MEGAWIDE CONSTRUCTION CORPORATION
Company's Full Name

2/F Spring Bldg.,
Arnaiz Ave. cor. P. Burgos St., Pasay City
Company's Address

655-1111
Telephone Number

December 31
Fiscal Year Ending
(Month & Day)

SEC FORM 17 – Q
Form Type

September 30, 2015
Period Ended Date

–

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

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 **September 30, 2015**

2. SEC Identification Number **CS200411461**

3. BIR Tax Identification No. **232-715-069-000**

4. Exact name of issuer as specified in its charter **Megawide Construction Corporation**

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

6. Industry Classification Code (SEC Use Only)

7. Address of Principal Office **2/F Spring Bldg. Arnaiz Ave. cor. P. Burgos St., Pasay City, Metro Manila**

   Postal Code

8. Issuer's telephone number, Including area code **(02) 655-1111**

9. Former name, former address and fiscal year, if changed since last report **Not Applicable**

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

Title of Each Class	**Number of Shares Outstanding**	**Amount of Debt Outstanding (₱)**
Common	2,399,420,199	0
Preferred	40,000,000	0

11. Are any or all these securities listed on a stock exchange?

    Yes [√] No [ ]

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

    Philippine Stock Exchange **Common and Preferred Stock**

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 of 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 90 days.

Yes [√] No [ ]

PART I –FINANCIAL INFORMATION

Item 1. Financial Statements

The interim Consolidated Financial Statements of Megawide Construction Corporation ("Megawide") as of September 30, 2015 with comparative figures as of December 31, 2014 and September 30, 2015, Cash Flows and Schedule of Aging Accounts Receivable is incorporated by reference as Exhibit 1.

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

Review of results for the nine (9) months ended September 30, 2015 as compared with results for the nine (9) months ended September 30, 2014

Results of Operations

For the period in review, the Company recorded consolidated revenues of P10.79 billion – the highest in the history of the Company. This is 43% or P3.25 billion higher compared to the same period in 2014. The bulk of the revenue was from its core business construction which reached P9.69 billion while airport operation revenues contributed P1.10 billion or 10% of the consolidated top line.

Construction revenue increased by 28% or P2.15 billion compared to the same period in 2014, 75% of construction revenues were from the high-rise building projects while the balance from Engineering, Procurement and Construction of 3 new solar power projects. Total new contracts booked as of September 30, 2015 amounted to P19.59 billion. These new projects include 8990 Tower in Edsa and Tondo of Foghorn Inc., Tower One Plaza Magellan, Le Grand BPO Cluster Phase 1 & 2, South East Asia Campus of Megaworld, Philam Life Cebu of Philam Life Center Cebu, The Rise of The Rise Mixed Development Inc., Southwood Mall and Office Towers of Southwoods Mall Inc. and Double Dragon of DD-Meridian Park Dev't Corp, Landers Warehouse Balintawak & Otis of Southeast Asia Retail, Inc. In addition to the typical building projects, the Company also booked three solar power projects, these are the 60MW Solar in Toledo, Cebu, 25MW Solar in Silay and 18MW Solar in Bataan. Hence, total order books as of September 30, 2015 is at P30.97 billion.

Meanwhile, the airport operation revenues amounted to P1.10 billion due to increase in passenger traffic and non-aero related revenues. New airline and destination marketing initiatives were identified and rolled-out this year to add new routes and capacities for achieving higher traffic growth. Routes added in 2015 include direct domestic flights and direct international flights to Malaysia and Japan. In March next year, the first highly-anticipated direct flight from Cebu to the United States will be launched by Philippine Airlines. New airline partners will also begin operations in 2016. The Company introduced improvements in Terminal 1 to increase operating efficiency and broke ground for the construction of the new Terminal 2 last June.

Recently, MCIA was voted as 18th best airport in Asia in a survey by a website that ranks airports based on responses from travelers. This is an evident result of the continuous operation and facility improvements being implemented by the Company.

The construction related costs of P8.00 billion for the period was higher by 29% compared to the same period in 2014. This increase is proportional to the increase in revenues from construction.

Higher loan levels to finance operations and capital expenditures during the period hiked up interest expenses by 35% or P104 million.

The Company's Consolidated Net Profit for the period increased by 70% or P 532 million compared to the same period in 2014 due to strong earnings from both construction and airport operations.

Review of financial condition as of September 30, 2015 as compared with financial condition as of December 31, 2014

Financial Condition

Current Assets increased by 23% or P4.01 billion
The following discussions provide a detailed analysis of the increase in current assets:

Cash and cash equivalents increased by 37% or P1.63 billion
As a result of the Group's prudent collection of receivables and downpayments from new projects, the Group generated a net cash flow from operation amounting to P3.48 billion, of which the Parent contributed P2.92 billion while GMCAC contributed P560 million. The Group also generated cash of P654 million from its financing activities due to the P13 billion loan availment of GMCAC. Majority of the proceeds of the loan was used to pay-off the bridge loan availed by GMCAC with BDO to finance the upfront premium fee of the MCIA project. The Group used P2.51 billion in its investing activities for the improvement of GMCAC terminal 1 and construction of the new GMCAC terminal 2 amounting to P1.21 billion, the acquisition of construction equipment by the Parent to support its new projects amounting to P324 million and investment in short-term placements and subsidiaries amounting to P1.06 billion.

Financial assets at fair value through profit or loss increased by 5% or P187 million
The increase is due to repositioning of portion of cash and cash equivalents to short-term placements as part of the cash management program of the Parent Company.

Trade and other receivables – net increased by 22% or P1.03 billion.
Increase of P990 million is due to construction revenues recognized for the month of September amounting to P875 million with typical progress billing process cycle of 45 to 60-days and 5% to 10% retention receivables amounting to P115 million expected to be collected upon full completion of the project.

GMCAC receivables increased by P40 million primarily due to increase in monthly revenues as a result of increase in traffic. Most GMCAC receivables are within the 45 days credit terms to airlines and concessionaires.

Construction materials increased by 18% or P59 million
Increase is due to numerous purchases of construction materials for the existing and new projects.

Costs in excess of billings on uncompleted contracts – net increased by 17% or P478 million
The increase is typical cycle for projects near completion stage such as Mplace Phase 1 and 2, Blue Residences, Grass Tower 2 and Jazz Residences, Linear Residences, Studio City, Studio Zen, Ihub 9 and 10 and FCC Cebu, Bhotel, Rockwell Business Tower and the low-cost housing of NHA wherein minimal revenues were recognized and similarly for new projects that just started because physical accomplishments is yet to be realized compared to cost accrued associated to mobilization and preliminary costs. These are projects like Southwoods Mall, Le Grand BPO Cluster Towers 1 & 2, One Town Square Place, 8990 Tondo & Edsa and Landers Warehouse.

Other current assets increased by 52% or P637 million
The increase is mainly due to restricted cash and cash equivalents set-up by GMCAC to fund its debt service reserve account and future major maintenance as required by its loan covenant with Omnibus Loan and Security Agreement with various banks. The debt service reserve account requires a fund equivalent to the next payment date's principal and interest value while any fund earmarked for the year's major maintenance cost and expenses are included in the fund.

Non-current assets increased by 7% or P1.48 billion
The following discussions provide a detailed analysis of the increase in non-current assets
Investment in subsidiaries and associates increased by 31% or P240 million
The increase represents the Parent Company's equity participation in various joint venture entities set-up namely: MWM Terminals Incorporated (the SPV for Southwest Integrated Transport System project) amounting P43.7 million and Megawide-GISPL Construction J.V. (the SPV for the construction of Mactan-Cebu International Airport Project) amounting P89.9 million. The Parent Company also recognized its share on the net income on its investments with Citicore-Megawide Consortium Inc. (CMCI) and MGCJV as of the end of 3rd quarter. The Parent owns 10% of CMCI and 50% of MGCJV.

Concession asset increased by 2% or P371 million

In April 2014, the Philippine Government through the Department of Transportation and Communications and MCIAA granted GMCAC the rights to expand, operate and maintain the Mactan-Cebu International Airport.

Increase is due capital investments of GMCAC related to the renovation and upgrading of existing terminal 1. Borrowing cost related to construction was also capitalized under Concession asset. Preliminary construction costs were also incurred in the construction of the new terminal 2.

Property and equipment – net increased by P18 million
The increase is a function of acquisitions of assets amounting to P335 million and depreciation charges of P319 million. The asset acquired, of which P324 million pertains to the Parent Company, will be used to support the construction of new contracts in late 2014 to 2015.

Deferred tax assets increased by P623% or P70 million
Increase is due to deferred tax asset on retirement benefits accrual and construction costs that were already deducted per income tax purposes but were deferred per accounting treatment. These costs include excess of estimated construction costs over actual cost.

Other non-current assets increased by 43% or P778 million
The increase pertains to down payment made by GMCAC to MGCJV for the construction of terminal 2. The down payment will be applied against MGCJV's progress billings.

Current liabilities decreased by 45% or P8.50 billion
The following discussions provide a detailed analysis of the increase in current liabilities.

Interest-bearing loans and borrowings current decreased by 77% or P11.44 billion
The Parent settled P164 million of its short-term loan while GMCAC paid its short-term bridge last April 2015 amounting to P11.29 billion.

Trade and other payables increased by 2% or P58 million
Increase is mainly due to increase in retention payable to its subcontractor. The retention payable will be due upon completion of contract work of its subcontractor.

Advances from customers increased by 36% or P398 million
The increase is the net effect of downpayments received by Parent for its new projects and recoupment of existing downpayment for its on-going projects. In 2015, the Parent Company received downpayments on new projects such as Philam Life Cebu , Southwood Mall and Office Towers, Proscenium, Le Grand BPO Clusters Tower 1 & 2, 8990 Tondo, Double Dragon and Landers Warehouse.

Billings in excess of costs on uncompleted contracts – net increased by 1,584% or P2.44 billion
Increase is essentially due to more revenues raised from on-going projects compared to actual cost accrued for the period such as Double Dragon of DD-Merridian Park Dev't. Corp., Grass Tower 4 of SMDC., Philam Life Center Cebu of Philam Life, Southwoods Mall of Southwoods Mall Inc., BPO Araneta of Araneta Group, World Hotel of H2O Ventures, Proscenium of Rockwell, Le Grand BPO Cluster Tower 1 & 2 of Megaworld Corp. In 2015, the Parent booked P9.2 billion contract for the construction of three solar projects in Silay,

Bataan and Cebu. Billings over costs of these projects also contributed to the increase in this account.

