EXHIBIT 2

FINANCIAL STATEMENTS AND SCHEDULES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

F S 2 0 0 4 1 1 4 6 1

Company Name

MEGAWIDE
CONSTRUCTION
CORPORATION AND ITS
SUBSIDIARIES

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MICHAEL COSIQUIEN		655-1111	

Contact Person's Address

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

MEGAWIDE

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megawide Construction Corp. and its subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015, 2014 and 2013, 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, 2015;
d. Schedule of Financial Indicators for December 31, 2015 and 2014;
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 Y. TAN
Chief Financial Officer
208-264-817

SUBSCRIBED AND SWORN TO before me this APR 1 2 2016 at QUEZON CITY affiants exhibiting to me their valid Tax Identification Numbers stated above.

Signed this ____ day of APR 1 2 2016.

Doc. No. 277.
Page No. 71.
Book No. I.
Series of 2016

MARIE ARCIE ANNE M. SERCADO
NP-288 (2015-2016)
Notary Public for Quezon City
Until December 31, 2016
No. 20 N. Domingo Street,
Brgy. Valencia, Quezon City
Roll of Attorneys No. 62656
PTR No. 2506654, 02.15.16; Quezon City
IBP No. 1027843; 02.12.16; Makati City

P&A
Grant Thornton

An instinct for growth™

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
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The Board of Directors and Stockholders
Megawide Construction Corporation and Subsidiaries
(A Subsidiary of Citicore Holdings Investment, Inc.)
2nd Floor Spring Building
Arnaiz Avenue Corner P. Burgos St.
Pasay City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Megawide Construction Corporation and Subsidiaries (herein referred to as "the Group") for the year ended December 31, 2015, on which we have rendered our report dated April 8, 2016. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Leonardo D. Cuaresma, Jr.
Partner

CPA Reg. No. 0058647
TIN 109-227-862
PTR No. 5321721, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 0007-AR-4 (until Apr. 30, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-7-2014 (until Aug. 5, 2017)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

April 8, 2016

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES

List of Supplementary Information

December 31, 2015

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MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule A
Financial Assets - Fair Value Through Profit or Loss and Available for Sale Financial Assets
December 31, 2015

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Positon as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (ii)
Fair Value through Profit of Loss				
BDO Leasing	P 648,944,455	P 648,944,455	P 648,944,455	P 24,907,775
Orix Metro Leasing	1,576,946,505	1,576,946,505	1,576,946,505	35,426,326
First Metro Investment Corp.	2,402,371,757	2,402,371,757	2,402,371,757	37,490,694
Market Sweep	1,357,233,998	1,357,233,998	1,357,233,998	3,871,170
Unit Investment Trust Fund (i)	665,750	1,872,218	1,872,218	5,334,301
TOTAL	**P 5,986,162,464**	**P 5,987,368,932**	**P 5,987,368,932**	**P 107,030,266**
Available for Sale Financial Assets				
Investment in Club shares - The City Club, Alphaland Makati Place	P 1,044,472	P 1,044,472	P 1,044,472	P -
Investment in Silay Solar Power, Inc. (SSPI) - at cost	625,005	625,005	625,005	-

Supplementary information on Financial assets at FVTPL

(i) *The investments are carried at fair value based on quoted market prices from Philippine Dealings Exchange and net assets value quoted by financial institutions.*

(ii) *This represents the increase in fair value of the asset which is not yet realized, interest received and accrued interest income as of December 31, 2015.*

(iii) *The investment in SSPI is carried cost since its fair value cannot be determined reliably. Further, this investment represents equity instrument wherein the Group neither exercises control or significant influence as discussed in Note 10 to the financial statements.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
ABELARDO LABRAGUE	P	P	P	P	P	P -	P -
AGOSTO P. BALADJAY	6,300				6,300	-	6,300
ALENE PILANDE	6,774		(6,774)				
ALBERT D. MONTES	2,674		(2,674)				
ALBERT M. ABAO	860		(860)	-			
ALBERTO C. POLIQUIT	2,200		(2,200)	-			
ALBERTO DACUMA		1,238		-	1,238		1,238
ALFREDO C. CASASIS		12,500			12,500		12,500
ALMA GARCIA		32,000			32,000		32,000
ALVIN ESGUERRA	6,000		(6,000)				
ALVIN SOGUILON		3,241			3,241		3,241
ALVIN TORRES	-	14,723			14,723	-	14,723
ANALIZA C. DIOLOLA	31,850		(31,850)			-	-
ANALIZA MANLAPAZ		32,000			32,000		32,000
ANDREW ACQUAVIT HARRISON		870,482			870,482	-	870,482
ANNA DOMINIQUE SAJOR	16,800		(16,800)			-	-
ANNA KARENINA M. SALGADO	31,652		(31,652)				
ANNABELLE SIBUG		3,360			3,360		3,360
ARCHIBALD GARCIA	135,000		(15,310)		119,690	-	119,690
ARIA ROSARIO NOGRALES		220,000			220,000		220,000
ARBE ROHSAN N. LUCES	1,300		(1,300)				
ARMARIE A. BORDEN		20,000			20,000		20,000
ARNEL O. BULLONES	2,765		(2,765)				
ARNOLD L. VILLAFUERTE	-	3,000			3,000		3,000
ARNOLD R. BASISTER		15,449		-	15,449		15,449
ARTHUR P. Jr. BIAG	860	-	(860)		-		-
ATHENA WAM ALSOL	35,785		(35,785)		-		-
ARSENIO P. SENO		100			100		100
BANAG, AUDREY PRESA		7,500			7,500		7,500
BENA KRISTIE S. EDQUIN	3,642,767		(1,383,445)		2,259,322		2,259,322
BENJAMIN R. DELA CRUZ	20,000	30,000			50,000		50,000
BENJAMIN S. FABRO, JR	8,693	1,200			9,893		9,893
BENJAMIN VICENTE JR		28,208			28,208		28,208
BENHUR S. MERAFUENTES	13,414		(13,414)				-
BRIAN JEROME DEL VALLE	28,050		(28,050)		-		-
BRYAN R. MALINAO		9,112			9,112		9,112
BUTCH CASTILLO		26,895			26,895		26,895
CAMILO BASCO		2,000		-	2,000		2,000
CARLITO BALTOR	17,293		(17,293)	-	-		-
CARLOS LEITAO		162,396			162,396		162,396
CAROLINE JEANELLE C. LOPEZ		32,000			32,000		32,000
CATHERINE C. CENA		7,000			7,000		7,000
CATHERINE LIM		1,800			1,800		1,800
CELSO C. ANCHETA		7,109			7,109		7,109
CEZAR A. MAYHAY	2,700		(1,150)		1,550		1,550
CHERYMAY E. DE TORRES		14,400			14,400	-	14,400
CHITO BILOG	10,000				10,000		10,000
CHRISTOPHER DAN O. TAMAYO	1,236		(1,236)				
CHRISTOPHER E. CURADO	9,000				9,000		9,000
CHRISTOPHER PACA	-	16,208		-	16,208	-	16,208
CLAUDIA SORIANO	360,182		(345,724)	-	14,458		14,458
CONRADO F. PARCON	750		(750)	-			
CRESANTO M. CASTRO	4,830			-	4,830		4,830
CRISPULO S. OBEDA	15,748		(15,748)				
DANTE S. FELICES	1,840		(1,840)	-			
DARA DELANNA OBIDO	10,400	20,929			31,329		31,329
DIANA JOY D. VICTORIA	28,530				28,530		28,530
DONABELLE SISON		32,000			32,000		32,000
EDGAR A. VALERA	133,113		(29,781)		103,332		103,332
Balance forwarded	P 4,589,366	P 1,626,849	(P 1,993,260)	P	P 4,222,954	P	P 4,222,954

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 4,589,366	P 1,626,840	(P 1,993,260)	P	P 4,222,954	P	P 4,222,954
EDGARDO D. MALIT	79,427		(55,692)		23,735		23,735
EDGARDO ABAD		7,380			7,380		7,380
EDUARDO RAMIREZ	10,800		(296)		10,504		10,504
EINSTEIN O. CHIU		307,087	-	-	307,087		307,087
EDWIN P. DULAY	10,000		(10,000)				
ELISON JOHN B. RAMOS		9,500	-		9,500		9,500
ELMER ELANDEZ		4,873	-		4,873		4,873
ELVIN GOLIMLIM		22,660			22,660		22,660
EMILIA CORAZON D. DE LEIVA	2,581	-	(2,581)				
EMILIO GABRIEL S. PEREZ	2,997				2,997		2,997
ENRICO D. GAW	125,873	-	(71,873)		54,000		54,000
ENRIQUE RAMOS		19,704			19,704		19,704
ERNEST JORDAN ROMANO	-	6,000			6,000		6,000
ERIC N. GABRIEL	138,241		(136,462)	-	1,779		1,779
ERICSON BENITEZ BENITEZ		2,000			2,000		2,000
ERLY R. DOLI	1,801		(1,801)		-		
ERVIN LIMPAG		516		-	516	-	516
FARRA MAE PEZON		8,164		-	8,164		8,164
FERELYN JOY LOGON	30,000		(30,000)				
FERDINAND C. DESAMITO		3,685		-	3,685		3,685
FERDINAND B. RODRIGUEZ	20,000		(4,901)	-	15,099		15,099
FLORENDO B. BACLAYAN	2,674		(2,674)	-			-
FLOREMAR BALDOZA		2,223		-	2,223		2,223
FRANCHESCA BANSIL	5,100		(5,100)				-
FRANCIS LUIS C. DE GUZMAN	10,500			-	10,500		10,500
FRANKLIN A. Jr. HELISO	2,674		(2,674)				
FRITZ LIM		26,895			26,895		26,895
GENNY C. MILARES		26,591			26,591		26,591
GILBERTO CRUZ	6,510		(6,510)				
GLIZETTE DYAN BERNARDO	21,000		(21,000)				
GAURAV AGGARWAL	-	75,000			75,000		75,000
HANNA JOY Q. RONQUILLO	6,510	-	(6,510)				
HAYDEE CHUA		32,000			32,000		32,000
HAYDEE MAYOR		3,359			3,359		3,359
HEIDEE HERNANDEZ	1,720	-	(1,720)				
HENRY D. CAÑAS	1,500	-	(1,500)				
IRENEO Y. AGUIHAP	145,824		(145,824)				
ISAGANI E. LATHROP	833		(833)		-		-
ISRAEL K. BONAVENTE		6,936			6,936		6,936
IVY MAE ABALLAO		32,000			32,000		32,000
JACKILYN B. GENTILES	40,000		(40,000)				
JACKSON G. NAIG	417		(417)				
JAIME M. LOPEZ		56,400			56,400		56,400
JAKE S. ESTEVES		5,005			5,005		5,005
JAN B. DENAGA		2,729			2,729		2,729
JANINE MORAL		28,833			28,833	-	28,833
JASON C. SILEREALES	6,875		(6,875)				
JASON E. PRESTADO	2,674		(2,674)				
JASPER NOEL CABRERA		89,927			89,927		89,927
JAY CRISOLOGO		4,888			4,888		1,888
JELLY MANGABON	12,000		(12,000)		-		
JENELYN S. GURROBAT	28,667				28,667		28,667
JENNY D. GUTA	45,674		(19,263)		26,412		26,412
JERALBINE R. NEGUID		131			131		131
JEROME GUEVARRA	5,321				5,321		5,321
JERRY MARQUESES JR	16,240		(16,240)				
JESSIE C. CORONEL	6,405		(6,405)				
JESUS GONZALO C. VERGARA JR	228,750		(196,900)		31,850		31,850
JHUELIAN LOREN GUTIERREZ	38,488		(38,488)				
JIMBO E. MILLARES		2,154			2,154		2,154
JEOME E. MENDOZA	645		(645)				
JIMMY E. BANDONG	1,887		(1,887)				
JOEL C. VILLANUEVA	12,575		(12,575)				
JOEL H. GALANG		6,500			6,500		6,500
JOEL ECAGUE	5,850		(3,864)		1,986		1,986
JOEL ROCA		2,890			2,890		2,890
Balance forwarded	P 5,668,397	P 2,422,879	(P 2,859,443)	P	P 5,231,833	P -	P 5,231,833

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 5,668,397	P 2,422,879	(P 2,859,443)	P	P 5,231,833	P -	P 5,231,833
JOEY ALBERT CEREZO	57	0.30	0.30		57		57
JOHN DICK T. QUITOS	3,150	-	(3,150)			-	-
JOHN HAROLD B. MANTILE	18,371	-	(2,184)		16,186	-	16,186
JOHN RONALD RENDON		3,000			3,000		3,000
JON PHILIP DONAIRE		24,350			24,350		24,350
JORDAN JOEL ORTIZ		3,973			3,973		3,973
JOSE RENE D. ESCOMIEN	6,875		(5,848)		1,027		1,027
JOSE C. SAMPANG		107,282			107,282		107,282
JOSE C. RAMIREZ		8,000			8,000		8,000
JOSEPH HAYES E. HONORIO	1,762				1,762		1,762
JOSUE G. GA	10,332		(10,332)				
JOUIE V. LEE OLIVER	175,500		(175,500)				
JOVEN S. JUMAWAN	3,150		(3,150)				
JOWELL L. SAN JOSE	327,630		(258,473)		69,157		69,157
JR S. LLANO	1,500		(1,500)	-			
JUAN VALENTINO A. GONZALES	1,720		(1,720)			-	-
JULIEN STEINER	12,850		(5,040)		7,810	-	7,810
KATHERINE DUGEONG		3,000			3,000		3,000
KEI SHELLY M. DE VERA		35,331			35,331	-	35,331
KRISTINE MAE REYES	-	32,000		-	32,000		32,000
KRISTOFFER IAN V. SERIOSA		24,304			24,304		24,304
LALAINE ANN R. ROSALES	56,875		(50,575)		6,300		6,300
LARA MAE A. LOLARGA	-	15,000		-	15,000		15,000
LAURITO CABUAL		67			67		67
LEOBERT RAMOS	-	4,712		-	4,712		4,712
LENLIE L. MANLEE	20,000		(20,000)	-			
LINO R. VILLANUEVA	1,840		(1,840)	-			-
LLOYD NIÑO A. MASCARIÑAS	-	18,828	-	-	18,828		18,828
LORENZO B. BUENCONSEJO	2,674		(2,674)	-			
LORENZO B. Jr. MELENDEZ	2,674		(2,674)	-			
LORNA C. TEJIDO		90		-	90		90
LUCENA O. BONGOLAN	35,000		(35,000)		-		
LUCENA B. BAUTISTA		20,389			20,389	-	20,389
LUCILA L. AMILLAR	1,693				1,694		1,694
MA. ABIGAIL JANE LIBRANDO		35,317			35,317		35,317
MA. CLORITA TRABALLO		50,000			50,000		50,000
MA. ELOISA ORACION		24,167			24,167		24,167
MA. DIAN JOIE M. SAN ANTONIO	100,515		(100,515)				
MA. JACINTA VICTORIA E. TEALHAL	520,217		-		520,217		520,217
MA. JONALIE PEREYRA		11,845	-		11,845		11,845
MA. LOURDES VALERA	25,000		(2,353)		22,647		22,647
MA. ROXANNE A. PAGUIO		2,875			2,875		2,875
MA. TERESA D. PACIENTE	10,400		(2,970)	-	7,430		7,430
MA. THERESA PASCUAL		45,000			45,000	-	45,000
MAE ANN A. TORCADILLA	-	41,547			41,547	-	41,547
MADGE GRETA V. CABATIC	75,000		(75,000)				
MAGNUS ALBERT U. SUAIBAGAN		2,400			2,400	-	2,400
MANDY DE VENECIA	-	4,320			4,320		4,320
MANUEL D. MONTES	2,674		(2,674)				
MANUEL LOUIE B. FERRER	30,000	800,000			830,000		830,000
MANUEL DIAMOS		6,764			6,764		6,764
MANUEL MELCHOR B. BONGUITO	656,187		(656,187)				
MARCELINO MANGAYA AY JR		1,352			1,352		1,352
MARIA SULPICIA POLINGA	7,000		(7,000)				
MARIA ELENA O. DE MECHELO	4				4		4
MARIBETH MONTERO	30,000				30,000		30,000
MARICAR A. CRUZ	33,800	-	(29,267)		4,533		4,533
MARIE ARCIL ANNE SERCADO		32,000		-	32,000	-	32,000
MARIE STEPHANIE M. NOLIDO		10,250			10,250		10,250
MARILOU L. SUNGA	1,840		(1,840)				
MARIELS P. PERICO	1,720		(1,720)				
MARJORIE BALINOYOS		30,334			30,334		30,334
MARJORIE R. VENTOSO		32,000			32,000		32,000
MARK ANTHONY VALDEZ	10,000				10,000		10,000
MARK JASON L. GARRERO	6,195		(6,195)				
MARK JOSEPH LOBO		15,527			15,527		15,527
MARIA REMEDIOS AVILA		33,524			33,524		33,524
MARLON R. MERCADO	3,360		(3,360)				
MARRY CHRIST BALANGAWAN	2,205		(2,205)				
MARTIN SIMON GIORDAN		122,276			122,276		122,276
Balance forwarded	P 7,868,167	P 4,025,302	(P 4,330,388)	P -	P 7,563,081	P -	P 7,563,081

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 7,868,167	P 4,025,302	(P 4,330,388)	P	P 7,563,081	P -	P 7,563,081
MARVIN GLORIA		5,810	-		5,810		5,810
MARY CHRISTINE Y. AVENTING	39,000		(39,000)				-
MARY HILDA R. SERRANO		1,162	-		1,162	-	1,162
MARY JOY FAME		41,600	-		41,600	-	41,600
MARY GRACE GONZAGA		41,600			41,600	-	41,600
MARY LOURDES ROBLEZA	67,290		(67,290)			-	
MARYCON SALAZAR	10,000		(10,000)				
MELISSA L. SALIICAN	9,500		(9,500)		-		
MELONA L. DABLO	1,668	-	(777)		891	-	891
MELCHOR L. TORRES		12,207			12,207	-	12,207
MELISSA P. DAVID		30,000			30,000	-	30,000
MELVIN CAÑERO							
MENCHIE DIASEN	57,314		(57,314)		-		
MERLINDO D. Jr. LAYRUS	1,000	655		-	1,655		1,655
MIA GRACE PAULA S. CORTEZ		53,367			53,367		53,367
MICHELLE A. BARROZO	10,000				10,000		10,000
MICHELLE ANN P. PEDRAJA	30,500		(30,500)				
MICHELLE SANIDAD	163,150		(163,150)	-			
MICHELLE E. PANTINO	38,783		(38,783)	-			
MISCHELLE E. ENRIQUEZ	36,905			-	36,905		36,905
NAZARENO ABALOS	137,796		(137,796)	-			
NELSON B. Jr. SEMINIANO	625		(625)	-	-		
NELSON M. CASADO	46,800		(29,160)	-	17,640		17,640
NELSON S. DELA CRUZ	2,674		(2,674)	-			
NELSON LEGARDE		100,000		-	100,000		100,000
NELSON TEISA	5,000		(5,000)				
NESTOR E. SIERVO JR	40,000		(19,883)		20,117		20,117
NICANOR NICKIE B. ARENAS		13,875			13,875	-	13,875
NICOLAS O. LANGAY-LANGAY	3,760	-	(3,760)				-
NIKKO E. DEL ROSARIO	1,440	6,169			7,609		7,609
NOEL G. GERAPESO	20,000		(18,973)		1,027		1,027
NOEL B. ESPINEDA	800	-	(800)				
NOMERIANO E. AGUIRRE	2,674		(2,674)				
ORLANDO V. OMILA	2,674	-	(2,674)	-			
PEDRO PISUEÑA		3,200		-	3,200		3,200
PHILIP ROMULO FRANCIA	50,000	-	(50,000)				
PHILIPP CORNELIUS V. RAMA	1,840	-	(1,840)				
PRECIOUS PEARL A. ABAYA	39,000	-	(39,000)				
PRINCESS DELOS SANTOS	-	5,367			5,367		5,367
RACHELLE E. CUYOS		525			525		525
RALLY FELICIANO		8,000			8,000		8,000
RALPH ELIM		237,496			237,496		237,496
RAMIL ALIMBUYUGIN	6,000		(6,000)				-
RAMIRE MANAYAY	14,175		(4,557)		9,618		9,618
RAMON LOR		2,950			2,950		2,950
RANDY ESGUERRA		3,000			3,000		3,000
RANDY E. BOOC	2,674		(2,674)				
RAQUEL VERZOSA		26,500			26,500		26,500
RAUL SAPIANDANTE		2,400			2,400		2,400
RAYMUNDO R. LAYSON	13,500	128,998	-	-	142,498	-	142,498
RAYMUNDO P. PRONDA		442,055			442,055		442,055
REALYN FLORES	45,000		(45,000)				
REA G. RUBION		3,845			3,845		3,845
REALINO MONTEMOR		463			463		463
REGIE DELOS NIÑOS		1,650			1,650		1,650
REMARLE ESEQUEL		1			1	-	1
RENATO ALEGADO		3,255			3,255		3,255
RENIELLE C. BAUTISTA	6,000		(6,000)				-
REY C. RAMIREZ		19,010			19,010		19,010
REYNALDO RODRIN	153,554		(84,453)		69,101		69,101
REYNANTE E. DE VERA	1,290		(1,290)				-
RHODA M. GUCILATAR	2,870		(630)		2,240		2,240
RHODA R. ESGUERRA	4,500		(4,500)				
RICARDO MOSTERA	3,998		(3,998)				
RICHARD ORTEGA		2,400			2,400		2,400
RICHEL PAGAWITAN	3,800				3,800		3,800
RICHEL BORDE		41,600			41,600		41,600
ROBY CHARLIE G. MALLARI	19,210		(3,579)		15,631		15,631
ROYCE MILTON CATACUTAN		28,345			28,345		28,345
RODRIGO S. PAMAHOY		22,292			22,292		22,292
ROEL BALACAN	8,000		(8,000)				
ROGELIO M. Jr. FRANCISCO	1,075		(1,075)		-		-
ROGILYN PONES		29,667			29,667	-	29,667
ROHSAN ARIEL N. LUCES	25,000		(23,850)	-	1,150		1,150
ROLANDO C. SEAZO	65,250	-	(52,650)		12,600		12,600
ROLANDO S. DAYGO	5,000	-	(5,000)				
ROMEO DIAZ		14,000			14,000		14,000
ROMEO A. OLIPAS JR	22,800		(22,800)				
ROMEO TURIGAY	120,480	-	(120,480)				
ROMEO C. SAKAY		1,444			1,444		1,444
ROMMEL H. BERNALDEZ	2,966		(2,966)				
ROMMEL NIÑO M. PELPELAAN	5,000		(5,000)				
RON VINCENT R. DE LEON	2,151	-	(2,151)				
RONALD ALLAN M. NICOLAS	-	15,687	-	-	15,687		15,687
Balance forwarded	P 9,222,682	P 5,375,897	(P 5,468,243)	P	P 9,130,336	P	P 9,130,336

