505,156	(70,500,834)
Dividends paid	23	-	(144,833,001)	-
Net Cash From Financing Activities		6,199,778,545	832,971,501	3,146,263,625
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,066,734,763	(1,231,378,892)	1,255,402,794
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		209,299,011	1,440,677,903	185,275,109
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,276,033,774	P 209,299,011	P 1,440,677,903

Supplemental Information on Noncash Investing and Financing Activities

(1) In 2013 and 2011, the Company declared and distributed stock dividends amounting to P380.6 million and P257.1 million, respectively (see Note 23).

(2) As of December 31, 2012, the outstanding liability related to the asset acquisition made by the Company in 2012 amounted to P305.5 million (see Note 10).

(3) In 2013, 2012 and 2011, the Company purchased property, plant and equipment through finance leases with acquisition costs of P74.1 million, P424.1 million, P254.4 million, respectively (see Notes 11 and 13).

(4) Unpaid portion of purchase cost of parcels of land acquired in 2012 amounted to P54.8 million as of December 31, 2012. The account was fully settled in 2013 (see Notes 11 and 12).

(5) Unpaid interest as of December 31, 2013, 2012 and 2011 amounted to P38.0 million, P17.3 million and P17.1 million, respectively (see Note 13).

See Notes to Financial Statements.

15 APR
MA. GRACE AURORA L. CASTILLO

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

Megawide Construction Corporation (the Company) was incorporated in the Philippines on July 28, 2004 and is engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs general construction works which involve site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

Currently, the Company is engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. In 2011, the production of the Company's modular housing components has been registered with the Board of Investments (BOI) (see Note 21.1). The Company does not consider this activity as an operating segment; hence, no segment information and disclosures are presented in the Company's financial statements.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Philippine Securities Exchange Commission (SEC) approved the Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292 million unissued common shares of the Company at P7.84 offer price per share and the listing of those shares on PSE's main board on February 18, 2012 (see Note 23.1).

The Company is a subsidiary of Citicore Holdings Investment, Inc. (Citicore or the parent company) which owns and control 56.80% and 61.80% of the issued and outstanding capital stock of the Company as of December 31, 2013 and 2012, respectively. 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.

As of the end of 2013 and 2012, the Company holds 10% ownership interest in Citicore - Megawide Consortium, Inc. (CMCI) which is accounted for as an associate (see Note 10.2).

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 Company is located at 2nd Floor Spring Building, Arnaiz Avenue Corner P. Burgos St., Pasay City. The Company also maintains an office in its own building at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

1.2 Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2013 (including the corresponding figures for statement of financial position as of January 1, 2012 and the comparatives for the years ended December 31, 2012 and 2011 for the other statements) were authorized for issue by the Company's BOD on March 27, 2014, upon endorsement by its Audit and Risk Management Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of comprehensive income.

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

The Company's adoption of PAS 19 (Revised), *Employee Benefits*, resulted in material retrospective restatements on certain accounts for the years ended December 31, 2012 and 2011 [see Note 2(a)(ii)]. Accordingly, the Company presents corresponding figures in a third statement of financial position as of January 1, 2012 without the related notes, except for the disclosures required under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

(c) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amendments to PFRS

(a) *Effective in 2013 that are relevant to the Company*

In 2013, the Company adopted for the first time the following new PFRS, revisions, amendments and improvements thereto that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associate and Joint Venture
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PFRS 12	:	Disclosure of Interests in Other Entities
PFRS 10, 11 and 12 (Amendments)	:	Amendments to PFRS 10, 11 and 12 – Transition Guidance to PFRS 10, 11 and 12
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual Improvements to PFRS (2009-2011 Cycle)

Discussed below are the relevant information about these new, revised and amended standards.

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss, and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendment has been applied retrospectively, hence, the presentation of other comprehensive income has been modified to reflect the changes. Prior period comparatives have been restated as a consequence of this change in presentation.

(ii) PAS 19 (Revised 2011), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:

- eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The Company has applied PAS 19 (Revised) retrospectively in accordance with its transitional provisions. Consequently, it restated the comparative amounts disclosed in prior years and adjusted the cumulative effect of the changes against the December 31, 2012 and January 1, 2012 balances of the affected assets, liabilities, and equity components as shown below.

	December 31, 2012		
	As Previously Reported	Effect of Adoption of PAS 19 (Revised)	As Restated
Change in asset and liability:			
Deferred tax assets	P 60,134,985	P 3,987,691	P 64,122,676
Post-employment defined benefit obligation	(37,563,567)	(13,292,302)	(50,855,869)
Net increase in liability		(P 9,304,611)	
Changes in components of equity:			
Revaluation reserves	P -	(P 9,826,206)	(P 9,826,206)
Retained earnings	1,704,854,569	521,595	1,705,376,164
Net decrease in equity		(P 9,304,611)	

	January 1, 2012		
	As Previously Reported	Effect of Adoption of PAS 19 (Revised)	As Restated
Change in asset and liability:			
Deferred tax assets	P 20,296,912	P 6,189,661	P 26,486,573
Post-employment defined benefit obligation	(24,488,775)	(20,632,203)	(45,120,978)
Net decrease in equity		(P 14,442,542)	
Changes in components of equity:			
Revaluation reserves	P -	(P 14,525,807)	(P 14,525,807)
Retained earnings	842,750,755	83,265	842,834,020
Net decrease in equity		(P 14,442,542)	

The effects of the adoption of PAS 19 (Revised) on the statement of profit or loss and statement of comprehensive income for the years ended December 31, 2012 and 2011 are shown below.

	2012		
	As Previously Reported	Effect of Adoption of PAS 19 (Revised)	As Restated
Changes in profit loss or loss:			
Other operating expenses	(P 279,640,802)	P 3,464,294	(P276,176,508)
Finance costs	(232,225,858)	(2,838,109)	(235,063,967)
Tax expense	(144,283,131)	(187,856)	(144,470,987)
Net increase in net profit		P 438,329	
Changes in other comprehensive income:			
Remeasurements of post-employment defined benefit plan – net of tax	P -	P 4,699,601	P 4,699,601

	2011		
	As Previously Reported	Effect of Adoption of PAS 19 (Revised)	As Restated
Changes in profit loss or loss:			
Other operating expenses	(P 263,801,228)	P 347,343	(P 263,453,885)
Finance cost	(72,601,499)	(264,078)	(72,865,577)
Net increase in net profit		P 83,265	
Changes in other comprehensive income:			
Remeasurements of post-employment defined benefit plan – net of tax	P -	P 14,525,807	P 14,525,807

The adoption of PAS 19 (Revised) did not have a material impact on Company's statement of cash flows for the years ended December 31, 2012 and 2011.

(iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position.

This amendment did not have a significant impact on the Company's financial statements as the Company is not setting off financial instruments in accordance with PAS 32 and does not have relevant offsetting arrangements. However, there may be potential offsetting arrangements as disclosed in Note 27.2.

(iv) Consolidation, Joint Arrangements, Associates and Disclosures

This package of consolidation, joint arrangements, associates and disclosures standards comprise of PFRS 10, *Consolidated Financial Statements*, PFRS 11, *Joint Arrangements*, PFRS 12, *Disclosure of Interests in Other Entities*, PAS 27 (Revised 2011), *Separate Financial Statements* and PAS 28 (Revised 2011), *Investments in Associates and Joint Ventures.*

- PFRS 10 changes the definition of control focusing on three elements which determine whether the investor has control over the investee such as the: (a) power over the investee, (b) exposure or rights to variable returns from involvement with the investee, and, (c) ability to use such power to affect the returns. This standard also provides additional guidance to assist in determining control when it is difficult to assess, particularly in situation where an investor that owns less than 50% of the voting rights in an investee may demonstrate control to the latter.

- PFRS 11 deals with how a joint arrangement is classified and accounted for based on the rights and obligations of the parties to the joint arrangement by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. The option of using proportionate consolidation for arrangement classified as jointly controlled entities under the previous standard has been eliminated. This new standard now requires the use of equity method in accounting for arrangement classified as joint venture.

- PFRS 12 integrates and makes consistent the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. In general, this requires more extensive disclosures about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Revised) deals with the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10, while PAS 28 (Revised) includes the requirements for joint ventures, as well as for associates, to be accounted for using the equity method following the issuance of PFRS 11.

Subsequent to the issuance of these standards, amendments to PFRS 10, PFRS 11 and PFRS 12 were issued to clarify certain transitional guidance for the first-time application of the standards. The guidance clarifies that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

The Company has evaluated the various facts and circumstances related to its interests in other entities and it has determined that the adoption of the foregoing standards, revisions and amendments had no material impact on the amounts recognized in the financial statements. Additional information, however, are disclosed in compliance with the requirements of PAS 27 (Revised) with respect to principal place of business and incorporation of the associate (see Note 10.2).

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the disclosures presented in Note 27 the application of this new standard had no significant impact on the amounts recognized in the financial statements.

(vi) 2009-2011 Annual Improvements to PFRS. Annual improvement to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Company:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, related notes to the third statement of financial position are not required to be presented.

Consequent to the Company's adoption of PAS 19 (Revised) in the current year which resulted in retrospective restatement of the prior years' financial statements, the Company has presented corresponding figures in a third statement of financial position as of January 1, 2012 without the related notes, except for the disclosure requirements of PAS 8 and for listed entities.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory. This amendment had no impact on the Company's financial statements since it has been recognizing those servicing equipment in accordance with the recognition criteria under PAS 16.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes.* Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Company's financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(b) *Effective in 2013 that are not Relevant to the Company*

The following amendments, annual improvements and interpretation to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the Company's financial statements:

PFRS 1 (Amendment)	: First-time Adoption of PFRS – Government Loans
Annual Improvements	
PAS 34 (Amendment)	: Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PFRS 1 (Amendment)	: First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Cost
Philippine Interpretation International Financial Reporting Interpretation Committee 20	: Stripping Costs in the Production Phase of a Surface Mine Phase

(c) *Effective Subsequent to 2013 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretation to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this relief on disclosure requirements, if the impact of the amendment will be applicable.

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective from January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Company neither enters into transactions involving derivative instruments nor it applies hedge accounting, the amendment will not have an impact on the financial statements.

(iv) PFRS 9, *Financial Instruments: Classification and Measurement.* This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued in November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 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 main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now 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 in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS/PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Company does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(v) PFRS 10, 12 and PAS 27 (Amendments) – *Investment Entities* (effective from January 1, 2014). The amendments define the term "investment entities," provide supporting guidance, and require investment entities to measure investments in the form of controlling interest in another entity, at fair value through profit or loss.

Management does not anticipate these amendments to have a material impact on the Company's financial statements.

(vi) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Company but management does not expect a material impact on the Company's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

(a) PAS 24 (Amendment), *Related Party Disclosures.* The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

(b) PFRS 13 (Amendment), *Fair Value Measurement.* The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

PFRS 13 (Amendment), *Fair Value Measurement.* The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

2.3 Financial Assets

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

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

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

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables and Refundable security and bond deposits (presented under Other Current Assets) in the statement of financial position. Cash and cash equivalents includes cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate. All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the statement of comprehensive income.

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

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of the financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.4 Construction Materials

Construction materials are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of construction materials includes all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

The net realizable value of construction materials is the current replacement cost.

2.5 Other Assets

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period, are classified as non-current assets.

2.6 Investment in an Associate

Associate is an entity over which the Company is able to exert significant influence but which is neither subsidiary nor interest in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investment in associate. Goodwill is the excess of the acquisition cost over the fair value of the Company's share of the identifiable net assets of the investee at the date of acquisition.

All subsequent changes to the ownership interest in the equity of the associate are recognized in the Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in Net Earning (Loss) of an Associate account in profit or loss.

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

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

2.7 Acquisition of Asset

Acquisition of interest in an entity that holds investment property which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participant. Under the asset purchased accounting, the purchase costs is allocated to identifiable assets and liabilities based on relative fair values of individual items, goodwill or gain on bargain purchase is not recognized and transaction costs are capitalized.

2.8 Property, Plant and Equipment

Property, plant and equipment, except land and construction in progress, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in operations or administration is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Precast factory	25 years
Transportation equipment	5 years
Precast and construction equipment	3-10 years
Office furniture, fixtures and equipment	3 years

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge in depreciation is made in respect of these assets.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction of the Company's building, batching plant and precast factory. The account is not depreciated until such time that the assets are completed and available for use.

Transportation equipment held under finance lease agreements (see Note 2.15) are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of lease, if shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.9 Intangible Assets

Intangible assets (shown as part of Other Non-current Assets), include acquired computer software licenses, which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of five years as the lives of these intangible assets are considered finite. In addition, intangible assets are subject to impairment testing as described in Note 2.17.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred. Costs that are directly attributable to the development phase of new customized software for information technology are recognized as intangible assets if, and only if, the Company can demonstrate all of the following recognition requirements:

(i) technical feasibility of completing the prospective product for internal use or sale;

(ii) the intangible asset will generate probable economic benefits through internal use or sale;

(iii) intention and ability to complete, i.e., availability of sufficient technical, financial and other resources necessary for completion, and use or sell the asset; and,

(iv) ability to measure reliably the expenditure attributable to the intangible asset during development.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset is determined as the difference between the net disposal proceeds and carrying value of the asset, and is charged to profit or loss for the period.

2.10 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings and trade and other payables [except output value-added tax (VAT) and other taxes payable] are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss as part of Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of funding of operations. Finance charges, including direct costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Obligations under finance lease (included as part of Interest-bearing Loans and Borrowings) are recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments, at the inception of the lease (see Note 2.15).

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When the time value of money is material, long-term provisions are discounted to their present values using pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.13 Construction Revenues and Costs

The Company uses the percentage of completion method to determine the appropriate amount to recognize as contract revenue and cost in a given period. The stage of completion is measured through surveys done by the Company's project engineers in accordance with terms, conditions and technical specifications stipulated in the contract. Contract cost is determined based on total estimated costs to complete the project, as determined by project engineers, taking into consideration the stage of completion of the projects.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recovered.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract based on the percentage of completion. When it is probable that total contract costs will exceed total contract revenues, the expected loss is recognized as an expense immediately.

The Company presents as asset the gross amount due from customers for contract works of all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings under current assets as Costs in Excess of Billings on Uncompleted Contracts. Progress billings not yet paid by customers and retention are included in Trade and Other Receivables account in the statement of financial position.

The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses) under current liabilities as Billings in Excess of Costs on Uncompleted Contracts.

Cash received from customers which will be applied to subsequent progress billings are presented as Advances from Customers account under the current liabilities section of the statement of financial position.

