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 2012**

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	**25,663,541,268**
Preferred	**6,000,000,000**
Total	**31,663,541,268**

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, 2011 and March 31, 2012
Exhibit 2 - Consolidated Statements of Income for the periods ended March 31, 2012 and March 31, 2011
Exhibit 3 - Consolidated Statements of Changes in Equity as of March 31, 2012 and March 31, 2011
Exhibit 4 - Consolidated Statements of Cash Flows as of March 31, 2012 and March 31, 2011
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.

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 15, 2012

EXHIBIT 1

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Unaudited 31-Mar-12		Audited 31-Dec-11	
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	P	30,508,618	P	30,324,479
Trade and other receivables - net		16,753,878		17,178,451
Financial assets at fair value through profit or loss		132,898		109,203
Residential and condominium units for sale		19,827,902		19,497,663
Property development costs		7,692,591		8,753,452
Prepayments and other current assets - net		1,409,767		1,801,124
Total Current Assets		76,325,654		77,664,372
NON-CURRENT ASSETS				
Trade and other receivables - net		24,086,841		20,209,042
Advances to landowners and joint ventures		3,848,160		3,888,345
Land for future development		4,646,228		4,366,523
Investment in available-for-sale securities		3,013,346		2,591,748
Investments in and advances to associates and other related parties - net		6,182,059		6,745,964
Investment property - net		13,737,118		12,372,291
Property and equipment - net		551,590		540,860
Deferred tax assets		10,322		7,334
Other non-current assets		1,235,435		609,048
Total Non-current Assets		57,311,099		51,331,155
TOTAL ASSETS	P	133,636,753	P	128,995,527

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

EXHIBIT 1

(In Thousands)

	Unaudited 31-Mar-12		Audited 31-Dec-11	
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	P	1,778,281	P	1,879,293
Trade and other payables		9,322,494		7,296,966
Customers' deposits		3,944,478		3,610,212
Reserve for property development		6,088,202		5,107,726
Deferred Income on real estate sales		3,851,400		3,446,836
Income tax payable		50,593		36,898
Other current liabilities		1,618,673		1,778,497
Total Current Liabilities		26,654,121		23,156,428
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		4,952,755		5,288,591
Bonds payable		13,543,203		13,538,914
Customers' deposits		1,340,247		456,004
Reserve for property development		3,163,791		3,719,082
Deferred income on real estate sales		1,707,558		1,809,305
Deferred tax liabilities - net		5,193,660		5,112,896
Advances from other related parties		192,948		210,242
Retirement benefit obligation		284,255		285,422
Other non-current liabilities		1,923,388		2,646,538
Total Non-current Liabilities		32,301,805		33,066,994
Total Liabilities		58,955,926		56,223,422
EQUITY				
Equity attributable to parent company's shareholders		62,940,224		60,956,151
Non-controlling interest		11,740,603		11,815,954
Total Equity		74,680,827		72,772,105
TOTAL LIABILITIES AND EQUITY	P	133,636,753	P	128,995,527

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

EXHIBIT 2

(In Thousands)

	2012 Unaudited Jan 1 - Mar 31		2011 Unaudited Jan 1 - Mar 31	
REVENUES				
Real estate sales	P	4,172,181	P	3,354,753
Interest income on real estate sales		322,281		236,182
Realized gross profit on prior years' sales		737,938		794,676
Rental Income		949,555		809,017
Hotel operations		113,232		86,743
Equity share in net earnings of associates, interest and other income		705,248		444,235
		7,000,435		5,725,606
COSTS AND EXPENSES				
Real estate sales		2,617,510		2,117,524
Deferred gross profit		945,387		1,082,812
Hotel operations		65,277		50,445
Operating expenses		1,080,732		676,568
Interest and other charges - net		261,015		136,272
Income tax expense		446,160		410,038
		5,416,081		4,473,659
NET INCOME BEFORE PREACQUISITION INCOME OF A SUBSIDIARY		1,584,354		1,251,947
PREACQUISITION INCOME OF A SUBSIDIARY		-		6,133
NET INCOME		1,584,354		1,245,814
Attributable to:				
Parent company's shareholders		1,557,000		1,234,039
Non-controlling interest		27,354		11,775
		1,584,354		1,245,814
Earnings Per Share	P	0.062	P	0.049

