CR03215-2015

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended

   Mar 31, 2015

2. SEC Identification Number

   167423

3. BIR Tax Identification No.

   000-477-103

4. Exact name of issuer as specified in its charter

   MEGAWORLD CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

   Metro Manila

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   28th Floor The World Centre, 330 Sen. Gil Puyat Avenue, Makati City
   Postal Code
   1227

8. Issuer's telephone number, including area code

   (632) 8678826 to 40

9. Former name or former address, and former fiscal year, if changed since last report

   N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	32,231,849,248
Preferred	6,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?

   ☑ Yes ☐ No

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

   The shares of common stock of the Company are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

MEGAWORLD CORPORATION

Megaworld Corporation
MEG

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2015
Currency (indicate units, if applicable)	Php in thousands

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2015	Dec 31, 2014
Current Assets	123,205,528	122,090,504
Total Assets	229,687,525	221,039,841
Current Liabilities	39,844,539	38,878,034
Total Liabilities	98,532,814	92,241,048
Retained Earnings/(Deficit)	64,742,427	62,470,153
Stockholders' Equity	131,154,711	128,798,793
Stockholders' Equity - Parent	112,830,099	110,802,948
Book Value per Share	3.54	3.48

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	9,847,099	8,606,195	9,847,099	8,606,195
Other Revenue	623,749	1,340,229	623,749	1,340,229
Gross Revenue	10,470,848	9,946,424	10,470,848	9,946,424
Operating Expense	6,905,221	5,983,822	6,905,221	5,983,822
Other Expense	475,277	630,294	475,277	630,294
Gross Expense	7,380,498	6,614,116	7,380,498	6,614,116
Net Income/(Loss) Before Tax	3,090,350	3,332,308	3,090,350	3,332,308
Income Tax Expense	741,266	640,023	741,266	640,023
Net Income/(Loss) After Tax	2,349,084	2,692,285	2,349,084	2,692,285
Net Income Attributable to Parent Equity Holder	2,258,883	2,648,157	2,258,883	2,648,157
Earnings/(Loss) Per Share (Basic)	0.07	0.08	0.07	0.08
Earnings/(Loss) Per Share (Diluted)	0.07	0.08	0.07	0.08

Other Relevant Information
None

Filed on behalf by:

Name	Rhodora Edangalino
Designation	Head-Corporate Compliance Group

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **31 March 2015**

2. Commission Identification Number: **167423** 3. BIR Tax Identification No.: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **28th Floor, The World Centre**
   330 Sen. Gil J. Puyat Avenue
   Makati City, Philippines 1227
   Address of issuer's principal office

8. **(632) 867-8826 to 40**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	**32,231,849,248**
Preferred	**6,000,000,000**
Total	**38,231,849,248**

10. Are any or all of the securities listed on a Stock Exchange?

    Yes [X] **No [ ]**

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    The shares of common stock of the Company are listed on the Philippine Stock Exchange.

11. Indicate by check mark whether the registrant:

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

    Yes [X] **No [ ]**

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

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2014 and March 31, 2015
Exhibit 2 - Consolidated Statements of Income for the periods ended March 31, 2015 and March 31, 2014
Exhibit 3 - Consolidated Statements of Changes in Equity as of March 31, 2015 and March 31, 2014
Exhibit 4 - Consolidated Statements of Cash Flow as of March 31, 2015 and March 31, 2014
Exhibit 5 - Notes to Interim Financial Information

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

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

SIGNATURE

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

MEGAWORLD CORPORATION
Issuer

By:

FRANCISCO C. CANUTO
Treasurer (Principal Financial Officer)
and Duly Authorized Officer
May 13, 2015

MEGAWORLD CORPORATION AND SUBSIDIARIES **EXHIBIT 1**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousand pesos)

	Unaudited March 31, 2015	Audited December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**P 24,698,409**	P 25,142,950
Trade and other receivables - net	**23,388,006**	23,718,900
Financial assets at fair value through profit or loss	**265,000**	225,500
Residential, condominium units, golf and resort shares for sale	**58,882,140**	56,908,141
Property development costs	**11,874,906**	12,390,474
Prepayments and other current assets - net	**4,097,067**	3,704,539
Total Current Assets	**123,205,528**	122,090,504
NON-CURRENT ASSETS		
Trade and other receivables - net	**30,448,069**	28,911,089
Advances to landowners and joint ventures	**5,308,694**	4,823,706
Land for future development	**16,606,603**	13,212,624
Investments in available-for-sale securities	**7,090,225**	6,146,267
Investments in and advances to associates and other related parties	**5,855,051**	6,083,083
Investment properties - net	**37,088,190**	35,762,630
Property and equipment - net	**1,849,699**	1,867,373
Deferred tax assets - net	**86,175**	77,267
Other non-current assets	**2,149,291**	2,065,298
Total Non-current Assets	**106,481,997**	98,949,337
TOTAL ASSETS	**P 229,687,525**	P 221,039,841

		Unaudited March 31, 2015		Audited December 31, 2014
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**2,637,727**	P	2,625,738
Bonds payable		**5,000,000**		5,000,000
Trade and other payables		**11,696,251**		10,620,187
Customers' deposits		**5,718,204**		5,847,731
Reserve for property development		**7,357,865**		7,063,089
Deferred income on real estate sales		**5,146,289**		5,340,188
Income tax payable		**128,994**		146,219
Other current liabilities		**2,159,209**		2,234,882
Total Current Liabilities		**39,844,539**		38,878,034
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**10,829,724**		6,126,997
Bonds payable		**19,870,432**		19,784,914
Customers' deposits		**1,722,415**		1,396,449
Redeemable preferred shares		**1,257,988**		1,257,988
Reserve for property development		**7,957,605**		8,302,500
Deferred income on real estate sales		**4,894,908**		4,518,014
Deferred tax liabilities - net		**8,432,906**		8,138,765
Advances from associates and other related parties		**890,719**		903,152
Retirement benefit obligation		**1,112,385**		1,077,540
Other non-current liabilities		**1,719,193**		1,856,695
Total Non-current Liabilities		**58,688,275**		53,363,014
Total Liabilities		**98,532,814**		92,241,048
EQUITY				
Total equity attributable to the company's shareholders		**112,830,099**		110,802,948
Non-controlling interests		**18,324,612**		17,995,845
Total Equity		**131,154,711**		128,798,793
TOTAL LIABILITIES AND EQUITY	**P**	**229,687,525**	P	221,039,841