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Balance carried forward	P 9,222,682	P 5,375,897	(P 5,468,243)	P -	P 9,130,336	P	P 9,130,336
RONALD PAOLO	64,495	-	(40,309)		24,186		24,186
RONARD B. JUMALON	30,000	-	(30,000)	-			
RONNIE SALINGAY		8,000		-	8,000		8,000
ROQUELISA E. FUGUSO	30,000	-	(30,000)	-			-
ROSE ANN A. PIQUERO	23,500	-	(23,500)	-			-
ROWENA B. TRILLANA	10,000	11,637			21,637		21,637
RUBELIZA ALBAY	21,108	6,047			27,155		27,155
RUSKY L. FERRER		30		-	30		30
RYAN JAY LAI		238			238		238
RYAN ERMAC		40		-	40		40
SALVADOR DE GUZMAN		4,800			4,800		4,800
SAMUEL A. LELE		5,000			5,000		5,000
SHARON D. PEREZ		9,000		-	9,000		9,000
SHEILA G. ANGELES		330			330		330
SONNY BOY G. ENRIQUEZ	122,980		(106,431)	-	16,549		16,549
STEPHANIE GRACE G. MANAL		9,249			9,249		9,249
SULPICIO A. GARCIA	23,432	13,333			36,766		36,766
TARCYZIUSZ FROEHLICH		87,328			87,328		87,328
TIMOTHY GALLON	35,000		(35,000)				
TRACELLE ANNE A. BASILISCO		30,226			30,226		30,226
VENUS A. TOGDAN		32,000			32,000		32,000
VIRGILIO C. MALLIR	27,700		(27,350)		350	-	350
VIVENCIO A. ROSALES JR.	1,050		-		1,050	-	1,050
WENNIE S. PALACIO	20,000		(5,648)		14,352	-	14,352
WILLIE G. RUFINO		16,192			16,192	-	16,192
WILSON DY		62,500			62,500		62,500
WINSTON A. JIMENEZ	10,973		(4,151)		6,822		6,822
YASMIN LAMBATAN		56,000			56,000		56,000
YENICE C. PRADHAN		2,500			2,500	-	2,500
YVES LOUIS BARBET		165,000			165,000		165,000
ZERNAN E. CAMARA	2,674	-	(2,674)		-		
Balance forwarded	P 9,645,593	P 5,895,947	(P 5,773,306)	P -	P 9,768,234	P	P 9,768,234

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule B
Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Written Off	Ending Balance: Current	Ending Balance: Non-current	Balance at End of Period
Balance carried forward	P 9,645,593	P 5,895,947	(P 5,773,306)	P	P 9,768,234	P	P 9,768,234
P. SRIPATHY	5,300,000.00		(5,300,000.00)		-		
OLIVER Y. TAN	5,250,000.00		(5,250,000.00)		-		
LOUIE FERRER	4,900,000.00		(4,900,000.00)		-		-
ANDREW ACQUAM HARRISON	6,730,897.07		(6,730,897.07)		-		-
UMA GANAPATHI SASTRY GUMMA	2,780,549.50	-	(2,780,549.50)	-	-		-
RAMESH MADAN	2,550,000.00		(2,550,000.00)	-	-		-
ARMARIE A. BORDEN	3,339.25	-	(3,339.25)	-	-		-
CYBIL KRHYSTEL E. INOT	117,062.27	-	(117,062.27)				-
EDGAR ALLAN NEPOMUCENO	24,225.00	-	(24,225.00)	-			-
FEDERICO PAOLO SANTOS	30,000.00		(30,000.00)	-			
JAKE CAGAS	405		(405)				-
JESHIEL A. JORDAN	4,403.00		(4,403.00)	-			
JOANA PALES	84,814.90		(84,814.90)				
MA. ROSANNE A. PAGUIO	10,242.00		(10,242.00)				
RAMIL SHEKI MAR DELENADAYALAN	10,446.03		(10,446.03)				
REMAR T. ESEQUE	17,851.35		(17,851.35)				
SHIELA MAY V. ELEVADO	367.00		(367.00)				
LORENA V. TAMBIS	837.70		(837.70)		-		
JENNY GUTA	7,700.83		(7,700.83)		-		
JENNIFER DELA CRUZ	729,000.00		(729,000.00)		-		
SREENIVASARAO PASUMARTY	20,000.00		(20,000.00)				
NELSON ELIZA	5,454.00		(5,454.00)				
TOTAL ADVANCES TO OFFICERS AND EMPLOYEES	P 38,223,327	P 5,895,947	(P 34,351,040)	P	P 9,768,234	P	P 9,768,234
Advances to stockholder							
Edgar Saavedra	74,492	-	(56,928)	-	17,564		17,564
TOTAL ADVANCES STOCKHOLDER	P 74,492	P	(P 56,928)	P	P 17,564	P	P 17,564
Advances to related parties under common ownership							
Advances to Future State Myspace, Inc	6,116	2,904			9,020		9,020
Advances to Megawide Foundation, Inc	6,488	4,761			11,250		11,250
TOTAL ADVANCES TO RELATED PARTIES UNDER COMMON OWNERSHIP	P 12,604	P 7,666	P	P	P 20,270	P -	P 20,270
Advances to non-controlling interest							
Pinkcarbon, Inc	187,505			-	187,505		187,505
TOTAL ADVANCES TO MINORITY INTEREST	P 187,505	P	P -	P	P 187,505	P -	P 187,505
	P 38,497,928	**P 5,903,613**	**(P 34,407,968)**	**P -**	**P 9,993,572**	**P -**	**P 9,993,572**

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule C
Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
GMR Megawide Cebu Airport Corporation (GMCAC), Subsidiary	P 29,218,724	P 420,788,825	P 29,218,724	P -	P 420,788,825	P -	P 420,788,825
Megawide Construction Corporation (Megawide), Parent Company	386,500	470,243,456	386,500	-	470,243,456	-	470,243,456

Supplementary information –

In 2015, Megawide, through its share in assets of the Megawide GISPL Construction Joint Venture (MGCJV), has a receivable to GMCAC for the billings of completed works at the end of the year. On the other hand, GMCAC has a receivable to MCC, through the latter share in assets of the MGCJV, for the advances made by GMCAC to the MGCJV.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule D
Intangible Assets
December 31, 2015

Description	Beginning Balance, net of accumulated amortization	Additions at Cost	*Deduction* Charged to Cost and Expenses (iii)	*Deduction* Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance, net of accumulated amortization
(i) Computer software license	P 39,644,260	P 15,374,692	(P 11,607,079)	P -	P -	P 43,411,873
(ii) Concession assets	15,070,281,293	1,409,156,813	(109,540,156)	-	-	16,369,897,950
Total	P 15,109,925,553	P 1,424,531,505	(P 121,147,235)	P -	P -	P 16,413,309,823

Supplementary information on Intangible Assets:

(i) *Computer license software and system are presented as part of other non-current assets in the statement of financial position. Its additions during the period represent software customization fees, new human resource system and various installation fees.*

(ii) *Concession assets pertain to GMR Megawide Cebu Airport Corp.'s payment for bid premium and other related expenses pertaining to the Cebu-Mactan Internation Airport Project.*

(iii) *Computer license software and system are amortized on a straight-line basis over the estimated useful lives of five years. Concession assets are amortized over 25 years, , the concession period.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule E
Long-Term Debt
December 31, 2015

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-Term Debt" in Related Statement of Financial Position
Bank loans	P 17,459,055,782	P 3,511,781,371	P 13,947,274,411
Note Payable	4,928,742,234	-	4,928,742,234
Obligations under finance lease	154,602,178	79,814,727	74,787,451
Total	P 22,542,400,194	P 3,591,596,098	P 18,950,804,096

Supplementary information on Long-term Debt

(i) *Total bank loans represent certain omnibus loan security agreement (OLSA) and other bank loans that were entered into with various local universal bankscomprising of P14.0 billion drawdown from the OLSA with maturity of 15 years, and P3.5 billion short-term unsecured bank loans.*

(ii) *Total notes payable represents unsecured availments from two notes facility agreement with a local bank for private placement amounting to P4.0 billion in 2013 and P1.0 billion in 2011. Both notes payable have maturity of five years from date of issue.*

(iii) *The obligations under finance lease have an effective interest rate of 5.0% in 2015 and 2014 with maturity of three to five year from the date of transaction.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule F
Indebtedness to Related Parties
December 31, 2015

Name of Related Party	Balance at Beginning of Period		Balance at End of Period	
Advances from Citicore Holdings Investment, Inc.[1]	P	332,264,530	P	14,461,850
Advances from Citicore-Megawide Consortium , Inc.		-		20,000,500
Advances from minority shareholder [2]		108,071,222		108,071,223
Advances from MySpace Properties, Inc.		1,711,073		-
Due to employees and others [3]		1,198,735		6,936,024
Total	P	443,245,560	P	149,469,597

Supplementary information on Indebtedness to Related Parties

[1] *The Parent Company obtains unsecured, noninterest-bearing cash advances from its ultimate parent company to finance its working capital requirements, which are payable on demand. Citicore paid for the Parent Company's agreed subscription of MWCCI in 2014 and CMCI in 2012. These advances are noninterest-bearing and payable on demand.*

[2] *The minority shareholders of GMR-Megawide Cebu Airport Corp. (GMCAC) granted unsecured noninterest-bearing cash advances to GMCAC to support its Cebu-Mactan Internation Airport Project bid-related expenses.*

[3] *This includes advances obtained from the co-joint venturer at the end of the period. Balance is unsercured, noninterest-bearing and payable in cash.*

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
Schedule H
Capital Stock
December 31, 2015

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	4,930,000,000	2,399,426,127	-	1,811,800,372	18,093,009	569,532,746
Preferred	70,000,000	40,000,000	-	-	-	40,000,000

MEGAWIDE CONSTRUCTION CORPORATION

2nd Floor Spring Building, Arnaiz Avenue Cor. P. Burgos St., Pasay City

Reconciliation of Retained Earnings Available for Dividend Declaration

For Year Ended December 31, 2015

Unappropriated Retained Earnings of the Parent Company at Beginning of Year	P	2,805,735,798
Prior Periods' Outstanding Reconciling Item		
Deferred tax income	(	13,607,003)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		2,792,128,795
Net Profit of the Parent Company Realized During the Year		
Net profit per audited financial statements		1,069,229,335
Non-actual/unrealized income		
Deferred tax income	(	47,701,287)
Other Transaction During the Year		
Cash dividends to preferred shareholders	(	281,000,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**3,532,656,843**

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES

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, 2015

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 *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* *(effective January 1, 2018)*	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception * *(effective January 1, 2016)*			✓
	Ammendements to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective January 1, 2016)*			✓
PFRS 11	Joint Arrangements	✓		
	Amendment to PFRS 11: Transition Guidance	✓		
	Amendement to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations* *(effective January 1, 2016)*	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception * *(effective January 1, 2016)*			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts* *(effective January 1, 2018)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
- 15 -				
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	✓		
	Amendment to PAS 1: Disclosure Initiative * *(effective January 1, 2016)*		✓	
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	✓		
	Amendment to PAS 16: Bearer Plants* *(effective January 1, 2016)*			✓
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization* *(effective January 1, 2016)*			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions **	✓		
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	✓		
	Amendment to PAS 27: Equity Method in Separate financial Statements* *(effective January 1, 2016)*	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective January 1, 2016)*			✓
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
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	✓		

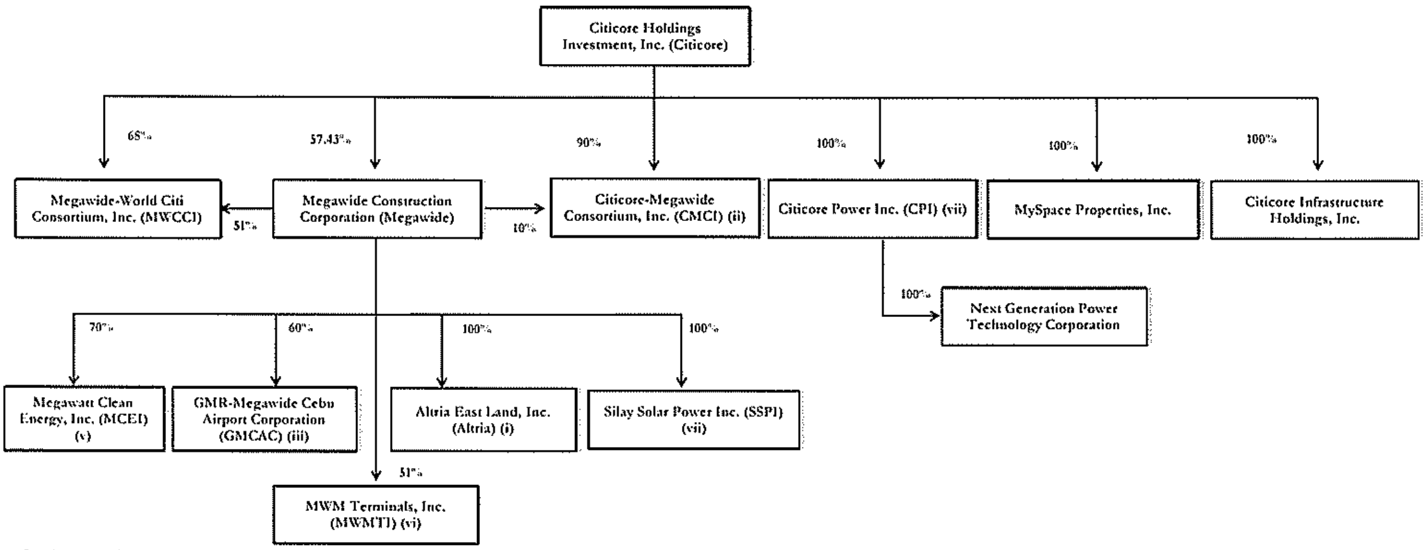
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	- 16 -			
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization* *(effective January 1, 2016)*			✓
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**	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants* *(effective January 1, 2016)*			✓
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**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	- 17 -			
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 2015 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES
December 31, 2015



Supplementary information:

(i) Megawide's acquisition of Altria is treated as an acquisition of asset and not a business acquisition. Hence, Altria is not considered a subsidiary of the Megawide.

(ii) The rights and powers of Megawide over the management and control of the CMCI are exercised through a seat in the Board of Directors (BOD). Taking this into consideration, the Megawide concluded that it has significant influence over the investee; accordingly, the investment is accounted for as an investment in associate.

(iii) Megawide acquired 15.0 million shares of stock of GMCAC, which represent 60% of GMCAC's issued and outstanding capital stock, giving Megawide control over the financial and operations of GMCAC.

(iv) Megawide acquired 51% ownership interest in MWCCI, but accounted for the investment as an associate since it does not have control over MWCCI's relevant activities. Citicore acquired 68% effective ownership interest over MWCCI, hence, obtained the control over MWCCI.

(v) On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI. The investment in MCEI is accounted for as an investment in subsidiary.

(vi) MWMTI was accounted for as a joint venture even though Megawide holds 51% ownership interest. Megawide considers that it has joint control with the other venturer, which holds 49% ownership, since both venturers have equal representations in MWMTI's BOD and all significant decisions and approvals to direct the relevant activities of MWMTI.

(vii) In February 2016, SSPI's unissued shares of stock were acquired by CPI resulting in a 75% equity interest over SSPI and diluting Megawide's equity interest over SSPI from 100% to 25%. Hence, SSPI ultimately became a subsidiary of CPI. Further, pending the approval of SEC on the increase in authorized capital stock of SSPI, the ultimate resulting ownership of CPI and Megawide in SSPI shall be 99% and 1%, respectively. Accordingly, Megawide accounted for its investment in SSPI as equity investment at cost as Megawide's interest does not result in a control or significant influence over SSPI.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES

Schedule of Relevant Financial Ratios as Required
Under SRC Rule 68, as amended
December 31, 2015
(Amounts in Philippine Pesos)

	2015 (Consolidated)	2014 (Consolidated)	2013 (Parent Company)	2015 (Consolidated)	2014 (Consolidated)	2013 (Parent Company)
I. Current/liquidity ratios						
a. Current Ratio						
Total Current Assets	P 22,495,456,946	P 17,128,706,554	P 16,742,320,130	1.78	0.90	2.14
Total Current Liabilities	12,647,217,338	19,011,486,714	7,815,237,646			
b. Quick Ratio						
(Cash and Cash Equivalents + Financial Assets at Fair Value through Profit or Loss + Trade and Other Receivables)	17,068,432,025	12,823,544,588	12,203,245,795	1.35	0.67	1.56
Total Current Liabilities	12,647,217,338	19,011,486,714	7,815,237,646			
II. Solvency ratios						
a. Solvency Ratio						
(After Tax Net Profit + Depreciation)	2,002,423,868	1,282,349,039	1,916,253,873	0.06	0.05	0.15
Total Liabilities	31,910,630,827	24,096,887,435	12,961,986,946			
b. Debt to Equity Ratio						
Total Interest-bearing loans	22,542,400,194	19,914,967,111	7,465,375,785	1.36	1.29	0.87
Total Equity	16,604,203,384	15,410,589,469	8,541,010,236			
III. Asset-to-equity ratio						
Total Assets	48,514,834,211	39,507,476,904	21,502,997,182	2.92	2.56	2.52
Total Equity	16,604,203,384	15,410,589,469	8,541,010,236			
IV. Asset-to-liability ratio						
Total Assets	48,514,834,211	39,507,476,904	21,502,997,182	1.52	1.98	1.66
Total Liabilities	31,910,630,827	19,914,967,111	12,961,986,946			
V. Interest Coverage Ratio						
(Earnings Before Interest and Taxes)	2,479,080,371	1,436,060,439	1,871,440,706	4.63	3.47	5.44
Interest Expense	535,572,202	413,529,937	343,862,965			
VI. Profitability Ratios						
a. Gross Profit Margin						
Gross Profit	3,224,947,871	1,748,541,239	1,781,129,312	0.21	0.17	0.16
Revenues	15,442,379,752	10,042,288,155	10,880,437,252			
b. Net Profit Margin						
Net Profit	1,474,024,824	887,163,871	1,395,633,425	0.10	0.09	0.13
Revenues	15,442,379,752	10,042,288,155	10,880,437,252			
c. Return on Equity						
Net profit	1,474,024,824	887,163,871	1,395,633,425	0.09	0.07	0.21
Average Equity	16,007,396,426	11,975,799,853	6,656,194,947			
d. Return on Assets						
Net profit	1,474,024,824	887,163,871	1,395,633,425	0.03	0.03	0.08
Average Assets	44,011,155,558	30,505,237,043	16,769,736,953			
VII. Market Ratios						
a. Book Value per Share Attributable to Owners of Parent Company						
Total Equity	10,433,647,949	9,439,915,062	8,541,010,236	4.35	3.93	5.18
Outstanding Shares	2,399,426,127	2,399,426,127	1,649,426,127			
b. Earnings per Share Attributable to Owners of Parent Company						
Net Profit after preferred shares dividend	992,682,741	845,857,087	1,395,633,425	0.41	0.35	0.61
Average Outstanding Shares	2,399,426,127	2,399,426,127	2,287,419,508			

MEGAWIDE
ENGINEERING EXCELLENCE

January 15, 2016

The Disclosure Department
The Philippine Stock Exchange, Inc.
3/F Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Re: **Annual Summary of Application of Proceeds**
As of and for the period ended December 31, 2015

Dear Madame:

In connection with our disclosure on the use of the proceeds raised from Megawide Construction Corporation's public offer of perpetual preferred shares, we cordially report the details of the disbursements as of and for the period ended December 31, 2015:

Preferred Shares Proceeds		**P 4,000,000,000.00**
Less: Issuance Related Expenses		
Underwriter Fees	P53,598,978.49	
Professional Fees	5,189,713.69	
Registration and Taxes	2,535,625.00	
Bank Charges	201,400.00	61,525,717.18
Preferred Shares Net Proceeds		**3,938,474,282.82**
Less: Disbursements		
Costs incurred from January 1, 2015 to December 31, 2015		-
Total Disbursements up to December 31, 2015		-
Balance of Preferred Shares Proceeds as of December 31, 2015		**P 3,938,474,282.82**

Kindly be advised that no External Auditors' certification was issued because no disbursements from the net proceeds received from preferred share issuance were made for the period ended
December 31, 2015.

Oliver Y. Tan
Chief Financial Officer
Megawide Construction Corporation

P&A
Grant Thornton
An instinct for growth™

Financial Statements and
Independent Auditors' Report

Megawide Construction Corporation and Subsidiaries

December 31, 2015, 2014 and 2013

P&A
Grant Thornton
An instinct for growth™

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

T +63 2 988 2288
F +63 2 886 5506
grantthornton.com.ph

Report of Independent Auditors

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

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Megawide Construction Corporation and Subsidiaries and of Megawide Construction Corporation (the Parent Company), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the Parent Company's statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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.