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	2012 Unaudited Jan 1 - Mar 31		2011 Unaudited Jan 1 - Mar 31	
NET INCOME FOR THE PERIOD	P	1,584,354	P	1,245,814
Other comprehensive income				
Net unrealized gain (loss) on available-for-sale financial assets		451,374		(267,127)
Translation Adjustment		(43,425)		(25,687)
Share in other comprehensive income (loss) of associates		-		(38,608)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	P	1,992,303	P	914,392
Total comprehensive income attributable to:				
Equity holders of the parent		1,964,949		902,617
Non-controlling interest		27,354		11,775
	P	1,992,303	P	914,392

EXHIBIT 3

MEGAWORLD CORPORATION & SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

		Unaudited 31-Mar-12		Unaudited 31-Mar-11
CAPITAL STOCK	P	25,848,327	P	25,829,204
ADDITIONAL PAID-IN CAPITAL		8,432,990		8,432,990
TREASURY SHARES	(	1,188,837)	(	633,722)
NET UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE-FINANCIAL ASSETS		572,578		3,432,702
ACCUMULATED TRANSLATION ADJUSTMENT	(	304,726)	(	278,022)
RETAINED EARNINGS		29,579,892		21,830,445
NON-CONTROLLING INTEREST		11,740,603		973,013
TOTAL EQUITY	P	74,680,827	P	59,586,610

EXHIBIT 4

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS

(In Thousands)

	Unaudited 31-Mar-12	Unaudited 31-Mar-11
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 2,030,514	P 1,661,984
Adjustments for:		
Depreciation and amortization	162,049	119,807
Dividend income	(338)	-
Interest expense	236,687	128,379
Interest income	(480,779)	(211,996)
Fair value gains - net	(22,717)	-
Equity in net (earnings) losses of associates	(108,209)	(140,221)
Operating income before working capital changes	1,817,207	1,557,953
Net Changes in Operating Assets & Liabilities		
Increase current & non-current assets	(2,291,060)	(4,587,310)
Increase in current & other current Liabilities	2,662,713	4,150,516
Increase in reserve for property development	425,186	559,986
Cash generated from operations	2,614,046	1,681,145
Cash paid for income taxes	(354,689)	(410,038)
NET CASH FROM OPERATING ACTIVITIES	2,259,357	1,271,107
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(1,425,094)	356,233
CASH FLOWS FROM USED IN FINANCING ACTIVITIES	(650,124)	(497,909)
NET INCREASE IN CASH AND CASH EQUIVALENTS	184,139	1,129,431
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,324,479	22,031,585
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P 30,508,618	P 23,161,016

EXHIBIT 5

MEGAWORLD CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(UNAUDITED)

