

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

June 30, 2013 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 June 30, 2013

2. SEC Identification Number CS200411461

3. BIR Tax Identification No.

Review of financial condition as of June 30, 2013 as compared with financial condition as of December 31, 2012

Financial Condition

As of the end of the first half of 2013, total assets stood at P19.19 billion, 60% higher than its value of P12.03 billion as of 2012.

Current assets grew by 86% due to the following:

Cash and cash equivalents increased by 350% or P733 million due to collections towards the end of the quarter amounting to P284 million and portion of the proceeds of corporate note issuance was deposited in bank for working capital.

Short-term investments increased by 100% or P6.52 billion because the Company sold portion of its Retail Treasury Bonds (RTB) and invested the proceeds to short-term placements due to the decline in value of RTB.

The Company issued corporate notes in February 2013 and issued new shares in May 2013, the proceeds of both transactions were invested also in short-term placement.

Financial assets at fair value through profit or loss decreased by 51% or P1.01 billion because the Company sold portion of its RTB and invested the proceeds to short-term placements due to the decline in value of RTB.

Inventory increased by 732% or P495 million due to voluminous purchases of construction materials required by projects especially cement and rebar and other construction materials for PPP school infrastructure project of the Department of Education and new projects such as Rockwell Business Center and Shangrila and raw materials of precast and batching plants.

Cost in excess of billings increased by 40% or P419 million because of cost of construction already incurred but not yet billed towards the end of the second quarter. These expenses will be included in the progress billing in Julyet17ETBT1 0 0 m[(JETBT1)3(Iy)4.99 Tm[()] TJETB Tm[

Increase in other non-current asset by 16% or P24.50 million due to deferred input vat on purchases of capital asset.

As of the end of the first half of 2013, total liabilities registered an increase of 52%, from P7.25 billion as of 2012 to P11.03 billion at the end of second quarter of 2013.

Current liabilities decreased by 2

Inventory increased by 732% or P495 million due to voluminous purchases of construction materials required by projects especially cement and rebar and other construction materials for PPP school infrastructure project of the Department of Education and new projects such as Rockwell Business Center and Shangrila and raw materials of precast and batching plants.

Cost in excess of billings increased by 40% or P419 million because of cost of construction already incurred but not yet billed towards the end of the second quarter. These expenses will be included in the progress billing in July.

Increase in property and equipment by 7% or P279 million because of the expansion of batching plant in Taguig and acquisition of mobile mixers and other construction equipment.

Increase in investment in associate by 37% or P53.50 million due to the additional investment in CMCI.

Increase in other non-current asset by 16% or P24.50 million due to deferred input vat on purchases of capital asset.

Decrease in trade and other payables by 33% or P645 million as a result of payments made to suppliers. The Company also paid its non-trade payable to Altria East Land Inc. representing the purchase price of Altria's net asset.

Advances from customers increased by 64% or P444 million due to the downpayments received from Shangrila and Rockwell projects.

Billings in excess of costs on uncompleted contracts – net increased by 3% or P40 million due to lower costs incurred for projects under structural stage as of the end of second quarter.

Other current liabilities increased by 264% or P80 million due to additional deferred output tax on receivables not yet collected as of end of June 30, 2013.

Interest-bearing loans and borrowings increased by 328% or P3.92 billion due to corporate note issued by the Company in February 19, 2013 amounting to P4 billion.

Other non-current liability decreased by 12% or P5.31 million due to amortization of unearned interest income on sale and leaseback.

Capital stock increased by 14% or P155 million due to top up last May 2013.

Additional-paid up capital increased by 126% or P2.48 billion due top up last May 2013.

Retained earnings increased by 44% or P748 million due to net income earned as of the end of second quarter.