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousand pesos, except earnings per share)

EXHIBIT 2

		2015 Unaudited Jan 1 - Mar 31		2014 Unaudited Jan 1 - Mar 31
REVENUES AND INCOME				
Real estate sales	**P**	**6,239,464**	P	5,453,651
Interest income on real estate sales		**445,792**		388,752
Realized gross profit on prior years' sales		**979,479**		936,201
Rental income		**1,986,278**		1,712,646
Hotel operations		**196,086**		114,945
Equity in net earnings of associates		**16,514**		172,524
Interest and other income - net		**607,235**		1,167,705
		10,470,848		9,946,424
COSTS AND EXPENSES				
Real estate sales		**3,653,462**		3,287,143
Deferred gross profit		**1,260,918**		1,204,848
Hotel operations		**85,640**		59,723
Operating expenses		**1,905,201**		1,432,108
Interest and other charges - net		**475,569**		625,091
Tax expense		**741,266**		640,023
		8,122,056		7,248,936
PROFIT FOR THE PERIOD BEFORE PREACQUISITION LOSS (INCOME)		**2,348,792**		2,697,488
PREACQUISITION LOSS (INCOME) OF A SUBSIDIARY		**292**	(	5,203)
NET PROFIT FOR THE PERIOD	**P**	**2,349,084**	P	2,692,285
Net profit attributable to:				
Company's shareholders	**P**	**2,258,883**	P	2,648,157
Non-controlling interests		**90,201**		44,128
	P	**2,349,084**	P	2,692,285
Earnings Per Share				
Basic	**P**	**0.071**	P	0.084
Diluted	**P**	**0.071**	P	0.083

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousand pesos)

	2015 Unaudited Jan 1 - Mar 31	2014 Unaudited Jan 1 - Mar 31
NET PROFIT FOR THE PERIOD	**P 2,349,084**	P 2,692,285
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified subsequently to profit or loss:		
Net unrealized fair value gains (losses) on available-for-sale securities	(256,170)	445,578
Exchange difference on translating foreign operations	11,025	(60,424)
	(245,145)	385,154
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**P 2,103,939**	P 3,077,439
Total comprehensive income attributable to:		
Company's shareholders	**2,013,738**	3,033,311
Non-controlling interests	**90,201**	44,128
	P 2,103,939	P 3,077,439

MEGAWORLD CORPORATION AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
(In thousand pesos)

EXHIBIT 3

	Unaudited March 31, 2015	Unaudited March 31, 2014
CAPITAL STOCK	P 32,422,900	P 32,200,066
ADDITIONAL PAID-IN CAPITAL	16,657,991	16,657,991
TREASURY STOCK	(633,722)	(633,722)
NET ACTUARIAL GAINS (LOSSES) ON RETIREMENT BENEFIT PLAN	(239,047)	(130,946)
NET UNREALIZED GAINS ON AVAILABLE-FOR-SALE SECURITIES	330,987	2,246,248
SHARE IN OTHER COMPREHENSIVE INCOME OF ASSOCIATES	-	6,159
ACCUMULATED TRANSLATION ADJUSTMENT	(451,437)	(451,280)
RETAINED EARNINGS	64,742,427	45,112,305
NON-CONTROLLING INTERESTS	18,324,612	11,331,392
TOTAL EQUITY	P 131,154,711	P 106,338,213

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousand pesos)

EXHIBIT 4

	Unaudited March 31, 2015	Unaudited March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 3,090,350	P 3,332,308
Adjustments for:		
Depreciation and amortization	264,334	252,708
Interest and other charges	462,957	615,727
Interest and other income	(280,054)	(982,144)
Share option benefits expense	13,391	6,727
Equity in net earnings of associates	(16,514)	(172,524)
Operating income before working capital changes	3,534,464	3,052,802
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	(3,427,425)	(3,502,956)
Increase in current and other current liabilities	1,009,894	1,685,414
Increase (decrease) in reserve for property development	(50,121)	263,315
Cash generated from operations	1,066,812	1,498,575
Cash paid for income taxes	(529,357)	(408,526)
NET CASH FROM OPERATING ACTIVITIES	537,455	1,090,049
CASH FLOWS USED IN INVESTING ACTIVITIES	(5,533,037)	(2,565,696)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	4,551,041	(272,989)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(444,541)	(1,748,636)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARY	-	235,935
PREACQUISITION CHANGES IN CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARY	-	6,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	25,142,950	31,751,906
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P 24,698,409	P 30,246,069

EXHIBIT 5

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Company is presently engaged in property-related activities such as project design, construction and property management. The Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail spaces.

All of the Company's common shares are listed at the Philippine Stock Exchange (PSE).

The registered office of the Company, which is also its principal place of business, is located at the 28th Floor The World Centre Building, Sen. Gil Puyat Avenue, Makati City.

Alliance Global Group, Inc. (AGI or the Parent Company), also a publicly listed company in the Philippines, is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in the food and beverage business, real estate, quick service restaurant, tourism-oriented and gaming businesses. AGI's registered office, which is also its primary place of business, is located at the 7th Floor 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Quezon City.