(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Company or parent company) holds interests in the following subsidiaries and associates:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 2012	2011
Subsidiaries:			
Megaworld Land, Inc. (MLI)		**100%**	100%
Prestige Hotels and Resorts, Inc. (PHRI)	(a)	**100%**	100%
MactanOceanview Properties and Holdings, Inc. (MOPHI)		**100%**	100%
Megaworld Cayman Islands, Inc. (MCII)		**100%**	100%
Richmonde Hotel Group International (RHGI)		**100%**	100%
Eastwood Cyber One Corporation (ECOC)		**100%**	100%
Forbes Town Properties and Holdings, Inc. (FTPHI)		**100%**	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		**100%**	100%
Oceantown Properties, Inc. (OPI)		**100%**	100%
Piedmont Property Ventures, Inc. (PPVI)	(b)	**100%**	100%
Stonehaven Land, Inc. (SLI)	(b)	**100%**	100%
Streamwood Property, Inc. (SP)	(b)	**100%**	100%
Suntrust Properties, Inc. (SPI)	(c)	**82.45%**	82.45%
Empire East Land Holdings, Inc. and subsidiaries (EELHI)	(d)	**61.13%**	61.13%
Megaworld-Daewoo Corporation (MDC)		**60%**	60%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(e)	**55%**	55%
Megaworld Central Properties, Inc. (MCPI)		**51%**	51%
Megaworld Resort Estates, Inc. (MREI)	(f)	**51%**	51%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%
Philippine International Properties, Inc. (PIPI)	(g)	**50%**	50%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(h)	**46.45%**	46.45%
Townsquare Development, Inc. (TDI)	(i)	**31%**	31%
Associates:			
Suntrust Home Developers, Inc. (SHDI)		**42.48%**	42.48%
Palm Tree Holdings and Development Corporation (PTHDC)		**40%**	40%
Megaworld Global Estates, Inc. (MGEI)	(l)	**40%**	40%
Alliance Global Properties Ltd. (AGPL)	(j)	**39.44%**	39.44%
Travellers International Hotel Group, Inc. (TIHGI)	(k)	**10%**	10%

Explanatory Notes:

(a) Wholly owned subsidiary of MLI.

(b) Acquired subsidiaries in 2008 but have not yet started commercial operations as of March 31, 2012.

(c) In March 2011, the Company acquired 59% ownership in SPI. On March 31, 2012, the Company held a 42.48% share in SHDI and a 61.13% share in EELHI. However, since SHDI and EELHI in turn own 8% and 33% of SPI, respectively, this results to an additional indirect ownership of 23.5%. As a result, the Company owns SPI by 82.45%.

(d) On various dates in 2011, the Company acquired an additional 12.75% ownership in EELHI, thereby making EELHI a subsidiary of the Company. As of March 31, 2012, the Company's ownership in EELHI stands at 61.13%.

(e) MBPHI was incorporated in October 2011 and has not yet started commercial operations as of March 31, 2012. MBPHI is also 50% owned by TIHGI, thereby increasing the Company's ownership to 55%. TIHGI is 10% owned by the Company.

(f) MREI was incorporated in 2007. MREI owns 60% of TDI as of March 31, 2012 resulting in the Company's indirect interest of 31% of TDI.

(g) PIPI was incorporated in 2002 and acquired by the Company in 2006; has not yet started commercial operations as of March 31, 2012.

(h) In November 2007, MREI acquired 100% ownership in GPMAI which resulted in the Company's indirect interest of 51% as of December 31, 2007. In 2008, MREI's ownership in GPMAI decreased to 60%; it further decreased to 28.85% in 2010. GPMAI was consolidated starting 2007 up to 2009; in 2010, it was deconsolidated and treated as an associate of the Group. As of March 31, 2012, EELHI has a 51.92% ownership in GPMAI bringing the Company's indirect ownership to 46.45%. Consequently, GPMAI became a subsidiary of the Company through EELHI, its intermediate parent company.

(i) TDI was incorporated in 2006 and is owned by MREI at 60%. In this regard, the Company has indirect interest in TDI of 31%.

(j) In February 2009, RHGI acquired 44.34% ownership in AGPL, which resulted in the Company's indirect interest of 44.34% as of December 31, 2009. In October 2010, AGPL issued additional shares of stock which resulted in the decrease in RHGI's ownership in AGPL to 39.44%. AGPL is considered as an associate due to the Company's significant influence, but not control, on AGPL.

(k) TIHGI was incorporated in 2003 and started commercial operations in August 2009. In 2008, the Company acquired 10% ownership in TIHGI through a share swap agreement. In August 2010, the Company's investment in TIHGI was converted to 10.0 million common shares and 990.0 million preferred shares of TIHGI. Subsequently, in November 2010, TIHGI redeemed the 430.0 million preferred shares held by the Company. The conversion of common shares and the redemption of preferred shares did not change the Company's ownership in TIHGI. Although the Company's percentage ownership is only 10%, TIHGI was considered as an associate due to the Company's significant influence on TIHGI.

