

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Sep 30, 2020
2. SEC Identification Number
167423
3. BIR Tax Identification No.
000-477-103
4. Exact name of issuer as specified in its charter
MEGAWORLD CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
30th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig
City
Postal Code
1634
8. Issuer's telephone number, including area code
(632) 8894-6300/6400
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	31,953,033,872
Preferred	6,000,000,000

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
 If yes, state the name of such stock exchange and the classes of securities listed therein:
 The shares of common stock of the Company are listed on the Philippine Stock Exchange.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

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



MEGAWORLD

Megaworld Corporation MEG

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

For the period ended	Sep 30, 2020
Currency (indicate units, if applicable)	Php (In Thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2020	Dec 31, 2019
Current Assets	208,212,888	190,506,161
Total Assets	374,671,590	349,633,075
Current Liabilities	68,256,023	57,544,518
Total Liabilities	163,158,147	144,767,552
Retained Earnings/(Deficit)	130,426,979	123,270,890
Stockholders' Equity	211,513,443	204,865,523
Stockholders' Equity - Parent	184,513,568	178,464,085
Book Value per Share	5.84	5.61

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	8,364,924	15,406,784	30,815,411	44,993,360
Gross Expense	5,700,306	9,543,596	20,228,229	27,583,392
Non-Operating Income	1,170,372	988,538	2,513,196	3,125,746
Non-Operating Expense	892,381	448,899	2,213,480	2,163,496
Income/(Loss) Before Tax	2,942,609	6,402,827	10,886,898	18,372,218

Income Tax Expense	711,886	1,583,977	2,773,981	4,686,978
Net Income/(Loss) After Tax	2,230,723	4,818,850	8,112,917	13,685,240
Net Income Attributable to Parent Equity Holder	2,010,384	4,489,044	7,415,798	12,796,510
Earnings/(Loss) Per Share (Basic)	0.06	0.14	0.23	0.39
Earnings/(Loss) Per Share (Diluted)	0.06	0.14	0.23	0.39

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.38	0.51
Earnings/(Loss) Per Share (Diluted)	0.38	0.51

Other Relevant Information

None.

Filed on behalf by:

Name	Sherwin De Joya
Designation	Vice President

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **30 September 2020**
2. Commission Identification Number: **167423** 3. BIR Tax Identification No.: **000-477-103**
4. **MEGAWORLD CORPORATION**
Exact name of issuer as specified in its charter
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **30th Floor, Alliance Global Tower**
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City 1634
Address of issuer's principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	31,953,033,872
Preferred	6,000,000,000
Total	37,953,033,872

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

Yes [] No []

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

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

11. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes

No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2019 and September 30, 2020

Exhibit 2 - Consolidated Statements of Income for the periods ended September 30, 2020 and September 30, 2019

Exhibit 3 - Consolidated Statements of Changes in Equity as of September 30, 2020 and September 30, 2019

Exhibit 4 - Consolidated Statements of Cash Flow as of September 30, 2020 and September 30, 2019

Exhibit 5 - Notes to Interim Financial Information

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

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

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

SIGNATURE

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

MEGAWORLD CORPORATION
Issuer

By:



DR. FRANCISCO C. CANUTO
Treasurer (Principal Financial Officer)
and Duly Authorized Officer
November 13, 2020

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

EXHIBIT 1

	Unaudited September 30, 2020	Audited December 31, 2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 42,420,667	P 23,104,876
Trade and other receivables - net	31,703,282	33,011,950
Contract assets	11,486,978	10,857,180
Inventories	102,449,049	102,845,391
Advances to contractors and suppliers	11,511,278	12,269,532
Prepayments and other current assets	<u>8,641,634</u>	<u>8,417,232</u>
Total Current Assets	<u>208,212,888</u>	<u>190,506,161</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	13,143,929	11,797,389
Contract assets	9,601,018	7,785,825
Advances to contractors and suppliers	3,936,589	3,044,295
Advances to landowners and joint operators	7,263,763	7,058,884
Financial assets at fair value through other comprehensive income	4,079,202	4,498,220
Investments in associates -net	3,420,893	3,511,502
Investment properties - net	113,884,641	110,890,939
Property and equipment - net	6,688,243	6,702,251
Deferred tax assets - net	386,218	308,797
Other non-current assets - net	<u>4,054,206</u>	<u>3,528,812</u>
Total Non-current Assets	<u>166,458,702</u>	<u>159,126,914</u>
TOTAL ASSETS	<u>P 374,671,590</u>	<u>P 349,633,075</u>

