COVER SHEET

4 0 5 2 4

SEC Registration Number

MACROASIA CORPORATION

AND SUBSIDIARIES

(Company's Full Name)

12F PNB Allied Bank Center,

6754 Ayala Avenue, Makati City

(Business Address: No. Street City/Town/Province)

Amador T. Sendin

(Contact Person)

840-2001

(Company Telephone Number)

0	3	3	1

Month *Day*

(Calendar Year)

1	7	-	Q

(Form Type)

Month *Day*

(Annual Meeting)

NA

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

859

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

MACROASIA CORPORATION
March 31, 2015

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 **March 31, 2015**

2. Commission Identification Number **40524** 3. BIR tax Identification No. **004-666-098**

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

5. **City of Makati, Metro Manila** 6. _____
Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code

7. **12th Floor PNB Allied Bank Center, 6754 Ayala Avenue, Makati City** **1226**
Address of Issuer's Principal office — Postal Code

8. **(632) 840-2001**
Issuer's telephone number including area code

9. **N/A**
Former name, former address, and former fiscal year, if changed since last report

a) 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 Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1 par value	**1,233,404,000 Outstanding shares**

b) Are any or all of the securities listed on a Stock Exchange?

Yes [**X**] No [ ]

Name of Stock Exchange	Class
Philippine Stock Exchange	**Common Stock**

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

MACROASIA CORPORATION AND SUBSIDIARIES

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

For the First Quarter and Period Ended March 31, 2015

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Our unaudited condensed consolidated financial statements include the accounts of MacroAsia Corporation and its subsidiaries, collectively referred to as the "the Group" in this report.

The unaudited condensed consolidated financial statements for the first quarter ended March 31, 2015 have been prepared in accordance with Philippine Accounting Standard 34, *Interim Financial Reporting.* Accordingly, the unaudited condensed consolidated financial statements which are filed as Annex 1 of this report, do not include all the information required by generally accepted accounting principles in the Philippines (Philippine GAAP) for complete financial statements as set forth in the Philippine Financial Reporting Standards (PFRS).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The main objective of this MD&A is to help the readers understand the dynamics of our Group's businesses and the key factors underlying our financial results. Hence, our MD&A is comprised of discussions about our core business units and our analysis of the results of their operations. This section also focuses on key statistics from the unaudited condensed consolidated financial statements and discusses known risks and uncertainties relating to the aviation industry in the Philippines where we operate during the stated reporting period. However, our MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in the general, economic, political and environmental conditions after the stated reporting period or after the date of this report.

Our MD&A should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes. All financial information is reported in Philippine peso (₱), unless otherwise stated.

Any references in this MD&A to "we, us, our, MacroAsia and Group" means the MacroAsia Group and references to the "Company" means MacroAsia Corporation, not including its subsidiaries.

Additional information about the Group which includes annual and quarterly reports can be found in our corporate website, *www.macroasiacorp.com*.

BUSINESS OVERVIEW

MacroAsia Corporation

MacroAsia Corporation (the Company or MAC) is a publicly-listed company, incorporated in the Philippines on February 16, 1970, under the name Infanta Mineral and Industrial Corporation to primarily engage in the business of geological exploration and development. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from geological exploration and development to that of engaging in the business of a holding company and to change its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the SEC approved the amendment to the Company's Articles of Incorporation to change its name from Cobertson Holdings Corporation to its present name, MacroAsia Corporation. MAC began commercial operations as a holding company under its amended charter in 1996.

MAC, through its subsidiaries and associates, is presently engaged in aviation-related support businesses. It provides in-flight and institutional catering services, airport ground handling services, aircraft maintenance, repairs and overhaul (MRO) services, charter flight services, and operates an economic zone at the Ninoy Aquino International Airport (NAIA). Its subsidiaries or associated companies render services directly to airline customers/locators at NAIA, Manila Domestic Airport (MDA), Mactan-Cebu International Airport (MCIA) and Kalibo International Airport (KIA) and other General Aviation Areas, generating both local and export revenues. A subsidiary of MAC also provides exploratory drilling services for 3rd party clients. Another subsidiary is also pursuing revenue-generating activities arising from water treatment or bulk water supply using surface water sources and water distribution in areas outside of Metro Manila.

MAC continues to operate mainly through its four (4) wholly and one (1) majority owned subsidiaries and two (2) affiliates, as fully discussed below.

MacroAsia Catering Services, Inc.

MacroAsia Catering Services, Inc. (MACS) was incorporated on November 5, 1996, then with a corporate name of MacroAsia-Eurest Catering Services, Inc. (MECS), to primarily provide in-flight catering services at the NAIA and the MDA. When MACS started commercial operations on September 1, 1998, it was a joint venture between MAC (67%) and two foreign partners: Singapore Airport Terminal Services (SATS, at 20%) and Compass Group International B.V. (then known as Eurest International B.V., at 13%). By mutual agreement of the three JV partners, a sale and purchase agreement with Compass Group International B.V. was executed on June 28, 2006 whereby MAC acquired the 13% shareholdings of the Compass Group. Since then, MACS continues to operate as a joint venture between MAC (80%) and SATS (20%). In the same year, the Board of Directors of MACS decided to change its company name to MacroAsia Catering Services Inc.

MACS' in-flight kitchen facility is situated on a two-hectare lot being leased from the MIAA. It has an inital design capacity of approximately 10,000 meals a day. MACS' operations is under a concession agreement with Manila International Airport Authority (MIAA) that grants the right to operate an in-flight catering service for civil and/or military aircraft operating at the NAIA and/or Manila Domestic Airport. MACS secures such right by

remitting the monthly Concessionaire's Privilege Fee (CPF) to MIAA, equivalent to 7% of its gross sales.

MACS consistently complies with both international and local hygiene standards and environmental regulations. It is the only in-flight caterer in the Philippines that holds an ISO certification, in addition to Hygiene and Food Safety, HACCP and HALAL certificates conferred by independent and professional certifying organizations. It has a fully-equipped laboratory manned by in-house microbiologists to ensure that high standards are maintained at all times.

Capturing more than 63% of the in-flight catering market, MACS is the catering service provider to 13 full-service foreign carriers and 2 cargo freighters plus 10 VIP and General Aviation clients, 3 airport lounges operating at the NAIA and 4 institutional accounts. MACS has been the recipient of several awards and commendations for outstanding service, besting other service providers from all over the world. The most recent award is the Gold Award given by Cathay Pacific on its recently concluded Caterers' Performance Recognition Program (CPRP) for 2014. This is the 3rd award received for 3 consecutive years. In 2013 MACS was given the Gold Award surpassing 46 caterers among the Cathay Pacific network, worldwide and in 2012, MACS bagged the Diamond Award, the highest recognition in Cathay Pacific's CPRP, indicating that MACS is the best among 40 catering stations in the Cathay Pacific network, worldwide. This followed the Silver Award for 2012 performance received by MACS from Dragon Air, as MACS got recognized for top performance among the 24 catering stations in Dragon Air's network. MACS also was recognized this year by All Nippon Airways (ANA), as the "Gold Award winner for The Best Short Haul Caterer 2012", besting 12 other caterers in ANA's short-haul network.