(l) MGEI was registered with the Securities and Exchange Commission on March 14, 2011 and has not yet started commercial operations as of March 31, 2012.

Except for MCII, RHGI and AGPL, all the subsidiaries and associates were incorporated in the Philippines and operate within the country. MCII and AGPL were incorporated and operate in the Cayman Islands while RHGI was incorporated and operates in the British Virgin Islands.

The Company and its subsidiaries collectively, except for MBPHI, MGEI, PIPI, PPVI, SLI and SP, which are not yet in commercial operations as of March 31, 2012, are presently engaged in the real estate business, hotel operations and marketing services.

EELHI and SHDI are publicly listed companies in the Philippines.

Alliance Global Group, Inc. (AGI), a publicly listed company in the Philippines, is the Group's ultimate parent company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Consolidated Financial Statements

These interim consolidated financial statements are for the three months ended March 31, 2012 and 2011. They have been prepared in accordance with PAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with PFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2011.

The preparation of interim consolidated financial statements in accordance with 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 Company's functional currency, and all values represent absolute amounts except when otherwise indicated

2.2 Impact of New Standards, Amendments and Interpretations to Existing Standards

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, 2011 except for the adoption of

PFRS 13	:	Fair Value Measurement
IFRIC 15	:	Agreements for construction
PFRS 9	:	Financial Instruments: Classification

Below is a discussion of the possible impact of these accounting standards.

(i) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

(ii) 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 the Philippine Securities and Exchange Commission after giving due considerations on various application issues and the implication on this interpretation of the IASB's on-going revision of the Revenue Recognition standard. 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 upon completion or after delivery. The Company is currently evaluating the impact of this interpretation on its financial statements in preparation for its adoption when this becomes mandatorily effective in the Philippines.

(iii) PFRS 9, Financial Instruments: Classification and Measurement (effective January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standards have been published. Nevertheless, management is currently assessing the impact of PFRS 9 on the financial statements of the Group and is committed to conduct a comprehensive study of the potential impact of this standard to assess the impact of all changes.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical 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 consolidated financial statements:

(a) Impairment of Investment 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 in operational and financing cash flows.

(b) Distinction Between Investment Property and Owner-Occupied 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 generate 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) *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 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 financial year.

(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 and Condominium Units for Sale and Property Development Costs*

In determining the net realizable value of residential and condominium units for sale and property development costs, 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 and uncertainty and may cause significant adjustments to the Group's Residential and Condominium Units for Sale and Property Development Costs within the next financial year.

(c) *Principal Assumptions for Management's Estimation of Fair Value*

Investment Property is 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 investment property is not available. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the 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.

(d) 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 property 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 property is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment property would increase recorded operating expenses and decrease non-current assets.

(e) Allowance for Impairment of Trade and Other Receivables

Allowance is made for specific and groups of accounts, where an objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, 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.

(f) 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.

(g) 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 *(h) Impairment of Non-financial Assets*

Management believes that the assumptions used in the estimation of fair values reflected in the consolidated 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.

(i) Post-employment Benefit

The determination of the Group's obligation and cost of post-employment benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in such future periods.

4. SEGMENT INFORMATION

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 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.

The following tables present revenue and profit information regarding industry segments for the three months ended March 31, 2012 and 2011 and certain asset and liability information regarding segments as at March 31, 2012 and December 31, 2011.

