

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

1. For the fiscal year ended **31 December 2011**
2. SEC Identification Number: **167423** 3. BIR Tax Identification No.: **320-000-477-103**
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 Puyat Avenue
Makati City, Philippines 1227
Address of principal office
8. **(632) 867-8826-40**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	25,662,270,986
Preferred	6,000,000,000
Total	31,662,270,986

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

Yes [] No []

Philippine Stock Exchange

Common Shares

11. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC 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.

Yes [] No []

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

Yes [] No []

12. Aggregate Market Value of Voting Common Stock held by Non-Affiliates as of 31 March 2012 is Php19,462,751,819.20 based on the closing price of Php1.96.

PART I - BUSINESS AND GENERAL INFORMATION

BUSINESS

Business Development

The Company was founded by Andrew Tan and incorporated under Philippine law on August 24, 1989 to engage in the development, leasing and marketing of real estate. The Company initially established a reputation for building high-end residential condominiums and office buildings on a stand-alone basis throughout Metro Manila. Beginning in 1996, in response to demand for the lifestyle convenience of having quality residences in close proximity to office and leisure facilities, the Company began to focus on the development of mixed-use communities, primarily for the middle-income market, by commencing the development of its Eastwood City community township. In 1999, Eastwood City Cyberpark became the first IT park in the Philippines to be designated a PEZA special economic zone.

Since its incorporation in 1989, the Company and its affiliates have launched approximately 225 residential buildings, office buildings and hotels consisting in aggregate of more than 5.8 million square meters.

The following are some of the major residential and office projects completed by the Company:

Residential

The Salcedo Park (Makati City)	Golf Hill Terraces (Quezon City)
One Beverly Place (San Juan)	One and Two Lafayette Square (Makati City)
Paseo Parkview Towers (Makati City)	Marina Square Suites (Manila)
Wack-Wack Heights (Mandaluyong City)	Corinthian Hills (Quezon City)
8 Wack Wack Road (Mandaluyong City)	Sherwood Heights (Parañaque)
The Manhattan Square (Makati City)	Brentwood Heights (Parañaque)
El Jardin del Presidente (Quezon City)	Kentwood Heights (Quezon City)
Eastwood Lafayette Square (Quezon City)	Narra Heights (Quezon City)
Eastwood Excelsior (Quezon City)	Greenbelt Parkplace (Makati City)
One Orchard Road (Quezon City)	Greenbelt Radissons (Makati City)
Grand Eastwood Palazzo (Quezon City)	Eastwood Parkview (Quezon City)
Forbeswood Heights (Bonifacio Global City)	Golf Hill Terraces Townhouses (Quezon City)
Golf Hill Terraces Garden Villas (Quezon City)	
Greenbelt Chancellor (Makati City)	

Office and Retail

Petron Megaplaza (Makati)	IBM Plaza (Quezon City)
The World Centre (Makati)	Landbank Plaza (Malate)
Citibank Square (Quezon City)	Richmonde Plaza (Pasig City)
CyberOne (Quezon City)	Eastwood Corporate Plaza (Quezon City)
1800 Eastwood Avenue (Quezon City)	ICITE (Quezon City)
Eastwood Incubation Center (Quezon City)	McKinley Corporate Plaza (Taguig City)
8 Park Avenue (Taguig City)	Two World Square (Taguig City)
Three World Square (Taguig City)	Eastwood Fashion Square (Quezon City)
Eastwood City Style Center (Quezon City)	Eastwood City Walk 1&2 (Quezon City)
Paseo Center (Makati City)	Forbes Town Center (Taguig City)
Cybermall (Quezon City)	Eastwood Mall (Quezon City)
8-10 Upper McKinley (Taguig City)	Eastwood Richmonde Hotel (Quezon City)
The Venice Piazza (Taguig City)	

Subsidiaries and Associates

As of December 31, 2011, the Company holds interests in the following subsidiaries and associates:

<u>Subsidiaries and Associates</u>	<u>Date of Incorporation</u>	<u>Percentage Ownership</u>
Subsidiaries		
Megaworld Land, Inc.	May 26, 1994	100%
Prestige Hotels & Resorts, Inc.	February 16, 1999	100%
Mactan Oceanview Properties and Holdings, Inc. ...	August 16, 1996	100%
Megaworld Cayman Islands, Inc.	August 14, 1997	100%
Richmonde Hotel Group International Limited	June 24, 2002	100%
Eastwood Cyber One Corporation	October 21, 1999	100%
Forbes Town Properties & Holdings, Inc.	February 6, 2002	100%
Megaworld Newport Property Holdings, Inc.	October 6, 2003	100%
Oceantown Properties, Inc.....	August 15, 2006	100%
Piedmont Property Ventures, Inc.....	August 28, 1996	100%
Stonehaven Land, Inc.....	August 21, 1996	100%
Streamwood Property, Inc.....	August 21, 1996	100%
Suntrust Properties, Inc.....	November 14, 1997	82.45%
Empire East Land Holdings, Inc.....	July 15, 1994	61.13%
Megaworld-Daewoo Corporation	November 29, 1996	60%
Manila Bayshore Property Holdings, Inc.....	October 14, 2011	55%
Megaworld Central Properties, Inc.	September 15, 2005	51%
Megaworld Resort Estates, Inc.	April 30, 2007	51%
Megaworld-Globus Asia, Inc.....	March 17, 1995	50%
Philippine International Properties, Inc.....	March 25, 2002	50%
Gilmore Property Marketing Associates, Inc.....	September 5, 1996	46.45%
Townsquare Development, Inc.....	February 14, 2006	31%
Associates		
Suntrust Home Developers, Inc.	January 18, 1956	42.48%
Palm Tree Holdings & Development Corporation ...	August 15, 2005	40%
Megaworld-Global Estate, Inc.....	March 14, 2011	40%
Alliance Global Properties Ltd.....	January 16, 2008	39.44%
Travellers International Hotel Group, Inc.....	December 17, 2003	10%

Set out below is a description of each subsidiary or associate company and its main activities.

Empire East Land Holdings, Inc. is a PSE-listed company that is engaged in the development and marketing of affordable housing projects either in the form of condominium communities or house-and-lot packages, and to a limited extent, commercial and office space and mixed-use complexes.

Megaworld Land, Inc. provides a leasing service to the Company by locating tenants for rental properties and coordinating relations with brokers primarily in relation to the Eastwood Cyberpark.

Prestige Hotels & Resorts, Inc. owns and operates Richmonde Hotel located in Ortigas Center and Eastwood Richmonde Hotel located in Eastwood City, Bagumbayan, Quezon City.

Mactan Oceanview Properties and Holdings, Inc. was organized to develop a resort property in Cebu.

Megaworld Cayman Islands, Inc. was incorporated in the Cayman Islands to act as a promoter and entrepreneur, carry on the business as a financier, broker, dealer, agent, and importer and to undertake investments, financial, trading and other operations.

Richmonde Hotel Group International Ltd. was incorporated in the British Virgin Islands to undertake various investments on behalf of the Company and engage in trading, hotel, restaurant and related businesses.

Eastwood Cyber One Corporation was set up as a special purpose entity to own and develop certain BPO rental properties located in Eastwood City Cyberpark.

Forbes Town Properties & Holdings, Inc. was organized primarily to act as a principal agent or broker, on commission basis or otherwise, and to acquire by purchase or lease, construct, manage or sell real estate properties.

Megaworld Newport Property Holdings, Inc. provides a sales and marketing service for development of the Newport City projects.

Oceantown Properties, Inc. is a company that was incorporated to own land in Mactan, Cebu.

Piedmont Property Ventures, Inc. was registered with the Securities and Exchange Commission ("SEC") on 28 August 1996 and was acquired by the Company in 2008.

Stonehaven Land, Inc. was registered with the Securities and Exchange Commission ("SEC") on 21 August 1996 and was acquired by the Company in 2008.

Streamwood Property, Inc. was registered with the SEC on 21 August 1996 and was acquired by the Company in 2008.

Suntrust Properties, Inc. which was incorporated on November 14, 1997, is a company that is engaged in the development and construction of affordable projects.

Megaworld-Daewoo Corporation is a joint venture between the Company and Daewoo Corporation that developed three residential condominium towers in Eastwood City.

Manila Bayshore Property Holdings, Inc. was incorporated on October 14, 2011 and has not started commercial operations as of December 31, 2011.

Megaworld Central Properties, Inc. was formed to provide sales services in respect of residential units in the Manhattan Garden City project.

Megaworld Resort Estates, Inc. is a company that was incorporated to engage in the real estate business.

Megaworld-Globus Asia, Inc. was formed to develop and sell "The Salcedo Park", a twin-tower residential condominium project located in Makati City which has been completed.

Philippine International Properties, Inc. is a company that was incorporated to own, use, improve, develop, subdivide, sell, exchange, lease, and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures.

Gilmore Property Marketing Associates, Inc. was incorporated on September 5, 1996 primarily to act as a principal agent or owner, on commission basis or otherwise, and to acquire, lease and construct or dispose of buildings and other real estate properties.

Townsquare Development, Inc. is a company that was incorporated to provide services to affiliated companies of the Company.

Suntrust Home Developers, Inc. is a PSE-listed company which owns interests in companies engaged in property management and real estate development.

Palm Tree Holdings & Development Corporation is a company that was acquired in connection with its landholdings adjacent to the Company's Eastwood City township. It is currently engaged in the real estate business.

Megaworld-Global Estate, Inc. was registered with the Securities and Exchange Commission on March 14, 2011 and has not yet started commercial operations as of December 31, 2011.

Alliance Global Properties, Ltd. was incorporated in the Cayman Islands to undertake various investments.

Travellers International Hotel Group, Inc. owns an integrated resort complex in Newport City which consists of, among others, upscale hotels with fine dining restaurants, a performing arts theatre and a shopping mall.

