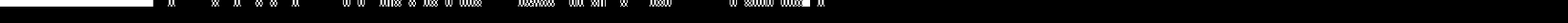


EXHIBIT 2

**CONSOLIDATED FINANCIAL STATEMENTS AND
SCHEDULES**

11 11 11

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2. Objectives
3. Scope
4. Definitions
5. References

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1.1.3. Project Duration

1.1.4. Project Budget

1.1.5. Project Risk

1.1.6. Project Stakeholders

1.1.7. Project Deliverables

1.1.8. Project Organization

1.1.9. Project Communication

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1.1.11. Project Monitoring

1.1.12. Project Evaluation

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1.1.14. Project Archiving

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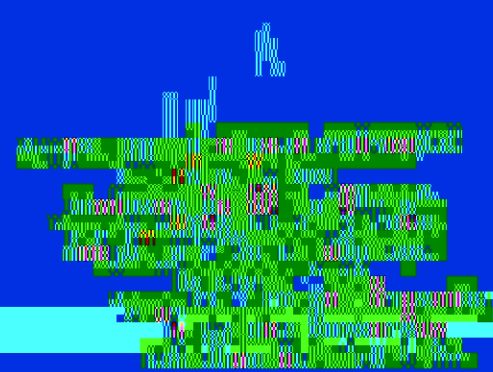
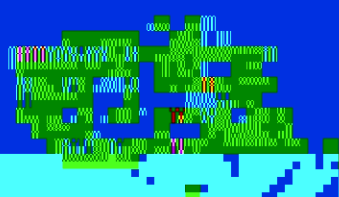
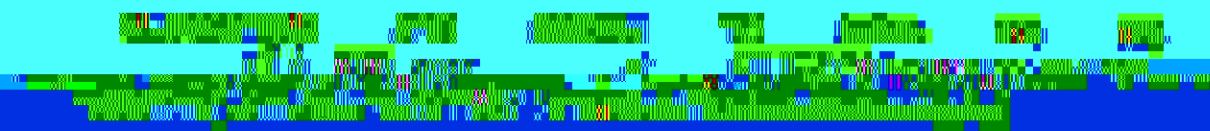
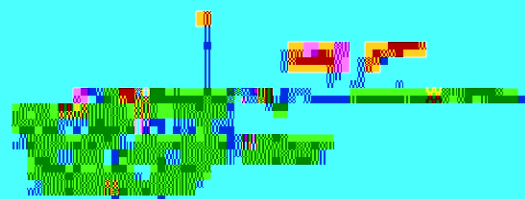
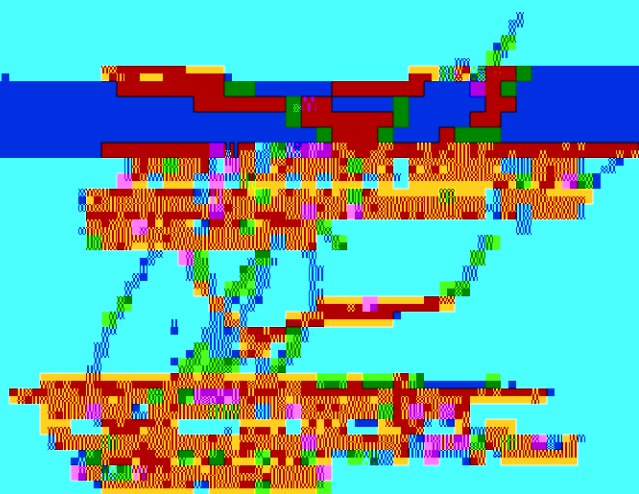
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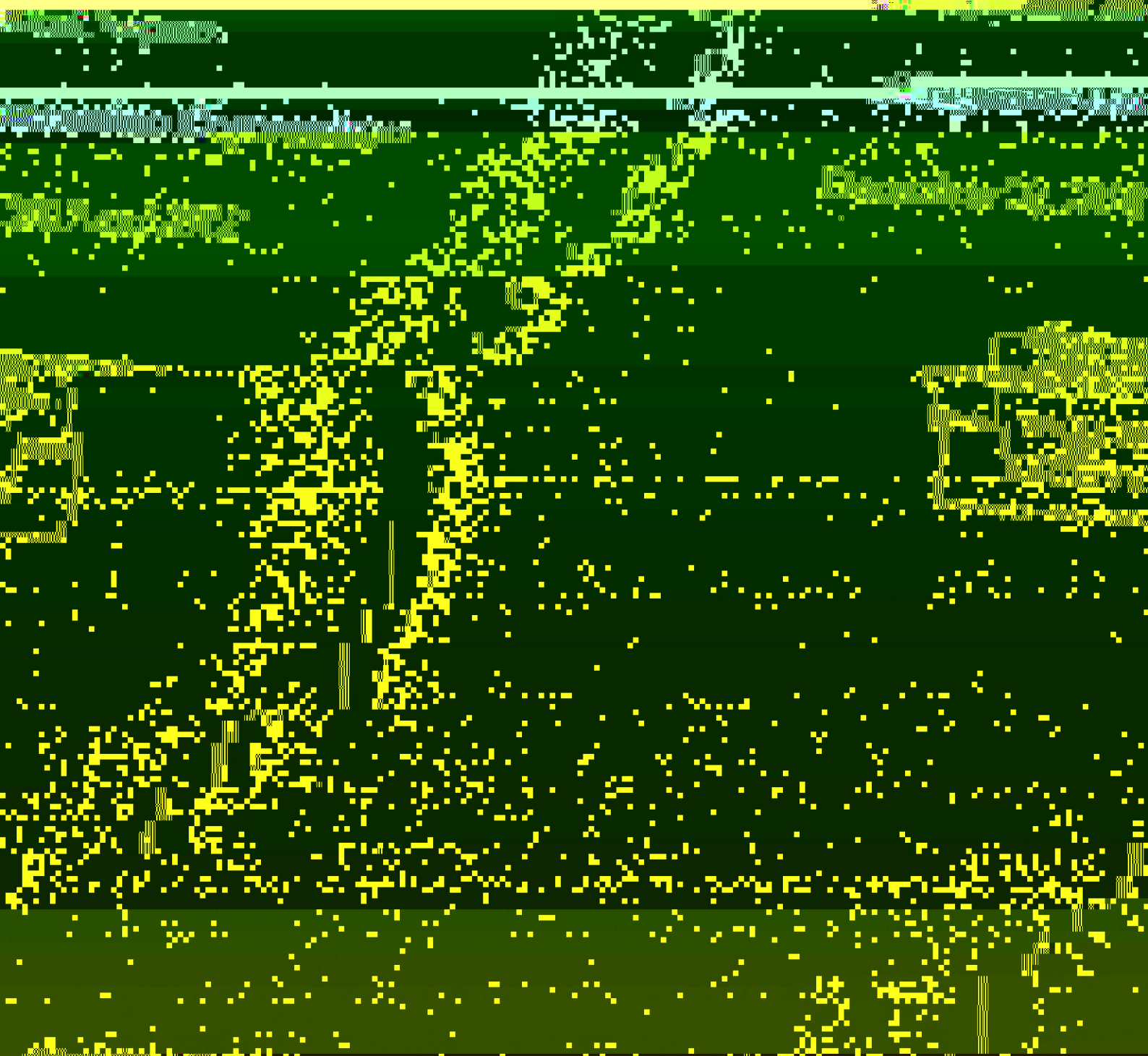