2.14 Revenue and Expense Recognition

Revenue comprises revenue from rendering of services measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding VAT.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Contract revenues* – Revenue from construction of buildings is recognized using the percentage of completion method based on the physical completion of the project (see Note 2.13).

(b) *Interest income* – Income is recognized as the interest accrues taking into account the effective yield on the asset.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except for capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.19).

2.15 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Leases, which transfer to the Company substantially all risks and benefits incidental to ownership of the leased item, are classified as finance leases and are recognized as assets and liabilities in the statement of financial position at the inception of the lease at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

For sale and leaseback transactions resulting in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the Company (as seller-lessee) but deferred and amortized over the lease term. However, if the carrying amount of the asset exceeds the sales proceeds, the loss is immediately charged to profit or loss in the statement of comprehensive income.

Leases, which do not transfer to the Company substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments (net of any incentive received from lessor) are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) Company as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of profit or loss from operations.

2.17 Impairment of Non-financial Assets

The Company's investment in an associate, property, plant and equipment, intangible assets and other non-financial assets are subject to impairment testing. All non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.18 Employee Benefits

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's post-employment defined benefit plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bonds as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment.

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.20 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, provided such tax rates have been enacted or substantially enacted at the end of each reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relates to the same entity and the same taxable authority.

2.21 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.22 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserves comprise actuarial gains and losses due to remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared.

2.23 Earnings per Share

Basic earnings per share is determined by dividing net profit by the weighted average number of common shares subscribed and issued during the year after giving retroactive effect to any stock dividends, stock split or reverse stock split declared in the current year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The Company does not have dilutive potential shares outstanding as at the end of the reporting period.

2.24 Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Distinction Between Business Combination and Asset Acquisition

The Company determines whether the acquisition of an entity constitute a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a "business" taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets.

(b) Distinction Between Operating and Finance Leases

The Company has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) *Capitalization of Borrowing Costs*

The Company determines whether the amount of finance costs qualifies for capitalization as part of the cost of the qualifying asset, or expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to get the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

(d) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and disclosures on contingencies are discussed in Note 2.12 and relevant disclosures are presented in Note 25.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Determining Percentage of Completion*

The Company uses the percentage of completion method in accounting for its construction contract revenues and costs. The use of the percentage of completion method requires the Company to estimate the stage of completion based on surveys done by the Company's engineers and total costs to be incurred on a per project basis. If the proportion of the percentage of completed projects or the total estimated costs per project differs from management's estimates, the amount of profit or loss would have changed.

(b) *Impairment of Trade and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 5.

(c) *Determining Net Realizable Value of Construction Materials*

In determining the net realizable value of construction materials, management takes into account the most reliable evidence available at the time the estimates are made. The Company periodically reviews its construction materials for possible damaged and obsolete items. Items identified as obsolete are provided with impairment allowance.

Management has assessed that no allowance for obsolescence is required to be recognized on construction materials in 2013 and 2012.

(d) *Estimating Useful Lives of Intangible Assets and Property, Plant and Equipment*

The Company estimates the useful lives of intangible assets and property, plant and equipment based on the period over which the assets are expected to be available for use. The related estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The carrying amounts of intangible assets and property, plant and equipment are analyzed in Notes 9.5 and 11, respectively. Based on management's assessment as of December 31, 2013 and 2012, there is no change in estimated useful lives of these assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2013 and 2012, will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 21.2.

(f) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.17). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment losses are required to be recognized on the Company's non-financial assets in 2013, 2012 and 2011.

(g) *Valuation of Post-employment Defined Benefit*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of DBO, as well as the significant assumptions used in estimating such obligation are presented in Note 20.2.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows as of December 31 (see Notes 10.1 and 22.4):

	2013	2012
Cash on hand	**P 4,576,812**	P 2,153,765
Cash on banks	**1,571,456,962**	207,145,246
Short-term placements	**700,000,000**	-
	P2,276,033,774	P 209,299,011

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 1.50% in 2013, between 1.75% to 6.80% in 2012 and 1.75% to 6.80% in 2011. Interest income earned from these financial assets amounted to P87.9 million, P26.1 million and P51.3 million in 2013, 2012 and 2011, respectively, and is presented as part of Finance Income in the statements of comprehensive income (see Note 19.2).

5. TRADE AND OTHER RECEIVABLES

This account consists of the following as of December 31:

	Notes	2013	2012
Contract receivables:			
Related parties	22.1	**P1,747,051,309**	P1,943,038,586
Third parties		**856,101,408**	484,011,708
	16	**2,603,152,717**	2,427,050,294
Retention receivables:			
Related parties	22.1	**1,173,695,234**	907,284,539
Third parties		**295,986,273**	193,682,660
	16	**1,469,681,507**	1,100,967,199
Advances to:			
Officers and employees	22.3	**8,195,642**	2,778,610
Related parties	22.6	**-**	2,747,459
		8,195,642	5,526,069
Other receivables		**21,907,597**	17,019,250
		4,102,937,463	3,550,562,812
Allowance for impairment		**-**	(116,971,133)
		P4,102,937,463	P3,433,591,679

Major portion of contract and retention receivables as at December 31, 2013 and 2012 is from transactions with related parties (see Note 22.1).

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

In 2012, certain contract receivables with carrying amount of P224.8 million were sold to a certain local bank. There were no similar transactions in 2013.

Trade and other receivables do not bear any interest. All receivables are subject to credit risk exposure (see Note 26.2).

All of the Company's trade and other receivables have been reviewed for indicators of impairment. All receivables previously provided with allowance have been written-off in 2013.

A reconciliation of the allowance for impairment at the beginning and end of 2013 and 2012 is shown below.

	Note	2013	2012
Balance at beginning of year		**P 116,971,133**	P 28,136,018
Write-off		**(102,254,940)**	-
Reversal	19.2	**(14,716,193)**	(6,211,439)
Impairment losses	19.1	**-**	95,046,554
Balance at end of year		**P -**	P 116,971,133

In 2013, the Company has written-off certain receivables amounting to P102.3 million against the allowance for impairment losses. The Company granted these receivables as discount to clients for the new projects that were awarded to the Company. In 2013 and 2012, the Company collected certain receivables previously provided with allowance for impairment amounting to P14.7 million and P6.2 million, respectively. Accordingly, the Company reversed the allowance for impairment and recognized Reversal of impairment loss on trade receivables as part of Finance Income account in the statements of comprehensive income (see Note 19.2).

Certain contract receivables with carrying value of P1,847.0 million as of December 31, 2012 were used as collateral for certain bank loans (see Notes 13 and 28.3). The related bank loans already matured in 2013. The Company has not applied for any secured loans during the year.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company acquired certain investments in the Philippine government retail treasury bonds (RTBs) and Fixed Rate Treasury Notes in 2013 and 2012 with an original cost of P5,894.5 million and P1,889.3 million, respectively, as temporary investments to gain short-term profit.

These peso-denominated government securities earn interest per annum ranging from 1.50% to 5.88% in 2013, 5.75% to 6.13% in 2012 and 6.25% in 2011. Interest income earned from financial assets at FVTPL in 2013, 2012 and 2011 amounted to P27.2 million, P61.2 million and P6.9 million respectively (see Note 19.2).

As of December 31, 2013 and 2012, the investments which are carried at fair value based on quoted market prices for these securities amounted to P5,824.3 million and P2,004.2 million (see Note 27.4). The increase (decrease) in the fair values of the investments amounting to (P70.2 million), P114.9 million and P41.9 million in 2013, 2012 and 2011, respectively, is presented as part of Finance Costs or Finance Income account in the statements of comprehensive income (see Notes 19.1 and 19.2).

7. CONSTRUCTION MATERIALS

This account consists of the following as of December 31:

	2013	2012
Precast	P 109,981,556	P 9,302,596
Rebars	48,967,576	20,677,304
Hardware	43,486,347	30,833,494
Mechanical electrical plumbing and fireproof materials	41,108,599	6,040,522
Others	96,088,675	868,401
	P 339,632,753	P 67,722,317

Certain scrap construction materials were sold for P3.3 million, P20.6 million and P17.5 million in 2013, 2012 and 2011, respectively. Proceeds from the sale are presented as part of Others account under the Other Income (Charges) section in the statements of comprehensive income (see Note 19.3).

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

8. COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS

An analysis of these accounts is shown below.

	Note	2013	2012
Total costs incurred on uncompleted contracts (work in progress)	16	P22,536,185,597	P 19,347,297,789
Total billings on uncompleted contracts (progress billings)		(22,609,430,258)	(19,510,425,799)
		(P 73,244,661)	(P 163,128,010)

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

	2013	2012
Costs in excess of billings on uncompleted contracts (shown under current assets)	P 2,244,616,767	P 1,060,186,176
Billings in excess of costs on uncompleted contracts (shown under current liabilities)	(2,317,861,428)	(1,223,314,186)
	(P 73,244,661)	(P 163,128,010)

9. OTHER ASSETS

This account is composed of the following as of December 31:

	Notes	2013	2012
Current:			
Advances to suppliers	9.1	**P1,664,758,903**	P 935,207,314
Prepaid taxes	9.4	**104,129,190**	-
Input value-added tax (VAT)	29.1(b)	**83,161,052**	98,941,871
Refundable security and bond deposits	10, 25	**53,713,405**	31,199,972
Prepaid insurance		**29,325,689**	35,495,546
Prepaid rent		**19,736,576**	14,627,585
Office supplies		**-**	6,494,454
Prepaid subscription		**-**	3,561,161
		1,954,824,815	1,125,527,903
Non-current:			
Deferred input VAT	9.2	**130,973,713**	103,606,335
Deposit for condominium units	9.3	**36,326,178**	35,276,474
Intangible assets - net	9.5	**25,044,630**	12,167,283
		192,344,521	151,050,092
		P2,147,169,336	P1,276,577,995

9.1. Advances to Suppliers

Advances to suppliers pertain to down payments made by the Company to the suppliers based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Company either in a pro-rated basis or in full once billed by the supplier.

9.2. Deferred Input VAT

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

9.3. Deposit for Condominium Units

Deposit for condominium units represents initial down payments made for the purchase of condominium units. This will be reclassified to investment property upon execution of contract to sell and deed of sale.

9.4 Prepaid Taxes

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

9.5 Intangible Assets

Intangible assets represent the cost of computer license software. The details of this account are presented below.

	2013	2012
Cost	P 28,795,594	P 14,921,904
Accumulated amortization	(3,750,964)	(2,754,621)
	P 25,044,630	P 12,167,283

A reconciliation of the carrying amounts of intangible assets at the beginning and end of year is shown below.

	2013	2012
Balance at beginning of year	P 12,167,283	P 10,887,172
Additions	13,873,420	4,034,732
Amortization expense for the year	(996,343)	(2,754,621)
	P 25,044,630	P 12,167,283

The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expenses account in the statements of comprehensive income (see Note 18).

10. ACQUISITION OF ASSETS AND INVESTMENT IN AN ASSOCIATE

10.1 Acquisition of Assets of Altria

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Company acquired 100% ownership interest in Altria East Land, Inc. (Altria). Altria is a company incorporated in the Philippines and holds an investment property in the form of land. The registered office of Altria, which is also its principal place of business, is located at Coastal Road Bangiad, San Juan, Taytay, Rizal.

As of the date of acquisition, Altria has no operations and its assets mainly pertain to the land where the Company's precast and batching facilities are constructed (see Note 11). In accordance with Company's policy (see Note 2.7), the transaction is treated by the Company as an asset acquisition since the transaction does not constitute a business combination.

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

	Notes	
Cash in bank	4	P 486,426
Bond deposits	9	1,500,958
Land	11	303,468,569
Accrued expenses		(100,000)
		P305,355,953

Prior to the payment made by the Company in January 2013, the whole amount of the purchase price amounting to P305.4 million is presented as part of Non-trade payables under Trade and Other Payables account in the 2012 statement of financial position (see Note 12).

10.2 Investment in an Associate

The movements in the carrying amount of investment in associate accounted for under equity method are as follows:

	Note	2013	2012
Beginning balance		**P 145,495,124**	P -
Addition		**53,500,000**	146,500,000
Equity share in net loss	19.3	**(2,726,560)**	(1,004,876)
		P 196,268,564	P 145,495,124

In a special meeting by the Board of Directors (BOD) on October 3, 2012, the Company, together with Citicore, formed a joint venture corporation named Citicore-Megawide Consortium, Inc. (CMCI) whereby the Company will own 10% of the issued and outstanding shares of stocks of CMCI (see Note 25.6). CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

As of December 31, 2013 and 2012, the Company owns 10% interest in CMCI as a joint venture partner. The rights and powers of the Company over the management and control of the CMCI are exercised through a seat in the BOD of CMCI. Taking this into consideration, the Company concluded that it has significant influence over the investee; accordingly, the investment is accounted for as an investment in an associate.

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

Of the agreed subscription amount of the Company in CMCI for the 10% interest, P52.8 million was paid by Citicore on behalf of the Company. The related liability to Citicore as of December 31, 2013 and 2012 amounting to P11.0 million and P52.8 million, respectively, is presented as part of Non-trade payables under Trade and Other Payables account in the statements of financial position (see Note 12).

The financial information of the associate as of and for the years ended December 31 are set out below.

	2013	2012
Total assets	**P10,069,886,475**	P 2,357,998,872
Total liabilities	**8,104,560,829**	900,407,628
Total revenues	**44,057,244**	37,325
Net loss	**(27,265,598)**	(7,408,756)

11. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of December 31, 2013 and 2012 are shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
December 31, 2013								
Cost	P 620,705,584	P 229,838,657	P 414,492,169	P105,988,248	P 197,240,361	P3,939,632,830	P -	P5,507,897,849
Accumulated depreciation	-	(19,403,745)	(20,520,166)	(77,776,465)	(82,281,135)	(977,219,218)	-	(1,177,200,729)
Net carrying amount	**P 620,705,584**	**P 210,434,912**	**P 393,972,003**	**P 28,211,783**	**P 114,959,226**	**P2,962,413,612**	**P -**	**P4,330,697,120**
December 31, 2012								
Cost	P 515,441,390	P 219,793,378	P 387,345,935	P 94,985,287	P 151,211,382	P3,061,082,887	P 9,272,224	P4,439,132,483
Accumulated depreciation	-	(10,430,876)	(3,800,916)	(46,397,262)	(53,220,551)	(550,023,650)	-	(663,873,255)
Net carrying amount	P 515,441,390	P209,362,502	P 383,545,019	P 48,588,025	P 97,990,831	P2,511,059,237	P 9,272,224	P3,775,259,228
January 1, 2012								
Cost	P 144,198,154	P 198,906,124	P -	P 73,205,938	P 112,582,667	P1,870,905,438	P 127,176,994	P2,526,975,315
Accumulated depreciation	-	(1,851,212)	-	(18,592,957)	(30,689,783)	(292,276,511)	-	(343,410,463)
Net carrying amount	P 144,198,154	P 197,054,912	P -	P 54,612,981	P 81,892,884	P1,578,628,927	P 127,176,994	P2,183,564,852

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2013 and 2012 is shown below.