Neither the Company nor any of its subsidiaries and associates have been the subject of a bankruptcy, receivership or similar proceeding, or involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Description of Business

The Company is one of the leading property developers in the Philippines and is primarily engaged in the development in Metro Manila of large-scale mixed-use planned communities, or community townships, that integrate residential, commercial, educational/training, leisure and entertainment components.

The Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, as well as office projects and retail space. The Company has three primary business segments: (1) real estate sales of residential and office developments, (2) leasing of office space, primarily to business process outsourcing ("BPO") enterprises, and retail space, and (3) management of hotel operations. The Company's consolidated revenues for the year ended December 31, 2011 were Php28,625.1 million compared to Php20,541.8 million for the year ended December 31, 2010. Real estate sales of residential developments accounted for 56% of the Company's consolidated revenues in 2011 and 64% in 2010. Rental income from leasing operations accounted for approximately 13% of the Company's consolidated revenues in 2011 and 13% in 2010. The Company's consolidated net profit for the year ended December 31, 2011 was Php8,155.7 million compared to Php5,085.5 million for the year ended December 31, 2010. Foreign sales contributed approximately 4.46% to the Company's consolidated sales and revenues for the years 2010 and 2011.

The percentage of sales contributed by foreign sales for the last three years was 4.52%, 4.4% and 5.3% for the years 2011, 2010 and 2009, respectively. The percentage of sales broken down by major markets is as follows:

Market	2011	2010	2009
North America	50%	49%	21%
Europe	6%	10%	45%
Asia	4%	2%	12%
Middle East	40%	39%	22%
Total	100%	100%	100%

Current Property Development Projects

The Company's major property development projects consist of mixed-use residential and commercial developments located primarily throughout Metro Manila. The objective of each of the mixed-use development is to provide an integrated community with high quality "live-work-play-learn" amenities within close proximity to each other. Each of the Company's main projects is described below.

Eastwood City

Eastwood City is a mixed-use project on approximately 18 hectares of land in Quezon City, Metro Manila that integrates corporate, residential, education/training, leisure and entertainment components. In response to growing demand for office space with infrastructure capable of supporting IT-based operations such as high-speed telecommunications facilities, 24-hour uninterruptible power supply and computer security, the Company launched the Eastwood City Cyberpark, the Philippines' first IT park, within Eastwood City in 1997. The Eastwood City Cyberpark includes the headquarters of IBM Philippines and Citibank's credit card and data center operations as anchor tenants. In connection with the development of the Cyberpark, the Company was instrumental in working with the Philippine Government to obtain the first PEZA-designated special economic zone status for an IT park in 1999. A PEZA special economic zone designation confers certain tax incentives such as an income tax holiday of four to six years and other tax exemptions upon businesses that are located within the zone. The planning of Eastwood City adopts an integrated approach to urban planning, with an emphasis on the development of the Eastwood City Cyberpark to provide offices with the infrastructure such as high-speed telecommunications and 24-hour uninterrupted power supply to support BPO and other technology-driven businesses, and to provide education/training, restaurants, leisure and retail facilities and residences to complement Eastwood City Cyberpark.

Once the entire residential zone of Eastwood City is fully developed, it is expected to consist of at least 20 high-rise towers. Each tower is designed according to a specific theme and style. Typical building amenities include 24-hour security, high-speed elevators, parking, a swimming pool and other recreational facilities.

The office properties at Eastwood City consist of at least nine office buildings. Tenants in the Eastwood City Cyberpark include major multinational corporations, largely comprised of software developers, data encoding and conversion centers, call centers, system integrations, IT and computer system support. The tenants, which include Citibank, IBM and Dell, are able to benefit from a variety of business and tax incentives in conjunction with the PEZA special economic zone status conferred upon the Eastwood City Cyberpark.

The leisure and entertainment zone consists of the Eastwood Mall, Eastwood Richmond Hotel and Eastwood Citywalk I, a dining and entertainment hub, and Eastwood Citywalk II, an amusement center with a state-of-the-art cinema complex, a billiard and bowling center, restaurants and specialty shops, which are designed to complement the office and residential buildings in the community township.

Forbes Town Center

The Forbes Town Center is located on five hectares of land in Bonifacio Global City, Taguig, Metro Manila adjacent to the Manila Golf Club, the Manila Polo Club and the prestigious Forbes Park residential subdivision. Upon completion, Forbes Town Center is expected to consist of residential, retail and entertainment properties.

Once completed, the residential zone is expected to consist of at least 13 towers comprising the Forbeswood Heights, Bellagio, Forbeswood Parklane, and 8 Forbes Town Road condominium projects. The leisure and entertainment zone is devoted to bars, restaurants and specialty shops, which are designed to complement the residential buildings in this development as well as the surrounding office areas in Bonifacio Global City.

McKinley Hill

The McKinley Hill is a community township located on approximately 50 hectares of land in Fort Bonifacio, Taguig, Metro Manila. McKinley Hill consists of office, residential, retail, educational, entertainment and recreational centers.

The residential zone consists of a subdivision project which is comprised of lots for the development of single-detached homes, several garden villa clusters with five or six-storey villas in each cluster, and residential condominiums.

The office properties will include the McKinley Hill Cyberpark which is a PEZA-designated IT special economic zone. Tenants of the office properties will largely be comprised of software developers, data encoding and conversion centers, call centers, system integrations, IT and computer system support.

The leisure and entertainment zone will consist of bars, restaurants, specialty shops, cinemas and sports complex, which are expected to complement the office and residential areas in the community township.

Three international schools, the Chinese International School, the Korean International School and Enderun College, a hotel management institution affiliated with *Les Roches* of Switzerland, will initially comprise the “learn” component of the township.

McKinley Hill is likewise home to the British Embassy which relocated on a 1.2 hectare property within the development. The Korean Embassy will also transfer to a 5,822 square meter site within the project.

Newport City

Newport City is a community township located on 25 hectares of land at the Villamor Air Base, Pasay City, Metro Manila, across from the NAIA Terminal 3 and adjacent to the Villamor golf course. The Newport City similarly integrates the live-work-play concept of Eastwood City, with the exception that it will be targeted towards tenants and buyers who consider proximity to the NAIA Terminal 3 an advantage.

The residential zone will consist of 20 eight to nine-storey medium-rise buildings. The corporate zone is expected to be comprised of office buildings. The Company will establish a PEZA special economic zone cyberpark at Newport City. Tenants for the commercial area are expected to include multinational BPO companies, cargo logistics services and airline-related business.

The leisure and entertainment zone is expected to consist of bars, restaurants, retail and tourist oriented shops, which are designed to complement the office and residential buildings in the community township. Newport City is home to the Company's joint venture development, Resorts World Manila, which is a leisure and entertainment complex comprising gaming facilities, restaurants, hotels and shopping outlets.

Upon full development, the hotel zone shall comprise the Marriott Hotel, Maxims Hotel, Remington Hotel, Belmont Luxury Hotel and Savoy Hotel.

Manhattan Garden City

Manhattan Garden City is a residential development project which will consist of 20 residential towers on a 5.7-hectare property at the Araneta Center in Quezon City. The Manhattan Garden City will be the Philippines' first major transit-oriented residential community, having direct links to two light rail transport lines, the MRT-3 and the LRT- 2. The MRT-3 line runs north to south along the EDSA highway in Metro Manila while the LRT-2 line runs east to west along Aurora Boulevard across Metro Manila. All key areas along the transportation lines within Metro Manila will be easily accessible from the development. The amenities of the Araneta Center such as the Gateway Mall will be available to residents of Manhattan Garden City.

Cityplace

The Cityplace project is a mixed-use project under development on a 2.5-hectare lot in Binondo, Metro Manila. The development is expected to have over 2,000 residential condominium units and a shopping center called Lucky Chinatown Mall. The development is also expected to include a public car parking facility, new bypass roads and pedestrian overpasses to make the project environment and pedestrian-friendly.

Bonifacio Uptown

The Company is developing Bonifacio Uptown, an approximately 15.5-hectare property in Fort Bonifacio in Taguig, Metro Manila. Bonifacio Uptown is comprised of a residential portion in the northern part of Fort Bonifacio, and a portion for mixed-use on a parcel of land owned by NAPOLCOM. The Company will develop Bonifacio Uptown under a joint venture arrangement with the BCDA.

McKinley West

The Company will develop McKinley West, an approximately 34.5-hectare portion of the JUSMAG property owned by BCDA and located across from McKinley Hill in Taguig, Metro Manila. The development of McKinley West into a mixed-use project is another joint venture undertaking with the BCDA.

Other Projects

The Company also has ongoing residential condominium projects in Makati City and San Juan in the Metro Manila area. The Company has commenced development of its 54.5 hectare parcel of land in Mandurriao, Iloilo which is the site of the old Iloilo airport into a central business district in Iloilo, with BPO offices. The planned development will comprise office buildings, educational facilities, residential projects, a hotel, a convention center as well as retail and recreational areas. A portion of the development will be registered as a special economic zone with the government, which will allow it to benefit from a tax holiday period as well as other incentives for investors.

The Company will develop properties in Mactan, Cebu. The property is expected to comprise residential condominiums, offices, BPO facilities and leisure facilities.

Marketing and Sales

The Company maintains an in-house marketing and sales division for each of its projects. The marketing and sales division is staffed by a trained group of property consultants who exclusively market the Company's projects. All property consultants are trained prior to selling and the Company also provides skills enhancement program intended to further develop the sales and marketing staff into high-caliber marketing professionals. Property consultants are required to meet the criteria set by the Company. The Company also works with outside agents who compete directly with the Company's in-house personnel.

The Company also employs a marketing services staff whose job is to provide auxiliary services required by the marketing division for its sales and promotional activities. The group is also responsible for monitoring the latest developments in the economy and the real estate property markets as well as conducting market research studies for the marketing division.

In addition, the Company has an international marketing division based in Manila who oversees a global network of sales offices which market the projects of the Company and its affiliates to overseas Filipino professionals and retirees throughout Asia, Europe, North America, the Middle East and Australia. The Company enters into marketing agreements with various brokers based in the different overseas markets, which will then market the Company projects overseas through their respective marketing networks.