Income tax payable increased by P22 million
This represents the income tax payable of GMCAC.

Other current liabilities increased by 50% or P31 million
Increase is due to increase in deferred output VAT of GMCAC. The deferred output VAT is based on revenue and will be due to government upon receipt of collection on trade receivables from customers.

Non-Current liabilities increased by 254% or P12.91 billion

Interest-bearing loans and borrowings - non-current increased by 253% or P12.71 million
On December 17, 2014, GMCAC entered into a P20 billion (which at GMCAC's option may be increased up to P23.3. billion) Omnibus Loan and Security Agreement with various banks. GMCAC availed a total of P13 billion in 2015. The proceeds of the loan was used to refinance the bridge facility of BDO which was used to partly finance the payment of the Project's Upfront Premium and to finance the capital expenditures and other costs in relation to the Project. Meanwhile, the Parent redeemed P22 million of its corporate notes.

Retirement benefit obligation increased by 25% or P15 million
Increase is due to accrual of retirement obligation by the Parent Company.

Deferred tax liability increased by P135 million
Deferred tax liability pertains to deferred tax on the amortization of GMCAC's concession asset. For financial reporting purposes, the concession asset is amortized on a straight-line basis over the useful life of 25 years following the period covered by the Concession Agreement when the infrastructure is ready for use but for tax purposes, the concession asset is amortized based on its useful life. The difference between the tax depreciation and financial depreciation is recognized as deferred tax liability.

Other non-current liability increased by P51 million
This pertains to concessionaire's rental security deposits to GMCAC, which represents guarantee amounts deposited by concessionaires upon execution of their respective lease agreements entered into with GMCAC. These deposits shall be applied against whatever amounts may be necessary to cover unpaid bills with the remaining amount refundable to the concessionaires at the end of the lease term.

Equity increased by 7% or P1.08 billion
The increase in Retained earnings by P920 million is a function of P1.1 billion net income of the Group and P211 million dividends paid on preferred shareholders. Minority interest increased by P156 million due to the minority's share in net income of GMCAC.

Material Changes to Megawide's Income Statement for the Quarter Ended September 30, 2015 compared to the Income Statement for the Quarter Ended September 30, 2014 (increase/decrease of 5% or more)

Group Revenue increased by 43%

For the period in review, the Company recorded consolidated revenues of P10.79 billion – the highest in the history of the Company. This is 43% or P3.25 billion higher compared to the same period in 2014. The bulk of the revenue was from its core business construction which reached P9.69 billion while airport operation revenues contributed P1.10 billion or 10% of the consolidated top line.

Construction revenue increased by 28% or P2.15 billion compared to the same period in 2014, 75% of construction revenues were from the high-rise buiding projects while the balance from Engineering, Procurement and Construction of 3 new solar power projects. Total new contracts booked as of Septemeber 30, 2015 amounted to P19.59 billion. These new projects include 8990 Tower in Edsa and Tondo of Foghorn Inc., Tower One Plaza Magellan, Le Grand BPO Cluster Phase 1 & 2, South East Asia Campus of Megaworld, Philam Life Cebu of Philam Life Center Cebu, The Rise of The Rise Mixed Development Inc., Southwood Mall and Office Towers of Southwoods Mall Inc and Double Dragon of DD-Meridian Park Dev't Corp, Landers Warehouse Balintawak & Otis of Southeast Asia Retail, Inc. In addition to the typical building projects, the Company also booked three solar power projects, these are the 60MW Solar in Toledo, Cebu, 25MW Solar in Silay and 18MW Solar in Bataan. Hence, total order books as of September 30, 2015 is at P30.97 billion.

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Recently, MCIA was voted as 18th best airport in Asia in a survey by a website that ranks airports based on responses from travelers. This is an evident result of the continuous operation and facility improvements being implemented by the Company.

Direct Costs increased by 33%
The construction related costs of P8.00 billion for the period was higher by 29% compared to the same period in 2014. This increase is proportional to the increase in revenues from construction.

Finance Costs increased by 35%
Higher loan levels to finance operations and capital expenditures during the period hiked up interest expenses by 35% or P104 million.

Finance Income increased by 46%
The Group's finance income increased by 46% or P28 million due to interest income of the Parent Company on various short-term placements.

Other Income increased by 63%
Group's other income increased by 63% or P22 million mainly due to share on net income of the Parent Company on its investments with Citicore-Megawide Consortium Inc., the

Special Purpose Vehicle used for the classrooms project under the Department of Education.

Tax Expense increased by 1367%
Tax expense increased by P424 million due mainly on the expiration of the Parent's ITH Incentive in June 2015 and GMCAC's income tax for the nine-month period.

Net Income increased by 70%
The Company's Consolidated Net Profit for the period increased by 70% or P 532 million compared to the same period in 2014 due to strong earnings from both construction and airport operations.

Material Changes to Megawide's Balance Sheet as of September 30, 2015 compared to the Balance Statement as of December 31, 2014 (increase/decrease of 5% or more)

Cash and cash equivalents increased by 37% or P1.63 billion
As a result of the Group's prudent collection of receivables and downpayments from new projects, the Group generated a net cash flow from operation amounting to P3.48 billion, of which the Parent contributed P2.92 billion while GMCAC contributed P560 million. The Group also generated cash of P654 million from its financing activities due to the P13 billion loan availment of GMCAC. Majority of the proceeds of the loan was used to pay-off the bridge loan availed by GMCAC with BDO to finance the upfront premium fee of the MCIA project. The Group used P2.51 billion in its investing activities for the improvement of GMCAC terminal 1 and construction of the new GMCAC terminal 2 amounting to P1.21 billion, the acquisition of construction equipment by the Parent to support its new projects amounting to P324 million and investment in short-term placements and subsidiaries amounting to P1.06 billion.

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Zen, Ihub 9 and 10 and FCC Cebu, Bhotel, Rockwell Business Tower and the low-cost housing of NHA wherein minimal revenues were recognized and similarly for new projects that just started because physical accomplishments is yet to be realized compared to cost accrued associated to mobilization and preliminary costs. These are projects like Southwoods Mall, Le Grand BPO Cluster Towers 1 & 2, One Town Square Place, 8990 Tondo & Edsa and Landers Warehouse.

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Deferred tax liability pertains to deferred tax on the amortization of GMCAC's concession asset. For financial reporting purposes, the concession asset is amortized on a straight-line basis over the useful life of 25 years following the period covered by the Concession Agreement when the infrastructure is ready for use but for tax purposes, the concession asset is amortized based on its useful life. The difference between the tax depreciation and financial depreciation is recognized as deferred tax liability.

Other non-current liability increased by P51 million
This pertains to concessionaire's rental security deposits to GMCAC, which represents guarantee amounts deposited by concessionaires upon execution of their respective lease agreements entered into with GMCAC. These deposits shall be applied against whatever amounts may be necessary to cover unpaid bills with the remaining amount refundable to the concessionaires at the end of the lease term.

Equity increased by 7% or P1.08 billion

The increase in Retained earnings by P920 million is a function of P1.1 billion net income of the Group and P211 million dividends paid on preferred shareholders. Minority interest increased by P156 million due to the minority's share in net income of GMCAC.

There are no other material changes in Megawide's financial position by five percent (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 impact or change reported financial information and condition of Megawide.

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 Megawide's liquidity in any material way. Megawide does not anticipate having any cash flow or liquidity problems. It 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 transactions, arrangements, obligations (including contingent obligations), and other relationships of Megawide with unconsolidated entities or other persons created during the reporting period.

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

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

There are no explanatory comments on the seasonality of interim operations. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth information from Megawide's pro forma statements of cash flows for the periods indicated:

	For nine (9) months ended September 30 (Amounts in P millions)	
Cash Flow (Amounts in P millions)	**2015 (unaudited)**	2014 (unaudited)
Net cash provided (used in) by operating activities	**3,481**	(1,247)
Net cash provided (used in) in investing activities	**(2,509)**	(14,559)

Net cash used in financing activities	**654**	14,281

Indebtedness

As of September 30, 2015, Megawide has not been in default in paying interests and principal amortizations.

Megawide is not aware of any events that will trigger direct or contingent financial obligations that are material to it, including any default or acceleration of an obligation.

RISK MANAGEMENT OBJECTIVES AND POLICIES

Megawide is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors and Risk Committee, and focuses on actively securing Megawide's short-to-medium term cash flows by minimizing the exposure to financial markets.

Megawide does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are described below and in the succeeding pages.

Market Risk

(a) Foreign Currency Risk
Megawide has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, except for U.S. dollar and Euro denominated Cash in bank amounting to P7,777,867 as of September 30, 2015.

(b) Interest Rate Risk
As at September 30, 2015, Megawide is exposed to changes in market rates through its short-term investments which are subject to 30 to 60 days repricing intervals. All other financial assets and liabilities have fixed rates.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to Megawide. Megawide is exposed to this risk for various financial instruments, such as the granting loans and receivables to customers and placing deposits with local banks and investment in bonds.

Megawide continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Its policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets, as summarized below.

Cash and cash equivalents	**P**	**6,056,988,928**
Short-term investments		**3,842,505,677**
Trade and other receivables excluding advances to suppliers		**5,764,476,882**
Refundable security deposits		**70,442,346**
	P	**15,734,413,833**

(a) Cash and Cash Equivalent and Short-term Investments

The credit risk for cash and cash equivalents and short-term investments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and government bonds which are considered secured. About 7.66% of Megawide's contract receivables as of September 30, 2015 is due from SMDC. Megawide mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from this customer and ensuring that collections are received within the agreed credit period.

(b) Trade and Other Receivables

Contract receivables are usually due within 30 to 60 days and do not bear any interest.Some of the unimpaired trade receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

Not more than 3 months	**P**	**654,819,072**
More than 3 months but not more than 4 months		**121,488,208**
More than 4 months but not more than one year		**51,739,579**
More than one year		**17,061,933**
	P	**845,108,792**

Megawide's management considers that the financial assets which are past due but not impaired for each reporting period are of good credit quality based on historical default rates. The balance of such receivables relates to reputable companies that have a good track record with Megawide.

(c) Refundable Security Deposit

Megawide is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. Megawide can negotiate, before the end of the lease term, to apply deposit to rentals due.

Liquidity Risk

Megawide manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly.

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

As at September 30, 2015 Megawide's financial liabilities have contractual maturities which are presented below.