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 consolidated financial position of Megawide Construction Corporation and Subsidiaries as at December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years then ended, and the financial performance and cash flows of the Parent Company for the year ended December 31, 2013, in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Leonardo D. Cuaresma, Jr.
Partner

CPA Reg. No. 0058647
TIN 109-227-862
PTR No. 5321721, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 0007-AR-4 (until Apr. 30, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-7-2014 (until Aug. 5, 2017)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

April 8, 2016

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 3,275,607,016	P 4,431,651,910
Trade and other receivables - net	6	7,805,456,077	4,736,100,287
Financial assets at fair value through profit or loss	7	5,987,368,932	3,655,792,391
Construction materials	8	292,789,987	322,460,802
Costs in excess of billings on uncompleted contracts	9	3,553,695,308	2,756,116,681
Other current assets	11	1,580,539,626	1,226,584,483
Total Current Assets		22,495,456,946	17,128,706,554
NON-CURRENT ASSETS			
Investments in associates and joint venture	10	818,794,027	783,771,889
Concession assets	12	16,369,897,950	15,070,281,292
Property, plant and equipment - net	13	4,948,123,726	4,713,625,387
Deferred tax assets - net	23	-	11,208,708
Other non-current assets	11	3,882,561,562	1,799,883,074
Total Non-current Assets		26,019,377,265	22,378,770,350
TOTAL ASSETS		P 48,514,834,211	P 39,507,476,904

	Notes	2015	2014
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	P 3,591,596,098	P 14,890,064,585
Trade and other payables	14	6,664,240,736	2,808,372,648
Advances from customers	16	1,692,217,652	1,097,101,769
Billings in excess of costs on uncompleted contracts	9	590,415,746	153,915,058
Other current liabilities	17	108,747,106	62,032,654
Total Current Liabilities		12,647,217,338	19,011,486,714
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	18,950,804,096	5,024,902,526
Post-employment defined benefit obligation	21	73,458,020	60,498,195
Deferred tax liabilities - net	23	144,722,425	-
Other non-current liabilities	17	94,428,948	-
Total Non-current Liabilities		19,263,413,489	5,085,400,721
Total Liabilities		31,910,630,827	24,096,887,435
EQUITY	24		
Equity attributable to shareholders of the Parent Company:			
Common stock		2,399,426,127	2,399,426,127
Preferred stock		40,000,000	40,000,000
Additional paid-in capital		8,105,750,476	8,105,750,476
Revaluation reserves		18,777,841	17,045,280
Other reserves		(22,474,837)	(21,792,413)
Retained earnings		3,830,642,616	2,837,959,875
Total equity attributable to shareholders of the Parent Company		14,372,122,223	13,378,389,345
Non-controlling interests		2,232,081,161	2,032,200,124
Total Equity		16,604,203,384	15,410,589,469
TOTAL LIABILITIES AND EQUITY		P 48,514,834,211	P 39,507,476,904

See Notes to Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015 (Consolidated - See Note 2)	2014 (Consolidated - See Note 2)	2013 (Parent Company - See Note 2)
REVENUES	18			
Contract revenues		P 13,958,487,926	P 9,842,329,037	P 10,880,437,252
Airport operations revenues		1,483,891,826	199,959,118	-
		15,442,379,752	10,042,288,155	10,880,437,252
DIRECT COSTS	19, 20			
Contract costs		11,868,970,116	8,248,284,559	9,099,307,940
Costs of airport operations		348,461,765	45,462,357	-
		12,217,431,881	8,293,746,916	9,099,307,940
GROSS PROFIT		3,224,947,871	1,748,541,239	1,781,129,312
OTHER OPERATING EXPENSES	20	890,694,869	458,771,674	338,337,999
OPERATING PROFIT		2,334,253,002	1,289,769,565	1,442,791,313
OTHER INCOME (CHARGES)	22			
Finance costs		(557,086,991)	(441,344,309)	(421,151,138)
Finance income		141,846,177	116,172,018	459,041,037
Others - net		24,495,981	57,933,228	46,896,529
		(390,744,833)	(267,239,063)	84,786,428
PROFIT BEFORE TAX		1,943,508,169	1,022,530,502	1,527,577,741
TAX EXPENSE	23	469,483,345	135,366,631	131,944,316
NET PROFIT		1,474,024,824	887,163,871	1,395,633,425
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment defined benefit plan	21	2,466,378	75,871,646	(37,483,809)
Tax income (expense)	23	(739,913)	(22,761,494)	11,245,143
		1,726,465	53,110,152	(26,238,666)
TOTAL COMPREHENSIVE INCOME		P 1,475,751,289	P 940,274,023	P 1,369,394,759

	Notes	2015 (Consolidated - See Note 2)	2014 (Consolidated - See Note 2)	2013 (Parent Company - See Note 2)
Net Profit Attributable To:	1			
Shareholders of the Parent Company		P 1,273,682,741	P 867,587,087	P 1,395,633,425
Non-controlling interests		200,342,083	19,576,784	-
		P 1,474,024,824	P 887,163,871	P 1,395,633,425
Total Comprehensive Income Attributable To:				
Shareholders of the Parent Company		P 1,275,415,302	P 920,697,239	P 1,369,394,759
Non-controlling interests		200,335,987	19,576,784	-
		P 1,475,751,289	P 940,274,023	P 1,369,394,759
Earnings per Share				
Basic and Diluted	27	P 0.41	P 0.35	P 0.61

See Notes to Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

		Attributable to Shareholders of the Parent Company								
	Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total
		Consolidated (See - Note 2)								
Balance at January 1, 2015		P 2,399,426,127	P 40,000,000	P 8,105,750,476	P 17,045,280	(P 21,792,413)	P 2,837,959,875	P 13,378,389,345	P 2,032,200,124	P 15,410,589,469
Total comprehensive income for the year		-	-	-	1,732,561	-	1,273,682,741	1,275,415,302	200,335,987	1,475,751,289
Cash dividends	24	-	-	-	-	-	(281,000,000)	(281,000,000)	-	(281,000,000)
Increase in other reserves during the year	2	-	-	-	-	(682,424)	-	(682,424)	(454,950)	(1,137,374)
Balance at December 31, 2015		P 2,399,426,127	P 40,000,000	P 8,105,750,476	P 18,777,841	(P 22,474,837)	P 3,830,642,616	P 14,372,122,223	P 2,232,081,161	P 16,604,203,384
Balance at January 1, 2014		P 1,649,426,127	P -	P 4,207,276,193	(P 36,064,872)	P -	P 2,720,372,788	P 8,541,010,236	P -	P 8,541,010,236
Issuance during the year	2, 24	-	40,000,000	3,898,474,283	-	(21,792,413)	-	3,916,681,870	2,012,623,340	5,929,305,210
Stock dividends	24	750,000,000	-	-	-	-	(750,000,000)	-	-	-
Total comprehensive income for the year		-	-	-	53,110,152	-	867,587,087	920,697,239	19,576,784	940,274,023
Balance at December 31, 2014		P 2,399,426,127	P 40,000,000	P 8,105,750,476	P 17,045,280	(P 21,792,413)	P 2,837,959,875	P 13,378,389,345	P 2,032,200,124	P 15,410,589,469
		Parent Company (See - Note 2)								
Balance at January 1, 2013		P 1,114,100,003	P -	P 1,961,729,696	(P 9,826,206)	P -	P 1,705,376,164	P 4,771,379,657	P -	P 4,771,379,657
Issuances during the year	24	154,689,323	-	2,245,546,497	-	-	-	2,400,235,820	-	2,400,235,820
Stock dividends	24	380,636,801	-	-	-	-	(380,636,801)	-	-	-
Total comprehensive income for the year		-	-	-	(26,238,666)	-	1,395,633,425	1,369,394,759	-	1,369,394,759
Balance at December 31, 2013		P 1,649,426,127	P -	P 4,207,276,193	(P 36,064,872)	P -	P 2,720,372,788	P 8,541,010,236	P -	P 8,541,010,236

See Notes to Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015 (Consolidated - See Note 2)	2014 (Consolidated - See Note 2)	2013 (Parent Company - See Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,943,508,169	P 1,022,530,502	P 1,527,577,741
Adjustments for:				
Finance costs	22	557,086,991	441,344,309	421,151,138
Depreciation and amortization	20	529,677,854	395,185,168	520,620,448
Finance income	22	(141,846,177)	(116,172,018)	(459,041,037)
Equity in net losses (gains) of associates and joint venture	10, 22	8,723,997	(6,613,325)	2,726,560
Loss (gain) on disposals of property, plant and equipment	13, 22	1,700,527	(19,009,771)	(19,412,623)
Operating profit before working capital changes		2,898,851,361	1,717,264,865	1,993,622,227
Increase in trade and other receivables		(3,059,101,182)	(633,162,824)	(623,328,896)
Decrease (increase) in construction materials		29,670,815	17,171,951	(271,910,436)
Increase in costs in excess of billings on uncompleted contracts		(797,578,627)	(511,499,914)	(1,184,430,591)
Decrease (increase) in other current assets		(601,168,216)	782,985,119	(947,367,807)
Increase (decrease) in trade and other payables		3,788,580,213	232,514,321	(22,523,442)
Increase in advances from customers		595,115,883	109,259,449	294,364,176
Increase (decrease) in billings in excess of costs on uncompleted contracts		436,500,688	(2,163,946,370)	1,094,547,242
Increase (decrease) in other liabilities		141,143,399	5,968,863	(20,056,690)
Increase in post-employment defined benefit obligation		14,692,386	3,241,520	56,028,120
Cash generated from (used in) operations		3,446,706,720	(440,203,020)	368,943,903
Cash paid for income taxes		(66,339,140)	(159,953,279)	(26,709,672)
Net Cash From (Used in) Operating Activities		3,380,367,580	(600,156,299)	342,234,231
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets at fair value through profit or loss (FVTPL)	7	(2,331,576,541)	(5,325,408,294)	(5,538,315,799)
Increase in other non-current assets		(1,973,528,403)	(1,592,938,922)	(42,290,772)
Payment for concession assets	12	(1,409,156,814)	(15,087,656,903)	-
Acquisitions of property, plant and equipment, and computer software license	11, 13	(564,838,054)	(710,107,092)	(1,027,690,838)
Interest received		131,591,569	116,172,018	436,032,593
Investment in joint venture	10	(43,746,135)	(580,890,000)	(53,500,000)
Proceeds from sale of property, plant and equipment	13	4,195,337	40,864,694	32,223,044
Additional available-for-sale financial asset	11	(625,005)		
Proceeds from sale of financial assets at FVTPL	7	-	7,493,890,461	1,718,263,759
Net Cash Used in Investing Activities		(6,187,684,046)	(15,646,074,038)	(4,475,278,013)
Balance carried forward		(P 2,807,316,466)	(P 16,246,230,337)	(P 4,133,043,782)

	Notes	2015 (Consolidated - See Note 2)	2014 (Consolidated - See Note 2)	2013 (Parent Company - See Note 2)
Balance brought forward		(P 2,807,316,466)	(P 16,246,230,337)	(P 4,133,043,782)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans and borrowings	15	19,242,961,529	18,160,883,569	9,488,566,463
Repayment of interest-bearing loans and borrowings	15	(16,341,616,712)	(5,711,292,243)	(5,293,260,238)
Interest paid		(557,086,991)	(403,372,569)	(383,179,398)
Payment of debt and equity issuance cost	11, 15	(387,412,315)	-	-
Dividends paid	24	(281,000,000)	-	-
Availments (repayments) of amounts due to related parties		(24,573,939)	426,324,506	(12,584,102)
Proceeds from issuance of shares of stocks	24	-	3,938,474,283	2,400,235,820
Proceeds from investment of non-controlling interest	24	-	1,990,830,927	-
Net Cash From Financing Activities		1,651,271,572	18,401,848,473	6,199,778,545
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,156,044,894)	2,155,618,136	2,066,734,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,431,651,910	2,276,033,774	209,299,011
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,275,607,016	P 4,431,651,910	P 2,276,033,774

Supplemental Information on Non-cash Investing and Financing Activities:

1. In 2014 and 2013, the Parent Company declared and distributed stock dividends amounting to P750.0 million and P380.6 million, respectively (see Note 24).

2. In 2015, 2014 and 2013, the Group purchased property, plant and equipment through finance leases with acquisition costs of P91.9 million, P87.1 million and P74.1 million, respectively (see Notes 13 and 15).

See Notes to Financial Statements.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

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

Currently, the Parent Company is engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. In 2011, the production of the Parent Company's modular housing components has been registered with the Board of Investments (BOI) (see Note 23.1).

On September 22, 2014, the Philippine Securities Exchange Commission (SEC) approved the Parent Company's amendment of articles of incorporation, which includes (i) the Parent Company's power to extend corporate guarantees to its subsidiaries and affiliates, and (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Parent Company, perpetual preferred shares (see Note 24.1). Both common and preferred shares will have a par value of P1.0 per share.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the SEC approved the Parent Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Parent Company at P7.84 offer price per share and the listing of those shares in PSE's main board on February 18, 2012. On December 3, 2014, the Parent Company made a primary offer of 40.0 million preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE (see Note 24.1).

The Parent Company is a subsidiary of Citicore Holdings Investment, Inc. (Citicore or the ultimate parent company) which owns and controls 57.4% and 56.8% of the issued and outstanding capital stock of the Parent Company as of December 31, 2015 and 2014, 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.

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

1.2 Subsidiaries, Associates and Joint Arrangements

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

Subsidiaries:
GMR Megawide Cebu Airport Corporation (GMCAC)
Megawatt Clean Energy, Inc. (MCEI)
Accounted for as Asset Acquisition –
Altria East Land, Inc. (Altria)

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

Joint Arrangements:
Joint Operation –
Megawide GISPL Construction Joint Venture (MGCJV)
Joint Venture –
MWM Terminals, Inc. (MWMTI)

The Parent Company owns 60% ownership interest in GMCAC. GMCAC was incorporated in the Philippines and registered in the Philippine SEC on January 13, 2014. GMCAC's primary purpose is to engage in the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014. GMCAC was established for the purpose of implementing the provisions of the Concession Agreement (see Note 12) that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL), and the Department of Transportation and Communications (DOTC) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors). GIL is an entity duly organized and registered in India. DOTC and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project. GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

On September 4, 2014, the Parent Company acquired 70% of the issued and outstanding capital stock of MCEI. MCEI was incorporated to engage in the development of clean or renewable energy sources for power generation, including the design, construction and installation, purchase, importation, commissioning, owning, management and operation of relevant machinery, facilities and infrastructure therefor, and the processing and commercialization of by-products in its operations. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City.

The transfer of shares by Altria to the Parent Company is accounted for as an asset acquisition since it does not constitute an acquisition of business (see Note 10.2).

The Group's investments in MWCCI and CMCI are accounted for as investments in associates since the ownership of the Parent Company does not result to control over the entities' relevant activities [see Notes 3.1(g), 3.2(b) and 10.1].

MGCJV is an unincorporated joint venture formed on September 16, 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCJV was established to provide all proper and suitable personnel and labor including supervision, materials, offices, workshops, tools, machinery, equipment and all other resources required for the construction of works for the renovation and expansion of the MCIA Project (see Note 10.4).

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and WM Property Management, Inc. (Waltermart), both exercising joint control to direct the relevant activities of MWMTI (see Note 10.3). The joint venture shall undertake the development and implementation of the Southwest Integrated Transport System Project (ITS Project) granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement (BOT Agreement) through the DOTC (see Note 26.4.3).

The Group's interests in MGCJV and MWMTI are accounted for as joint arrangements as the Parent Company exercises joint control over the arrangements' relevant activities [see Notes 2.3(c), 3.1(g), 3.2(b), 10.3 and 10.4].

In 2015, the Parent Company acquired investment in Silay Solar Power, Inc. (SSPI) representing 100% of SSPI's issued and outstanding capital stock. However, the Group's equity investment in SSPI is only accounted for at cost as the Group ultimately neither exercises control or significant influence over SSPI [see Notes 3.1(g), 3.2(b) and 11.6].

1.3 Approval of the Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2015 (including the comparative consolidated financial statements of the Group as of and for the year ended December 31, 2014 and, the financial statements of the Parent Company for the year ended December 31, 2013) were authorized for issue by the Parent Company's Board of Directors (BOD) on April 8, 2016, as endorsed by its Audit and Compliance Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Group and of the Parent 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), and approved by the Philippine Board of Accountancy.

In 2014, GMCAC and MCEI became subsidiaries of the Parent Company (see Note 1.2). Consequently, the Parent Company and its subsidiaries prepare consolidated financial statements starting 2014. The financial statements as of and for the year ended December 31, 2014 represent the first consolidated financial statements of the Parent Company and its subsidiaries. Prior to 2014, the Parent Company has no subsidiary. Hence, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2013 represent that of the Parent Company only.

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 in the succeeding pages.

(b) *Presentation of Financial Statements*

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

The Group 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.

(c) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amended PFRS

(a) *Effective in 2015 that are Relevant to the Group*

The Group adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

Discussed in the succeeding pages are the relevant information about these amendment and improvements.

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions.* The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the financial statements as the Group's defined benefit plan does not require employees or third parties to contribute to the benefit plan.

(ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle), effective for annual periods beginning on or after July 1, 2014, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but had no material impact on the financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*, and PAS 38 (Amendment), *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization.* The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures – Disclosure of Key Management Personnel.* 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 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 management entity to its employees or directors.

- PFRS 3 (Amendment), *Business Combinations – Accounting for Contingent Consideration in a Business Combination.* The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32, *Financial Instruments: Presentation.* It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

- PFRS 8 (Amendment), *Operating Segments – Aggregation of Operating Segments, and Reconciliation of the Total of the Reportable Segment's Assets to the Entity's Assets.* The amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 3, (Amendment), *Business Combinations – Scope Exceptions for Joint Ventures.* The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of any joint venture arrangement under PFRS 11, *Joint Arrangements,* in the financial statements of the joint arrangement itself.

- PFRS 13 (Amendment), *Fair Value Measurement – Scope of Portfolio Exception.* 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, *Financial Instruments: Recognition and Measurement,* or PFRS 9, *Financial Instruments,* regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32.

(b) Effective in 2015 that are not Relevant to the Group

The following improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2014 but are not relevant to the financial statements:

Annual Improvements:		
PFRS (2010-2012 Cycle)		
PFRS 2 (Amendment)	:	Share-based Payment – Definition of Vesting Condition
PFRS (2011-2013 Cycle)		
PAS 40 (Amendment)	:	Investment Property – Clarifying the Interrelationship between PFRS 3 and PAS 40

(c) Effective Subsequent to 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the financial statements:

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of financial statements.

(ii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.

(iv) PFRS 10, (Amendment), *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. It clarifies which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarifies whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. This amendment also permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 11 (Amendment), *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (effective from January 1, 2016). This amendment requires the acquirer of an interest in joint operation in which the activity constitutes a business as defined in PFRS 3 to apply all accounting principles and disclosure requirements on business combinations under PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11.

(vi) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction. In December 2015, the IASB deferred the mandatory effective date of these amendments (i.e. from January 1, 2016) indefinitely.

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

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

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

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

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

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

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

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

Management is currently assessing the impact of PFRS 9 (2014) on the financial statements 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.

(viii) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Group but management does not expect these to have a material impact on the financial statements:

- PAS 19 (Amendment), Employee *Benefits – Discount Rate.* The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

- PFRS 7 (Amendment), *Financial Instruments: Disclosures – Servicing Contracts.* The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

- PFRS 7 (Amendment), *Financial Instruments: Disclosures – Applicability of Amendments to PFRS 7 to Condensed Interim Financial Statements.* This amendment clarifies that the additional disclosure required by the recent amendments to PFRS 7 related to offsetting financial assets and financial liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with PAS 34, *Interim Financial Reporting,* when its inclusion would be necessary in order to meet the general principles of PAS 34.

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

The Group's consolidated financial statements as of and for the years ended December 31, 2015 and 2014 comprise the accounts of the Parent Company, its subsidiaries, GMCAC and MCEI, and its interest in MGCJV, as discussed in Note 1.2, after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

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

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

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control [see Notes 1.2 and 2.1(a)].

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.11).

(b) Investments in Associates

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

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

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

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.19).

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

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

(c) *Interests in Joint Arrangements*

(i) Joint Operation

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

(ii) Joint Venture

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

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

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

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

Impairment loss is provided when there is objective evidence that the investments in joint venture will not be recovered (see Note 2.19).

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

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

(d) Transactions with Non-controlling Interests

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

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

The Parent Company holds interests in various subsidiaries, associates, and joint arrangements as presented in Notes 1.2 and 10.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale (AFS) 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. A more detailed description of the categories of financial assets currently relevant to the Group is presented below.

(i) Financial Assets at FVTPL

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

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

(ii) Loans and Receivables

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

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables, Refundable security and bond deposits (presented under Other Current Assets account), and Investment in Trust Fund (presented under Other Non-current Assets account) 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.

(iii) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under Other Non-current Assets in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include golf club shares and certain equity investment (see Note 11.6).

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

(b) Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables

If there is objective evidence that an impairment loss on loans and receivables carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(iii) Carried at Cost – AFS Financial Assets

If there is objective evidence of impairment for any of the unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and required to be settled by delivery of such an unquoted equity instrument, impairment loss is recognized. The amount of impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

(c) *Items of Income and Expense Related to Financial Assets*

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.

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.

(d) *Derecognition of Financial Assets*

The financial assets are (or where applicable, a part of financial asset or part of a group of financial assets) derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Construction Materials

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

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

2.6 Other Assets

Other assets pertain to other resources controlled by the Group 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 Group and the asset has a cost or value that can be measured reliably.

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

2.7 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
Office furniture, fixtures and equipment	3-10 years
Transportation equipment	5 years
Precast and construction equipment	3-15 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction of the Group's building, batching plant and precast factory. 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 2.17) 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 2.19).

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

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

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

2.9 Intangible Assets

The Group's intangible assets currently include acquired software licenses and concession assets as described in more detail as follows:

(a) *Concession Assets*

The Group accounts for its Concession Agreement (see Notes 1.2 and 12) under the intangible asset model as it receives the right (license) to charge users of the public service.

The concession asset is recognized initially at cost. It consists of:

(i) Upfront fees payments on the Concession Agreement, including the related borrowing costs;
(ii) Directly attributable costs related to the acquisition of the concession assets; and,
(iii) Cost of infrastructure constructed and under construction in accordance with the terms and conditions of the Concession Agreement. These are not recognized as property, plant and equipment of the Group but as an intangible asset.

Following initial recognition, the service concession asset is carried at cost less any accumulated amortization and any accumulated impairment losses. The service concession asset is amortized on a straight-line basis over the useful life of 25 years following the period covered by the Concession Agreement. Upfront fees and other directly attributable costs are amortized upon the effectivity of the Concession Agreement. Infrastructures are amortized when it is ready for use.