The Company's real estate business is not dependent upon a single customer or a few customers. No customer accounts for twenty percent (20%) or more of the sales.

Construction

The Company has its own architectural and engineering teams and engages independent groups to carry out the design of its high profile development projects. The Company has a team of project managers who work closely with outside contractors in supervising the construction phase of each project. The Company has also established relationships with Philippine architectural firms as well as with international architectural firms. The Company's contractors for the Company's construction activities include SteelAsia Manufacturing Corporation, Monolith Construction and Development Corporation, EEI Corporation, New Golden City Builders & Development and Filipino Metals Corporation.

Competition

The Company competes with other property investment, development, leasing and property holding companies to attract purchasers as well as tenants for its properties in Metro Manila. The principal bases of competition in the real estate development business are location, product, price, financing, execution, completion, quality of construction, brand and service. The Company believes it has several competitive advantages in each of these categories due to the prime locations of its properties, innovative projects, a reputation for high quality designs, affordable pre-sales financing, after-sales service and a consistent track record of completion.

With respect to community township developments, the Company considers Ayala to potentially be its only significant competitor. Ayala is present in Fort Bonifacio, which is where the Company's Forbestown Center, McKinley Hill and other development projects are located.

With respect to its office and retail leasing business, the Company believes that it has many competitors in the industry such as Robinsons Land Corporation, Ayala, SM Prime Holdings, Inc. and the Net Group.

The percentage of revenues attributable to the Company's five largest office tenants combined for the years ended December 31, 2009, 2010 and 2011 were 19%, 19% and 18%,

respectively. The Company believes that it has a broad tenant base and is not dependent on a single tenant or group of tenants.

Transactions with and/or dependence on related parties

Transactions with related parties include investments in and advances granted to or obtained from subsidiaries, associates and other related parties. Other related parties include joint venture partners (See Note 9 to the Audited Financial Statements, Advances to Landowners and Joint Ventures) and investees which investments are accounted for at cost and other entities which are owned and managed by investors/owners of the Company (See Note 10 to the Audited Financial Statements, Investments in and Advances to Associates and Other Related Parties). Advances granted to joint venture partners are in the nature of cash advances made to landowners under agreements covering the development of parcels of land, which are to be used for pre-development expenses such as relocation of existing occupants. Repayment of these advances shall be made upon completion of the project development either in the form of the developed lots corresponding to the landowner's share in saleable lots or in the form of cash to be derived from sales of the landowner's share in the saleable lots and residential and condominium units. The commitment for cash advances under the agreements has been fully granted by the Company.

Advances granted to and obtained from subsidiaries, associates and other related parties are for purposes of working capital requirements. For more information, see Note 10 to the Audited Financial Statements.

The Company avails of marketing services of Eastwood Property and Holdings, Inc. (EPHI), a wholly-owned subsidiary of Empire East Land Holdings, Inc. (EELHI), Megaworld Newport Property Holdings, Inc. and Megaworld Land, Inc. (MLI), which acts as a manager and leasing agent for the commercial properties of the Company. (See Note 23 to the Audited Financial Statements, Related Party Transactions). As consideration for said marketing services, the Company pays commission based on contracted terms. Commission expenses charged by EPHI and MLI are based on prevailing market rates.

Other than those disclosed in the Company's Financial Statements, the Company has not entered into any other related party transactions.

Intellectual Property

In the Philippines, certificates of registration of trademarks issued by the Philippine Intellectual Property Office pursuant to Republic Act No. 166 (the effective law on trademarks prior to the effectivity of the Intellectual Property Code in 1998) are generally effective for a period of 20 years from the date of the certificate, while those issued pursuant to the provisions of the Intellectual Property Code are generally effective for a shorter period of 10 years, unless terminated earlier.

The Company owns the registered trademark over its name and logo. However, although the brand is important, the Company does not believe that its operations or its subsidiaries' operations depend on its trademarks or any patent, license franchise, concession or royalty agreement. The Company also has applied to register trademarks over the names of its development projects and some approvals are pending.

Regulatory and Environmental Matters

PD 957, RA 4762 and Batas Pambasa Blg. 220 ("BP 220") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, RA 4762 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which,

together with local government units (“LGUs”), enforces this decree and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with the HLURB and the pertinent LGU of the area in which the project is situated. Approval of such plans is conditional on, among other things, the developer’s financial, technical and administrative capabilities. Alterations of approved plans, which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government body or agency.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the HLURB locational clearance, Department of Environment and Natural Resources (“DENR”) permits and Department of Agrarian Reform (“DAR”) conversion or exemption orders, as discussed below.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the HLURB. Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyers. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB’s rules of procedure and other applicable laws.

Real estate dealers, brokers and salesmen are also required to register with the HLURB. On June 29, 2009, Republic Act No. 9646 or the Real Estate Service Act of the Philippines (“RA 9646”) was signed into law. RA 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs.

The Company routinely applies for the required governmental approvals for its projects at the relevant stage of development.

No existing legislation or governmental regulation, and the Company is not aware of any pending legislation or governmental regulation, that is expected to materially affect its business.

Environmental Laws

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (“ECC”) prior to commencement. The DENR through its regional offices or through the Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the Environmental Impact Statement or, if an Initial Environmental Examination was required, that it shall comply with the mitigation measures provided therein.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

The Company incurs expenses for purposes of complying with environmental laws, which consist primarily of payments for government regulatory fees. Such fees are standard in the industry and are minimal.

Research and Development

The Company incurs minimal amounts for research and development activities which do not amount to a significant percentage of revenues.

Employees

As of 31 December 2011, the Company had 1,155 employees. The Company intends to hire additional employees if the present workforce becomes inadequate to handle the Company's operations. The Company anticipates that it will be hiring at least 312 employees within the ensuing 12 months. The Company has no collective bargaining agreements with employees and no organized labor organizations in the Company. The Company maintains a tax-qualified, noncontributory retirement plan that is being administered by a trustee covering all regular full-time employees.

The table below shows the breakdown of employees by department:

Description	As of December 31, 2010	As of December 31, 2011	Projected Hiring for 2012
Executive Division	76	97	25
Operations	254	344	66
Finance	358	450	138
Marketing	36	88	31
Others	201	176	52
Total	925	1,155	312

PROPERTIES

Description of Principal Properties

The principal properties of the Company as of December 31, 2011 consist of projects under development, land for future development, rental properties and hotels, including the following:

<u>Projects</u>	<u>Location</u>	<u>Limitations on Ownership</u>
Eastwood City		
Eastwood Mall	Quezon City	None
Eastwood City Walk	Quezon City	None
CyberMall	Quezon City	None
Various Office Towers	Quezon City	None
Eastwood Richmond Hotel	Quezon City	None

McKinley Hill

The Venice Piazza	Fort Bonifacio	Lease ¹
Commerce & Industry Plaza	Fort Bonifacio	Lease ²
Woodridge Residences	Fort Bonifacio	Joint Venture
Various Office Buildings	Fort Bonifacio	None

Newport City

Residential Condominium Towers	Pasay City	Joint Venture
Condominium Hotels	Pasay City	Joint Venture

Cityplace

Lucky China Town Mall	Manila City	None
Cityplace Square	Manila City	None

Forbes Town Center

8 Forbestown	Taguig City	Joint Venture
Manhattan Garden City	Quezon City	Joint Venture
Bonifacio Uptown	Fort Bonifacio	Joint Venture
McKinley West	Fort Bonifacio	Joint Venture
Iloilo Business Park	Iloilo City	None
Mactan Newtown Center	Mactan, Cebu	None

Others Projects

Paseo Center	Makati City	None
Richmonde Hotel	Ortigas City	None
Residential Condominium Projects	San Juan	Joint Venture
	Makati City	None
Land for Future Development	Manila	Joint Venture
	Quezon City	None
	Iloilo City	None
	Makati City	None

The Company has a long-term lease for a 16-hectare property in Fort Bonifacio, Taguig City.

LEGAL PROCEEDINGS

Description of Material Pending Legal Proceedings

Neither the Company nor any of its subsidiaries, associates or joint development partners or any of its or their properties is involved in or the subject of any legal proceedings which would have a material adverse effect on the business or financial position of the Company or any of its subsidiaries, its associates or joint ventures or any of its or their properties.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of 2011 to a vote of security holders.

¹ Portions of The Venice Piazza stand on a 16-hectare property being leased under a long-term lease.

² The site of Commerce and Industry Plaza is being leased under a long-term lease.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price Information

The common shares of the Company are traded on the Philippine Stock Exchange (“PSE”) under the symbol of MEG. The Company’s common stock was first listed on the PSE on June 15, 1994.

The following table sets out, for the periods indicated, the high and low sales price for the Company’s common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2010	High	1.46	1.46	2.55	2.84
	Low	1.04	1.16	1.32	2.20
2011	High	2.58	2.48	2.24	2.08
	Low	1.96	1.89	1.51	1.54
2012	High	2.10			
	Low	1.58			
3/31/12	Close	1.96			

Holders

As of 31 March 2012, the Company had 2,830 shareholders of record worldwide. The following table sets forth the twenty largest shareholders of the Company as of March 31, 2012.

Rank	Name of Stockholder	Number of Common Shares	Number of Voting Preferred Shares	Percentage of Ownership
1.	Alliance Global Group, Inc.	8,887,831,663		28.0755%
			6,000,000,000	18.9532%
2.	PCD Nominee Corporation (Filipino)	5,394,595,633 ¹		17.0408%
3.	New Town Land Partners, Inc.	5,182,179,590		16.3698%
4.	PCD Nominee Corporation (Non-Filipino)	4,529,021,546		14.3066%
5.	First Centro, Inc.	873,012,500		2.7463%
6.	Richmonde Hotel Group International Limited	420,000,000		1.3267%
7.	Forbes Town Properties Holdings, Inc.	143,000,000		0.4517%
8.	Gilmore Property Marketing Associates, Incorporated	117,024,754		0.3681%
9.	Andrew L. Tan	100,000,000		0.3159%

¹ This includes 208,000,000 shares beneficially owned by Alliance Global Group, Inc.