MACS is currently providing food services management and meals to a number of non-airline institutional clients outside NAIA. This business has grown in line with the expansion plans of MACS to go beyond its airline catering portfolio. Because of the significant growth of this business, MACS is currently setting up a new food commissary near the West Service Road, Muntinlupa City, to service the food production requirements of institutional clients and to support the inflight kitchen inside NAIA as well. The property for this commissary will be leased from MacroAsia Properties which owns several lots and a 3-storey building in the aforementioned area.

MacroAsia Airport Services Corporation

MacroAsia Airport Services Corporation (MASCORP) was incorporated on September 12, 1997 to provide, manage, promote and/or service any and all ground handling requirements of military and/or commercial aircraft for passengers and cargo. MASCORP commenced its ground handling operations on April 19, 1999 at the NAIA, and has been generating both domestic and export sales.

On June 15, 1999 the company originally signed a joint venture agreement with Ogden Aviation Philippines B.V. (formerly Ogden Water Systems of Muscat B.V.). Ogden Aviation Philippines B.V. was subsequently acquired by Menzies Aviation Group in 2001. Subsequently, on April 12, 2007, MAC acquired the 30% share of Menzies, making MASCORP a wholly owned subsidiary of MAC.

On July 2, 1999, a wholly-owned subsidiary of MASCORP, Airport Specialists' Services Corporation (ASSC), was incorporated primarily to manage and to promote, service and/or provide manpower support for any and/or all ground handling requirements of private, military and/or commercial aircraft. ASSC commenced operations immediately after its incorporation but had ceased operations shortly thereafter. Toward the end of 2006, MAC acquired MASCORP's 100% ownership in ASSC. The effective ownership of MAC in ASSC was thus increased from 70% to 100%. Through the restructuring, MAC effectively acquired the 30% minority interest of Menzies Aviation Group in ASSC. Consequently, ASSC became a direct subsidiary of MAC.

MASCORP's operations is dependent upon its concession agreements with MIAA and GMR Megawide Cebu Airport Corporation (GMCAC), which grants the company the right to operate ground handling services in NAIA and MCIA terminals. MASCORP secures such right by paying the monthly concession privilege fees on time.

Through its aggressive marketing efforts, capability to offer a total aviation product (in synergy with the catering and MRO business of MAC), and competitiveness, MASCORP is currently increasing its market share at NAIA, with services rendered for key local clients based in Terminal 2 and Terminal 3. Among the ground handlers in Manila, MASCORP is the only service provider present in three terminals (Terminal 1, 2, and 3). Aside from NAIA, MASCORP is also operating in Mactan Cebu International Airport and Kalibo International Airport.

MacroAsia Properties Development Corporation

MacroAsia Properties Development Corporation (MAPDC), another wholly-owned subsidiary, was incorporated on June 4, 1996 to primarily engage in the acquisition, development and sale of real properties. After it completed its first infrastructure project in 1997 and following the Asian economic crisis, the company suspended pursuing further property development projects as a core business and refocused its efforts on aviation-support activities.

On August 31, 2000, MAPDC was registered as an Ecozone Developer/Operator with the Philippine Economic Zone Authority (PEZA), and as such, it enjoys tax incentives. It re-started commercial operations on the same date, this time as the ecozone developer/operator of the 23-hectare MacroAsia Special Ecozone at the NAIA, with Lufthansa Technik Philippines, Inc. (LTP) as its anchor locator for the next 25 years. LTP is an associated company of MAPDC as LTP is 49% owned by MAC.

MAPDC has a 25-year lease covering the 23-hectare property occupied by the Ecozone with the Manila International Airport Authority (MIAA). Today, the MacroAsia Special Ecozone is the only operational ecozone at the NAIA.

MAPDC is the subsidiary that serves as a vehicle for the entry of MAC into the water services business (bulk water supply or commercial retail of treated surface water in selected localities). Starting 2012, MAPDC has ongoing projects in provinces outside of Metro Manila. Revenues from its first major water project in one town north of Luzon is expected to be generated this second half of 2015. This project entails the treatment of

surface water from a river, and the piped distribution of the treated water to the homes of residents in the town.

Early in 2014, MAPDC acquired a 3-storey building in Muntinlupa City, close to the Sucat expressway, which will be developed and leased out to MacroAsia Catering as the commissary for food services to non-airline clients.

MacroAsia Air Taxi Services, Inc.

MacroAsia Air Taxi Services, Inc. (MAATS) is a wholly-owned subsidiary of MAC which was incorporated in June of 1996. MAATS is a licensed, non-scheduled domestic flight operator providing helicopter chartering services from its base at the General Aviation Area, Manila Domestic Airport to any point within the Philippines.

MAATS started commercial operations in October 1996. It has since been leasing MAC's Ecureuil AS350-B2, a 5-passenger helicopter aircraft for its chartering business. It is powered by a Turbomeca Arriel engine that has a float kit reserved for emergency water landing requirements. Revenues derived from chartering operations are 100% domestic, with majority of its customers being local businessmen or corporate accounts.

MAATS is duly licensed by the Civil Aeronautics Board (CAB), as well as an Air Operator Certificate (AOC) and Certificate of Airworthiness issued by the Civil Aviation Authority of the Philippines (CAAP). MAATS is greatly dependent on the two aforementioned licenses, without which the company cannot provide charter services to the public. Both licenses have to be renewed annually. As part of its safety standard, the company ensures that its helicopter receives a year-round preventive maintenance in accordance with the manufacturer's specifications and complies with the stringent requirements of the CAB and CAAP.

MAATS adheres to the stringent safety standards and procedures set by the local regulating agencies. The company's pilot and mechanics undergo mandatory training programs to enrich their expertise and to keep up with the latest trends in operational safety, efficiency and customer service, a practice that has lifted the company ahead of its competitors. MAATS is recognized as one of the best players in the helicopter charter service industry in the country.

MAATS also provides support services for fixed-based operators, as well as specialized ground handling services for executive jets and similar specialized aircraft.

MacroAsia Mining Corporation

MacroAsia Mining Corporation, another wholly owned subsidiary, was incorporated on September 25, 2000 to serve as an institutional vehicle through and under which the business of a mining enterprise may be established, operated and maintained.

MMC is now geared towards the provision of consultancy and mining exploration services, focusing on nickel areas. On August 24, 2012, the Company entered into a Contract for Service Agreement with a third party to render exploratory drilling and sampling of nickel

laterite services on the third party's mining tenement. This year, it has signed another exploration contract with another mining company for nickel exploration services.

Lufthansa Technik Philippines, Inc.

Lufthansa Technik Philippines, Inc. (LTP) is a joint venture between MAC (49%) and Lufthansa Technik AG of Germany (51%). It is the only company which provides a wide range of aircraft maintenance, repair and overhaul services at the NAIA, DMIA, MCIA and Davao International Airport.

Following the signing of the joint venture agreement on July 12, 2000, and its subsequent registration with the PEZA as an economic zone locator on August 30, 2000, LTP started its commercial operations on September 01, 2000. Since then, it has been recognized as an outstanding company that has consistently generated export revenues for the country.

On February 10, 2012, LTP opened its third aircraft hangar to accommodate maintenance works for the Airbus A380, the world's biggest and most technologically advanced commercial aircraft today.

