

# 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, 2020
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  
30th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio,  
Taguig City  
Postal Code  
1634
8. Issuer's telephone number, including area code  
(632) 8894-6300/6400
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	32,056,275,872
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:  
Philippine Stock Exchange - Common and Preferred Shares
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

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



MEGAWORLD

## 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, 2020
Currency (indicate units, if applicable)	Php (In Thousands)

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2020	Dec 31, 2019
<b>Current Assets</b>	195,507,496	190,506,161
<b>Total Assets</b>	358,117,660	349,633,075
<b>Current Liabilities</b>	58,630,917	57,544,518
<b>Total Liabilities</b>	150,158,657	144,767,552
<b>Retained Earnings/(Deficit)</b>	126,782,325	123,270,890
<b>Stockholders' Equity</b>	207,959,003	204,865,523
<b>Stockholders' Equity - Parent</b>	181,352,758	178,464,085
<b>Book Value per Share</b>	5.71	5.61

**Income Statement**

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	14,394,731	13,974,165	14,394,731	13,974,165
Gross Expense	9,164,938	8,362,724	9,164,938	8,362,724
Non-Operating Income	686,297	931,945	686,297	931,945
Non-Operating Expense	722,917	1,018,494	722,917	1,018,494
Income/(Loss) Before Tax	5,193,173	5,524,892	5,193,173	5,524,892
Income Tax Expense	1,392,289	1,408,610	1,392,289	1,408,610
Net Income/(Loss) After Tax	3,800,884	4,116,282	3,800,884	4,116,282
Net Income Attributable to Parent Equity Holder	3,506,985	3,836,307	3,506,985	3,836,307
Earnings/(Loss) Per Share (Basic)	0.11	0.12	0.11	0.12
Earnings/(Loss) Per Share (Diluted)	0.11	0.12	0.11	0.12

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.53	0.48
Earnings/(Loss) Per Share (Diluted)	0.53	0.48

**Other Relevant Information**

To update the fiscal year ended from March 31, 2019 to December 31, 2019.

**Filed on behalf by:**

Name	Christopher Rodriguez
Designation	Vice President

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 2020**
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. **30<sup>th</sup> Floor, Alliance Global Tower**  
**36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue**  
**Uptown Bonifacio, Taguig City 1634**  
Address of issuer's principal office
8. **(632) 8894-6300/6400**  
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
<b>Common</b>	<b>32,056,275,872</b>
<b>Preferred</b>	<b>6,000,000,000</b>
<b>Total</b>	<b>38,056,275,872</b>

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

Yes  No

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

**Philippine Stock Exchange - Common and Preferred Shares**

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  No

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

Yes

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, 2019 and March 31, 2020

Exhibit 2 - Consolidated Statements of Income for the periods ended March 31, 2020 and March 31, 2019

Exhibit 3 - Consolidated Statements of Changes in Equity as of March 31, 2020 and March 31, 2019

Exhibit 4 - Consolidated Statements of Cash Flow as of March 31, 2020 and March 31, 2019

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  
June 29, 2020

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

**EXHIBIT 1**

	Unaudited March 31, 2020	Audited December 31, 2019
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 25,727,244	P 23,104,876
Trade and other receivables - net	33,426,805	33,011,950
Contract assets	11,149,154	10,857,180
Inventories	103,987,173	102,845,391
Advances to contractors and suppliers	12,358,453	12,269,532
Prepayments and other current assets	8,858,667	8,417,232
	<b>195,507,496</b>	<b>190,506,161</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables - net	12,515,956	11,797,389
Contract assets	8,018,309	7,785,825
Advances to contractors and suppliers	4,043,333	3,044,295
Advances to landowners and joint operators	7,099,770	7,058,884
Financial assets at fair value through other comprehensive income	3,966,258	4,498,220
Investments in associates -net	3,514,887	3,511,502
Investment properties - net	112,711,532	110,890,939
Property and equipment - net	6,794,265	6,702,251
Deferred tax assets - net	309,002	308,797
Other non-current assets - net	3,636,852	3,528,812
	<b>162,610,164</b>	<b>159,126,914</b>
<b>TOTAL ASSETS</b>	<b>P 358,117,660</b>	<b>P 349,633,075</b>