10.	Cygnat Dev. Corp.	20,000,000		0.0632%
11.	Alfonso U. Lim &/or Alfie Thomas C. Lim	10,000,000		0.0316%
12.	Valentin T. Khoe	9,156,360		0.0289%
13.	Simon Lee Sui Hee	8,845,200		0.0279%
14.	OCBC Securities Phils., Inc. (FAO: Santiago J. Tanchan, Jr.)	7,371,000		0.0233%
15.	Luisa Co Li	5,525,697		0.0175%
16.	Evangeline Abdullah	5,400,000		0.0171%
17.	Jasper Karl Tanchan Ong	5,370,300		0.0170%
18.	Winston Co	5,180,760		0.0164%
19.	Chua Lee Keng	4,721,477		0.0149%
20.	Luis Ang and/or Teresa W. Ang	4,000,000		0.0126%

Dividend Policy

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its capital unimpaired, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose. Cash dividends amounting to ₱478.46 Million, ₱479.29 Million and ₱598.67 Million were declared on the Company's common shares in 2009, 2010 and 2011, respectively. The dividends were paid in August 2009, July 2010 and July 2011, respectively. Cash dividends were declared on the Company's Series "A" Preferred Shares in 2010 and 2011 in the amount of ₱600,000 for each year. The dividends were paid in July 2010 and July 2011.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

The Company declares cash dividends to shareholders of record usually in the first half of each year. These dividends are paid from unrestricted retained earnings. The Company intends to maintain an annual cash dividend payment ratio of 20% of its net income from the preceding year, subject to the requirements of applicable laws and regulations and the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. The Company's Board of Directors may, at any time, modify its dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sales of Unregistered or Exempt Securities

In 2009, the Company issued unsecured corporate notes (the "Notes") in the aggregate amount of Php1.4 billion to not more than 19 primary institutional lenders. The Notes are issued as an exempt security under Rule 9.2(2)(B) of the Implementing Rules and Regulations of the SRC. The Notes may be purchased by and transferred to eligible buyers¹ only, provided that there are a maximum of 19 note holders at any given time. The Notes will mature in seven years from issue date.

In 2009, the Company issued 5,127,556,725 common shares with a par value of ₱1.00 per share pursuant to a 1:4 stock rights offering. The exercise price was at the par value of ₱1.00 per share. Fifty percent (50%) of the exercise price is payable upon submission of the application for subscription while the balance of the exercise price was to be payable one year after issue date of the underlying shares of the rights. The holders had the option of pre-paying the balance of the exercise price on the 6th month after the issue date. Fractional entitlements of eligible stockholders were to be segregated and sold for the benefit of the Company.

In 2011, the Company issued US\$200,000,000 worth of corporate notes due in 2018 with a coupon of 6.75% and a yield of 6.875%. The US dollar-denominated corporate notes were sold outside the Philippines. UBS acted as sole global coordinator and bookrunner for the issue.

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 2011 versus 2010

During the year 2011 consolidated net income including its newly acquired subsidiaries amounting to Php8.16 billion, 60.37% higher than the previous year net income of Php5.09 billion. Consolidated total revenues composed of real estate sales, rental income, hotel income, and other revenues elevated by 39.35% from Php20.54 billion to Php28.63 billion resulting from strong property sales and increased leasing income and nonrecurring gain from sale of shares.

Development. Among product portfolios, the bulk of generated consolidated revenues came from the sale of condominium units and residential lots amounting to Php15.89 billion in 2011 compared to Php13.11 billion in 2010, an increase of 21.18%. The Group's registered sales mostly came from the following projects: Eight Forbestown in Fort Bonifacio Taguig; Eastwood Le Grand in Eastwood City; Mckinley West, Morgan Suites and The Venice Luxury Residences in Mckinley, Taguig City; Manhattan Heights in Quezon City; Newport Palmtree Villas, 81 Newport Boulevard and Newport City in Pasay.

Leasing. Rental income contributed 13.37% to the consolidated revenue and amounted to Php3.83 billion compared to Php2.70 billion reflected last year, a 42.02% 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 Php392.17 million in 2011, an increase of 68.49%, from Php232.76 million in 2010. The increase is primarily due to the increase in the number of hotel rooms and hotel occupancy rates.

¹ Persons deemed Primary Institutional Lenders under Rule 9.2(2)(B) of the Implementing Rules and Regulations of the SRC, and such other persons to whom an offer, transfer, assignment or resale of the Notes would not, under law at the relevant time, cause a registration requirement of the Notes under the SRC to become applicable.

In general, the increase in cost and expenses by 32.32% from Php15.46 billion in 2010 to Php20.45 billion in 2011 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 2011 amounting to Php2.00 billion resulted to a 24.01% increase from 2010 reported amount of Php1.61 billion 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 including its newly acquired subsidiaries as of December 31, 2011 amounted to Php129.00 billion posted an increase of 32.94% compared to Php97.03 billion as of December 31, 2010.

Cash and cash equivalents increased by 37.64% from Php22.03 billion in 2010 to Php30.32 billion in 2011 due to efficient collection of receivables and proceeds from bonds issuance as part of the company's financing activities. A 25.67% increase from its current and non-current trade and other receivables – Php37.39 billion as of December 31, 2011 compared to Php29.75 billion as of December 31, 2010, was due to higher sales for the period. An increase by 210.15% from Php6.29 billion in 2010 to Php19.50 billion in 2011 in residential and condominium units for sale pertains to additional construction cost attributable to on-going projects, including on-going projects of newly acquired subsidiaries. Property development costs increased by 130.47% from last year-end's amount of Php3.80 billion to Php8.75 billion in 2011 due to the costs attributable to the development of various projects and including on-going projects of newly acquired subsidiaries.

The company shows steady liquid position by having current assets amounting to Php77.66 billion in 2011 with an increase of 65.91% from December 31, 2010 balance of Php46.81 billion. On the other hand the group's current obligations stood at Php23.16 billion which reflected a 33.01% 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 decreased by 58.27%, from Php6.21 billion in 2010 to Php2.59 billion in 2011 was due to disposal and market value changes of its different invested securities.

Trade and other payables amounted to Php7.30 billion and Php4.04 billion as of December 31, 2011 and 2010, respectively. The increase of 80.72% 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 December 31, 2011 amounted to P3.61 billion compared to Php1.01 billion as of December 31, 2010 with a 256.37% 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 38.00% which amounted to Php5.26 billion as of December 31, 2011 compared to Php3.81 billion as of December 31, 2010 due to increase in unearned revenue.

The Interest-bearing loans and borrowings current and non-current amounted to Php7.17 billion representing a 3.66% decrease from previous year-end's Php7.44 billion mainly due to principal payments. Other non-current liabilities amounted to P2.60 billion from P1.02 billion as of December 31, 2011 and 2010, respectively. The increase of 159.69% was due to

increase in deferred rent arising from new lease contracts. On the other hand, bonds payable posted a net increase of 60.87% due to new issuance and settlement.

Total Equity (including minority interest) increased by 24.36% from Php58.52 billion as of December 31, 2010 to Php72.77 billion as of December 31, 2011 due to the Group's continuous profitability.

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

	Year 2011	Year 2010
Current Ratio *1	3.35:1	2.69:1
Quick Ratio *2	1.31:1	1.27:1
Debt to Equity Ratio *3	0.34:1	0.27:1
Return on Assets *4	6.23%	5.18%
Return on Equity *5	13.18%	8.70%

*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 2011 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2010)

Statement of Financial Position

37.64% increase on Cash and cash Equivalents

Due to efficient collection of its receivables and proceeds from bond issuance

25.67% increase in Trade and other receivables – current and non-current

Primarily due to higher sales booking

12.64% decrease in Financial Assets at fair value through profit or loss

Brought by changes in market value of financial assets

210.15% increase in Residential and condominium units for sale

Pertains to additional construction cost attributable to on-going projects, including on-going projects of newly acquired subsidiaries.

130.47% increase in Property Development Costs

Mainly due to the costs attributable to the development of various projects and including on-going projects of newly acquired subsidiaries.

311.94% increase in Prepayments and other current assets – net

Increase in Prepaid Expenses and due to consolidation of new subsidiaries.

43.59% increase in Advances to landowners and joint ventures

Primarily due to consolidation of new subsidiaries

194.53% increase in Land for Future Development

Net increase attributable to reclassification of land to Property development cost, additional land acquired and consolidation of new subsidiaries.

58.27% decrease in Investment in available-for-sale securities
Due to disposal and changes in market value of investments

27.33% increase in Investment in Property - net
Due to increase on real properties for lease, hotel improvements and consolidation of new subsidiaries

50.02% increase in Property and equipment, net
Due to consolidation of new subsidiaries

37.76% increase in other non-current assets
Due to increase in guarantee deposits and consolidation of new subsidiaries

80.72% 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 and consolidation of new subsidiaries

60.87% increase in Bonds Payable
Due to issuance of bonds during the year.

81.89% increase in Customer's Deposit – current and non-current
Due to aggressive marketing and pre-selling of various projects and consolidation of new subsidiaries

44.05% increase in Reserve for Property Development - current and non-current
Pertains to estimated cost to complete the development of various projects and consolidation of new subsidiaries

38.00% increase in Deferred Income on Real Estate Sales - current and non-current
Represents increase in unearned revenue and consolidation of new subsidiaries

26.96% increase in Income Tax Payable
Due to higher taxable net income

57.37% increase in Deferred Tax Liability - net
Pertains to tax effects of taxable and deductible temporary differences and consolidation of new subsidiaries

27.47% decrease in Advances from other related parties
Due to consolidation of new subsidiaries

145.97% increase in Retirement benefit obligation
Additional accrual of retirement benefits and consolidation of new subsidiaries

60.28% increase in Other Liabilities
Additional increase on deferred income and consolidation of new subsidiaries

(Increase/decrease of 5% or more versus December 31, 2010)

Income Statements

21.18% increase in Real estate sales
Principally due to higher sales bookings, sales of new projects and additional sales

30.57% increase in Interest Income on real estate sales
Due to realization of interest income from prior years' sales

45.29% increase in Realized Gross Profit on prior's years
Mainly due to revenue recognition on prior year sales and consolidation of new subsidiaries

42.02% increase in Rental Income
Due to escalation and the completion of additional leasing property and increase in demand for office space from BPO Companies

68.49% increase in Hotel Operations
Due to increase in the number of hotel rooms and hotel occupancy rates

140.66% 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 and effect of non recurring gain from sale of shares.