	Land	Building	Precast Factory	Office Furniture, Fixture and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
Balance at January 1, 2013, net of accumulated depreciation	P 515,441,390	P 209,362,502	P 383,545,019	P 48,588,025	P 97,990,831	P 2,511,059,237	P 9,272,224	P 3,775,259,228
Additions	105,264,194	10,045,279	12,335,895	11,002,961	59,667,966	884,018,008	5,538,115	1,087,872,418
Reclassification	-	-	14,810,339	-	-	-	(14,810,339)	-
Disposal	-	-	-	-	(11,001,355)	(1,809,066)	-	(12,810,421)
Depreciation charges for the year	-	(8,972,869)	(16,719,250)	(31,379,203)	(31,698,216)	(430,854,567)	-	(519,624,105)
Balance at December 31, 2013, net of accumulated depreciation	**P 620,705,584**	**P 210,434,912**	**P 393,972,003**	**P 28,211,783**	**P 114,959,226**	**P 2,962,413,612**	**P -**	**P4,330,697,120**
Balance at January 1, 2012, net of accumulated depreciation	P 144,198,154	P 197,054,912	P -	P 54,612,981	P 81,892,884	P 1,578,628,927	P 127,176,994	P 2,183,564,852
Additions	371,243,236	20,887,254	260,168,941	21,779,349	42,053,508	1,574,203,938	9,272,224	2,299,608,450
Reclassification	-	-	127,176,994	-	-	-	(127,176,994)	-
Disposal	-	-	-	-	(1,022,989)	(350,224,644)	-	(351,247,633)
Depreciation charges for the year	-	(8,579,664)	(3,800,916)	(27,804,305)	(24,932,572)	(291,548,984)	-	(356,666,441)
Balance at December 31, 2012, net of accumulated depreciation	P 515,441,390	P 209,362,502	P 383,545,019	P 48,588,025	P 97,990,831	P2,511,059,237	P 9,272,224	P3,775,259,228

Construction in progress pertains to accumulated costs incurred in constructing the Company's office building for use in operations and the batching plant and precast factory which are located in Taytay, Rizal. The construction of the precast factory and office building has been completed in 2012 and 2011, respectively, except for the batching facility whose construction was only completed in 2013. Accordingly, the related construction costs of the precast factory and office building are reclassified to appropriate accounts.

As a result of the acquisition of Altria in 2012, the Company recorded additional land amounting to P303.5 million (see Note 10.1).

In 2012, the Company acquired parcels of land costing P100.0 million on installment basis. The outstanding balance as of December 31, 2012 amounted to P54.8 million and is presented as Non-trade payables under the Trade and Other Payables account in 2012 statement of financial position (see Note 12). The related liability was fully settled in 2013.

In 2012 and 2011, the Company entered into several sale and leaseback transactions for certain construction equipment and transportation equipment that resulted in a finance lease (see Note 25.2). There were no similar transactions in 2013. The Company recognized gain on these transactions amounting to P46.6 million and P17.2 million in 2012 and 2011, respectively. The gain is deferred and will be amortized over the term of the lease. The related amortization in 2013, 2012 and 2011 of the deferred gain amounted to P26.9 million, P15.7 million and P2.1 million, respectively (see Note 19.3) while the unamortized deferred gain amounting to P24.7 million and P45.9 million as of December 31, 2013 and 2012, respectively, is presented as Unearned income under Other Liabilities in the statements of financial position (see Note 15).

In 2013 and 2012, certain property and equipment were sold for P32.2 million and P353.4 million, respectively. As a result, the Company recognized gain amounting to P19.4 million, P2.2 million and loss of P0.3 million in 2013, 2012, and 2011, respectively, which is presented as Gain (loss) on disposals of property and equipment under Other Income in the statements of comprehensive income (see Note 19.3).

As of December 31, 2013 and 2012, the total carrying amount of transportation equipment and construction equipment held under finance leases amounted to P485.8 million and P727.1 million, respectively. Outstanding liabilities for the finance leases as of December 31, 2013 and 2012 amounted to P247.7 million and P436.7 million, respectively, and are presented as Obligations under finance lease under Interest-bearing Loans and Borrowings in the statements of financial position (see Notes 13 and 25.2).

Depreciation expense is charged to the following accounts in the statements of comprehensive income:

	Notes	**2013**	2012	2011
Contract costs	17	**P 479,291,208**	P 318,540,872	P 186,689,219
Other operating expenses		**40,332,897**	38,125,569	21,120,854
	18	**P 519,624,105**	P 356,666,441	P 207,810,073

12. TRADE AND OTHER PAYABLES

This account consists of the following as of December 31:

	Notes	2013	2012
Trade payables		**P 988,827,766**	P1,075,310,159
Retention payable		**739,871,269**	445,974,276
Accrued expenses		**211,958,118**	3,340,997
Interest payable	13.3	**37,971,741**	17,326,636
Due to stockholders/ related parties	22.3 22.6	**16,921,054**	29,505,156
Accrued salaries		**15,923,373**	12,695,415
Non-trade payables	10, 11 22.7 (a)	**11,020,247**	358,105,953
Dividends payable	22.7	**1,983,227**	5,191,527
Other payables		**-**	7,480
		P2,024,476,795	P1,947,457,599

Retention payable pertains to amounts withheld from payments made to subcontractors to ensure compliance and completion of contracted projects ranging from 5% to 10% of every billing made by the contractor. Upon completion of the subcontracted projects, the amounts are returned to the subcontractors.

Accrued expenses include unreleased checks, unpaid utilities and unclaimed salaries and wages of resigned employees.

13. INTEREST-BEARING LOANS AND BORROWINGS

The short-term and long-term interest-bearing loans and borrowings are as follows as of December 31:

	Notes	2013	2012
Current:			
Bank loans	13.2, 22.5, 26.3	**P 2,256,199,800**	P1,833,403,747
Obligations under finance lease	11, 13.3, 22.5, 26.2	**176,243,952**	242,221,685
		2,432,443,752	2,075,625,432
Non-current:			
Notes payable	13.1, 22.5	**4,961,451,354**	1,000,000,000
Obligations under finance lease	11, 13.3, 22.5, 26.2	**71,480,679**	194,444,128
		5,032,932,033	1,194,444,128
		P 7,465,375,785	P3,270,069,560

13.1 Notes Payable

On February 19, 2013, the Company executed a notes facility agreement with a local bank. In this agreement, the 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 (DST) 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 Company.

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

	Principal	Term in years	Interest Rate
Tranche A	P 650,000,000	5	5.48%
Tranche B	3,250,000,000	7	5.68%
Tranche C	100,000,000	10	5.67%
	P 4,000,000,000		

The nominal rates refer to the Philippine Dealing System Treasury Fixing (PDST-F) rates with respect to the term of each tranche plus an interest spread of 1.75% for Tranche A and B and 1.50% for Tranche C.

The notes, among other things, restrict the Company's ability to:

(a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
(b) make any material change in the nature of its business from that being carried on as of the signing date;
(c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
(d) amend its articles of incorporation and/or bylaws except as required by law
(e) declare or pay any dividend to its stockholders or retain, retire, purchase or otherwise acquire any class of its capital stock;
(f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
(g) assign, transfer or otherwise convey any right to receive any of its income or revenues;
(h) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
(i) extend any loan, advance or subsidy to any person.;
(j) permit its financial debt to equity ratio to exceed 2:1; and,
(k) voluntarily prepay any indebtedness.

The Company has complied with all the debt covenants set forth in the notes facility agreement (see also Note 28). As of December 31, 2013, the carrying amount of the notes is P3,964.7 million.

In 2012, the Company made unsecured availments from a notes facility agreement with a local bank, which is a related party under common ownership, for private placement up to P3,000.0 million with maturity of five years from date of issue and fixed rate of 6.39% per annum (see Note 22.5).

Total interest on these notes payable amounted to P267.7 million, P63.9 million and P12.7 million in 2013, 2012 and 2011, respectively, and is presented as Interest expense from notes payable under Finance Costs account in the statements of comprehensive income (see Note 19.1).

13.2 Bank Loans

The bank loans represent secured and unsecured loans from local banks. The loans bear fixed annual interest rates ranging from 2.50% to 4.50% in 2013, from 3.70% to 4.50% in 2012 and 4.00% in 2011. Certain bank loans in 2013 and 2012 were obtained from a local bank, which is a related party under common ownership, and are secured by certain contract receivables of the Company in 2012 (see Notes 5, 22.5 and 25.3).

Total interest on these bank loans amounted to P27.6 million, P38.6 million and P17.1 million in 2013, 2012 and 2011 respectively, and is presented as Interest expense from bank loans under Finance Costs account in the statements of comprehensive income (see Note 19.1).

13.3 Finance Lease Obligations

The obligations under finance lease have an effective interest rate of 5.400% in 2013 and interest ranging from 6.500% to 8.360% in 2012. Lease payments are made on a monthly basis. Total interest from these obligations amounted to P48.6 million, P32.3 million and P19.3 million in 2013, 2012 and 2011, respectively, and is presented as part of Interest expense under Finance Costs account in the statements of comprehensive income (see Note 19.1).

Total unpaid interest from all indebtedness as of December 31, 2013 and 2012 amounted to P37.9 million and P17.3 million, respectively, and is presented as Interest payable under Trade and Other Payables account in the statements of financial position (see Note 12).

14. ADVANCES FROM CUSTOMERS

Advances from customers relates to the following projects as of December 31:

	Note	2013	2012
Contracts in progress:			
Third parties		**P 911,288,131**	P 450,132,198
Related parties	22.1	**-**	84,938,654
		911,288,131	535,070,852
Deposit received prior to commencement of a project		**76,554,189**	158,407,292
		P 987,842,320	P 693,478,144

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

15. OTHER LIABILITIES

The details of this account are as follows:

	Note	2013	2012
Current:			
Unearned income	11	**P 21,232,403**	P 21,232,403
Withholding taxes		**27,066,256**	24,906,851
Others		**4,314,692**	5,298,385
		52,613,351	51,437,639
Non-current –			
Unearned income	11	**3,450,440**	24,682,842
		P 56,063,792	P 76,120,481

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

16. CONTRACT REVENUES

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

	2013	2012	2011
Contracts in progress	**P10,837,806,790**	P7,128,702,555	P7,049,122,370
Completed contracts	**42,630,462**	1,076,107,298	693,002,730
	P10,880,437,252	P8,204,809,853	P7,742,125,100

About 30.0%, 65.15% and 55.17% of the contract revenues for 2013, 2012 and 2011, respectively, were earned from contracts with SM Development Corporation (SMDC), a related party under common ownership (see Note 22.1).

Contracts in progress as of December 31 and the balances of the related accounts are as follows:

	Notes	2013	2012
Total contract cost incurred and recognized profit (less recognized losses) to date	8	**P22,536,185,597**	P 19,347,297,789
Contract receivables	5	**2,603,152,717**	2,427,050,294
Retention receivables	5	**1,469,681,507**	1,100,967,199

17. CONTRACT COSTS

The following is the breakdown of contract costs:

	Notes	2013	2012	2011
Materials		**P 3,888,789,406**	P3,217,429,379	P3,403,955,528
Outside services		**3,306,303,720**	2,390,121,721	2,398,303,335
Project overhead		**985,365,045**	567,974,963	372,969,582
Salaries and employee benefits	20.1	**439,558,561**	317,276,593	280,102,925
Depreciation	11	**479,291,208**	318,540,872	186,689,219
	18	**P 9,099,307,940**	P6,811,343,528	P6,642,020,589

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees and various rental expenses of staging areas.

18. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2013	2012 (As Restated – See Note 2.2)	2011 (As Restated – See Note 2.2)
Materials, supplies and facilities		**P 3,897,316,640**	P3,219,725,540	P3,412,568,417
Outside services		**3,325,452,632**	2,409,354,281	2,417,534,332
Project overhead		**985,365,045**	567,974,963	370,969,582
Salaries and employee benefits	20.1	**576,544,381**	438,876,509	377,455,351
Depreciation and amortization	9.5, 11	**520,620,448**	359,421,062	207,810,073
Representation		**38,259,118**	17,215,756	20,360,308
Taxes and licenses	29.1(e)	**19,044,934**	5,696,821	29,000,982
Repairs and maintenance		**12,004,632**	4,935,499	24,353,888
Utilities		**10,520,897**	14,100,377	8,211,500
Travel and transportation		**8,972,354**	3,485,066	3,153,416
Rentals	22.2 25.1	**4,704,817**	6,423,549	5,139,414
Security services		**4,199,144**	2,660,325	2,786,828
Insurance		**2,320,291**	6,315,959	4,264,838
Gas and oil		**1,912,211**	2,936,294	5,607,950
Advertising		**1,681,734**	1,007,362	2,481,490
Provision for litigation claims	25.4	**-**	-	2,000,000
Miscellaneous		**28,726,661**	27,390,673	11,776,105
		P 9,437,645,939	P7,087,520,036	P6,905,474,474

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

	Note	2013	2012	2011
Contract costs	17	**P 9,099,307,940**	P 6,811,343,528	P 6,642,020,589
Other operating expenses		**338,337,999**	276,176,508	263,453,885
		P 9,437,645,939	P 7,087,520,036	P 6,905,474,474

19. OTHER INCOME (CHARGES)

19.1 Finance Costs

The breakdown of this account is as follows:

	Notes	2013	2012 (As Restated – See Note 2.2)	2011 (As Restated – See Note 2.2)
Interest expense from:	13, 22.5			
Notes payable		**P 267,685,396**	P 63,877,000	P 12,748,819
Finance lease		**48,606,497**	32,339,187	19,253,420
Bank loans		**27,571,072**	38,563,163	17,131,457
		343,862,965	134,779,350	49,133,696
Fair value loss on financial assets at FVTPL	6	**70,189,539**	-	-
Post-employment benefit – net	20.2	**2,858,100**	2,838,109	264,078
Foreign currency losses – net		**2,839,816**	215,474	1,875,695
Bank charges		**1,400,718**	2,184,480	3,725,096
Impairment losses on trade receivables	5	**-**	95,046,554	17,867,012
		P 421,151,138	P 235,063,967	P 72,865,577

19.2 Finance Income

The details of finance income are the following:

	Notes	2013	2012	2011
Gain on sale of financial assets at FVTPL		**P 329,282,622**	P 28,491,774	P -
Interest income from:				
Short-term placements	4	**86,560,826**	25,544,934	50,091,466
Financial assets at FVTPL	6	**27,176,558**	61,152,968	6,939,236
Cash in banks	4	**1,304,838**	507,320	1,231,243
		115,042,222	87,205,222	58,261,945
Reversal of impairment losses on trade receivables	5	**14,716,193**	6,211,439	10,397,440
Fair value gains on financial assets at FVTPL	6	**-**	114,925,479	41,898,545
		14,716,193	121,136,918	52,295,985
		P 459,041,037	P 236,833,914	P 110,557,930

19.3 Others

This consists of the following

	Notes	2013	2012	2011
Amortization of deferred gain on sale and leaseback	11	**P 26,905,542**	P 15,656,954	P 2,125,008
Gain (loss) on disposals of property and equipment	11	**19,412,623**	2,176,227	(312,500)
Income from scrap sales	7	**3,304,924**	20,620,647	17,468,521
Equity in net loss of an associate	10.2	**(2,726,560)**	(1,004,876)	-
Others		**-**	528,942	-
		P 46,896,529	P 37,977,894	P 19,281,029

20. EMPLOYEE BENEFITS

20.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits (see Note 18) are presented below.