	Unaudited March 31, 2020	Audited December 31, 2019
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	P 13,897,881	P 14,502,531
Trade and other payables	19,975,243	19,306,783
Contract liabilities	1,879,407	1,703,947
Customers' deposits	10,616,813	10,716,803
Redeemable preferred shares	251,598	251,598
Advances from associates and other related parties	2,787,343	2,914,883
Income tax payable	213,409	257,777
Other current liabilities	9,009,223	7,890,196
	58,630,917	57,544,518
Total Current Liabilities		
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing loans and borrowings	40,257,009	36,753,944
Bonds payable	24,702,638	24,623,884
Contract liabilities	3,478,842	3,509,608
Customers' deposits	2,528,207	3,083,065
Redeemable preferred shares	503,195	503,195
Deferred tax liabilities - net	11,324,186	10,729,269
Retirement benefit obligation	1,275,734	1,249,575
Other non-current liabilities	7,457,929	6,770,494
	91,527,740	87,223,034
Total Non-current Liabilities		
Total Liabilities	150,158,657	144,767,552
<b>EQUITY</b>		
Total equity attributable to the Company's shareholders	181,352,758	178,464,085
Non-controlling interests	26,606,245	26,401,438
	207,959,003	204,865,523
Total Equity		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 358,117,660</b>	<b>P 349,633,075</b>

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

**EXHIBIT 2**

	2020 Unaudited Jan 1 -Mar 31	2019 Unaudited Jan 1 -Mar 31
<b>REVENUES AND INCOME</b>		
Real estate sales	P 9,610,307	P 9,474,233
Rental income	4,233,483	3,925,469
Hotel operations	550,941	574,463
Equity in net earnings of associates	3,385	23,048
Interest and other income - net	<u>682,912</u>	<u>908,897</u>
	<u>15,081,028</u>	<u>14,906,110</u>
<b>COSTS AND EXPENSES</b>		
Cost of real estate sales	5,264,222	5,107,098
Hotel operations	332,059	327,812
Operating expenses	3,568,657	2,927,814
Interest and other charges - net	722,917	1,018,494
Tax expense	<u>1,392,289</u>	<u>1,408,610</u>
	<u>11,280,144</u>	<u>10,789,828</u>
<b>NET PROFIT FOR THE PERIOD</b>	<b><u>P 3,800,884</u></b>	<b><u>P 4,116,282</u></b>
<b>Net profit attributable to:</b>		
Company's shareholders	P 3,506,985	P 3,836,307
Non-controlling interests	<u>293,899</u>	<u>279,975</u>
	<b><u>P 3,800,884</u></b>	<b><u>P 4,116,282</u></b>
<b>Earnings Per Share :</b>		
Basic	<u>P 0.110</u>	<u>P 0.121</u>
Diluted	<u>P 0.110</u>	<u>P 0.120</u>



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

	2020 Unaudited Jan 1 - Mar 31	2019 Unaudited Jan 1 - Mar 31
<b>NET PROFIT FOR THE PERIOD</b>	P 3,800,884	P 4,116,282
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that will not be reclassified</b>		
<b>subsequently to consolidated profit or loss:</b>		
Fair value gains (losses) on financial assets at fair value through other comprehensive income	( 542,466 )	451,441
<b>Items that will be reclassified</b>		
<b>subsequently to consolidated profit or loss:</b>		
Unrealized loss on cash flow hedge	( 39,702 )	( 99,621 )
Exchange difference on translating foreign operations	8,597	45,357
	( 31,105 )	( 54,264 )
<b>Total Other Comprehensive Income (Loss)</b>	( 573,571 )	397,177
<b>TOTAL COMPREHENSIVE INCOME</b>		
<b>FOR THE PERIOD</b>	<u>P 3,227,313</u>	<u>P 4,513,459</u>
<b>Total comprehensive income attributable to:</b>		
Company's shareholders	3,029,691	4,233,484
Non-controlling interests	197,622	279,975
	<u>P 3,227,313</u>	<u>P 4,513,459</u>