	Current	Non-current
Interest-bearing loans and borrowings	P 3,446,008,553	P 17,737,933,378
Trade and other payables	2,865,982,210	-
	P 6,311,990,763	**P 17,737,933,378**

Financial Instruments

Megawide categorized its financial instruments as financial asset and financial liabilities. Financial assets and financial liabilities are recognized when Megawide becomes a party to the contractual terms of the financial instrument.

Megawide's financial assets include fair value through profit and loss (FVTPL) and loans and receivables. FVTPL includes short-term placements and retail treasury bonds (RTB) that are measured at fair value, and changes therein are recognized in profit or loss. Loans and receivables include Cash and Cash Equivalents, Short-Term Investments and Trade and Other Receivables (excluding Advances to suppliers) in the statement of financial position. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that Megawide will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial liabilities, which include interest-bearing loans and borrowings, and trade and other payables [excluding output value-added tax (VAT) payable, unearned income and estimated liability on litigation claims] are measured at amortized cost using the effective interest rate method.

The fair value of Megawide's FVTPL are categorized as level 1 wherein quoted prices in active markets for identical assets was used as valuation basis. Megawide did not use significant judgment in classifying its FVTPL in the fair value hierarchy because of the availability of a market that quotes prices of identical asset.

Megawide considered the risk in the valuation of its financial assets by referring to quoted prices in an active markets for its FVTPL, regularly monitor the age of its receivables from its customers and ensuring that collections are received within the agreed credit period. Impairment loss is provided when there is objective evidence that Megawide will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial liabilities are recognized when Megawide becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss as part of Finance costs under the Other income (charges) account in the statement of comprehensive income.

Megawide does not have investment in foreign securities.

Key Performance Indicators

Megawide's top key performance indicators (KPIs) are listed below:

LIQUIDITY RATIOS		
Key Indicators	**September 30, 2015**	**September 30, 2014**
Current ratio[1]	2.01	.80
Acid test ratio[2]	1.49	.45
Cash ratio[3]	.94	.26
Book value per share[4]	4.32	3.89
SOLVENCY RATIOS		
Key Indicators	**September 30, 2015**	**September 30, 2014**
Debt ratio[5]	.47	.55
Interest coverage ratio[6]	4.32	4.07
Debt to equity ratio[7]	1.73	2.26
Asset to equity ratio[8]	2.73	3.26
PROFITABILITY RATIOS		
Key Indicators	**September 30, 2015**	**September 30, 2014**
Earnings per Share[9]	.38	.33
Return on Assets[10]	2.55%	2.60%
Return on Equity[11]	8.89%	8.41%
Net Profit Margin[12]	12%	10%

Notes:

1. Current Ratio (Current Assets / Current Liabilities)
2. Acid Test Ratio (Quick Assets/Current Liabilities)
3. Cash Ratio (Cash + Cash Equivalents + Marketable Securities/ Current Liabilities)
4. Book Value per Share (Parent's Equity, net of Preferred Shares/Common Shares Outstanding)
5. Debt ratio (Bank Loans/Total Assets)
6. Interest coverage ratio (Earnings before Interest and Taxes /Interest Expense)
7. Debt to equity ratio (Total Liabilities /Total Equity)
8. Asset to equity ratio (Total Asset/Total Equity)

9. Earnings per Share (Parent's Share in Net Income, net of dividends to Preferred Shares Holders/Average Outstanding Shares)
10. Return on Assets (Consolidated Net Income/Total Assets)
11. Return on equity (Parent's Share in Net Income, net of dividends to Preferred Shares Holders/Parent's Equity, net of Preferred Shares)
12. Net Profit Margin (Gross Profit/Total Sales)

PART II–OTHER INFORMATION

There are no any information not previously reported in a report on SEC Form 17-C.

SIGNATURES

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

MEGAWIDE CONSTRUCTION CORPORATION

By:

MICHAEL C. COSIQUIEN	**OLIVER Y. TAN**
Principal Executive Officer	Principal Financial Officer
Date: November 13, 2015	Date: November 13, 2015

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)
(Amounts in Philippine Pesos)

	Notes	January to September 2015	January to September 2014	July to September 2015	July to September 2014
REVENUES					
Contract revenues		P 9,685,997,919	P 7,538,069,915	P 4,708,455,399	P 2,482,758,414
Airport operation revenues		1,102,979,989	-	379,445,421	-
	16	10,788,977,908	7,538,069,915	5,087,900,820	2,482,758,414
DIRECT COSTS					
Contract costs		8,008,293,688	6,228,257,923	3,863,065,324	2,055,391,865
Airport operation costs		245,172,251	-	119,751,187	-
	17	8,253,465,939	6,228,257,923	3,982,816,511	2,055,391,865
GROSS PROFIT		2,535,511,969	1,309,811,992	1,105,084,309	427,366,549
OTHER OPERATING EXPENSES	18	535,694,613	319,944,623	173,426,297	129,675,013
OPERATING PROFIT		1,999,817,356	989,867,369	931,658,012	297,691,536
OTHER INCOME (CHARGES)					
Finance costs		(403,253,795)	(298,880,269)	(140,157,198)	(120,143,039)
Finance income		88,321,564	60,657,169	33,205,010	15,443,775
Others - net		56,977,803	34,969,171	(40,561,209)	9,651,337
		(257,954,428)	(203,253,929)	(147,513,397)	(95,047,927)
PROFIT BEFORE TAX		1,741,862,928	786,613,440	784,144,615	202,643,609
TAX EXPENSE		454,644,931	30,985,282	287,020,431	3,071,576
NET PROFIT		1,287,217,997	755,628,158	497,124,184	199,572,033
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment		-	-	-	-
TOTAL COMPREHENSIVE INCOME		P 1,287,217,997	P 755,628,158	P 497,124,184	P 199,572,033
Net Profit Attributable To:					
Shareholders of the Parent Company		P 1,131,526,432	P 783,975,825	P 443,522,462	P 227,919,700
Non-controlling interests		155,691,565	(28,347,667)	53,601,722	(28,347,667)
		P 1,287,217,997	P 755,628,158	P 497,124,184	P 199,572,033
Earnings per Share					
Basic and Diluted		P 0.38	P 0.33	P 0.16	P 0.09

See Interim Consolidated Financial Information.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 and DECEMBER 31, 2014
(Amounts in Philippine Pesos)

	Notes	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	4	P 6,056,988,928	P 4,431,651,910
Short-term investments			
Trade and other receivables - net	5	5,764,476,882	4,736,100,287
Financial assets at fair value through profit or loss	6	3,842,505,677	3,655,792,391
Construction materials	7	381,940,268	322,460,802
Costs in excess of billings on uncompleted contracts - net	8	3,233,674,271	2,756,116,681
Other assets	10	1,863,565,607	1,226,584,483
Total Current Assets		21,143,151,633	17,128,706,554
NON-CURRENT ASSETS			
Investments in associates	9	1,023,668,128	783,771,889
Concession asset	11	15,441,552,398	15,070,281,292
Property and equipment - net		4,731,517,255	4,713,625,387
Deferred tax assets		81,062,640	11,208,708
Other assets	10	2,578,108,540	1,799,883,074
Total Non-current Assets		23,855,908,961	22,378,770,350
TOTAL ASSETS		P 44,999,060,594	P 39,507,476,904
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	P 3,446,008,553	P 14,890,064,585
Trade and other payables	12	2,865,982,210	2,808,372,648
Advances from customers	14	1,494,767,300	1,097,101,769
Billings in excess of costs on uncompleted contracts - net	8	2,591,851,934	153,915,058
Income tax payable		22,181,527	-
Other liabilities	15	92,773,819	62,032,654
Total Current Liabilities		10,513,565,343	19,011,486,714
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		17,737,933,378	5,024,902,526
Deferred income tax liabilities		134,637,141	-
Retirement benefit obligation		75,596,820	60,498,195
Other liabilities	15	51,407,820	-
Total Non-current Liabilities		17,999,575,159	5,085,400,721
Total Liabilities		P 28,513,140,502	P 24,096,887,435
EQUITY			
Equity attributable to shareholders			
Capital stock	20	P 2,399,426,127	P 2,399,426,127
Preferred stock	20	40,000,000	40,000,000
Additional paid-in capital	20	8,105,750,476	8,105,750,476
Revaluation reserves		17,045,280	17,045,280
Other reserves		(22,474,837)	(21,792,413)
Retained earnings		3,758,736,307	2,837,959,875
Total equity attributable to shareholders of the Parent Company		14,298,483,353	13,378,389,345
Non-controlling interests		2,187,436,739	2,032,200,124
Total Equity		16,485,920,092	15,410,589,469
TOTAL LIABILITIES AND EQUITY		P 44,999,060,594	P 39,507,476,904

See Notes to Interim Financial Information.

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)
(Amounts in Philippine Pesos)

		Attributable to Shareholders of the Parent Company								
	Note	Capital Stock	Preferred Stock	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total
Balance at January 1, 2015		P 2,399,426,127	P 40,000,000	P 8,105,750,476	P 17,045,280	(P 21,792,413)	P 2,837,959,875	P 13,378,389,345	P 2,032,200,124	P 15,410,589,469
Issuance during the period		-	-	-	-	(682,424)	-	(682,424)	(454,950)	(1,137,374)
Cash dividends	20	-	-	-	-	-	(210,750,000)	(210,750,000)	-	(210,750,000)
Total comprehensive income for the period		-	-	-	-	-	1,131,526,432	1,131,526,432	155,691,565	1,287,217,997
Balance at September 30, 2015		**P 2,399,426,127**	**P 40,000,000**	**P 8,105,750,476**	**P 17,045,280**	**(P 22,474,837)**	**P 3,758,736,307**	**P 14,298,483,353**	**P 2,187,436,739**	**P 16,485,920,092**
Balance at January 1, 2014		P 1,649,426,127	P -	P 4,207,276,193	(P 36,064,872)	P -	P 2,720,372,788	P 8,541,010,236	P -	P 8,541,010,236
Issuance during the period	20	750,000,000	-	-	-	-	(750,000,000)	-	1,936,157,723	1,936,157,723
Stock dividends		-	-	-	-	-		-		-
Total comprehensive income for the period		-	-	-	-	-	783,975,825	783,975,825	(28,347,667)	755,628,158
Balance at September 30, 2014		**P 2,399,426,127**	**P -**	**P 4,207,276,193**	**(P 36,064,872)**	**P -**	**P 2,754,348,613**	**P 9,324,986,061**	**P 1,907,810,056**	**P 11,232,796,117**

See Interim Consolidated Financial Information.