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Principles of Management

An instinct for growth



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... audited to determine whether the financial statements and, in our opinion, is fairly stated in all material respects.

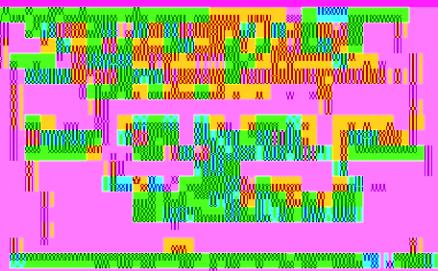
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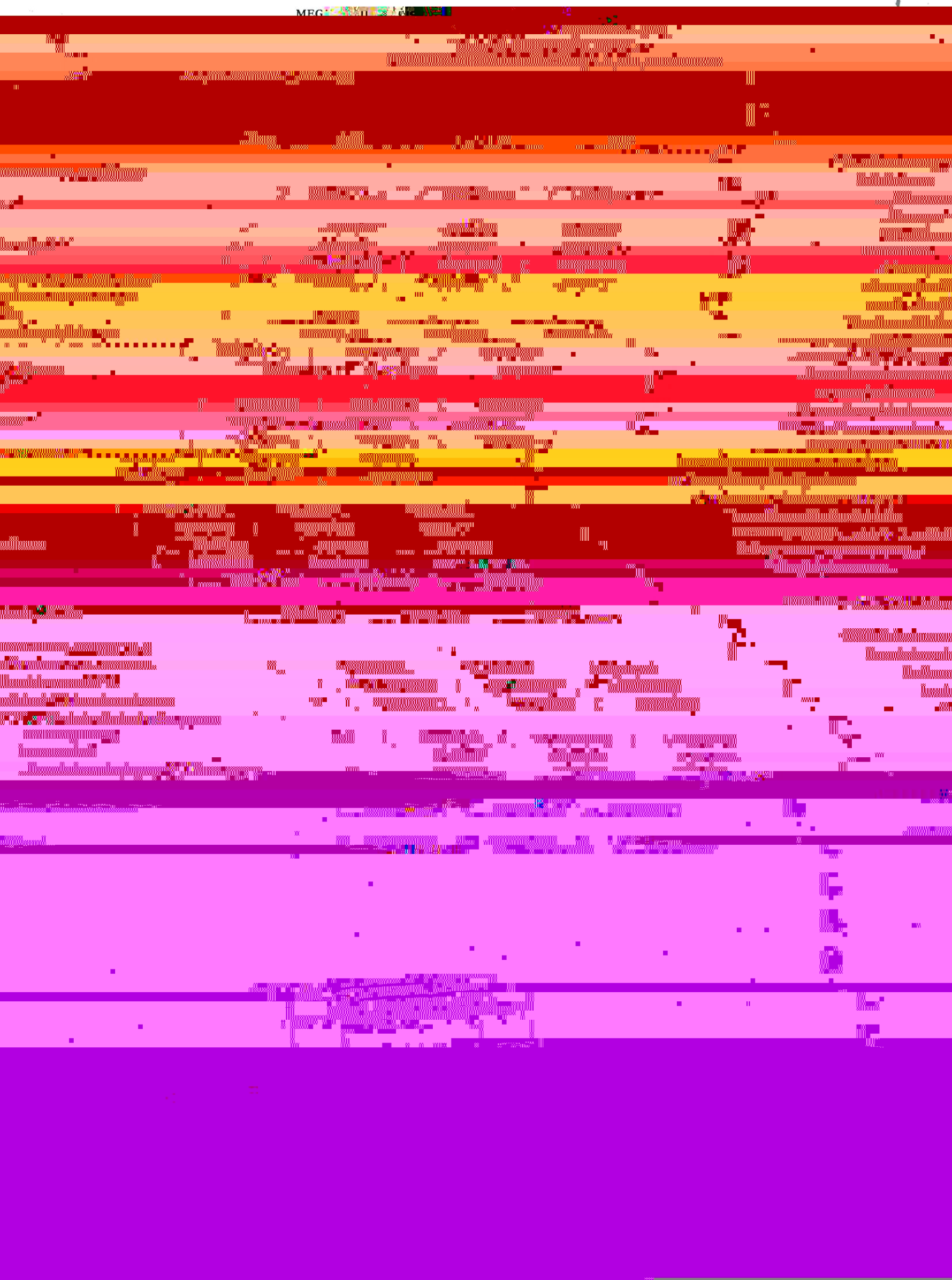


CURRENT LIABILITIES

As at 31st March 2014, the current liabilities of the Company are as follows:

	2013	2014
Trade payables	1,000,000	1,000,000
Other payables	500,000	500,000
Accrued expenses	200,000	200,000
Provisions	100,000	100,000
Other liabilities	100,000	100,000
Total	1,900,000	1,900,000





Notes

2014

2013

2012

Balance carried forward

(P 2,704,598,476)

(P 4,122,043,792)

(P 2,064,250,202)

CASH FLOWS FROM OPERATIONS

	2014	2013	2012
Balance carried forward	(P 2,704,598,476)	(P 4,122,043,792)	(P 2,064,250,202)
CASH FLOWS FROM OPERATIONS			
Net income	1,000,000,000	1,000,000,000	1,000,000,000
Depreciation and amortization	1,000,000,000	1,000,000,000	1,000,000,000
Provision for doubtful accounts	1,000,000,000	1,000,000,000	1,000,000,000
Change in accounts receivable	1,000,000,000	1,000,000,000	1,000,000,000
Change in accounts payable	1,000,000,000	1,000,000,000	1,000,000,000
Change in other assets and liabilities	1,000,000,000	1,000,000,000	1,000,000,000
Change in cash and cash equivalents	1,000,000,000	1,000,000,000	1,000,000,000
Cash and cash equivalents at the beginning of the period	1,000,000,000	1,000,000,000	1,000,000,000
Cash and cash equivalents at the end of the period	2,000,000,000	2,000,000,000	2,000,000,000