	Unaudited September 30, 2020	Audited December 31, 2019
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Interest-bearing loans and borrowings	P 20,619,159	P 14,502,531
Trade and other payables	21,402,220	19,306,783
Contract liabilities	2,564,918	1,703,947
Customers' deposits	9,860,628	10,716,803
Redeemable preferred shares	251,598	251,598
Advances from associates and other related parties	2,718,035	2,914,883
Income tax payable	47,734	257,777
Other current liabilities	10,791,731	7,890,196
	68,256,023	57,544,518
Total Current Liabilities		
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	27,418,894	36,753,944
Bonds payable	40,515,706	24,623,884
Contract liabilities	3,764,335	3,509,608
Customers' deposits	3,034,404	3,083,065
Redeemable preferred shares	503,195	503,195
Deferred tax liabilities - net	11,836,711	10,729,269
Retirement benefit obligation	1,275,795	1,249,575
Other non-current liabilities	6,553,084	6,770,494
	94,902,124	87,223,034
Total Non-current Liabilities		
Total Liabilities	163,158,147	144,767,552
EQUITY		
Total equity attributable to the Company's shareholders	184,513,568	178,464,085
Non-controlling interests	26,999,875	26,401,438
	211,513,443	204,865,523
Total Equity		
TOTAL LIABILITIES AND EQUITY	P 374,671,590	P 349,633,075

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

EXHIBIT 2

	2020 Unaudited Jul 1 - Sep 30	2020 Unaudited Jan 1 -Sep 30	2019 Unaudited Jul 1 - Sep 30	2019 Unaudited Jan 1 -Sep 30
REVENUES AND INCOME				
Real estate sales	P 4,748,497	P 19,060,483	P 10,557,440	P 30,716,595
Rental income	3,366,133	10,586,743	4,262,060	12,405,477
Hotel operations	250,294	1,168,185	587,284	1,871,288
Equity in net earnings (losses) of associates	(89,220)	(90,609)	18,703	62,837
Interest and other income - net	<u>1,259,592</u>	<u>2,603,805</u>	<u>969,835</u>	<u>3,062,909</u>
	<u>9,535,296</u>	<u>33,328,607</u>	<u>16,395,322</u>	<u>48,119,106</u>
COSTS AND EXPENSES				
Cost of real estate sales	2,719,332	10,583,489	5,795,045	16,879,723
Hotel operations	149,824	720,174	342,268	1,129,466
Operating expenses	2,831,150	8,924,566	3,406,283	9,574,203
Interest and other charges - net	892,381	2,213,480	448,899	2,163,496
Tax expense	<u>711,886</u>	<u>2,773,981</u>	<u>1,583,977</u>	<u>4,686,978</u>
	<u>7,304,573</u>	<u>25,215,690</u>	<u>11,576,472</u>	<u>34,433,866</u>
NET PROFIT FOR THE PERIOD	<u>P 2,230,723</u>	<u>P 8,112,917</u>	<u>P 4,818,850</u>	<u>P 13,685,240</u>
Net profit attributable to:				
Company's shareholders	P 2,010,384	P 7,415,798	P 4,489,044	P 12,796,510
Non-controlling interests	<u>220,339</u>	<u>697,119</u>	<u>329,806</u>	<u>888,730</u>
	<u>P 2,230,723</u>	<u>P 8,112,917</u>	<u>P 4,818,850</u>	<u>P 13,685,240</u>
Earnings Per Share :				
Basic	<u>P 0.063</u>	<u>P 0.225</u>	<u>P 0.141</u>	<u>P 0.393</u>
Diluted	<u>P 0.064</u>	<u>P 0.225</u>	<u>P 0.140</u>	<u>P 0.391</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousand pesos)