The Company holds ownership interests in the following subsidiaries and associates:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 2015	December 2014
Subsidiaries:			
Prestige Hotels and Resorts, Inc. (PHRI)		**100%**	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)		**100%**	100%
Megaworld Cayman Islands, Inc. (MCII)		**100%**	100%
Richmonde Hotel Group International Ltd. (RHGI)		**100%**	100%
Eastwood Cyber One Corporation (ECOC)		**100%**	100%
Megaworld Cebu Properties Inc. (MCP)		**100%**	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		**100%**	100%
Oceantown Properties, Inc. (OPI)		**100%**	100%

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 2015	December 2014
Subsidiaries:			
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%
Lucky Chinatown Cinemas, Inc. (LCCI)		**100%**	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		**100%**	100%
Woodside Greentown Properties, Inc. (WGPI, formerly Union Ajinomoto Realty Corporation)		**100%**	100%
Global One Integrated Business Services, Inc. (GOIBSI)	(b)	**100%**	100%
Luxury Global Malls, Inc. (LGMI)	(b)	**100%**	100%
Davao Park District Holdings, Inc. (DPDHI)	(b)	**100%**	100%
Bacolod Murcia Milling Co., Inc. (BMMCI)	(c)	**91.55%**	-
Megaworld Central Properties, Inc. (MCPI)	(d)	**76.54%**	76.54%
La Fuerza, Inc. (LFI)	(e)	**66.67%**	66.67%
Megaworld-Daewoo Corporation (MDC)		**60%**	60%
Eastwood Cinema 2000, Inc. (EC2000)		**55%**	55%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(f)	**52.13%**	52.13%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(g)	**50.92%**	50.92%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%
Philippine International Properties, Inc. (PIPI)	(h)	**50%**	50%
Megaworld Land, Inc. (MLI)		**100%**	100%
City Walk Building Administration, Inc. (CBAI)	(i)	**100%**	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(i)	**100%**	100%
Paseo Center Building Administration, Inc. (PCBAI)	(i)	**100%**	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(i)	**100%**	100%
Suntrust Properties, Inc. (SPI)		**100%**	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%
Governor's Hills Science School, Inc. (GSSI)	(j)	**100%**	100%
Sunrays Property Management, Inc. (SPMI)	(j)	**100%**	100%
Suntrust One Shanata, Inc. (SOSI, formerly Greengate Holdings Corporation)	(j)	**100%**	100%
Suntrust Two Shanata, Inc. (STSI, formerly Regalia Properties Corporation)	(j)	**100%**	100%
Empire East Land Holdings, Inc. and Subsidiaries (EELHI)	(k)	**81.72%**	81.72%
Eastwood Property Holdings, Inc. (EPHI)	(l)	**81.72%**	81.72%
Valle Verde Properties, Inc. (VVPI)	(l)	**81.72%**	81.72%
Sherman Oak Holdings, Inc. (SOHI)	(l)	**81.72%**	81.72%
Empire East Communities, Inc. (EECI)	(l)	**81.72%**	81.72%
Laguna BelAir School, Inc. (LBASI)	(l)	**59.66%**	59.66%
Sonoma Premier Land, Inc. (SPLI)	(l)	**49.03%**	49.03%

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 2015	December 2014
Subsidiaries:			
Global-Estate Resorts, Inc. and Subsidiaries (GERI)	(m)	**80.41%**	80.41%
Fil-Estate Properties, Inc. (FEPI)	(n)	**80.41%**	80.41%
Aklan Holdings, Inc. (AHI)	(n)	**80.41%**	80.41%
Blu Sky Airways, Inc. (BSAI)	(n)	**80.41%**	80.41%
Fil-Estate Subic Development Corp. (FESDC)	(n)	**80.41%**	80.41%
Fil-Power Construction Equipment Leasing Corp. (EPCELC)	(n)	**80.41%**	80.41%
Golden Sun Airways, Inc. (GSAI)	(n)	**80.41%**	80.41%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(n)	**80.41%**	80.41%
MCX Corporation (MCX)	(n)	**80.41%**	80.41%
Pioneer L-5 Realty Corp. (PLRC)	(n)	**80.41%**	80.41%
Prime Airways, Inc. (PAI)	(n)	**80.41%**	80.41%
Sto Domingo Place Development Corp. (SDPDC)	(n)	**80.41%**	80.41%
Fil-Power Concrete Blocks Corp. (FPCBC)	(n)	**80.41%**	80.41%
Fil-Estate Industrial Park, Inc. (FEIPI)	(n)	**63.52%**	63.52%
Sherwood Hills Development Inc. (SHDI)	(n)	**44.22%**	44.22%
Fil-Estate Golf and Development, Inc. (FEGDI)	(n)	**80.41%**	80.41%
Golforce, Inc. (Golforce)	(n)	**80.41**%	80.41%
Fil-Estate Ecocentrum Corp. (FEEC)	(n)	**45.03%**	45.03%
Philippine Acquatic Leisure Corp. (PALC)	(n)	**45.03%**	45.03%
Fil-Estate Urban Development Corp. (FEUDC)	(n)	**80.41%**	80.41%
Novo Sierra Holdings Corp. (NSHC)	(n)	**80.41%**	80.41%
Megaworld Global-Estate, Inc. (MGEI)	(o)	**88.25%**	88.25%
Twin Lakes Corporation (TLC)	(p)	**67.18%**	67.18%
Oceanfront Properties, Inc. (OFPI)	(n)	**40.20%**	40.20%
Megaworld Resort Estates, Inc. (MREI)	(q)	**51%**	51%
Townsquare Development, Inc. (TDI)	(q)	**30.60%**	30.60%
Golden Panda-ATI Realty Corporation (GPARC)	(r)	**30.60%**	30.60%
Associates:			
Bonifacio West Development Corporation (BWDC)	(t)	**46.11%**	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)		**40%**	40%
Suntrust Home Developers, Inc. and Subsidiaries (SHDI)		**42.48%**	42.48%
First Oceanic Property Management (FOPMI)	(u)	**42.48%**	42.48%
Citylink Coach Services, Inc. (CCSI)	(u)	**42.48%**	42.48%
Global-Estate Resorts, Inc. and Subsidiaries (GERI)	(m)	**-**	-
Boracay Newcoast Hotel Group, Inc. (BNHGI)	(s)	**48.25%**	48.25%
Fil-Estate Network, Inc. (FENI)	(v)	**16.08%**	16.08%
Fil-Estate Sales, Inc. (FESI)	(v)	**16.08%**	16.08%
Fil-Estate Realty and Sales Associates Inc. (FERSAI)	(v)	**16.08%**	16.08%
Fil-Estate Realty Corp. (FERC)	(v)	**16.08%**	16.08%
Nasugbu Properties Inc. (NPI)	(v)	**11.23%**	11.23%

