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 **31 March 2010**

2. Commission Identification Number: **167423**   3. BIR Tax Identification No.: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code

7. **28th Floor, The World Centre**
   330 Sen. Gil J. Puyat Avenue
   Makati City, Philippines 1227
   Address of issuer's principal office

8. **(632) 867-8826 to 40**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	**25,637,783,626**
Preferred	**6,000,000,000**
Total	**31,637,783,626**

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

    Yes [X]   **No [ ]**

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

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

11. Indicate by check mark whether the registrant:

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

    Yes [X]   **No [ ]**

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

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2009 and March 31, 2010
Exhibit 2 - Consolidated Statements of Income for the periods ended March 31, 2010 and March 31, 2009
Exhibit 3 - Consolidated Statements of Changes in Equity as of March 31, 2010 and March 31, 2009
Exhibit 4 - Consolidated Statements of Cash Flows as of March 31, 2010 and March 31, 2009
Exhibit 5 - Notes to Financial Statements

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

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

PART II – OTHER INFORMATION

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

SIGNATURE

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

MEGAWORLD CORPORATION
Issuer

By:

FRANCISCO C. CANUTO
Treasurer (Principal Financial Officer)
and Duly Authorized Officer
May 13, 2010

MEGAWORLD CORPORATION AND SUBSIDIARIES **EXHIBIT 1**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)

		Unaudited 31-Mar-10		Audited 31-Dec-09
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**20,225,206**	P	20,876,005
Trade and other receivables - net		**11,724,748**		10,749,644
Subscription Receivable		**2,272,643**		2,272,643
Financial assets at fair value through profit or loss		**55,000**		41,500
Residential and condominium units for sale		**6,045,914**		5,719,855
Property development costs		**4,013,228**		3,720,703
Prepayments and other current assets - net		**351,070**		367,756
Total Current Assets		**44,687,809**		43,748,106
NON-CURRENT ASSETS				
Trade and other receivables - net		**13,644,482**		13,534,302
Advances to landowners and joint ventures		**1,396,026**		1,208,026
Land for future development		**1,269,561**		1,269,561
Investment in available-for-sale securities		**3,368,738**		2,926,532
Investments in and advances to associates and other related parties - net		**13,072,951**		12,665,715
Investment property - net		**9,308,781**		9,105,785
Property and equipment - net		**367,157**		381,177
Deferred tax assets		**8,224**		7,888
Other non-current assets		**397,877**		406,680
Total Non-current Assets		**42,833,797**		41,505,666
TOTAL ASSETS	**P**	**87,521,606**	P	85,253,772

MEGAWORLD CORPORATION AND SUBSIDIARIES **EXHIBIT 1**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Unaudited 31-Mar-10	Audited 31-Dec-09
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**1,079,044**	850,744
Trade and other payables	**3,755,592**	3,662,373
Customers' deposits	**1,057,119**	960,106
Reserve for property development	**2,712,465**	2,468,349
Deferred Income on real estate sales	**1,701,512**	1,515,688
Income tax payable	**53,896**	50,109
Other current liabilities	**1,489,878**	1,347,443
Total Current Liabilities	**11,849,506**	10,854,812
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	**7,144,141**	7,449,058
Bonds payable	**8,519,980**	8,608,408
Customers' deposits	**646,560**	892,800
Reserve for property development	**1,895,461**	2,023,028
Deferred income on real estate sales	**1,117,694**	1,217,863
Deferred tax liabilities - net	**2,904,432**	2,641,564
Advances from other related parties	**635,062**	625,936
Retirement benefit obligation	**93,979**	90,768
Other non-current liabilities	**948,818**	1,013,819
Total Non-current Liabilities	**23,906,127**	24,563,244
Total Liabilities	**35,755,633**	35,418,056
EQUITY		
Equity attributable to parent company's shareholders	**51,030,076**	49,111,847
Non-controlling interest	**735,897**	723,869
Total Equity	**51,765,973**	49,835,716
TOTAL LIABILITIES AND EQUITY	**P 87,521,606**	P 85,253,772

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

EXHIBIT 2

(In Thousands)