March 31, 2012

	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 5,232,400,063	P 949,555,403	P 113,231,285	P 93,204,648	P -	P 6,388,391,399
Intersegment sales	-	23,001,692	-	75,212,834	(98,214,526)	-
Total revenues	P 5,232,400,063	P 972,557,095	P 113,231,285	P 168,417,482	(P 98,214,526)	P 6,388,391,399
RESULTS						
Segment results	P 1,076,911,942	P 707,617,618	P 21,623,119	(P 62,008,938)	P 6,472,213	P 1,750,615,954
Unallocated expenses						(94,967,510)
Income from operations						1,655,648,444
Interest income	-	-	-	480,778,702	-	480,778,702
Finance costs	-	-	-	(236,687,216)	-	(236,687,216)
Equity in net earnings of associates	-	-	-	108,209,289	-	108,209,289
Foreign currency gains (loss) – net	-	-	-	(490,207)	-	(490,207)
Dividend income	-	-	-	338,404	-	338,404
Fair value gains (loss)- net	-	-	-	22,716,924	-	22,716,924
Profit before tax						2,030,514,340
Tax expense						(446,160,071)
Net profit before non-controlling interests and preacquisition income						1,584,354,269
Preacquisition income of a subsidiary						-
Non-controlling interests' share in net profit						(27,354,368)
Net profit attributable to parent company's shareholders						P 1,556,999,901
ASSETS AND LIABILITIES						
Segment assets	P 92,826,089,265	P14,329,311,905	P 264,687,314	P17,379,081,852	P -	P124,799,170,336
Investments in and advances to associates and other related parties - net	-	-	-	6,182,059,417	-	6,182,059,417
Unallocated assets	-	-	-	2,655,523,384	-	2,655,523,384
Total assets	**P 92,826,089,265**	**P14,329,311,905**	**P 264,687,314**	**P26,216,664,653**	**P -**	**P133,636,753,137**
Segment liabilities	**P 44,413,852,998**	**P 1,903,908,994**	**P 123,021,460**	**P 12,515,142,184**	**P -**	**P 58,955,925,636**

March 31, 2011

	Real Estate	Rental	Hotel Operations	Corporate and Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	P 4,385,610,719	P 809,016,589	P 86,742,781	P 85,965,145	P -	P 5,367,335,234
Intersegment sales	-	10,484,301	-	36,238,042	(46,722,343)	-
Total revenues	P 4,385,610,719	P 819,500,890	P 86,742,781	P 122,203,187	(P 46,722,343)	P 5,367,335,234
RESULTS						
Segment results	P 774,823,011	P 614,941,231	P 20,773,778	P 78,513,095	P 6,472,213	P 1,495,523,328
Unallocated expenses						(57,241,504)
Income from operations						1,438,281,824
Interest income	-	-	-	214,936,438	-	214,936,438
Finance costs	-	-	-	(128,378,628)	-	(128,378,628)
Equity in net earnings of associates	-	-	-	140,221,243	-	140,221,243
Foreign currency gains (loss) – net	-	-	-	(136,326)	-	(136,326)
Dividend income	-	-	-	3,111,935	-	3,111,935
Fair value gains (loss)- net	-	-	-	(6,052,300)	-	(6,052,300)
Profit before tax						1,661,984,186
Tax expense						(410,038,073)
Net profit before non-controlling interests and preacquisition income						1,251,946,113
Preacquisition income of a subsidiary						(6,133,073)
Non-controlling interests' share in net profit						(11,774,371)
Net profit attributable to parent company's shareholders						P 1,234,038,669
ASSETS AND LIABILITIES						
Segment assets	P 69,883,448,183	P 6,110,015,460	P 160,146,870	P12,749,569,704	P -	P88,903,180,217
Investments in and advances to associates and other related parties - net	-	-	-	13,792,287,090	-	13,792,287,090
Unallocated assets	-	-	-	949,259,874	-	949,259,874
Total assets	P 69,883,448,183	P 6,110,015,460	P 160,146,870	P27,491,116,668	P -	P103,644,727,181
Segment liabilities	P 37,034,747,946	P 1,821,668,382	P 77,861,105	P 5,123,839,455	P -	P 44,058,116,888

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% shall be paid within one year from issue date. Unpaid subscriptions amounting to P2.3 million as of December 31, 2009 were fully paid by the subscriber in 2010. Relative to the issuance of pre-emptive stock rights, 4,102,045,380 stock warrants were issued and these will be exercisable beginning on the second year until five years from issue date. As of the first quarter of 2012, 19,123,560 stock warrants were exercised.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