**EXHIBIT 3****MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In thousand pesos)

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	Unaudited March 31, 2020	Unaudited March 31, 2019
<b>CAPITAL STOCK</b>	P 32,430,866	P 32,430,866
<b>ADDITIONAL PAID-IN CAPITAL</b>	16,660,844	16,657,991
<b>TREASURY SHARES - AT COST</b>	( 780,642 )	( 633,722 )
<b>TRANSLATION RESERVES</b>	( 374,232 )	( 335,081 )
<b>REVALUATION RESERVES</b>	( 3,604,302 )	( 2,712,044 )
<b>PERPETUAL CAPITAL SECURITIES</b>	10,237,899	10,237,899
<b>RETAINED EARNINGS</b>	126,782,325	112,100,118
<b>NON-CONTROLLING INTERESTS</b>	<u>26,606,245</u>	<u>25,106,507</u>
<b>TOTAL EQUITY</b>	<u>P 207,959,003</u>	<u>P 192,852,534</u>

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

**EXHIBIT 4**

	Unaudited March 31, 2020	Unaudited March 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	P 5,193,173	P 5,524,892
Adjustments for:		
Depreciation and amortization	756,922	611,833
Interest and other charges	473,141	456,777
Interest and other income	( 505,930 )	( 661,357 )
Employee share options	5,482	5,689
Equity in net earnings of associates	( 3,385 )	( 23,048 )
Operating profit before working capital changes	5,919,403	5,914,786
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	( 4,311,442 )	( 2,134,325 )
Increase in current and non-current liabilities	2,027,425	2,341,523
Cash generated from operations	3,635,386	6,121,984
Cash paid for income taxes	( 809,952 )	( 844,286 )
<b>NET CASH FROM OPERATING ACTIVITIES</b>	2,825,434	5,277,698
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	( 1,754,014 )	( 2,960,708 )
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	1,550,948	( 3,591,406 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,622,368	( 1,274,416 )
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	23,104,876	17,543,095
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	P 25,727,244	P 16,268,679

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
*(A Subsidiary of Alliance Global Group, Inc.)*  
**NOTES TO INTERIM FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
**(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, condominium-hotel projects as well as office projects and retail spaces.

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

On June 27, 2017, the Philippine Securities and Exchange Commission (SEC) approved the change in the Company's registered office and principal place of business from 28<sup>th</sup> Floor, The World Centre, Sen. Gil Puyat Avenue, Makati City to 30<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City. The related approval from the Bureau of Internal Revenue (BIR) was obtained on July 17, 2017.

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 food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses. AGI's registered office, which is also its primary place of business, is located at the 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