The period and method of amortization are reviewed at least at the end of each financial reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on the concession asset is recognized in the statement of comprehensive income in the expense category consistent with the function of the concession asset.

Subsequent costs and expenditures related to infrastructures arising from the Group's commitments to the Concession Agreement are recognized as additions to the concession asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property, plant and equipment and accounted for in accordance with the Group's accounting policy on Property, Plant and Equipment. When the Group has contractual obligations that it must fulfill as a condition of its license to: (i) maintain the infrastructure to a specified level of serviceability or, (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service concession arrangement, it recognizes and measures these contractual obligations in accordance with the accounting policy on Provisions. Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized in the statement of comprehensive income as incurred.

The concession asset will be derecognized upon turnover to the Grantors. There will be no gain or loss upon derecognition as the concession asset, which is expected to be fully amortized by then, will be handed over to the Grantors with no consideration.

The carrying value of the service concession asset is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting period (see Note 2.19).

(b) *Acquired Computer Software Licenses*

Acquired computer software license (shown as part of Other Non-current Assets) is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of three to five years as the lives of these intangible assets are considered finite. In addition, this is subject to impairment testing as described in Note 2.19.

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

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

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

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

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

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

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

2.10 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 Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss as part of Finance Costs in the 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 2.17).

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

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 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 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.19).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee; its chief operating decision-maker. The executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 are the same as those used in its financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments, if any;
- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property, if any.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

As more fully disclosed in Note 2.1(a), the Group started presenting operating segment information in 2014. There have been no changes from prior year in the measurement methods used to determine reported segment profit or loss.

2.13 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.14 Provisions and Contingencies

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

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

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

2.15 Construction Revenues and Cost

The Group 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 Group'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 Group 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 Group 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.

Additionally, as required under Philippine Interpretations IFRIC 12, *Service Concession Arrangements,* construction revenue and cost relating to construction or upgrade services of the concession asset is recognized by reference to the stage of completion of the contract in accordance with PAS 11, *Construction Contracts.* The consideration is measured at the fair value of the construction services provided.

2.16 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 Group for services rendered, excluding VAT and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group 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, while revenues relating to construction or upgrade services of the concession assets is made by reference to the stage of completion of the contract (see Note 2.15).

(b) *Aeronautical revenue* – Aeronautical revenues comprise passenger service charges, tacking fees, parking fees, and lighting fees. Aeronautical revenues are recognized as revenue when the related airport services have been rendered, the rates for such fees as are currently provided under Administrative Order (AO) No. 2, Series of 2011, issued by MCIAA.

(c) *Concession revenue* – Concession revenues are generated through terminal concessionaires, tenants or airport service providers who pay monthly fees for using or accessing airport facilities to offer their goods and services to the general public and air traveling community. Payments are based on negotiated agreements with these parties, or are based on either a minimum monthly guarantee or on gross receipts. Concession revenue is recorded as it is earned. Some tenant agreements require self-reporting of concession operations and/or sales. The timing of concessionaire reporting and when revenue earned is recorded will determine when accruals are required for each tenant.

(d) *Rental revenue* – Rental revenue comprise rental of check-in counter charged to airline companies and space rental charged to tenants. Rental from check-in counters is recognized when the related service have been rendered. Space rental is recognized on a straight-line basis over the lease term. Contingent revenue is recognized in the period in which the contingent event occurs.

(e) *Commercial revenue* – Commercial revenues comprise advertising charges, car parking and car rental revenues. Car parking revenue comprises time-based charges from the operation of car parking services. Car rental revenue comprises concession charges from car rental companies. Revenue is recognized when the related services are provided.

(f) *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 2.21).

2.17 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

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

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

(b) Group as Lessor

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

The Group 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.

2.18 Foreign Currency Transactions and Translation

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

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

2.19 Impairment of Non-financial Assets

The Group's investments in associates and joint venture, property, plant, and equipment, intangible assets which include concession assets and acquired computer software license, and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets 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 in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

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

2.20 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

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

The liability recognized in the 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 DBO 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 bond as published by Philippine Dealing and Exchange Corporation (PDEx) 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 and curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Bonus Plans

The Group recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments, and employees' performance evaluation attributable to a calendar year. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.21 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

2.22 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 using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

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

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

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

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

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.23 Related Party Relationships and Transactions

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

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

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

2.24 Equity

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

Additional paid-in capital includes any premium received on the issuance of capital stock. 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.

Other reserves represent GMCAC's equity transaction costs arising from the subscriptions to its shares of stocks.

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

2.25 Earnings Per Share

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

Diluted EPS is computed by adjusting the weighted average number of common shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted EPS is equal to the basic EPS.

2.26 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group'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 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 Group'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 Group determines whether the acquisition of an entity constitute a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase of a "business" taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets.

Management has assessed that the acquisition of ownership in Altria is to be accounted for as asset acquisition (see Note 10.2) since it does not constitute a purchase of business. Conversely, the purchases of ownership in GMCAC and MCEI are accounted for as investments in subsidiaries, while the purchases of ownership in MWCCI and CMCI are accounted for as investments in associates. Moreover, the acquisitions of interests in MGCJV and MWMTI are accounted for as interest in joint operation and joint venture, respectively (see Notes 1.2 and 10).

(b) Distinction Between Operating and Finance Leases

The Group 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.

Management has assessed that the lease agreements for transportation and other equipment in which the ownership is transferred to the Group is accounted for as finance lease. All other leases are accounted for as operating leases.

(c) Capitalization of Borrowing Costs

The Group 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) *Impairment of AFS Financial Assets*

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management assessed that the investment is not impaired. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(e) *Accounting for Service Concession Arrangement*

Philippine Interpretations IFRIC 12 outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognized a financial asset and/or an intangible asset.

As discussed in Note 1.2, the Philippine Government acting through the DOTC and MCIAA executed a Concession Agreement with GMCAC whereby GMCAC was given an exclusive right to design, develop, and undertake the MCIA Project; and, enjoy complete and uninterrupted possession of the MCIA Project Assets for the purpose of implementing the MCIA Project.

At the end of the concession period, GMCAC shall hand-over the MCIA Project and the Project Assets to the Grantors without cost, free from any liens and encumbrances, including all improvements made to the airport facilities, commercial assets, works in progress, and right to receive revenues. In addition, GMCAC shall be entitled to collect and receive concession revenue consisting of revenues on account of passenger service charge, airport parking fees, and tacking fees; other apron charges; and, revenues from commercial charges. GMCAC may apply for an increase of such fees following the procedures as set forth in the Concession Agreement.

The Group has identified that the Concession Agreement is within the scope of Philippine Interpretation IFRIC 12 and shall be accounted for using the intangible asset model, wherein the service concession asset is recognized as an intangible asset in accordance with PAS 38. The intangible asset is amortized using the straight-line method over the life of the concession agreement as management believes that straight-line method best reflects the pattern of consumption of the concession asset.

In April 2014, GMCAC paid upfront fees to the Philippine Government amounting to P14,404.6 million to undertake the implementation and operation of the MCIA Project in accordance with the Concession Agreement (see Note 12). The Group identified certain significant and key activities related to the MCIA Project, as also set forth in the Concession Agreement. As such, the upfront fees were allocated among these key activities using proportionate rates based on the expected construction/renovation costs as follows: (i) existing Terminal 1 infrastructure; (ii) construction of new passenger Terminal; (iii) renovation and expansion of Terminal; and (iv) capacity augmentation. Subsequent project development costs will be capitalized as incurred on the specific key activities related to the Project.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions on contingencies are discussed in Note 2.14 and relevant disclosures are presented in Note 26.

(g) Determination of Joint Control and Significant Influence

Judgment is exercised in determining whether the Group has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Group has determined that it has significant influence in MWCCI and CMCI; hence, the investees are treated as associates (see Note 10.1). In 2015, the Group has determined that it has joint control over MGCJV and MWMTI and shall recognize interests to such arrangements as joint operation and joint venture, respectively [see Notes 2.3(c), 10.3 and 10.4]. However, the Group has determined that its ownership interest in SSPI does not result in control or significant influence over SSPI (see Notes 10, 11.6 and 28).

The related key assumptions on the estimation uncertainty of certain interests in MWCCI, MWMTI and SSPI are discussed in Note 3.2(b).

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) Accounting for Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

As of December 31, 2015, the acquired controlling interests in GMCAC and MCEI are not acquired businesses accounted for as business combination since the Parent Company is one of the incorporators. In addition, the acquired ownership in Altria is treated as asset acquisition and not as a business combination [see Notes 3.1(a) and 10.2].

(b) Non-consolidation of Entities in which the Group Holds More than 50%

In 2014, the Parent Company's ownership interest in MWCCI was accounted for as an associate even though it holds 51% ownership interest. In making the assessment of whether the Parent Company has control over the relevant activities of MWCCI, management considers that Citicore has the ultimate control since it effectively owns 68% of MWCCI. Moreover, Citicore entered into a management agreement with MWCCI, whereby Citicore shall provide management services to MWCCI for the administration of its activities under the Modernization of the Philippine Orthopedic Center (MPOC) Project [see Note 10.1(a)].

In 2015, the Parent Company's ownership interest in MWMTI was accounted for as a joint venture even though it holds 51% ownership interest. In making the assessment of whether the Parent Company has control over the relevant activities of MWMTI, management considers that it has joint control with the other venturer, which holds 49% ownership, since both venturers have equal representations to MWMTI's BOD and all significant decisions and approvals to direct the relevant activities of MWMTI for the construction and eventual operation of the ITS Project with the DOTC require consensus of both parties (see Note 10.3).

Also, in 2015, the Parent Company's ownership interest in SSPI was accounted for as other investment even though it holds 100% ownership interest as of the end of the reporting period (see Note 11.6). The Parent Company determined that its control over SSPI is temporary as Citicore Power, Inc. (CPI), a related party under common ownership, subsequently acquired 75% ownership interest and control in SSPI in February 2016. CPI purchased the unissued shares of stock of SSPI resulting in a dilution of the Parent Company's ownership interest from 100% to 25%. Moreover, pending the approval of SEC on the increase in authorized capital stock of SSPI, the ultimate resulting ownership of CPI and the Parent Company in SSPI shall be 99% and 1%, respectively (see Note 28). In addition, CPI's business is concentrated on the holding of investments and management of solar power and other renewable energy entities.

(c) Determining Percentage of Completion

The Group 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 Group to estimate the stage of completion based on surveys done by the Group'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.

(d) *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 Group evaluates these accounts based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the customers and other counterparties, their current credit status based on known market forces, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6.

(e) *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's financial assets carried at FVTPL, investment in SSPI and other AFS financial assets, and the amounts of applicable fair value changes recognized on those assets are disclosed in Notes 7 and 11.6, respectively.

(f) *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 Group periodically reviews its construction materials for possible damaged and obsolete items. Items identified as obsolete are provided with impairment allowance.

Management has assessed that no allowance for obsolescence is required to be recognized on construction materials in 2015 and 2014.

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

The Group 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 amount of intangible assets is analyzed in Notes 11 and 12. The carrying amount of property, plant and equipment is analyzed in Note 13. In 2014, management reassessed and reflected the changes in the estimated useful lives of certain Precast and construction equipment from 10 years to 15 years and Office furniture, fixtures and equipment from 3 years to 5 years.

There were no changes in the estimated useful lives of property, plant and equipment in 2015, and intangible assets in 2015 and 2014. Actual results, however, may vary due to changes in estimates brought about by the changes in factors mentioned above.

(h) Determining Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2015 and 2014 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 23.2.

(i) 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 2.19). 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 Group's non-financial assets in 2015, 2014 and 2013.

(j) Valuation of Post-employment Defined Benefit

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

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of DBO, as well as the significant assumptions used in estimating such obligation are presented in Note 21.2.

4. SEGMENT REPORTING

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

4.1 Business Segments

(a) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, and architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

(b) *Airport Operations* – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility.

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

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

4.2 Segment Assets and Liabilities

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

4.3 Analysis of Segment Information

As discussed in Note 2.12, the Group started presenting operating segment information 2014. Accordingly, no operating segment information is presented prior to 2014. Presented below are the relevant operating segment information about the results of operations and financial position of the Group's business segments as of and for the years ended December 31, 2015 and 2014 (amounts in thousands).

	Construction 2015	Construction 2014	Airport Operations 2015	Airport Operations 2014	Total 2015	Total 2014
Results of operations						
Revenues	P 13,958,488	P 9,842,329	P 1,483,892	P 199,959	P 15,442,380	P 10,042,288
Cost and other operating expenses:						
Cost of construction and airport operations excluding depreciation and amortization	11,521,375	7,906,876	238,922	28,087	11,760,297	7,934,963
Depreciation and amortization	347,595	341,408	109,540	17,376	457,135	358,784
Other expenses	606,746	374,917	283,565	83,763	890,311	458,679
	12,475,716	8,623,201	632,027	129,226	13,107,743	8,752,426
Segment Operating Profit	P 1,482,772	P 1,219,128	P 851,865	P 70,733	P 2,334,637	P 1,289,862
Statements of Financial Position						
Total Assets	P 31,508,838	P 25,543,494	P21,175,251	P 17,170,605	P 52,684,088	P 42,714,100
Total Liabilities	P 17,351,820	P 12,195,896	P15,595,170	P 12,085,086	P 32,946,990	P 24,281,002

4.4 Reconciliations

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

Profit or loss

	2015	2014
Total segment operating profit	P 2,334,637	P 1,289,862
Other allocated expense	(384)	(92)
Operating profit as reported in profit or loss	2,334,253	1,289,770
Finance costs	(557,087)	(441,344)
Finance income	141,846	116,172
Others – net	24,496	57,933
Profit before tax as reported in profit or loss	P 1,943,508	P 1,022,531

Assets

	2015	2014
Total segment assets	P 52,684,088	P 42,714,100
Elimination of intercompany accounts	(4,207,674)	(3,221,810)
Deferred tax assets – net	-	11,209
Other unallocated assets	38,420	3,978
Total assets as reported in the statements of financial position	P 48,514,834	P 39,507,477

Liabilities

	2015	2014
Total segment liabilities	P 32,946,990	P 24,281,002
Elimination of intercompany accounts	(1,074,617)	(184,105)
Other unallocated liabilities	38,258	-
Total liabilities as reported in the statements of financial position	P 31,910,631	P 24,096,887

4.5 Other Segment Information

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

There are two and four customers in 2015 and 2014, respectively, wherein the revenues earned from each customer exceeded 10% of total revenues as presented in the 2015 and 2014 statements of comprehensive income. The revenues earned from these customers accounted for 31% and 61% of total revenues in 2015 and 2014, respectively.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows (see Note 25.4):

	Note	2015	2014
Cash on hand		P 8,160,355	P 9,378,228
Cash in banks	10.2	1,645,055,529	476,170,762
Short-term placements		1,622,391,132	3,946,102,920
		P3,275,607,016	P4,431,651,910

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% in 2015 and 2014. Total interest income earned from these financial assets amounted to P34.8 million, P106.8 million and P87.9 million in 2015, 2014 and 2013, respectively, and is presented as part of Finance Income in the statements of comprehensive income (see Note 22.2).

6. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	Notes	2015	2014
Contract receivables:			
Third parties		**P3,645,890,234**	P 865,424,576
Related parties	25.1	**1,500,156,033**	1,648,052,839
	18.1	**5,146,046,267**	2,513,477,415
Retention receivables:			
Related parties	25.1	**1,224,531,022**	1,390,981,322
Third parties		**1,186,077,623**	615,662,452
	18.1	**2,410,608,645**	2,006,643,774
Advances to:			
Related parties	25.6	**10,889,471**	274,602
Officers and employees	25.3	**9,785,798**	38,223,326
		20,675,269	38,497,928
Receivables from airport operations		**205,449,635**	156,113,420
Other receivables	25.2	**31,885,140**	30,576,629
Allowance for impairment		**(9,208,879)**	(9,208,879)
		P7,805,456,077	P4,736,100,287

Major portion of contract and retention receivables is from transactions with related parties (see Note 25.1).

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

Receivables from airport operations pertain to the Group's accrual of aeronautical, concession, rental and commercial revenues as authorized under the Concession Agreement (see Note 18.2).

Trade and other receivables do not bear any interest. All receivables are subject to credit risk exposure (see Note 29.2).

All of the Group's trade and other receivables have been reviewed for indicators of impairment. In 2014, impairment losses amounting to P9.2 million were provided for long outstanding retention receivables and are presented as Impairment losses on receivables under Finance Costs in the 2014 statement of comprehensive income (see Note 22.1).

A reconciliation of the allowance for impairment at the beginning and end of 2015 and 2014 is shown below.

	Note	2015	2014
Balance at beginning of year		P 9,208,879	P -
Impairment losses	22.1	-	9,208,879
Balance at end of year		P 9,208,879	P 9,208,879

In 2013, the Parent Company collected certain receivables amounting to P14.7 million that were previously provided with allowance for impairment. Accordingly, the Parent Company reversed the allowance for impairment and recognized Reversal of impairment loss on receivables as part of Finance Income account in the 2013 statement of comprehensive income (see Note 22.2).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	2015	2014
Short-term commercial papers	P5,985,496,714	P2,469,021,162
Unit investment trust funds (UITF)	1,872,218	1,186,771,229
	P5,987,368,932	P3,655,792,391

Short-term commercial papers are unsecured, short-term debt instruments issued by a private corporation with high-quality debt ratings with interest rate of 2%. These investments are designated by the Group to be carried at fair value through profit or loss upon initial recognition. Total interest income earned from these debt securities amounted to P107.0 million, P4.7 million and P27.2 million in 2015, 2014 and 2013, respectively (see Note 22.2). Total interest income earned in 2014 and 2013 includes interest from the outstanding Retail Treasury Bonds (RTBs) prior to their sale, as discussed in the succeeding paragraph, during those years.

The Company sold various RTBs in prior years. As a result, the Company recognized Loss on sale of financial assets at FVPTL amounting to P5.1 million in 2014 (see Note 22.1) and Gain on sale of financial assets at FVTPL amounting to P329.3 million in 2013 (see Note 22.2). There were no similar transactions in 2015.

As of December 31, 2015 and 2014, the fair values of financial assets at FVTPL amounted to P5,987.4 million and P3,655.8 million, respectively. The increase in the fair value of the investments amounting to P4.7 million in 2014 is presented as part of Finance Income account (see Note 22.2). On the other hand, the decrease in the fair value of the investments amounting to P70.2 million in 2013 is presented as part of Finance Cost account (see Note 22.1). The fair value change in 2015 is not significant; hence, such was no longer recognized in 2015.

8. CONSTRUCTION MATERIALS

This account consists of the following

	2015	2014
Mechanical electrical plumbing and fireproof materials	**P 72,810,634**	P 42,267,345
Consumables and spare parts	**63,436,996**	-
Rebars	**56,172,520**	89,187,820
Hardware	**34,074,196**	47,590,573
Precast	**22,007,603**	117,507,046
Others	**44,288,038**	25,908,018
	P 292,789,987	P 322,460,802

Certain scrap construction materials were sold for P1.4 million, P2.9 million and P3.3 million in 2015, 2014 and 2013, 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 22.3).

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

9. COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS

An analysis of these accounts is shown below.

	Note	2015	2014
Total costs incurred on uncompleted contracts (work in progress)	18	**P46,109,434,503**	P34,001,684,620
Total billings on uncompleted contracts (progress billings)		**(43,146,154,941)**	(31,399,482,997)
		P 2,963,279,562	P 2,602,201,623

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

	2015	2014
Costs in excess of billings on uncompleted contracts (shown under current assets)	**P 3,553,695,308**	P 2,756,116,681
Billings in excess of costs on uncompleted contracts (shown under current liabilities)	**(590,415,746)**	(153,915,058)
	P 2,963,279,562	P 2,602,201,623

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE, AND ACQUISITION OF ASSETS

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

	Note	2015	2014
Investments in:			
Associates	10.1	P 775,412,091	P 783,771,889
Joint venture	10.3	43,381,936	-
		P 818,794,027	P 783,771,889

The significant commitments related to the associates and joint venture are discussed in Notes 26.

The Parent Company has also investment in SSPI which are accounted for as AFS financial asset as the Parent Company neither exercises control or significant influence over SSPI (see Note 11.6).

10.1 Investments in Associates

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

	Note	2015	2014
Acquisition cost:			
MWCCI		P 580,890,000	P 580,890,000
CMCI		200,000,000	200,000,000
		780,890,000	780,890,000
Equity share in net profit (losses):			
Balance at beginning of year		2,881,889	(3,731,436)
Equity in net profit (losses) for the year	22.3	(8,359,798)	6,613,325
Balance at end of year		(5,477,909)	2,881,889
		P 775,412,091	P 783,771,889

(a) MWCCI

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily engaged to plan, construct, equip, operate, own, manage and maintain hospitals, medical facilities, clinical laboratories and such other allied enterprises. Specifically, MWCCI shall execute, undertake, and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the MPOC Project (see Note 26.4.2). MWCCI's registered office, which is also its principal place of business, is at 20 N. Domingo Street, 1112 Valencia, Quezon City. The Parent Company acquired 51% ownership interest in MWCCI. However, the voting rights associated with the Parent Company's ownership does not result to control over MWCCI's relevant activities since World Citi, Inc. (World Citi), which has 49% ownership interest in MWCCI, subsequently sold 80% of its 49% ownership interest, or 39% ownership interest in MWCCI to Citicore. As a result of the sale, Citicore acquired ultimate control over MWCCI effectively owning 68%, representing the 39% ownership interest it acquired from World Citi, and 29% indirect holding through the Parent Company.

The Parent Company's subscription to its ownership interest in MWCCI amounting to P580.9 million was paid by Citicore (see Note 25.6). The related outstanding liability to Citicore as of December 31, 2014 amounting to P318.7 million is presented as part of Due to stockholders and related parties under Trade and Other Payables account in the 2014 statement of financial position (see Note 14). In 2015, the outstanding liability was fully settled by the Parent Company.

As discussed in Note 26.4.2, MWCCI sent a Notice of termination of its BOT Agreement with the Philippine Department of Health (DOH), which was accepted by DOH on March 3, 2016. MWCCI believes that that it will ultimately recover in full the costs it incurred relative to the MPOC Project. Accordingly, the Parent Company has not recognized any impairment losses for its investment in MWCCI.