Earnings per share amounts were computed as follows:

	March 31, 2012	March 31, 2011
Net income	**P 1,556,999,901**	**P 1,234,038,669**
Computed dividends on cumulative preferred shares series "A"	**(149,589)**	**(149,589)**
Income available to parent company's common shareholders	**P 1,556,850,312**	**P 1,233,889,080**
Divided by weighted number of outstanding common shares	**25,113,507,912**	**25,217,783,626**
Earnings per share	**P 0.062**	**P 0.049**

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, available-for-sale securities, banks loans, bonds, trade receivables and payables which arise directly from the Group's business operation. The financial debts were issued to raise funds for the Group's capital expenditures.

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 which have been used to fund new projects.

Foreign currency denominated financial assets and liabilities, translated into Philippine peso at the closing rate are as follows:

	Unaudited March 31, 2012		Audited 2011	
	U.S. Dollars	**Pesos**	U.S. Dollars	Pesos
Financial assets	**$ 199,837,366**	**P 8,742,204,905**	$ 196,929,685	P 8,749,989,037
Financial liabilities	**(198,754,927)**	**(8,548,574,851)**	(195,759,303)	(8,599,314,640)
	$ 1,082,439	**P 193,630,054**	$ 1,170,382	P 150,674,397

The following table illustrates the sensitivity of the consolidated net result for the year and consolidated equity in regards to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate.

March 31, 2012:

Increase (decrease) in exchange rate	**Effect on consolidated** profit before tax	**Effect on** consolidated equity
P 1	P 1,082,440	P 757,708
(P 1)	(1,082,440)	(757,708)

December 31, 2011:

Increase (decrease) in exchange rate	Effect on consolidated profit before tax	Effect on consolidated equity
P 1	P 1,170,382	P 819,267
(P 1)	(1,170,382)	(819,267)

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

9.2 Interest Rate Sensitivity

The Group 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 all other financial assets and liabilities are subject to variable interest rates.

The following table illustrates the sensitivity of the consolidated net result for the year and consolidated equity to a reasonably possible change in interest rates of +1% and –1% in March 31, 2012 and 2011. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

	(Unaudited) **March 31, 2012**		(Audited) December 2011	
	+1%	**-1%**	+1%	-1%
Consolidated net results for the period/year	**(P 3,718,483)**	**P 3,718,483**	(P 17,638,794)	P 17,638,794
Consolidated equity	**(2,602,938)**	**2,602,938**	(12,347,156)	12,347,156

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 6-month and 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.

As at March 31, 2012 and December 31, 2011, the Group's financial liabilities have contractual maturities which are presented below.

	March 31, 2012 (Unaudited)			
	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later 5 Years
Interest-bearing loans and borrowings	P 1,176,590,130	P 601,690,477	P 4,952,754,824	-
Trade and other payables	3,048,248,715	6,274,245,577	-	-
Bonds payable	-	-	5,000,000,000	8,543,203,004
Advances from other related parties	-	-	192,948,100	-
	P 4,224,838,845	**P6,875,936,054**	**P10,145,702,924**	**P 8,543,203,004**

	December 31, 2011 (Audited)			
	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later 5 Years
Interest-bearing loans and borrowings	P 1,166,666,892	P 712,625,754	P 5,288,591,409	-
Trade and other payables	2,590,019,174	4,706,947,320	-	
Bonds payable	-	-	5,000,000,000	8,538,914,490
Advances from other related parties	-	-	210,242,443	-
	P 3,756,686,066	P5,419,573,074	P10,498,833,852	P 8,538,914,490

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

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, 2012 versus March 31, 2011

During the first quarter of 2012, the consolidated net income amounted to Php1.58 billion, 27.17% higher than the previous year's first quarter net income of Php1.24 billion. Consolidated total revenues composed of real estate sales, rental income, hotel income, and other revenues elevated by 22.27% from Php5.72 billion to Php7.0 billion resulting from strong property sales and increased leasing income.