	2020 Unaudited Jul 1 - Sep 30	2020 Unaudited Jan 1 - Sep 30	2019 Unaudited Jul 1 - Sep 30	2019 Unaudited Jan 1 - Sep 30
NET PROFIT FOR THE PERIOD	P 2,230,723	P 8,112,917	P 4,818,850	P 13,685,240
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified				
Fair value gains (losses) on financial assets at fair value through other comprehensive income	139,344	(394,966)	(625,961)	(99,513)
Items that will be reclassified				
Unrealized gain (loss) on cash flow hedge	69,239	(123,106)	(97,987)	(277,570)
Exchange difference on translating foreign operations	(14,500)	(19,182)	7,209	37,687
	<u>54,739</u>	<u>(142,288)</u>	<u>(90,778)</u>	<u>(239,883)</u>
Total Other Comprehensive Income (Loss)	<u>194,083</u>	<u>(537,254)</u>	<u>(716,739)</u>	<u>(339,396)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>P 2,424,806</u></u>	<u><u>P 7,575,663</u></u>	<u><u>P 4,102,111</u></u>	<u><u>P 13,345,844</u></u>
Total comprehensive income attributable to:				
Company's shareholders	2,200,353	6,974,410	3,865,702	12,477,686
Non-controlling interests	224,453	601,253	236,409	868,158
	<u><u>P 2,424,806</u></u>	<u><u>P 7,575,663</u></u>	<u><u>P 4,102,111</u></u>	<u><u>P 13,345,844</u></u>

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

EXHIBIT 3

	Unaudited September 30, 2020		Unaudited September 30, 2019	
CAPITAL STOCK	P	32,430,866	P	32,430,866
ADDITIONAL PAID-IN CAPITAL		16,660,844		16,658,942
TREASURY SHARES - AT COST	(1,300,391)	(633,271)
TRANSLATION RESERVES	(402,012)	(342,751)
REVALUATION RESERVES	(3,540,617)	(3,513,492)
PERPETUAL CAPITAL SECURITIES		10,237,899		10,237,899
RETAINED EARNINGS		130,426,979		118,405,102
NON-CONTROLLING INTERESTS		<u>26,999,875</u>		<u>25,538,993</u>
TOTAL EQUITY	P	<u>211,513,443</u>	P	<u>198,782,288</u>

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

EXHIBIT 4

	Unaudited September 30, 2020	Unaudited September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 10,886,898	P 18,372,218
Adjustments for:		
Depreciation and amortization	2,214,276	1,920,298
Interest and other charges	1,157,987	1,154,266
Interest and other income	(1,938,557)	(1,617,710)
Employee share options	16,082	12,789
Equity in net earnings (losses) of associates	90,609	(62,837)
Operating profit before working capital changes	12,427,295	19,779,024
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	(2,179,858)	(8,396,905)
Increase in current and non-current liabilities	4,723,081	7,197,473
Cash generated from operations	14,970,518	18,579,592
Cash paid for income taxes	(1,821,069)	(2,129,262)
NET CASH FROM OPERATING ACTIVITIES	13,149,449	16,450,330
CASH FLOWS USED IN INVESTING ACTIVITIES	(3,448,091)	(7,315,330)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	9,614,433	(8,472,282)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,315,791	662,718
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	23,104,876	17,543,095
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P 42,420,667	P 18,205,813

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

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

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

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

Subsidiaries	Effective Percentage of Ownership	
	September 2020	December 2019
Subsidiaries:		
Prestige Hotels and Resorts, Inc. (PHRI)	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	100%	100%
Eastwood Cyber One Corporation (ECOC)	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	100%	100%
Oceantown Properties, Inc. (OPI)	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	100%	100%

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

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

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

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations as at September 30, 2020.
- (b) Newly-incorporated company in 2020. Engaged in E-Commerce business.
- (c) As at September 30, 2020, the Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.
- (d) As at September 30, 2020, the Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.
- (e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLI, their immediate parent company.
- (f) PCMI is considered as an associate of the Company since 2015. The Company obtained de facto control over PCMI in 2018 by aligning their key executives and Boards of Directors (BODs). The acquisition was accounted for under the pooling-of-interest method of accounting; hence, no goodwill or gain on acquisition was recognized. In January 2019, EELHI acquired additional shares of PCMI, increasing the effective ownership interest of the Company to 32.69%.
- (g) In 2019, the Company and TDI disposed certain number of shares over SHDI. In addition, the Company and a third party investor subscribed to the increase in capitalization over SHDI, the latter became the controlling shareholder. The foregoing transactions decreased the Company's effective ownership over SHDI to 34%.
- (h) New subsidiaries of SHDI in 2020.
- (i) In 2019 as a result of the Company's dilution of ownership interest over SHDI, the effective ownership of the Company over FOPMI and CCSI was also diluted to 8.16%.

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

The Company and its subsidiaries, except for entities which have not yet started commercial operations as at September 30, 2020, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations and marketing services.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements as of and for the year ended December 31, 2019 except for the application of amendments to standards that became effective on January 1, 2020 (see Note 2.2)

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the nine months ended September 30, 2020 and 2019 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019.