	Note	**2013**	2012	2011
Short-term employee benefits		**P 557,375,332**	P 429,266,011	P 354,923,888
Post-employment benefit	20.2	**19,169,049**	9,610,498	22,531,463
		P 576,544,381	P 438,876,509	P 377,455,351

The expenses are allocated in the statement of comprehensive income.

	Notes	**2013**	2012	2011
Contract costs	17	**P 439,558,561**	P 317,276,593	P 280,102,925
Other operating expenses		**136,985,820**	121,599,916	97,352,426
	18	**P 576,544,381**	P 438,876,509	P 377,455,351

20.2 Post-employment Benefit

(a) Characteristics of Defined Benefit Plan

The Company maintains a partially funded and noncontributory post-employment defined benefit plan covering all regular full-time employees. The Company conforms to the minimum regulatory benefit under the Retirement Pay Law which is of the defined benefit type and provides a retirement benefit in lump sum equal to 22.5-day pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The normal retirement age is 60 with a minimum of 5 years of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2013 including the comparative year which have been restated in line with the adoption of PAS 19 (Revised), see Note 2.2 (a)(ii).

The amounts of post-employment defined benefit obligation (DBO) in the statements of financial position are determined as follows:

	2013	2012 (As Restated– see Note 2.2)
Present value of the obligation	**P 114,084,124**	P 54,319,092
Fair value of plan assets	**3,717,297**	3,463,223
Deficiency of plan assets	**P 110,366,827**	P 50,855,869

The movements in the present value of the DBO recognized in the financial statements are as follows:

	2013	2012 (As Restated– see Note 2.2)
Balance at beginning of year	**P 54,319,092**	P 48,290,055
Current service cost	**19,169,049**	9,610,498
Interest cost	**3,052,733**	3,037,444
Remeasurement/actuarial gains or losses arising from:		
Changes in financial assumptions	**6,605,649**	6,972,871
Experience adjustments	**30,937,601**	(13,591,776)
Balance at end of year	**P 114,084,124**	P 54,319,092

The movements in the fair value of plan assets are presented below.

	2013	2012 (As Restated– see Note 2.2)
Balance at beginning of year	**P 3,463,223**	P 3,169,077
Interest income	**194,633**	199,335
Return on plan assets (excluding amounts included in net interest)	**59,441**	94,811
Balance at end of year	**P 3,717,297**	P 3,463,223

The plan assets as of December 31, 2013 and 2012 consist of the Unit investment trust fund (UITF) amounting to P3.7 million and P3.4 million, respectively.

The Company has 2,070 participation units on UITF managed by the trust department of a certain universal bank that is a related party under common ownership (see Note 22.7).

Actual returns on plan assets were P0.3 million both in 2013 and 2012.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows (see Note 20.1):

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Recognized in profit or loss:			
Current service cost	**P 19,169,049**	P 9,610,498	P 22,531,463
Net interest expense	**2,858,100**	2,838,109	264,078
	P 22,027,149	P 12,448,607	P 18,263,153
Recognized in other comprehensive income			
Actuarial gains (losses) arising from:			
Changes in financial assumptions	**(P 6,605,649)**	(P 6,972,871)	(P 20,801,280)
Experience adjustments	**(30,937,601)**	13,591,776	2,488,000
Return on plan assets (excluding amounts included in net interest)	**59,441**	94,811	50,127
	(P 37,483,809)	P 6,713,716	(P 20,751,153)

Current service and past service costs are included as part of Salaries and Employee Benefits account in the statements of comprehensive income. The net interest expense is included in Finance Costs account (see Note 19.1).

Amounts recognized in other comprehensive income are presented under item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment benefit obligation, the following significant actuarial assumptions were used:

	2013	2012	2011
Discount rate	**5.32%**	5.62%	6.29%
Expected return on plan assets	**10.00%**	5.00%	5.00%
Employee turn-over rate	**3.00%**	3.00%	4.50%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Defined Benefit Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. As of December 31, 2013, the plan has short-term investments managed through UITF.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment defined benefit plan are described below.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as of December 31, 2013:

		Impact on Post-Employment Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 1%	(P 20,425,790)	P 25,496,725
Salary growth rate	+/- 1%	22,876,615	(18,997,270)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Funding Arrangements and Expected Contributions*

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Company is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Company's discretion. However, in the event a benefit claim, the shortfall will be due and payable from the Company to plan assets.

The maturity profile of undiscounted expected benefits payments from the plan amounts to P1.0 million within five to ten years and P12.0 million within 15 to 20 years.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 23 years.

21. TAXES

21.1 Registration with BOI

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

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

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

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

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

21.2 Current and Deferred Taxes

The components of tax expense as reported in profit or loss in the statements of comprehensive income are as follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Reported in other profit or loss			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 74,934,902**	P 166,680,160	P 144,179,701
Final tax at 20% and 7.5%	**23,008,442**	17,441,045	11,652,388
	97,943,344	184,121,205	155,832,089
Deferred tax expense (income) relating to origination and reversal of temporary differences	**34,000,972**	(39,650,218)	(12,413,987)
	P 131,944,317	P 144,470,987	P 143,418,102
Reported in other comprehensive income			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(P 11,245,143)**	P 2,014,115	(P 6,225,346)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Tax on pretax profit at 30%	**P 458,273,322**	P 347,111,297	P 268,087,202
Adjustment for income subjected to lower tax rates	**(11,504,222)**	(8,720,523)	(5,826,194)
Tax effects of:			
Non-taxable net profit under ITH	**(249,304,006)**	(163,873,512)	(84,011,203)
Non-taxable income	**(98,784,787)**	(43,025,175)	(12,594,543)
Non-deductible interest expense	**33,264,009**	12,978,900	6,427,931
IPO costs	**-**	-	(28,665,091)
	P 131,944,316	P 144,470,987	P 143,418,102

The deferred tax assets recognized in the statements of financial position as of December 31, 2013 and 2012 relate to the following:

	2013	2012 (As Restated – see Note 2.2)
Retirement benefit obligation	P 33,110,048	P 15,256,760
Deferred gain on sale and leaseback	7,404,853	13,774,574
Impairment losses on trade receivables	-	35,091,342
Unrealized foreign currency losses – net	851,946	-
	P 41,366,847	P 64,122,676

The deferred tax expense (income) recognized in the statements of comprehensive income for December 31 relate to the following:

	Profit or Loss			Other Comprehensive Income		
	2013	2012 (As Restated - see Note 2.2)	2011 (As Restated - see Note 2.2)	2013	2012 (As Restated - see Note 2.2)	2011 (As Restated - see Note 2.2)
Retirement obligation	(P 6,608,145)	(P 3,734,582)	(P 5,963,642)	(P 11,245,143)	P 2,014,115	(P 6,225,346)
Deferred gain on sale and leaseback	6,369,721	(9,265,100)	(4,509,475)	-	-	-
Impairment losses on trade receivables	35,091,342	(26,650,536)	(2,240,870)	-	-	-
Unrealized foreign currency losses – net	(851,946)	-	300,000	-	-	-
Deferred tax expense	P 34,000,972	(P 39,650,218)	(P 12,413,987)	(P 11,245,143)	P 2,014,115	(P 6,225,346)

The Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. No MCIT was reported in 2013, 2012 and 2011 as RCIT was higher than MCIT in those years.

In 2013, 2012 and 2011, the Company opted to claim itemized deductions in computing for its income tax due.

22. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company and associate, parties related to the Company by common ownership and key management personnel.

The summary of the Company's transactions with its related parties as of and for the year ended December 31, 2013 are as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
Parent Company:					
Cash advances from parent company	12, 22.6	P 26,296,856	(P 3,208,300)	On demand, noninterest-bearing	Unsecured
Subscription payable paid by parent company	12, 22.7(a)	41,729,753	(11,020,247)	On demand, noninterest- bearing	Unsecured
Purchase of shares of stock of Altria	12, 22.7 (a)	273,555,953	-	On demand, non-interest- bearing	Unsecured
Shareholders:					
Revenue from services	16, 22.1	-	74,184,326	Normal credit terms	Unsecured
				noninterest- bearing	Unsecured
Dividends	12, 22.7 (c)	3,208,300	(1,983,227)	On demand, noninterest- bearing	Unsecured
Associate:					
Revenue from services	16, 22.1	3,504,670,849	1,341,014,869	Normal credit terms	Unsecured
Advances to an associate	5, 22.6	(2,747,459)	-	On demand, noninterest-bearing	Unsecured
Advances from an associate	12, 22.6	-	(5,241,500)	Normal credit terms	Unsecured
Related Parties Under Common Ownership:					
Cash deposits	4, 22.4	937,555,758	1,035,589,127	On demand, interest-bearing	Partially secured
Notes payable	13, 22.5 (b)	100,000,000	(900,000,000)	Five year notes, interest-bearing	Unsecured
Obligation under finance lease	13, 22.5 (c)	(188,941,182)	(247,724,631)	Five year term, interest-bearing	Secured
Bank loans	13, 22.5 (a)	(300,432,812)	(1,112,500,000)	Short-term, interest-bearing	Secured
Rent income	22.2	188,571	188,571	On demand	Unsecured
Revenue from services	14, 16, 22.1	3,862,172,122	1,505,547,348	Normal credit terms	Unsecured
Interest expense	19.1, 22.5 (d)	(3,498,244)	(17,612,621)	Based on related loan term	Secured
Rent expense	18, 22.2	(2,376,812)	-	On demand	Unsecured
Retirement Fund	22.7	254,074	3,717,297	Upon retirement of beneficiaries	Partially funded
Advances to related party	5, 22.6	(20,000)	-	On demand, noninterest-bearing	Unsecured
Advances from related party	12, 22.6	(76,197,400)	(8,471,254)	On-demand, noninterest-bearing	Unsecured
Advances to Officers and Employees	12, 14, 22.3	5,417,032	8,195,642	Upon liquidation, noninterest-bearing	Unsecured
Key Management Personnel:					
Compensation	22.8	68,357,334	-	On demand	Partially secured

The summary of the Company's transactions with its related parties as of and for the year ended December 31, 2012 are as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
Parent Company:					
Cash advances from parent company	12, 22.6	(P 29,505,156)	(P 29,505,156)	On demand, noninterest-bearing	Unsecured
Subscription payable paid by parent company	12, 22.7 (a)	(52,750,000)	(52,750,000)	On demand, noninterest- bearing	Unsecured
Shareholders:					
Revenue from services	16, 22.1	454,994,334	101,378,260	Normal credit terms	Unsecured
Purchase of shares of stock of Altria	22.7 (a)	(273,555,953)	(273,555,953)	On demand, noninterest- bearing	Unsecured
Dividends	12, 22.7 (c)	(150,024,528)	(5,191,527)	On demand, noninterest- bearing	Unsecured
Associate:					
Revenue from services	16, 22.1	896,368,649	800,329,151	Normal credit terms	Unsecured
Advances to an associate	12, 22.6	2,727,459	2,747,459	On demand, noninterest-bearing	Unsecured
Related Parties Under Common Ownership:					
Cash deposits	4, 22.4	98,033,369	98,033,369	On demand, interest-bearing	Partially secured
Notes payable	13, 22.5 (b)	(1,000,000,000)	(1,000,000,000)	Five year notes, interest-bearing	Unsecured
Obligation under finance lease	13, 22.5 (c)	(240,448,592)	(436,665,813)	Five year term, interest-bearing	Secured
Bank loans	13, 22.5 (a)	(812,067,188)	(812,067,188)	Short-term, interest-bearing	Secured
Revenue from services	14, 16, 22.1	6,125,564,519	1,863,677,058	Normal credit terms	Unsecured
Interest expense	19.1, 22.5 (d)	(112,939,216)	(14,114,377)	Based on related loan term	Secured
Rent expense	18, 22.2	(2,049,585)	-	On demand	Unsecured
Retirement Fund	22.7 (b)	294,146	3,463,223	Upon retirement of beneficiaries	Partially funded
Advances to related party	5, 22.6	20,000	20,000	On demand, noninterest-bearing	Unsecured
Advances from related party	14, 22.6	(84,938,654)	(84,938,654)	On demand, noninterest-bearing	Unsecured
Advances to Officers and Employees	5, 22.3	2,778,610	2,778,610	Upon liquidation, noninterest-bearing	Unsecured
Key Management Personnel:					
Compensation	22.8	45,949,143	-	On demand	Partially secured

22.1 Rendering of Services

The Company provides construction services to SMDC and Belle Corporation (related parties under common ownership), CMCI (associate), and to a certain stockholder. The related revenue from these transactions amounted to P7,366.8 million and P7,476.9 million as of December 31, 2013 and 2012, respectively, and is recorded as part of Contract Revenues in the statements of comprehensive income (see Note 16).

Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The related outstanding contract receivables from construction revenues, which are generally unsecured and settled through cash within three to six months, and 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 in the statements of financial position (see Note 5). On the other hand, the amount of outstanding customer advances received from related parties are presented as part of Advances from Customer account in the 2012 statement of financial position (see Note 14). The net receivables from transactions with these related parties amounted to P2,920.7 million and P2,765.4 million as of December 31, 2013 and 2012, respectively.