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

Subsidiaries	Effective Percentage of Ownership	
	March 2020	December 2019
<b>Subsidiaries:</b>		
Prestige Hotels and Resorts, Inc. (PHRI)	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%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		March 2020	December 2019
<b>Subsidiaries:</b>			
Arcovia Properties, Inc. (API)		100%	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	100%	100%
Streamwood Property, Inc. (SP)	(a)	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		100%	100%
Luxury Global Malls, Inc. (LGMI)		100%	100%
Davao Park District Holdings, Inc. (DPDHI)		100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		100%	100%
Global One Hotel Group, Inc. (GOHGI)		100%	100%
Landmark Seaside Properties, Inc. (LSPI)		100%	100%
San Vicente Coast, Inc. (SVCI)	(a)	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)	(b)	100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(b)	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(b)	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(c)	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		75%	75%
La Fuerza, Inc. (LFI)		66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)		60%	60%
Northwin Properties, Inc. (NWPI)	(a)	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, d)	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(e)	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		50%	50%
Integrated Town Management Corporation (ITMC)		50%	50%
Maple Grove Land, Inc. (MGLI)	(a)	50%	50%
Megaworld Land, Inc. (MLI)		100%	100%
City Walk Building Administration, Inc. (CBAI)	(f)	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(f)	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(f)	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(f)	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(f)	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(f)	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(f)	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(f)	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(f)	100%	100%
Suntrust Properties, Inc. (SPI)		100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		100%	100%
Governor's Hills Science School, Inc. (GHSSI)		100%	100%
Sunrays Property Management, Inc. (SPMI)		100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	100%	100%
Stateland, Inc. (STLI)	(g)	96.87%	96.87%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		March 2020	December 2019
<b>Subsidiaries:</b>			
Global-Estate Resorts, Inc. (GERI)		82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)	(h)	82.32%	82.32%
Southwoods Mall, Inc. (SMI)		91.09%	91.09%
Megaworld Global-Estate, Inc. (MGEI)		89.39%	89.39%
Twin Lakes Corporation (TLC)		90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)	(i)	90.99%	90.99%
Fil-Estate Properties, Inc. (FEPI)		82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	82.32%	82.32%
La Compañía De Sta. Barbara, Inc. (LCSBI)		82.32%	82.32%
MCX Corporation (MCX)	(a)	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		45.28%	45.28%
Fil-Estate Golf and Development, Inc. (FEGDI)		82.32%	82.32%
Golforce, Inc. (Golforce)		82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)		82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)		82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	81.73%	81.73%
20 <sup>th</sup> Century Nylon Shirt, Inc. (CNSI)	(a)	81.73%	81.73%
Laguna BelAir School, Inc. (LBASI)		59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	32.69%	32.69%
Megaworld Resort Estates, Inc. (MREI)		51%	51%
Townsquare Development, Inc. (TDI)		30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		30.60%	30.60%
<b>Associates:</b>			
Bonifacio West Development Corporation (BWDC)		46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	40%	40%
Suntrust Home Developers, Inc. (SHDI)	(k)	34%	34%
First Oceanic Property Management, Inc. (FOPMI)	(l)	8.16%	8.16%
Citylink Coach Services, Inc. (CCSI)	(l)	8.16%	8.16%

Associates	Explanatory Notes	Effective Percentage of Ownership	
		March 2020	December 2019
<b>Associates:</b>			
GERI			
Fil-Estate Network, Inc. (FENI)		16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)		16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)		16.46%	16.46%
Fil-Estate Realty Corp. (FERC)		16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		11.52%	11.52%

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations as at March 31, 2020.
- (b) HLCI, SHMI, and SHM were incorporated in 2018 and are engaged in hotel operations.
- (c) As at March 31, 2020, the Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.
- (d) As at March 31, 2020, the Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.
- (e) In 2018, the Company subscribed to additional shares of MBPHI amounting to P1.7 million increasing its effective ownership to 68.03%, which consists of 67.43% and 0.60% indirect ownership from TIHGI.
- (f) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLI, their immediate parent company.
- (g) In 2018, SPI and the Company acquired shares of STLI resulting into 96.87% effective ownership over STLI consisting of 17.40% direct ownership and 79.47% indirect ownership through SPI.
- (h) In 2018, GERI acquired shares of ECPSI, and TLHI through TLC resulting into 100% and 90.99% effective ownership over ECPSI and TLHI, respectively.
- (i) In 2018, the Company acquired shares of TLC increasing its effective ownership to 90.99%, which consists of 49% direct ownership and 41.99% indirect ownership from GERI. In 2019, SHBI and BHBI were incorporated to operate and manage resort hotels.
- (j) PCMI is considered as an associate of the Company since 2015. The Company obtained de facto control over PCMI in 2018 by aligning their key executives and Boards of Directors (BODs). The acquisition was accounted for under the pooling-of-interest method of accounting; hence, no goodwill nor gain on acquisition was recognized. In January 2019, EELHI acquired additional shares of PCMI, increasing the effective ownership interest of the Company to 32.69%.
- (k) In 2019, the Company and TDI disposed certain number of shares over SHDI. In addition, the Company and a third party investor subscribed to the increase in capitalization over SHDI, the latter became the controlling shareholder. The foregoing transactions decreased the Company's effective ownership over SHDI to 34%.
- (l) In 2019 as a result of the Company's dilution of ownership interest over SHDI, the effective ownership of the Company over FOPMI and CCSI was also diluted to 8.16%.

Except for MCII and RHGI, all the subsidiaries and associates were incorporated and have their principal place of business in the Philippines. MCII was incorporated and has 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, 2020, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations and marketing services.