(b) CMCI

In a special meeting by the BOD on October 3, 2012, the Parent Company, together with Citicore, formed a joint venture corporation named CMCI whereby the Parent Company shall own 10% of the issued and outstanding shares of stocks of CMCI (see Notes 25.6 and 26.3). CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

As of December 31, 2015 and 2014, the Parent Company owns 10% interest in CMCI as a joint venture partner. The rights and powers of the Parent Company over the management and control of CMCI are exercised through a seat in the BOD of CMCI. Taking this into consideration, the Company concluded that it has significant influence over the investee; accordingly, the investment is accounted for as an investment in an associate.

The table below presents the audited financial information as of and for years ended December 31, 2015 and 2014 of the associates (amounts in thousands).

	Total Assets	Total Liabilities	Total Revenues	Net Profit (Loss)
2015:				
MWCCI	**P 1,246,774**	**P 124,313**	**P -**	**(P 16,538)**
CMCI	**10,476,771**	**8,344,916**	**570,725**	**(3,610)**
2014:				
MWCCI	P 1,246,774	P 124,313	P -	(P 16,538)
CMCI	10,073,141	7,937,676	318,999	170,140

As of December 31, 2015 and 2014, the Parent Company did not receive dividends from its associates.

The shares of stocks of the associates are not listed in the PSE; hence, the fair values of their shares cannot be determined reliably. Management assessed that although the fair values cannot be determined, carrying values are not impaired.

10.2 Acquisition of Assets of Altria

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

As of December 31, 2015, Altria has no operations and its assets mainly pertain to the land where the Parent Company's precast and batching facilities are constructed (see Note 13). In accordance with Group's policy (see Note 2.7), the transaction is treated by the Group as an asset acquisition since the transaction does not constitute a business combination. The purchase price upon acquisition was allocated among the following accounts based on their relative fair values:

	Notes	
Cash in bank	5	P 486,426
Bond deposits	11	1,500,958
Land	13	303,468,569
Accrued expenses	14	(100,000)
		P305,355,953

Subsequent to the date of acquisition, any changes in the carrying value of the net assets acquired in the books of Altria, including the expenses incurred in administering the property (i.e, property taxes), shall be updated in the books of the Parent Company on a line-by-line basis, as if they are consolidated into a single entity. The difference shall be charged directly to profit or loss as part of Others – net account under the Other Income (Charges) section in the statements of comprehensive income. In 2015 and 2014, the Parent Company charged P1.3 million and P1.5 million, respectively, to profit or loss to account for the expenses incurred by Altria, net of changes in cash, bond deposits and accrued expenses as of December 31, 2015 and 2014 (see Note 22.3).

In 2015 and 2014, Altria incurred additional capitalizable cost and acquired additional lots adjacent to the previously acquired land amounting to P0.5 million and P129.3 million, respectively. Consequently, the additions were recorded as part of Land under Property, Plant and Equipment account in the statements of financial position (see Note 13).

10.3 Interest in Joint Venture

MWMTI was incorporated in the Philippines on February 3, 2015 and established primarily to engage in the business of constructing, operating, and maintaining integrated transport system terminals, stations, hubs and all allied business in relation thereto, including the construction, operations and maintenance of the commercial assets and establishments, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC (see Note 26.4.3). MWMTI is effectively owned by the Parent Company and Waltermart at 51% and 49%, respectively. However, as more fully discussed in Note 3.2(b), the Parent Company and Waltermart are exercising joint control over MWMTI. As of December 31, 2015, MWMTI has not yet started commercial operations.

The carrying value of the interest in joint venture as of December 31, 2015 follows:

	Note	Amount
Acquisition cost		P 43,746,135
Equity share in net losses	22.3	(364,199)
Balance at end of year		P 43,381,936

The aggregate amounts of assets, liabilities, revenues and net loss of the joint venture amounted to P88.3 million, P88.4 million, P6.9 million, and P0.7 million, respectively, as of and for the period February 3, 2015 to December 31, 2015.

10.4 Interest in Joint Operation

As discussed in Note 1.2, MGCJV shall undertake the construction of works for the renovation and expansion of the MCIA Project. Also, as discussed in Note 2.3(c)(i), the Parent Company's interest in MGCJV is accounted for as joint arrangement – joint operation and, as such, the Parent Company accounts for its interest in the relevant assets, liabilities, revenues and expenses of MGCJV. As of and for the year ended December 31, 2015, the relevant financial information of the Group's interest in MGCJV which are included in the appropriate accounts in the Group's 2015 statement of financial position and statement of comprehensive income is as follows:

	Before Elimination	Elimination	After Elimination
Assets:			
Cash and cash equivalents	P 370,594,371	P -	P 370,594,371
Trade and other receivables	376,217,149	(376,217,149)	-
Other current assets	13,832,551	-	13,832,551
Property, plant, and equipment – net	2,403,341	-	2,403,341
	P 763,047,412	(P 376,217,149)	P 386,830,263
Liabilities:			
Trade and other payables	P 12,054,595	P -	P 12,054,595
Due to related parties	501,940,845	(495,892,857)	6,047,988
Billings in excess of cost on uncompleted contracts	167,188,266	-	167,188,266
Other liabilities	7,560,655	-	7,560,655
	P 688,744,361	(P 495,892,857)	P 192,851,504
Revenues and Expenses:			
Contract revenues	P 190,374,621	(P 190,374,621)	P -
Contract costs	(104,042,224)	104,042,224	-
Other operating expenses	(62,546,958)	-	(62,546,958)
Finance income	5,571,612	-	5,571,612
	P 29,357,051	(P 86,332,397)	(P 56,975,346)

10.5 Material Non-controlling Interests

Non-controlling interests pertain to the 40% and 30% equity ownership of minority stockholders in GMCAC and MCEI, respectively. The Group determined that only the minority interest in GMCAC is considered as a material non-controlling interest, and accordingly, presented the relevant financial information for GMCAC below (see Note 24.4).

	2015	2014
Assets	**P21,175,250,527**	P17,170,605,492
Liabilities	**15,595,169,645**	12,090,504,978
Equity	**5,580,080,882**	5,080,100,514
Net profit	**501,132,982**	49,010,929

11. OTHER ASSETS

This account is composed of the following:

	Notes	2015	2014
Current:			
Advances to contractors and suppliers	11.1	**P 931,961,213**	P 509,117,737
Input VAT	11.2	**250,666,756**	379,256,541
Prepaid taxes	11.4	**264,627,367**	209,424,625
Refundable security and bond deposits	10.2, 26.1	**73,335,038**	64,909,193
Prepaid insurance		**32,541,407**	43,756,993
Development costs		**18,732,382**	2,989,375
Prepaid rent		**5,684,504**	4,391,084
Prepaid subscription		**2,232,143**	8,928,571
Miscellaneous		**758,816**	3,810,364
		P 1,580,539,626	P 1,226,584,483
Non-current:			
Input VAT:			
Input VAT – GMCAC	11.2	**P 1,584,864,473**	P 1,580,564,218
Input VAT – Others	11.2	**268,884,449**	128,582,750
Investment in trust fund	11.7	**1,127,312,892**	-
Advances to contractors and suppliers	11.1	**684,473,732**	6,354,296
Deferred transaction cost	11.8	**112,357,112**	-
Deposits for condominium units	11.3	**59,536,929**	43,693,078
Computer software license – net	11.5	**43,411,873**	39,644,260
AFS financial assets	11.6	**1,669,477**	1,044,472
Miscellaneous		**50,625**	-
		P 3,882,561,562	P 1,799,883,074

11.1 Advances to Contractors and Suppliers

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

11.2 Input VAT/Deferred Input VAT

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

Noncurrent portion of Input VAT amounting to P1,584.9 million and P1,580.6 million as of December 31, 2015 and 2015, respectively, represents GMCAC's Input VAT, consisting mainly from the payment of bid premium in 2014, which will be recovered in future years. The balance is to be transferred to input VAT under Other Current Assets systematically on the basis of the Group's projected output VAT payments over the term of the Concession Agreement (see Note 12).

11.3 Deposits for Condominium Units

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

11.4 Prepaid Taxes

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

11.5 Computer Software License

The details of this account are presented below.

	2015	2014
Cost	**P 66,511,070**	P 51,136,378
Accumulated amortization	**(23,099,197)**	(11,492,118)
	P 43,411,873	P 39,644,260

A reconciliation of the carrying amounts of computer software license at the beginning and end of the reporting periods is shown below.

	2015	2014
Balance at beginning of year	P 39,644,260	P 25,044,630
Additions	15,374,692	23,147,797
Amortization expense for the year	(11,607,079)	(8,548,167)
	P 43,411,873	P 39,644,260

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 20).

11.6 AFS Financial Assets

AFS financial assets pertain to the Group's investments in golf club shares purchased in 2014, and certain equity investment acquired in 2015 wherein the Parent Company does not exercise control or significant influence (see Note 1.2). The details of AFS financial assets are shown below.

	2015	2014
Golf club shares	P 1,044,472	P 1,044,472
Investment in SSPI – at cost	625,005	-
	P 1,669,477	P 1,044,472

As discussed in Notes 1.2, 3.1(g), 3.2(b), in 2015, the Parent Company has 100% ownership interest representing the issued and outstanding capital stock of SSPI. However, the Parent Company determined its control over SSPI is temporary as CPI subsequently acquired 75% ownership interest and control over SSPI in February 2016. CPI purchased the unissued shares of stock of SSPI resulting in a dilution of the Parent Company's ownership interest from 100% to 25%. Moreover, pending the approval of SEC on the increase in authorized capital stock of SSPI, the ultimate resulting ownership of CPI and the Parent Company in SSPI shall be 99% and 1%, respectively (see Note 28). CPI's business is concentrated on the holding of investments and management of solar power and other renewable energy entities. Accordingly, the Group accounted for its investment in SSPI at cost (see Notes 1.2, 10 and 30.4), since its fair value cannot be determined reliably, which represents equity instrument wherein the Group neither exercises control or significant influence over SSPI after the dilution.

SSPI was incorporated in the Philippines on August 7, 2015 and established for the development, construction, installation and other related services through contractors, subcontractors, or otherwise, of solar power and other clean or renewable energy infrastructure. As of December 31, 2015, SSPI has not yet started commercial operations. Its registered office, which is also its principal place of business, is located at 20 N. Domingo Street, Barangay Valencia, Quezon City.

Management assessed that the change in fair value of these investments is insignificant in 2015 and 2014 (see Note 30.4). Moreover, management has assessed that the carrying value of these investments is recoverable, hence, no impairment loss is required in 2015 and 2014.

11.7 Investment in Trust Fund

On November 28, 2014, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a local universal bank (Security Trustee). The investment in trust fund constitutes (i) Revenue Accounts; (ii) Future Major Maintenance Fund Account; (iii) Debt Service Reserve Accounts; (iv) Debt Service Payment Account; and, (v) Distribution Accounts, collectively referred to as "Cash Flow Waterfall Accounts" and Loan Disbursement Accounts under a certain Omnibus Loan and Security Agreement (OLSA) to ensure the prompt payment of the required amortization, interest and principal of the long-term loan [see Note 15.2(b)].

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts [see Note 15.2(b)].

11.8 Deferred Transaction Cost

Deferred transaction cost represents legal and documentary stamp taxes paid and attributable to the amount of undrawn borrowing facility scheduled for drawdown in the subsequent reporting periods. Upon drawdown, the deferred transaction cost will be accounted for as debt issuance cost which is treated as a discount on the related debt and amortized using the EIR method over the term of the related debt (see Note 15.2).

12. CONCESSION ASSETS

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTC and MCIA by virtue of Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes", as Amended by R.A. No. 7718 (referred to as the *"BOT Law"*). Under the said agreement, GMCAC was granted by DOTC and MCIA an exclusive right to design, develop, and undertake the MCIA Project; and enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets) (see Note 1.2). The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

The MCIA Project comprises the following undertaking:

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

As of December 31, the breakdown of the capitalized Concession Assets is as follows:

	Upfront Fees	Airport Infrastructure	Total
December 31, 2015			
Cost			
Balance at beginning of year	P 15,048,211,079	P 39,445,825	P 15,087,656,904
Additions	595,435,197	813,721,617	1,409,156,814
Balance at end of year	15,643,646,276	853,167,442	16,496,813,718
Accumulated amortization			
Balance at beginning of year	(16,768,305)	(607,307)	(17,375,612)
Amortization for the year	(100,609,831)	(8,930,325)	(109,540,156)
Balance at end of year	(117,378,136)	(9,537,631)	(126,915,768)
Net carrying amount	P 15,526,268,140	P 843,629,810	P 16,369,897,950
December 31, 2014			
Cost	P 15,048,211,079	P 39,445,825	P 15,087,656,904
Amortization for the year	(16,768,305)	(607,307)	(17,375,612)
Net carrying amount	P 15,031,442,774	P 38,838,518	P 15,070,281,292

Upfront fees include P14,404.6 million bid premium paid by GMCAC to the Philippine Government for the MCIA Project. In addition, the capitalized borrowing costs amounted to P965.1 million and P369.5 million as at December 31, 2015 and 2014, respectively, at a capitalization rate of 4.80% to 6.25% during the reporting periods.

Cost of airport infrastructure pertains mainly to the design and renovation of passenger terminals and development works of the MCIA Project. The additions to airport infrastructure include rehabilitation of the existing T1 amounting to P271.2 million, construction of the new T2 building amounting to P80.2 million, and structural design and consultants of existing T1 and of T2 amounting to P394.1 million.

As of December 31, 2015 and 2014, concession assets not yet available for use amounted to P13,067.5 million and P12,433.8 million, respectively. These are not amortized but tested for impairment at December 31, 2015 and 2014 in accordance with GMCAC's accounting policy.

13. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of December 31, 2015 and 2014 are shown below.

	Land (see Note 10.2)	Building	Precast Factory	Office Furniture, Fixtures and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
December 31, 2015								
Cost	P 786,893,457	P 267,109,191	P 475,818,880	P 175,882,890	P 491,790,484	P 4,584,346,332	P 85,923,704	P 6,867,764,938
Accumulated depreciation	-	(39,426,285)	(73,057,964)	(106,765,396)	(214,605,931)	(1,485,785,636)	-	(1,919,641,212)
Net carrying amount	P 786,893,457	P 227,682,906	P 402,760,916	P 69,117,494	P 277,184,553	P 3,098,560,696	P 85,923,704	P 4,948,123,726
December 31, 2014								
Cost	P 769,240,400	P 247,650,297	P 471,153,062	P 137,439,303	P 434,127,938	P 4,103,909,413	P 61,215,570	P 6,224,735,983
Accumulated depreciation	-	(28,813,317)	(42,477,112)	(88,645,496)	(155,892,159)	(1,195,282,512)	-	(1,511,110,596)
Net carrying amount	P 769,240,400	P 218,836,980	P 428,675,950	P 48,793,807	P 278,235,779	P 2,908,626,901	P 61,215,570	P 4,713,625,387
January 1, 2014								
Cost	P 620,705,584	P 229,838,657	P 414,492,169	P 105,988,248	P 197,240,361	P 3,939,632,830	P -	P 5,507,897,849
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	P 2,962,413,612	P -	P 4,330,697,120

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of 2015 and 2014 is shown below.

	Land (see Note 10.2)	Building	Precast Factory	Office Furniture, Fixtures and Equipment	Transportation Equipment	Precast and Construction Equipment	Construction in Progress	Total
Balance at January 1, 2015, net of accumulated depreciation	P 769,240,400	P 218,836,980	P 428,675,950	P 48,793,807	P 278,235,779	P 2,908,626,901	P 61,215,570	P 4,713,625,387
Additions	17,653,057	19,458,894	4,665,818	38,443,586	59,019,047	484,976,286	24,708,134	648,924,822
Disposal	-	-	-	-	(1,356,500)	(4,539,364)	-	(5,895,864)
Depreciation charges for the year	-	(10,612,968)	(30,580,852)	(18,119,899)	(58,713,773)	(290,503,127)	-	(408,530,619)
Balance at December 31, 2015, net of accumulated depreciation	P 786,893,457	P 227,682,906	P 402,760,916	P 69,117,494	P 277,184,553	P 3,098,560,696	P 85,923,704	P 4,948,123,726
Balance at January 1, 2014, 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 -	P 4,330,697,120
Additions	148,534,816	17,811,640	65,691,069	31,451,055	80,245,221	369,095,210	61,215,570	774,044,580
Reclassification	-	-	-	-	144,591,743	(144,591,743)	-	-
Disposal	-	-	(9,030,175)	-	(420,000)	(12,404,748)	-	(21,854,923)
Depreciation charges for the year	-	(9,409,571)	(21,956,947)	(10,869,031)	(61,140,411)	(265,885,430)	-	(369,261,390)
Balance at December 31, 2014, net of accumulated depreciation	P 769,240,400	P 218,836,980	P 428,675,950	P 48,793,807	P 278,235,779	P 2,908,626,901	P 61,215,570	P 4,713,625,387

Construction in progress pertains to accumulated costs incurred in constructing a new precast warehouse, workers barracks and logistics department facility which are located in Taytay, Rizal. In addition, the Group capitalized the costs of on-going development of formworks site as part of Construction in progress.

As a result of the acquisition of Altria in 2012, the Group recorded additional capitalizable cost and additional land amounting to P0.5 million and P129.3 million in 2015 and 2014, respectively (see Note 10.2).

In 2012, the Parent Company entered into several sale and leaseback transactions for certain construction equipment and transportation equipment that resulted in a finance lease (see Note 26.2). There were no similar transactions thereafter. The Parent Company recognized gain on these transactions amounting to P46.6 million upon inception. The gain was deferred and is amortized over the term of the lease. The related amortization in 2015, 2014 and 2013 of the deferred gain amounted to P5.7 million, P19.0 million and P26.9 million, respectively (see Note 22.3) while the unamortized deferred gain amounting to P5.7 million as of December 31, 2014 is presented as part of Others under Other Current Liabilities in the 2014 statement of financial position (see Note 17). This was fully amortized in 2015.

In 2015, 2014 and 2013, certain property and equipment were sold for P4.2 million, P40.9 million and P32.2 million, respectively. As a result, the Group recognized gain amounting to P19.0 million and P19.4 million in 2014 and 2013, respectively, and loss amounting to P1.7 million in 2015 which is presented as Gain (loss) on disposals of property and equipment which are presented as part of Others – net under Other Income (Charges) – Net in the statements of comprehensive income (see Note 22.3).

The Group acquired several transportation equipment and construction equipment under finance leases. Outstanding liabilities from the finance leases as of December 31, 2015 and 2014 amounted to P154.6 million and P149.0 million, respectively, and are presented as Obligations under finance lease under Interest-bearing Loans and Borrowings in the statements of financial position (see Note 15.3).

As of December 31, 2015 and 2014, the gross carrying amounts of the Group's fully-depreciated property, plant and equipment that are still in use are P236.8 million and P43.6 million in 2015 and 2014, respectively. The Group has no idle properties in any of the years presented.

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

	Notes	**2015 (Consolidated - see Note 2)**	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Contract costs	19	**P 400,780,751**	P 341,408,098	P 479,291,208
Other operating expenses		**7,749,868**	27,853,292	40,332,897
	20	**P 408,530,619**	P 369,261,390	P 519,624,105

14. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	2015	2014
Trade payables		**P 5,401,441,309**	P 1,063,570,759
Retention payable	17	**738,469,357**	683,292,596
Accrued expenses	10.2	**233,024,374**	254,262,316
Due to stockholders and related parties	10, 25.6, 25.7	**149,469,597**	443,245,560
Interest payable	15	**88,735,622**	343,253,326
Security deposits	26.1.2	**29,048,978**	-
Accrued salaries		**24,051,499**	18,713,864
Dividends payable	25.9(c)	**-**	1,983,227
		P 6,664,240,736	P 2,808,372,648

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

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

15. INTEREST-BEARING LOANS AND BORROWINGS

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

	Notes	2015	2014
Current:			
Bank loans	15.2, 25.5	**P 3,511,781,371**	P 14,798,713,094
Obligations under finance lease	13, 15.3, 25.5, 26.2	**79,814,727**	91,351,491
		3,591,596,098	14,890,064,585
Non-current:			
Bank loans	15.2, 25.5	**13,947,274,411**	-
Notes payable	15.1, 25.5	**4,928,742,234**	4,967,267,545
Obligations under finance lease	13, 15.3, 25.5, 26.2	**74,787,451**	57,634,981
		18,950,804,096	5,024,902,526
		P 22,542,400,194	P 19,914,967,111

The total unpaid interest from the foregoing interest-bearing loans and borrowings as of December 31, 2015 and 2014 amounted to P88.7 million and P343.3 million, respectively, and is presented as Interest payable under Trade and Other Payables account in the statements of financial position (see Note 14).

15.1 Notes Payable

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

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

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

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

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

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

(a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
(b) make any material change in the nature of its business from that being carried on as of the signing date;
(c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
(d) amend its articles of incorporation and/or by-laws except as required by law;
(e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders;
(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 Parent Company has complied with all the debt covenants set forth in the notes facility agreement. As of December 31, 2015 and 2014, the carrying amount of the notes is P3,928.7 million and P3,967.3 million, respectively.

In 2011, the Parent Company was granted another unsecured Notes payable facility up to P3,000.0 million by a local bank, to which P1,000.0 million was availed. The loan bears an annual interest of 6.5% payable in 5 years. The carrying value of the loan is P1,000.0 million as of December 31, 2015 and 2014. Total interest on these notes payable amounted to P313.4 million, P193.3 million, and P267.7 million in 2015, 2014 and 2013, respectively, and is presented as part of Interest expense from notes payable under Finance Costs account (see Note 22.1). Unpaid interest as of December 31, 2015 and 2014 amounting to P17.6 million in both years is presented as part of Interest payable under Trade and Other Payable in the statements of financial position (see Note 14).

15.2 Bank Loans

(a) Omnibus Loan and Security Agreement – April 8, 2014

On April 8, 2014, GMCAC entered into an OLSA with a local universal bank. The initial drawdown was made on April 14, 2014 amounting to P10,083.2 million and the second drawdown was made on May 20, 2014 amounting to P1,210.0 million. Both loans are due on April 21, 2015 with interest rate of 3.75% per annum. The direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, which amounted to P119.8 million, were deducted from the principal amounts of the loan. Accordingly, the net proceeds of loans amounted to P11,173.4 million. The direct issue costs will be amortized over the term of the related loan using the effective interest method. As at December 31, 2014, the carrying amount of loans payable amounted to P11,256.4 million.