Explanatory Notes:

(a) These were acquired subsidiaries in 2008 but have not yet started commercial operations as at December 31, 2014.

(b) These were newly incorporated subsidiaries of the Company in 2014. GOIBSI and LGMI are engaged in business process outsourcing. DPDHI, which is engaged in the same line of business as the Company was acquired from a third party in 2014.

(c) BMMCI is engaged in sugar milling which was acquired by the Company a 91.55% ownership from a third party in March 2015.

(d) As at December 31, 2014, the Company owns 76.54% of MCPI consisting of 51% direct ownership, 18.96% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(e) On November 4, 2013, the Company acquired 50% ownership interest over LFI which is engaged in leasing of real estate properties. As at December 31, 2013, the Company has not established control over LFI; hence, the latter was only classified as associate. On January 21, 2014, the Company acquired additional 16.67% interest resulting in the increase in ownership to 66.67% gaining the power to govern the financial and operating policies over LFI.

(f) In 2013, as a result of the Company's increase in ownership interest in EELHI, the Company's ownership interest in GPMAI also increased to 52.04%, since all members of the Board of Directors (BOD) of GPMAI are also members of the BOD of the Company; hence, GPMAI is now considered as a subsidiary. In 2014, due to additional shares owned in EELHI, the Company's ownership in GPMAI has increased to 52.13% as at December 31, 2014, which consists of 38.71% and 13.42% indirect ownership from EELHI and MREI, respectively.

(g) MBPHI was incorporated in October 2011 and started its commercial operations on January 1, 2012. As at December 31, 2013, the Company holds 50% direct ownership in MBPHI; the latter is also 50% owned by TIHGI, thereby increasing the Company's ownership to 55%. In 2013, the Company's ownership in MBPHI was reduced to 54.50% resulting from the dilution of the Company's ownership in TIHGI. As a result of Company's sale of majority of its TIHGI shares to AGI in 2014, the Company's effective ownership interest simultaneously decreased to 50.92%. Also in 2014, the Company and TIHGI subscribed to additional shares of MBPHI amounting to P0.8 billion each. The additional subscription on MBPHI does not affect the ownership interest of both TIHGI and the Company.

(h) PIPI was incorporated in 2002 and acquired by the Company in 2006 but has not yet started commercial operations as at December 31, 2014.

(i) These were incorporated to engage in operation, maintenance, and administration of Citywalk and Cyber Mall, Forbestown Commercial Center, Paseo Center Building and Uptown Center. These companies became subsidiaries of the Company through MLI, their parent company.

(j) These were newly acquired subsidiaries of the Group through SPI in 2014. GSSI is an educational institution; SPMI is a facilities provider while SOSI and STSI are engaged in the same line of business of the Company.

(k) In 2014, 2013 and 2012, the Company subscribed to additional shares of EELHI resulting in the increase in ownership interest to 81.72%, 81.53% and 78.59%, respectively.

(l) Subsidiaries of EELHI.

(m) In 2013, the Company acquired 24.70% ownership interest on GERI. GERI is considered as an associate of the Company as at December 31, 2013. In 2014, as a result of the various acquisitions of shares, the Company's ownership interest increased to 80.41% making GERI a subsidiary.

(n) Subsidiaries of GERI.

(o) MGEI was incorporated on March 14, 2011 and started its commercial operations on January 2014. As at December 31, 2013, the ownership is composed of 40% direct ownership and 14.82% indirect ownership through GERI. In 2014, as a result of the Company's increased ownership in GERI, the indirect ownership in MGEI increased to 48.25%; thus, increasing the Company's total interest in MGEI to 88.25% as at December 31, 2014.

- *(p)* As at December 31, 2013, the Company's interest in TLC is 31.35% consisting of 19% direct ownership and 12.35% indirect ownership through GERI. Due to additional shares purchase from an existing stockholder of TLC and increased ownership in GERI, the Company's ownership in TLC increased to 67.18% in 2014.
- *(q)* MREI was incorporated in 2007 while TDI was incorporated in 2006. MREI owns 60% of TDI resulting in the Company's indirect ownership interest of 30.60% in TDI.
- *(r)* GPARC is a company engaged in real estate business acquired by TDI in 2014.
- *(s)* In 2014, FEPI, a subsidiary of GERI, disposed 40% of its ownership interest in BNHGI (a subsidiary of FEPI). As at December 31, 2014, due to the disposal of ownership interest, FEPI lost its control in BNHGI; thereby, BNHGI was reclassified as an associate of the Company.
- *(t)* BWDC is considered as an associate of the Company in 2014 due to the presence of significant influence over its financial and operating policies since the Company has 5 out of 11 BOD representations.
- *(u)* Subsidiaries of SHDI.
- *(v)* Associates of GERI.

Except for MCII, RHGI and AGPL, all the subsidiaries and associates were incorporated and have its principal place of business in the Philippines. MCII and AGPL were incorporated and have principal place of business in the Cayman Islands while RHGI was incorporated and has principal place of business in the British Virgin Islands.