LTP continues to have Philippine Airlines (PAL) as its main client in providing aircraft maintenance, repair and overhaul services from its facility in NAIA. Other global clients include among others – Asiana Airlines, ANA, Air Nuigini, China Airlines, Etihad Airways, Eva Air, Gulf Air, Japan Airlines, Korean Air, Qatar Airways and Royal Brunei Airlines. Moreover, other international airlines including those with non-scheduled flights to Manila also avail of LTP's MRO expertise. These include Lufthansa German Airlines, Virgin Atlantic, Qantas Airways, Indigo, Jetstar Japan, Jetstar Airways, Vietjet Air and Vietnam Airlines to name a few.

In a showcase of continuing trust in 2014, nine airlines renewed their alliances with LTP. For line maintenance, these were Air Busan, Asiana Airlines, China Airlines, Emirates Airlines, Etihad Airways, Japan Airlines Jeju Air, Jin Air and Royal Brunei Airlines. For base maintenance, Qantas entrusted the performance of two C4 checks to LTP after the successful conclusion of its A380 cabin reconfiguration. This is a major step for LTP to further strengthen its capabilities in base maintenance for the A380.

Aviation authorities/agencies from the respective countries of origin of these airline clients issue licenses/certificates to LTP for its accreditation to provide MRO services to the aforementioned associated airlines. It is certified by 33 airworthiness organizations worldwide as a qualified provider of aircraft MRO services including the Civil Aviation Authority of the Philippines (CAAP), the United States' Federal Aviation Industry (FAA) and European Aviation Safety Agency (EASA). It also holds an EASA 21 Design organization extension from Lufthansa Technik AG, enabling them to create in-house change/repair designs. The extent of LTP's work/services largely depends on these certifications, which describe/specify that LTP's services must be carried out in accordance with the respective countries' aviation regulations. These certifications are renewed either annually or every two years.

In 2015, LTP expects to complete the modification and extension of two hangars into a second A380 hangar. Construction work is currently ongoing and the 2nd A380 hangar is expected to be operational by November 2015. LTP expects to be have strong base maintenance revenues, strengthened by its competitive advantage of being the only MRO provider in the Philippines that can service two A380 planes at the same time.

LTP also has a concession agreement with MIAA upon which the company's business operations is highly dependent. The agreement grants the company the right to operate as a provider of aircraft MRO services at NAIA Terminals 1, 2, and 3. LTP secures such right by yearly renewal of the agreement and paying the monthly CPF (7% of gross revenue) on time.

Cebu Pacific Catering Services, Inc.

Cebu Pacific Catering Services, Inc. (CPCS) is MacroAsia's first in-flight catering venture which started commercial operations in October of 1996. MAC has 40% equity in this joint venture, while its partners - Cathay Pacific Catering Services of Hongkong and MGO Pacific Resources Corporation hold 40% and 20% equity, respectively.

CPCS is the first and presently still the only full-service airline catering company at the MCIA. CPCS is an economic zone locator covering 3,050 sqm in Mactan, Cebu and services both domestic and international airlines.

CPCS owns a two-storey kitchen facility designed to fully meet projected total airline catering demands and to easily accommodate future expansion. The facility is capable of producing over 3,000 meals a day in accordance with stringent international hygiene standards. The facility was designed and developed by Cathay Pacific Catering Services (HK). With its current portfolio of clients, the facility still has excess capacity to serve the requirements of Mactan Cebu International Airport in the years to come.

CPCS is presently serving an average of 1,300 meals a day, using local raw materials for its menus. It procures its raw materials from the local market and does not have any major raw materials supply contracts. CPCS services Philippine Airlines, Korean Air and Asiana Airlines as well as local airlines like Cebu Pacific and AirAsia Zest Airlines.

As the only full-service airline catering company in Cebu, CPCS expects to provide most if not all of the catering services for future ex-Cebu flights to other regional destinations.

KEY PERFORMANCE INDICATORS
(in thousands except for ratios)

March 31, 2015 and 2014

The Company uses major performance measures or indices to track its business results. The analyses are based on comparisons and measurement on financial data of the current period against the same period of the previous year. Among the measures are the following:

Return on Net Sales (RNS)

This ratio measures the amount of income, after all costs and expenses, including taxes are deducted, for every peso of net revenue earned.

			2015	2014
Return on Net Sales	= NI attributable to Equity Holder of Parent / Total Net Revenues	=	₱ 97,734 / 435,186	₱ 39,900 / 398,142
		=	22.46%	10.02%

The increase in the consolidated RNS is caused by the income contributed by LTP as compared to last year's contribution of earnings. This profitability was brought about by PAL as being one of the main clients of LTP. The revenue growth and sustained profitability of the catering and ground handling subsidiaries also contributed to the doubling up of the RNS.

Return on Investment (ROI)

This ratio measures the amount of income earned on invested capital.

			2015	2014
Return on Investment	= NI attributable to Equity holder of Parent / Total Interest-bearing Liabilities + Equity attributable to Equity holder of Parent	=	₱ 97,734 / 2,917,381	₱ 39,900 / 2,681,180
		=	3.35%	1.49%

The ROI increased primarily because of the current period's income contribution of our MRO associate, LTP. The ROI was also affected by the interest bearing loans obtained by our ground-handling subsidiary, MASCORP.

Return on Equity (ROE)

This KPI is a measure of the owner's return for every peso of invested equity.

			2015	2014
Return on Equity	= NI attributable to Equity holder of Parent / Total Equity holder of Parent	=	₱ 97,734 / 2,837,982	₱ 39,900 / 2,576,420
		=	3.44%	1.55%

The increase in the ROE resulted basically from the higher income contribution of our associate, LTP and the net income growth of our catering and ground handling subsidiaries.

Direct Cost and Expense Ratio

This ratio measures the average rate of direct costs and expense on products/services sold.

			2015	2014
Direct Cost Ratio	=	Total Direct Cost / Total Net Revenues	= ₱ 324,350 / 435,186	₱ 310,588 / 398,142
			= 74.53%	78.01%

			2015	2014
Operating Expense Ratio	=	Total Operating Expenses / Total Net Revenues	= ₱ 96,311 / 435,186	₱ 82,204 / 398,142
			= 22.13%	20.65%

Direct costs increased mainly due to increases in food costs and labor costs aligned with increase in operational requirements, government regulations, higher repairs and maintenance charges on ground support equipment. Operating expense ratio exhibited an increase due to higher manpower costs of our catering subsidiary and water related projects.

Current Ratio

This ratio measures the group's ability to settle its current obligations.

			2015	2014
Current Ratio	=	Total Current Assets / Total Current Liabilities	= ₱ 1,279,727 / 296,147	₱ 1,402,560 / 351,598
			= 4.32 : 1	3.99 : 1

The company maintained its healthy current ratio as compared to the same period last year.

Debt-to-Equity Ratio

This ratio indicates relationship of the group's debt to the equity of the owners.

			2015	2014
Debt-to-Equity Ratio	=	Total Interest-bearing Debts / Total Equity	= ₱ 79,398 / 2,912,925	104,760 / 2,640,940
			= 0.027 : 1	0.039 : 1

Interest bearing debts were availed by MASCORP near-end of 2013 and on the first quarter of 2014 for general corporate purposes and to finance payment of its liabilities arising from its re-fleeting of ground support equipment.

Interest Coverage Ratio

This ratio measures the number of times a company could make the interest payments on its debt with its earnings before interest and taxes.