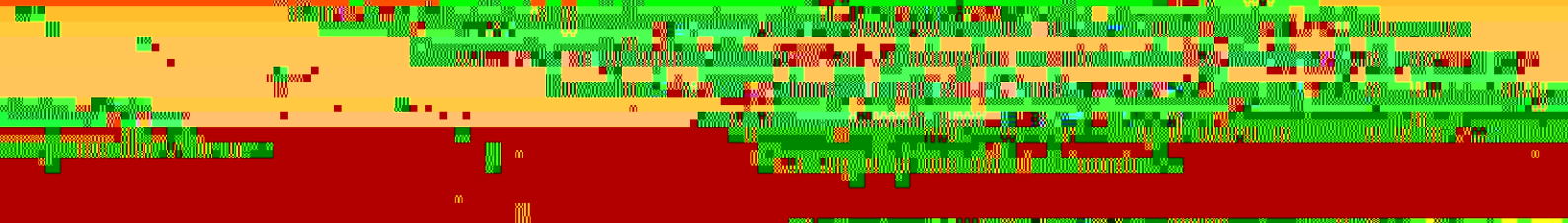
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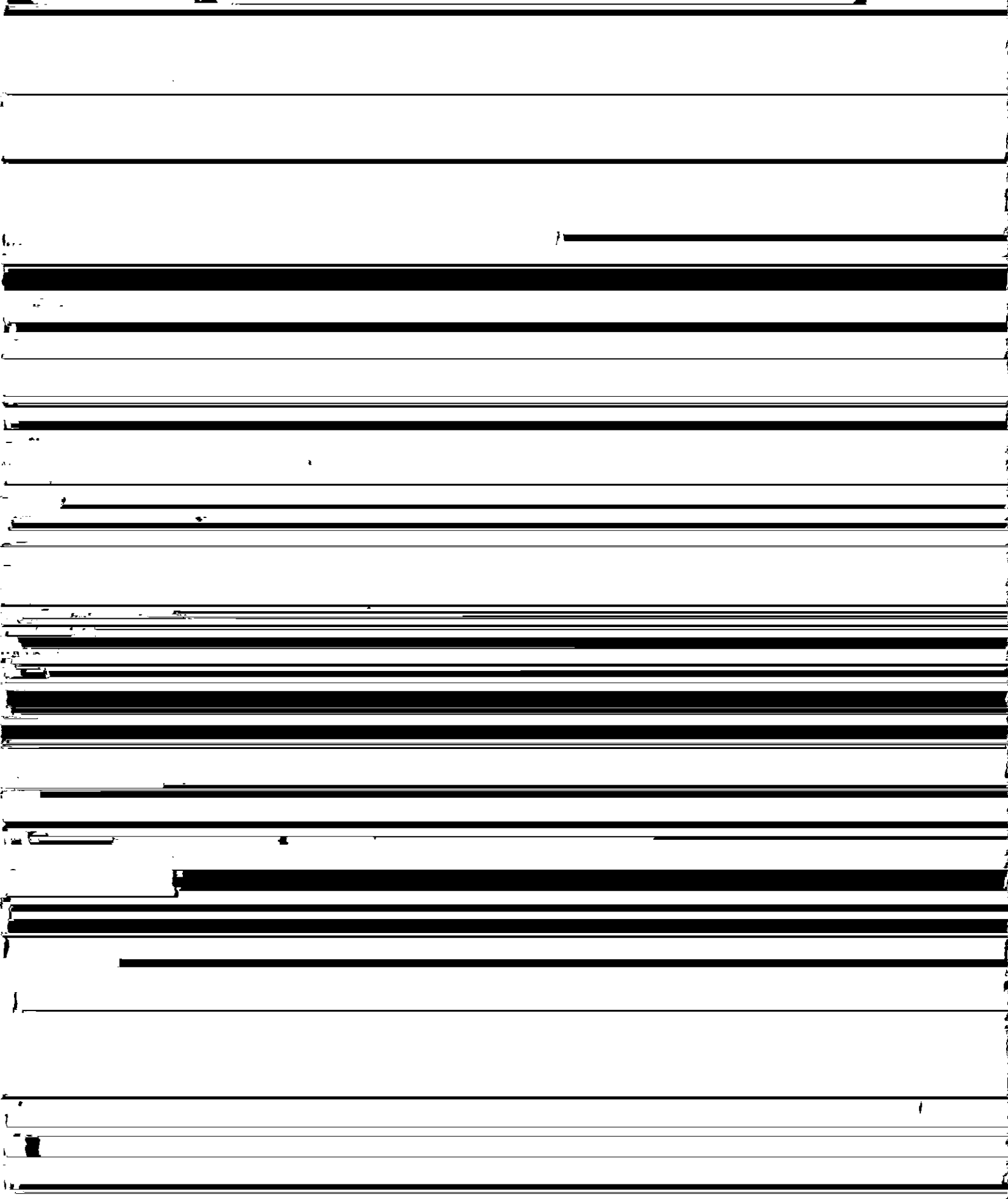
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The registered address of Citicore, which is also its principal place of business, is at
20 N. Domingo Street, Bay Walk, Ocean City, Maryland, 21550, USA