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:

(Amounts in P millions)	For six (6) months ended June 30			
Cash Flow	2013	2012		
	(unaudited)	(unaudited)		
Net cash provided by operating activities	359	339		
Net cash used in investing activities	(5,785)	(2,504)		
Net cash provided by financing activities	6,158	933		

Indebtedness

As of June 30, 2013, 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 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

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 P1,298,336CID 12/Lang (en-P)+BD TJEsD TJEsD TJm[(ba)-3(nk a)-4(mount nE6)

Megawide

historical default rates. The balance of such receivables relates to reputable companies that have a good track record with Megawide.

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 June 30, 2013, Megawide's financial liabilities have contractual maturities which are presented below.

462.55 Tm[(pres)5(entT5s91T5s916)9.T EMC /P ≮MCID 12/ TJET

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss

the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

Megawide does not have foreign securities investments.

Key Performance Indicators

Megawide's top key performance indicators (K PIs) are listed below.

	LIQUIDITY RATIOS	
Key Indicators	June 30, 2013	December 31, 2012

A more conservative variation of quick ratio. It measures Megawide's ability to pay its short-term debts from its most liquid assets without relying on receivables and inventory.

- 4. Book Value per Share (Equity/Shares Outstanding)

 Measures the amount of net assets available to stockholders of a given type of stock
- 5. Interest-Bearing Debt Ratio (Interest-Bearing Debt/ Equity + Interest-Bearing Debt)

 Measures the extent to which the assets having explicit cost are financed by interest-bearing debt
- 6. Total debt ratio (Total Liabilities/Total Assets)

PART II - OTHER INFORMATION

Submissions of SEC Form 17-C:

Date Filed	Particulars
April 4, 2013	Corporate Governance Guidelines Disclosure for year 2012
April 8, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of March 31, 2013
April 12, 2013	Disclosure re: Approval of AFS 2012

April 17, 2013

June 7, 2013	Annual List of Stockholders
June 10, 2013	Report on the number of shareholders owning 1 board lot each and Foreign Ownership Report as of May 31, 201

SIGNATURES

Pursuget to the requirements of the Securities Regulation Coche, the issuer has duly caused this report to be signed by the undersigned thereto duly authorizated.

MEGAWIDE CONSTRUCTION COPPORATION

1471

MICHAEL & COSIGUIEN

OLIVER Y. TAN

		2013		2012		2013		2012
CONTRACT REVENUES	Р	4,168,372,412	Р	3,639,081,599	Р	1,517,224,247	Р	2,205,274,974
CONTRACT COSTS		3,417,184,195		3,030,476,168	_	1,207,794,828		1,208,763,365
		593,806,612		486,862,895		268,868,337		984,373,496
OTHER INCOME (CHARGES) Finance income								
Interest Income		21,950,305		33,541,202				

UNAUDITED		
June 30, 2013		

<u>ASSETS</u>

CURRENT ASSETS

MEGAWIDE CONSTRUCTION CORPORATION STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (Amounts in Philippine Pesos) (UNAUDITED)

	2013	2012
CAPITAL STOCK Balance at beginning of year	P 1,114,100,003	P 1,114,100,003
Issuances during the year	154,689,323	
Balance at end of year	1,268,789,326	1,114,100,003
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	1,961,729,696	1,961,729,696
Issuances during the year	2,478,754,219	-
Balance at end of year	4,440,483,915	1,961,729,696
RETAINED EARNINGS		
Balance at beginning of year	1,704,854,569	842,750,755
Net profit	747,957,126	474,351,742
Balance at end of year	2,452,811,695	1,317,102,497
TOTAL EQUITY	P 8,162,084,936	P 4,392,932,196