			2015	2014
Interest Coverage Ratio	= Total Earnings before Interest and Taxes / Interest Expense	=	₱ 110,144 / 910	₱ 49,253 / 523
		=	121.04 : 1	94.17 : 1

Interest bearing debts were availed by MASCORP near-end of 2013 and on the first quarter of 2014 to be used in general corporate purposes and to finance the payment of its liabilities.

Asset-to-Equity Ratio

This ratio measures the company's leverage and long-term solvency.

			2015	2014
Asset-to-Equity Ratio	= Total Assets / Total Equity	=	₱ 3,419,076 / 2,912,925	₱ 3,235,043 / 2,640,940
		=	1.17 : 1	1.22 : 1

The Asset-to-Equity Ratio did not have a significant change compared to last year, signifying the stability of the company's leverage and long-term solvency.

RESULTS OF OPERATION

The Group recorded a consolidated net income after tax of ₱100.7 million for the first quarter of 2015, exhibiting a positive variance of ₱58.5 million as compared to the consolidated net income after tax of ₱42.3 million during the same period last year. The increase is largely yielded by MAC's share in the net income of its MRO associate, LTP, accompanied by the continuing profits from our associate in Cebu and our catering and ground handling subsidiaries.

Revenue from operations amounted to ₱435 million, a growth of ₱37 million from last year's consolidated operating revenues of ₱398 million. MACS' in-flight and other catering revenues of ₱262 million comprise 60% of our total consolidated operating revenues. The ₱16 million increase in MACS' revenues is primarily attributable to the higher meal count as compared to the prior year while the income from institutional accounts remained at the same level. Ground handling and aviation revenues of ₱120 million grew by 17% from last year's ₱103 million due to higher non-routine revenues. Rental and administrative

revenues remained almost the same with last year because lease rental is being accounted for on a straight-line basis over the lease term, in compliance with Philippine Accounting Standards (PAS) 17. Revenue derived from chartered flights of ₱2.9 million is higher by ₱0.3 million as compared to previous year's ₱2.6 million due to a slight increase in clients serviced this year.

The Group's mining business segment contributed ₱3.9 million revenue stream as of the current period attributable to the provision of exploration services for a 3rd party mining company client. During the same period in the prior year, the exploration services have not generated revenues yet.

Total direct costs for the first quarter of the year reached ₱324 million, posting an increase of 4% or ₱14 million from the same period in 2014. The increase in the current year is driven primarily by higher food and labor costs of our catering subsidiary attributable to the expansion of institutional accounts handled, higher repairs and maintenance charges of our operating subsidiaries and the increase in mining expenses incurred in preparation of the startup of another client for exploration services in the second quarter of this year. Consolidated operating expenses increased by ₱14.1 million from last year's ₱82 million due to the higher manpower requirement of the parent company and our water related subsidiaries. This also includes start-up costs of the said water related subsidiaries, some of which are expected to bring in income on the 3rd quarter of 2015.

Interest income of ₱2 million remained at almost the same level as at the end of the previous year. Equity in net income/loss of associates amounting to ₱92 million represents MAC's share in the net operating result of its associated companies. Changes in equity shares from period to period are dependent upon the results of operations of the two associated companies. For the first quarter of 2015, our MRO business registered profits of ₱172.8 million for which we share 49% or ₱84.6 million. CPCS - our catering associate in Cebu, contributed its share on the Group's net earnings amounting to ₱7.4 million, or an increase of 50% compared to last year's first quarter period.

Today, the Philippine airline industry continues to be dynamic, with significant factors within and outside the Philippines that are impacting on the Philippine aviation outlook. As a Group, we have not been immune to the challenges of our airline clients, especially some base clients and those from foreign countries who are also coping with difficulties arising from economic and security issues within their geographical regions, rising fuel prices, and the like. Our services and products to these clients are often subjected to cost pressures, as everybody is bent on cutting down or avoiding expenses in order to operate competitively. Our Group remains steadfast and resilient, as we continue to expand our existing core businesses and pursue new viable opportunities in order to further increase our Group's shareholders' value.

FINANCIAL POSITION

At the consolidated level as of March 31, 2015, total assets remained strong at ₱3.4 billion, posting a ₱75 million increase from last year-end's level of ₱3.3 billion. Cash and cash equivalents of ₱686 million slightly increased by ₱5 million or 0.7%, as the company remains stable in its cash position standing. Receivables grew by ₱33.1 million or 8% due to

trade and non-trade related additions in our current operations. These are expected to be collected within the year. Inventories of ₱31.4 million were maintained in line with forecasted inventory level requirements. Other current assets of ₱120.6 million represent unused input taxes, tax credit certificates and unamortized prepayments for insurance covers, rent, utilities and unconsumed supplies as of March 31, 2015.

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. Movements in the account are contributed by the share in cumulative translation adjustments for LTP due to foreign exchange fluctuations, share in re-measurement gains and losses on defined benefit plans due to the revised PAS19, share in cash dividends declared and actually received during the current period, and the incremental equity share in net earnings/loss of the associated companies. The Group recorded an increase of 14% or ₱91 million in this investment account, from ₱661.7 million in 2014 year-end to ₱753.2 million as of March 31, 2015 primarily due to the share in net income for the period arising from LTP and CPCS.

The group's property and equipment of ₱386.7 million decreased by ₱8.5 million. Deferred mine exploration costs of ₱233 million remained the same as exploration activities were almost done in 2010. Investment property of ₱143.9 million pertains to land held for future development by MAPDC.

Accrued rental receivable and payable of ₱117.5 million remained the same, and is in compliance with PAS 17, which requires the straight-line recognition of operating lease income and expense over the term of the lease. Likewise, deferred rent expense and unearned rent income of ₱10 million are being amortized on a straight-line basis over the same lease term.

Available-for-sale investments amounting to ₱103 million represents the remaining investment in corporate bonds and golf club shares held by the parent company.

The carrying amount of deferred income tax assets of ₱19.9 million as of March 31, 2015 mostly came from the allowances on probable losses and doubtful accounts. Deposits and other noncurrent assets decreased by ₱33 million (or 8%) to ₱371.5 million due to the reclassification of water project advances from the previous year. Other noncurrent assets account also includes prepayments on rent, retirement benefits, goodwill of ₱17.5 million from the Company's acquisition of the 13% minority interest of Compass (formerly Eurest International B. V.) in MACS and concession asset in compliance with IFRIC 12 accounting for concession privilege right granted to SNVRDC.

Accounts payable and accrued liabilities increased by ₱1.2 million or less than 1% as of March 31, 2015. Notes payable of ₱79 million refers to the loan availed from a local bank that was used by our ground-handling subsidiary to finance its asset acquisition and for general corporate purposes. Accrued retirement benefits payable of ₱20.1 million increased by 31% due to the actuarial valuation last year. Deferred tax liabilities of ₱1.7 million remained at almost the same level as prior year's ending balance. Dividends payable of ₱8.62 million shows the total outstanding checks payable for past dividends declared to the Company's stockholders as of record date.

The Company's share in foreign currency translation adjustments of LTP in the amount of ₱173 million and share in re-measurements of defined benefit plan of associates remained at the same level as last year-end. Available for sale (AFS) investments reserve amounting to ₱9.1 million arose due to fair value valuation of the remaining investment in bonds and golf shares.