18.02% increase in Real Estate Sales Expenses
Due to increase in real estate sales and consolidation of new subsidiaries

25.68% increase in Deferred Gross Profit
Due to increase in sales bookings and consolidation of new subsidiaries

79.76% increase in Hotel Operations Expenses
Due to increase in hotel bookings

92.33% increase in operating expenses
Due to aggressive marketing activities and increase in other administrative and corporate overhead expenses and consolidation of new subsidiaries

65.97% increase in Interest and other charges
Due to interest from new bonds issued and consolidation of new subsidiaries

24.01% 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.

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 December 31, 2011.

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 as of December 31, 2011. There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its interim consolidated financial statements.

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

Results of Operations

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

Review of 2010 versus 2009

During the year 2010 consolidated net income amounted to Php5.09 billion 25.06% higher than the previous year net income of Php4.07 billion. Consolidated total revenues composed of real estate sales, rental income, hotel income, and other revenues elevated by 15.67% from Php17.76 billion to P20.54 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 Php13.11 billion in 2010 compared to Php12.57 billion in 2009, an increase of 4.26%. The Group's registered sales came from the following projects: Belagio, Forbeswood Park Lane 1 & 2 and Eight Forbes Town in Fort Bonifacio; Eastwood Le Grand in Eastwood City; McKinley West, McKinley Hill Tuscany, Stamford, Morgan Suites, and The Venice Luxury Residences in Taguig City; Manhattan Parkview, Manhattan Heights and El Jardine Del Presidente in Quezon City; and Newport City in Pasay; City Place in Binondo, Manila and One Central, Greenbelt Chancellor and Excelsior in Makati City.

Leasing. Rental income contributed 13.12% to the consolidated revenue and amounted to Php2.70 billion compared to Php 2.00 billion reflected last year, a 34.68% increase. Contributing to the growth are the escalation and completion of additional leasing properties.

Hotel Operations. The Group's hotel operations posted an amount of Php232.76 million in 2010, an increase of 7.69%, from Php216.14 million in 2009. 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 12.89% from Php13.69 billion in 2009 to Php15.46 billion in 2010 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 2010 amounting to Php1.61 billion resulted to a 11.93% from 2009 reported amount of Php1.44 billion attributed by higher taxable income and tax effects of deductible temporary differences. Operating expenses as a percentage of consolidated total revenues were 10% for the year 2010 and 2009.

During 2010, there were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

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

Financial Condition

The Group maintains a prudent financial policy as it engages to a more competitive and challenging environment. The Group's Statement of Financial Position reflects stable financial growth. Total resources as of December 31, 2010 Php97.03 billion compared to Php85.25 billion as of December 31, 2009, listing a 13.81% increase.

Cash and cash equivalents increased by 5.54% from P20.88 billion in 2009 to P22.03 billion in 2010 due to efficient collection of receivables and financing activities. A 22.51% increase from its current and non-current trade and other receivables - Php29.75 billion as of December 31, 2010 compared to Php24.28 billion as of December 31, 2009, due to higher sales for the period. An increase in the completed portion of costs attributable to on-going projects resulted in the increase in the number of residential and condominium units for sale by 9.91% from P5.72 billion in 2009 to P6.29 billion in 2010. . Property development costs increased to 2.08% in 2010 figure of Php3.80 billion to last year-end's amount of Php3.72 billion due to the development and construction costs of various ongoing projects

The company shows liquid position by having current assets amounting to Php46.81 billion in 2010 with an increase of 7.00% from December 31, 2009 balance of Php43.75 billion. On the other hand the group's current obligations stood at Php17.41 billion which reflected a 60.39% 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 increase by 112.24%, from Php2.93 billion in 2009 to Php6.21 billion in 2010 was due to market value changes of its different invested securities.

Trade and other payables amounted to P4.04 billion and P3.66 billion as of December 31, 2010 and 2009, respectively. The increase of 10.25% was due to additional costs to be paid to contractors and suppliers for new projects. Current customers' deposits as of December 31, 2010 amounted to P1.01 billion compared to P.96 billion as of December 31, 2009. The 5.51% increase was due largely to aggressive marketing and pre-sales for of various projects. The combined effect of current and non-current deferred income on real estate sales increased by 39.33% which amounted to P3.81 billion as of December 31, 2010 compared to P2.73 billion as of December 31, 2009 due mainly to an increase in unearned revenue.

During 2010, the Interest-bearing loans and borrowings current and non-current amounted to Php7.44 billion representing a 10.36% decrease from previous year-end's Php8.30 billion mainly due to principal payments.

Total Equity (including minority interest) increased by 17.42% from Php49.84 billion as of December 31, 2009 to Php58.52 billion as of December 31, 2010 due to the Group's continuous profitability.

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

	Year 2010	Year 2009
Current Ratio *1	2.69:1	4.03:1
Quick Ratio *2	1.27:1	1.92:1
Debt to Equity Ratio *3	0.27:1	0.34:1
Return on Assets *4	5.18%	4.76%
Return on Equity *5	8.70%	8.26%

*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 2010 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2009)

Statement of Financial Position

- 5.54% increase on Cash and cash Equivalents
Increase due to efficient collection of its receivables and financing activities

- 22.51% increase in Trade and other receivables – current and non-current
Primarily due to higher sales booking

- 201.20% increase in Financial Assets at fair value through profit or loss
Brought by changes in market value of financial assets

- 9.91% increase in Residential and condominium units for sale
Mainly due to increase in completed portion of cost attributable to on-going projects

- 18.89% increase in Prepayments and other current assets – net
Increase in Prepaid Expenses

- 100.00% decrease in Subscription Receivable
Full collection of subscription receivables from stock rights offering

- 124.17% increase in Advances to landowners and joint ventures
Primarily due additional advances made to joint venture partner

- 16.78% increase in Land for Future Development
Due to acquisition of additional land for future development

- 112.24% increase in Investment in available-for-sale securities
Due to changes in market value of the Company's equity instruments.

- 7.94% increase in Investment in and advances to associates and other related parties -net
Additional advances and increase in equity share from associates

- 6.71% increase in Investment in Property - net
Due to increase on real properties for lease and hotel improvements

- 5.42% decrease in Property and equipment, net
Due to depreciation for the year 2010

- 8.71% increase in other non-current assets
Due to an increase in guarantee deposits in 2010

- 10.36% decrease in Interest bearing loans and borrowings
Due to repayment of loans

- 10.25% 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.

- 20.65% increase in Customer's Deposit – current and non-current
Due to aggressive marketing and pre-selling of various projects

- 36.43% increase in Reserve for Property Development - current and non-current
Pertains to estimated cost to complete the development of various projects

- 39.33% increase in Deferred Income on Real Estate Sales - current and non-current

Represents increase in unearned revenue

42.00% decrease in Income Tax Payable
Due to higher prepaid tax availed for the current year

23.00% increase in Deferred Tax Liability - net
Pertains to tax effects of taxable and deductible temporary differences

53.69% decrease in Advances from other related parties
Due to reclassification of some advances accounts

27.84% increase in Retirement benefit obligation
Additional accrual of retirement benefits

16.92% increase in Other Liabilities
Additional increase on deferred income

(Increase/decrease of 5% or more versus December 31, 2009)

Income Statements

30.69% increase in Interest Income on real estate sales
Due to realization of interest income from prior years' sales that have been recognized during the year

6.15% increase in Realized Gross Profit on prior's years
Mainly due to revenue recognition on prior year sales

34.68% increase in Rental Income
Due to escalation and the completion of additional leasing property

7.69% increase in Hotel Operations
Due to increase in hotel occupancy rates

127.02% increase in Equity share in net earnings/(losses) of associates, interest and other income
Due to increase in equity in net earnings of associates and other income

8.39% increase in Real Estate Sales Expenses
Due to increase in real estate sales

33.96% increase in Deferred Gross Profit
Due to increase in sales bookings

20.82% increase in Hotel Operations Expenses
Due to increase in hotel bookings

18.37% increase in Operating expenses
Due to aggressive marketing activities and increase in other administrative and corporate overhead expenses

7.34% decrease in Interest and other charges
Due to decrease in finance costs

11.93% 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.

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 December 31, 2010.

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 as of December 31, 2010. There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its interim consolidated financial statements.

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

External Audit Fees and Services

The external auditors of the Company billed the amounts of Php1,754,296 in 2011, Php1,476,200 in 2010 and Php1,342,000 in 2009 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2011, 2010 and 2009. In addition to the professional fees, the external auditors billed a fee of Php1,200,000 for additional services rendered for the year 2009 relative to the review of the Company's June 2009 financial statements for the issuance of a comfort letter in connection with the bonds issued by the Company. Except as disclosed above, no other services were rendered or fees billed by the external auditors of the Company for 2011 and 2010 and 2009.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

FINANCIAL STATEMENTS

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as Exhibit 1 and incorporated herein by reference.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

In compliance with SEC Memorandum Circular No. 8, Series of 2003, which was subsequently incorporated in SRC Rule 68, paragraph 3(b)(iv), and the Company's Manual of Corporate Governance, which require that the Company's external auditor be rotated or the handling partner changed every five (5) years or earlier, the Company's Board of Directors approved, on 26 March 2004, the designation of a new handling partner for the audit of the financial statements of the Company starting the year ending 31 December 2004. The handling partner then designated was Mr. Gregorio S. Navarro who was one of the Audit & Assurance partners of Punongbayan & Araullo and the Managing Partner and Chief Executive Officer of Punongbayan & Araullo at that time. Punongbayan & Araullo was also the auditor of the Company for 2009, 2010 and 2011. The new signing partner designated for the financial statements starting the year ending 31 December 2009 is Ms. Dalisay B. Duque.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

PART III – CONTROL AND COMPENSATION INFORMATION

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board"). The Company's executive officers and management team cooperate with the Company's Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which three are independent directors. All of the directors were elected at the Company's annual stockholders meeting on June 17, 2011 and will hold office until their successors have been duly elected and qualified.