Development. Among product portfolios, the bulk of generated consolidated revenues came from the sale of condominium units and residential lots amounting to Php4.17 billion in 2012 compared to Php3.35 billion in 2011, an increase of 24.37%. The Group's registered sales mostly came from the following projects: Eighty One Newport Boulevard, Newport Palmtree Villas, Newport Parkside Villas, Eight Forbes Town Road, Two Central, Morgan Suites Executive Residences, The Venice Bellini, Mckinley Hill Tuscany and The Venice Luxury Residence – Carusso and Allessandro

Leasing. Rental income contributed 13.56% to the consolidated revenue and amounted to Php949.56 million compared to Php809.02 million reflected last year first quarter, a 17.37% increase. Contributing to the growth are the escalation and completion of additional leasing properties and increase in demand for office space from BPO companies.

Hotel Operations. The Group's hotel operations posted an amount of Php113.23 million in first quarter 2012, an increase of 30.54%, from Php86.74 million in first quarter 2011. The increase is primarily due to the increase in the number of hotel rooms and hotel occupancy rates.

In general, the increase in cost and expenses by 21.07% from Php4.47 billion in first quarter 2011 to Php5.42 billion in first quarter 2012 was due mainly to increase in recognized real estate sales, as well as marketing and selling expenses particularly commission expenses, resulting from aggressive marketing activities. Income tax expense in first quarter 2012 amounting to Php446.16 million resulted to a 8.81% increase from 2011 first quarter reported amount of Php410.04 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 amounted to Php133.64 billion posted an increase of 3.6% compared to Php128.99 billion as of December 31, 2011.

Cash and cash equivalents increased by 0.61% from Php30.32 billion in 2011 to Php30.51 billion in 2012 due to efficient collection of receivables. A 9.24% increase from its current and non-current trade and other receivables – Php40.84 billion as of March 31, 2012 compared to Php37.39 billion as of December 31, 2011, was due to higher sales for the period. An increase by 1.69% from Php19.50 billion in 2011 to Php19.83 billion in 2012 in residential and condominium units for sale pertains to additional construction cost attributable to on-going projects. Property development costs decreased by 12.12% from last year-end's amount of Php8.75 billion to Php7.69 billion in 2012.

The company shows steady liquid position by having current assets amounting to Php76.32 billion in 2012 with a decrease of 1.72% from December 31, 2011 balance of Php77.66 billion. On the other hand the group's current obligations stood at Php26.65 billion which reflected a 15.10% increase year on year and this is the result of currently maturing financial commitments of the company. The group investment in available-for-sale securities increased by 16.27%, from Php2.59 billion in 2011 to Php3.01 billion in 2012 was due to market value changes of its different invested securities.

Trade and other payables amounted to Php9.32 billion and Php7.30 billion as of March 31, 2012 and December 2011, respectively. The increase of 27.76% was due to an increase in amounts payable to the Company's suppliers and contractors in relation to its real estate developments and consolidation of new subsidiaries. Current customer's deposits as of March 31, 2012 amounted to P3.94 billion compared to Php3.61 billion as of December 31, 2011 with a 9.26% increase due to aggressive marketing and pre-sales of various projects. The combined effect of current and non-current deferred income on real estate sales increased by 5.76% which amounted to Php5.56 billion as of March 31, 2012 compared to Php5.26 billion as of December 31, 2011 due to increase in unearned revenue.

The Interest-bearing loans and borrowings current and non-current amounted to Php6.73 billion representing a 6.09% decrease from previous year-end's Php7.17 billion mainly due to principal payments. Other non-current liabilities amounted to P1.92 billion from P2.65 billion as of March 31, 2012 and December 31, 2011, respectively. The decrease of 27.32% was due to decrease in deferred rent arising from new lease contracts.

Total Equity (including non-controlling interest) increased by 2.62% from Php72.77 billion as of December 31, 2011 to Php74.68 billion as of March 31, 2012.