MEGAWIDE CONSTRUCTION CORPORATION
(A Subsidiary of Citicore Holdings Investment, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)
(Amounts in Philippine Pesos)

	Notes	September 30, 2015	September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 1,741,862,928	P 786,613,440
Adjustments for:			
Finance costs		403,253,595	298,880,269
Depreciation and amortization	17, 18	402,525,186	429,112,820
Finance income		(88,321,564)	(60,657,169)
Share in net income on investment in associate	9	(32,340,176)	-
Gain on disposals of property, plant and equipment		(3,244,287)	(12,274,007)
Operating profit before working capital changes		2,423,735,682	1,441,675,353
Decrease (increase) in trade and other receivables		(1,033,620,047)	266,939,568
Increase in construction materials		(59,479,466)	(113,665,862)
Increase in costs in excess of billings on uncompleted contracts		(477,557,590)	(720,790,315)
Iincrease in other current assets		(342,351,421)	(1,681,610,620)
Increase in other non-current assets		(25,990,479)	(50,197,766)
Increase in trade and other payables		57,324,774	1,082,622,919
Increase in advances from customers		397,665,531	114,996,825
Increase (decrease) in billings in excess of costs on uncompleted contracts		2,437,936,876	(1,583,590,435)
Increase (decrease) in other liabilities		87,810,766	(17,937,761)
Increase in post employment defined benefit obligation		15,098,625	14,376,787
Net Cash From (Used in) Operating Activities		3,480,573,251	(1,247,181,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other assets		(1,420,714,604)	-
Payment for concession asset		(450,071,510)	(14,734,098,615)
Net acquisitions of property, plant and equipment and intangible assets		(335,976,639)	(577,457,400)
Investments associates		(207,556,063)	(581,218,279)
Net acquisition (disposal) of financial assets at fair value through profit or loss		(186,713,286)	1,249,456,365
Interest received		87,903,236	60,657,170
Proceeds from sale of property, plant and equipment		3,774,000	24,016,875
Net Cash Used in Investing Activities		(2,509,354,866)	(14,558,643,884)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing loans and borrowings		15,283,496,274	15,929,466,762
Repayment of interest-bearing loans and borrowings		(14,015,996,141)	(3,328,839,960)
Interest paid		(402,631,500)	(255,132,727)
Dividends paid	20	(210,750,000)	-
Proceeds from investment of non-controlling interest		-	1,935,974,208
Net Cash From Financing Activities		654,118,633	14,281,468,283
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,625,337,018	(1,524,356,908)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		4,431,651,910	2,276,033,774
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 6,056,988,928	P 751,676,866

See Notes to Interim Financial Information.

MEGAWIDE CONSTRUCTION CORPORATION and SUBSIDIARIES
AGING OF RECEIVABLES
AS OF SEPTEMBER 30, 2015

		AGING OF RECEIVABLES						
PROJECT	**Total**	Current	0-30 days	31-60 days	61-90 days	91-120 days	121-360 days	Over 360 days
CONSTRUCTION RECEIVABLES	**3,328,781,528**	**2,499,990,582**	**501,234,113**	**121,741,463**	**15,525,650**	**121,488,208**	**51,739,579**	**17,061,933**
AIRPORT OPERATION RECEIVABLES	**194,100,196**	**177,782,350**	**16,317,846**	**-**	**-**	**-**	**-**	**-**
Grand Total	**3,522,881,724**	**2,677,772,932**	**517,551,959**	**121,741,463**	**15,525,650**	**121,488,208**	**51,739,579**	**17,061,933**

MEGAWIDE CONSTRUCTION CORPORATION AND SUBSIDIARIES
(A Subsidiary of Citicore Holdings Investment, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION
SEPTEMBER 30, 2015 AND DECEMBER 31 AND SEPTEMBER 30, 2014
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

Megawide Construction Corporation (the "Parent Company") was incorporated in the Philippines on July 28, 2004 and is engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs general construction works which involve site development, earthworks, structural and civil works, masonry works, and architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

Currently, the Parent Company is engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. In 2011, the production of the Parent Company's modular housing components has been registered with the Board of Investments (BOI).

On September 22, 2014, the Philippine Securities Exchange Commission (SEC) approved the Parent Company's amendment of articles of incorporation, which includes (i) the Parent Company's power to extend corporate guarantees to its subsidiaries and affiliates, and (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70,000.0 million cumulative, non-voting, non-participating, non-convertible perpetual preferred shares. Both common and preferred shares will have a par value of P1.0 per share.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the SEC approved the Parent Company's application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Parent Company at P7.84 offer price per share and the listing of those shares in PSE's main board on February 18, 2012. On December 3, 2014, the Parent Company made a primary offer of 40,000,000 cumulative, non-voting perpetual preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE.

The Parent Company is a subsidiary of Citicore Holdings Investment, Inc. (Citicore or the ultimate parent company) which owns and control 56.8% of the issued and outstanding capital stock of the Parent Company. Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies.

The registered address of Citicore, which is also its principal place of business, is at 20 N. Domingo Street, Brgy. Valencia, Quezon City while the registered office of the Parent Company is located at 2nd Floor Spring Building, Arnaiz Avenue Corner P. Burgos St., Pasay City. The Parent Company also maintains an office in its own building at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

1.2 Subsidiaries and Associates

The Parent Company holds ownership interest in the following subsidiaries and associates (together with the Parent Company, collectively hereinafter referred to as the "Group"), which are all incorporated in the Philippines:

Subsidiaries:
GMR Megawide Cebu Airport Corporation (GMCAC)
Megawatt Clean Energy, Inc. (MCEI)
Altria East Land, Inc. (Altria)

Associates:
Megawide World Citi Consortium, Inc. (MWCCI)
Citicore Megawide Consortium, Inc. (CMCI)
MWM Terminals Inc. (MWMTI)
Megawide-GISPL Construction Joint Venture (MGCJV)

The Parent Company owns 60% ownership interest in GMCAC. GMCAC was incorporated in the Philippines and registered in the Philippine SEC on January 13, 2014. GMCAC's primary purpose is to engage in the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility. GMCAC has started commercial operations on November 1, 2014.

GMCAC was established for the purpose of implementing the provisions of the Concession Agreement that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL), and the Department of Transportation and Communications (DOTC) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the "Grantors"). GIL is an entity duly organized and registered in India. DOTC and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and supervision of the MCIA Project (the Project). GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Buildng, Airport Terminal, Lapu-Lapu City, Cebu.

On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI. MCEI was incorporated to engage in the development of clean or renewable energy sources for power generation, including the design, construction and installation, purchase, importation, commissioning, owning, management and operation of relevant machinery, facilities and infrastructure therefor, and the processing and commercialization of by-products in its operations. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City.

The Group's acquisition of ownership in Altria is accounted for as asset acquisition since it does not constitute an acquisition of business.

The Group's investments in MWCCI, CMCI, MWMTI and MGCJV are accounted for as investments in associates since the ownership of the Parent Company does not result to control over the entities' relevant activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Interim Consolidated Financial Information

(a) Statement of Compliance with Philippine Financial Reporting Standards

These interim consolidated financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2014. The preparation of interim consolidated financial information in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) Presentation of Interim Consolidated Financial Information

The interim consolidated financial information are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expense in a single statement of comprehensive income.

(c) Functional and Presentation Currency

These interim consolidated financial information are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial information are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2015 that are Relevant to the Group

In 2015, the Group adopted for the first time PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The adoption of this standard did not result to material adjustment in the interim consolidated financial information as the contributions are not dependent on the number of years of service of its employees.

(b) *Effective Subsequent to 2015 but not Adopted Early*

There are new PFRS, amendments and annual improvements and interpretation to existing standards that are effective for periods subsequent to 2015. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions and, unless otherwise stated, none of these are expected to have significant impact on the interim consolidated financial information:

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.

(iv) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Group does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vi) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *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 amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

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

(viii) PFRS 11 (Amendment), *Joint Arrangements* (effective from January 1, 2016). This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in PFRS 3, to apply all accounting principles and disclosure requirements on business combinations under PFRS 3 and other PFRS, except for those principles that conflict with the guidance in PFRS 11.

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

(x) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect those to have material impact on the financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

(a) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

(b) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

(c) PFRS 3 (Amendment), *Business Combinations – Accounting for Contingent Consideration in a Business Combination*. This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

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

Annual Improvement to PFRS (2011-2013 Cycle)

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

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

Annual Improvements to PFRS (2012-2014 Cycle)

(a) PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

(b) PAS 34 (Amendment), *Interim Financial Reporting – Disclosure of Information "Elsewhere in the Interim Financial Report"*. The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, otherwise the interim financial statements will be incomplete.

(c) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Applicability of Amendments to PFRS 7 to Condensed Interim Financial Statements*. This amendment clarifies that the additional disclosure required by the recent amendments to PFRS 7 related to offsetting financial assets and financial liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with PAS 34, *Interim Financial Reporting*, when its inclusion would be necessary in order to meet the general principles of PAS 34.

(d) PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

3. SEGMENT REPORTING

The Group's operating businesses are recognized and managed separately according to the nature of services provided with a segment representing a strategic business unit. The Group's business segments follow:

3.1 Business Segments

(a) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, and architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

(b) *Airport Operations* – mainly relate to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility.

Other operations of the Group comprise the operations and financial control groups. These segments are also the basis of the Group in reporting to its executive committee for its strategic decision-making activities. Transactions between segments are conducted at estimated market rates on an arm's length basis.

Segment revenues and expenses that are directly attributable to business segment and the relevant portions of the Group's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

3.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, 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. Segment assets and liabilities do not include deferred taxes.

3.3 Analysis of Segment Information

Presented below are the relevant operating segment information about the results of operations and financial position of the Group's business segments as of and for the period ended September 30, 2015.

	Construction	Airport Operations	Total
Results of Operations			
Revenues	P 9,685,997,919	P 1,102,979,989	P 10,788,977,908
Costs and other operating expenses:			
Cost of sales and services excluding depreciation and amortization	7,715,364,806	166,371,847	7,881,736,653
Depreciation and amortization	319,491,697	83,033,489	402,525,186
Other expenses	298,101,982	206,796,732	504,898,714
	8,332,958,485	456,202,069	8,789,160,554
Segment Operating Profit	**P 1,353,039,434**	**P 646,777,921**	**P 1,999,817,356**
Statement of Financial Position			
Total Assets	**P29,000,517,429**	**P19,096,148,798**	**P 48,096,666,228**
Total Liabilities	**P15,058,339,581**	**P13,493,170,457**	**P 28,551,510,037**

3.4 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its 2015 interim consolidated financial information.