There were no impairment losses recognized in 2013 and 2012 for these related party receivables.

22.2 Rental of Land and Building

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

In 2013 and 2012, the Company recognized rent expense amounting to P2.4 million and P2.0 million, respectively, from the lease agreement with Megapolitan Realty and Development Corporation (Megapolitan) for the land where the Company's building is located (see Notes 11, 18 and 25.1). The Company has no outstanding payables from the rental transaction with Megapolitan as of December 31, 2013 and 2012.

In 2013 and 2012, the Company also leases an office space from Philwide Construction and Development Corporation (Philwide), a related party under common ownership, where its registered address is located.

Megapolitan and Philwide are entities owned by the Company's stockholders and their close family members.

The Company, at the same time, leases its office space to Megawide Corporate Foundation, Inc. and Altria. The rental income earned is recorded as part of Other income in the 2013 statement of comprehensive income.

22.3 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 this transaction are presented as part of Trade and Other Receivables (see Note 5).

No impairment losses were recognized in 2013 and 2012 for these advances.

22.4 Cash in Banks

The Company has certain bank accounts and short-term placements maintained with related parties under common ownership, which earns interest based on prevailing market interest rates. The balance of cash in banks with related parties as of December 31, 2013 and 2012 are presented as part of Cash and Cash Equivalents in the statements of financial position (see Note 4).

22.5 Interest-bearing Loans and Borrowings

The Company has the following transaction with a local commercial bank which is a related party under common ownership:

(a) Total credit lines granted to the Company amounted to P1,500.0 million and P1,200.0 million as of December 31, 2013 and 2012, respectively. The outstanding balance from the total amount availed as of December 31, 2013 and 2012 amounted to P1,112.5 million and P812.1 million, respectively (see Notes 13 and 26.3);

(b) Notes payable facility up to P3,000.0 million of which the total amount drawn amounted to P1,000.0 million as of December 31, 2012 (see Note 13);

(c) Finance lease on certain transportation and construction equipment totaling P52.8 million and P240.4 million in 2013 and 2012, respectively (see Note 11). Outstanding balances of the related finance lease obligation amounting to P247.7 million and P436.6 million as of December 31, 2013 and 2012, respectively, are presented as part of Obligation under finance lease under Interest-bearing Loans and Borrowings account in the statements of financial position (see Note 13); and

(d) The related interest expense incurred on these loans and borrowings amounting P17.6 million in 2013 and P14.1 million in 2012 were presented as part of Finance Costs (see Note 19.1).

22.6 Advances to and from Related Parties

The Company obtained unsecured, noninterest-bearing cash advances from Citicore to finance portion of its working capital requirement which are payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the 2013 statement of financial position (see Note 12). There are no similar advances in 2012.

The Company also gave unsecured, noninterest-bearing cash advances to its associate 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 2013 statement of financial position (see Note 5). There are no similar advances in 2012.

Further, no impairment losses were recognized in 2013 and 2012 for these advances.

22.7 Others

(a) In 2012, the Company acquired 100% ownership interest in Altria (see Note 10), a company which was previously owned by certain key stockholders of the Company, which transaction was accounted for as an asset acquisition. The unpaid balance of the purchase price is presented as part of Non-trade Payable under the Trade and Other Payable account in the 2012 statement of financial position which includes P273.6 million payable to key stockholders of the Company (see Note 12). Moreover, certain portion of the agreed amount of subscription of the Company in CMCI, an associate, was paid on its behalf by Citicore. The related liability to Citicore amounting to P52.8 million as of December 31, 2012 was presented as part of Non-trade Payable in the 2012 statement of financial position (see Note 12).

(c) The trust department of a local universal bank which is a related party under common ownership, serves as the investment manager of the Company's retirement fund (see Note 20.2). Other than the amounts of contributions to the retirement plan and benefit payments as disclosed in Note 20.2, the retirement plan has no other transactions and outstanding balances with the Company.

(d) The BOD declared 30% stock dividends in 2013 and cash dividends in 2012. The undistributed dividends amounting to P2.0 million and P5.2 million as of December 31, 2013 and 2012, respectively, are presented as Dividends payable under Trade and Other Payable account (see Notes 12 and 23.2).

(e) The Company is also severally liable for the loan facility obtained by CMCI in case of non-payment (see Note 25.6).

22.8 Key Management Personnel Compensations

The compensation of key management personnel is broken down as follows:

	2013	2012	2011
Short-term employee benefits	P 65,727,926	P 45,006,592	P 45,084,352
Post-employment benefit	2,629,408	942,551	686,365
	P 68,357,334	P 45,949,143	P 45,770,717

23. EQUITY

23.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2013	2012	2011	2013	2012	2011
Common shares – P1 par value						
Authorized –	2,000,000,000	2,000,000,000	1,000,000,000	P2,000,000,000	P2,000,000,000	P1,000,000,000
Issued and outstanding:						
Balance at beginning of year	1,114,100,003	1,114,100,003	565,000,002	1,114,100,003	P 1,114,100,003	P 565,000,002
Issuance during the year	154,689,326	-	292,000,000	154,689,326	-	292,000,000
Stock dividends distributed	380,636,798	-	257,100,001	380,636,798	-	257,100,001
Balance at end of year	1,649,426,127	1,114,100,003	1,114,100,003	P 1,649,426,127	P 1,114,100,003	P1,114,100,003

On February 18, 2011, the Company offered its 292.0 million unissued common shares by way of IPO at P7.84 per share resulting in the recognition of additional paid-in capital of P1.90 billion, net of transactions costs (see Note 1).

On June 3, 2011, the Company's BOD approved the further increase in the Company's authorized capital stock from P1,000.0 million shares to P2,000.0 million common shares with P1.00 par value by way of stock dividends (see Note 23.2). The increase in authorized capital stock was approved by the SEC on September 27, 2012.

On May 20, 2013, the Company issued 118.7 million shares at P17.65 per share, net of transaction costs, to Citicore under private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code. Also, on May 2013, the Company issued 35.6 million shares to Citicore and various shareholders at P8.50 per share, net of transaction costs. Total increase in additional paid-in capital as a result of the new share issuance amounted to P2,245.6 million.

As of December 31, 2013 and 2012, the Company has 23 and 14 holders of its equity securities owning at least one board lot of 100 shares listed in the PSE, respectively, and its share price closed as of such dates at P14.0 and P18.4 per share, respectively. The Company has 1,494.7 million and 292.0 million common shares traded in the PSE as of December 31, 2013 and 2012, respectively.

23.2 Dividends

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

In a regular meeting held on June 26, 2012, the BOD approved the declaration of cash dividends amounting to P150.0 million (P0.13 per share) payable to stockholders of record as of July 20, 2012. The cash dividends were paid within 2012 except for P5.2 million which is presented as part of the Trade and Other Payables account in the 2012 statement of financial position.

In relation to the increase in the Company's authorized capital stock in 2011, the Company declared stock dividends of 257.1 million common shares, at P1.0 par value per share, to stockholders of record as of October 14, 2011. The stock dividends, which were approved by the SEC also on September 27, 2011, were distributed on November 10, 2011 (see Note 23.1)

23.3 Retained Earnings

As of December 31, 2013 and 2012, the Company's retained earnings exceeded its capital stock. Relative to this, on April 8, 2013, the BOD approved the declaration of dividends and gave management the authority to decide the type (cash, stock or mixed) and amount of any dividends to be declared subsequently.

24. EARNINGS PER SHARE

Basic earnings per share (EPS) were computed as follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Net profit	**P 1,395,633,425**	P 1,012,566,672	P 750,205,906
Divided by weighted average number of outstanding common shares*	**1,237,598,470**	857,000,002	1,066,650,003
Basic and diluted earnings per share	**P 1.13**	P 1.18	P 0.70

* *After giving retroactive effect to the stock dividends declared (see Note 23).*

The Company does not have dilutive potential common shares outstanding as of December 31, 2013, 2012 and 2011; hence, diluted EPS is equal to the basic EPS.

25. COMMITMENTS AND CONTINGENCIES

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

25.1 Operating Lease Commitments – Company as Lessee

The Company is a lessee under operating leases covering its office space, and its stockyards and certain construction equipment with terms ranging from one year to two years. Total rental expense from these operating leases, presented as Rentals under Operating expenses amounted to P4.7 million, P6.4 million and P5.1 million in 2013, 2012 and 2011, respectively (see Notes 18 and 22.2). The related refundable security deposits amounting to P52.2 million and P29.7 million as of December 31, 2013 and 2012, respectively, are presented as part of Other Current Assets in the statements of financial position (see Note 9).

25.2 Finance Lease Commitments – Company as Lessee

The Company has finance leases covering certain transportation and construction equipment with terms ranging from two to five years (see Note 11). Future minimum lease payments (MLP) under the finance leases together with the present value (PV) of the net minimum lease payments (NMLP) as of December 31 are as follows:

	2013		2012	
	Future MLP	**PV of NMLP**	Future MLP	PV of NMLP
Within one year	**P 187,181,706**	**P 176,243,952**	P264,814,558	P242,221,685
After one year but not more than five years	**74,254,332**	**71,480,679**	203,343,075	194,444,128
Total MLP	**261,436,038**	**247,724,631**	468,157,633	436,665,813
Amounts representing finance charges	**(13,711,407)**	**-**	(31,491,820)	-
PV of MLP	**P 247,724,631**	**P 247,724,631**	P436,665,813	P436,665,813

The liabilities relating to the finance leases are shown as part of Interest-bearing Loans and Borrowings (see Note 13).

25.3 Credit Lines

The Company has existing credit lines with local banks totalling P6,660.0 million and P3,419.7 million in 2013 and 2012, respectively. The credit lines are secured by certain contract receivables (see Note 5 and 13) and, as an additional security, the local banks have the right of set-off against and/or right to hold and apply to the balance, the Company's rights, title and interest in the balance of Cash and Cash Equivalents and Short-term Investments.

The Company availed of bank loans totalling P2,256.2 million and P1,833.1 million from the credit lines in 2013 and 2012, respectively (see Note 13). Unused credit lines as of December 31, 2013 and 2012 amounted to P4,403.8 million and P1,586.6 million. Certain credit lines are with a local bank which is a related party under common ownership (see Note 22.5).

25.4 Legal Claims

In 2013, certain legal claim was filed against the Company. There is no related provision recognized in the 2013 and 2012 financial statements as management believe that the Company has strong legal position related to such case.

25.5 Capital Commitments

The Company has capital commitments for the unutilized balance of its IPO proceeds amounting to P239.9 million until December 31, 2012 for the construction and site development of its precast concrete manufacturing plant, acquisition of new equipment and new formworks. As of September 30, 2013, the balance of IPO proceeds have been fully utilized.

25.6 Public-private Partnership with Department of Education

On October 8, 2012, the Company, together with Citicore (collectively referred to as proponent), executed a build-lease transfer agreement with the Philippine government, through its Department of Education under the Public-Private Partnership (PPP) for school infrastructure project, which provides initiatives on the construction of classroom nationwide to address the current classroom backlog and future requirements for classrooms.

The agreement requires the construction, maintenance and lease of school buildings under a build-lease-and transfer contractual arrangement, whereby, the project proponent is authorized to finance and construct the school facility within 16 months from the execution date and upon its completion turns it over to the government agency or local government unit concerned on a lease agreement for a period of 10 years from the issuance of certificate of completion. After which, ownership of the facility is automatically transferred to the government agency or local government unit concerned.

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

During the lease period, the proponent shall be responsible for the maintenance works, which shall be performed twice, the first time at any point between the fourth and fifth year, and the second time at any point between the 8th and 9th years.

At the end of the 10 year term, the proponent shall bear all costs incurred in connection with the transfer of rights to the Philippine government.

Pursuant to the above agreements, the Company and Citicore established CMCI to handle the PPP school infrastructure project and executed an Accession Agreement to transfer all rights and obligation of the proponent to CMCI under the agreement with the government (see Note 1.1). On October 18, 2012, the Company and CMCI executed a construction agreement whereby the Company has agreed to undertake the construction of the PPP school infrastructure project for a contract price of P8,000.0 million.

In 2012, CMCI obtained a loan facility with a local bank for P6.5 billion which was received by the latter in 2012. The Company and Citicore are severally liable for the obligation in case of non-payment of CMCI (see Note 22.7).

25.7 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements, taken as a whole.

26. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's financial assets and liabilities by category are summarized in Note 27. The main types of risk are market risk, credit risk and liquidity risk.

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

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

26.1 Market Risk

The Company 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 both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates, however, arise from the Company's cash which are denominated in U.S. dollars and Euro totaling P0.4 million and P1.6 million as of December 31, 2013 and 2012, respectively.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. With the volume mentioned above, the Company has no significant exposure to foreign currency risks.

(b) *Interest Rate Risk*

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

As at December 31, 2013 and 2012, the Company is exposed to changes in market rates through its cash in banks and short-term investments which are subject to monthly repricing intervals (see Note 4). All other financial assets and liabilities have fixed rates.

The sensitivity of the profit before tax is analyzed based on a reasonably possible change in interest rates of +/- 36.0 basis points in 2013 and +/- 14.0 basis points in 2012 based on observation of current market conditions with effect from the beginning of the year. The changes in interest rates have been determined based on the average market volatility in interest rates for each period using standard deviation and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables held constant, if the interest rates increased by 36.0 basis points, 14.0 basis points, and 12.1 basis points, profit before tax in 2013, 2012 and 2011, respectively, would have increased by P12.1 million, P2.9 million, and P14.7 million, respectively.

Conversely, if the interest rates decreased by the same basis points, profit before tax would have been lower by the same amounts.

(c) *Other Price Risk Sensitivity*

The Company's market price risk arises from its financial assets at FVTPL 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 December 31, 2013 and 2012, these financial assets are valued at P5,824.3 million and P2,004.2 million, respectively, based on prices quoted in PDEx representing the net bid prices at the end of the reporting period.

For government bonds, an average volatility of 18.27% and 6.54% has been observed during 2013 and 2012, respectively. If quoted prices for this instrument increased or decreased by that amount, profit before tax would have changed by P1,064.2 million and P131.1 million in 2013 and 2012, respectively.

In accordance with the Company'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.