	2010 Unaudited Jan 1 - Mar 31		2009 Unaudited Jan 1 - Mar 31	
REVENUES				
Real estate sales	**P**	**3,107,141**	P	3,007,101
Interest income on real estate sales		**193,503**		189,643
Realized gross profit on prior years' sales		**397,259**		320,299
Rental Income		**596,344**		468,862
Hotel operations		**55,266**		53,737
Equity share in net earnings of associates, interest and other income		**300,833**		341,184
		4,650,346		4,380,826
COSTS AND EXPENSES				
Real estate sales		**1,977,361**		1,978,075
Deferred gross profit		**482,914**		550,973
Hotel operations		**38,057**		37,735
Operating expenses		**432,728**		359,898
Interest and other charges - net		**158,887**		148,693
Income tax expense		**450,094**		288,677
		3,540,041		**3,364,051**
NET INCOME	**P**	**1,110,305**	P	1,016,775
Attributable to:				
Parent company's shareholders	**P**	**1,098,277**	P	1,022,956
Non-controlling interest		**12,028**		(6,181)
	P	**1,110,305**	P	1,016,775
Earnings Per Share	**P**	**0.04**	P	0.05

Megaworld Corporation & Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousand)

	2010 Unaudited Jan 1 - Mar 31		2009 Unaudited Jan 1 - Mar 31	
NET INCOME FOR THE PERIOD	**P**	**1,110,305**	P	1,016,775
Other comprehensive income				
Net unrealized gain (loss) on available-for-sale financial assets		819,777	(	211,473)
Translation Adjustment		175		38,997
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**P**	**1,930,257**	P	844,299
Total comprehensive income attributable to:				
Equity holders of the parent		1,918,229		850,480
Non-controlling interest		12,028	(	6,181)
	P	**1,930,257**	P	844,299

EXHIBIT 3

MEGAWORLD CORPORATION & SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	2010 Unaudited 31-Mar-10	2009 Unaudited 31-Mar-09
CAPITAL STOCK	P 25,829,204	P 20,701,647
ADDITIONAL PAID-IN CAPITAL	8,432,990	8,432,990
TREASURY SHARES	(1,188,837)	(1,188,837)
NET UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE-FINANCIAL ASSETS	936,034	(1,583,639)
ACCUMULATED TRANSLATION ADJUSTMENT	(121,570)	(21,983)
RETAINED EARNINGS	17,142,255	13,479,855
NON-CONTROLLING INTEREST	735,897	732,992
TOTAL EQUITY	P 51,765,973	P 40,553,025

MEGAWORLD CORPORATION AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS

EXHIBIT 4

(In Thousands)

		Unaudited 31-Mar-10		Unaudited 31-Mar-09
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	P	1,560,399	P	1,305,452
Adjustments for:				
Depreciation and amortization		104,405		81,236
Interest expense		143,530		134,236
Interest & other income	(	192,646)	(	216,577)
Equity in net (earnings) losses of associates	(	74,329)	(	48,672)
Operating income before working capital changes		1,541,359		1,255,675
Net Changes in Operating Assets & Liabilities				
Decrease (Increase) current & non-current assets	(	1,687,674)	(	2,463,826)
Increase (decrease) in current & other current Liabilities		238,480		1,044,247
Increase (decrease) in reserve for property development		116,548		399,982
Cash generated from (used in) operations		208,713		236,078
Cash paid for income taxes	(	191,877)	(	19,729)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		16,836		216,349
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(	235,619)	(	264,808)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(	432,016)		1,714,145
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(	650,799)		1,665,686
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		20,876,005		12,325,333
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P	20,225,206	P	13,991,019

EXHIBIT 5

MEGAWORLD CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(UNAUDITED)

(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Company or parent company) holds interests in the following subsidiaries and associates:

Subsidiaries/Associates	Explanatory Notes	Percentage of Ownership March 31, 2010	2009
Subsidiaries:			
Megaworld Land, Inc. (MLI)		**100%**	100%
Prestige Hotels and Resorts, Inc. (PHRI)	(a)	**100%**	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)		**100%**	100%
Megaworld Cayman Islands, Inc. (MCII)		**100%**	100%
Richmonde Hotel Group International (RHGI)		**100%**	100%
Eastwood Cyber One Corporation (ECOC)		**100%**	100%
Forbes Town Properties and Holdings, Inc. (FTPHI)		**100%**	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		**100%**	100%
Oceantown Properties, Inc. (OPI)		**100%**	100%
Piedmont Property Ventures, Inc. (PPVI)	(b)	**100%**	100%
Stonehaven Land, Inc. (SLI)	(b)	**100%**	100%
Streamwood Property Inc. (SPI)	(b)	**100%**	100%
Megaworld-Daewoo Corporation (MDC)		**60%**	60%
Megaworld Central Properties, Inc. (MCPI)		**51%**	51%
Megaworld Resort Estates, Inc. (MREI)	(c)	**51%**	51%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%
Philippine International Properties, Inc. (PIPI)	(d)	**50%**	50%
Gilmore Property Marketing Associates Inc. (GPMAI)	(e)	**31%**	31%
Townsquare Development, Inc. (TDI)	(f)	**31%**	31%
Associates:			
Empire East Land Holdings, Inc. (EELHI)	(g)	**48.38%**	48.38%
Suntrust Home Developers, Inc. (SHDI)	(h)	**42.48%**	42.48%
Palm Tree Holdings and Development Corporation (PTHDC)		**40%**	40%
Travellers International Hotel Group, Inc. (TIHGI)	(i)	**10%**	10%
Alliance Global Properties Ltd. (AGPL)	(j)	**44.34%**	44.34%

(a) Wholly owned subsidiary of MLI.

(b) Newly acquired subsidiaries in 2008 but have not yet started commercial operations as of MARCH 31, 2010.

(c) Subsidiary incorporated in 2007. MREI owns 100% of TDI and GPMAI as of December 31, 2007. In June 2008, MREI's ownership in TDI and GPMAI decreased to 60% which resulted in the Company's indirect interest of 31% as of March 31, 2010.

(d) Subsidiary incorporated in 2002 and acquired by the Company in 2006, not yet started commercial operations as of MARCH 31, 2010.

(e) In November 2007, MREI acquired 100% ownership in GPMAI which resulted in the Company's indirect interest of 51% as of December 31, 2007. During 2008, MREI's ownership in GPMAI decreased to 60%. As of March 31, 2010, the Company has 31% indirect interest in GPMAI.

(f) Subsidiary incorporated in 2006. In September 2007, the Company's 100% ownership in TDI was acquired by MREI which resulted in the Company's indirect interest of 51% as of December 31, 2007. In September 2008, TDI issued additional shares of stock which resulted to a decrease in MREI's ownership in TDI to 60%. In this regard, the Company has indirect interest in TDI of 31% as of March 31, 2010.

(g) Ownership interest in EELHI decreased to 48.38% in 2008 as a result of sale of some EELHI shares during the year.

(h) Formerly Fairmont Holdings, Inc. (FHI).

(i) Incorporated in 2003, has not yet started commercial operations as of March 31, 2010. In November 2007, the Company's 70% ownership in TIHGI was acquired by First Centro, Inc., a related party under common ownership. In 2008, the Company acquired 10% ownership in TIHGI through share swap agreement. Although the Company's percentage ownership is only 10%, TIHGI was classified as an associate due to the Company's significant influence on TIHGI.

(j) In February, 2009, RHGI acquired 44.34% ownership in AGPL which resulted in the Company's indirect interest of 44.34% as of March 31, 2010. AGPL is considered as an associate due to the Company's insignificant influence on AGPL

Except for MCII, RHGI, and AGPL the subsidiaries and associates were incorporated in the Philippines and operate within the country. MCII and AGPL were incorporated and operate in the Cayman Islands while RHGI was incorporated and operates in the British Virgin Islands.

The Company and its subsidiaries (the Group), except for MREI, PIPI, PPVI, SLI and SPI which are not yet in commercial operations as of March 31, 2010, are presently engaged in the real estate business, hotel operations and marketing services. The Company, EELHI and SHDI are publicly listed companies in the Philippines.

Alliance Global Group, Inc. (AGI), a publicly listed company in the Philippines, is the Group's ultimate parent company.

The registered office of the Company, which is also its principal place of business, is located at 28th Floor, The World Centre Building, Sen. Gil Puyat Avenue, Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Consolidated Financial Statements

These interim consolidated financial statements are for the three months ended March 31, 2010 and 2009. They have been prepared in accordance with PAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with PFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2009.