The Company and its subsidiaries, except for entities which have not yet started commercial operations as at March 31, 2015, are presently engaged in the real estate business, hotel, cinema, business process outsourcing, educational, facilities provider and property management operations and marketing services.

EELHI, GERI, and SHDI are publicly listed companies in the Philippines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

These interim consolidated financial statements are for the three months ended March 31, 2015 and 2014. They have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2014.

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

These interim consolidated financial statements are presented in Philippine pesos, the functional and presentation currency of the Parent Company and its subsidiaries, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

These interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended December 31, 2014:

Effective in 2015 that are relevant to the Group

i. PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions 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.

ii. 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 management does not expect those to have material impact on the Group's consolidated financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment,* and PAS 38 (Amendment), *Intangible Assets.* 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*. 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 2 (Amendment), *Share-based Payment*. The amendment clarifies the definitions of "vesting condition" and "market condition" and defines a "performance condition" and a "service condition."

- PFRS 3 (Amendment), *Business Combinations*. This 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. 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*. This 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.

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

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 3 (Amendment), *Business Combinations*. It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11 in the financial statements of the joint arrangement itself.

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

- PAS 40 (Amendment), *Investment Properties*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an Investment properties or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an Investment properties is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3.

Effective subsequent to 2015

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 the 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 the 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, 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. 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. This amendment 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 Agreements – Accounting for Acquisitions of Interests in Joint Operations* (effective from January 1, 2016). This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in PFRS 3, *Business Combinations*, 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 from January 1, 2016). 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.

vii. PFRS 10 (Amendment), *Consolidated Financial Statements – Investment Entities: Applying the Consolidation Exception* (effective from January 1, 2016). This amendment confirms that the exemption from preparing consolidated financial statements continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures its interest in all its subsidiaries at fair value in accordance with PFRS 10. The amendment further clarifies that if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services that are related to the investment activities of the investment entity parent, the latter shall consolidate that subsidiary.

viii. PFRS 11 (Amendment), *Disclosure of Interests in Other Entities – Investment Entities: Applying the Consolidation Exception* (effective from January 1, 2016). The amendment clarifies that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12.

ix. 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.

The Group does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group 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.

x. Annual Improvements to PFRS. Annual Improvements to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016 made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect those to have material impact on the Group's consolidated financial statements:

Annual Improvements to PFRS (2012-2014 Cycle)

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. 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.

- PAS 19 (Amendment), *Employee Benefits*. 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.

- Philippine Interpretation - IFRIC 15, *Agreements for Construction of Real Estate*. This Philippine interpretation is based on IFRIC interpretation issued by the IASB in July 2008 effective for annual periods beginning on or after January 1, 2009. The adoption of this interpretation in the Philippines, however, was deferred by the FRSC and Philippine Securities and Exchange Commission after giving due considerations on various application issues and in anticipation of the implications of IFRS 15, *Revenue from Contract with Customers* which will eventually supersede this interpretation when adopted in the Philippines. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage of completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at completion upon or after delivery.

- IFRS 15, *Revenue from Contract with Customers*. This standard will replace PAS 18 and PAS 11, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, IFRIC 18, *Transfers of Assets from Customers* and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*, effective January 1, 2017. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard has not yet been adopted in the Philippines; however, management is currently assessing the impact of this standard on the Group's consolidated financial statements in preparation for the adoption of this standard in the Philippines.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated 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 vary 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) *Impairment of Investments in AFS Securities*

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.

(b) *Distinction Among Investment Property, Owner-managed Properties and Land for Future Development*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generates cash flows that are attributable not only to property but also to other assets used in the production or supply process while Land for Future Development are properties intended solely for future development.

(c) *Distinction between Operating and Finance Leases*

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk 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.

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) *Revenue Recognition Using the Percentage-of-Completion Method*

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of the percentage-of-completion method requires the Group to estimate the portion completed using relevant information such as costs incurred to date as a proportion of the total budgeted cost of the project and estimates by engineers and other experts.

(b) *Determining Net Realizable Value of Residential, Condominium Units, Golf and Resort Shares for Sale, Property Development Costs and Land for Future Development*

In determining the net realizable value of residential, condominium units, golf and resort shares for sale, property development costs and land for future development, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate for sale and property development costs is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's Residential, Condominium Units, Golf and Resort Shares for Sale, Property Development Costs and Land for Future Development within the next reporting period.

(c) *Fair Value of Share Options*

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option were granted.

(d) *Fair Value Measurement of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in the consolidated financial statements is determined by the Group using the discounted cash flows valuation technique since the information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not available. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(e) *Estimating Useful Lives of Property and Equipment and Investment Property*

The Group estimates the useful lives of property and equipment and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties 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 of property and equipment and investment properties are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

(f) Impairment of Trade and Other Receivables

Adequate amount of allowance is provided for specific and groups of accounts, where an 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, the customers' current credit status based on third party credit reports and 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.

(g) Valuation of Financial Assets Other than Trade and Other Receivables

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ had the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and equity.

(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.

(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 uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. 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.

(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, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

(k) 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 the consolidated profit or loss in the subsequent period.

(l) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over TDI, GPARC and OFPI even though it holds less than 50% of the ordinary shares and voting rights in those companies. The Group is the majority shareholder of TDI and OFPI with 31% and 50% equity interests, respectively, over those companies. Also, the Group has 3 out of 5 BOD representations in TDI while GPARC is a wholly-owned subsidiary of TDI. In making judgment regarding its involvement in TDI, GPARC and OFPI, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings. Based on recent experience, there is no history of other shareholders forming a group to exercise their votes collectively or to prevent the Group from having the practical ability to direct the relevant activities of TDI, GPARC and OFPI.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations. The Corporate and Others segment includes cinema, business process outsourcing, educational, facilities provider, maintenance and property management operations, marketing services, general and corporate income and expense items. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

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, real estate inventories, property and equipment, and investment property, 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.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The following tables present revenue and profit information regarding industry segments for the three months ended March 31, 2015 and 2014 and certain asset and liability information regarding segments as at March 31, 2015 and March 31, 2014.