Profit or loss	
Total segment operating profit	P 1,999,817,356
Finance costs	(403,253,795)
Finance income	88,321,564
Others – net	24,637,627
Elimination of intercompany accounts	32,340,176
Profit before tax as reported in profit or loss	**P 1,741,862,928**
Assets	
Total segment assets	P 48,096,666,228
Deferred tax assets – net	81,062,640
Elimination of intercompany accounts	(3,178,668,274)
Total assets as reported in the statement of financial position	**P 44,999,060,594**
Liabilities	
Total segment liabilities	P 28,551,510,037
Deferred tax liabilities	134,637,141
Elimination of intercompany accounts	(173,006,677)
Total liabilities as reported in the statement of financial position	**P 28,513,140,502**

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand	**P 900,733,329**	P 9,378,228
Cash in banks	**5,156,255,599**	476,170,762
Short-term placements	**-**	3,946,102,920
	P 6,056,988,928	P 4,431,651,910

Cash in banks generally earn interest based on daily bank deposit rates.

Short-term placements are 30-day time deposits and earn annual effective interest ranging from 1.5 to 2%.

5. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Contract receivables:		
Related parties	**P 1,901,547,751**	P 1,648,052,8
Third parties	**1,427,233,777**	865,424,576
	3,328,781,528	2,513,477,415
Retention receivables:		
Related parties	**1,282,230,169**	1,390,981,322
Third parties	**839,010,131**	615,662,452
	2,121,240,300	2,006,643,774
Advances to:		
Officers and employees	**13,116,550**	38,223,326
Related parties	**29,514,404**	274,602
	42,630,954	38,497,928
Receivables from airport operations	**194,100,196**	156,113,420
Other receivables	**86,932,783**	30,576,629
	5,773,685,761	4,745,309,166
Allowance for impairment loss	**(9,208,879)**	(9,208,879)
	P5,764,476,882	P 4,736,100,287

Retention receivables pertain to progress billings which are withheld by the project owner equivalent to 5% or 10% as provided in the respective construction contract of each project. This will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.
Receivables from airport operations pertain to the Group's accrual of aeronautical, concession, rental and commercial revenues as authorized by the Concession Agreement.

Trade and other receivables do not bear any interest. All receivables are subject to credit risk exposure.

All of the Group's trade and other receivables have been reviewed for indicators of impairment.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account is composed of the following:

	September 30 2015 (Unaudited)	December 31, 2014 (Audited)
Short-term commercial papers	**P 3,193,694,619**	P2,469,021,162
Unit investment trust funds (UITF)	**648,811,058**	1,186,771,229
	P3,842,505,677	P 3,655,792,391

Short-term commercial papers are unsecured, short-term debt instruments issued by a private corporation with high-quality debt ratings with interest rate ranging from 1.5% to 2.0%. These investments are designated by the Group to be carried at fair value through profit or loss upon initial recognition.

7. CONSTRUCTION MATERIALS

This account consists of the following

	September 30 2015 (Unaudited)	December 31, 2014 (Audited)
Rebars	**P 46,375,818**	P 89,187,820
Precast	**83,635,628**	117,507,046
Hardware	**52,114,618**	47,590,573
Mechanical electrical plumbing and fireproof materials	**43,295,788**	42,267,345
Others	**156,518,416**	25,908,018
	P 381,940,268	P 322,460,802

Others pertain to construction materials which include painting materials, nails and adhesive items.

8. COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS

An analysis of these accounts is shown below.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Total costs incurred on uncompleted contracts (work in progress)	**P39,683,356,482**	P 34,001,684,620
Total billings on uncompleted contracts (progress billings)	**(39,041,534,145)**	(31,399,482,997)
	P 641,822,337	P 2,602,201,623

The net amounts are included in the consolidated statements of financial position under the following captions:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Costs in excess of billings on uncompleted contracts (shown under current assets)	**P 3,233,674,271**	P 2,756,116,681
Billings in excess of costs on uncompleted contracts (shown under current liabilities)	**(2,591,851,934)**	(153,915,058)
	P 641,822,337	P 2,602,201,623

9. INVESTMENTS IN ASSOCIATES AND ACQUISITION OF ASSETS

9.1 Investments in Associates

The components of the carrying values of this account are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Acquisition cost:		
MWCCI	**P 580,890,000**	P 580,890,000
CMCI	**200,000,000**	200,000,000
MGCJV	**166,628,169**	-
MWMTI	**40,927,894**	-
	988,446,063	780,890,000

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance brought forward	**P 988,446,063**	P 780,890,000
Equity share in net profit (losses):		
Beginning of the period	**2,881,889**	(3,731,436)
Equity in net profit for the period	**32,340,176**	6,613,325
Balance at end of period	**35,222,065**	2,881,889
	P1,023,668,128	P 783,771,889

9.2 Acquisition of Assets of Altria

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Parent Company acquired 100% ownership interest in Altria. Altria is a company incorporated in the Philippines and holds an investment property in the form of land. The registered office of Altria, which is also its principal place of business, is located at Coastal Road Bangiad, San Juan, Taytay, Rizal.

As of the date of acquisition, Altria has no operations and its assets mainly pertain to the land where the Parent Company's precast and batching facilities are constructed. In accordance with Group's policy, the transaction is treated by the Group as an asset acquisition since the transaction does not constitute a business combination.

The purchase price was allocated among the following accounts based on their relative fair values:

Cash in bank	P 486,426
Bond deposits	1,500,958
Land	303,468,569
Accrued expenses	(100,000)
	P 305,355,953

Subsequent to the date of acquisition, any changes in the carrying value of the net assets acquired in the books of Altria, including the expenses incurred in administering the property (i.e, property taxes), shall be updated in the books of the Parent Company on a line-by-line basis, as if they are consolidated into a single entity. The difference shall be charged directly to profit or loss as part of Others – net account under the Other Income (Charges) section in the statements of consolidated comprehensive income.

10. OTHER ASSETS

This account is composed of the following:

	Notes	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Current:			
Advances to suppliers	10.1	**P 848,966,944**	P 509,117,737
Investment in trust fund	10.2	**662,315,210**	-
Input VAT	10.3	**163,766,475**	379,256,541
Prepaid insurance		**75,566,638**	43,756,993
Refundable security and bond deposits		**70,442,346**	64,909,193
Development costs		**13,618,093**	2,989,375
Prepaid taxes	10.4	**12,631,696**	209,424,625
Prepaid subscription		**5,580,357**	8,928,571
Prepaid rent		**5,451,671**	4,391,084
Miscellaneous		**5,226,177**	3,810,364
		1,863,565,607	1,226,584,483
Non-current:			
Deferred input VAT	10.3	**1,722,473,986**	1,709,146,968
Advances to suppliers	10.5	**770,788,001**	6,354,296
Deposits for condominium units	10.6	**53,977,845**	43,693,078
Computer software license	10.7	**29,773,611**	39,644,260
AFS financial assets	10.8	**1,044,472**	1,044,472
Miscellaneous		**50,625**	-
		2,578,108,540	1,799,883,074
		P 4,441,674,147	P 3,026,467,557

10.1 Advances to Suppliers

Advances to suppliers pertain to downpayments made by the Group to the suppliers based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the supplier.

10.2 Investment in trust fund

On November 28, 2014, the BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with BDO Unibank, Inc. – Trust and Investment Group (Security Trustee). The investment in trust fund constitutes (i) Revenue Accounts; (ii) Future Major Maintenance Fund Account; (iii) Debt Service Reserve Accounts; (iv) Debt Service Payment Account; and, (v) Distribution Accounts, collectively referred to as “Cash Flow Waterfall Accounts” and Loan Disbursement Accounts under Section 3, part D of the Omnibus Loan and Security Agreement (OLSA) to ensure the prompt payment of the required amortization, interest and principal of the long-term loan.

The OLSA provided that the Security Trustee shall invest and reinvest the monies in the collateral accounts (see Note 13).

10.3 Input VAT/Deferred Input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million and bid premium. Deferred input VAT arising from purchase of capital goods exceeding P1.0 million is to be amortized and credited against output tax evenly over five years or the life of the asset, whichever is shorter.

10.4 Prepaid Taxes

Prepaid taxes pertain to the excess of quarterly income tax payments over the current tax due during the year and creditable withholding taxes.

10.5 Advances to supplier – non-current

Advances to supplier non-current pertains to advance payment to the general contractor of the construction of Mactan Cebu Internatioal Airport terminal 2

10.6 Deposits for Condominium Units

Deposit for condominium units represents initial downpayments made for the purchase of condominium units. This will be reclassified to investment property upon execution of contract to sell and deed of sale.

10.7 Computer Software License

The details of this account are presented below.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cost	**P 53,059,824**	P 51,136,378
Accumulated amortization	**(23,286,212)**	(11,492,118)
	P 29,773,611	P 39,644,260

A reconciliation of the carrying amounts of computer software license at the beginning and end of period is shown below.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	**P 39,644,260**	P 25,044,630
Additions	**1,923,446**	23,147,797
Amortization expense for the period	**(11,794,094)**	(8,548,167)
	P 29,773,611	P 39,644,260

The related amortization charges were recorded as part of Depreciation and amortization under Other Operating Expenses account in the interim consolidated statements of comprehensive income.

10.8 AFS Financial Assets

AFS financial assets pertain to the Group's investments in golf club shares purchased in 2014. Management assessed that the change in fair value of these investments is insignificant as of September 30, 2015.

11. CONCESSION ASSETS

Concession Agreement refers to the agreement entered into by the Parent Company and GIL with DOTC and MCIAA by virtue of Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects by the Private Sector and for Other Purposes", as Amended by R.A. No. 7718 (referred to as the *"BOT Law"*). Under the said agreement, GMCAC was granted by DOTC and MCIAA an exclusive right to design, develop, and undertake the MCIA Project; and enjoy complete and uninterrupted possession of all movable and immovable assets for purposes of implementing the Project, whether tangible or intangible pertaining to concessionaire Operations and Maintenance (O&M) Facilities such as the existing assets, project land, assets produced, installed, built and created pursuant to the Concession Agreement, commercial assets, among others, (collectively referred as Project Assets).

The MCIA Project comprises the following undertaking:

- Construction of Terminal 2, along with all Associated Facilities;
- Renovation and expansion, but not the demolition of Terminal 1 and Associated Facilities;
- Complete reconstruction of Terminal 2 Apron;
- Capacity Augmentation;
- Development of adequate vehicle parking lots to cater to public vehicular traffic;
- Development of Commercial Assets;
- Planning, designing and developing all Utility Systems necessary for undertaking the Works, construction of the Commercial Assets or the Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets;
- Operation and Maintenance of the Concessionaire O&M Facilities and Commercial Assets;
- Installation of all required information technology;
- Financing the above activities; and,
- Collection of Concessionaire Revenue.