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

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

2.2 Impact of New Standards, Amendments and Interpretations to Existing Standards

These interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended December 31, 2009 except for the adoption of

PFRS 9	:	Financial Instruments
Philippine Interpretations		
IFRIC 15	:	Agreements for the Construction of Real Estate Sales
IFRIC 17	:	Distribution on Non-cash Assets to Owners
Various Standards	:	2009 Annual Improvements to PFRS

Below is a discussion of the possible impact of these accounting standards.

(i) PFRS 9, *Financial Instruments* (effective from January 1, 2013). PFRS 9 introduces major simplifications of the classification and measurement provisions under PAS 9. These include reduction from four measurement categories into two categories, i.e., fair value and amortized cost, and from several impairment methods into one method.

Management is yet to assess the impact that this amendment is likely to have on the consolidated financial statements of the Group. However, it does not expect to implement the amendments until 2013 when all chapters of the PAS 39 replacement have been published at which time the Group expects it can comprehensively assess the impact of the revised standard.

(ii) Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate*, (effective from January 1, 2012). This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage-of-completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at a single time (i.e., at completion upon or after delivery). The Group will adopt this interpretation in 2012 and is currently evaluating the impact of such adoption in the consolidated financial statements.

(iii) Philippine Interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners* (effective from July 1, 2009). IFRIC 17 clarifies that a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. Also, an entity should measure the dividend payable at the fair value of the net assets to be distributed and the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Group will apply the standard prospectively starting January 1, 2010.

(iv) 2009 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to International Financial Reporting Standards 2009*. Most of these amendments became effective in annual periods beginning on or after July 1, 2009 or January 1, 2010. Among those improvements, the following amendments were identified to be relevant to the Group's consolidated financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements*. The amendment clarifies the current and non-current classification of a liability that can, at the option of the counterparty, be settled by the issue of the entity's equity instruments. The Group will apply the amendment in its 2010 consolidated financial statements but does not expect it to have a material impact.
- PAS 7 (Amendment), *Statement of Cash Flows*. PAS 7 amendment states explicitly that only an expenditure that results in a recognized asset can be classified as a cash flow from investing activities. Based on management's initial assessment, the amendment will not have any effect on its 2010 consolidated financial statements since only recognized assets are classified by the Group as cash flows from investing activities.

- PAS 17 (Amendment), *Leases*. The amendment clarifies that when a lease includes both land and building elements, an entity assesses the classification of each element as finance or an operating lease separately in accordance with the general guidance on lease classification set out in PAS 17. Management has initially determined that the amendment will not affect the consolidated financial statements because the Group currently have no lease agreements that include both land and building.

- PAS 18 (Amendment), *Revenue*. The amendment provides guidance on determining whether an entity is acting as a principal or as an agent. Management will apply this amendment prospectively in its 2010 consolidated financial statements.

Minor amendments are made to several other standards; however, these amendments are not expected to have a material impact on the Group's consolidated financial statements.

The policies have been consistently applied to all periods presented, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's consolidated financial statements prepared in accordance with PFRS require 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 circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Impairment of Available-for-sale Financial Assets

The Group follows the guidance of PAS 39, *Financial Instruments: Recognition and Measurement,* in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(b) Distinction Between Investment Property and Owner-Occupied Properties

The Group determines whether a property qualifies as Investment Property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

(c) Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or 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 risk and rewards of ownership of the properties covered by the agreements.

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Revenue Recognition Using the Percentage-of-Completion Method

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of the percentage-of-completion method requires the Group to estimate the portion completed to date as a proportion of the total budgeted cost of the project.

(b) *Principal Assumptions for Management's Estimation of Fair Value*

Investment Property is measured using the cost model. The fair value disclosed in the consolidated financial statements is determined by the Group using the discounted cash flows valuation technique since the information on current or recent prices of investment property is not available. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(c) *Useful Lives of Property and Equipment and Investment Property*

The Group estimates the useful lives of property and equipment and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment property 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 of property and equipment and investment property 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 estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

(d) *Allowance for Impairment of Trade and Other Receivables*

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

(e) *Valuation of Financial Assets Other than Trade and Other Receivables*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates and volatility rates. However, the amount of changes in fair value would differ had the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and equity.