functional currency. Functional currency is the currency of the primary economic

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for*

(b) *Effective Subsequent to 2014 but not Adopted Early*

There are new DEPS amendments and annual improvements to existing standards

effective for annual periods subsequent to 2014 which are issued by the FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements in accordance with their transitional provisions and, unless

- (iv) 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 sales.~~ On this basis,

allowing such assets to be accounted for as property, plant and equipment
and to be measured at cost less accumulated depreciation and impairment losses.

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL) — 11.1

(a) DEFS 12 (Amendment) Disclosure of Interest in Oil, Gas, and Minerals

that the scope of the exception for measuring the fair value of a group of

2.3 *Separate Financial Statements and Investments in Subsidiaries and Associates*

As discussed in Note 10, in 2014 GMCAC and MCFI became subsidiaries of the

Financial assets at FVTPL are measured at fair value and changes therein are

recognized in profit or loss. Financial assets (impairment) 10 11

future economic benefits are expected to arise from the continued use of the asset. Any
costs of lessening or disposing of the asset shall be recognized as an expense when incurred.

Finance charges, including direct costs, are charged to profit or loss on an accrual basis

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In these pages where the

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 revenue* - Revenue from construction of buildings is recognized when a

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. If the arrangement is a lease, it is accounted for in accordance with ASC 842. If the arrangement is not a lease, it is accounted for in accordance with ASC 842-10-15-1.

2.18 Employee Benefits

The Company's ...

[REDACTED]

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized.

except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized.

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 Party Relationships and Transactions

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with IFRS requires

management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated

(d) *Impairment of AFS Financial Assets*

The determination when an impairment is identified is based on the following factors:

significant indcement. In making this indcement, the Company evaluates among

(f) *Determining Realizable Amount of Deferred Tax Assets*

The Company has determined that the amount of deferred tax assets that will be realized is approximately \$1.0 million.

Short-term placements are made for varying periods from 14 to 90 days and earn annual effective interest of 1% in 2014, 2% in 2013 and between 2% to 7% in 2012. Total interest income earned from these placements was P106.2 million in 2014, P106.2 million in 2013 and P106.2 million in 2012.

P87.9 million and P26.1 million in 2014, 2013 and 2012, respectively, and is presented as part of Finance Income in the statements of comprehensive income (see Note 19.2).

5. TRADE AND OTHER RECEIVABLES

For

2013 is shown below.

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Balance at beginning of year	D		D 116 071 122

As of December 31, 2014 and 2013, the fair values of financial assets and liabilities

The net amounts are included in the statements of financial position as follows:

	<u>2014</u>	<u>2013</u>
Costs in excess of billings on uncompleted contracts		
(shown under current assets)	P 2,756,116,681	P2,244,616,767
Billings in excess of costs on uncompleted contracts (shown under current liabilities)	(153,915,058)	(2,317,861,428)

9.2 Deferred Input VAT

Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods

10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AND ACQUISITION

OF ASSETS

The components of the Investments in Subsidiaries and Associates as of December 31 are as follows:

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Subsidiaries:	10.1		
GMCAC:			
Investment		P3,040,446,164	P -
Deposit for future stock subscription		<u>154,509,942</u>	<u>-</u>
		3,194,956,106	-
MCEI		<u>3,862,297</u>	<u>-</u>
		<u>3,198,818,403</u>	<u>-</u>
Associates:	10.2		
MWCCI		580,890,000	-
CMCI		<u>200,000,000</u>	<u>200,000,000</u>
		<u>780,890,000</u>	<u>200,000,000</u>
		<u>P3,979,708,403</u>	<u>P 200,000,000</u>

10.1 Investments in Subsidiaries

(b) MCEI

On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI by purchasing 1,740,000 shares of common stock at a price of \$1.00 per share for a total of \$1,740,000.