The breakdown of the capitalized Concession Assets is as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Construction of New Passenger Terminal	**P 5,910,186,687**	P 5,745,613,826
Capacity augmentation	**5,551,993,554**	5,360,339,638
Existing Terminal 1 infrastructure	**2,642,032,105**	2,614,412,919
Renovation and expansion of Terminal 1	**1,416,140,456**	1,367,290,520
	15,520,352,802	15,087,656,903
Amortization for the period	**(78,800,404)**	(17,375,611)
	P15,441,552,398	P15,070,281,292

Concession assets include the P14,404.6 million upfront premium paid by the Group to the Philippine Government for the airport expansion project.

The Concession Agreement is for a period of 25 years commencing on O&M start date unless further extended pursuant to the Concession Agreement.

12. TRADE AND OTHER PAYABLES

This account consists of the following:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade payables	**P 1,273,549,583**	P 1,063,570,759
Retention payable	**776,171,059**	683,292,596
Accrued expenses	**606,822,399**	254,262,316
Due to stockholders and related parties	**131,041,111**	443,245,560
Interest payable	**39,904,762**	343,253,326
Accrued salaries	**38,493,296**	18,713,864
Dividends payable	**-**	1,983,227
	P 2,865,982,210	P 2,808,372,648

Retention payable pertains to amounts withheld from payments made to subcontractors to ensure compliance and completion of contracted projects ranging from 5% to 10% of every billing made by the contractor. Upon completion of the subcontracted projects, the amounts are returned to the subcontractors.

Accrued expenses include unpaid utilities and unclaimed salaries and wages of resigned employees.

13. INTEREST-BEARING LOANS AND BORROWINGS

The details of short-term and long-term interest-bearing loans and borrowings are as follows:

	Notes	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Current:			
Bank loans	13.2	**P 3,410,749,295**	P 14,798,713,094
Obligations under finance lease	13.3	**35,259,258**	91,351,491
		3,446,008,553	14,890,064,585
Non-current:			
Notes payable	13.1	**17,617,175,746**	4,967,267,545
Obligations under finance lease	13.3	**120,757,632**	57,634,981
		17,737,933,378	5,024,902,526
		P21,183,941,931	P 19,914,967,111

The total unpaid interest from the interest-bearing loans and borrowings as of September 30, 2015 and December 31, 2014 amounted to P39.90 million and P343.3 million, respectively, and is presented as Interest payable under Trade and Other Payables account in the interim consolidated statements of financial position.

13.1 Notes Payable

Parent Company

On February 19, 2013, the Parent Company executed a notes facility agreement with a local bank. In this agreement, the Parent Company desired to offer and issue fixed-rate corporate notes in the aggregate principal amount of P4,000.0 million. The net proceeds of the notes after deducting direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, amounted to P3,957.3 million.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Parent Company.

The notes are issued in three tranches with the following details:

	Principal	Term in Years	Interest Rate
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	100,000,000	10	6%
	P 4,000,000,000		

The nominal rates refer to the Philippine Dealing System Treasury Fixing (PDST-F) rates with respect to the term of each tranche plus an interest spread of 1.75% for Tranche A and B and 1.50% for Tranche C.

The notes, among other things, restrict the Parent Company's ability to:

(a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
(b) make any material change in the nature of its business from that being carried on as of the signing date;
(c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
(d) amend its articles of incorporation and/or by-laws except as required by law;
(e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders;
(f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
(g) assign, transfer or otherwise convey any right to receive any of its income or revenues;
(h) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
(i) extend any loan, advance or subsidy to any person.;
(j) permit its financial debt to equity ratio to exceed 2:1; and,
(k) voluntarily prepay any indebtedness.

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement. As of September 30, 2015 and December 31, 2014, the carrying amount of the notes is P3,928.7 million and P3,967.3 million, respectively.

In 2011, the Parent Company was granted another unsecured Notes payable facility up to P3,000.0 million by a local bank, to which P1,000.0 million was availed. The loan bears an annual interest of 6.52% payable in 5 years. The carrying value of the loan is P1,000.0 million as of September 30, 2015 and December 31, 2014.

GMCAC

On December 17, 2014, GMCAC entered into a P2,000 million (which at GMCAC's option may be increased up to P23,300 million) Omnibus Loan and Security Agreement with various banks. The proceeds of the loan will be used to refinance the bridge facility which was used to partly finance the payment of the Project's Upfront Premium and to finance the capital expenditures and other costs in relation to the Project.

On January 26, 2015, GMCAC amended the Omnibus Loan and Security Agreement dated December 17, 2014, to include an offshore lender to contribute $75.0 million the Omnibus Loan and Security Agreement.

Details of the loan follow:

- Interest: Philippine Peso Loan - In respect of the period that covers the first seven (7) years from the initial drawdown date, the sum of Base Rate 1 (PDST-R2 benchmark yield for 7-year treasury securities as published on the PDEx page of Bloomberg at approximately 4:30 p.m., Manila time of an interest setting date) and credit spread. In respect of the remaining term of the loan starting from the repricing date, the sum of Base Rate 2 (PDST-R2 benchmark yield for 8-year treasury securities as published on the PDEx page of Bloomberg at approximately 4:30 p.m., Manila time of the repricing date) plus credit spread. Such interest shall accrue from and including the first day of each interest period and excluding the last day of such interest period.

Foreign currency loan - LIBOR plus credit spread.

- Repayment: The principal amount shall be paid based on the principal repayment schedule as provided in the Schedule V of the Omnibus Agreement. Final repayment date is fifteen (15) years after the initial drawdown.

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, the following are pledge as collateral on this loan:

- all monies deposited by the Company and from time to time standing in the Cash Flow Waterfall Accounts;
- the Project receivables;
- the proceeds of any asset and business insurance obtained by the Company, except for the proceeds of insurance policies arising from damage of any Project Assets;
- the Project Documents (Accession Agreement, Technical Service Agreement and Engineering and Procurement Contract); and
- the 100% of the total issued and outstanding capital stock of the Company.

The first drawdown for the onshore loan was made on May 5, 2015 amounting to P12,900 million while for the offshore loan was made on May 8, 2015 amounting to US$4.0 million. The amount of undrawn borrowing facilities that may be available in the future amounted to P7,100 million and US$71.0 million for onshore and offshore loan, respectively.

Repayments of the long-term debt follow:

2019	0.5%
2020	2.0%
2021	2.5%
2022	7.0%
2023	8.0%
2024	8.0%
2025	9.0%
2026	10.0%
2027	11.0%
2028	6.0%
2029	6.0%
2030	30.0%

The Omnibus and Security Loan Agreement provide certain restrictions and requirements with respect to, among others, maintain and preserve its corporate existence, comply with all of its material obligations under the project arrangements, maintain at each testing date a Debt-to-Equity ratio of 70:30, grant loans or make advances and disposal of major property. These restrictions and requirements were complied with by GMCAC as of September 30, 2015.

Provision in the loan indicates that the borrower shall pay to the lenders, a commitment fee equivalent to twenty five hundredths percent (.25%) per annum of the undrawn or uncancelled portion of the commitment that the Company does not draw in accordance with the drawdown schedule.

Debt issuance cost relating to long-term debt are amortized over the term of the related using the effective interest method. The balance of debt issuance cost as of September 30, 2015 amounted to P358.2 million. The carrying value of the loan as of September 30, 2015 amounted to P12,688 million.

13.2 Bank Loans

On April 8, 2014, GMCAC entered into an Omnibus Loan and Security Agreement with a local bank for a loan facility amounting to P11.3 billion for the purpose of financing the seventy percent payment of upfront fees and its corresponding input VAT. The initial drawdown was made on April 14, 2014 amounting to P10,083.2 million and the second drawdown was made on May 20, 2014 amounting to P1,210.0 million. Both loans are due on April 21, 2015 with interest rate of 3.75% per annum. The direct issue costs, such as underwriting fees and commissions, documentary stamp tax and other expenses associated with the issuance, which amounted to P119.8 million, were deducted from the principal amounts of the loan. Accordingly, the net proceeds of loans amounted to P11,173.4 million. The direct issue costs will be amortized over the term of the related loan using the effective interest method. As at December 31, 2014, the carrying amount of loans payable amounted to P11,256.4 million.

On April 21, 2015, GMCAC applied for an extension of the maturity date of the loans to May 5, 2015. GMCAC paid all interest already accrued thereon as of April 21, 2015 and an interest accruing thereafter on May 5, 2015.

On May 5, 2015, GMCAC paid all outstanding loans including the related interest from April 21, 2015 amounting to P17.1 million.

In addition, the Group also obtained various bank loans for working capital purposes with total outstanding balance of P3,410.7 million and P3,542.3 million as of September 30, 2015 and December 31, 2014, respectively, representing unsecured short-term loans from local banks. The loans bear fixed annual interest rates ranging from 2.50% to 2.63% in 2015 and 2.50% to 3.00% in 2014. Total interest on these bank loans amounted to P159.4 million and P172.6 million, respectively, and is presented as part of Interest expense from bank loans under Finance Costs account in the consolidated statements of comprehensive income. The unpaid portion of these interest amounted to P4.4 million and P2.4 million, respectively.

13.3 Finance Lease Obligations

The obligations under finance lease have an effective interest rate of 5%. Lease payments are made on a monthly basis. Total interest from these obligations is presented as part of Interest expense from finance lease under Finance Costs account in the statements of comprehensive income amounting to P5.1 million.

14. ADVANCES FROM CUSTOMERS

Advances from customers relates to the following projects:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Contracts in progress:		
Third parties	**P 73,859,978**	P 842,166,515
Related parties	**1,109,452,617**	132,022,782
	1,183,312,595	974,189,297
Deposit received prior to commencement of a project:		
Third parties	**311,454,705**	101,026,785
Related parties	**-**	21,885,687
	311,454,705	122,912,472
	P1,494,767,300	P 1,097,101,769

Advances from customers will be applied against the contract receivables based on work accomplishment on the project.