(f) *Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at each balance sheet date 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.

(g) Impairment of Non-financial Assets

Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(h) Retirement and Other Benefits

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

4. SEGMENT INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office developments including urban centers integrating office, residential and commercial components. The Real Estate Sales segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel segment relates to the management of hotel business operations. The Corporate and Others segment includes marketing services, general and corporate income and expense items. Segment accounting policies are the same as the policies applied in the most recent annual consolidated financial statements. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

The following table present revenue and profit information regarding industry segments for the three months ended March 31, 2010 and March 31, 2009, and certain asset and liability information regarding segments as at March 31, 2010 and December 31, 2009.

March 2010	Real Estate Sales	Rental	Hotel Operations	Corporate & Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	3,697,901,819	596,343,958	55,266,328	303,667,856	-	4,653,179,961
Intersegment sales		755,747		17,347,251	(18,102,999)	-
Total Revenues	3,697,901,819	597,099,705	55,266,328	321,015,108	(18,102,999)	4,653,179,961
RESULTS						
Segment Result	981,325,617	458,483,061	9,323,149	11,432,276	6,472,213	1,467,036,316
Unallocated Expenses						(31,066,096)
Income from operations						1,435,970,220
Finance Cost				(143,529,904)		(143,529,904)
Interest Income				176,032,818		176,032,818
Dividend Income				3,112,935		3,112,935
Fair Value gain(loss) - net				13,500,000		13,500,000
Equity in net earnings of associates				74,329,492		74,329,492
Forex gain (loss)				982,944		982,944
Income before tax						1,560,398,505
Tax expense						(450,093,697)
Income before minority interest						1,110,304,808
Minority interest- share in net income						(12,027,871)
Net Income attributable to Parent company shareholders						1,098,276,937
ASSETS AND LIABILITIES						
Segment Assets	56,595,715,952	5,253,303,672	180,725,922	11,661,738,758		73,691,484,304
Investment in and advances to associates and other relate parties				13,072,951,439		13,072,951,439
Unallocated Assets				757,170,366		757,170,366
Total Assets						87,521,606,109
Segment Liabilities	29,255,787,638	1,239,216,195	52,325,077	5,208,304,111		35,755,633,021

March 2009	Real Estate Sales	Rental	Hotel Operations	Corporate & Others	Elimination	Consolidated
TOTAL REVENUES						
Sales to external customers	3,196,743,823	468,862,383	53,736,667	380,885,961	-	4,100,228,834
Intersegment sales		20,832,468		18,869,168	(39,701,637)	
Total Revenues	3,196,743,823	489,694,851	53,736,667	399,755,129	(39,701,637)	4,100,228,834
RESULTS						
Segment Result	798,063,119	372,751,693	8,150,597	35,893,995	6,472,213	1,221,331,617
Unallocated expenses						(33,282,159)
Income from operations						1,188,049,458
Finance Cost				(134,236,330)		(134,236,330)
Interest Income				205,709,808		205,709,808
Dividend Income				11,713,184		11,713,184
Equity in net earnings of associates				48,672,363		48,672,363
Forex Gain (loss)				(12,656,549)		(12,656,549)
Fai Value Gain (Loss- Net				(1,800,000)		(1,800,000)
Income before tax						1,305,451,934
Tax expense						(288,676,791)
Income before minority interest						1,016,775,143
Minority interest- share in net income						6,181,461
Net Income attributable to parent company shareholders						1,022,956,604
ASSETS AND LIABILITIES – December 2009						
Segment Assets	55,378,759,577	5,072,588,995	182,070,130	11,172,314,788		71,805,733,490
Investment in and advances to associates and other related parties				12,665,714,849		12,665,714,849
Unallocated Assets				782,324,106		782,324,106
Total Assets						85,253,772,445
Segment Liabilities	28,887,111,381	1,102,204,707	51,504,125	5,377,235,672		35,418,055,885

5. STOCK RIGHTS

As a result of the stock rights offering, 5,127,556,725 common shares were subscribed and issued on June 1, 2009. Of the total exercise price, 50% was paid as of May 31, 2009 and the remaining 50% shall be paid within one year from issue date. Unpaid subscriptions amounted to P2.3 billion as of March 31, 2010 and are presented as Subscriptions Receivable under the current assets section of the consolidated statement of financial position.