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

	1Q 2012	1Q 2011
Current Ratio *1	2.86:1	2.50:1
Quick Ratio *2	1.14:1	1.11:1
Debt to Equity Ratio *3	0.32:1	0.26:1
Return on Assets *4	1.17%	1.19%
Return on Equity *5	2.47%	2.11%

**1 – Current Assets / Current Liabilities*
**2 – Cash and Cash Equivalents / Current Liabilities*
**3 – Interest Bearing Loans and Borrowings and Bonds payable / Equity attributable to Parent Company*
**4 – Net Income / Total Assets (Computed using figures attributable only to parent Company shareholder)*
**5 – Net Income / 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 2012 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2011)

Statement of Financial Position

9.24% increase in Trade and other receivables – current and non-current
Primarily due to higher sales booking

21.70% increase in Financial Assets at fair value through profit or loss
Brought by changes in market value of financial assets

6.41% increase in Land for Future Development
Increase in land for future development attributable to acquisition of new property.

16.27% increase in Investment in available-for-sale securities
Due changes in market value of investments

8.36% Decrease in investment in and advances to associates and other related parties
Due to payment of advances made by other related parties

11.03% increase in Investment in Property - net
Due to increase on real properties for lease and hotel improvements

102.85% increase in other non-current assets
Due to increase in guarantee deposits

6.09% decrease in Interest-bearing loans and borrowing – current and non-current
Due to principal payments of loans

27.76% increase in Trade and other payables
Due to increase in amounts payable to the Company's suppliers and contractors in relation to its real estate developments

29.97% increase in Customer's Deposit – current and non-current
Due to aggressive marketing and pre-selling of various projects

5.76% increase in Deferred Income on Real Estate Sales - current and non-current
Represents increase in unearned revenue

37.12% increase in Income Tax Payable
Due to higher taxable net income

8.23% decrease in Advances from other related parties
Due to payment of advances to other related parties

(Increase/decrease of 5% or more versus March 31, 2011)

Income Statements

24.37% increase in Real estate sales
Principally due to higher sales bookings, sales of new projects and additional sales

36.45% increase in Interest Income on real estate sales
Due to realization of interest income from prior years' sales

17.37% increase in Rental Income
Due to escalation and the completion of additional leasing property and increase in demand for office space from BPO Companies

30.54% increase in Hotel Operations
Due to increase in the number of hotel rooms and hotel occupancy rates

58.76% increase in Equity share in net earnings of associates, interest and other income-net
Due to increase in equity in net earnings of associates and other income

23.61% increase in Cost Real Estate Sales
Due to increase in real estate sales

12.69% decrease in Deferred Gross Profit
Due to decrease in unearned revenue

29.40% increase in Hotel Operations Expenses
Due to increase in hotel bookings

59.74% increase in operating expenses
Due to aggressive marketing activities and increase in other administrative and corporate overhead expenses

91.54% increase in Interest and other charges
Due to interest from new bonds issued in 2011.

8.81% increase in Income Tax Expense
Due to higher taxable income and tax effects of deductible temporary differences

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 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 disclosed 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, 2011.

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, 2011.

There were no material events subsequent to the end of the year that have not been reflected in the Group's Financial Statement for the 1st quarter of 2012.

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 statement for the 1st quarter of 2012. 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.

EXHIBIT 7

MEGAWORLD CORPORATION & SUBSIDIARIES

Aging of Accounts Receivables

As of March 31, 2012

1. Aging of Accounts Receivable

	March 1-31, 2012									
	TOTAL	CURRENT/ NOT YET DUE	1 Month	2-3 Months	4-6 Months	7 Months to 1 Year	1-2 Years	3-5 Years	5 Years- Above	Past due accounts & items in Litigation
Type of Receivables:										
a. Trade Receivables	40,840,718,783	32,162,066,042	4,349,536,550	3,308,098,221	1,021,017,970	-	-	-	-	-
b. Other receivable		-	-	-	-	-	-	-	-	-
NET RECEIVABLES	40,840,718,783	32,162,066,042	4,349,536,550	3,308,098,221	1,021,017,970					