26.2 Credit risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company 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 Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

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

	Notes	**2013**	2012
Cash and cash equivalents	4	**P 2,276,033,774**	P 209,299,011
Trade and other receivables – net	5	**4,102,937,463**	3,433,591,679
Financial assets at FVTPL	6	**5,824,274,558**	2,004,222,518
Refundable security and bond deposits	9	**53,713,405**	31,199,972
		P12,256,959,200	P5,678,313,180

None of the Company'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

About 62.0% and 64.0% of the gross carrying amount of trade and other receivables as of December 31, 2013 and 2012, respectively, are due from SMDC and CMCI (see Note 22.1). The Company mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from the related party 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 (see Note 27.2).

Contract receivables are usually due within 30 to 120 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 as follows:

	2013	2012
Not more than 3 months	**P 743,664,040**	P 600,770,220
More than 3 months but not more than 4 months	**27,243,229**	39,053,050
More than 4 months but not more than one year	**54,926,083**	464,532,398
	P 825,833,352	P1,104,355,668

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

(c) *Financial assets at FVTPL*

The Company is not exposed to any significant credit risk exposures on its investment in financial assets at FVTPL as these comprise solely of government securities such as bonds and notes which are considered secured.

(d) *Refundable Security and Bond Deposits*

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

26.3 Liquidity Risk

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

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

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

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P2,298,644,374	P 187,181,705	P6,252,997,082
Trade and other payables	2,024,618,611	-	-
	P4,323,262,985	**P 187,181,705**	**P6,252,997,082**

This compares to the maturity of the Company's financial liabilities as of December 31, 2012 as follows:

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P1,886,092,842	P 47,258,183	P1,404,605,427
Trade and other payables	1,947,557,599	-	-
	P3,833,650,441	**P 47,258,183**	**P1,404,605,427**

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

27. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

27.1 Comparison of Carrying Amounts and Fair Values

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

	Notes	2013		2012	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	4	P 2,276,033,774	P 2,276,033,774	P 209,299,011	P 209,299,011
Trade and other receivables – net	5	4,102,937,463	4,102,937,463	3,433,591,679	3,433,591,679
Refundable security and bond deposits	9	53,713,405	53,713,405	31,199,972	31,199,972
		P 6,432,684,642	P 6,432,684,642	P 3,674,090,662	P 3,674,090,662
Financial assets at FVTPL - Debt securities	6	P 5,824,274,558	P 5,824,274,558	P 2,004,222,518	P 2,004,222,518
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	13	P 7,465,375,785	P 7,465,375,785	P 3,270,069,560	P 3,266,346,255
Trade and other payables	12	2,024,618,611	2,024,618,611	1,947,557,599	1,947,557,599
		P 9,489,994,396	P 9,489,994,396	P 5,217,627,159	P 5,213,903,854

See Notes 2.3 and 2.10 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 28.

27.2 Offsetting

The Company has not set-off financial instruments in 2013 and 2012 and does not have relevant offsetting arrangements except as disclosed in Note 26.2 (b). Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Company's outstanding receivables from and payables to the same related parties as presented in Note 22 can be potentially offset to the extent of their corresponding outstanding balances.

27.3 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which does not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

27.4 Financial Instruments Measured at Fair Value

As of December 31, 2013 and 2012, the Company has FVTPL financial assets amounting to P5,824.3 million and P2,004.2 million which are measured at fair value (under Level 1 of the fair value hierarchy) in the statements of financial position on a recurring basis. The fair value of this security is determined based on the net clean closing prices of a relative benchmark security which is quoted in an active market or bond exchange (i.e., PDEx) at the end of each reporting period.

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

	2013	2012
Total debt	**P 7,465,375,785**	P 3,270,069,560
Total equity	**8,541,010,236**	4,771,379,657
Debt-to-equity ratio	**0.87 : 1.00**	0.69 : 1.00

Total debt includes only the interest-bearing loans of the Company.

29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

29.1 Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) Output VAT

In 2013, the Company declared output VAT as follows:

	Tax Base	Output VAT
Taxable sales of services	P8,607,178,808	P1,032,861,457
Zero-rated sales	528,459,624	-
	P9,135,638,432	P1,032,861,457

The related output VAT amounting P1,017,469,685 was offset against input VAT [see Note 29.1(b)]. Total output VAT payments made by the Company for 2013 transactions totaled P15,391,773.

The Company's zero-rated sales/receipt were determined pursuant to Section 106A, *VAT on Export Sale of Goods or Properties* of the National Internal Revenue Code of 1997. These are included as part of Revenues in the 2013 statement of income.

(b) Input VAT

The movements in input VAT in 2013 are summarized below.

	Note	
Balance at beginning of year		P 98,941,871
Services lodged under cost of service		521,667,189
Goods other than for resale or manufacture		432,367,594
Capital goods subject to amortization		29,610,149
Imported goods		23,926,009
Services lodged under other accounts		9,509,697
Applied against output VAT	29.1(a)	(1,032,861,457)
Balance at end of year		P 83,161,052

The input VAT is presented as part of Other Current Assets in the 2013 statement of financial position (see Note 9).

(c) Excise Tax

The Company did not have any transactions in 2013 which are subject to excise tax.

(d) *Documentary Stamp Tax*

The Company incurred DST amounting to P20.0 million in 2013 in relation to the registration of real estate mortgage and loan releases and were capitalized as part of Interest-bearing Loans and Borrowings in the Non-Current Assets section of the 2013 statement of financial position.

Moreover, the Company also paid the accrued DST for the following transactions:

Loan instruments	P 9,465,963
Shares of stocks	2,187,223
Others	1,047,450
	P 12,700,636

(e) *Taxes and Licenses*

The details of Taxes and Licenses account are broken down as follows:

	Notes	
DST	29.1(d)	P 12,700,636
Capital gains tax		5,235,000
Business tax		941,931
Municipal license and permits		24,031
Miscellaneous		143,336
	18	P 19,044,934

In 2013, the Company paid real estate tax amounting to P2,368,360 which is recorded as part of Contract Cost under the Statement of Comprehensive Income.

Taxes and licenses are all recorded as part of Other operating expenses in the 2013 statement of comprehensive income (see Note 18).

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2013 are shown below.

Expanded	P 183,567,263
Compensation and employee benefits	54,291,395
	P 237,858,658

(g) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2013, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any other open taxable years.

29.2 Requirements under RR 19-2012

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2013 statement of comprehensive income.

(a) Taxable Revenues

The Company's exempt and taxable revenues for the year ended December 31, 2013 which arise solely from rendering of services amounted to P8,365,446,732 and P2,514,990,520, respectively.

(b) Deductible Costs of Services

Deductible costs of services for the year ended December 31, 2013 comprises the following:

	Exempt	Regular Tax Rate
Materials, supplies and facilities	P2,801,128,125	P1,087,661,282
Outside services	3,043,895,589	262,408,130
Depreciation	420,955,861	59,331,690
Salaries and employee benefits	417,462,638	7,928,240
Overhead	590,859,293	393,509,409
	P7,274,301,506	P1,810,838,751

(c) Taxable Non-operating and Other Income

The details of taxable non-operating and other income in 2013 which are subject to regular tax rate are shown below.

Gain on sale of property and equipment – net	P 19,412,622
Income from scrap sales	3,304,925
	P 22,717,547

(d) Itemized Deductions

The amounts of itemized deductions for the year ended December 31, 2013 are as follows:

	Exempt	Regular Tax Rate
Interest	P -	P 301,626,611
Salaries and employee benefits	125,645,446	32,772,720
Bad debts	-	102,254,940
Depreciation	31,776,072	9,553,168
Professional fees	14,722,681	4,426,231
Outside services	9,870,735	2,967,541
Representation	9,091,988	2,733,418
Communication, light and water	8,089,013	2,431,884
Rentals	3,617,308	1,087,509
Insurance	1,783,961	536,330
Taxes and licenses	14,642,737	4,402,197
Repairs and maintenance	9,229,786	2,774,846
Transportation	6,898,413	2,073,941
Gas and oil	1,470,207	442,004
Security services	3,228,521	970,623
Office supplies	6,556,1812	1,971,052
Advertising and promotions	1,293,005	388,729
Miscellaneous	12,215,818	3,672,567
	P 260,131,872	P 477,086,311

MEGAWIDE CONSTRUCTION CORPORATION
List of Supplementary Information
December 31, 2013

MEGAWIDE CONSTRUCTION CORPORATION
Schedule A
Financial Assets - Fair Value Through Profit or Loss (FVTPL)
December 31, 2013

Name of Issuing Entity and Association of Each Issue (i)	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period (ii)	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
Retail treasury bonds (RTB)	P 1,056,148,299	P 985,958,759	P 985,958,759	P 329,282,622
BDO Leasing	848,340,421	841,769,378	841,769,378	27,176,558
Unit Investment Trust Fund	3,989,975,378	3,996,546,421	3,996,546,421	-
TOTAL	**P 5,894,464,097**	**P 5,824,274,558**	**P 5,824,274,558**	**P 356,459,180**

Supplementary information on Financial assets at FVTPL

(i) *Financial assets classified as RTB under FVTPL represents investments guarateed by the Philippine Government.*

(ii) *The investments are carried at fair value based on quoted market prices from Philippine Dealings Exchange and net assets value quoted by financial institutions.*

(iii) *This represents the increase in fair value of the asset which is not yet realized, interest recieved and accrued interest income as of December 31, 2013.*

MEGAWIDE CONSTRUCTION CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013

Name	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Written Off	Current	Non-current	
MANNY BONGULTO	P 798,317	P 62,600	(P 25,895)	-	P 835,022	-	P 835,022
IRINEO A. AGUIHAP	353,566	1,110,000	(1,065,629)	-	397,937	-	397,937
ANA KARENINA SALGADO	-	420,840	(38,840)	-	382,000	-	382,000
EDGAR SAAVEDRA	48,000	273,698	-	-	321,698	-	321,698
JOHN HAROLD B. MANUEL	-	329,822	(31,560)	-	298,262	-	298,262
CLAUDIA SORIANO	15,493	387,070	(127,001)	-	275,562	-	275,562
AFTAB A. MASIH	88,167	165,000	(6,075)	-	247,092	-	247,092
MICHAEL BERMUDO	520,500	6,246	(281,116)	-	245,630	-	245,630
JOSELITO O. INAMARGA	229,399	-	(6,723)	-	222,675	-	222,675
MARCIN ARGARIN	14,950	200,000	(32,250)	-	182,700	-	182,700
EDGARDO D. MALIT	-	180,000	-	-	180,000	-	180,000
MA. THERESA FRANCIA	-	2,076,500	(1,902,383)	-	174,117	-	174,117
CARLOS LEITAO	155,771	20,400	(2,300)	-	173,871	-	173,871
SONNY BOY G. ENRIQUEZ	159,990	-	(5,000)	-	154,990	-	154,990
BENA KRISTIE S. UDQUIN	50,000	109,000	(14,727)	-	144,273	-	144,273
RAYMUNDO R. LAYSON	98,393	38,900	(6,673)	-	130,620	-	130,620
JAIME B. HERNANDEZ	148,419	-	(37,250)	-	111,169	-	111,169
EDGAR VALERA	10,943	383,177	(290,280)	-	103,840	-	103,840
JHING ABALOS	-	200,000	(100,000)	-	100,000	-	100,000
MICHAEL COSIQUIEN	100,000	-	-	-	100,000	-	100,000
WILBERT INCHOCO	87,532	-	-	-	87,532	-	87,532
VICENTE A. ARANAS JR	87,500	-	-	-	87,500	-	87,500
ENRICO D. GAW	27,273	54,000	-	-	81,273	-	81,273
GLENDA L. RATUM	78,200	-	-	-	78,200	-	78,200
REYNALDO RODRIN	17,310	50,000	-	-	67,310	-	67,310
WILTON DY	-	62,500	-	-	62,500	-	62,500
ANTONIO G. PAREDES	88,258	-	(29,699)	-	58,559	-	58,559
MA. DIAN JOIE M. SAN ANTONIO	57,538	-	-	-	57,538	-	57,538
MARILOU L. SUNGA	-	57,321	-	-	57,321	-	57,321
JENNIFER U. MADELO	57,000	-	-	-	57,000	-	57,000
SULPICIO A. GARCIA	3,432	50,000	-	-	53,432	-	53,432
LUCENA O. BONGOLAN	21,250	30,000	-	-	51,250	-	51,250
BENJAMIN R. DELA CRUZ	-	50,000	-	-	50,000	-	50,000
INGMAR WILHELM	-	50,000	-	-	50,000	-	50,000
SHERWIN GATBONTON		50,000	-	-	50,000	-	50,000
JOHNNY NAPILE	48,000	-	-	-	48,000	-	48,000
RONALD PAOLO	(21,911)	87,800	(20,000)	-	45,890	-	45,890
LOWELL CRUZ	45,000	-	-	-	45,000	-	45,000
NOE G. GERAPUSO	-	50,000	(5,000)	-	45,000	-	45,000
SHIELA MAPACPAC	(3,750)	100,000	(52,000)	-	44,250	-	44,250
MODESTO V. TORRES	-	40,000	-	-	40,000	-	40,000
ROMMEL Y. ONDONG	59,450	40,000	(59,450)	-	40,000	-	40,000
FERDINAND P. MEMPIN	39,793	-	(2,268)	-	37,524	-	37,524
BEVERLY BUBAN	-	35,000	-	-	35,000	-	35,000
VOLTAIRE CLELO	31,200	-	-	-	31,200	-	31,200
NESTOR L. SIERVO JR	784,174	16,000	(769,263)	-	30,910	-	30,910
JERICK D. DISCAYA	30,000	-	-	-	30,000	-	30,000
RONNIE O. BERNARDO	29,418	-	-	-	29,418	-	29,418
JENNY D. GUITA	(1,001)	33,700	(5,000)	-	27,699	-	27,699
CARLITO BAFLOR	21,645	20,000	(14,352)	-	27,293	-	27,293
MA. ROXANNE A. PAGUIO	-	27,278	-	-	27,278	-	27,278
GLENN J. OJAS	30,555	-	(5,471)	-	25,084	-	25,084
ARNOLD AGCAMARAN	32,720	-	(7,720)	-	25,000	-	25,000
MELVIN CAÑERO	24,250	-	-	-	24,250	-	24,250
MARK M. LERIOS	25,800	-	(2,000)	-	23,800	-	23,800
MA. TERESA D. PACIENTE	-	24,394	(2,000)	-	22,394	-	22,394
TRIUMFANDO TAN	21,952	-	-	-	21,952	-	21,952
GLIZETTE DYAN BERNARDO	21,000	-	-	-	21,000	-	21,000
JEROME J. ZURBITO	21,000	-	-	-	21,000	-	21,000
WINSTON V. JIMENEZ	-	139,200	(118,405)	-	20,795	-	20,795
ALBERTO NECOSIA	-	20,000	-	-	20,000	-	20,000
ALMIN DACAYMAT	-	20,000	-	-	20,000	-	20,000
ARNEL CERRO	-	20,000	-	-	20,000	-	20,000
ARNEL SEDENO	-	20,000	-	-	20,000	-	20,000
AURELIO RODRIGO ROCA	-	20,000	-	-	20,000	-	20,000
EDWIN DULAY	-	20,000	-	-	20,000	-	20,000
ELAINE LUMAGBAS	-	20,000	-	-	20,000	-	20,000
FERDINAND B. RODRIGUEZ	-	20,000	-	-	20,000	-	20,000
JENEROS P. DELOS REYES	-	20,000	-	-	20,000	-	20,000
JOEL ROCA	-	20,000	-	-	20,000	-	20,000
JOSE TALINGE	-	20,000	-	-	20,000	-	20,000
Balance forwarded	4,556,497	7,250,446	(5,066,330)	-	6,740,613	-	6,740,613