Relative to the issuance of pre-emptive stock rights, 4,102,045,380 stock warrants were issued and these will be exercisable beginning on the second year until five years from issue date.

6. DIVIDENDS

The details of the Company's cash dividend declarations are as follows:

	2009
Declaration date	**June 19, 2009**
Date of record	**July 17, 2009**
Date paid	**August 12, 2009**
Amount declared	**P479,061,765**

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

Earnings per share amounts were computed as follows:

	MAR 31, 2010	MAR 31, 2009
Net income	**P 1,098,276,938**	P 1,022,956,607
Computed dividends on cumulative preferred shares series "A"	**(149,589)**	(149,589)
Income available to parent company's common shareholders	**P 1,098,127,349**	P1,022,807,018
Divided by weighted number of outstanding common shares	**25,100,758,872**	19,973,202,147
Earnings per share	**P 0.044**	P 0.051

8. COMMITMENTS AND CONTINGENCIES

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

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

9. SEASONAL FLUCTUATIONS

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

10. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVTPL, available-for-sale securities, banks loans, bonds, trade receivables and payables which arise directly from the Group's business operation. The financial debts were issued to raise funds for the Group's capital expenditures.

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

10.1 Foreign Currency Sensitivity

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

Foreign currency denominated financial assets and liabilities, translated into Philippine peso at the closing rate are as follows:

	Unaudited March 31, 2010		Audited 2009	
	U.S. Dollars	**Pesos**	U.S. Dollars	Pesos
Financial assets	**$ 188,459,413**	**P 8,522,134,678**	$ 186,778,590	P 8,658,308,333
Financial liabilities	**(84,170,383)**	**(3,806,184,736)**	(87,449,638	(4,053,815,436
	$ 104,289,030	**P 4,715,949,942**	$ 99,328,952	P 4,604,492,897

The following table illustrates the sensitivity of the consolidated net result for the year and consolidated equity in regards to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate.

March 31, 2010:

Increase (decrease) in exchange rate	Effect on consolidated profit before tax	Effect on consolidated equity
P 1	P 104,289,030	P 73,002,321
(P 1)	(104,289,030)	(73,002,321)

2009:

Increase (decrease) in exchange rate	Effect on consolidated profit before tax	Effect on consolidated equity
P 1	P 99,328,952	P 69,530,266
(P 1)	(99,328,952)	(69,530,266)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

10.2 Interest Rate Sensitivity

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

The following table illustrates the sensitivity of the consolidated net result for the year and consolidated equity to a reasonably possible change in interest rates of +1% and –1% in March 31, 2010 and 2009. The calculations are based on the Group's financial instruments held at each balance sheet date. All other variables are held constant.

	(Unaudited) **MARCH 31, 2010**		(Audited) December 2009	
	+1%	**-1%**	+1%	-1%
Consolidated net results for the year	**(P 5,827,968)**	**P 5,827,968**	(P 23,850,402)	P 23,850,402
Consolidated equity	**(4,079,578)**	**4,079,578**	(16,695,282)	16,695,282

10.3 Credit Risk

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

10.4 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a 6-month and one-year period are identified monthly.

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

As at March 31, 2010 and December 31, 2009, the Group's financial liabilities have contractual maturities which are presented below.

	March 31, 2010 (Unaudited)			
	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later 5 Years
Interest-bearing loans and borrowings	P 421,724,517	P 657,319,755	P 6,676,640,814	P 467,500,000
Trade and other payables	1,503,432,003	2,252,159,543	-	-
Bonds payable	-	-	8,519,980,195	-
Advances from other related parties	-	-	635,061,780	-
	P 1,925,156,520	**P2,909,479,298**	**P15,831,682,789**	**P 467,500,000**

	December 31, 2009 (Audited)			
	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later 5 Years
Interest-bearing loans and borrowings	P 192,026,777	P 658,717,253	P 5,672,557,858	P1,776,500,000
Trade and other payables	1,474,550,021	2,187,823,237	-	
Bonds payable	-	-	8,608,407,826	-
Advances from other related parties	-	-	625,936,841	-
	P 1,666,576,798	P2,846,540,490	P14,906,902,165	P 1,776,500,000