The table sets forth each member of the Company's Board as of 31 March 2012.

Name	Age	Citizenship	Position
Andrew L. Tan	62	Filipino	Director, Chairman and President
Katherine L. Tan	60	Filipino	Director
Kingson U. Sian	50	Filipino	Director, SVP and Executive Director
Enrique Santos L. Sy	62	Filipino	Director
Miguel B. Varela	72	Filipino	Independent Director
Gerardo C. Garcia	70	Filipino	Independent Director
Roberto S. Guevara	60	Filipino	Independent Director

The table below sets forth Megaworld's executive officers in addition to its executive directors listed above as of 31 March 2012.

Name	Age	Citizenship	Position
Lourdes T. Gutierrez	48	Filipino	Senior Executive Vice President for Finance and Administration
Francisco C. Canuto	54	Filipino	Senior Vice President, Treasurer Compliance Officer and

Monica T. Salomon	43	Filipino	Corporate Information Officer First Vice President for Corporate Management
Garry V. de Guzman	44	Filipino	First Vice President for Legal Affairs
Philipps C. Cando	53	Filipino	First Vice President for Operations
Maria Victoria M. Acosta	50	Filipino	Managing Director for International Sales
Kimberly Hazel A. Sta. Maria	31	Filipino	Assistant Vice President for Corporate Communications and Advertising
Edwin B. Maquinto	50	Filipino	Corporate Secretary
Rolando D. Siatela	51	Filipino	Assistant Corporate Secretary

Andrew L. Tan
Chairman of the Board/President

Mr. Tan is the founder of the Company and has served as its Chairman and President since its incorporation in 1989. He pioneered the live-work-play-learn model in real estate development through the Company's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He has recently embarked on the development of integrated tourism estates through Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs, while continuing to focus on consumer-friendly food and beverage and quick service restaurants. Mr. Tan serves as Chairman of the Board of Empire East Land Holdings, Inc., a publicly-listed subsidiary of the Company, and Suntrust Properties, Inc., a subsidiary engaged in the development and marketing of affordable housing projects. He also serves in the boards of other Megaworld subsidiaries including Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties, Inc., Townsquare Development, Inc. and Richmonde Hotel Group International Limited. Mr. Tan is Chairman of Megaworld Foundation, the Company's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance and environmental conservation. He is a director of Travellers International Hotel Group, Inc., which owns Resorts World Manila, and the food and beverage companies, Emperador Distillers, Inc. Alliance Global Brands, Inc., Consolidated Distillers of the Far East, Inc. and Golden Arches Development Corporation.

Katherine L. Tan
Director

Ms. Tan, has served as Director of the Company since 1989 and served as Treasurer of the Company from 1989 to 1994. She is concurrently Director of Empire East Land Holdings, Inc. and Director and Treasurer of Alliance Global Group, Inc. She has extensive experience in the food and beverage industry and is currently Director of The Bar Beverage, Inc. and Choice Gourmet Banquet, Inc. She is Director and President of Consolidated Distillers of the Far East, Inc. and Raffles & Company, Inc. and is Director and Treasurer of Alliance Global Brands, Inc. and Emperador Distillers, Inc.

Kingson U. Sian
Director/Senior Vice President and Executive Director

Mr. Sian has served as Director of the Company since April 2007. He joined the Megaworld Group in September 1995 as Senior Vice President and is currently Executive Director of the Company. He is concurrently Director and President of Alliance Global Group, Inc., Travellers International Hotel Group, Inc., which owns Resorts World Manila, and Eastwood Cyber One Corporation. He is also Chairman and President of Prestige Hotels & Resorts, Inc., which operates the Company's Richmonde Hotel and Eastwood Richmonde Hotel. He is the Senior Vice President/Chief Operating Officer of Megaworld Land, Inc. Mr. Sian was formerly a Vice

President of FPB Asia Ltd/First Pacific Bank in Hong Kong from 1990 to 1995. Prior to that, he was connected with Citicorp Real Estate, Inc. in the United States from 1988 to 1990. Mr. Sian graduated from the University of the Philippines with the degree of Bachelor of Science in Business Economics. He obtained his Masters Degree in Business Administration for Finance and Business Policy from the University of Chicago.

Enrique Santos L. Sy
Director

Mr. Sy has served as Director of the Company since July 2009. He was Vice President for the Corporate Communications & Advertising Division of the Company until his retirement in March 2011. He is concurrently a Director of Empire East Land Holdings, Inc. and First Oceanic Property Management Inc. He is a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and is Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc. and Peace Advertising Corporation, and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Miguel B. Varela
Independent Director/Vice Chairman

A man who wears many hats, Miguel B. Varela holds significant positions in various public and private institutions.

Mr. Varela has been a member of the Company's Board of Directors since June 2006. He is presently the President of the Philippine Chamber of Commerce and Industry (PCCI) was formerly President and now presently Director of Manila Bulletin Publishing Corporation, Director of Ausphil Tollways Corporation, Director, NPC Alliance Corporation, Vice Chairman Richmonde Hotel, among others. Chairman of the Employers Confederation of the Philippines (ECOP), Board of Trustee of Philippines Trade Foundation, Inc. Chairman of Pribadong Institusyon Laban sa Kahirapan (PILAK). Chairman of the Philippine Association of Voluntary Arbitration Foundation (PAVAF), and Vice Chairman of Philippine Dispute Resolution Center, Inc. (PDRCI). Also the Vice President of the International Labor Organization, Inc., and Vice Chairman and Trustee, Foundation for Crime Prevention. He is an accredited international arbitrator of the Paris-based International Court of Arbitration. A member of the Philippine Bar, he pursued his Bachelor of Laws in the Ateneo de Manila Law School and his Associate in Liberal Arts from the San Beda College. He attended a Top Management and Productivity Program from the Asian Institute of Management (AIM) as well as special courses sponsored by ILO, Geneva, Switzerland, Asian Productivity Organization (APO), and the Nikkeren, Japan, covering areas of Managerial Management and Organizational Development, Productivity, Legal Management, Labor and Industrial Relations, Development of SME's among others. He is a member of the Philippine Bar Association, a Commissioner of the Consultative Commission on Constitutional Reform and a Lifetime Member of the Philippine Constitution Association (PHILCONSA). He is the recipient of various awards and citations such as San Beda College's Outstanding Alumni Award for Business Leadership, and San Beda Hall of Fame Awardee. Presidential Medal of Merit for Outstanding Service to the Republic of the Philippines, Tamaraw Leadership Award, Katipunan Leadership Award and Leadership Award from ECOP, PCCI and ASEAN Productivity Organization and Confederation of Asia-Pacific Chamber of Commerce and Industry (CACCI) Medallion for Distinguished Service Award. He was also conferred by the Central Luzon State University with the degree of Doctor of Humanities (*honoris causa*), and by the Eulogio "Amang" Rodriguez University of Science and Technology with a Doctorate in Business Technology (*honoris causa*).

Gerardo C. Garcia
Independent Director

Mr. Garcia has served as Director of the Company since 1994. He concurrently serves as independent director in the boards of Empire East Land Holdings, Inc. and Global-Estate Resorts, Inc. He also serves as independent director in Megaworld Land, Inc. and Suntrust Properties, Inc. He is a director of Philippine Tech. & Development Ventures, Inc. From October 1994 to December 1997, Mr. Garcia served as President of Empire East Land Holdings, Inc. Prior to that, Mr. Garcia served as Executive Vice President of UBP Capital Corporation. He holds a bachelor's degree in Chemical Engineering and a Masters Degree in Business Administration from the University of the Philippines.

Roberto S. Guevara
Independent Director

Mr. Guevara has been a member of the Company's Board of Directors since June 2001. He is Chairman of the Board of Directors of Seed Capital Ventures, Inc. and First Centro, Inc. He serves on the board of other companies, such as G & S Transport Corporation, a licensee of Avis Car Rentals, Tin Can Mobile Solutions Corp., Guevent Industrial Development Corporation and Radiowealth Finance Corporation. He is also the President of Seed Capital Corporation and RFC (HK) Limited. Mr. Guevara graduated from San Beda College in 1974, and received graduate degree from the Asian Institute of Management and a post graduate course at the Institute for Management Development (IMD), in Lausanne, Switzerland.

Lourdes T. Gutierrez
Senior Executive Vice President for Finance and Administration

Ms. Gutierrez joined the Company in 1990. She is a Certified Public Accountant and holds the rank of Senior Executive Vice President. She is a member of the Company's Management Executive Committee. Ms. Gutierrez graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science major in Accounting. She is Chairman of the property management company, First Oceanic Property Management, Inc. She is currently a director of Global-Estate Resorts, Inc., Suntrust Properties, Inc., Megaworld Resort Estates, Inc., Oceantown Properties, Inc., Eastwood Cyber One Corporation, Asia's Finest Hotels & Resort, Inc., Bonifacio West Development Corporation, Lucky Chinatown Cinemas, Inc., Megaworld-Global Estate, Inc. and Prestige Hotels & Resorts, Inc. She is a trustee and Corporate Secretary of Megaworld Foundation, Inc. Prior to joining the Company, she was Audit Manager of Philippine Aluminum Wheels, Inc. and Senior Auditor in Cabanero Katigbak Clemente & Associates and RubberWorld Philippines.