<u>March 31, 2015</u>

	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 7,664,734,557	P 1,986,277,848	P 196,086,304	P 325,887,475	P -	P 10,172,986,184
Intersegment sales	-	61,026,044	-	156,454,154	(217,480,198)	-
Total revenues	P 7,664,734,557	P 2,047,303,892	P 196,086,304	P 482,341,629	(P 217,480,198)	P 10,172,986,184
RESULTS						
Segment results	P 1,817,282,154	P 1,472,563,992	P 49,855,035	(P 67,518,821)	(P 23,811,878)	P 3,248,370,482
Interest and other income						281,347,861
Interest and other charges						(456,174,159)
Equity in net earnings of associates						16,513,829
Tax expense						(741,265,569)
Preacquisition loss of a subsidiary						291,847
Net profit						P 2,349,084,291
ASSETS AND LIABILITIES						
Segment assets	P 172,379,708,255	P 43,487,147,823	P 1,104,463,351	P 6,861,154,493	P -	P 223,832,473,922
Investments in and advances to associates and other related parties - net	-	-	-	5,855,051,498	-	5,855,051,498
Total assets	P 172,379,708,255	P 43,487,147,823	P 1,104,463,351	P12,716,205,991	P -	P 229,687,525,420
Segment liabilities	P 84,857,991,634	P 10,295,675,824	P 284,024,759	P 3,095,121,314	P -	P 98,532,813,531

March 31, 2014

	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 6,778,603,811	P 1,712,645,944	P 114,945,620	P 306,420,090	P -	P 8,912,615,465
Intersegment sales	-	41,589,832	-	109,846,474	(151,436,306)	-
Total revenues	P 6,778,603,811	P 1,754,235,776	P 114,945,620	P 416,266,564	(P 151,436,306)	P 8,912,615,465
RESULTS						
Segment results	P 1,563,323,060	P 1,232,657,539	P 30,030,934	P 80,612,131	P 6,472,213	P 2,913,095,877
Gain on acquisition of a subsidiary						603,798,026
Interest and other income						257,487,014
Interest and other charges						(609,393,871)
Equity in net earnings of associates						172,523,966
Tax expense						(640,022,764)
Preacquisition income of a subsidiary						(5,203,508)
Net profit						P 2,692,284,740
ASSETS AND LIABILITIES						
Segment assets	P 126,612,296,834	P 34,934,436,432	P 283,304,729	P 6,646,585,817	P -	P 168,476,623,812
Investments in and advances to associates and other related parties - net	-	-	-	12,257,607,780	-	12,257,607,780
Total assets	P 126,612,296,834	P34,934,436,432	P 283,304,729	P18,904,193,597	P -	P 180,734,231,592
Segment liabilities	P 66,765,583,364	P 5,693,846,591	P 116,794,627	P 1,819,794,419	P -	P 74,396,019,001

5. STOCK RIGHTS

As a result of the stock rights offering, 5,127,556,725 common shares were subscribed and issued on June 1, 2009. Of the total exercise price, 50% was paid as of May 31, 2009 and the remaining 50% was paid by the subscribers in 2010. Relative to the share subscription, 4,102,045,364 share warrants were issued and these will be exercisable beginning on the second year until the fifth year from issue date. As of the first quarter of 2015, 4,093,696,624 stock warrants were exercised. The remaining warrants are exercisable until 2015.

6. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	March 31, 2015	March 31, 2014
Net profit attributable to Company's shareholders	**P 2,258,883,452**	P 2,648,156,781
Computed dividends on cumulative preferred shares series "A"	**(147,945)**	(147,945)
Profit available to Company's common shareholders	**P 2,258,735,507**	P 2,648,008,836
Divided by weighted average number of outstanding common shares	**31,811,465,382**	31,572,106,798
Basic EPS	**P 0.071**	P 0.084
Divided by weighted average number of outstanding common shares and potential dilutive shares	**31,989,208,421**	31,868,416,800
Diluted EPS	**P 0.071**	P 0.083

7. COMMITMENTS AND CONTINGENCIES

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

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

8. SEASONAL FLUCTUATIONS

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

9. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, investment in AFS securities, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operation. The financial liabilities were issued to raise funds for the Group's capital expenditures.

Exposure to currency, interest rate, credit, liquidity and equity risk arise in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor, and minimize those risks and to provide cost with a degree of certainty.

The Group does not actively engage in the trading of financial assets for speculative purposes.

9.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents and bonds payable which have been used to fund new projects and to refinance certain indebtedness for general corporate purposes.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income (loss).

9.2 Interest Rate Sensitivity

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. These long-term borrowings and other financial assets and liabilities are subject to variable interest rates.

The Group manages its interest risk by leveraging the fixed interest rate debt obligations over the floating interest rate debt obligations in its debt portfolio.