	_	2013		2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	Р	747,957,125	Р	1,156,411,473
Adjustments for:				
Depreciation		251,143,535		359,421,062
Interest income	(310,235,142)	(87,205,222)
Interest expense		112,714,938		134,779,350
Loss on disposals of property and equipment		-	(2,176,227)
Share in net loss of an associate		-		1,004,876
Operating profit before working capital changes		801,580,456		1,562,235,312
Decrease(Increase) in trade and other receivables		345,836,331	(996,665,030)
Decrease(Increase) in construction materials	(495,435,210)		103,448,821
Increase in costs in excess of billings				
on uncompleted contracts	(186,443,596)	(613,959,962)
Decrease(Increase) in other current assets		8,893,105	(578,255,593)
Increase in other non-current assets	(24,501,839)	(58,838,746)
Increase(Decrease) in trade and other payables	(571,288,595)		820,801,416
Increase (Decrease) in advances from customers		444,557,605	(111,680,355)
Increse in billings in excess of costs on uncompleted contracts		40,271,812		229,957,618
Cash generated from (used in) operations		363,470,070		357,043,481
Cash paid for income taxes	(3,701,228)	(17,441,044)
Net Cash From Operating Activities		359,768,842		339,602,437
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	(530,351,948)	(1,576,080,602)
Increase in short-term investments	(5,511,609,257)	ì	1,226,284,422)
Increase in investment in associate	ì	53,500,000)	ì	146,500,000)
Interest received		310,235,142		89,316,333
Proceeds from sale of property and equipment		-		355,311,244
r rocceds from sale of property and equipment				000,011,211
Net Cash Used in Investing Activities	(5,785,226,063)	(2,504,237,447)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net payment of loans	(129,224,023)		1,183,168,134
Proceeds on issuance of shares to stock	· ·	2,400,664,782		
Proceeds on corporate notes		4,000,000,000		
•	(112,714,938)	,	134,584,171)
Interest paid	(112,714,738)	(•
Dividends paid			(144,833,001)
Advances from stockholders		-		29,505,156
		6,158,725,821		

	2013		2012	
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	Р	747,957,125	Р	501,277,651
Adjustments for:				
Depreciation		251,143,535		68,955,724
Interest income	(310,235,142)		

1.2 Acquisition of an Asset, Investment in an Associate and their Operations

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Company acquired 100% ownership interest in Altria East Land, Inc. (Altria). Altria is a company incorporated in the Philippines and holds an investment property in the form of facilities are constructed. 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 December 31, 2012, Altria has no operations.

Ownership interest in Altria is treated as an asset acquisition and not as a business combination. Hence, Altria is not accounted for as a subsidiary in the financial statements of the Company (see Note 2.7 and 10.1ia)

Also in 2012, the Company early adopted PAS1 (Amendment), Presentation of Financial Statements i Clarification of the Requirements for Comparative Information, which is mandatorily effective for annual period beginning January 1, 2013 [see Note 2.2 (c)]. This amendment no longer requires the notes to the opening statement of financial position except for the disclosure of certain specified information in accordance with PAS8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, comparative note disclosures to the 2010 statement of financial position were no longer presented.

(c) Functional and Presentation Currency

functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

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

2.2 Adoption of New and Amendments to PFRS

withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. This amendment did not have a significant effect on the snot have investment property and non-depreciable assets carried at revalued amounts.

(b) Effective in 2012 that is not Relevant to the Company

PFRS1, First-time Adoption of PFRS, was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant

(c) Early Adoption of PAS 1 (Amendment)

In 2012, the Company adopted PAS1 (Amendment), Presentation of Financial Statements i Clarification of the Requirements for Comparative Information, which is mandatorily effective from January 1, 2013. The amendment clarifies the requirements for presenting comparative information for the following:

Requirements for opening statement of financial position

If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

Other than disclosure of certain specified information in accordance with PAS8, Accounting Policies, Changes in Accounting Estimates and Errors, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

Requirements for additional comparative information beyond minimum requirements

If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(d) Effective Subsequent to 2012 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Company will

apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS1 (Amendment), Financial Statements Presentation 1 Presentation of Items of

(iv) PFRS7 (Amendment), Financial Instruments: Disclosures i Offsetting Financial Assets and Financial Liabilities (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, Financial Instruments: Presentation. The amendment also requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair

comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

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

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to International Financial Reporting Standards application issues.

The Company does not expect to implement and adopt PFRS9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS9 on the financial statements of the Company and it plans to conduct a comprehensive study in the fourth quarter of 2014 of the potential impact of this standard to assess the impact of all changes.