Changes in non-controlling interests are largely dependent on the results of operations of MacroAsia Catering Services, Inc. This account represents the 20% equity share of SATS in the abovementioned company. The account also includes the equity attributable to the non-controlling interests in Panay Water Business Resources Inc., a MAPDC subsidiary.

MacroAsia Corporation's Mining Project

Macroasia Corporation holds two Mineral Production Sharing Agreements (MPSA), MPSA-220-2005-IVB and MPSA-221-2005-IVB, both located in Brooke's Point, Palawan. MPSA-220 or the Infanta Nickel Project covers a total land area of 1,114 hectares with nickel in the form of laterite ore as the primary commodity. This area was the source of ore shipments to Japan in the 1970's.

The total extent of the laterite area within the MPSA is around 536 hectares, with nickel deposits comprising of limonite and saprolite ores. Within this delineated nickel ore envelope, 2,751 drill holes were done, resulting into 47,273.9 meters drilled. There were also 480 test pits that were dug, yielding 2,568.2 meters more for sampling. The resulting samples collected numbered 54,412, and these were analyzed for nickel (Ni), iron (Fe) and 12 other elements/oxides, including the loss in ignition (LOI), using fused bead X-Ray Fluorescence (XRF) technique at Intertek Laboratories. The Company has completed an exploration report that is compliant to the Philippine Mineral Reporting Code. A mining plan has also been drafted.

The operation of the Mining Project has already been endorsed by the three beneficiary barangays, including the indigenous people in the area. In 2010, the Company has received the Environmental Compliance Certificate (ECC) for operations. The Company is still securing its Certificate of Precondition (CP) from the National Commission on Indigenous People (NCIP). This document signifies the formal granting of Free and Prior Informed Consent by the indigenous people within the host barangays as attested by the NCIP.

Exploration and maintenance works in the mineral property was done in 2012. The exploration period of the MPSA 220-2005-IVB has been approved for extension by the Department of Environment and Natural Resources (DENR) on December 5, 2012. The extended exploration period will allow MAC to finalize the data to fine-tune the feasibility study for operations and eventual metallurgical testing of the nickel laterite ore. Confirmatory drilling were done in the priority mining area for future mining plans on the 3rd quarter of 2013 but the work program is currently on hold.

Bulawan Mining Corporation (BUMICO), a subsidiary of the Philippine National Bank (PNB), transferred its right for their Exploration Permit Application (EXPA 103-VII) over a 403 hectare area in Basay, Negros to MAC through the signing of a Deed of Assignment (DOA) on August 15, 2012. The DOA has been approved by Mines and Geosciences Bureau (MGB) Region VII Office on January 28, 2013. The area has a high potential for copper-gold

mineralization. The exploration permit application is now under MAC's name. This tenement can be subject to a JV for exploration with other interested entities.

BUMICO also transferred its interests in the Bulawan Mining Project with an Operating Agreement with Philex Mining Corporation (PMC) to MAC through a Deed of Assignment (DOA) signed on September 6, 2012. The DOA was finalized after securing the written consent of Philex. In relation to the operating agreement between Philex and BUMICO, Philex committed to submit quarterly reports to MAC which will be subjected to regular validation by MAC's technical team.

The Exploration Permit (EP) for the Sipalay Project, another BUMICO project that was part of BUMICO's assignment to MAC, has been renewed by the Mines and Geosciences Bureau on December 10, 2012.

NUMBER OF STOCKHOLDERS

The number of stockholders as of March 31, 2015 and December 31, 2014 are 859 and 856, respectively.

OTHER MATTERS

1. Passenger loads and flight frequencies of airlines are the two most important factors that affect the revenue levels of the Group's operating units. The Group constantly monitors these two factors to efficiently manage its costs.

2. Management is not aware of any known trends or any known demands, commitments, events or uncertainties that may or will have a material negative impact on the Group's liquidity.

3. The Group is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

4. Management is not aware of having or anticipates having within the next twelve (12) months any cash flow or liquidity problems. The Group's generally sources its liquidity requirements through its operating revenues and collections. Excess cash are invested in placements with better yields.

5. 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.

6. There are no material commitments for capital expenditures created during the reporting period.

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

8. The Group is not aware of any future event that will cause a material change in the relationship, vertical and horizontal analyses, of any material item from period to period.

9. The Group is not aware of any seasonal aspects that have material effect during the reporting period.

10. The Group has not issued, repurchased or repaid any debt or equity securities during the current interim reporting period.

11. No material events have occurred subsequent to the end of the current interim period that should be reflected in the financial statements for the interim period.

SIGNATURES

Pursuant to the requirement of Sec 17 of the Code and Sec 141 of the Corporation Code of the Philippines, this report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on May 14, 2015.

MACROASIA CORPORATION
Registrant

By:

JOSEPH T. CHUA
President and Chief Executive Officer

AMADOR T. SENDIN
Chief Financial Officer

Annex 1

MACROASIA CORPORATION AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements

March 31, 2015 and 2014 (Unaudited)

and

December 31, 2014 (Audited)

GENERAL INFORMATION

Directors (as of March 31, 2015)

Washington Z. SyCip	(Chairman)
Harry C. Tan	(Vice Chairman)
Joseph T. Chua	(President and CEO)
Lucio K. Tan, Jr.	
Jaime J. Bautista	(Treasurer)
George Y. SyCip	
Carmen K. Tan	
Johnip G. Cua	(Independent Director)
Ben C. Tiu	(Independent Director)

Chief Financial Officer
Amador T. Sendin

Compliance Officer/ CIO
Atty. Marivic T. Moya

Corporate Secretary
Atty. Florentino M. Herrera III

Stock and Transfer Agent
Trust Banking Group
Philippine National Bank (formerly Allied Banking Corporation)
3rd Floor, PNB Financial Center
Pres. Diosdado Macapagal Blvd.,Pasay City

Banks

Philippine National Bank (formerly Allied Banking Corporation)
6754 Ayala Avenue, Makati City

Philippine Bank of Communications
565-567 Sto. Cristo, Binondo Manila

Banco de Oro Universal Bank
EPC Building, Paseo de Roxas cor.
Gil Puyat Ave., Makati City

Unionbank of the Philippines
Tektite Building, Ortigas Center, Pasig City

Asia United Bank
G/F Morning Star Center Building,
Gil Puyat Avenue, Makati City

China Banking Corporation
8745 Paseo de Roxas corner Villar St. Makati City

Auditors
SyCip Gorres Velayo & Co.
6760 Ayala Avenue, Makati City

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

		MARCH 31, 2015 (UNAUDITED)		DECEMBER 31, 2014 (AUDITED)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**685,875,725**	₱	681,237,533
Receivables - net		**441,822,609**		408,750,678
Inventories - at cost		**31,447,382**		44,065,584
Other current assets		**120,581,032**		101,252,076
Total Current Assets		**1,279,726,749**		1,235,305,871
Noncurrent Assets				
Available-for-sale investments		**103,374,400**		103,335,900
Investments in associates		**753,195,179**		661,709,466
Property and equipment - net		**386,717,751**		395,257,498
Investment property - net		**143,852,303**		143,852,303
Accrued rental receivable		**117,459,459**		118,031,312
Deferred income tax assets - net		**19,893,531**		21,360,200
Deferred rent expense		**10,051,611**		10,290,482
Deferred mine exploration costs		**233,308,688**		233,308,688
Deposits and other noncurrent assets - net		**371,496,718**		404,155,311
Total Noncurrent Assets		**2,139,349,640**		2,091,301,160
TOTAL ASSETS	₱	**3,419,076,389**	₱	3,326,607,030
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	₱	**260,766,384**	₱	259,546,612
Notes payable - current portion		**25,250,600**		25,254,560
Income tax payable		**1,508,961**		2,237,204
Dividends payable		**8,620,761**		8,620,761
Total Current Liabilities		**296,146,706**		295,659,137
Noncurrent Liabilities				
Notes payable - net of current portion		**54,147,583**		60,472,773
Accrued rental payables		**117,459,460**		118,031,311
Accrued retirement benefits payable		**20,061,379**		15,333,727
Other employee benefits		**-**		10,000,529
Unearned rent income		**10,051,611**		10,290,482
Deposits		**6,624,514**		5,328,763
Deferred tax liability		**1,660,633**		1,115,000
Total Noncurrent Liabilities		**210,005,180**		220,572,585
Total Liabilities		**506,151,886**		516,231,722