15. OTHER LIABILITIES

The details of this account are as follows:

	September 30 2015 (Unaudited)	December 31, 2014 (Audited)
Current:		
Withholding taxes	**P 43,499,312**	P 56,361,891
Deferred output VAT payable	**42,792,692**	
Unearned income	**8,982**	5,670,763
Others	**6,472,833**	-
	92,773,819	62,032,654
Non-Current:		
Security deposits	**P 50,414,610**	P -
Unearned income	**993,210**	-
	51,407,820	-
	P 144,181,639	P 62,032,654

16. REVENUES

16.1 Contract Revenues

The details of this account for nine months ended September 30, 2015 and 2014 are composed of the revenues from:

	September 30 2015 (Unaudited)	September 30 2014 (Unaudited)
Contracts in progress	**P 9,059,619,100**	P 7,460,733,102
Completed contracts	**626,378,819**	77,336,813
	P 9,685,997,919	P 7,538,069,915

Contracts in progress and the balances of the related accounts are as follows:

	Notes	**September 30 2015 (Unaudited)**	December 31, 2014 (Audited)
Total contract cost incurred and recognized profit (less recognized losses) to date	8	**P39,683,356,482**	P 34,001,684,620
Contract receivables	5	**3,328,781,528**	2,513,477,415
Retention receivables	5	**2,121,240,300**	2,006,643,774

16.2 Airport Operations Revenues

The details of this account for period ended September 30, 2015 are composed of the revenues from:

Aeronautical	P 738,264,536
Aero related	122,312,616
Non-aero related	242,402,837
	P1,102,979,989

17. DIRECT COSTS

17.1 Contract Costs

The following is the breakdown of contract costs for nine months ended September 30.

	September 30 2015 (Unaudited)	September 30 2014 (Unaudited)
Outside services	**P 4,054,690,135**	P 2,758,140,064
Materials	**2,647,736,137**	1,925,250,610
Project overhead	**592,970,924**	779,828,603
Salaries and employee and employee benefits	**419,967,610**	364,336,168
Depreciation and amortization	**292,928,882**	400,702,478
	P 8,008,293,688	P 6,228,257,923

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees, utilities, municipal permits, taxes, security services, office supplies and various rental expenses of staging areas.

17.2 Airport Operation Costs

The following is the breakdown of airport operation costs for the period ended September 30, 2015.

Amortization of concession asset	P 78,800,404
Utilities	79,934,071
Insurance	22,328,795
Airline collection charges	14,650,976
Airport operator's fee	13,720,985
Rental of check-in counters	11,964,131
Salaries and other benefits	19,745,330
Others	4,027,559
	P 245,172,251

18. OTHER OPERATING EXPENSES

The details of operating expenses by nature are shown below.

	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)
Salaries and wages	**P 239,621,439**	P 104,671,980
Outside services	**57,430,740**	34,672,475
Professional fees	**48,919,653**	25,085,237
Utilities	**32,757,825**	12,502,703
Depreciation and amortization	**30,795,900**	28,410,342
Taxes and licenses	**22,595,854**	41,195,986
Travel and transportation	**18,125,727**	6,752,891
Rent expense	**14,090,681**	4,947,768
Office supplies	**10,444,730**	4,959,552
Representation	**9,270,175**	6,250,509
Advertising expense	**8,001,589**	4,476,960
Repairs and maintenance	**7,537,006**	7,287,896
Training and seminar	**6,878,565**	2,306,977
Security services	**6,590,754**	3,749,122
Dues and subscriptions	**6,135,089**	5,254,257
Insurance expense	**2,046,962**	1,865,403
Equipment expense	**1,492,870**	1,203,187
Gas and oil	**818,119**	998,949
Legal expense	**678,089**	466,900
Registration	**172,094**	22,885,529
Miscellaneous	**11,290,752**	-
	P 535,694,613	P 319,944,623

These expenses are classified in the interim statements of comprehensive income as follows:

	September 30 2015 (Unaudited)	September 30 2014 (Unaudited)
Contract costs	**P 8,008,293,688**	P 6,228,257,923
Airport operation costs	**245,172,251**	-
Other operating expenses	**535,694,613**	319,944,623
	P 8,789,160,552	P 6,548,202,546

19. TAXES

19.1 Registration with the BOI

On April 19, 2011, the BOI approved the Parent Company's application for registration as a new producer of modular housing components/system on a nonpioneer status. Under the terms of the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987, the Parent Company is entitled to the following tax and nontax incentives, among others:

(a) Income Tax Holiday (ITH) for a period of four years from June 1, 2011;

(b) Importation of consigned equipment for a period of 10 years from June 1, 2011 subject to posting of re-export bond;

(c) Employment of foreign nationals which will hold supervisory, technical or advisory positions for five years from June 1, 2011; and,

(d) Exemption from warfage dues and any export tax, duty, impost and fee on exports of its registered export products for a period of 10 years from June 1, 2011.

19.1 Current and Deferred Taxes

The Parent Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. Both GMCAC and MCEI will be subjected to MCIT in 2018.

Income taxes also include final tax paid at the rate of 20% and 7.5%, which represents the final withholding tax on gross interest income from cash in bank and short-term placements.

20. EQUITY

20.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2015	2014	2013	**2015**	2014	2013
Common shares – P1 par value						
Authorized	**4,930,000,000**	4,930,000,000	2,000,000,000	**P 4,930,000,000**	P4,930,000,000	P2,000,000,000
Issued and outstanding:						
Balance at beginning of period	**2,399,426,127**	1,649,426,127	1,114,100,003	**P 2,399,426,127**	P1,649,426,127	P1,114,100,003
Stock dividends distributed	**-**	750,000,000	380,636,801	**-**	750,000,000	380,636,801
Issuance during the period	-	-	154,689,323	**-**	-	154,689,323
Balance at end of year	**2,399,426,127**	2,399,426,127	1,649,426,127	**P 2,399,426,127**	P 2,399,426,127	P1,649,426,127
Preferred – P1 par value						
Authorized	**70,000,000**	70,000,000	-	**P 70,000,000**	P 70,000,000	P -
Issued and outstanding:						
Balance at beginning of period	**40,000,000**	-	-	**P 40,000,000**	P -	P -
Issuance during the period	-	40,000,000	-	**-**	40,000,000	-
Balance at end of period	**40,000,000**	40,000,000	-	**P 40,000,000**	P 40,000,000	P -

In the meeting of the Parent Company's BOD held on May 14, 2014 and of the stockholders held on June 30, 2014, the BOD and the stockholders approved the increase in the Parent Company's authorized capital stock from P2,000.0 million divided into 2,000.0 million common shares to P5,000.0 million divided into 4,930.0 million common shares and 70.0 million preferred shares, both with a par value of P1.0 each. Also, on the same respective dates, the BOD and the stockholders approved the creation of preferred shares with the features, terms and conditions subject to the approval by the SEC. The minimum subscription and paid-up requirement of the increase shall be issued from the stock dividends to be declared upon approval by the SEC of the Parent Company's application for the increase in authorized capital stock. Subsequently, on September 22, 2014, the SEC approved such increase in authorized capital stock. The stock dividends were accordingly distributed on November 17, 2014.

On December 3, 2014, the Parent Company issued 40.0 million preferred shares at P100.0 per share or P4,000.0 million. The preferred shares are listed in the PSE main board. The preferred shares are cumulative, non-participating, non-convertible to common shares and redeemable at the option of the Parent Company at the sole option of the BOD at the price to be determined by the BOD. The excess of P3,898.7 million of the issuance price over the par value, less transaction costs, is recognized as Additional Paid-in Capital in the 2014 statement of changes in equity. The transaction costs incurred, which are associated with the issuance of shares and deducted from the Additional Paid-in Capital amounted to P61.3 million.

On May 20, 2013, the Parent Company issued 118.7 million shares at P17.65 per share, net of transaction costs, to Citicore under private placements exempt from registration pursuant to Section 10.1 of the Securities Regulation Code. Also, in May 2013, the Parent Company issued 35.6 million shares to Citicore and various shareholders at P8.50 per share, net of transaction costs. Total increase in Additional Paid-in Capital as a result of the new share issuance amounted to P2,245.6 million.

As of September 30, 2015, the Parent Company has 40.0 million preferred shares traded in the PSE.

20.1 Dividends

20.1.1 Stock Dividends

On May 14, 2014 and June 30, 2014, the Parent Company's BOD and stockholders, respectively, approved the declaration of the stock dividends in relation to the increase in the Parent Company's authorized capital stock. The stock dividends equivalent to 750.0 million common shares of stock with par value of P1.0 each shall be taken from the unrestricted retained earnings of the Parent Company as of December 31, 2013. The stock dividends were accordingly distributed upon approval by the SEC of the increase in capital stock.

20.1.2 Cash Dividends

The details of the cash dividend distribution on preference shares follow:

Date Declared	Dividend Per Share	Dividend Total Amount	Record Date	Payment Date
March 12, 2015	1.75625	P 70,250,000	February 27, 2015	March 3, 2015
March 12, 2015	1.75625	70,250,000	May 8, 2015	June 3, 2015
March 12, 2015	1.75625	70,250,000	August 6, 2015	September 3, 2015
		P 210,750,000		

20.2 Retained Earnings

As of September 30, 2015 and December 31, 2014, the Parent Company's retained earnings exceeded its capital stock. Relative to this, on April 8, 2013, the BOD of the Parent Company approved the declaration of dividends and gave management the authority to decide the type (cash, stock or mixed) and amount of any dividends to be declared subsequently. Further, in 2014, the Parent Company's BOD and stockholders approved the declaration of stock dividends relative to its application for increase in authorized capital stock, which was subsequently approved by the SEC on September 22, 2014.

20.3 Non-Controlling Interest

Upon incorporation, the Parent Company acquired 15.0 million shares of GMCAC. The purchase of the shares is part of the shareholders' agreement to execute, undertake, and implement the Project in accordance with the concession agreement. The shares acquired represent 60% of the total issued and outstanding shares of GMCAC. The non-controlling interest representing 38.26% ownership of GMR Infrastructure (Singapore) Pte. Ltd. (GISPL) and 1.74% ownership of GIL in GMCAC is presented as part of Non-controlling Interest account in the consolidated statements of financial position.

On October 8, 2014, the SEC approved the increase in the authorized capital stock of GMCAC to P6,000.0 million divided into 6,000.0 million shares with par value of P1 per share. Out of the P5,975.0 million increase in authorized capital stock, the Parent Company subscribed to P136.5 million and P2,889.0 million on December 9 and 8, 2014, respectively. These additional subscriptions were fully paid by setting off of advances made by the Parent Company to GMCAC from its incorporation prior to the subscription. Moreover, on July 30, 2014 and December 18, 2014, the Parent Company also made a deposit amounting to P77.31 million and P77.25 million, respectively, for future stock subscription to GMCAC capital stock. subscribing 1,749,997 shares at P1.0. The non-controlling interest representing 30% ownership of Philcarbon, Inc. is presented as part of Non-controlling Interest account in the interim consolidated statements of financial position.

21. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

21.1 Operating Lease Commitments – Group as Lessee

The Group is a lessee under operating leases covering its office space, and its stockyards and certain construction equipment with terms ranging from one year to two years. The related refundable security deposits are presented as part of Other Current Assets in the interim statements of financial position.

21.2 Finance Lease Commitments – Group as Lessee

The Group has finance leases covering certain transportation and construction equipment with terms ranging from two to five years. The liabilities relating to the finance leases are shown as part of Interest-bearing Loans and Borrowings.

21.3 Public-Private Partnership (PPP) with Department of Education

On October 8, 2012, the Parent Company, together with Citicore (collectively referred to as proponent), executed a build-lease-transfer agreement with the Philippine government, through its Department of Education under the PPP for school infrastructure project, which provides initiatives on the construction of classroom nationwide to address the current classroom backlog and future requirements for classrooms.

The agreement requires the construction, maintenance and lease of school buildings under a build-lease-and transfer contractual arrangement, whereby, the project proponent is authorized to finance and construct the school facility within 16 months from the execution date and upon its completion turns it over to the government agency or local government unit concerned on a lease agreement for a period of 10 years from the issuance of certificate of completion. After which, ownership of the facility is automatically transferred to the government agency or local government unit concerned.

Total lease payments for the 10-year term amounted to P12,834.8 million which will be collected on a monthly basis in accordance with the schedule provided by both parties. All overdue lease payments shall be subjected to interest at the rate of 6-month PDST-F.

During the lease period, the proponent shall be responsible for the maintenance works, which shall be performed twice, the first time at any point between the fourth and fifth years, and the second time at any point between the eighth and ninth years.

At the end of the 10-year term, the proponent shall bear all costs incurred in connection with the transfer of rights to the Philippine government.

Pursuant to the above agreements, the Parent Company and Citicore established CMCI to handle the PPP school infrastructure project and executed an Accession Agreement to transfer all rights and obligation of the proponent to CMCI under the agreement with the government. On October 18, 2012, the Company and CMCI executed a construction agreement whereby the Parent Company has agreed to undertake the construction of the PPP school infrastructure project for a contract price of P8,000.0 million.

In 2012, CMCI obtained a loan facility with a local bank for P6,500.0 million which was received by the latter in 2012. The Parent Company and Citicore are severally liable for the obligation in case of non-payment of CMCI.

21.4 Build-Operate-Transfer Agreements

21.4.1 Mactan-Cebu International Airport Project

(a) BOT Agreement

In 2014, GMCAC entered into a BOT agreement with the Grantors relative to the MCIA Project. GMCAC was established to undertake the Project involving, among others, the construction of a world-class airport passenger terminal (along with associated infrastructure and facilities), the renovation and expansion of the existing airport terminal and the operation and maintenance of both airport passenger terminals for a period of 25 years.

On April 8, 2014, the Parent Company entered into Shareholders' Agreement with GMR setting forth the terms and conditions governing their participation in the share capital of GMCAC, their rights and obligations as shareholders in relation to GMCAC. Under the said Shareholders' Agreement, the parties defined the business of GMCAC, the required manpower support from each shareholder, the composition of the board, formation of committees and the management team for the orderly management of the Project, conduct of board and shareholder meetings as well as restrictions on the transfer rights of the stockholders and issuance of additional shares.

GMCAC is a pioneer in the privately operated airport space in the Philippines when it took over the Mactan Cebu International Airport on the scheduled take over date of November 1, 2014.

(b) Technical Service Agreement

On August 19, 2014, GMCAC entered into a Technical Services Agreement (the Agreement) with GIL to provide for the following services in compliance with the Concession Agreement:

i. The preparation of policies and procedures such as O&M Manual and the updating of such every January 30th of each calendar year, Fire Safety Manual, and any other additional systems, documentation and manuals to meet the Performance Standards under the Concession Agreement;
ii. Provide training or technical services to key personnel of GMCAC so that GMCAC may undertake the O&M of the facilities;
iii. Provide qualified experts, on a permanent or long-term basis; and
iv. Provide other staff on non-permanent basis either based on GIL's location or seconded to GMCAC.

The service fee shall be 1.25% of the actual audited gross revenue. The Agreement is effective up to the expiry of the Concession Period unless terminated earlier upon mutual consent of the parties.

(c) Omnibus Loan and Security Agreement

On December 17, 2014, the Group entered into a P20,000.0 million (which at the Group's option may be increased up to P23,300.0 million) Omnibus Loan and Security Agreement (the Omnibus Agreement) with various local universal banks, as lenders. The proceeds of the loan will be used to refinance the bridge facility amounting to P11,293.2 million which was used to partly finance the payment of the Project's Upfront Premium and to finance the capital expenditures and other costs in relation to the Project.

The initial draw down from this omnibus loan is set in April 2015.

21.4.2 Modernization of the Philippine Orthopedic Center

On March 6, 2014, MWCCI, an associate, entered into a BOT agreement with the DOH to undertake the modernization of MPOC Project. Upon completion of the project, MWCCI shall operate and maintain the facility either directly or through a qualified hospital operator within the agreed concession period, which is 25 years from the date of the commencement of the construction. Upon the start of the commercial operations, MWCCI will receive certain annual cash support from DOH throughout the first five years. MWCCI shall then turnover the facility to the DOH at the end of the concession period. MWCCI has not yet obtained from the DOH the certificate of possession and notice to commence construction to formally start the construction of the new facility.

The BOT agreement shall expire after 25 years from the date of issuance of Certificate of Possession by the DOH. As required in the Notice of Award on the MPOC Project, MWCCI entered into an omnibus loan and security agreement with various banks, wherein the Parent Company is a guarantor.

21.6 Legal Claims

In 2015, certain legal claim was filed against the Group. There is no related provision recognized in the 2015 and 2014 interim financial information as management believe that the Group has strong legal position related to such case.

21.7 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the interim financial information. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's financial information, taken as a whole.

22. EARNINGS PER SHARE

	September 30, 2015 Consolidated (Unaudited)	September 30, 2014 Parent (Unaudited)
Net profit attributable to shareholders of the Parent Company	**P 1,131,526,432**	P 783,975,825
Dividends on cumulative preferred shares	**(210,750,000)**	(-)
Income available to shareholders of the Parent Company	**920,776,432**	783,975,825
Divided by weighted average number of outstanding common shares	**2,399,426,127**	2,399,426,127
Basic and diluted EPS	**P .38**	P .33

The Group does not have dilutive potential common shares outstanding as of September 30, 2015 and 2014; hence, diluted EPS is equal to the basic EPS.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to its financial instruments. The main types of risk are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with the Group's Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Group is exposed to are described on the succeeding paragraphs.

23.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from intercompany advances to and from foreign related parties, which are denominated in US dollars. The Group also holds US dollar-denominated cash.

Exposures to foreign exchange rates vary during the period depending on the volume of foreign currency transactions.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates.

The Group is exposed to changes in market rates through its cash in banks and short term placements which are subject to monthly repricing intervals. All other financial assets and liabilities have fixed rates.

(c) Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVTPL carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investment and at some extent, diversifying the investment portfolio in accordance with the limit set by the management.

23.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, such as the granting of loans and receivables to customers and related parties and placing deposits with local banks and investment in bonds.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the consolidated interim financial information, as summarized below.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash and cash equivalents	**P 6,056,988,928**	P 4,431,651,910
Trade and other receivables – net	**5,764,476,882**	4,736,100,287
Financial assets at FVTPL	**3,842,505,677**	3,655,792,391
Refundable security and bond deposits	**70,442,346**	64,909,193
	P 15,734,413,833	P 12,888,453,781

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and trade and other receivables as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Group mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from the related party and ensuring that collections are received within the agreed credit period.

Contract receivables are usually due within 30 to 120 days and do not bear any interest.

Some of the unimpaired trade receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. The contract receivables that are past due but not impaired are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Not more than 3 months	**P 654,819,072**	P 116,416,726
More than 3 months but not more than 4 months	**121,488,208**	-
More than 4 months but not more than one year	**51,739,579**	42,894,299
	P 828,046,859	P 159,311,025

The Group's management considers that the financial assets which are past due but not impaired for each reporting period are of good credit quality based on historical default rates. The balance of such receivables relates to reputable companies that have a good track record with the Group.

(c) *Financial assets at FVTPL*

The Group is exposed to credit risk on its investment in short-term commercial papers. However, the Group has assessed that such risk is minimal since the counterparty is a reputable listed leasing company with high quality external credit ratings.

(d) *Refundable Security and Bond Deposits*

The Group is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Group can negotiate, before the end of the lease term, to apply deposit to rentals due. Also, the bond deposits are made with certain reputable Philippine government agency, hence, the exposure on credit risk is assessed by the management to be not be significant.

23.3 Liquidity Risk

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

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. 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.

24. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Notes	September 30, 2015 (Unaudited) Carrying Values	September 30, 2015 (Unaudited) Fair Values	December 31, 2014 (Audited) Carrying Values	December 31, 2014 (Audited) Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	4	**P 6,056,988,928**	**P 6,056,988,928**	P 4,431,651,910	P 4,431,651,910
Trade and other receivables – net	5	**5,764,476,882**	**5,764,476,882**	4,765,705,511	4,765,705,511
Refundable security and bond deposits	10	**70,442,346**	**70,442,346**	64,909,193	64,909,193
		11,891,908,156	**11,891,908,156**	9,262,266,614	9,262,266,614
Financial assets at FVTPL	6				
Short-term commercial papers		**3,193,694,619**	**3,193,694,619**	2,469,021,162	848,429,676
UITF		**648,811,058**	**648,811,058**	1,186,771,229	3,989,886,123
		3,842,505,677	**3,842,505,677**	3,655,792,391	3,655,792,391
AFS financial assets – club shares	10	**1,044,472**	**1,044,472**	1,044,472	1,044,472
		P 15,735,458,305	**P 15,735,458,305**	P 12,919,103,477	P12,919,103,477
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	13	**P 21,183,941,931**	**P 21,183,941,931**	P 19,914,967,111	P 19,914,967,111
Trade and other payables	12	**2,865,982,210**	**2,865,982,210**	2,808,372,648	2,808,372,648
		P 24,049,924,141	**P 24,049,924,141**	P 22,723,339,759	P 22,723,339,759

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 23.