Francisco C. Canuto
Senior Vice President and Treasurer

Mr. Canuto joined the Company in 1995. He is a Certified Public Accountant and currently holds the rank of Senior Vice President. He is Treasurer of the Company and is Senior Assistant to the Chairman. He is a member of the Company's Management Executive Committee. He graduated from the Polytechnic University of the Philippines with the degree of Bachelor of Science in Commerce major in Accounting. Mr. Canuto has a Masters Degree in Business Administration from the Ateneo Graduate School of Business. He is concurrently Director of Eastwood Property Holdings, Inc., Director and Corporate Secretary of Megaworld Central Properties, Inc. and Director and Treasurer of Oceantown Properties, Inc., Megaworld-Global Estate, Inc., Megaworld Resort Estates, Inc., Megaworld Land, Inc., Megaworld-Daewoo Corporation, Eastwood Cyber One Corporation, Asia's Finest Hotels & Resort, Inc., and Prestige Hotels & Resorts, Inc. He serves as a Director and President of Megaworld Cayman Islands, Inc., Lucky Chinatown Cinemas, Inc. and Gilmore Property Marketing Associates, Inc. He is also the President of Megaworld Foundation, Inc. Before joining the Company, he worked as Audit Manager of SGV & Company and Controller of Federal Express Corporation.

Monica T. Salomon
First Vice President for Corporate Management

Ms. Salomon heads the Corporate Management Department of the Company and is a member of the Company's Management Executive Committee. She joined the Company's Legal and Corporate Management Division in January 1997 and has served as corporate counsel to the Company and its subsidiaries since 1997. She is concurrently a director of Megaworld Land, Inc., Asia's Finest Hotels & Resort, Inc., Bonifacio West Development Corporation, Megaworld-Global Estate, Inc., Prestige Hotels & Resorts, Inc., Megaworld Central Properties, Inc., Townsquare Development Inc. and Eastwood Property Holdings, Inc. She is the Corporate Secretary of Oceantown Properties, Inc. and Director and Corporate Secretary of Megaworld Resort Estates, Inc. She is a trustee of Megaworld Foundation, Inc. Before joining Megaworld, she worked as an Associate at the ACCRA Law Offices and was Legislative Staff Assistant to then Congressman Raul S. Roco at the House of Representatives. Ms. Salomon pursued her law studies at the University of the Philippines where she graduated in April 1994 with honors. She was admitted to the Integrated Bar of the Philippines in 1995.

Garry V. de Guzman
First Vice President for Legal Affairs

Mr. De Guzman heads the Legal Affairs Department of the Company. He joined the Company in April 1997 as a Senior Manager of its Legal and Corporate Management Division in April 1997. Mr. De Guzman has been in continuous litigation practice for more than thirteen (13) years and is in charge of the Company's litigation, licensing, registration and titling activities. Before joining Megaworld, he was an Associate at the ACCRA Law Offices and Tax Assistant in Punongbayan and Araullo, CPAs. He obtained his Bachelor of Laws in 1994 from San Beda College where he graduated Class Salutatorian and was admitted to the Integrated Bar of the Philippines in 1995. In 1989, he obtained his bachelor's degree in Commerce major in Accounting from the same institution graduating Magna Cum Laude and Class Valedictorian. Mr. De Guzman serves as Director and Treasurer of Global-Estate Resorts, Inc. and Megaworld Resort Estates, Inc. He is also Director and Corporate Secretary of Megaworld-Global Estate, Inc. Mr. De Guzman is a member of the Commercial Law Affiliates, AsiaLaw, Philippine Institute of Certified Accountants and is Past President of the Rotary Club, Parañaque City Chapter.

Philipps C. Cando
First Vice President for Operations

Mr. Cando is a licensed civil engineer who has over 28 years of experience in project development and construction management. Mr. Cando joined the Company in 1994 as a construction manager and eventually rose to become head of the Company's project management team. Prior to joining Megaworld, Mr. Cando was employed for over 12 years in construction design and consultancy firms, Arenas-Tugade Associates and Massive Design Group. During his more than 15 years with the Company, Mr. Cando was responsible for the construction management of over thirty-three (33) project developments of the Company including residential and office condominium projects, hotel, mall and retail complexes as well as large scale mixed-use developments such as McKinley Hill and Eastwood City. He now heads the Company's Operations Division and responsible for the construction development of large scale developments to include, Newport City, Forbes Town Center at Global City, Manhattan Garden City at Araneta Center, Cityplace at Binondo and Bonifacio Uptown. Mr. Cando serves as Director and President of Oceantown Properties, Inc.

Maria Victoria M. Acosta
Managing Director for International Sales

Ms. Acosta is Managing Director for International Sales and has held this position since September 1999. Prior to her appointment, she had twenty years of marketing experience in

real estate and consumer products with other companies. Ms. Acosta was Executive Vice President and Chief Operating Officer of Empire East Land Holdings, Inc. from 1997 to 1998 and was Executive Director for Marketing from 1996 to 1997. Earlier, she also served as Senior Vice President and General Manager of Raffles & Co., Inc. She is concurrently Director and Corporate Secretary of Eastwood Property Holdings, Inc. and Gilmore Property Marketing Associates, Inc. Ms. Acosta graduated from the University of the Philippines with the degree of Bachelor of Science in Business Administration major in Marketing & Finance.

Kimberly Hazel A. Sta. Maria

Assistant Vice President for Corporate Communications and Advertising

Ms. Sta. Maria holds the rank of Assistant Vice President and heads the Corporate Communication and Advertising Division of the Company. She joined the Company in 2002 as Head Writer and is responsible for the creative conceptualization and production of advertising and marketing campaigns and materials for the Company's projects. Ms. Sta. Maria is a *cum laude* graduate of the University of the Philippines Manila and holds a bachelor's degree in Organizational Communication.

Edwin B. Maquinto

Corporate Secretary

Mr. Maquinto is the Corporate Secretary of the Company and has held this position since 1997. He is currently Corporate Counsel of Emperador Distillers, Inc., Anglo-Watson Glass, Inc., The Andresons Group, Inc., Consolidated Distillers of the Far East, Inc., Raffles & Company, Inc. and Andresons Global, Inc. He graduated from the University of the Philippines, with degrees in law and economics. He served as Special Assistant to the Legal and Corporate Manager of the Philippine Coconut Authority, Chief Legal Counsel of the FORZA group of companies, Legal Officer of the Office of Legal Affairs and Hearing Officer of the Garments and Textiles Export Board, both of the Department of Trade and Industry.

Rolando D. Siatela

Assistant Corporate Secretary

Mr. Siatela serves as Assistant Corporate Secretary of the Company. He is also Assistant Vice President for Corporate Management of the Company. He concurrently serves in PSE-listed Suntrust Home Developers, Inc. as Corporate Secretary and Corporate Information Officer, Alliance Global Group, Inc. Suntrust Properties, Inc. and Global-Estate Resorts, Inc. as Assistant Corporate Secretary. He is a member of the board of Asia Finest Cuisine, Inc. Prior to joining Megaworld Corporation, he was employed as Administrative and Personnel Officer with Batarasa Consolidated, Inc.

Significant Employees

While the Company values its workforce, the business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman and President Andrew L. Tan is married to Director Katherine L. Tan.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence during the past five (5) years up to the date hereof of any of the following events that are material to an evaluation of the ability or integrity of any director, nominee for election as director, or executive officer:

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

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

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

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

EXECUTIVE COMPENSATION

Summary Compensation Table

The following tables identify the Company's Chief Executive Officer and the five most highly compensated executive officers and summarize their aggregate compensation in 2010 and 2011 and the estimated aggregate compensation for 2012:

Annual Compensation

Name	Position	Year	Salary	Other Variable Compensation
A. CEO and Five Most Highly Compensated Officers		2012	26,832,996.79	13,475,178.28
1. Andrew L. Tan	President			
2. Lourdes T. Gutierrez	SEVP for Finance and Administration			
3. Phillips C. Cando	FVP for Operations			
4. Kingson U. Sian	SVP, Executive Director			
5. Francisco C. Canuto	SVP, Treasurer			
6. Ma. Victoria M. Acosta	Managing Director			
B. All other officers and directors as a group unnamed			44,966,490.64	9,057,809.31

Annual Compensation

Name	Position	Year	Salary	Other Variable Compensation
A. CEO and Five Most Highly Compensated Officers		2011	23,282,781.66	11,724,451.36
1. Andrew L. Tan	President			
2. Lourdes T. Gutierrez	SVP for Finance and Administration			
3. Phillips C. Cando	FVP for Operations			
4. Kingson U. Sian	SVP, Executive Director			
5. Francisco C. Canuto	FVP, Treasurer			
6. Ma. Victoria M. Acosta	Managing Director			

B. All other officers and directors as a group unnamed			38,935,961.80	7,878,634.90
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Annual Compensation

Name	Position	Year	Salary	Other Variable Compensation
A. CEO and Five Most Highly Compensated Officers		2010	20,324,632.00	10,163,494.26
1. Andrew L. Tan	President			
2. Lourdes T. Gutierrez	SVP for Finance and Administration			
3. Antonio T. Tan	SVP for Operations			
4. Kingson U. Sian	SVP, Executive Director			
5. Francisco C. Canuto	FVP, Treasurer			
6. Ma. Victoria M. Acosta	Managing Director			
B. All other officers and directors as a group unnamed			33,867,671.78	6,852,236.77

Compensation of Directors

The members of the Board receive a standard per diem for attendance in Board meetings. In 2010 and 2011, the Company paid a total of Php180,000 and Php 700,000, respectively, for directors' per diem. For 2012, the Company has allocated Php800,000 for directors' per diem. Other than payment of the per diem, there are no arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended December 31, 2011 and the ensuing year, for any service provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Executive officers are appointed by the Board to their respective offices. The Company does not enter into employment contracts with its executive officers. There is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company, termination of such executive officer's employment with the Company and its subsidiaries other than standard benefits provided under the Company's retirement plan covering all regular full-time employees.