Equity				
Capital stock - ₱ 1 par value				
Authorized - 2,000,000,000 shares				
Issued and fully paid - 1,250,000,000 shares		**1,250,000,005**		1,250,000,000
Additional paid-in capital		**281,437,118**		281,437,118
AFS investments reserve		**9,082,599**		9,082,599
Share in foreign currency translation adjustments of an associate		**(172,643,128)**		(172,111,426)
Remeasurements on defined benefit plans		**14,402,659**		14,402,661
Share in remeasurements on defined benefit plan of associates		**(70,629,572)**		(70,629,572)
Retained earnings				
Appropriated		**823,100,000**		823,100,000
Unappropriated		**752,651,473**		654,797,069
Treasury shares		**(49,418,660)**		(49,418,660)
Total equity attributable to equity holders of the parent company		**2,837,982,494**		2,740,659,789
Non-controlling interests		**74,942,009**		69,715,519
Total Equity		**2,912,924,503**		2,810,375,308
TOTAL LIABILITIES AND EQUITY	**₱**	**3,419,076,389**	₱	3,326,607,030

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
For the period ended March 31

		2015		2014
REVENUES				
In-flight catering and other catering	₱	**262,238,588**	₱	245,893,839
Groundhandling and aviation		**119,869,027**		102,682,936
Rental and administrative		**46,313,725**		46,998,392
Exploratory drilling fees		**3,864,291**		-
Charter flights		**2,900,192**		2,566,812
		435,185,823		398,141,979
DIRECT COSTS				
In-flight catering and other catering		**175,634,614**		171,308,638
Groundhandling and aviation		**98,089,616**		88,821,926
Rental and administrative		**42,291,440**		43,215,630
Exploratory drilling fees		**6,103,741**		5,117,222
Charter flights		**2,231,574**		2,124,377
		324,350,985		**310,587,793**
GROSS PROFIT	₱	**110,834,838**	₱	**87,554,186**
OPERATING EXPENSES				
General and administrative expenses		**94,067,053**		80,413,691
Project development expenses (mining)		**1,186,153**		554,337
Directors' fees and incentives		**562,500**		525,000
Selling expenses		**495,523**		710,660
		96,311,229		82,203,688
INCOME (LOSS) FROM OPERATIONS	₱	**14,523,609**	₱	5,350,498
OTHER INCOME (CHARGES)				
Equity in net income of associates		**92,017,415**		36,973,383
Foreign exchange gain/(loss) - net		**(324,392)**		2,984,999
Interest income		**1,972,896**		2,168,666
Financing charges		**(909,285)**		(690,678)
Others - net		**2,864,102**		1,943,247
		95,620,736		43,379,617
INCOME BEFORE INCOME TAX	₱	**110,144,345**	₱	48,730,115
PROVISION FOR INCOME TAX		**(9,436,749)**		(6,477,878)
NET INCOME	₱	**100,707,596**	₱	42,252,237
Attributable to:				
Equity holders of the parent		**97,733,614**		39,900,545
Non-controlling interests		**2,973,982**		2,351,692
	₱	**100,707,596**	₱	42,252,237
Basic Earnings Per Share		**0.079**		0.032

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		2015		2014
NET INCOME (LOSS)	₱	100,707,596	₱	42,252,237
OTHER COMPREHENSIVE LOSS - Net				
Net foreign currency translation adjustments		(532,000)		44,000
Changes in fair value of AFS investments - net of tax effect		-		(550,195)
Remeasurements on defined benefit plan		2		-
		(531,998)		(506,195)
Total Comprehensive Income (Loss)		100,175,598		41,746,042
Attributable to:				
Equity holders of the parent	₱	97,201,616	₱	39,394,350
Non-controlling interests		2,973,982		2,351,692
	₱	100,175,598	₱	41,746,042

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱ 110,144,345	₱ 48,730,115
Adjustments for:		
Equity in net income of associates	(92,017,415)	(36,973,383)
Depreciation and amortization	17,465,064	24,468,225
Interest income	(1,972,896)	(2,168,666)
Unrealized foreign exchange (gain) loss - net	(769,578)	(2,941,031)
Provision for losses	3,156,189	1,300,000
Movements in accrued retirement benefits payable	4,727,652	281,726
Financing charges	909,000	690,678
Loss (gain) on sale of asset	(216,000)	
Operating income before working capital changes	41,426,361	33,388,000
Decrease (increase) in:		
Receivables	(33,071,931)	(26,115,177)
Inventories	12,618,202	6,157,697
Other current assets	(19,328,956)	(42,448,194)
Increase (decrease) in notes payable-current	(3,960)	
Increase (decrease) in accounts payable and accrued liabilities	1,219,772	37,060,435
Cash generated from (used in) operations	2,859,487	8,042,761
Interest received	1,973,000	2,168,666
Financing charges paid	(909,000)	(50,476)
Other employees benefits	(10,000,529)	
Income taxes paid , including creditable witholding taxes	(10,165,243)	(6,809,039)
Net cash from (used in) operating activities	₱ (16,242,285)	₱ 3,351,912
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other noncurrent assets	18,284,650	8,836,013
Proceeds from disposal of property and equipment		(95,612,505)
Acquisitions of property and equipment	(5,720,376)	-
Increase in investment in AFS debt securities	38,500	
Increase in refundable deposits and other noncurrent assets	1,602,513	-
Net cash from (used in) investing activities	₱ 14,205,287	₱ (86,776,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of notes payable		77,760,736
Payments of notes payable	6,325,190	-
Net cash from (used in) financing activities	₱ 6,325,190	₱ 77,760,736
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	350,000	1,367,000
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	₱ 4,638,192	₱ (4,296,844)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	681,237,533	867,381,000
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₱ 685,875,725	₱ 863,084,156