9.3 Credit Risk

Generally, the Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

9.4 Liquidity Risk

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

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

9.5 Other Price Risk Sensitivity

The Group's market price risk arises from its investments carried at fair value (financial assets classified as FVTPL and AFS). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

10. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

10.1 Carrying Amounts and Fair Values by Category

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

	March 31, 2015 (Unaudited)		December 31, 2014 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**P 24,698,409,332**	**P 24,698,409,332**	P 25,142,949,887	P25,142,949,887
Trade and other receivables - net	**50,110,353,249**	**50,110,353,249**	49,606,034,905	49,606,034,905
Advances to associates and other related parties	**3,840,090,469**	**3,840,090,469**	4,084,274,049	4,084,274,049
Guarantee and other deposits	**635,843,613**	**635,843,613**	541,591,807	541,591,807
	P 79,284,696,663	**P 79,284,696,663**	P 79,374,850,648	P 79,374,850,648
Financial assets at FVTPL	**P 265,000,000**	**P 265,000,000**	P 225,500,000	P 225,500,000
AFS securities				
Equity securities	**P 6,978,059,830**	**P 6,978,059,830**	P 6,037,664,828	P 6,037,664,828
Debt securities	**112,164,804**	**112,164,804**	108,602,601	108,602,601
	P 7,090,224,634	**P 7,090,224,634**	P 6,146,267,429	P 6,146,267,429
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	**P 13,467,451,923**	**P 13,467,451,923**	P 8,752,734,618	P 8,752,734,618
Bonds payable	**24,870,431,751**	**24,870,431,751**	24,784,913,748	24,784,913,748
Redeemable preferred shares	**1,257,987,900**	**1,257,987,900**	1,257,987,900	1,257,987,900
Trade and other payables	**7,720,155,956**	**7,720,155,956**	8,562,703,728	8,562,703,728
Advances from associates and other related parties	**890,719,281**	**890,719,281**	903,152,243	903,152,243
	P 48,206,746,811	**P 48,206,746,811**	P 44,261,492,237	P44,261,492,237

10.2 Fair Value Hierarchy

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

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

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

b.) 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.

The financial assets at FVTPL is categorized in Level 1 as quoted prices are available. Except for Php27.45 million AFS equity securities categorized in Level 3, all other AFS equity securities are categorized in Level 1.

EXHIBIT 6

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of March 31, 2015 versus March 31, 2014

Property giant Megaworld, the Philippines' leading developer of integrated urban townships and the top office developer and landlord, posted a net income of P2.35 billion for the first quarter of 2015, a 12.48 percent growth on a recurring basis year-on-year from P2.09 billion on the same period last year. Residential sales from the various townships across the country remained strong and leasing income from its office and retail portfolio continued to grow even at the start of the year.

Consolidated revenues of Megaworld Group, which includes Global-Estate Resorts, Inc. (GERI), Empire East Land Holdings, Inc. and Suntrust Properties, Inc., amounted to P10.47 billion for the first quarter of 2015, up 12.08 percent on a recurring basis from P9.34 billion of the same period in 2014.

Development. Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and residential lots comprising 59.59% of total revenues. Real estate sales posted a 14.41% increase, with an aggregate amount of Php6.24 billion in 2015 versus Php5.45 billion last year. The Group's registered sales mostly came from the following projects: Uptown Parksuites Towers 1 & 2, Mckinley Hill Village, Tuscany Private Estate, One Uptown Residences, The Venice Luxury Residences- Fiorenzo, 150 Newport Boulevard, Greenbelt Hamilton Tower 2, Newport Palmtree Villas, One Central and Paseo Heights.

Leasing. Rental income contributed 18.97% to the consolidated revenues and amounted to Php1.99 billion compared to Php1.71 billion reflected last year's first quarter, a 15.98% increase. Contributing to the growth are the escalation of rental rates and increase in demand for office space from BPO Companies.

Hotel Operations. With the consolidation of a new subsidiary, the Group's revenues attributable to hotel operations grew by 70.59% posting an amount of Php196.09 million in first quarter 2015 from Php114.95 million in first quarter 2014.

Total costs and expenses increased by 12.04% from Php7.25 billion in first quarter 2014 to Php8.12 billion in first quarter 2015 primarily due to increase in real estate sales and other administrative and corporate overhead expenses. Income tax expense in first quarter 2015 amounting to Php741.27 million resulted to a 15.82% increase from the first quarter 2014 reported amount of Php640.02 million due to higher taxable income.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

There are no significant elements of income or loss that did not arise from the Group's continuing operations.

Financial Condition

The Group maintains a prudent financial policy as it engages to a more competitive and challenging environment. The Group's Statement of Financial Position reflects stable financial growth. Total resources as of March 31, 2015 amounted to Php229.69 billion posted an increase of 3.91% compared to Php221.04 billion as of December 31, 2014.

The Group shows steady liquid position as of March 31, 2015 by having its current assets at Php123.21 billion as against its current obligations at Php39.84 billion. Current assets posted an increase of 0.91% from December 31, 2014 balance of Php122.09 billion. Current obligations reflected an increase of 2.49% from December 31, 2014 balance of Php38.88 billion.

Cash and cash equivalents decreased by 1.77% from Php25.14 billion in 2014 to Php24.70 billion in 2015 due to capital expenditure and operating activities for business expansion. An increase of 2.29% from its current and non-current trade and other receivables – Php53.84 billion as of March 31, 2015 compared to Php52.63 billion as of December 31, 2014, was due to additional sales for the period. Residential, condominium units, golf and resort shares for sale increased by 3.47% from Php56.91 billion in 2014 to Php58.88 billion in 2015 mainly due to the additional construction cost attributable to on-going projects. Property development costs decreased by 4.16% from Php12.39 billion in 2014 to Php11.87 billion in 2015. Land for future development increased by 25.69% from Php13.21 billion in 2014 to Php16.61 billion in 2015 mainly due to additional acquisition of land and contribution of a new subsidiary. The Group's investments in available-for-sale securities increased by 15.36%, from Php6.15 billion in 2014 to Php7.09 billion in 2015 due to newly acquired investments. Investment property increased by 3.71% amounting to Php37.09 billion in March 31, 2015 from Php35.76 billion in December 31, 2014 due to completion of properties for lease.

Trade and other payables amounted to Php11.70 billion and Php10.62 billion as of March 31, 2015 and December 31, 2014, respectively. The increase of 10.13% was due to the increase in amounts payable to the Group's suppliers and contractors in relation to its real estate developments. Total customers' deposits current and non-current as of March 31, 2015 amounted to Php7.44 billion compared Php7.24 billion as of December 31, 2014 with 2.71% increase. The combined effect of current and non-current deferred income on real estate sales increased by 1.86% which amounted to Php10.04 billion as of March 31, 2015 compared to Php9.86 billion as of December 31, 2014.