Outstanding Warrants and Options

There are no warrants and options granted pursuant to any executive compensation plan to the Company's President, executive officers, or directors.

There are directors and executive officers, however, who are holders of warrants issued pursuant to a 1:4 stock rights offering in 2009.

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares as of March 31, 2012

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Alliance Global Group, Inc. (AGI) ¹ 7th/F 1880 Eastwood Avenue, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Alliance Global Group, Inc. ²	Filipino	8,887,831,663	28.0755%
Preferred				6,000,000,000	18.9532%
Total				14,887,831,663	47.0287%
Common	PCD Nominee Corporation (Filipino), G/F MKSE Bldg., 6767 Ayala Ave., Makati	Participants of the PCD composed of custodian banks and brokers.	Filipino	5,737,511,381	18.1256%
Common	New Town Land Partners, Inc. (NTLPI) ³ , 6/F The World Centre, Sen. Gil Puyat, Ave., Makati	New Town Land Partners, Inc.	Filipino	5,182,179,590	16.3797%
Common	PCD Nominee Corporation (Non-Filipino) G/F MKSE Bldg., 6767 Ayala Ave., Makati	Participants of the PCD composed of custodian banks and brokers. ⁴	Non-Filipino	4,529,021,546 ⁵	14.3066%
Common	PCD Nominee Corporation (Non-Filipino), G/F MKSE Bldg., 6767 Ayala Ave., Makati	The Hongkong and Shanghai Banking Corp. Ltd. – Clients (HSBC) ⁶	Non-Filipino	1,707,211,522	5.3928%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

¹The Chairman of the Board of AGI, Mr. Andrew L. Tan, is also Chairman of the Board and President of the Company.

²The Board of Directors of AGI has voting and investment power over AGI's shares of stock in the Company. AGI normally authorizes its Chairman, or in his absence, the Chairman of the Meeting, to vote AGI's shares of stock in the Company.

³The Board of Directors of NTLPI has voting and investment power over NTLPI's shares of stock in the Company, NTLPI has authorized the Chairman of the Board of the Company, or in his absence the Chairman of the Meeting to vote NTLPI's shares of stock in the Company.

⁴Among the PCD participants, HSBC owns 1,707,211,522 shares, representing 5.3928% of the Company's outstanding capital stock.

⁵This includes HSBC's 1,707,211,522 shares.

⁶HSBC is a participant of the PCD. The beneficial owners of the shares held by HSBC are not known to the Company.

Security Ownership of Management as of 31 March 2012

Title of Class Name of Beneficial Owner		Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors/Nominees				
Common	Andrew L. Tan	100,000,000 ¹ (direct)	Filipino	.31588682%
		1,891,632 ² (indirect)	Filipino	.00597541%
		14,887,831,663 ³ (indirect)	Filipino	47.02869922%
		5,182,179,590 ⁴ (indirect)	Filipino	16.36982273%
Common	Gerardo C. Garcia	136,136 ⁵ (direct)	Filipino	.00043003%
Common	Kingson U. Sian	612,501 ⁶ (direct)	Filipino	.00193480%
Common	Katherine L. Tan	1,891,632 (direct)	Filipino	.00597541%
		100,000,000 ⁷ (indirect)	Filipino	.31588682%
Common	Miguel B. Varela	4,422 (direct)	Filipino	.00001396%
Common	Roberto S. Guevara	1 (direct)	Filipino	.00000001%
Common	Enrique Santos L. Sy	80,553 (direct)	Filipino	.00025445%
CEO and Five Most Highly Compensated Officers				
Common	Andrew L. Tan	Same as above		
Common	Kingson U. Sian	Same as above		
Common	Lourdes T. Gutierrez	839,866 ⁸ (direct)	Filipino	.00265302%
Common	Francisco C. Canuto	318,150 ⁹ (direct)	Filipino	.00100499%
Common	Philipps C. Cando	0	Filipino	n/a
Common	Maria Victoria M. Acosta	0	Filipino	n/a
Other Executive Officers				
Common	Monica T. Salomon	0	Filipino	n/a
Common	Garry V. de Guzman	0	Filipino	n/a
Common	Kimberly Hazel A. Sta. Maria	0	Filipino	n/a
Common	Edwin B. Maquinto	0	Filipino	n/a
Common	Rolando D. Siatela	0	Filipino	n/a
Common	All directors and executive officers as a group	103,883,261 (direct)		.32815353%

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of the Company's common shares under a voting trust or similar agreement.

¹ Andrew L. Tan is the holder of 16,000,000 warrants which entitle him to subscribe to an equivalent number of common shares at One Peso (Php1.00) per share.

² The shares are beneficially owned by Katherine L. Tan, spouse of Andrew L. Tan.

³ The shares are held by Alliance Global Group, Inc. which normally authorizes Andrew L. Tan, in his capacity as Chairman of the Board, or in his absence the Chairman of the Meeting, to vote AGI's common shares in the Company.

⁴ The shares are held by NTLPI which normally authorizes the Chairman of the Board of the Company, or in his absence the Chairman of the Meeting to vote NTLPI's shares of stock in the Company.

⁵ Gerardo C. Garcia is the holder of 21,647 warrants which entitle him to subscribe to an equivalent number of common shares at One Peso (Php1.00) per share.

⁶ Kingson U. Sian is the holder of 98,000 warrants which entitle him to subscribe to an equivalent number of common shares at One Peso (Php1.00) per share.

⁷ The shares are beneficially owned by Andrew L. Tan, spouse of Katherine L. Tan.

⁸ Lourdes T. Gutierrez is the holder of 134,378 warrants which entitle her to subscribe to an equivalent number of common shares at One Peso (Php1.00) per share.

⁹ Francisco C. Canuto is the holder of 50,904 warrants which entitle him to subscribe to an equivalent number of common shares at One Peso (Php1.00) per share.

Changes in Control

There has been no change in the control of the Company since it was incorporated in 1989.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Please refer to the discussion under Transactions with and/or dependence on related parties on page 10.

PART IV – CORPORATE GOVERNANCE

Compliance with Leading Practices on Corporate Governance

In 2002, the Company adopted a Manual on Corporate Governance in order to institutionalize the principles of good corporate governance in the entire organization. Pursuant to the Company's Manual on Corporate Governance, the Company's Board of Directors created each of the following committees and appointed board members thereto.

Audit Committee

The Audit Committee assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations, provides oversight over financial management functions and over internal and external auditors and the financial statements of the Company. The Audit Committee has three members, two of whom are independent directors. An independent director serves as the head of the committee.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee is responsible for establishing a formal and transparent procedure for developing a policy on remuneration of the directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. The Compensation and Remuneration Committee consists of three members, including at least one independent director.

Nomination Committee

The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval. The Nomination Committee has three members, including at least one independent director.

In 2005, the Company engaged the services of the Institute of Corporate Directors (ICD) to facilitate a Corporate Governance Training/Seminar for its Board of Directors and executives. The Training/Seminar included a discussion on the Main Principles of Corporate Governance contained in the Organization for Economic Cooperation and Development (OECD), the Pacific Economic Cooperation Council (PECC) and the Philippine SEC Corporate Governance Code, Responsible Citizenship and Corporate Social Responsibility, Finance in the Corporate Governance Setting and Best Practices of Corporate Governance. In 2004, the Company designated a new engagement partner of Punongbayan and Araullo for the audit of its financial statements beginning the year ending December 31, 2004 in compliance with its Manual on Corporate Governance requirement that the Company rotate its external auditor or change the handling partner every five (5) years or earlier. During the same year, the Company increased the number of independent directors in its Audit Committee, from one independent director to two (2) independent directors, and appointed an independent director to head the Audit Committee, in accordance with SEC Memorandum Circular No. 6. In 2009,

Ms. Dalisay B. Duque has been designated as the new signing partner for the audit of the Company's financial statements as of 31 December 2009.

Evaluation System

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

Deviations from Manual and Sanctions Imposed

In 2011, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions.

No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

Plan to Improve Corporate Governance

Pursuant to SEC Memorandum Circular No. 6, Series of 2009, the Company has revised its Manual of Corporate Governance to make the same compliant with the Revised Code of Corporate Governance.

PART V – EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of December 31, 2011, 2010 and 2009

The Company filed the following reports on SEC Form 17-C during the last six-month period covered by this report.

Date	Disclosures
25 July 2011	Press Release: "Megaworld to develop NAPOLCOM Property"
29 November 2011	Memorandum of Agreement with Clark Development Corporation
19 December 2011	Press Release: Megaworld is the #1 residential condominium developer"

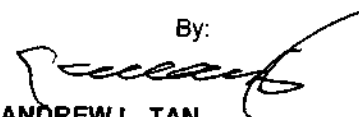
SIGNATURES


Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on APRIL 16, 2012.


MEGAWORLD CORPORATION

Company

By:


ANDREW L. TAN
 President
 (Principal Executive Officer)


FRANCISCO C. CANUTO
 Treasurer
 (Principal Financial Officer)



LOURDES O. RAMILO
 (Principal Accounting Officer
 and Comptroller)


EDWIN B. MAQUINTO
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 16 2012, affiants exhibiting to me their Community Tax Certificates, as follows:

<u>NAME</u>	<u>TIN NO.</u>	<u>CTC NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Andrew L. Tan	125-960-003	03208915	1/09/2012	Quezon City
Francisco C. Canuto	102-956-483	06982391	1/04/2012	Makati City
Edwin B. Maquinto	121-424-847	03254396	1/16/2012	Makati City
Lourdes O. Ramilo	111-600-504	30015955	4/02/2012	Makati City

Doc. No. 241
 Page No. CV
 Book No. XIV
 Series of 2012.


AIMEE C. ROSALES
 Notary Public for Pasig City
 Commission expires on December 31, 2012
 Penthouse, Anson's Bldg., 23 ADB Ave.,
 Ortigas Center, Pasig City
 PTR No. 3178358; Makati; 1/4/2012
 IBP No. 877854; Makati; 1/4/2012
 Roll No. 52759