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

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Group

In 2020, the Group adopted for the first time the following amendments, and revisions to existing standards that are relevant to the Group and effective for financial statements with annual periods beginning on or after January 1, 2020:

PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements, and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Conceptual Framework for Financial Reporting	:	Revised Conceptual Framework for Financial Reporting

- (i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments has no impact on the Group's interim condensed consolidated financial statements.

- (ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Management has assessed that this has no impact on the Group's interim condensed consolidated financial statements.

(b) Effective Subsequent to 2020 but are not Adopted Early

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

Management is currently assessing the impact of these amendments on the Group's consolidated financial statements and it will conduct a comprehensive study of the potential impact of these standards prior to their mandatory adoption date to assess the impact of all changes.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's

management assessed that for the nine months ended September 30, 2020 and as at December 31, 2019, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations.

The Corporate and Others segment includes business process outsourcing, educational, facilities provider, maintenance and property management operations, marketing services, general and corporate income and expense items. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities.

4.3 Intersegment Transactions

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

5. EARNINGS PER SHARE

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

	<u>September 30, 2020</u>	<i>(As restated)</i> <u>September 30, 2019</u>
Net profit attributable to Company's Shareholders	P 7,415,798,483	P 12,796,509,995
Distribution to perpetual securities	(274,759,250)	(282,397,125)
Computed dividends on cumulative preferred shares series "A"	(449,180)	(448,767)
Profit available to Company's common shareholders	<u>P 7,140,590,053</u>	<u>P 12,513,664,103</u>
Divided by weighted average number of outstanding common shares	<u>31,692,421,428</u>	<u>31,819,501,428</u>
Basic EPS	<u>P 0.225</u>	<u>P 0.393</u>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<u>31,788,351,849</u>	<u>31,981,630,113</u>
Diluted EPS	<u>P 0.225</u>	<u>P 0.391</u>

6. COMMITMENTS AND CONTINGENCIES

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

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

7. SEASONAL FLUCTUATIONS

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

8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOCI), interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures.

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

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

8.1 Foreign Currency Sensitivity

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

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

8.2 Interest Rate Sensitivity

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

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

8.3 Credit Risk

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

8.4 Liquidity Risk

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

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

8.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVOCI carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

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

9. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

9.1 Carrying Amounts and Fair Values by Category

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

	<u>September 30, 2020 (Unaudited)</u>		<u>December 31, 2019 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial Assets				
At amortized costs:				
Cash and cash equivalents	P 42,420,667,551	P 42,420,667,551	P 23,104,875,672	P 23,104,875,672
Trade and other receivables – net	44,847,210,644	44,365,235,152	44,809,339,363	45,290,907,850
Guarantee and other deposits	895,129,299	895,129,299	1,007,434,782	1,007,434,782
	<u>P 88,163,007,494</u>	<u>P 87,681,032,002</u>	<u>P 68,921,649,817</u>	<u>P 69,403,218,304</u>
Financial assets at FVOCI –				
Equity securities	<u>P 4,079,202,056</u>	<u>P 4,079,202,056</u>	<u>P 4,498,219,487</u>	<u>P 4,498,219,487</u>
Financial Liabilities				
At amortized cost:				
Interest-bearing				
loans and borrowings	P 48,038,052,474	P 47,375,873,025	P 51,256,475,989	P 50,192,028,027
Bonds payable	40,515,706,185	38,273,170,434	24,623,883,690	23,667,412,590
Redeemable preferred shares	754,792,740	754,792,740	754,792,740	754,792,740
Trade and other payables	19,078,570,880	19,078,570,880	17,584,893,153	17,584,893,153
Advances from associates and other related parties	2,718,034,629	2,718,034,629	2,914,882,801	2,914,882,801
Lease liabilities	637,147,067	637,147,067	653,588,108	653,588,108
Subscription payable	1,114,665,008	1,114,665,008	1,114,665,008	1,114,665,008
Other liabilities	5,372,038,788	5,372,038,788	3,727,360,098	3,727,360,098
	<u>P 118,229,007,771</u>	<u>P 115,324,292,571</u>	<u>P 102,630,541,587</u>	<u>P 100,609,622,525</u>
Financial liabilities at FVTPL –				
Derivative liabilities	<u>P 712,553,370</u>	<u>P 712,553,370</u>	<u>P 242,417,137</u>	<u>P 242,417,137</u>

9.2 Fair Value Hierarchy

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

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

- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

10. OTHER MATTER

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

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

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

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 September 30, 2020 versus September 30, 2019

Megaworld, the country's largest developer of integrated urban townships, saw its net income decline by 40.72% to Php8.11 billion in the third quarter of 2020 from Php13.69 billion during the same period last year. Excluding a non-recurring gain of Php188.51 million in the first nine months of 2019, core profit declined by 39.89% year-on-year.