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

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

## **2. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

These interim condensed consolidated financial statements for the three months ended March 31, 2020 and 2019 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect 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 condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

## **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as at and for the year ended December 31, 2019.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the three months ended March 31, 2020 and as at December 31, 2019, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.



## 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 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 and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, 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.



## 5. EARNINGS PER SHARE

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

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Net profit attributable to Company's shareholders	<b>P 3,506,984,920</b>	P 3,836,307,059
Computed dividends on cumulative preferred shares series "A"	<u>( 149,180)</u>	<u>( 147,945)</u>
Profit available to Company's common shareholders	<b><u>P 3,506,835,740</u></b>	<b><u>P 3,836,159,114</u></b>
Divided by weighted average number of outstanding common shares	<u>31,796,379,539</u>	<u>31,819,445,872</u>
Basic EPS	<b><u>P 0.110</u></b>	<b><u>P 0.121</u></b>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<u>31,911,499,093</u>	<u>31,982,179,831</u>
Diluted EPS	<b><u>P 0.110</u></b>	<b><u>P 0.120</u></b>

## 6. 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.

## 7. SEASONAL FLUCTUATIONS

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

## 8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVOIC, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. 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.

### ***8.1 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, loans and bonds payable which have been used to fund new projects and 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.

### ***8.2 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. Most long-term borrowings are subject to fixed interest rate while other financial assets 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.

### ***8.3 Credit Risk***

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.

### ***8.4 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 nine-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.

### 8.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVOCI carried at fair value. 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.

## 9. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

### 9.1 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.

	<u>March 31, 2020 (Unaudited)</u>		<u>December 31, 2019 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b>Financial Assets</b>				
At amortized costs:				
Cash and cash equivalents	P 25,727,243,797	P 25,727,243,797	P 23,104,875,672	P 23,104,875,672
Trade and other receivables – net	45,942,760,305	47,104,850,338	44,809,339,363	45,942,760,305
Guarantee and other deposits	926,742,958	926,742,958	1,007,434,782	1,007,434,782
	<u>P 72,596,747,060</u>	<u>P 73,758,837,093</u>	<u>P 68,921,649,817</u>	<u>P 70,055,070,759</u>
Financial assets at FVOCI –				
Equity securities	<u>P 3,966,257,595</u>	<u>P 3,966,257,595</u>	<u>P 4,498,219,487</u>	<u>P 4,498,219,487</u>
<b>Financial Liabilities</b>				
At amortized cost:				
Interest-bearing				
loans and borrowings	P 54,154,889,756	P 52,582,845,815	P 51,256,475,989	P 50,192,028,027
Bonds payable	24,702,637,562	23,796,123,896	24,623,883,690	23,667,412,590
Redeemable preferred shares	754,792,740	754,792,740	754,792,740	754,792,740
Trade and other payables	18,220,697,606	18,220,697,606	17,584,893,153	17,584,893,153
Advances from associates and other related parties	2,787,343,539	2,787,343,539	2,914,882,801	2,914,882,801
Lease liabilities	649,680,013	649,680,013	653,588,108	653,588,108
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Other liabilities	4,661,117,136	4,661,117,136	3,727,360,098	3,727,360,098
	<u>P 107,045,823,360</u>	<u>P 104,567,265,753</u>	<u>P 102,630,541,587</u>	<u>P 100,609,622,525</u>
Financial liabilities at FVTPL –				
Derivative liabilities	<u>P 234,380,050</u>	<u>P 234,380,050</u>	<u>P 242,417,137</u>	<u>P 242,417,137</u>

### 9.2 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,
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. Except for Php30.63 million financial assets at FVOCI categorized in Level 3, all other financial assets at FVOCI are categorized in Level 1.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 10. OTHER MATTER

During the quarter, the Group and other businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. Governmental efforts being implemented to control the spread of the virus include travel bans, quarantines, social distancing and suspension of non-essential services. Work stoppage on construction sites and slowdown on the supply chain lead to delays on the targeted completion and turnover of projects. Community quarantine also requires temporary adjustment of mall operating hours and reduced foot traffic. Likewise, travel restrictions have resulted into a reduction in hotel occupancies.