(b) *CMCI*

In a special meeting by the BOD on October 3, 2012, the Company, together with Citicore, formed a joint venture corporation named CMCI whereby the Company shall own 10% of the issued and outstanding shares of stocks of CMCI (see Note 26.6). CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI is a 100% subsidiary of the Company.

As of the date of acquisition, Altira has no operations and its assets mainly pertain to the

landmark the Company's 11,000 sq. meters of office space in 17, 27, 44, 7

beginning and end of 2014 and 2013 is shown below.

Precast	Office Furniture, Fixtures and Transportation	Precast and Construction	Construction
---------	---	--------------------------	--------------

As of December 31, 2014 and 2013, the total carrying amount of transportation

SECRETARY OF THE ARMY AND NAVY

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The nominal rates refer to the Philippine Dealing System Treasury Fixing (PDST-F) rates

The table content is almost entirely obscured by heavy black redaction bars. Only a few faint lines and a small portion of text are visible, including a small number '7' in the left margin of one row.

Total interest on these bank loans amounted to P199.2 million, P27.6 million and P38.6 million in 2014, 2013 and 2012 respectively, and is presented as Interest expense

from bank loans under Finance Corporation's bank loans

16. CONTRACT REVENUES

The details of this account are composed of revenues from:

2014 2013 2012

Contract _____

Completed contracts 413.522.297 42.630.462 1.076.107.298

18. OPERATING EXPENSES BY NATURE

The details of operating expenses are as follows:

	Notes	2014	2013	2012
Outside services		P 3,486,025,832	P 3,325,452,632	P 2,409,354,281

and facilities		3,003,672,367	3,897,316,640	3,219,725,540
Project overhead		927,982,010	985,365,045	567,974,963
Salaries and wages	20.1	690,675,392	576,544,381	438,876,509
Depreciation and amortization	9.5, 11	376,946,951	520,620,448	359,421,062
Taxes and licenses	30.1(e)	25,540,497	19,044,934	5,696,821
Repairs and maintenance		16,346,376	16,001,600	1,000,000

19. OTHER INCOME (CHARGES)

19.1 Finance Costs

Notes 2014 2013 2012

Interest expense from:

Bank overdrafts 13.1 490,474,429 27,574,085 13,510,163

Notes payable	22.5			
Notes payable	13.1	193,282,012	267,685,396	63,877,000
Finance lease	13.3	5,057,470	48,606,497	32,339,187
		397,510,891	343,862,965	134,779,350
Impairment losses on receivables	5	9,208,879	-	95,046,554
Post-employment				

			2014	2013	2012
Amortization of deferred gain on sale and leaseback	11	P	19,012,080	P 26,905,542	P 15,656,954
Gain on disposals of property, plant and equipment	11		19,009,771	19,412,623	2,176,227
Income from scrap sales	7		2,946,430	3,304,924	20,620,647
Others	10.3		9,868,277	-	528,943
			<u>P 50,836,558</u>	<u>P 49,623,089</u>	<u>P 38,982,771</u>

2017

(a) *Characteristics of Defined Benefit Plan*

The Company maintains a non-qualified defined benefit plan covering all

defined benefit plan covering all regular full-time employees. The Company

Assumptions regarding future mortality assumptions are based on the following:

mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25. These assumptions were developed by management with the assistance of an independent actuary. _____

	2013		
	Impact on Post-Employment Defined Benefit Obligation		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
Discount rate	+/- 1%	(P 20,425,790)	P 25,496,725
Salary growth rate	+/- 1%	22,876,615	(18,997,270)

The above sensitivity analysis is based on a change in an assumption while holding all

change in the def

21. TAXES

21.1 Registration with BOI

On April 19, 2011, the BOI approved the Company's application for registration as a new producer of modular housing components/system on a nonpioneer status (see Note 1). Under the terms of the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987, the Company is entitled to the following:

- (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

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

Tax on pre	tax profit at 30%	D 292 172 994	D 450 004 200	D 247 412 760
------------	-------------------	---------------	---------------	---------------

Thompson, C. J. ...