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended March 31

		Attributable to the Equity Holders of the Parent											
									Retained Earnings				
		Capital Stock	Additional Paid-in Capital	Share in Foreign Currency Translation Adjusment of an Associate	Remeasurements on Defined Benefit Plan	Share in Remeasurements on Defined Benefit Plan of Associates	AFS Investments Reserve	Treasury Shares	Appropriated	Unappropriated	Subtotal	Non-controlling Interest	Total
BALANCES AT DECEMBER 31, 2013, as previously reported		**1,250,000,000**	**281,437,118**	**(176,800,404)**	**11,283,010**	**(155,662,465)**	**2,688,890**	**(49,418,660)**	**788,100,000**	**585,399,166**	**2,537,026,655**	**62,167,924**	**2,599,194,579**
													-
Total comprehensive income (loss)				44,000			(550,195)			39,900,000	**39,393,805**	2,351,692	**41,745,497**
BALANCES AT MARCH 31, 2014	₱	**1,250,000,000**	**281,437,118**	**(176,756,404)**	**11,283,010**	**(155,662,465)**	**2,138,695**	**(49,418,660)**	**788,100,000**	**625,299,166**	**2,576,420,460**	**64,519,616**	**2,640,940,076**
BALANCES AT DECEMBER 31, 2014, as previously reported		**1,250,000,000**	**281,437,118**	**(172,111,426)**	**14,402,661**	**(70,629,572)**	**9,082,599**	**(49,418,660)**	**823,100,000**	**654,797,069**	**2,740,659,789**	**69,715,519**	**2,810,375,308**
													-
Total comprehensive income (loss)				(532,000)	2		-			97,733,614	97,201,616	2,973,982	100,175,598
BALANCES AT MARCH 31, 2015	₱	**1,250,000,000**	**281,437,118**	**(172,643,426)**	**14,402,663**	**(70,629,572)**	**9,082,599**	**(49,418,660)**	**823,100,000**	**752,530,683**	**2,837,861,405**	**72,689,501**	**2,910,550,906**

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

LUFTHANSA TECHNIK PHILIPPINES, INC.
SUMMARIZED INTERIM STATEMENTS OF INCOME
(In Thousand Pesos)

		January to March (UNAUDITED)		
		2015		2014
REVENUE	₱	**2,014,760,650**	₱	1,511,648,320
LESS: COST OF SALES		**844,443,743**		370,884,874
GROSS PROFIT		**1,170,316,907**		1,140,763,446
LESS: OPERATING EXPENSES		**924,780,406**		1,017,330,265
INCOME FROM OPERATIONS		**245,536,501**		123,433,181
LESS/ (ADD): OTHER CHARGES/(INCOME)		**42,578,513**		52,448,584
INCOME BEFORE INCOME TAX		**202,957,988**		70,984,597
LESS: PROVISION FOR INCOME TAX		**30,206,265**		5,936,477
NET INCOME	₱	**172,751,723**	₱	65,048,120
EQUITY SHARE IN NET INCOME (49%)	₱	**84,648,344**	₱	31,873,579

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

CEBU PACIFIC CATERING SERVICES
SUMMARIZED STATEMENTS OF INCOME

		January to March (UNAUDITED)		
		2015		2014
REVENUE	**₱**	**46,772,695**	₱	34,381,533
LESS: COST OF SALES		**24,858,130**		19,070,580
GROSS PROFIT		**21,914,565**		15,310,953
LESS: OPERATING EXPENSES		**2,341,370**		2,345,864
INCOME FROM OPERATIONS		**19,573,195**		12,965,090
LESS/ (ADD): OTHER CHARGES/(INCOME)		**24,786**		(114,478)
INCOME BEFORE INCOME TAX		**19,548,409**		13,079,568
LESS: PROVISION FOR INCOME TAX		**1,125,733**		797,860
NET INCOME	**₱**	**18,422,676**	₱	12,281,708
EQUITY SHARE IN NET INCOME (40%)	**₱**	**7,369,071**	₱	4,912,683

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

MacroAsia Corporation (the Company or MAC), a publicly-listed corporation, was incorporated in the Philippines on February 16, 1970 under the name Infanta Mineral & Industrial Corporation to engage in the business of geological exploration and development. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from exploration and development to that of engaging in the business of a holding company, and change its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the Company's Articles of Incorporation was again amended to change its corporate name to its present name. Its registered office address is at 12th PNB Floor, Allied Bank Center, 6754 Ayala Avenue, Makati City.

Business Operations

The principal activities of the Company and its subsidiaries (collectively referred to as the Group) are described in Note 4. The Company, through its subsidiaries and associates, is presently engaged in aviation-support businesses at the Ninoy Aquino International Airport (NAIA), Manila Domestic Airport (MDA), Mactan-Cebu International Airport (MCIA), Kalibo International Airport (KIA) and the General Aviation Areas. It provides in-flight catering services, ground handling services for passenger and cargo aircraft, and helicopter charter flight services. It also operates/develops the sole economic zone within the NAIA.

Through MacroAsia Catering Services, Inc. (MACS), the Company, is now providing the food requirements of some passenger terminal lounges in NAIA. It has also ventured into the provision of the food service requirements of non-airline institutional clients outside the airport. Further, considering the expertise of staff gained through the exploration of the Company's Infanta Nickel Project in Palawan, the Company started providing nickel exploration services for other mining companies, through MacroAsia Mining Corporation (MMC), a wholly-owned subsidiary. Through MacroAsia Properties Development Corporation (MAPDC), the Company started pursuing projects related to reclaimed water supply, bulk water supply using surface water sources, and water distribution in areas outside of Metro Manila.

Through Lufthansa Technik Philippines, Inc. (LTP), an associate, which has a maintenance, repairs and overhaul facility in the Philippines, the Company provides globally competitive heavy maintenance and engineering services for specific models of Airbus and Boeing aircraft for airline clients all over the world.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) investments, which are carried at fair value. The interim condensed consolidated financial statements are presented in Philippine peso (₱), the Company's functional and presentation currency. Amounts are rounded to the nearest thousands unless otherwise indicated.

Statement of Compliance

The interim condensed consolidated financial statements for the three-month period ended March 31, 2015 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2014.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2014, except for the adoption of new standards and interpretations issued but not yet effective as December 31, 2014. Except as otherwise indicated, the new standards and amendments have no significant impact on the annual consolidated financial statements of the Group or the condensed interim consolidated financial statements of the Group.

- PFRS 9, *Financial Instruments: Classification and Measurement.* PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The Group is currently assessing the impact of adopting this standard.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of
PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Group will not opt to early adopt the standard.

The following new standards and amendments were already adopted by the FRSC but are still for approval by BOA.

Effective in 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments). PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is expected that this amendment would not be relevant to the Group since the Group's retirement plan is noncontributory.

- Annual Improvements to PFRS (2010 to 2012 cycle) which are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated, the Group does not expect these amendments to have a significant impact on the financial statements.

  - PFRS 2, *Share-based Payment - Definition of Vesting Condition.* This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

    - A performance condition must contain a service condition
    - A performance target must be met while the counterparty is rendering service
    - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
    - A performance condition may be a market or non-market condition
    - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination.* The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the

scope of PAS 39. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets.* The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization.* The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel.* The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. These amendments are not relevant to the Group.

- Annual Improvements to PFRS (2011-2013 cycle) which are effective for annual periods beginning on or after January 1, 2015. Except as otherwise stated, the Group does not expect these amendments to have a significant impact on the financial statements.

  - PFRS 3 - *Scope Exceptions for Joint Arrangements.* The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13 - *Portfolio Exception.* The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property.* The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective in 2016

- PAS 16 and PAS 38 - *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments). The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after
  January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16 and PAS 41, *Agriculture - Bearer Plants* (Amendments). The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company does not intend to change its accounting for its subsidiaries and associates in the separate financial statements.