(viii) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Company

financial statements:

- (a) PAS 16 (Amendment), Property, Plant and Equipment i Classification of Servicing Equipment. The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.
- (b) PAS 32 (Amendment), Financial Instruments i Presentation i Tax Effect of Distributions to Holders of Equity Instruments. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories:

financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

currently include FVTPL and loans and receivables as described in more detail as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

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 the Company will not be able to collect all amounts due to it in accordance with the original terms of the receiv

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.4 Construction Materials

Construction materials are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of construction materials includes all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

The net realizable value of construction materials is the current replacement cost.

2.5 Other Assets

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured rel5(a) finin, firstn

Changes resulting from other comprehensive income of the associate or items

of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

2.7 Acquisition of Asset

Acquisition of interest in an entity that holds investment property which does not constitute a business is accounted for as an asset acquisition. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members and participant. Under the asset purchased accounting, the purchase costs is allocated to identifiable assets and liabilities based on relative fair values of individual items, goodwill or gain on bargain purchase is not recognized and transaction costs are capitalized.

2.8 Property, Plant and Equipment

Property, plant and equipment, except land and construction in progress, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in operations or administration is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Precast factory	25 years
Transportation equipment	5 years
Precast and construction equipment	3-10 years
Office furniture, fixtures and equipment	3 years

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge in depreciation is made in respect of these assets.

Construction in progress represents properties under construction and is stated at cost.

, batching plant and

precast factory. The account is not depreciated until such time that the assets are completed and available for use.

depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of lease, if shorter.

Transportation equipment held under finance lease agreements (see Note 2.15) are

en-GB 2.17).

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

2.9 Intangible Assets

Intangible assets (shown as part of Other Non-current Assets), include acquired computer software licenses, which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a ste amor 113.42 73eaissh 0 1 236.09 627.7 Tm[(1 0 0 1

2.10 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings and trade and other payables are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss as part of Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of funding of operations. Finance charges, including direct costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Obligations under finance lease (included as part of Interest-bearing Loans and Borrowings) are recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments, at the inception of the lease (see Note 2.15).

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after end of the reporting period. Otherwise, these are presented as non-current liabilities. Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) Contract revenues Revenue from construction of buildings is recognized using the percentage of completion method based on the physical completion of the project (see Note 2.13).
- (b) Interest income Income is recognized as the interest accrues taking into account the effective yield on the asset.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly to equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relates to the same entity and the same taxable authority.

2.21 Related Pacted Paile 3 795.36 Tm 0 Tc[]]TJ0ET1m[140.423g

2.23 EarTc[ve5(et Pe I6(S2-)-ha I6(e)38TJ489.310.423g)423g)ps a13.37 257.78 Tm[)]TJET EMC

2.24 Ee9sntsBTF1 12 Tf241 0 0.3333 1 178.46 95.76 Tm[ABTF1 12 Tf241 0 0.3333 1 186.38 95.76 Tr

financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Distinction Between Business Combination and Asset Acquisition

The Company determines whether the acquisition of an entity constitutse a business combination or an asset acquisition. The accounting treatment for the acquisition is determined by assessing whether the transaction involved a purchase taking into consideration the substance of the transaction. Failure to make the right judgment will result in misstatement of assets.

(b) Distinction Between Operating and Finance Leases

The Company has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) Capitalization of Borrowing Costs

The Company determines whether the amount of finance costs qualifies for capitalization as part of the cost of the qualifying asset, or expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to get the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

(d) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and disclosures on contingencies are discussed in Note 2.12.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Determining Percentage of Completion

The Company uses the percentage of completion method in accounting for its construction contract revenues and costs. The use of the percentage of completion method requires the Company to estimate the stage of completion and total costs to be incurred on a per project basis. If the proportion of the percentage of completed projects or the total estimated costs amount of profit or loss would have changed.

(b) Impairment of Trade and Other Receivables

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the

based on known market forces, average age of accounts, collection experience and historical loss experience.