The loans were obtained for the purpose of financing the bid premium paid for the concession rights. In accordance with the Group's policy on recognition of Concession Assets [see Note 2.9(a)], the related interest expense amounting to P385.5 million is capitalized as part of the Concession Assets account (see Note 12). However, the Group charged directly to profit or loss the interest expense allocated to Existing Terminal 1 Infrastructure from the handover date on November 1, 2014 until December 31, 2014 amounting to P16.0 million. This interest expense is presented as part of Interest expense from bank loans under Finance Costs account in the 2014 statement of comprehensive income (see Note 22.1). Total accrued interest amounting to P302.5 million is presented as part of Interest payable under Trade and Other Payables in the 2014 statement of financial position (see Note 14).

As security for timely payment of the loans and prompt observance of all provision of the Omnibus Agreement, the following are pledge as collateral on this loan:

- all monies standing in the Project Debt Accounts;
- all receivables under loans or advances extended by the Assignor to GMCAC;
- all Termination Payments payable to GMCAC and/or Sponsors under the Concession Agreement; and,
- the proceeds, products and fruits of all the foregoing.

GMCAC also pledged all its issued and outstanding shares, and any new or additional shares of stock, subscriptions, warrants and other rights to purchase or acquire such shares of stock to the local bank. The Agreement also provides for the affirmative and negative covenants which include among others the maintenance of maximum debt to equity ratio of 70:30 on each drawdown date.

On April 21, 2015, the Company applied for an extension of the maturity date of the loans to May 5, 2015. The Company agreed to pay all interest already accrued thereon on April 21, 2015 and any interest accruing thereafter on May 5, 2015. Interest paid on the loans on April 21, 2015 amounted to P425.7 million. On May 5, 2015, the Company paid all outstanding loans including the related interest from April 21, 2015 amounting to P17.1 million. Interest expense on these loans amounted to P53.1 million and P16.0 million 2015 and 2014, respectively, and is presented as part of Interest expense from bank loans under Finance Costs account in the 2015 and 2014 statements of comprehensive income (see Note 22.1).

GMCAC has complied with all affirmative and negative covenants during the reporting periods until the maturity and settlement of the facility.

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

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

	First 7 Years	Last 8 Years
P2,000.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 (PDST-R2 benchmark yield) and credit spread
US$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

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

- all monies deposited and from time to time standing in the Cash Flow Waterfall Accounts;
- the Project receivables;
- the proceeds of any asset and business insurance obtained, except for the proceeds of insurance policies arising from damage of any Project Assets;
- the Project Documents (Accession Agreement, Technical Service Agreement and Engineering and Procurement Contract); and,
- the 100% of the total issued and outstanding capital stock of GMCAC.

In addition, the OLSA provides certain restrictions and requirements which include, among others, maintaining and preserving its corporate existence, complying with all of its material obligations under the project arrangements, restrictions on granting of loans or advances and disposal of major properties and restrictions on payment of dividends. The OLSA also provides financial covenants which include maintaining a maximum debt to equity ratio of 70:30 and a debt service coverage ratio of at least 1.1 times following the Project completion date. As of December 31, 2015, GMCAC has complied with the financial and non-financial covenants.

Moreover, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a Security Trustee to ensure the prompt payment of the required amortization, interest and principal of the long-term loan, which was established and maintained by GMCAC during the reporting period (see Note 11.7).

The total drawdowns made for the onshore loan amounted to P13,666.0 million while drawdowns on the offshore loan amounted to US$11.0 million (or equivalent to P517.7 million). The proceeds of the loan was used to refinance the bridge facility extended by a local universal bank which was used to partly finance the payment of the Project's Upfront Premium and to finance the capital expenditures and other costs in relation to the Project [see Note 15.2(a)]. As of December 31, 2015, the carrying amount of the total onshore and offshore loans amounted to P13,947.3 million.

Total debt issue costs incurred in this Omnibus Agreement amounted to P245.7 million, which shall be amortized over the term of the related debt using the EIR method. The portion of the debt issue costs pertaining to the undrawn amount of the borrowing facility is recognized as part of Deferred transaction costs under Other Non-current Assets in the 2015 statement of financial position (see Note 11.8).

Total interest expense on these loans, including the amortization of debt issue costs, amounted to P70.6 million in 2015 and is presented as part of Interest expense from bank loans under Finance Costs account in the 2015 statement of comprehensive income (see Note 22.1). Total accrued interest amounting to P37.7 million is presented as part of Interest payable under Trade and Other Payables in the 2015 statement of financial position (see Note 14).

Provision in the loan indicates that the borrower shall pay to the lenders, a commitment fee equivalent to 0.3% per annum of the undrawn or uncancelled portion of the commitment that GMCAC does not draw in accordance with the drawdown schedule.

(c) Other Bank Loans

In addition, the Group also obtained various bank loans with total outstanding balance of P3,511.8 million and P3,542.3 million as of December 31, 2015 and 2014, respectively, representing unsecured short-term loans from other local banks. The loans bear fixed annual interest rates ranging from 2.5% to 4.0% in 2015, 2.5% to 3.2% in 2014 and 2.5% to 4.5% in 2013. Total interest on these bank loans amounted to P97.8 million, P199.2 million and P27.6 million in 2015, 2014 and 2013 respectively, and is presented as part of Interest expense from bank loans under Finance Costs account in the statements of comprehensive income (see Note 22.1). The unpaid portion of these interest amounted to P7.9 million and P40.8 million as of December 31, 2015 and 2014, respectively, and is presented as part of Interest payable under Trade and Other Payables in the statements of financial position (see Note 14).

15.3 Finance Lease Obligations

The obligations under finance lease have an effective interest rate of 5.0% in 2015 and 2014 (see Note 13). Lease payments are made on a monthly basis. Total interest from these obligations amounted to P7.3 million, P5.1 million and P48.6 million in 2015, 2014 and 2013, respectively, and is presented as part of Interest expense from finance lease under Finance Costs account in the statements of comprehensive income (see Note 22.1).

16. ADVANCES FROM CUSTOMERS

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

	Note	2015	2014
Contracts in progress:			
Third parties		**P1,341,282,005**	P 842,166,515
Related parties	25.1	**39,660,186**	132,022,782
		1,380,942,191	974,189,297
Deposit received prior to commencement of a project:			
Third parties		**311,275,461**	101,026,785
Related parties	25.1	**-**	21,885,687
		311,275,461	122,912,472
		P1,692,217,652	P1,097,101,769

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

17. OTHER LIABILITIES

The details of this account are as follows:

	Notes	2015	2014
Current:			
Withholding taxes		**P 44,624,709**	P 50,591,909
Deferred output VAT		**30,660,378**	-
Deferred revenue		**11,354,543**	-
Income tax payable		**7,119,169**	-
Others	13	**14,988,307**	11,440,745
		P 108,747,106	P 62,032,654
Non-current:			
Security deposits	26.1.2	**P 66,583,383**	P -
Retention payable	14	**25,649,402**	-
Unearned rent income		**2,196,163**	-
		P 94,428,948	P -

Deferred revenue represents advance payments from customers and concessionaires that are subject to refund or future billing applications within 12 months from the end of the reporting period.

Unearned rent income pertains to the difference between the fair value and principal amount of security deposits received at the inception of the lease with concessionaires, which shall be amortized over the corresponding lease term.

Others under current liabilities significantly include government-related payables for employee benefits.

18. REVENUES

18.1 Contract Revenues

The details of this account for the years ended December 31, 2015, 2014 and 2013 are composed of the revenues from:

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Contracts in progress	**P 13,324,272,035**	P 9,428,806,740	P 10,837,806,790
Completed contracts	**634,215,891**	413,522,297	42,630,462
	P 13,958,487,926	P 9,842,329,037	P 10,880,437,252

About 24%, 15% and 30% of the contract revenues for 2015, 2014 and 2013, respectively, were earned from contracts with an associate and certain related parties under common ownership (see Note 25.1).

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

	Notes	2015	2014
Total contract cost incurred and recognized profit (less recognized losses) to date	9	**P46,109,434,503**	P 34,001,684,620
Contract receivables	6	**5,146,046,267**	2,513,477,415
Retention receivables	6	**2,410,608,645**	2,006,643,774

18.2 Airport Operations Revenues

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

	Note	2015	2014
Aeronautical		**P 976,971,967**	P 138,874,720
Concession		**236,297,703**	28,343,745
Rental	26.1.2	**158,058,358**	22,787,527
Others		**112,563,798**	9,953,126
		P 1,483,891,826	P 199,959,118

19. DIRECT COSTS

19.1 Contract Costs

The following is the breakdown of contract costs for the years ended December 31:

	Notes	**2015 (Consolidated - see Note 2)**	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Outside services		**P 5,595,835,656**	P 3,463,211,318	P 3,306,303,720
Materials		**4,641,221,047**	2,997,437,325	3,888,789,406
Project overhead		**679,722,706**	927,982,010	985,365,045
Salaries and employee benefits	21.1	**551,409,956**	518,245,808	439,558,561
Depreciation	13	**400,780,751**	341,408,098	479,291,208
	20	**P11,868,970,116**	P 8,248,284,559	P 9,099,307,940

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

19.2 Costs of Airport Operations

The following is the breakdown of cost of services:

	Notes	**2015**	2014
Utilities		**P 112,741,311**	P 10,755,312
Amortization of concession asset	12	**109,540,156**	17,375,611
Salaries and employee benefits	21.1	**31,854,182**	1,670,253
Insurance		**30,938,473**	4,569,375
Airline collection charges		**19,621,074**	3,309,573
Airport operator's fee	25.8, 26.4.1(b)	**17,966,326**	2,453,254
Rental of check-in counters		**15,836,524**	3,558,154
Others		**9,963,719**	1,770,825
		P 348,461,765	P 45,462,357

20. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Outside services		**P 5,653,518,501**	P 3,494,400,944	P 3,325,452,632
Materials, supplies and facilities		**4,653,917,528**	3,004,945,350	3,897,316,640
Salaries and employee benefits	21.1	**954,789,646**	713,658,401	576,544,381
Project overhead		**679,743,698**	927,982,010	985,365,045
Depreciation and amortization	11.5, 12, 13	**529,677,854**	395,185,168	520,620,448
Utilities		**160,740,435**	29,705,332	10,520,897
Professional fees		**51,268,080**	25,332,671	-
Rentals	26.1.1	**35,712,668**	13,322,150	4,704,817
Insurance		**34,413,100**	7,238,352	2,320,291
Representation		**26,284,164**	17,911,084	38,259,118
Airline collection charges		**25,885,562**	3,309,573	-
Travel and transportation		**25,799,109**	16,027,452	8,972,354
Taxes and licenses		**23,128,829**	26,246,100	19,044,934
Airport operator's fee		**17,966,326**	2,453,254	-
Repairs and maintenance		**12,262,060**	17,519,008	12,004,632
Advertising		**10,937,756**	14,997,600	1,681,734
Security services		**9,271,403**	5,608,483	4,199,144
Gas and oil		**771,365**	1,143,088	1,912,211
Listing and registration		-	16,028,567	-
Miscellaneous		**202,038,666**	19,504,003	28,726,661
		P13,108,126,750	P 8,752,518,590	P 9,437,645,939

Miscellaneous in 2015 includes certain construction reworks and warranty cost for certain projects already completed.

Listing and registration expense includes fees paid for the application for amendment of articles of incorporation (see Note 1), and issuance of stock dividends and preferred shares.

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

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Contract costs	19.1	**P11,868,970,116**	P 8,248,284,559	P 9,099,307,940
Costs of airport operations	19.2	**348,461,765**	45,462,357	-
Other operating expenses		**890,694,869**	458,771,674	338,337,999
		P13,108,126,750	P 8,752,518,590	P 9,437,645,939

21. POST-EMPLOYMENT DEFINED BENEFIT OBLIGATION

21.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits (see Note 20) are presented below.

	Note	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Short-term employee benefits		**P 942,102,425**	P 693,526,902	P 557,375,332
Post-employment benefit	21.2	**12,687,221**	20,131,499	19,169,049
		P 954,789,646	P 713,658,401	P 576,544,381

The expenses are allocated in the statements of comprehensive income.

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Contract costs	19.1	**P 551,409,956**	P 518,245,808	P 439,558,561
Costs of airport operations	19.2	**31,854,182**	1,670,253	-
Other operating expenses		**371,525,508**	193,742,340	136,985,820
	20	**P 954,789,646**	P 713,658,401	P 576,544,381

21.2 Post-employment Benefit

(a) Characteristics of Defined Benefit Plan

The Group maintains a partially funded and noncontributory post-employment defined benefit plan covering all regular full-time employees. The Group conforms to the minimum regulatory benefit under the 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 2015, 2014 and 2013.

The amounts of post-employment DBO in the statements of financial position are determined as follows:

	2015	2014
Present value of the DBO	P 77,374,745	P 64,426,415
Fair value of plan assets	3,916,725	3,928,220
	P 73,458,020	P 60,498,195

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

	2015	2014
Balance at beginning of year	P 64,426,415	P 114,084,124
Current service cost	12,687,221	20,131,499
Interest cost	2,915,359	6,069,275
Remeasurement/actuarial losses (gains) arising from:		
Changes in financial assumptions	(5,667,595)	(69,176,816)
Experience adjustments	3,013,345	(6,681,667)
Balance at end of year	P 77,374,745	P 64,426,415

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

	2015	2014
Balance at beginning of year	P 3,928,220	P 3,717,297
Interest income	176,377	197,760
Return on plan assets (excluding amounts included in net interest)	(187,872)	13,163
Balance at end of year	P 3,916,725	P 3,928,220

The plan assets as of December 31, 2015 and 2014 consist of the UITF amounting to P3.9 million in both years. The Group 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 25.9(b)].

Actual returns on plan assets were P0.01 million and P0.20 million in 2015 and 2014, respectively.

The components of amounts recognized in profit or loss and in other comprehensive income (loss) in respect of the defined benefit post-employment plan are as follows (see Note 21.1):

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Recognized in profit or loss:			
Current service cost	P 12,687,221	P 20,131,499	P 19,169,049
Net interest expense	2,738,982	5,871,515	2,858,100
	P 15,426,203	P 26,003,014	P 22,027,149

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Recognized in other comprehensive income (loss)			
Actuarial gains (losses) arising from:			
Changes in financial assumptions	**P 5,667,595**	P 69,176,816	(P 6,605,649)
Experience adjustments	**(3,013,345)**	6,681,667	(30,973,601)
Return on plan assets (excluding amounts included in net interest)	**(187,872)**	13,163	59,441
	P 2,466,378	P 75,871,646	(P 37,483,809)

Current service costs are included as part of Other Operating Expenses account in the statements of comprehensive income. The net interest expense is included as part of Finance Costs account in the statements of comprehensive income (see Note 22.1).

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

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

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Discount rate	**4.95%**	4.49%	5.32%
Expected return on plan assets	**5.00%**	5.00%	10.00%
Employee turn-over rate	**3.00%**	3.00%	3.00%

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

(c) Risks Associated with the Defined Benefit Plan

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

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. As of December 31, 2015 and 2014, the plan has short-term investments managed through UITF.

(ii) Longevity and Salary Risks

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

(d) Other Information

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

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment DBO as of December 31:

	Impact on Post-Employment Defined Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2015:			
Discount rate	**+/- 1%**	**(P 14,305,251)**	**P 17,823,835**
Salary growth rate	**+/- 1%**	**16,881,491**	**(13,826,756)**
2014:			
Discount rate	+/- 1%	(P 10,778,425)	P 13,318,059
Salary growth rate	+/- 1%	12,426,486	(10,348,234)

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

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

(ii) *Funding Arrangements and Expected Contributions*

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

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

The maturity profile of undiscounted expected benefit payments within 10 years from the end of the reporting periods follows:

	2015	2014
More than 1 year to 5 years	**P 2,558,679**	P 187,162
More than 5 years to 10 years	**19,375,147**	6,440,747
	P 21,933,826	P 6,627,909

The weighted average duration of the DBO at the end of the reporting period is 23 years.

22. OTHER INCOME (CHARGES)

22.1 Finance Costs

The breakdown of this account in 2015, 2014 and 2013 is as follows:

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Interest expense from:	15			
Notes payable		**P 313,393,982**	P 193,282,012	P 267,685,396
Bank loans		**214,925,858**	215,190,446	27,571,072
Finance lease		**7,252,363**	5,057,470	48,606,497
		535,572,203	413,529,928	343,862,965
Foreign currency losses – net		**14,893,910**	1,939,283	2,839,816
Bank charges		**3,881,896**	5,661,896	1,400,718
Interest expense on retirement obligation – net	21.2	**2,738,982**	5,871,515	2,858,100
Impairment losses on receivables	6	**-**	9,208,879	-
Loss on sale of financial assets at FVTPL	7	**-**	5,132,808	-
Fair value loss on financial assets at FVTPL	7	**-**	-	70,189,539
		P 557,086,991	P 441,344,309	P 421,151,138

22.2 Finance Income

The details of finance income are the following:

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Interest income from:				
Financial assets at FVTPL	7	**P 107,030,267**	P 4,663,154	P 27,176,558
Short-term placements	5	**31,495,095**	105,231,307	86,560,826
Cash in banks	5	**3,320,815**	1,550,328	1,304,838
Gain on sale of financial assets at FVTPL	7	**-**	-	329,282,622
Balance carried forward		**P 141,846,177**	P 111,444,789	P 444,324,844

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Balance brought forward		P 141,846,177	P 111,444,789	P 444,324,844
Fair value gains on financial assets at FVTPL	7	-	4,727,229	-
Reversal of impairment losses on receivables	6	-	-	14,716,193
		P 141,846,177	P 116,172,018	P 459,041,037

22.3 Others

This consists of the following:

	Notes	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Rental of construction equipment		P 22,818,436	P 3,270,398	P -
Amortization of deferred gain on sale and leaseback	13	5,670,763	19,012,080	26,905,542
Equity in net profit (losses) of associates and joint venture	10.1, 10.3	(8,723,997)	6,613,325	(2,726,560)
Gain (loss) on disposals of property and equipment	13	(1,700,527)	19,009,771	19,412,623
Income from scrap sales	8	1,356,083	2,946,430	3,304,924
Others	10.2	5,075,223	7,081,224	-
		P 24,495,981	P 57,933,228	P 46,896,529

23. TAXES

23.1 Registration with the BOI

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

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

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

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

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

In June 2015, the Parent Company's entitlement under the ITH incentive expired.

On May 29, 2015, the BOI approved the Parent Company's application for registration of its projects as Public Private Partnership for School Infrastructure Project Phase 2 – Contract Package A pursuant to Build-Lease-Transfer Agreement with the Philippine Department of Education on a nonpioneer status under the Omnibus Investment Code of 1987. Under such registration, the Parent Company is entitled of the following incentives:

(a) ITH for a period of four years from May 30, 2015 or actual start of commercial operations, whichever is earlier;

(b) Importation of capital equipment, spare parts and accessories at zero duty for a period of five years from May 30, 2015;

(c) Additional deduction from taxable income of 50% of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment; and,

(d) Employment of foreign nationals which will hold supervisory, technical or advisory positions for five years from May 30, 2015.

23.2 Current and Deferred Taxes

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

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Reported in other profit or loss			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 285,331,732**	P 106,710,344	P 74,934,902
Final tax at 20% and 7.5%	**28,960,393**	21,259,642	23,008,442
	314,292,125	127,969,986	97,943,344
Deferred tax expense relating to origination and reversal of temporary differences	**155,191,220**	7,396,645	34,000,972
	P 469,483,345	P 135,366,631	P 131,944,316

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Reported in other comprehensive income (loss)			
Deferred tax income (expense) relating to origination and reversal of temporary differences	(P 739,913)	(P 22,761,494)	P 11,245,143

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense for the year ended December 31 is as follows:

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Tax on pretax profit at 30%	**P 583,052,451**	P 306,759,151	P 458,273,322
Adjustment for income subjected to lower tax rates	**(15,047,080)**	(10,629,820)	(11,504,222)
Tax effects of:			
Non-taxable net profit under ITH	**(142,874,139)**	(142,010,947)	(249,304,006)
Non-deductible expense	**44,626,584**	12,633,288	33,264,009
Non-taxable income	**(274,471)**	(31,385,041)	(98,784,787)
	P 469,483,345	P 135,366,631	P 131,944,316

The net deferred tax assets (liabilities) recognized in the statements of financial position as of December 31, 2015 and 2014 relate to the following:

	2015	2014
Deferred tax assets:		
Excess of estimated over actual cost	**P 43,860,185**	P -
Post-employment defined benefit obligation	**22,037,406**	18,149,459
Advance payments from customer	**2,814,955**	-
Impairment losses on trade receivables	**2,762,664**	2,762,664
Net operating loss carryover (NOLCO)	**-**	18,855,625
Unrealized foreign currency losses – net	**-**	365,634
Deferred gain on sale and leaseback	**-**	1,701,229
	71,475,210	41,834,611
Deferred tax liabilities:		
Amortization of concession assets	**(177,256,568)**	(24,639,851)
Uncollected non-taxable income*	**(37,895,829)**	-
Unrealized foreign currency gains – net	**(851,694)**	-
Fair value gains on financial assets at FVTPL	**(193,544)**	(1,418,169)
Excess of actual over estimated cost	**-**	(4,567,883)
	(216,197,635)	(30,625,903)
Net Deferred Tax Assets (Liabilities)	**(P 144,722,425)**	P 11,208,708

**This pertains to the excess of revenue recognized under percentage of completion over collection of non-taxable revenues under ITH.*

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

	Profit or Loss			Other Comprehensive Income		
	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company see Note 2)	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Amortization of concession assets	P 152,616,717	P 24,639,851	P -	P -	P -	P -
Excess of estimated over actual cost	(43,860,185)	-	-	-	-	-
Uncollected non-taxable income*	37,895,829		-	-	-	-
NOLCO	18,855,625	(18,855,625)	-	-	-	-
Post-employment defined benefit obligation	(4,627,860)	(7,800,905)	(6,608,145)	(739,913)	(22,761,494)	11,245,143
Excess of actual over estimated cost	(4,567,883)	4,567,883	-	-	-	-
Advance payments from customer	(2,814,955)	-	-	-	-	-
Deferred gain on sale and leaseback	1,701,229	5,703,624	6,369,721	-	-	-
Fair value gains on financial assets at FVTPL	(1,224,625)	1,418,169	-	-	-	-
Unrealized foreign currency gains) – net	1,217,328	486,312	(851,946)	-	-	-
Impairment losses on trade receivables	-	(2,762,664)	35,091,342	-	-	-
Deferred tax expense (income)	P 155,191,220	P 7,396,645	P 34,000,972	(P 739,913)	(P 22,761,494)	P 11,245,143

The Parent Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. No MCIT was reported in 2015, 2014 and 2013 as RCIT was higher than MCIT in those years. Both GMCAC and MCEI will be subjected to MCIT in 2018.