MEGAWIDE CONSTRUCTION CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013

Name	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 4,556,497	P 7,250,446	(P 5,066,330)	-	P 6,740,613	-	P 6,740,613
LEXLIE L. MANUEL	-	20,000	-	-	20,000	-	20,000
LIBERATO M. PALAÑA	-	20,000	-	-	20,000	-	20,000
ROCYL A. VINGNO	20,000	-	-	-	20,000	-	20,000
RUBEN C. DAGOOC	-	20,000	-	-	20,000	-	20,000
RUBIELIZA ALBAY	-	20,000	-	-	20,000	-	20,000
ARVIR MENDOZA	-	20,000	(240)	-	19,760	-	19,760
MARY LOURDES ROBLEZA	-	125,639	(105,989)	-	19,650	-	19,650
CATALINA CHOI	-	19,525	-	-	19,525	-	19,525
ERIC N. GABRIEL	18,200	-	-	-	18,200	-	18,200
DENNIS V. SILVANO	-	20,000	(2,000)	-	18,000	-	18,000
EDGARDO L. RECTO	-	20,000	(2,000)	-	18,000	-	18,000
ISAGANI I. LATHROP	-	20,000	(2,000)	-	18,000	-	18,000
JACKSON G. NAIG	-	20,000	(2,000)	-	18,000	-	18,000
JAYSON B. BARCALA	-	20,000	(2,000)	-	18,000	-	18,000
MARJUNE CASAMAYOR	-	20,000	(2,000)	-	18,000	-	18,000
RICARDO B. GILTENDEZ	-	20,000	(2,000)	-	18,000	-	18,000
MARCELINO MANGAYA-AY JR.	1,517	20,000	(3,742)	-	17,775	-	17,775
ELINO LUTCHAVEZ	5,912	20,000	(8,363)	-	17,550	-	17,550
ELEUTERIO L. MAGAYONES	8	20,000	(2,908)	-	17,100	-	17,100
ABONDIO B. MAGCUHA JR.	10,000	10,000	(2,908)	-	17,092	-	17,092
NICK G. LARAZABAL	-	20,000	(3,000)	-	17,000	-	17,000
ROMNICK LLENADO	5,000	20,000	(8,096)	-	16,904	-	16,904
ANNA DOMINIQUE SAJOR	16,800	-	-	-	16,800	-	16,800
JETON COMENDADOR	5,000	20,000	(9,000)	-	16,000	-	16,000
RONALD ALLAN M. NICOLAS	-	15,687	-	-	15,687	-	15,687
LEONCIO R. SAPEDA	(2,360)	20,000	(2,000)	-	15,640	-	15,640
CUSTODIO M. TIU	(212)	20,000	(4,613)	-	15,175	-	15,175
ENRIQUE RAMOS	-	15,000	-	-	15,000	-	15,000
ILDEFONSO BLEZA III	15,000	-	-	-	15,000	-	15,000
JANINE REGENCIA	-	15,000	-	-	15,000	-	15,000
MARVIN D. FERIA	15,000	-	-	-	15,000	-	15,000
WENNIE S. PALACIO	-	13,601	-	-	13,601	-	13,601
JULIEN STEINER	12,850	-	-	-	12,850	-	12,850
NIKKO F. DEL ROSARIO	-	12,706	-	-	12,706	-	12,706
JASPER NOEL CABRERA	-	11,200	-	-	11,200	-	11,200
EDUARDO RAMIREZ	10,800	-	-	-	10,800	-	10,800
RAMIE BALBUTIN	10,800	-	-	-	10,800	-	10,800
FRANCIS LUIS DE GUZMAN	10,500	-	-	-	10,500	-	10,500
MARIE KRISTINE GUERRA	10,270	-	-	-	10,270	-	10,270
ABELARDO LABRAGUE	-	10,000	-	-	10,000	-	10,000
ALFREDO RONILO JR.	-	10,000	-	-	10,000	-	10,000
ALVIN SULONG	10,000	-	-	-	10,000	-	10,000
ANTONIO TABLATE	-	10,000	-	-	10,000	-	10,000
BERNIE JAYMA	-	10,000	-	-	10,000	-	10,000
EMILIO MONTES JR.	-	10,000	-	-	10,000	-	10,000
GERALD LLENADO	-	10,000	-	-	10,000	-	10,000
JEFORE U. FRESNIDO	10,000	-	-	-	10,000	-	10,000
KAREN B. POSADAS	-	10,000	-	-	10,000	-	10,000
MARJUN OROBILLO	-	10,000	-	-	10,000	-	10,000
MARK ANTHONY VALDEZ	-	10,000	-	-	10,000	-	10,000
MARLON M. ESTELLA	10,000	-	-	-	10,000	-	10,000
MICHELLE BARRUZO	-	10,000	-	-	10,000	-	10,000
OSCAR S. OCAMPO JR	10,000	-	-	-	10,000	-	10,000
PEDRITO MAÑOSA JR.	-	12,000	(2,000)	-	10,000	-	10,000
REYNALDO GARADO	-	10,000	-	-	10,000	-	10,000
VENER V. PAGAYANAN	10,000	-	-	-	10,000	-	10,000
MELISSA L. SALILICAN	9,500	-	-	-	9,500	-	9,500
CHRISTOPHER L. RUADO	9,000	-	-	-	9,000	-	9,000
KRISTIE VALQUIN	8,718	-	-	-	8,718	-	8,718
GREFIEL Y. MANJERON	-	10,500	(2,000)	-	8,500	-	8,500
ALFREDO Q. CABIGAO, JR.	8,183	-	-	-	8,183	-	8,183
EDIELITO M. BINDOLO	8,183	-	-	-	8,183	-	8,183
ISRAEL K. BONAVENTE	8,125	-	-	-	8,125	-	8,125
TOMAS D. BUSLON	8,125	-	-	-	8,125	-	8,125
AKING MENDOZA	-	10,000	(2,000)	-	8,000	-	8,000
EDGAR AVESTRUZ	-	10,000	(2,000)	-	8,000	-	8,000
EDGAR L. NUGUIT	-	10,000	(2,000)	-	8,000	-	8,000
EDMUNDO B. JUAREZ	-	10,000	(2,000)	-	8,000	-	8,000
FLORENTINO D. DUNGOG	-	10,000	(2,000)	-	8,000	-	8,000
Balance forwarded	4,831,417	8,071,305	(5,245,189)	-	7,657,533	-	7,657,533

MEGAWIDE CONSTRUCTION CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013

Name	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	*P 4,831,417*	*P 8,071,305*	*(P 5,245,189)*	-	*P 7,657,533*	-	*P 7,657,533*
GERRY B. NIERVES	-	10,000	(2,000)	-	8,000	-	8,000
GLENN CORTEZ	-	10,000	(2,000)	-	8,000	-	8,000
ISIDRO D. ORTEA	-	10,000	(2,000)	-	8,000	-	8,000
JESUS ABRAJANO	-	10,000	(2,000)	-	8,000	-	8,000
JOHN MAR O. MALIRONG	8,000	-	-	-	8,000	-	8,000
JORGE D. LOBIGAS JR.	-	10,000	(2,000)	-	8,000	-	8,000
JOWIE T. REAL	-	10,000	(2,000)	-	8,000	-	8,000
LEO D. GACUTINA	-	10,000	(2,000)	-	8,000	-	8,000
LEONARDO O. GUEVARRA	-	10,000	(2,000)	-	8,000	-	8,000
MARGARITO A. TOMOGDON	-	10,000	(2,000)	-	8,000	-	8,000
MARTY GEE ANOCHE	-	10,000	(2,000)	-	8,000	-	8,000
MICHAEL B. COLINAYO	-	10,000	(2,000)	-	8,000	-	8,000
ROMEL J. LUCAPA	-	10,000	(2,000)	-	8,000	-	8,000
RONILO G. TAGOLGOL	-	10,000	(2,000)	-	8,000	-	8,000
RUBEN A. YENOGACIO	-	10,000	(2,000)	-	8,000	-	8,000
RUSKY L. FERRER	-	18,000	(10,000)	-	8,000	-	8,000
SANTIAGO R. GARIN	-	10,000	(2,000)	-	8,000	-	8,000
ARNEL CAMACHO	7,864	-	-	-	7,864	-	7,864
ANTONIO MONJE JR.	5,000	10,000	(7,225)	-	7,775	-	7,775
KENNETH DALIDA	5,000	10,000	(7,225)	-	7,775	-	7,775
CENDRIX DESEMBRANA	7,550	-	-	-	7,550	-	7,550
AMADO G. ASONG JR	7,500	-	-	-	7,500	-	7,500
JAY M. GALICHA	7,500	-	-	-	7,500	-	7,500
MERLINDO TAYRUS JR.	7,500	-	-	-	7,500	-	7,500
KATRINA TENGKI	-	7,170	-	-	7,170	-	7,170
ALBERTO AROCHA JR.	-	10,000	(3,000)	-	7,000	-	7,000
FELOMINO L. PALER	-	10,000	(3,000)	-	7,000	-	7,000
JOVERSON D. SANGCAP	-	10,000	(3,000)	-	7,000	-	7,000
RONILO C. MENDOZA	5,000	10,000	(8,096)	-	6,904	-	6,904
ANGELICA CHUA	6,900	-	-	-	6,900	-	6,900
WENDELYN P. GRUTA	6,900	-	-	-	6,900	-	6,900
ROY M. VELASCO	5,000	10,000	(8,225)	-	6,775	-	6,775
HENRY D. CAÑAS	5,417	10,000	(8,667)	-	6,750	-	6,750
NORMAN VINCENT DELA CRUZ	6,563	-	-	-	6,563	-	6,563
NELSON TUISA	-	11,500	(5,000)	-	6,500	-	6,500
EDWARD M. REYES	6,250	-	-	-	6,250	-	6,250
JUNITO B. PESCADERO	6,250	-	-	-	6,250	-	6,250
ROGELIO D. EMELIO	6,250	-	-	-	6,250	-	6,250
BENJAMIN VICENTE JR.	-	6,208	-	-	6,208	-	6,208
ELMER D. GACER SR.	6,000	-	-	-	6,000	-	6,000
ALVIN TORRES	-	5,973	-	-	5,973	-	5,973
ANDY R. LEGASPI	5,625	-	-	-	5,625	-	5,625
RICHARD TIODIANCO	5,625	-	-	-	5,625	-	5,625
MA. CRISTINE LEMIT	-	5,499	-	-	5,499	-	5,499
ANITO B.BARCALA	(2,600)	10,000	(2,000)	-	5,400	-	5,400
JEROME GUEVARRA	5,321	-	-	-	5,321	-	5,321
ARNOLD P.DAVILA	5,200	-	-	-	5,200	-	5,200
ROEL BATACAN	5,179	-	-	-	5,179	-	5,179
GIL AZARCON	8,000	-	(2,871)	-	5,129	-	5,129
NELSON M.TUIZA JR	8,835	5,000	(8,832)	-	5,003	-	5,003
ANTONIO PAUSAL	5,000	-	-	-	5,000	-	5,000
GEORGE M. BUTAC	5,000	-	-	-	5,000	-	5,000
JONATHAN A. MONTOYA	5,000	-	-	-	5,000	-	5,000
LOVE JOY TOMAS	5,000	-	-	-	5,000	-	5,000
MICHAEL M. SETINTA	5,000	-	-	-	5,000	-	5,000
REYNALDO CANDO	5,000	-	-	-	5,000	-	5,000
ROLANDO S. DAYGO	-	15,000	(10,000)	-	5,000	-	5,000
ROMMEL NIÑO M. PULPULAAN	-	5,000	-	-	5,000	-	5,000
TEODORO CAPATE	5,000	-	-	-	5,000	-	5,000
TIMOTHY GALEON	-	5,000	-	-	5,000	-	5,000
PEDRO B. EDICA	12,944	-	(8,064)	-	4,880	-	4,880
JANETTE SORILLA	4,800	-	-	-	4,800	-	4,800
EDWIN CHIQUILLO	4,696	-	-	-	4,696	-	4,696
MELQUIADES S. TAPIA	4,608	-	-	-	4,608	-	4,608
AMOR JESSA AÑONUEVO	-	4,448	-	-	4,448	-	4,448
NORBERTO BAJAN	15,100	-	(10,708)	-	4,392	-	4,392
CARLITO A. RAMOS JR	4,375	-	-	-	4,375	-	4,375
GENITO B. NIERVES SR.	4,375	-	-	-	4,375	-	4,375
MANUEL M. SARMIENTO	4,375	-	-	-	4,375	-	4,375
MARCELINO LAQUINDANUM JR	4,375	-	-	-	4,375	-	4,375
Balance forwarded	*5,083,692*	*8,400,102*	*(5,381,101)*	-	*8,102,694*	-	*8,102,694*