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet dates

EXHIBIT 6

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

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

Review of March 31, 2010 versus March 31, 2009

During the 1st quarter of 2010, the consolidated net income amounted to Php 1.11 billion, 9.20% higher than the previous 1st quarter's net income of Php1.02 billion. Consolidated total revenues composed of real estate sales, rental income, hotel income, interest income, dividend income and other revenues, elevated by 6.15% from Php4.38 billion to Php4.65 billion resulting from strong property sales and increased leasing income.

Development. Among the diversified product portfolios, the bulk of generated consolidated revenues came from the sale of residential lots and condominium units at 66.82% of the total, amounting to Php 3.11 billion for the 1st quarter of 2010 compared to Php3.01 billion for the 1st quarter of 2009, an increase of 3.3%. The Group's registered sales mostly came from the following projects: Belagio, Forbeswood Park Lane 1 & 2 and Eight Forbes Town in Fort Bonifacio; Eastwood Le Grand in Eastwood City; McKinley Hill Tuscany, Stamford, Morgan Suites, and The Venice Luxury Residences in Taguig City; Manhattan Parkview and Manhattan Heights in Quezon City; and Newport City in Pasay; City Place in Binondo, Manila; and One Central, Greenbelt Chancellor and Excelsior in Makati City.

Leasing. Rental income contributed 12.82% to the consolidated revenue and amounted to Php596.34 million compared to Php468.86 million reflected in the same period last year, a 27.19% increase. Contributing to the growth are the escalation and completion of additional leasing properties.

Hotel Operations. The Group's hotel operations posted an amount of Php55.27 million for the 1st quarter of 2010, an increase of 2.85%, from Php53.74 million for the 1st quarter of 2009.

In general, the increase in cost and expenses by 5.23% from Php3.36 billion for the first quarter of 2009 to Php3.54 billion for the first quarter of 2010, was due mainly to increase in recognized real estate sales, as well as marketing and selling expenses particularly commission expenses resulting from aggressive marketing activities. Income tax expense increased by 55.92% from Php288.68 million for the 1st quarter of 2009 to Php450.09 billion for the 1st quarter of 2010 due to higher taxable income and tax effects of deductible temporary differences. Operating expenses as a percentage of consolidated total revenues were 9.31% for the 1st quarter of 2010 and 8.22% for the 1st quarter of 2009, respectively.

For the 1st quarter of 2010, the management believes that there were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

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

FINANCIAL CONDITION

The Group maintains a financial policy as it engages to a more aggressive and demanding economic environment. The Group's statement of financial position reflects stable financial growth. Total resources for the 1st quarter of 2010 reflected an amount of Php87.52 billion compared to Php85.25 billion as of December 31, 2009, listing a 2.7% increase.

The Group showed a slight decrease of 3.1% from its own Cash and Cash Equivalents mainly due to capital expenditure and operating activities for business expansion.

Giving a picture of the ease of the Group to pay-off its currently maturing commitments, Current Assets amounted to Php44.69 billion for the 1st quarter of 2010 compared to last year's Php43.75 billion while the company's Current obligations reflected an amount of Php11.85 billion for the 1st quarter of 2010 compared to Php10.85 billion as of December 31, 2009. The figures reflects the consistency of being liquid of the Group making sure that right amounts of money and lines of credit are available to the business at all times. Current and Non-current Trade and other receivables increased by 4.47% from Php24.28 billion for the year-end period of 2009 to Php25.37 billion for the 1st quarter of 2010 due to upward sales brought by competitive economic and marketing strategies.

Investment in available-for-sale securities quickly increased to 15.1% from Php2.93 billion as of December 31, 2009 to Php3.37 billion for the 1st quarter of 2010, due to changes in the market value of the Group's invested shares. Investment property showed an amount of Php9.11 billion as of December 31, 2009 to Php9.31 for the 1st quarter of 2010, a smooth growth of 2.2% due to additional construction development.