22.1 Rendering of Services

THE COMPANY IS CURRENTLY PROVIDING SERVICES TO THE COMPANY AND TO THE COMPANY'S

(related parties under common ownership), CMCI (associate), and to a certain stockholder. The related parties from whom the services are provided are D4 444 0 00000

22.7 Others

(b) In 2012 the Company acquired 100.00% ownership interest in Altis (see Note 10.2)

a company which was previously owned by certain key stockholders of the Company, which transaction was accounted for as an asset acquisition. The unpaid balance of the purchase price presented as part of Non-trade payables under the Trade and

23. EQUITY

23.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2014	2013	2012	2014	2013	2012
Common shares - P1 par value	4,000,000,000	3,000,000,000	3,000,000,000	\$ 4,000,000,000	\$ 3,000,000,000	\$ 3,000,000,000

Issued and outstanding:

As of December 31, 2014, the Company has 40.0 million preferred shares traded in the PSE as of December 31, 2014. The preferred share price closed at P109.0 per share as of December 31, 2014.

23.2 Dividends

As discussed in Note 23.1, on May 14, 2014 and June 30, 2014, the Company's BOD and stockholders, respectively, approved the declaration of the stock dividends in relation to

Basic earnings per share (EPS) were computed as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net profit	P 831,631,574	P 1,398,359,985	P 1,013,571,548
Dividends on cumulative preferred shares	<u>21,750,000</u>	<u>-</u>	<u>-</u>
Income available to common shareholders	809,881,574	1,398,359,985	1,013,571,548
Divided by weighted average number of outstanding			
	<u>2,400,486,407</u>	<u>2,327,442,500</u>	<u>2,100,000,000</u>

Basic and diluted earnings per share P 0.34 P 0.61 P 0.48

* After giving retroactive effect to the stock dividends declared (see Note 23).

The Company does not have dilutive potential

26.2 Finance Lease Commitments – Company as Lessee

THE COMPANY HAS THE FOLLOWING FINANCE LEASE COMMITMENTS:

Year	Amount
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
Total	

The agreement requires the construction, maintenance and lease of school buildings under

buildings and to ...

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's primary objective is to maximize shareholder value by increasing long-term earnings per share.

instruments. The Company's financial assets and liabilities by category are summarized in Note 28. The main types of risk are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with the parent company, in close cooperation with the BOD, and focuses on actively managing the Company's

The sensitivity of the profit before tax is calculated based on 11 11

change in interest rates of 1% / 53.01 basis points / 0.014 = 1.1 / 0.014 = 78.57

Generally Accepted Accounting Principles

the financial assets as shown in the statements of financial position as at 31.12.2011

The Company'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

companies that have a good track record with the C

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

28. CATEGORIES, OFFSETTING AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

28.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are as follows:

	2014	2013
	Carrying Value	Carrying Value
Loans and receivables:		
Cash and cash equivalents	4,300,046,116	4,300,046,116
	2,276,022,774	2,276,022,774

202 Fair Value Measurement

non-financial assets which are measured at fair value on a recurring or non-recurring basis

Since the fair value of the Company's AFS financial assets approximates the cost

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

[REDACTED]

The Company's zero-rated and VAT exempt sales were determined pursuant to

Section 1361(a)(7) and 1361(b)(7) of the Internal Revenue Code.

(e) *Taxes and Licenses*

The details of Taxes and Licenses account are broken down as follows:

[REDACTED]

[REDACTED]

	<u>Notes</u>	
DST	2012	\$ 20,015,000

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Miscellaneous 100,000

[REDACTED]

(b) *Deductible Costs of Services*

Deductible costs of services for the year ended December 31, 2014 comprises the following:

	<u>Exempt</u>	<u>Regular Tax Rate</u>
Materials, supplies and facilities	P 688,843,479	P 2,308,593,846

(d) Itemized Deductions

Deductions subject to regular rate for the year ended December 31, 2011 are as follows:

The amounts herein are for the year ended December 31, 2011.

	2011	2010
Maintenance	20,900,015	16,316,376
Water	13,172,335	11,173,156
Interest		
Charitable contributions		
State and local taxes		
Medical expenses		
Travel		
Gifts		
Casualty losses		
Energy related expenses		
Retirement savings		
Professional fees		
Transportation		
Other		