MEGAWIDE CONSTRUCTION CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013

Name	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at End of Year
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	*P 5,083,692*	*P 8,400,102*	*(P 5,381,101)*	-	*P 8,102,694*	-	*P 8,102,694*
RANDY DELA CRUZ	4,129	-	-	-	4,129	-	4,129
NELSON SEMINIANO JR.	5,000	-	(871)	-	4,129	-	4,129
LITO MARIE G. AMOSCO	3,950	-	-	-	3,950	-	3,950
ARNALDO V. REBOLLO	3,750	-	-	-	3,750	-	3,750
JUANITO S. MINA	3,750	-	-	-	3,750	-	3,750
LYNARD BARREDO	5,000	-	(1,742)	-	3,258	-	3,258
JO-ANN S. BUENAAGUA	3,750	-	(500)	-	3,250	-	3,250
GARY R. PITOGO	3,000	-	-	-	3,000	-	3,000
RIO B. GOTIZA	3,000	-	-	-	3,000	-	3,000
RHODA M. GUCILATAR	2,870	1,078,430	(1,078,430)	-	2,870	-	2,870
RODOLFO PESARILLO	10,000	-	(7,225)	-	2,775	-	2,775
DANTE RODRIGUEZ	5,646	-	(2,871)	-	2,775	-	2,775
FAHREN JAY T. MENDOZA	2,500	-	-	-	2,500	-	2,500
RODRIGO S. PAMAHOY	2,442	-	-	-	2,442	-	2,442
JOHN RYAN SONZA	2,429	-	-	-	2,429	-	2,429
WILFREDO AUGUIS	4,400	-	(2,000)	-	2,400	-	2,400
SHERWIN S. YUMOL	2,388	-	-	-	2,388	-	2,388
ARNOLD A. ARGONZA	2,344	-	-	-	2,344	-	2,344
RENEL RUBIO	2,143	-	-	-	2,143	-	2,143
MARK MAÑOZO	-	2,125	-	-	2,125	-	2,125
RONARD B. JUMALON	3,273	-	(1,250)	-	2,023	-	2,023
ALBERTO DACUMA	-	2,000	-	-	2,000	-	2,000
ARCHIBALD GARCIA	-	2,000	-	-	2,000	-	2,000
CAMELO BASCO	-	2,000	-	-	2,000	-	2,000
THEODY P. SILVA	1,875	-	-	-	1,875	-	1,875
JOSEPH HAYES F. HONORIO	9,358	2,704	(10,300)	-	1,762	-	1,762
LUCILA FAMILAR	-	1,694	-	-	1,694	-	1,694
MELONA E. DABLO	1,668	-	-	-	1,668	-	1,668
JEFEY MANGABON	5,000	-	(3,333)	-	1,667	-	1,667
JAY ANTHONY V. HUTALLA	1,575	-	-	-	1,575	-	1,575
NELSON S.DARAMAN	1,350	-	-	-	1,350	-	1,350
RHODERICK A. DURBAN	4,775	-	(3,612)	-	1,163	-	1,163
RUBIELIZA BALTAZAR	1,108	-	-	-	1,108	-	1,108
FEDERICO GABOT JR.	1,000	-	-	-	1,000	-	1,000
RENALDO B. CATAMPONGAN	1,000	-	-	-	1,000	-	1,000
REY K. BANAL	1,000	-	-	-	1,000	-	1,000
SANTIAGO CANDOLE	1,000	-	-	-	1,000	-	1,000
LEO B. MEDALLA	833	-	-	-	833	-	833
DARWIN R. TALATTAD	2,000	-	(1,257)	-	743	-	743
CZARINO A. LORENZO	683	-	-	-	683	-	683
NICANOR CALISORA	2,500	-	(2,000)	-	500	-	500
ANTHONY T. MANA-AY	500	-	-	-	500	-	500
CHRISTOPHER D. LECITA	500	-	-	-	500	-	500
ROLAND N. RIÑA	500	-	-	-	500	-	500
VALENTINO S. SOLIVEN	500	-	-	-	500	-	500
CELIO E. EVANGELIO	912	-	(454)	-	458	-	458
JONATHAN AGASCON	-	429	-	-	429	-	429
MATHEW GARCIA D. MAUAD	429	-	-	-	429	-	429
JERALBINE R. NUGUID	-	2,000	(1,584)	-	416	-	417
ARNOLD G. ABANICO	400	-	-	-	400	-	400
ZANDY U. BAUIT	-	400	-	-	400	-	400
SHEILA G. ANGELES	-	330	-	-	330	-	330
JOEY ALBERT CEREZO	-	10,000	(9,965)	-	35	-	35
TOTALS	P 5,199,922	P 9,504,214	(P 6,508,495)	-	P 8,195,641	-	P 8,195,642

MEGAWIDE CONSTRUCTION CORPORATION
Schedule D
Intangible Assets - Other Assets
December 31, 2013

Description (i)	Beginning Balance	Additions at Cost (ii)	*Deduction*			Ending Balance
			Charged to Cost and Expenses (iii)	Charged to Other Accounts	Other Changes Additions (Deductions)	
Computer license software	P 12,167,283	P 13,873,420	(P 996,343)	P -	P -	P 25,044,630

Supplementary information on Intangible Assets

(i) *Intangible assets, which pertain to computer license software and system, are presented as part of other non-current assets in the statement of financial position.*

(ii) *Additions during the year represents software customization fees, new human resource system and various installation fees.*

(iii) *Intangible assets are amortized on a straight-line basis over the estimated useful lives of five years.*

MEGAWIDE CONSTRUCTION CORPORATION
Schedule E
Long-Term Debt
December 31, 2013

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-Term Debt" in Related Statement of Financial Position
Notes facility	P 4,961,451,354	P -	P 4,961,451,354
Obligations under finance lease	247,734,631	176,243,952	71,480,679

Supplementary information on Long-term Debt

(i) *Notes payable represents unsecured availments from a notes facility agreement with a local bank for private placement up to P4.0 billion with maturity of five years from date of issue.*

(ii) *The obligations under finance lease have an effective annual interest rate of 5.4% with maturity of five years from date of transaction.*

MEGAWIDE CONSTRUCTION CORPORATION
Schedule F
Indebtedness to Related Parties
December 31, 2013

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Advances from Citicore Holdings Investment, Inc.	P 29,505,156	P 3,208,300
Advances from Citicore-Megawide Consortium , Inc.	-	5,241,500
Advances from MySpace Properties, Inc.	-	7,450,000
Due to employees	-	1,021,254
Total	P 29,505,156	P 16,921,054

Supplementary information on Indebtedness to Related Parties

The Company obtains unsecured, noninterest-bearing cash advances from its parent company to finance its working capital requirements and which are payable on demand.

MEGAWIDE CONSTRUCTION CORPORATION
Schedule H
Capital Stock
December 31, 2013

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Postion Caption	Number of Shares Reserved for Options, Warrants, Coversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common	2,000,000,000	1,649,426,127	-	1,220,203,735	169	429,222,223

MEGAWIDE CONSTRUCTION CORPORATION
2nd Floor Spring Building, Arnaiz Avenue Cor. P. Burgos St., Pasay City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2013

Unappropriated Retained Earnings at Beginning of Year, as Restated	P	1,705,376,164
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income		22,661,613
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		1,728,037,777
Net Profit Realized during the Year		
Net profit per audited financial statements		1,395,633,425
Non-actual/unrealized income, net of tax		
Deferred tax income	(	7,460,091)
		1,388,173,334
Other Transactions During the Year		
Dividends declared	(	380,636,801)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**2,735,574,310**

Supplementary Information:

On April 8, 2013, the Board of Directors approved the declaration of stock dividends equivalent to 30% of total issued and oustanding shares.

MEGAWIDE CONSTRUCTION CORPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters **	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters **	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters **	✓		
	Amendment to PFRS 1: Government Loans **	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(deferred application)* *			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments *(deferred application)* *			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(deferred application)* *			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities * *(effective January 1, 2014)*			✓
PFRS 11	Joint Arrangements	✓		
	Amendment to PFRS 11: Transition Guidance	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities * *(effective January 1, 2014)*			✓
PFRS 13	Fair Value Measurement	✓		

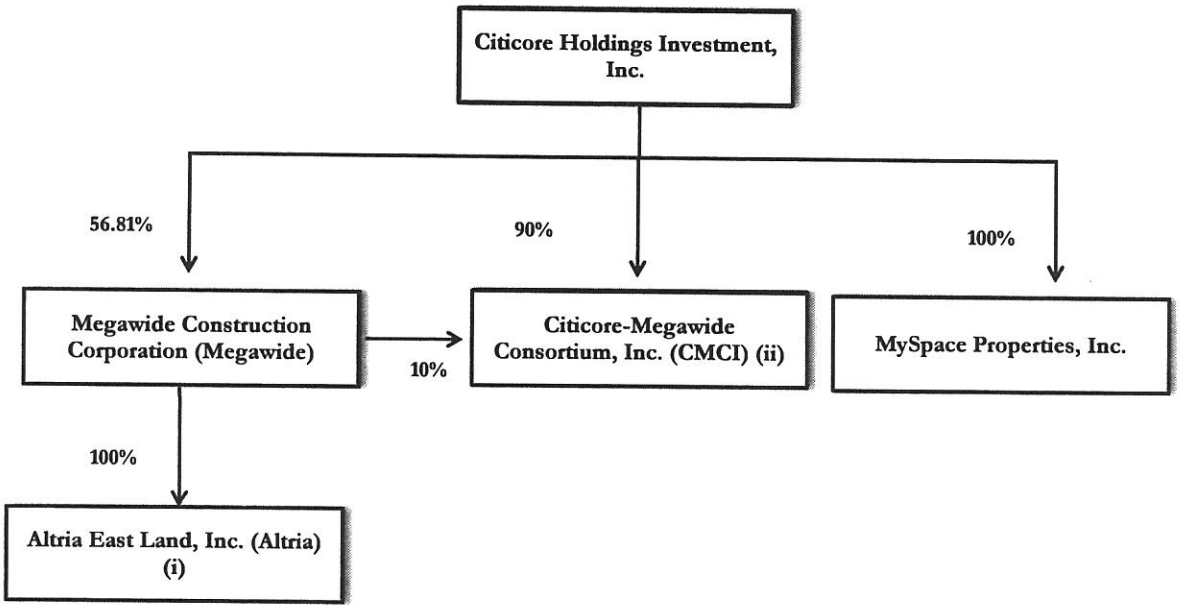
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	-12-			
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation**	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment: Employee Benefits – Defined Benefit Plans – Employee Contributions* *(effective January 1, 2014)*			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation**	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities * *(effective January 1, 2014)*			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation**	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets* *(effective January 1, 2014)*			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement			✓
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions**	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts **	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives **	✓		
	Amendment to PAS 39: Eligible Hedged Items **	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting* *(effective January 1, 2014)*			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements	✓		
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies* *(effective January 1, 2014)*			✓
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to 2013 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

MEGAWIDE CONSTRUCTION CORPORATION
MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES
December 31, 2013



Supplementary information:

(i) Megawides acquisition of Altria is treated as an acquisition of asset and not a business acquisition. Hence, Altria is not considered a subsidiary of the Megawide.

(ii) The rights and powers of Megawide over the management and control of the CMCI are exercised through a seat in the board. Taking this into consideration, the Megawide concluded that it has significant influence over the investee; accordingly the investment is accounted for as an investment in associate.

MEGAWIDE CONSTRUCTION CORPORATION
Summary of Application of Initial Public Offering (IPO) Proceeds
December 31, 2013

	BASED ON IPO PROSPECTUS	BASED ON ACTUAL
Initial Public Offering (IPO) Proceeds	P 2,289,280,000	P 2,289,310,885
Less: IPO related expenses	109,020,519	72,160,040
Net proceeds	2,180,259,481	2,217,150,845
Less: Disbursements		
Site development and building structure	97,500,000	221,500,000
Heavy (logistics) equipment	124,000,000	124,000,000
Pre-cast machineries	700,000,000	700,000,000
Support facilities	31,000,000	-
Training and development	15,500,000	-
Warehousing and yard	77,500,000	-
Construction Site Development	1,045,500,000	1,045,500,000
Acquisition of New Equipment	506,400,000	506,400,000
Acquisition of New Formworks	465,000,000	502,150,845
Working Capital	163,100,000	163,100,000
Total Disbursements	**2,180,000,000**	**2,217,150,845**
Remaining Balance of Proceeds, as at December 31, 2013		-

Supplementary information on the Summany of Application of IPO Proceeds

As of June 30, 2013, the remaining balance of IPO proceeds arising from the excess of actual over estimated proceeds amounted to P37 million. For the period ended September 30,2013, the Company allocated the entire amount for the acquisition of new formworks to be used for its various projetcs, bringing the total disbursements for this purpose to P502 million as of September 30, 2013.

MEGAWIDE CONSTRUCTION CORPORATION
Schedule of Relevant Financial Ratios as Required
Under SRC Rule 68, as amended
For the years ended December 31, 2013 and 2012
(Amounts in Philippine Pesos)

	2013	2012	2013	2012
I. Current/liquidity ratios				
a. Current Ratio				
Total Current Assets	P 16,742,320,130	P 7,900,549,604	2.14	1.32
Total Current Liabilities	7,815,237,646	5,995,114,228		
b. Quick Ratio				
(Cash and Cash Equivalents + Financial Assets at Fair Value through Profit or Loss + Trade and Other Receivables)	12,203,245,795	5,647,113,208	1.56	0.94
Total Current Liabilities	7,815,237,646	5,995,114,228		
II. Solvency ratios				
a. Solvency Ratio				
(Earnings Before Interest and Taxes)	1,442,791,313	1,117,289,817	0.11	0.15
Total Liabilities	12,961,986,946	7,265,097,067		
b. Debt-to-Equity Ratio				
Total Liabilities	12,961,986,946	7,265,097,067	1.52	1.52
Total Equity	8,541,010,236	4,771,379,657		
III. Asset-to-equity ratio				
Total Assets	21,502,997,182	12,036,476,724	2.52	2.52
Total Equity	8,541,010,236	4,771,379,657		
IV. Interest Coverage Ratio				
(Earnings Before Interest and Taxes)	1,442,791,313	1,117,289,817	3.43	4.75
Interest Expense	421,151,138	235,063,967		
V. Profitability Ratios				
a. Gross Profit Margin				
Gross Profit	1,781,129,312	1,393,466,325	0.16	0.17
Revenues	10,880,437,252	8,204,809,853		
b. Net Profit Margin				
Net Profit	1,395,633,425	1,012,566,672	0.13	0.12
Revenues	10,880,437,252	8,204,809,853		
c. Return on Equity				
Net profit	1,395,633,425	1,012,566,672	0.21	0.23
Average Equity	6,656,194,947	4,337,758,784		
d. Return on Assets				
Net profit	1,395,633,425	1,012,566,672	0.08	0.10
Average Assets	16,769,736,953	10,161,380,868		
VI. Market Ratios				
a. Book Value per Share				
Total Equity	8,541,010,236	4,771,379,657	5.18	4.28
Outstanding Shares	1,649,426,127	1,114,100,003		
b. Earnings per Share				
Net Profit	1,395,633,425	1,012,566,672	1.13	1.18
Average Outstanding Shares	1,237,598,470	857,000,002		