The Group would continue to conduct its business while placing paramount consideration on the health and welfare of its employees, customers, and other stakeholders. The Group has implemented measures to mitigate the transmission of COVID-19, such as by adjusting operating hours, making hand sanitizers available within its properties, increasing the frequency of disinfection of facilities, limiting face-to-face meetings, requiring temperature checks for employees and customers, and implementing health protocols for employees. The Group has also activated business continuity plans, both at the corporate level and business operations level, and conducted scenario planning and analysis to activate contingency plans.

While management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19, the ultimate impact of the pandemic is highly uncertain and subject to change. The Group continuously monitors the impact of COVID-19 to its business segments and stakeholders.

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### 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, 2020 versus March 31, 2019

Property giant Megaworld, the country's pioneer and largest developer of townships, saw its net income decline by 7.66% to Php3.80 billion in the first quarter of 2020 from Php4.12 billion during the same period last year. Excluding a non-recurring gain of Php188.51 million in the first three months of 2019, core profit declined 3.23% year-on-year.

The Group's weaker earnings was traced to the Taal Volcano eruption and coronavirus pandemic affecting the residential and hotel businesses. Net income attributable to parent company stood at Php3.51 billion, lower by 8.58% from Php3.84 billion last year.

Megaworld's consolidated revenue slightly increased by 1.17% from Php14.91 billion in the first quarter of 2019 to Php15.08 billion during the same period this year.

**Development.** Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and commercial lots, comprising 63.72% of total revenues. Real estate sales remained steady with a 1.44% increase, amounting to Php9.61 billion and Php9.47 billion for the first quarter of the years 2020 and 2019, respectively. The Group's registered sales mostly came from the following projects: One Uptown Residence, Bayshore Residential Resort 1 & 2, One Eastwood Avenue Tower 1 & 2, Grand Westside Hotel, Manhattan Plaza Tower 1, Uptown Parksuites Tower 1 & 2, Gentry Manor, Manhattan Heights Tower B & C, San Antonio Residence, One Manchester Place, Kingsford Hotel, The Florence, Park Mckinley West and Maple Grove Commercial District.

**Leasing.** The Group's rental businesses, comprising of office and lifestyle mall leasing, registered a 7.85% increase in the first quarter of the year, reaching Php4.23 billion in 2020 from the previous year's Php3.93 billion. This contributed 28.07% of the total consolidated revenues for the first three months of the year.

**Hotel Operations.** The Group's revenues attributable to hotel operations posted an amount of Php550.94 million during the first quarter of 2020 with a decrease of 4.09% from Php574.46 million for the same period last year.

Total costs and expenses amounted to Php11.28 billion, an increase by 4.54% from Php10.79 billion last year. Interest and other charges – net decreased by 29.02%, amounting to Php722.92 million this year from Php1.02 billion in 2019. Tax expense in 2020 amounting to Php1.39 billion resulted to a decrease of 1.16% from 2019 reported amount of Php1.41 billion due to lower 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 Statements of Financial Position reflects stable financial growth. Total resources as at March 31, 2020 amounted to Php358.12 billion, posting an increase of 2.43% compared to Php349.63 billion as at December 31, 2019.

The Group shows steady liquid position as at March 31, 2020 by having its current assets at Php195.51 billion as against its current obligations at Php58.63 billion. Current assets posted an increase of 2.63% from December 31, 2019 balance of Php190.51 billion. Current obligations reflected an increase of 1.89% from December 31, 2019 balance of Php57.54 billion.

Cash and cash equivalents increased by 11.35% from Php23.10 billion in 2019 to Php25.73 billion in 2020. Current and non-current trade and other receivables – net increased by 2.53%, amounting to Php45.94 billion as at March 31, 2020 compared to Php44.81 billion as at December 31, 2019. Contract assets increased by 2.81%, amounting to Php19.17 billion as at March 31, 2020 compared to Php18.64 billion as at December 31, 2019. Inventories increased by 1.11% from Php102.85 billion in 2019 to Php103.99 billion in 2020. This includes raw land for residential development and property development cost reclassified due to adoption PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 1.64% amounting to Php112.71 billion in March 31, 2020 from Php110.89 billion in December 31, 2019. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php19.98 billion and Php19.31 billion as at March 31, 2020 and December 31, 2019, respectively, reflecting a 3.46% increase. Contract liabilities increased by 2.78%, amounting to Php5.36 billion as at March 31, 2020 compared to Php5.21 billion as at December 31, 2019. Total current and non-current customers' deposits as at March 31, 2020 amounted to Php13.15 billion compared Php13.80 billion as at December 31, 2019 with 4.75% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php54.15 billion and Php51.26 billion for March 31, 2020 and December 31, 2019, respectively, reflecting a 5.65% increase. Bonds payable slightly increased by 0.32%, amounting to Php24.70 billion as at March 31, 2020 compared to Php24.62 billion as at December 31, 2019. Total other liabilities amounted to Php16.47 billion from Php14.66 billion as at March 31, 2020 and December 31, 2019, respectively, translating to an increase of 12.32%.