The Group's weaker earnings was traced mainly due to COVID-19 pandemic affecting the core businesses. Net income attributable to parent company stood at Php7.42 billion, lower by 42.05% from Php12.80 billion last year.

Megaworld's consolidated revenues decreased by 30.74% from Php48.12 billion in the third quarter of 2019 to Php33.33 billion during the same period this year.

Development. Among product portfolios, the bulk of consolidated revenues came from the sale of condominium units and commercial lot, comprising 57.19% of total revenues. Real estate sales decreased by 37.95%, amounting to Php19.06 billion and Php30.72 billion for the third quarter of the years 2020 and 2019, respectively. The Group's registered sales mostly came from the following projects: San Antonio Residence, Maple Grove Commercial District, The Florence, Manhattan Heights Tower B & C, Albany Kingsley, Bayshore Residential Resort 2 Phase 2, The Palladium at Iloilo Business, One Eastwood Avenue Tower 1, Kingsford Hotel, Manhattan Plaza Tower 1, Uptown Parksuites Tower 2, Grand Westside Hotel, Park McKinley West, Gentry Manor, Eastwood Global Plaza Luxury Residence and Bayshore Residential Resort 2.

Leasing. The Group's rental businesses, comprising of office and lifestyle mall leasing, registered a 14.66% decline in the third quarter of the year, reaching Php10.59 billion in 2020 from the previous year's Php12.41 billion. This contributed 31.76% of the total consolidated revenues for the first nine months of the year.

Hotel Operations. The Group's revenues attributable to hotel operations posted an amount of Php1.17 billion during the third quarter of 2020 with a decrease of 37.57% from Php1.87 billion for the same period last year.

Total costs and expenses amounted to Php25.22 billion, a decrease by 26.77% from Php34.43 billion last year. Interest and other charges – net increased by 2.31%, amounting to Php2.21 billion this year from Php2.16 billion in 2019. Tax expense in 2020 amounting to Php2.77 billion resulted to a decrease of 40.82% from 2019 reported amount of Php4.69 billion due to lower taxable income.

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

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

Financial Condition

The Group maintains a prudent financial policy as it engages to a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at September 30, 2020 amounted to Php374.67 billion, posting an increase of 7.16% compared to Php349.63 billion as at December 31, 2019.

The Group shows steady liquid position as at September 30, 2020 by having its current assets at Php208.21 billion as against its current obligations at Php68.26 billion. Current assets posted an increase of 9.29% from December 31, 2019 balance of Php190.51 billion. Current obligations reflected an increase of 18.61% from December 31, 2019 balance of Php57.54 billion.

Cash and cash equivalents increased by 83.60% from Php23.10 billion in 2019 to Php42.42 billion in 2020. Current and non-current trade and other receivables – net increased by 0.08%, amounting to Php44.85 billion as at September 30, 2020 compared to Php44.81 billion as at December 31, 2019. Contract assets increased by 13.11%, amounting to Php21.09 billion as at September 30, 2020 compared to Php18.64 billion as at December 31, 2019. Inventories decreased by 0.39% from Php102.85 billion in 2019 to Php102.45 billion in 2020. This includes raw land for residential development and property development cost reclassified due to adoption PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 2.70% amounting to Php113.88 billion in September 30, 2020 from Php110.89 billion in December 31, 2019. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php21.40 billion and Php19.31 billion as at September 30, 2020 and December 31, 2019, respectively, reflecting a 10.85% increase. Contract liabilities increased by 21.40%, amounting to Php6.33 billion as at September 30, 2020 compared to Php5.21 billion as at December 31, 2019. Total current and non-current customers' deposits as at September 30, 2020 amounted to Php12.90 billion compared Php13.80 billion as at December 31, 2019 with 6.56% decrease.

The interest-bearing loans and borrowings current and non-current amounted to Php48.04 billion and Php51.26 billion for September 30, 2020 and December 31, 2019, respectively, reflecting a 6.28% decrease. Bonds payable increase by 64.54%, amounting to Php40.52 billion as at September 30, 2020 compared to Php24.62 billion as at December 31, 2019. Total other

liabilities amounted to Php17.34 billion from Php14.66 billion as at September 30, 2020 and December 31, 2019, respectively, translating to an increase of 18.31%.