As of December 31, 2015, MCEI has unrecognized deferred tax asset arising from its NOLCO of P0.4 million, which can be claimed as deduction against future taxable income up to 2018.

In 2014, GMCAC incurred NOLCO amounting to P62.9 million which can be claimed as deduction against future taxable income up to 2017. In 2015, GMCAC applied its total NOLCO against its taxable income.

In 2015, 2014 and 2013, the Group opted to claim itemized deductions in computing for its income tax due.

24. EQUITY

24.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2015	2014	2013	2015	2014	2013
Common shares – P1 par value						
Authorized	4,930,000,000	4,930,000,000	2,000,000,000	P 4,930,000,000	P4,930,000,000	P2,000,000,000
Issued and outstanding:						
Balance at beginning of year	2,399,426,127	1,649,426,127	1,114,100,003	P 2,399,426,127	P1,649,426,127	P1,114,100,003
Stock dividends distributed	-	750,000,000	380,636,801	-	750,000,000	380,636,801
Issuance during the year	-	-	154,689,323	-	-	154,689,323
Balance at end of year	2,399,426,127	2,399,426,127	1,649,426,127	P 2,399,426,127	P 2,399,426,127	P1,649,426,127
Preferred – P1 par value						
Authorized	70,000,000	70,000,000	-	P 70,000,000	P 70,000,000	P -
Issued and outstanding	40,000,000	40,000,000	-	P 40,000,000	P 40,000,000	P -

In the meeting of the Parent Company's BOD held on May 14, 2014 and of the stockholders held on June 30, 2014, the BOD and the stockholders approved the increase in the Parent Company's authorized capital stock from P2,000.0 million divided into 2,000.0 million common shares to P5,000.0 million divided into 4,930.0 million common shares and 70.0 million preferred shares, both with a par value of P1.0 each. Also, on the same respective dates, the BOD and the stockholders approved the creation of preferred shares with the features, terms and conditions subject to the approval by the SEC. The minimum subscription and paid-up requirement of the increase shall be issued from the stock dividends to be declared upon approval by the SEC of the Parent Company's application for the increase in authorized capital stock. Subsequently, on September 22, 2014, the SEC approved such increase in authorized capital stock. The stock dividends were accordingly distributed (see Note 24.2).

On December 3, 2014, the Parent Company issued 40.0 million preferred shares at P100.0 per share or P4,000.0 million (see Note 26.6). The perpetual preferred shares are listed in the PSE main board. The preferred shares are cumulative, non-voting, non-participating, non-convertible to common shares and redeemable at the option of the Parent Company at the sole option of the BOD at the price to be determined by the BOD. The excess of P3,898.5 million of the issuance price over the par value, less transaction costs, is recognized as Additional Paid-in Capital in the 2015 and 2014 statements of changes in equity. The transaction costs incurred, which are associated with the issuance of shares and deducted from the Additional Paid-in Capital amounted to P61.3 million.

On May 20, 2013, the Parent Company issued 118.7 million shares at P17.65 per share, net of transaction costs, to Citicore under private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code. Also, in May 2013, the Parent 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 P2,245.5 million.

As of December 31, 2015 and 2014, the Parent Company has 25 and 22 holders of its common equity securities owning at least one board lot of 100 shares listed in the PSE, respectively, and its share price closed as of such dates at P6.20 and P8.89 per share in 2015 and 2014, respectively. The Parent Company has 2,244.7 million common shares traded in the PSE as of December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the Parent Company has 40.0 million preferred shares traded in the PSE.

24.2 Dividends

On March 12, 2015, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter (total of P281.0 million) to holders of preferred shares, which were taken out of the unrestricted earnings of the Parent Company as of December 31, 2013. The series of record dates and payments are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Record dates	February 27, 2015	May 8, 2015	August 6, 2015	November 6, 2015
Payment dates	March 3, 2015	June 3, 2015	September 3, 2015	December 6, 2015

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

As discussed in Note 24.1, on May 14, 2014 and June 30, 2014, the Parent Company's BOD and stockholders, respectively, approved the declaration of the stock dividends in relation to the increase in the Parent Company's authorized capital stock. The stock dividends equivalent to 750.0 million common shares of stock with par value of P1.0 each shall be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2013. The stock dividends were accordingly distributed upon approval by the SEC of the increase in capital stock (see Note 24.1).

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.

24.3 Retained Earnings

On April 8, 2013, the BOD of the Parent Company approved the declaration of dividends and gave management the authority to decide the type (cash, stock or mixed) and amount of any dividends to be declared subsequently. Accordingly, several dividend declarations were made in 2015 and 2014 (see Notes 24.1 and 24.2).

24.4 Non-controlling Interest

Upon incorporation, the Parent Company acquired 15.0 million shares of GMCAC. The purchase of the shares is part of the shareholders' agreement to execute, undertake, and implement the Project in accordance with the concession agreement. The shares acquired represent 60% of the total issued and outstanding shares of GMCAC (see Note 1.2). The non-controlling interest representing 38.26% ownership of GMR Infrastructure (Singapore) Pte. Ltd. (GISPL) and 1.74% ownership of GIL in GMCAC is presented as part of Non-controlling Interest account in the statements of financial position (see Note 10.5).

On October 8, 2014, the SEC approved the increase in the authorized capital stock of GMCAC to P6,000.0 million divided into 6,000.0 million shares with par value of P1 per share. Out of the P5,975.0 million increase in authorized capital stock, the Parent Company subscribed to P2,889.0 million and P136.5 million on December 8 and 9, 2014, respectively. These additional subscriptions were fully paid by setting off of advances made by the Parent Company to GMCAC from its incorporation prior to the subscription. Moreover, on July 30, 2014 and December 18, 2014, the Parent Company also made two deposits each amounting to P77.3 million for future stock subscription to GMCAC's capital stock subscribing 1,749,997 shares at P1.0 per share.

Another non-controlling interest representing 30% ownership of Philcarbon, Inc. in MCEI is presented as part of Non-controlling Interest account in the 2015 and 2014 statements of financial position (see Note 10.5).

25. RELATED PARTY TRANSACTIONS

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

The summary of the Group's transactions with related parties as of December 31, 2015 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
Ultimate Parent Company –					
Cash advances obtained	25.6	P 318,002,680	(P 14,461,850)	Normal credit terms	Unsecured
Shareholders:					
Revenue from services	6, 18, 25.1	14,116,562	6,433,075	Normal credit terms	Unsecured
Dividends payment	25.9 (c)	1,983,227	-	On demand; Noninterest-bearing	Unsecured
Cash collected	6, 25.6	(74,493)	-	Normal credit terms	Unsecured
Advances obtained	14, 25.6	(801,841)	(801,841)	Normal credit terms	Unsecured
Minority shareholders and their affiliates:					
Airport operator's fee	19, 25.8	17,966,326	-	On demand; Noninterest-bearing	Unsecured
Advances obtained	14, 25.7	-	(108,071,223)	On demand; Noninterest-bearing	Unsecured
Advances collected	25.6	(187,505)	-	On demand; Noninterest-bearing	Unsecured
Associate:					
Revenue from services	6, 18, 25.1	243,668,516	853,978,621	Normal credit terms	Unsecured
Advances granted	6, 25.6	54,050	54,050	On demand; Noninterest-bearing	Unsecured
Advances obtained	14, 25.6	20,000,500	(20,000,500)	On demand; Noninterest-bearing	Unsecured
Related Parties Under Common Ownership:					
Cash deposits	5, 25.4	616,818,539	813,767,179	Normal credit terms	Unsecured
Notes payable	15, 25.5 (b)	-	(1,000,000,000)	Five year notes, interest-bearing	Unsecured
Obligation under finance lease	15, 25.5 (c)	(31,941,735)	(95,213,384)	Five year term, interest-bearing	Secured
Bank loans	15, 25.5 (a)	3,113,493,073	(8,952,905,914)	Short-term, interest-bearing	Secured
Rent income	25.2	490,179	517,616	On demand	Unsecured
Interest expense	22.1, 25.5 (d)	194,276,566	(57,664,121)	Based on related loan term	Secured
Revenue from services	6, 18, 25.1	2,998,314,228	1,864,275,359	Normal credit terms	Unsecured

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
Related Parties Under Common Ownership:					
Advances from customers	16, 25.1	P 114,248,283	(P 39,660,186)	Normal credit terms	Unsecured
Rent expense	19, 25.2	3,219,617	-	On demand	Unsecured
Advances granted	6, 25.6	9,699,905	10,835,421	On demand; Noninterest-bearing	Unsecured
Advances obtained	14, 25.6	(6,134,183)	(6,134,183)	On demand; Noninterest-bearing	Unsecured
Retirement Fund	25.9 (b)	(11,495)	3,916,725	Upon retirement of beneficiaries	Partially funded
Advances to Officers and Employees	6, 25.3	(28,437,528)	9,785,798	Upon liquidation; Noninterest-bearing	Unsecured
Key Management Personnel – Compensation	25.10	127,139,693	-	On demand	Partially Secured

The summary of the Group's transactions with related parties as of December 31, 2014 is as follows:

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
Ultimate Parent Company:					
Cash advances obtained	14, 25.6	(P 318,035,983)	(P 332,264,530)	Normal credit terms	Unsecured
Subscriptions payable	25.9 (a)	11,020,247	-	On demand; Noninterest-bearing	Unsecured
Shareholders:					
Revenue from services	6, 18, 25.1	20,364,409	33,556,766	Normal credit terms	Unsecured
Dividends outstanding	14, 25.9(c)	-	(1,983,227)	On demand; Noninterest-bearing	Unsecured
Cash advances granted	6, 25.6	74,493	74,493	Normal credit terms	Unsecured
Minority shareholders and their affiliates:					
Airport operator's fee	19, 25.8	2,453,254	(2,245,254)	On demand; Noninterest-bearing	Unsecured
Advances obtained	14, 25.7	2,125,035,332	(108,071,223)	On demand; Noninterest-bearing	Unsecured
Advances granted	6, 25.6	187,505	187,505	On demand; Noninterest-bearing	Unsecured
Associate –					
Revenue from services	6, 18, 25.1	2,480,714,286	2,010,284,166	Normal credit terms	Unsecured
Related Parties Under Common Ownership:					
Cash deposits	5, 25.4	196,948,640	196,948,640	Normal credit terms	Unsecured
Notes payable	15, 25.5 (b)	-	(1,000,000,000)	Five year notes, interest-bearing	Unsecured
Obligation under finance lease	15, 25.5 (c)	(117,897,274)	(129,827,357)	Five year term, interest-bearing	Secured

Related Party Category	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Term	Conditions
Related Parties Under Common Ownership:					
Bank loans	15, 25.5 (a)	(P 10,953,898,987)	(P12,066,398,987)	Short-term, interest-bearing	Secured
Rent income	25.2	291,962	291,962	On demand	Unsecured
Interest expense	22.1, 25.5 (d)	112,964,307	(320,836,369)	Based on related loan term	Secured
Revenue from services	6, 18, 25.1	1,913,817,952	995,193,229	Normal credit terms	Unsecured
Advances from customers	16, 25.1	(153,908,469)	(153,908,469)	Normal credit terms	Unsecured
Rent expense	19, 25.2	2,162,813	-	On demand	Unsecured
Advances granted	6, 25.6	12,604	12,604	On demand; Noninterest-bearing	Unsecured
Advances obtained	14, 25.6	(5,761,448)	(2,709,808)	On demand; Noninterest-bearing	Unsecured
Retirement Fund	25.9(b)	210,923	3,928,220	Upon retirement of beneficiaries	Partially funded
Advances to Officers and Employees	6, 25.3	30,027,684	38,223,326	Upon liquidation, Noninterest-bearing	Unsecured
Key Management Personnel – Compensation	25.10	78,146,823	-	On demand	Partially secured

25.1 Rendering of Services

25.1.1 Construction of Buildings

In the normal course of business, the Group provides construction services to related parties under common ownership, CMCI, a certain shareholder and other related parties. The related revenue from these transactions amounted to P257.8 million and P4,414.9 million in 2015 and 2014, respectively, and is recorded as part of Contract Revenues in the statements of comprehensive income (see Note 18). Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these construction revenues, which are generally unsecured and settled through cash within three to six months, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, are presented as part of Contract and Retention receivables under Trade and Other Receivables in the statements of financial position (see Note 6). The receivables from transactions with these related parties amounted to P860.4 million and P3,039.0 million as of December 31, 2015 and 2014, respectively.

There were no impairment losses recognized in 2015 and 2014 for these related party receivables.

The Group, also receives advances or deposit from related party customers. The amount of outstanding customer advances received from related parties in 2015 and 2014 are presented as part of Advances from Customers account in the statements of financial position (see Note 16).

25.1.2 Construction of Solar Power Facilities

In 2015, The Group entered into Engineering, Procurement and Construction Services Contracts (EPC Contracts) with SSPI and Next Generation Power Technology Corp. (NGPTC), a related party under common ownership, for certain solar power facilities in Negros Occidental and Bataan, respectively, the construction of which started in 2015. The related revenues amounting to P2,998.3 million from these transactions are presented as part of Contract Revenues in the 2015 statement of comprehensive income (see Note 18.1). The outstanding receivable, including the related retention receivables, is generally unsecured non-interest bearing and payable upon demand, amounted to P1,864.3 million and is presented as part of Trade and Other Receivables in the 2015 statement of financial position (see Note 6).

25.2 Rental of Land and Building

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

In 2015 and 2014, the Group recognized rent expense amounting P3.2 million and P2.2 million, respectively, from the lease agreement with Megapolitan Realty and Development Corporation (Megapolitan) for the land where the Group's building is located (see Note 19.2). The Group has no outstanding payables from the rental transaction with Megapolitan as of December 31, 2015 and 2014.

In 2015 and 2014, the Group also leases an office space where its registered address is located from Philwide Construction and Development Corporation (Philwide).

Megapolitan and Philwide are entities owned by the Group's stockholders and their close family members.

The Parent Company also leases out its office space to its associates and related parties under common ownership. As a result, the Group recognized rent income amounting to P0.5 million and P0.3 million in 2015 and 2014, respectively, from the lease of its office building to several related parties. This is recorded as part of Other Income (Charges) – net account in the statements of comprehensive income. The outstanding balances arising from these transactions are presented as part of Other receivables under the Trade and Other Receivables account in the statements of financial position (see Note 6).

25.3 Advances to Officers and Employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables (see Note 6).

No impairment losses were recognized in 2015 and 2014 for these advances.

25.4 Cash in Banks

The Group has certain bank accounts and short-term placements maintained with related parties under common ownership, which earn interest based on prevailing market interest rates. The balance of cash in banks with related parties as of December 31, 2015 and 2014 are presented as part of Cash and Cash Equivalents in the statements of financial position (see Note 5).

25.5 Interest-bearing Loans and Borrowings

The Group has the following transactions with a local universal bank which is a related party under common ownership:

(a) Total credit lines granted to the Group amounted to P13,900.0 million and P12,793.2 million as of December 31, 2015 and 2014, respectively. The outstanding balance from the total amount availed by the Group as of December 31, 2015 and 2014 amounted to P8,952.9 million and P12,103.0 million, respectively (see Note 15);

(b) Notes payable facility up to P4,000.0 million of which the total amount drawn amounted to P1,000.0 million as of December 31, 2015 and 2014 (see Note 15);

(c) Finance lease on certain transportation and construction equipment totaled P45.6 million and P88.6 million in 2015 and 2014, respectively (see Note 13). Outstanding balances of the related finance lease obligation amounting to P95.2 million and P129.8 million as of December 31, 2015 and 2014, 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 15); and,

(d) The related interest expense incurred on these loans and borrowings amounting P194.3 million and P113.0 million in 2015 and 2014, respectively, were presented as part of Finance Costs (see Note 22.1). Portion of the outstanding interest is capitalized as part of Concession Assets (see Note 15.2).

25.6 Advances to and from Related Parties

The Group obtained unsecured, noninterest-bearing cash advances from Citicore and CMCI to finance portion of its working capital requirement payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the statements of financial position (see Note 14).

Citicore paid for the Group's subscriptions of ownership interest in MWCCI in 2014 and CMCI in 2012 (see Note 10.1). The balance of these advances, which are unsecured, noninterest-bearing and payable on demand, are presented under Trade and Other Payables account in the 2014 statement of financial position which was fully settled in 2015 (see Note 14).

On the other hand, the Group gave unsecured, noninterest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements. The outstanding balance from this transaction is shown under Trade and Other Receivables account in the statements of financial position (see Note 6).

Further, no impairment losses were recognized in 2015 and 2014 for these advances.

The Group's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances (see Note 30.2).

25.7 Advances to and from Minority Shareholders

In 2014, the minority shareholders granted unsecured, noninterest-bearing cash advances to GMCAC to support its Project bid-related expenses. No impairment losses were recognized for these advances. These advances are presented as part of Due to stockholders and related parties under Trade and Other Payables account in the 2014 statement of financial position (see Note 14). Also, in 2014, the minority interest shareholder granted unsecured noninterest-bearing cash advances to MCEI to support its working capital operations. The outstanding balance from this transaction is shown under Trade and Other Payables account in the statements of financial position (see Note 14).

25.8 Airport Operator's Fee

In August 2014, GMCAC signed a Technical Service Agreement with GIL to provide operational advice and expertise to the Group as required in the Concession Agreement. (see Note 12). Technical service fee presented as Airport operator's fee as part of Costs of Airport Operations under the Direct Costs section of the statements of comprehensive income (see Notes 19.2 and 26.4).

25.9 Others

(a) Portion of the agreed amount of subscription of the Parent Company in CMCI was paid on its behalf by Citicore. Certain liability to Citicore amounting to P11.0 million remained in 2013 but was fully settled in 2014.

(b) The trust department of a local universal bank which is a related party under common ownership, serves as the investment manager of the Group's retirement fund. Other than the amounts of contributions to the retirement plan and benefit payments, the retirement plan has no other transactions and outstanding balances with the Group.

(c) In 2014 and 2013, the BOD declared and distributed stock dividends equivalent to 45% and 30% of the issued and outstanding shares. In 2012, the Parent Company declared cash dividends, P2.0 million of which remains unpaid as of December 31, 2014 and are presented as Dividends payable under Trade and Other Payables account (see Note 14). This was fully settled in 2015.

(d) The Parent Company is severally liable for the loan facility obtained by CMCI and GMCAC in case of non-payment (see Notes 26.3 and 26.4). In 2015, the Parent Company guaranteed the Receivable Purchase Agreement (RPA) entered into by CMCI with certain local commercial banks (see Note 26.3). The Parent Company also guaranteed the loan facility of MWCCI as of December 31, 2014, which was cancelled in 2015 (see Note 26.4.2).

In 2015, the Parent Company guaranteed the OLSA entered into by MWMTI on December 18, 2015 with a local universal bank for the amount of P3,300.0 million and certain construction performance security amounting to P100.0 million in the form of irrevocable unused letter of credit to the DOTC (see Note 26.4.3). Also in 2015, the Parent Company approved to guarantee the OLSA of SSPI for the amount of P1,700.0 million with a local universal bank, which was executed on January 28, 2016.

(e) In August 2015, MCEI and SSPI entered into a Deed of Assignment whereby MCEI conveyed its rights and obligations over its Solar Energy Service Contract with the Philippine Department of Energy to SSPI. As such, SSPI acquired all the rights and obligations to explore and develop the renewable energy area located in Silay, Negros Occidental as covered by the said contract.

25.10 Key Management Compensation

The compensation of key management personnel is broken down as follows:

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Short-term employee benefits	**P 113,121,356**	P 75,961,331	P 65,727,926
Post-employment benefits	**14,018,337**	2,185,492	2,629,408
	P 127,139,693	P 78,146,823	P 68,357,334

26. COMMITMENTS AND CONTINGENCIES

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

26.1 Operating Lease Commitments

26.1.1 Group as Lessee

The Group is a lessee under operating leases covering its office space, and its stockyards and certain construction equipment with terms ranging from one year to two years. Total rental expense from these operating leases, presented as Rentals under Operating expenses amounted to P35.7 million, P13.3 million and P4.7 million in 2015, 2014 and 2013, respectively (see Notes 20 and 25.2). The related refundable security deposits amounting to P71.8 million and P63.4 million as of December 31, 2015 and 2014, respectively, are presented as part of Other Current Assets in the statements of financial position (see Note 11).

26.1.2 Group as Lessor

The Group is a lessor under operating leases with various entities and airline companies for the lease of airport terminal space and check-in counters. Rental income earned amounted to P158.1 million in 2015 and P22.8 million in 2014, which is recognized as under Airport Operations Revenues in the 2015 and 2014 statements of comprehensive income (see Note 18.2). The related security deposits are presented as part of Trade and Other Payables and Other Non-current Liabilities in the statements of financial position (see Notes 14 and 17).

The future minimum lease receivables under the non-cancellable operating leases as of December 31, 2015 are as follows:

Within 1 year	P 156,266,564
After 1 year but not more than 5 years	130,909,645
	P 287,176,209

There were no significant minimum lease receivables as of December 31, 2014 since almost all the leases started in 2015 and those entered into in 2014 were short-term in nature.

26.2 Finance Lease Commitments – Group as Lessee

The Group has finance leases covering certain transportation and construction equipment with terms ranging from two to five years. Future minimum lease payments (MLP) under the finance leases together with the present value (PV) of the net minimum lease payments (NMLP) as of December 31 are as follows:

	2015		2014	
	Future MLP	PV of NMLP	Future MLP	PV of NMLP
Within one year	P 85,738,224	P 79,814,727	P223,155,938	P 91,351,491
After one year but not more than five years	76,475,787	74,787,451	122,920,502	57,634,981
Total MLP	162,214,011	154,602,178	346,076,440	148,986,472
Amounts representing finance charges	(7,611,833)	-	(197,089,968)	-
PV of MLP	P 154,602,178	P 154,602,178	P 148,986,472	P148,986,472

The liabilities relating to the finance leases are shown as part of Interest-bearing Loans and Borrowings (see Note 14).