Total Equity (including non-controlling interests) increased by 1.51% from Php204.87 billion as at December 31, 2019 to Php207.96 billion as at March 31, 2020.

The top four (4) key performance indicators of the Group are shown below:

	March 31, 2020	December 31, 2019
Current Ratio *1	3.33:1.00	3.31:1.00
Debt to Equity Ratio *2	0.38:1.00	0.37:1.00

	March 31, 2020	March 31, 2019
Return on Assets *3	1.07%	1.27%
Return on Equity *4	1.95%	2.31%

\*1 – *Current Assets / Current Liabilities*

\*2 – *Interest Bearing Loans and Borrowings and Bonds Payable / Equity*

\*3 – *Net Profit / Average Total Assets*

\*4 – *Net Profit / 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 2020 Financial Statements (Increase/decrease of 5% or more versus December 31, 2019)**

#### **Statements of Financial Position**

11.35% increase in cash and cash equivalents

Mainly pertains to higher cash that is generated internally and availment of new loan during the year

7.10% increase in advances to contractors and suppliers

Represents advance payments to contractors and suppliers

11.83% decrease in financial assets at fair value through other comprehensive income

Due to changes in the fair value of shares

5.65% increase in interest-bearing loans and borrowings

Due to availment of new loan during the year

17.21% decrease in income tax payable

Mainly due to lower taxable income

5.54% increase in deferred tax liabilities – net

Pertains to tax effects of taxable and deductible temporary differences

12.32% increase in other liabilities – net

Mainly contributed by additional security deposits and advance rent from new tenants

*(Increase/decrease of 5% or more versus March 31, 2019)*

**Statements of Income**

7.85% increase in rental income

Due to aggressive expansion of the Group's leasing portfolio, escalation of rental rates and high demand for office space from BPO Companies

85.31% decrease in equity share in net earnings of associates

Mainly due to decrease in net income of associates

24.86% decrease in interest and other income – net

Mainly due to non-recurring gain recognized in prior year

21.89% increase in operating expenses

Due to increase in other administrative and corporate overhead expenses

29.02% decrease in interest and other charges-net

Due to higher loss on cancellation and other miscellaneous charges recognized in prior year

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.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at the first quarter of 2020.

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 statement, the same in the current year consolidated financial statements as at the first quarter of 2020. There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

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

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

MEGAWORLD CORPORATION AND SUBSIDIARIES

EXHIBIT 7

Aging of Accounts Receivables

March 31, 2020

(In thousand pesos)

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
Type of Receivables:							
a. Trade and other receivables	<u>45,942,761</u>	<u>43,506,530</u>	<u>1,085,532</u>	<u>523,690</u>	<u>561,670</u>	<u>265,339</u>	<u>-</u>

**MEGAWORLD CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
 March 31, 2020 and December 31,2019

**EXHIBIT 8**

<b>Ratio</b>	<b>Formula</b>	<b><u>March 31, 2020</u></b>	<b><u>December 31 ,2019</u></b>
Current ratio	Current assets / Current liabilities	3.33	3.31
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.56	1.52
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds payable )	0.38	0.37
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.72	1.71
			<b><u>March 31 ,2019</u></b>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable )	0.08	0.09
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	5.32	5.45
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.02	0.02
Return on assets	Net profit/ Average total assets	0.01	0.01
Net profit margin	Net profit / Total revenues	0.25	0.28