The Group Interest-bearing loans and borrowings total of Php8.22 billion for the 1st quarter of 2010 as compared to Php8.30 billion last year, a decline of 0.92%. Current and non-current Customer's deposit reduced by 8.05% resulting to a recorded amount of Php1.70 billion for the 1st quarter of 2010 as compared to Php1.85 billion as of last year. Reserve for Property Development of Php4.61 billion providing an increase of 2.59% from last year's amount of Php4.49 billion. Summing up the current and non-current other liabilities posted a total amount of Php2.36 billion as of last year as compared to Php2.40 billion for the first quarter of 2010 illustrating a 3.28% growth as a result of an additional deferred rental income of the Group.

Total equity climbed by 3.87% from Php49.84 billion as of December 31, 2009 to Php51.77 billion for the 1st quarter of 2010 due to the Group's profitability.

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

	1st quarter of 2010	1st quarter of 2009
Current Ratio *1	3.77:1	3.93:1
Quick Ratio *2	1.71:1	1.57:1
Debt to Equity Ratio *3	0.33:1	0.30:1
Return on Assets *4	1.25%	1.49%
Return on Equity *5	2.15%	2.57%

**1 – Current Assets / Current Liabilities*

**2 – Cash and Cash Equivalents / Current Liabilities*

**3 – Interest Bearing Loans and Borrowings & Bonds Payable /Equity attributable to Parent Company*

**4 – Net Income / Total Assets (Computed using figures attributable only to parent company shareholders)*

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

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

Material Changes for the 1st quarter of 2010 Financial Statements
(Increase/decrease of 5% or more versus December 31, 2009)

Financial Position

32.53% increase in financial assets at fair value through profit and loss.
Due to changes in market value

7.86% increase in Property development cost
Mainly due to the costs attributable to the development of various projects

5.70% Increase in Residential and Condominium Units for Sale
Primarily due to increase in completed portion of cost attributable to on-going projects

15.56% increase in Advances to landowners and joint ventures
Primarily due additional advances made to joint venture partner

15.11% increase in Investment in available-for-sale securities
Due to changes in market value of investments

8.05% decrease in Customers' deposit – current and non-current
Reclassification of account resulting from recognition of sales

7.56% increase on Income tax payable
Due to higher taxable net income

9.95% increase in Deferred tax liabilities
Relating to tax effects of taxable and deductible temporary differences

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

Income Statements

24.03% increase in Realized Gross Profit on prior's years
Mainly due to revenue recognition in prior year sales

27.19% increase in Rental Income
Due to escalation and the completion of additional leasing property

11.83% decrease in Equity share in net earnings of associates, interest and other income – net
Mainly due to decrease on interest and other income

12.35% decrease in Deferred Gross Profit
Due to decrease in unearned sales revenue

20.24% increase in Operating Expenses
Due to aggressive marketing activities and increase in other administrative and corporate overhead expenses

6.86% increase in Interest and other charges – net
Due to interest of additional loan acquired in 2009

55.92% increase in Income Tax Expenses
Due to higher taxable income and tax effects of deductible temporary differences

There are no other significant changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would have impact or change reported financial information and condition on the Group.

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

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

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

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

There were no material events subsequent to the end of the year that have not been reflected in the Group's Financial Statement for the 1st quarter of 2010.

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

There was no contingent liability reflected in the most recent annual financial statement, the same in the current year consolidated financial statement for the 1st quarter of 2010. There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its interim consolidated financial statements.

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

EXHIBIT 7

MEGAWORLD CORPORATION & SUBSIDIARIES

Aging of Accounts Receivables

As of March 31, 2010

(In Thousands)

1. Aging of Accounts Receivable

Type of Receivables:	TOTAL	CURRENT/ NOT YET DUE	1 Month	2-3 Months	4-6 Months	7 Months to 1 Year	1-2 Years	3-5 Years	5 Years- Above	Past due accounts & items in Litigation
a. Trade Receivables	25,369,230	19,980,806	3,506,027	1,575,937	306,460	-	-	-	-	-
b. Other receivable	-	-	-	-	-	-	-	-	-	-
NET RECEIVABLES	25,369,230									

2. Accounts Receivable Description

Type of Receivables	Nature/Description	Collection Period
Trade Receivables	Sale of Units	3 to 4 Years
Other receivable	Advances to Contractors and Suppliers	1 Year