The current and non-current interest-bearing loans and borrowings amounted to Php13.47 billion, resulting in a 53.87% increase from previous year-end's Php8.75 billion mainly due to availment of new loan. Total other liabilities amounted to Php3.88 billion from Php4.09 billion as of March 31, 2015 and December 31, 2014, respectively translating to a 5.21% decrease.

Total Equity (including non-controlling interests) increased by 1.83% from Php128.80 billion as of December 31, 2014 to Php131.15 billion as of March 31, 2015 due to the Group's continuous profitability.

The top five (5) key performance indicators of the Group are shown below:

	March 31, 2015	December 31, 2014
Current Ratio *1	3.09:1.00	3.14:1.00
Quick Ratio *2	0.62:1.00	0.65:1.00
Debt to Equity Ratio *3	0.29:1.00	0.26:1.00

	March 31, 2015	March 31, 2014
Return on Assets *4	1.04%	1.52%
Return on Equity *5	2.02%	2.83%

**1 – Current Assets / Current Liabilities*
**2 – Cash and Cash Equivalents / Current Liabilities*
**3 – Interest Bearing Loans and Borrowings and Bonds Payable / Equity*
**4 – Net Income / Average Total Assets*
**5 – Net Income / Average Equity (Computed using figures attributable only to parent company shareholders)*

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets and tapping business opportunities.

Material Changes in the Year 2015 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2014)

Statement of Financial Position

17.52% increase in financial assets at fair value through profit or loss
Due to increase in market value of financial assets

8.26% increase in prepayments and other assets – current and non-current
Due to increase in prepaid expenses

10.05% increase in advances to landowners and joint ventures
Due to additional advances made to landowner

25.69% increase in land for future development
Due to additional land acquisitions and contribution of new subsidiary

15.36% increase in investments in available-for-sale securities
Due to additional acquisition of investments

11.53% increase in deferred tax assets
Due to higher deferred tax assets on taxable temporary differences

53.87% increase in interest-bearing loans and borrowings – current and non-current
Due to availment of new loan

10.13% increase in trade and other payables
Due to higher payables to the Group's suppliers and contractors

11.78% decrease in income tax payable
Due to payment of prior year income tax due

(Increase/decrease of 5% or more versus March 31, 2014)

Statements of Income

14.41% increase in real estate sales
Due to higher sales recognized for the period

14.67% increase in interest income on real estate sales
Recognition of interest income from prior years' sales

15.98% increase in rental income
Due to escalation of rental rates and increase in demand for office space from BPO companies

70.59% increase in hotel operations income
Due to consolidation of a new subsidiary

90.43% decrease in equity share in net earnings of associates
Resulted from the reclassification of investment in associate as available-for-sale securities due to decrease in ownership

48.00% decrease in interest and other income-net
Mainly due to a one-time gain arising from the acquisition of a subsidiary in 2014

11.14% increase in cost of real estate sales
Due to increase in real estate sales

43.39% increase in hotel operations expenses
Due to consolidation of a new subsidiary

33.03% increase in operating expenses
Due to increase in other administrative and corporate overhead expenses and contribution from new subsidiaries

23.92% decrease in interest and other charges – net
Due to principal payment of borrowings

15.82% increase in tax expense
Due to higher taxable income and contributions from newly acquired subsidiaries

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change the reported financial information and condition on the Group.

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

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

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income or cash flows.

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosure required in the financial statements and should be read in conjunction with the Group's consolidated annual financial statements as of and for the year-ended December 31, 2014.

The accounting policies and methods of computation adopted in preparation of the Group's unaudited interim consolidated financial statements are the same with the most recent annual financial statements for the year-ended December 31, 2014.

There were no known material events subsequent to the end of the interim period that have not been reflected in the Group's Financial Statements for the first quarter of 2015.

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

There was no contingent liability reflected in the most recent annual financial statements, the same in the current year consolidated financial statements for the first quarter of 2015. There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its interim consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

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

MEGAWORLD CORPORATION AND SUBSIDIARIES
Aging of Accounts Receivables
March 31, 2015
(In thousand pesos)

EXHIBIT 7

Type of Receivables:	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
a. Trade and other receivables	53,836,075	51,992,793	1,072,845	417,335	250,335	102,767	-

EXHIBIT 8

MEGAWORLD CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
MARCH 31, 2015 AND DECEMBER 31, 2014

	MARCH 31, 2015	DECEMBER 31, 2014
Current ratio	3.09 :1.00	3.14 :1.00
Quick ratio	0.62 :1.00	0.65 :1.00
Debt-to-equity ratio	0.29 :1.00	0.26 :1.00
Interest-bearing debt to total capitalization ratio	0.25 :1.00	0.23 :1.00
Asset-to-equity ratio	1.75 :1.00	1.72 :1.00
		MARCH 31, 2014
Interest rate coverage ratio	721.60%	810.41%
Net profit margin	22.43%	27.07%
Return on assets	1.04%	1.52%
Return on equity	2.02%	2.83%

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.
Current ratio – computed as current assets divided by current liabilities
Quick ratio – computed as cash and cash equivalents divided by current liabilities

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term debt.
Debt to equity ratio – computed as interest bearing loans and borrowings and bonds payable divided by total stockholders' equity.
Interest-bearing debt to total capitalization ratio – computed as interest-bearing debt divided by interest-bearing debt+stockholders' equity attributable to the company's shareholders.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments. It is computed as Earnings before income tax and interest expense (EBIT) divided by interest payments.

PROFITABILITY RATIOS
Net profit margin – computed as net profit divided by revenues
Return on assets – net profit divided by average total assets
Return on equity – net profit attributable to the company's shareholders divided by average stockholders' equity attributable to the company's shareholders.