Total Equity (including non-controlling interests) increased by 3.25% from Php204.87 billion as at December 31, 2019 to Php211.51 billion as at September 30, 2020.

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

	September 30, 2020	December 31, 2019
Current Ratio *1	3.05:1.00	3.31:1.00
Debt to Equity Ratio *2	0.42:1.00	0.37:1.00
Net Debt to Equity Ratio *3	0.22:1.00	0.26:1.00

	September 30, 2020	September 30, 2019
Return on Assets *4	2.24%	4.14%
Return on Equity *5	4.09%	7.59%

*1 – Current Assets / Current Liabilities

*2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)

*3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)

*4 – Net Profit / Average Total Assets

*5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)

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

Material Changes in the Year 2020 Financial Statements (Increase/decrease of 5% or more versus December 31, 2019)

Statements of Financial Position

83.60% increase in cash and cash equivalents
Mainly from proceeds of issuance of dollar bonds

13.11% increase in contract assets
Represents excess of progress of work over the right to an amount of consideration

9.32% decrease in financial assets at fair value through other comprehensive income
Due to changes in the fair value of shares

6.28% increase in prepayments and other assets – net
This includes recognition of cost to obtain a contract (sales commission)

25.07% increase in deferred tax assets
Due to higher deferred tax assets on taxable temporary differences

10.85% increase in trade and other payables
Due to higher payables to suppliers and contractors

6.28% decrease in interest-bearing loans and borrowings - net
Due to principal payments

64.54% increase in bonds payable
Primarily due to new issuance of bonds during the year

21.40% increase in contract liabilities - net
Represents excess of collection over the progress of work

81.48% decrease in income tax payable
Mainly due to lower taxable income

6.56% decrease in customers' deposits - net
Pertains to amounts received from customers for sale of residential lots and condominium units not yet qualified for sales recognition

6.75% decrease in advances from other related parties
Due to payment of advances from related parties

10.32% increase in deferred tax liabilities – net
Pertains to tax effects of taxable and deductible temporary differences

18.31% increase in other liabilities – net
Mainly contributed by sales commission payable

(Increase/decrease of 5% or more versus September 30, 2019)

Statements of Income

37.95% decrease in sales
Mainly due to lower sales bookings resulting from temporary suspension of project construction activities during enhanced community quarantine period (ECQ)

14.66% decrease in rental income
Decrease in rental was due to lower revenue from mall rentals because of slowdown in foot traffic resulting from pandemic related concerns

37.57% decrease in hotel operations
Due to lower check-ins of hotels due to government implementation of travel restrictions and pandemic related concerns

244.20% decrease in equity in net earnings (losses) of associates
Mainly due to incurred losses of an associate

14.99% decrease in interest and other income – net
Mainly due to lower interest and other income recognized in the current year and non-recurring gain recognized in prior year

37.30% decrease in cost of sales
Due to lower sales bookings and lower project completion resulting from temporary suspension of construction activities

36.24% decrease in cost of hotel operations
Represents direct costs attributable to hotel operations

6.79% decrease in operating expenses
Decrease in operating and administrative expenses resulting from pandemic related concerns

40.82% decrease in income tax expense
Due to lower 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 the reported financial information and condition on the Group.

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

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

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

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

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

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

There was no contingent liability reflected in the most recent annual financial statement, the same in the current year consolidated financial statements as at the third quarter of 2020.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

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

MEGAWORLD CORPORATION AND SUBSIDIARIES

EXHIBIT 7

Aging of Accounts Receivables

September 30, 2020

(In thousand pesos)

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
Type of Receivables:							
a. Trade and other receivables	<u>44,847,211</u>	<u>41,797,994</u>	<u>1,154,083</u>	<u>721,235</u>	<u>817,631</u>	<u>356,268</u>	<u>-</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2020 and December 31, 2019

EXHIBIT 8

Ratio	Formula	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Current ratio	Current assets / Current liabilities	3.05	3.31
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.55	1.52
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds payable)	0.42	0.37
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.77	1.71
		<u>September 30, 2020</u>	<u>September 30, 2019</u>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.16	0.27
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	3.89	6.15
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.04	0.08
Return on assets	Net profit/ Average total assets	0.02	0.04
Net profit margin	Net profit / Total revenues	0.24	0.28