(c) Determining Net Realizable Value of Construction Materials

In determining the net realizable value of construction materials, management takes into account the most reliable evidence available at the time the estimates are made. The Company periodically reviews its construction materials for possible damaged and obsolete items. Items identified as obsolete are provided with impairment allowance.

(d) Estimating Useful Lives of Intangible Assets and Property, Plant and Equipment

The Company estimates the useful lives of intangible assets and property, plant and equipment based on the period over which the assets are expected to be available for use. The related estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

(e) Determining Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

(f) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.17). Though management

5. TRADE AND OTHER RECEIVABLES

This account consists of the following as of June 30, 2013 and December 31, 2012:

	2013	2012
Contract receivables: Related parties Third parties	P1,673,468,029 389,528,362	P1,943,038,586 484,011,708
	2,062,996,391	2,427,050,294
Retention receivables: Related parties Third parties	878,726,067 240,536,271 1,119,262,338	907,284,539 193,682,660 1,100,967,199
Other receivables	22,467,750	22,545,319
Allowance for impairment	3,204,726,479 (<u>116,971,133</u>)	3,550,562,812 (<u>116,971,133</u>)
	<u>P3,087,755,346</u>	P3,433,591,679

Major portion of contract and retention receivables as at June 30, 2013 and December 31, 2012 is from transactions with related parties

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.

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

receivables have been reviewed for indicators of impairment.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company acquired certain investments in the Philippine government retail treasury bonds (RTBs) and Fixed Rate Treasury Notes in 2012 with an original cost of P891 million as temporary investments to gain short-term profit.

As of June 30, 2013, the investments are carried at fair value based on quoted market prices for these securities.

 Non-currenten-GB
 127,927,993
 103,606,335

 Long Term Investment
 35,276,474
 35,276,474

 Intangible assets - net
 11,826,376
 12,167,283

 Others

10. TRADE AND OTHER PAYABLES

This account consists of the following as of June 30, 2013 and December 31, 2012:

	2013	2012
Trade payables Retention payable Advances from related parties Accrued salaries Non-trade payables Interest payable Other accrued expenses	P1,050,673,617 213,584,625 21,836,712 14,754,836 1,040,093	P1,075,310,159 445,974,276 29,505,156 12,695,415 358,105,953 17,326,636 8,640,004
	<u>P 1,301,889,883</u>	P1,947,557,599

Retention payable pertains toa

14. CONTRACT REVENUES

The details of this account are as follows as of June 30, 2013 and 2012:

19. EQUITY

Capital Stock

Capital stock consists of:

	Shares		Amount			
	2013	2012	2011	2013	2012	2011
Common shares P1 par value Authorized	2,000,000	2,000,000	1,000,000	P2,000,000,000	<u>P1,000,000,000</u>	<u>P1,000,000,000</u>
Issued and outstanding: Balance at beginning of year Issuance during the year Stock dividends distributed Change in par value	1,114,100,003 154,689,323 - -	1,114,100,003	565,000,002 292,000,000 257,100,001	P 1,114,100,003 154,689,323 - -	P1,114,100,003	P 565,000,002 292,000,000 257,100,001
Balance at end of year	P 1,268,789,326					

Retained Earnings

(c) Other Price Risk Sensitivity

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. As of June 30, 2013 and December 31, 2012, these financial assets are valued at P990 million and P2,004 million, respectively using the recommended market yield rates.

(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 contract receivables that are past due but not impaired are as follows:

Not more than 2 months	P 1,091,451,610
More than 2 months but	
not more than 4 months	90,618,012
More than 4 months but	
not more than 1 year	333,945,476
More than one year	<u>546,981,293</u>
	P 2,062,996,391

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 Company.

(c) Financial assets at FVTPL

The Company is not exposed to any significant credit risk exposures on its investment in financial assets at FVTPL as these comprise solely of government securities such as bonds and notes which are considered secured.

(d) Refundable Security and Bond Deposits

The Company is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Company 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.

Liquidity Risk

The Company 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 Company 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.