26.3 Public-Private Partnership (PPP) with Department of Education

On October 8, 2012, the Parent Company, together with Citicore (collectively referred to as proponent), executed a build-lease-transfer agreement with the Philippine Government, through its Department of Education under the PPP for school infrastructure project, which provides initiatives on the construction of classroom nationwide to address the current classroom backlog and future requirements for classrooms.

The agreement requires the construction, maintenance and lease of school buildings under a build-lease-and transfer contractual arrangement, whereby, the project proponent is authorized to finance and construct the school facility within 16 months from the execution date and upon its completion turns it over to the government agency or local government unit concerned on a lease agreement for a period of 10 years from the issuance of certificate of completion. After which, ownership of the facility is automatically transferred to the government agency or local government unit concerned.

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

During the lease period, the proponent shall be responsible for the maintenance works, which shall be performed twice, the first time at any point between the fourth and fifth years, and the second time at any point between the eighth and ninth years.

At the end of the 10-year term, the proponent shall bear all costs incurred in connection with the transfer of rights to the Philippine Government.

Pursuant to the above agreements, the Parent Company and Citicore established CMCI (see Note 1) to handle the PPP school infrastructure project and executed an Accession Agreement to transfer all rights and obligation of the proponent to CMCI under the agreement with the Philippine Government. On October 18, 2012, the Company and CMCI executed a construction agreement whereby the Parent Company has agreed to undertake the construction of the PPP school infrastructure project for a contract price of P8,000.0 million. As of December 31, 2015, the school infrastructure project is 100% and 62.67% complete for Phases 1 and 2, respectively.

In 2012, CMCI obtained a loan facility with a local bank for P6,500.0 million which was received by the latter in 2012. The Parent Company and Citicore are severally liable for the obligation in case of non-payment of CMCI [see Note 25.9(d)]. On March 20 and 27, 2015, CMCI informed the local bank, as the facilitating bank, through a formal letter of its intention to perform voluntary prepayment of the outstanding loans payable under the P6,500.0 million credit facility. In April 2015, the loans payable was accordingly paid.

On March 23, 2015, CMCI executed a RPA with certain local commercial banks, whereby the CMCI shall offer all outstanding finance lease receivables arising from the PPP school infrastructure project within the purchase period on a limited recourse basis such as upon the occurrence of certain repurchase events under the RPA. Consequently, the Parent Company became a guarantor under the RPA [see Note 25.9(d)]. Pursuant to the continuing obligations of CMCI under the RPA, CMCI has been in compliance with the RPA during the reporting period.

26.4 Build-Operate-Transfer Agreements

26.4.1 Mactan-Cebu International Airport Project

(a) BOT Agreement

In 2014, GMCAC entered into a BOT agreement with the Grantors relative to the MCIA Project. GMCAC was established to undertake the Project involving, among others, the construction of a world-class airport passenger terminal (along with associated infrastructure and facilities), the renovation and expansion of the existing airport terminal and the operation and maintenance of both airport passenger terminals for a period of 25 years.

On April 8, 2014, the Parent Company entered into Shareholders' Agreement with GMR setting forth the terms and conditions governing their participation in the share capital of GMCAC, their rights and obligations as shareholders in relation to GMCAC. Under the said Shareholders' Agreement, the parties defined the business of GMCAC, the required manpower support from each shareholder, the composition of the board, formation of committees and the management team for the orderly management of the Project, conduct of board and shareholder meetings as well as restrictions on the transfer rights of the stockholders and issuance of additional shares.

GMCAC is a pioneer in the privately operated airport space in the Philippines when it took over the Mactan Cebu International Airport on the scheduled take over date of November 1, 2014.

(b) Technical Service Agreement

On August 19, 2014, GMCAC entered into a Technical Services Agreement (the Agreement) with GIL to provide for the services in compliance with the Concession Agreement are described in the succeeding page.

(i) The preparation of policies and procedures such as O&M Manual and the updating of such every January 30th of each calendar year, Fire Safety Manual, and any other additional systems, documentation and manuals to meet the Performance Standards under the Concession Agreement;

(ii) Provide training or technical services to key personnel of GMCAC so that GMCAC may undertake the O&M of the facilities;

(iii) Provide qualified experts, on a permanent or long-term basis; and,

(iv) Provide other staff on non-permanent basis either based on GIL's location or seconded to GMCAC.

The service fee shall be 1.25% of the actual audited gross revenue. The Agreement is effective up to the expiry of the Concession Period unless terminated earlier upon mutual consent of the parties.

Airport operator's fee recognized for 2015 and 2014 amounted to P18.0 million and P2.5 million, respectively (see Notes 19.2 and 25.8).

(c) Omnibus Loan and Security Agreement

As more fully discussed in Note 15.2(c), on December 17, 2014, the Group entered into a P2,000.0 million (which at GMCAC's option may be increased up to P2,330.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another local universal bank as offshore lender to contribute \$75.0 million (or equivalent to P3,500.0 million) into the facility. The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030.

As of December 31, 2015, the amount of undrawn borrowing facility that may be available in the future amounted to P6,300.0 million and \$64.0 million for onshore and offshore loans, respectively (see Note 26.5).

26.4.2 Modernization of the Philippine Orthopedic Center

On March 6, 2014, MWCCI, an associate (see Note 10.1), entered into a BOT agreement with the DOH to undertake the modernization of MPOC Project. Upon completion of the project, MWCCI shall operate and maintain the facility either directly or through a qualified hospital operator within the agreed concession period, which is 25 years from the date of the commencement of the construction. Upon the start of the commercial operations, MWCCI will receive certain annual cash support from DOH throughout the first five years. MWCCI shall then turnover the facility to the DOH at the end of the concession period. As of December 31, 2014, MWCCI has not yet obtained from the DOH the certificate of possession and notice to commence construction to formally start the construction of the new facility.

The BOT agreement shall expire after 25 years from the date of issuance of Certificate of Possession by the DOH. As required in the Notice of Award on the MPOC Project, MWCCI entered into an omnibus loan and security agreement with various banks, wherein the Parent Company is a guarantor [see Note 25.9(d)].

On October 13, 2015, MWCCI's lender under the financing of the MPOC Project informed MWCCI that since a year has already passed from the execution of the loan agreement, the financing is already subject to cancellation or revalidation. Given that there was no indication from the DOH as to when it will comply with its obligations, MWCCI was constrained to cancel and not revalidate the loan agreement.

MWCCI has complied with the requirements under the BOT agreement for which it incurred significant costs including, among others, the costs for securing the construction performance, incorporation and equity requirement of MWCCI amounting to P1,139.0 million under the BOT Agreement, project development costs, and securing the financing of the MPOC Project in order to achieve the financial close of the BOT Agreement. The foregoing were incurred to ensure MWCCI's timely compliance with its obligations and deadlines under the BOT Agreement. On the other hand, despite repeated reminders and letters, the DOH failed to comply with its obligations under the BOT Agreement, particularly among others, the appointment of the independent consultant, the issuance of the certificate of possession over the MPOC Project site, and the issuance of Notice to Commence Construction as stipulated in the BOT Agreement.

Under the foregoing circumstances, on November 11, 2015, MWCCI sent a Notice of Termination of the BOT Agreement to DOH, which was accepted by DOH on March 3, 2016.

On March 18, 2016, MWCCI met with the representatives of DOH to discuss the claims of MWCCI resulting from the termination of the BOT Agreement. Pursuant to such discussion, on March 30, 2016, MWCCI submitted a letter to the DOH detailing the chronology of events leading up to the termination of the BOT Agreement. MWCCI is currently studying the best way to collect compensation for the costs resulting from the termination of the BOT Agreement.

26.4.3 Southwest Integrated Transport System Project

On February 25, 2015, MWMTI, a joint venture (see Note 10.3), entered into a BOT agreement with the DOTC to undertake the ITS Southwest Project. Upon completion of the project, MWMTI shall operate and maintain the facility, which is divided into terminal and commercial areas, within the agreed concession period of 35 years from the date of the completion of the construction, which is equivalent to 18 months. Upon the start of the commercial operations, MWMTI will receive certain annual cash support from DOTC throughout the 35 years. MWMTI shall then turnover the facility to the DOTC at the end of the concession period. As of December 31, 2015, MWMTI has not yet started the development and construction but expects commencement in April 2016.

As required in the Notice of Award on the ITS Southwest Project, MWMTI entered into an OLSA with a local universal bank, wherein the Parent Company is one of the guarantors [see Note 25.9(d)]. Moreover, MWMTI is committed for a construction performance security amounting to P100.0 million in the form of irrevocable unused letter of credit to the DOTC, which was guaranteed by the Parent Company [see Note 25.9(d)].

26.5 Credit Lines

The Group has existing credit lines with local banks totalling P34,950.8 million and $75.0.0 million (P3,537.4 million) for 2015 and P19,808.2 million in 2014. The P20,000.0 million OLSA under Note 26.4 has been excluded from the available credit line since the Group does not have the right to draw down any amount during 2014.

The Group availed of bank loans totalling P21,085.5 million and $11.0 million (P518.8 million) for 2015 and P14,835.0 million for 2014 (see Note 15.2). Only the loan obtained by GMCAC was secured, as disclosed in Note 15.2. Unused credit lines as of December 31, 2015 amounted to P13,865.3 million and $64.0 million (P3,018.6 million); and, and P4,973.0 million as of December 31, 2014. Certain credit lines are with a local universal bank which is a related party under common ownership (see Note 25.9).

26.6 Capital Commitments on Use of Proceeds

The Parent Company has capital commitments to utilize the proceeds from the issuance of its preferred shares amounting to P3,938.5 million for various PPP projects, development of renewable energy projects, and bid preparation and preliminary works for PPP projects that the Parent Company will bid for. As of December 31, 2015, the balance of proceeds is unutilized (see Note 24.1).

26.7 Legal Claims

There are pending claims, tax assessment, and other legal actions filed by the Group or against the Group arising from the normal course of business. There are no related provisions recognized in the financial statements as management believes that the Group has strong legal positions related to such claims. Moreover, management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

26.8 Others

Apart from the foregoing significant commitments, and the EPC and other construction commitments with various counterparties under the ordinary course of business, there are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's financial statements, taken as a whole.

27. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	2015 (Consolidated - see Note 2)	2014 (Consolidated - see Note 2)	2013 (Parent Company - see Note 2)
Net profit attributable to shareholders of the Parent Company	**P 1,273,682,741**	P 867,587,087	P 1,395,633,425
Dividends on cumulative preferred shares	**(281,000,000)**	(21,750,000)	-
Net profit available to common shareholders of the Parent Company	**992,682,741**	845,837,087	1,395,633,425
Divided by weighted average number of outstanding common shares*	**2,399,426,127**	2,399,426,127	2,287,419,508
Basic and diluted EPS	**P 0.41**	P 0.35	P 0.61

* *After giving retroactive effect to the stock dividends declared (see Note 24.2).*

The Group does not have dilutive potential common shares outstanding as of December 31, 2015, 2014 and 2013; hence, diluted EPS is equal to the basic EPS.

28. EVENTS AFTER THE END OF THE REPORTING PERIOD

As more fully discussed in Note 11.6, in February 2016, SSPI's unissued shares of stock were acquired by CPI resulting in a 75% equity interest over SSPI and diluting the Parent Company's equity interest over SSPI from 100% to 25%. Hence, SSPI ultimately became a subsidiary of CPI. Further, pending the approval of SEC on the increase in authorized capital stock of SSPI, the ultimate resulting ownership of CPI and the Parent Company in SSPI shall be 99% and 1%, respectively (see Note 11.6).

On February 10, 2016, the Parent Company's BOD approved the declaration cash dividends of P1.76 per share or equivalent to P70.3 million per quarter (total of P281.0 million) to holders of preferred shares, which shall be taken out of the unrestricted earnings of the Parent Company as of December 31, 2015. The series of record dates and payments are as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Record dates	February 23, 2016	May 10, 2016	August 9, 2016	November 8, 2016
Payment dates	March 3, 2016	June 3, 2016	September 3, 2016	December 6, 2016

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 30. The main types of risk are market risk, credit risk and liquidity risk.

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

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

29.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from intercompany advances to and from foreign related parties, which are denominated in US dollars. The Group also holds US dollar-denominated cash.

Significant US dollar-denominated financial assets (liabilities), translated into Philippine pesos at the closing rates, are as follows:

	2015	2014
Cash in banks	P 22,379,206	P 3,240,286
Other non-current assets		
Investment in trust fund	364,341,980	-
Trade and other payables	(1,639,853)	(130,327,612)
Long-term debt	(517,660,000)	-
	(P 132,578,667)	(P 127,087,326)

If the Philippine peso had strengthened by 10.4% and 9.7% in 2015 and 2014, respectively, against the US dollar, with all other variables held constant, profit before tax for the years ended December 31, 2015 and 2014 would have increased by P13.8 million and P12.3 million, respectively. If the Philippine peso had weakened by the same percentages against the US dollar, then profit before tax for 2015 and 2014 would have decreased by the same amounts. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held as at December 31, 2015 and 2014, with effect estimated from the beginning of the year.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

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

As at December 31, 2015 and 2014, the Group is exposed to changes in market rates through its cash in banks and short-term placements which are subject to monthly repricing intervals (see Note 5). All other financial assets and financial liabilities have fixed rates or are noninterest-bearing.

The sensitivity of the profit before tax is analyzed based on a reasonably possible change in interest rates of +/- 14.0, +/-52.0 and +/-36.0 basis points in 2015, 2014 and 2013, respectively, based on observation of current market conditions with effect from the beginning of the year. The changes in interest rates have been determined based on the average market volatility in interest rates for each period using standard deviation and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables held constant, if the interest rates increased by 14.0 basis points, 52.0 basis points, and 36.0 basis points, profit before tax in 2015, 2014 and 2013, respectively, would have increased by P4.6 million, P23.0 million and P12.1 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 Group's market price risk arises from its financial assets at FVTPL carried at fair value, except for short-term commercial papers measured at amortized cost that approximates their fair values (see Note 30.4). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment and at some extent, diversifying the investment portfolio in accordance with the limit set by the management. As of December 31, 2015 and 2014, these financial assets are valued at P5,987.4 million and P3,655.8 million, respectively.

For UITF investments with carrying values of P1.9 million and P1,186.8 million as of December 31, 2015 and 2014, an average volatility of 0.04% and 0.05% has been observed during 2015 and 2014, respectively, based on the published Net Asset Value per Unit (NAVPu) for UITF investments at the end of 2015 and 2014. If fair values for this instrument increased or decreased by that percentage, profit before tax is insignificantly affected in 2015 while profit before tax would have changed by P0.6 million in 2014.

For government bonds, an average volatility of 18.27% has been observed during 2013 based on prices quoted in PDEx representing the net clean closing prices for outstanding government bonds in 2013. If quoted prices for this instrument increased or decreased by that amount, profit before tax would have changed by P1,064.2 million in 2013. The Group has no outstanding government bonds in 2015 and 2014.

There are no available prices quoted for short-term commercial papers but these are designated by the Group as FVPTL.

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

29.2 Credit Risk

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

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

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	**2015**	2014
Cash and cash equivalents	5	**P 3,275,607,016**	P 4,431,651,910
Trade and other receivables – net	6	**7,805,456,077**	4,736,100,287
Financial assets at FVTPL	7	**5,987,368,932**	3,655,792,391
Refundable security and bond deposits	11	**73,335,038**	64,909,193
Investment in trust fund	11	**1,127,312,892**	-
		P 18,269,079,955	P 12,888,453,781

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables

Of the gross carrying amount of trade and other receivables, a substantial portion is due from various related parties as of December 31, 2015 and 2014 (see Note 25.1). The Group mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from the related parties and ensuring that collections are received within the agreed credit period. Moreover, the related advances from customers will be offset against the trade and other receivables (see Note 30.2).

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:

	2015	2014
Not more than 3 months	**P 184,804,848**	P 116,416,726
More than 3 months but not more than 4 months	**353,676,498**	-
More than 4 months but not more than one year	**134,939,090**	42,894,299
	P 673,420,436	P 159,311,025

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

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

In 2015 and 2014, the Group is exposed to credit risk on its investments in UITF, short-term commercial papers and trust fund. However, the Group has assessed that such risk is minimal since the counterparties are reputable listed leasing company and financial institutions with high quality external credit ratings.

(d) Refundable Security and Bond Deposits

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

29.3 Liquidity Risk

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

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

	2015		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 3,609,595,846	P 86,070,314	P19,451,888,501
Trade and other payables	6,664,240,736	-	-
Security deposits (gross of unearned income)	-	-	68,779,546
Retention payable (under Other Non-current Liabilities)	-	-	25,649,402
	P10,273,836,582	P 86,070,314	P19,546,317,449

	2014		
	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 3,546,613,488	P11,366,954,305	P5,069,979,990
Trade and other payables	2,808,372,648	-	-
	P 6,354,986,136	P11,366,954,305	P5,069,979,990

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

30. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

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

	Notes	2015 Carrying Values	2015 Fair Values	2014 Carrying Values	2014 Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	P 3,275,607,016	P 3,275,607,016	P 4,431,651,910	P 4,431,651,910
Trade and other receivables – net	6	7,805,456,077	7,805,456,077	4,736,100,287	4,736,100,287
Refundable security and bond deposits	11	73,335,038	73,335,038	64,909,193	64,909,193
Investment in trust fund	11	1,127,312,892	1,127,312,892	-	-
		12,281,711,023	12,281,711,023	9,232,661,390	9,232,661,390
Financial assets at FVTPL:	7				
Short-term commercial papers		5,985,496,714	5,985,496,714	2,469,021,162	2,469,021,162
UITF		1,872,218	1,872,218	1,186,771,229	1,186,771,229
		5,987,368,932	5,987,368,932	3,655,792,391	3,655,792,391
AFS financial assets:	11				
Club shares		1,044,472	1,044,472	1,044,472	1,044,472
Investment in SSPI – at cost		625,005	625,005	-	-
		1,669,477	1,669,477	1,044,472	1,044,472
		P 18,270,749,432	P 18,270,749,432	P 12,889,498,253	P 12,889,498,253
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	15	P 22,542,400,194	P 22,542,400,194	P 19,914,967,111	P 19,914,967,111
Trade and other payables	14	6,664,240,736	6,664,240,736	2,808,372,648	2,808,372,648
Security deposits	17	66,583,383	66,583,383	-	-
Retention payable*		25,649,402	25,649,402	-	-
		P 29,298,873,715	P 29,298,873,715	P 22,723,339,759	P 22,723,339,759

**Under Other Non-current Liabilities*

See Notes 2.4 and 2.10 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2015 and 2014 and does not have relevant offsetting arrangements except as disclosed in Notes 25.6 and 29.2(b). Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 25 can be potentially offset to the extent of their corresponding outstanding balances.

30.3 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

30.4 Financial Instruments Measured at Fair Value

As of December 31, 2015 and 2014, the Group has financial assets at FVTPL amounting to P1.9 million and P1,186.8 million,respectively, pertaining to UITF 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 basis of fair market value is estimated by reference on the published NAVPu for UITF investments at the end of 2015 and 2014, and prices quoted in PDEx representing the net clean closing prices for outstanding government bonds.

The short-term commercial papers amounting to P5,985.5 million and P2,469.0 million as of December 31, 2015 and 2014, respectively, are not quoted in an active market and are measured at amortized cost (see Note 30.5) since upon designation by the Group as financial assets at FVPTL and due to short term nature, approximates the fair value [see Note 29.1(c)]. This is classified under Level 3 of the fair value hierarchy.

Since the fair value of the Group's AFS financial assets approximates the cost amounting to P1.0 million as of December 31, 2015 and 2014, the fair value change is deemed immaterial (see Note 11.6). The Group's AFS financial assets are under Level 2 of the fair value hierarchy. Moreover, certain equity investment classified as AFS financial asset is carried at cost (see Note 11.6); hence, such is no longer categorized in the fair value hierarchy.

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

30.5 Financial Instruments Measured at Amortized Cost

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed. Short-term commercial papers are included below since these financial instruments are measured at amortized cost, which approximate their fair values upon designation as financial assets at FVTPL (see Note 30.4).

	Level 1	Level 2	Level 3	Total
2015:				
Financial assets:				
Cash and cash equivalents	P3,275,607,016	P -	P -	P 3,275,607,016
Trade and other receivables - net	-	-	7,805,456,077	7,805,456,077
Short-term commercial papers	-	-	5,985,496,714	5,985,496,714
Refundable security and bond deposits	-	-	73,335,038	73,335,038
Investment in trust fund	-	-	1,127,312,892	1,127,312,892
	P3,275,607,016	P -	P 14,991,600,721	P18,267,207,737
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 22,542,400,194	P 22,542,400,194
Trade and other payables	-	-	6,664,240,736	6,664,240,736
Security deposits	-	-	66,583,383	66,583,383
Retention payable (under Other Non-current Liabilities)	-	-	25,649,402	25,649,402
	P -	P -	P 29,298,873,715	P29,298,873,715
2014:				
Financial assets:				
Cash and cash equivalents	P4,431,651,910	P -	P -	P 4,431,651,910
Trade and other receivables - net	-	-	4,736,100,827	4,736,100,827
Short-term commercial papers	-	-	2,469,021,162	2,469,021,162
Refundable security and bond deposits	-	-	64,909,193	64,909,193
	P 4,431,651,910	P -	P 7,270,031,182	P 11,701,683,092
Financial liabilities:				
Interest-bearing loans and borrowings	P -	P -	P 19,914,967,111	P 19,914,967,111
Trade and other payables	-	-	2,808,372,648	2,808,372,648
	P -	P -	P 22,723,339,759	P22,723,339,759

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, equity and liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

	2015	2014
Total liabilities	**P 31,910,630,827**	P24,096,887,435
Total equity	**16,604,203,384**	15,410,589,469
Debt-to-equity ratio	**1.92 : 1.00**	1.56 : 1.00