- PFRS 10 and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments). These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11 - *Accounting for Acquisitions of Interests in Joint Operations* (Amendments). The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, *Regulatory Deferral Accounts.* PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

- Annual Improvements to PFRS (2012-2014 cycle). The Annual Improvements to PFRS (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact to the Group. They include:

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal.* The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts.* PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing

contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*. This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19 - *Regional Market Issue Regarding Discount Rate.* This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*. The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9 - *Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39*. PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The Group is currently assessing the impact of adopting this standard.

- PFRS 9, *Financial Instruments* (2014). In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The Group is currently assessing the impact of adopting this standard.

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate.* This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

The following new standard and amendments issued by the IASB has not yet been adopted by the FRSC.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*. IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- Amendments to International Accounting Standards (IAS) 1, *Presentation of Financial Statements.* In December 2014, the IASB issued the amendments to IAS 1. The amendments include narrow-focus improvements in five areas; namely, materiality,

disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments are effective on or after January 1, 2016.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities*, and IAS 28, *Investments in Associates and Joint Ventures.* In December 2014, the IASB issued *Investment Entities: Applying the Consolidation Exception* (amendments to IFRS 10, IFRS 12 and IAS 28). The amendments address certain issues that have arisen in applying the investment entities exception under IFRS 10.

The Group is currently assessing the impact of IFRS 15 and the amendments to IAS 1 and IFRS 10, IFRS 12 and IAS 28 and plans to adopt the new and amended standards on their required effective dates once adopted locally.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its direct subsidiaries, the subsidiaries of MAPDC and the subsidiary of Watergy Business Solutions, Inc. (WBSI) which were all incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission, as of the date of reporting.

		Percentage of Direct Ownership by MAPDC		Percentage of Ownership by MAC			
				2015		2014	
	Nature of business	**2015**	2014	**Direct**	**Indirect[2]**	Direct	Indirect[2]
MAPDC	Economic Zone (Ecozone) developer/operator and water supply	**–**	–	**100**	**–**	100	–
MacroAsia Airport Services Corporation (MASCORP)	Groundhandling aviation services	**–**	–	**100**	**–**	100	–
MacroAsia Air Taxi Services, Inc. (MAATS)	Helicopter chartering services	**–**	–	**100**	**–**	100	–
Airport Specialists' Services Corporation (ASSC)[1]	Manpower services	**–**	–	**100**	**–**	100	–
MMC	Mine exploration, development and operation	**–**	–	**100**	**–**	100	–
MACS	In-flight and other catering services	**–**	–	**80**	**–**	80	–
WBSI	Water projects	**100**	**100**	**–**	**100**	–	**100**
SNV Resources Development Corporation (SNVRDC)	Water projects	**100**	100	**–**	**100**	–	100
Dragon Resources Development Corporation (DRDC)	Water projects	**100**	100	**–**	**100**	–	100
		99	**99**	**–**	**99**	**–**	**99**
Cavite Business Resouces Inc. (CBRI)	Water projects						
Panay Water Business Resources, Inc. (PWBRI)	Water projects	**90**	90	**–**	**90**	**–**	**90**

(1) *Ceased commercial operations effective May 1, 2001.*
(2) *Effective ownership interest through MAPDC and WBSI.*

Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements comprise the financial statements of the Company, its direct subsidiaries and subsidiaries of MAPDC as of March 31, 2015 (unaudited) and December 31, 2014 (audited). The financial statements of the subsidiaries are prepared for the same reporting period using accounting policies that are consistent with those of the Company. All significant intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Non-controlling Interests

Non-controlling interest represents the portion of the net assets of consolidated subsidiaries not held by the Group. Non-controlling interest is presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within the equity section of the consolidated balance sheet, separate from the Company's equity. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in the consolidated statement of income; and (g)

reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained; (h) earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Prior to January 1, 2010, acquisition of non-controlling interest was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized as goodwill. After the initial recognition, goodwill is measured at cost less accumulated impairment loss.

The goodwill recognized by the Group amounting to ₱17.53 million as of March 31, 2015 and December 31, 2014 resulted from the Company's acquisition of non-controlling interest (13%) from a previous stockholder of MACS in 2006. The carrying amount of goodwill is allocated to MACS, the cash-generating unit.

3. Significant Judgments and Accounting Estimates

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to exercise judgments, make estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial estimates are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments

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

Determination of the Company's functional currency

Judgment is exercised in assessing various factors in determining the functional currency of each entity within the Group. These include the prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing is primarily undertaken. Additional factors are considered in determining the functional currency of a foreign operation, including whether its activities are carried as an extension of that of the Group rather than being carried out with significant autonomy.

The Company, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Peso (₱). It is the currency of the primary economic environment in which the Group operates. The functional currency of LTP, one of the Group's associated companies has been determined to be US$.

Classification of financial instruments

The Group classifies a financial instrument, or its components, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance

of the contractual arrangement and the definition of a financial liability, a financial asset or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated balance sheets.

Impairment of AFS investments

For AFS debt investments, the Company assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the company assesses whether the market prices of these bonds indicate objective evidence of impairment. Based on management's assessment there is no objective evidence of impairment on its investment in bonds, especially as the counterparties are able to pay the contractual payments. The carrying value of AFS debt investments amounted to ₱66.2 million as of March 31, 2015 and December 31, 2014, respectively.

For AFS equity investments, management exercised judgment in assessing whether the quoted market price of the AFS equity investments at reporting date indicated an impairment vis-à-vis the cost. Management assesses that impairment is sustained once the decline in value reaches 20% of cost or that the decline in value persisted for more than 12 months. No impairment loss was recognized for the current year. The carrying value of AFS equity investment amounted to ₱37.1 million as of March 31, 2015 and December 31, 2014, respectively.

Accounting for acquisition of Watergy Business Solutions, Inc. (WBSI) shares and water project

As discussed in Note 14 to the annual consolidated financial statements, on July 11, 2011, MAPDC acquired the 70% of the shares of stock of WBSI pursuant to a share purchase agreement between MAPDC and the former stockholders of WBSI. On the same date, MAPDC entered into a sale and purchase agreement for the Maragondon Bulk Water Supply Project (the Water Project) from Islington Capital Holdings, Inc. (ICH). On September 15, 2011, MAPDC signed an amended sale purchase agreement with stockholders of WBSI and ICH, related to the acquisition of additional 12.6% shares over WBS and rights to the Water Project, respectively.

Prior to MAPDC's acquisition of WBSI shares, WBSI assigned and transferred its rights over the Water Project to ICH on September 15, 2010. Having regard to the substance of the agreements, the acquisition of WBSI shares is deemed to be linked to the acquisition of the Water Project from ICH and as such, the acquisition is treated as one transaction for accounting purposes. As of December 31, 2013, the sale and purchase agreement has not been consummated in view of certain water permits inherent in the Water Project that are yet to be secured. Accordingly, the investment in WBSI shares are still presented as part of "Project advances and investment" under the "Deposits and other noncurrent assets" account in the consolidated balance sheets.

In 2014, MAPDC entered into compromise agreement with the former stockholders of WBSI where a final consideration for the acquisition of the Water Project was agreed. This event confirmed the control of the MAPDC over WBSI. Accordingly, WBSI, as well as CBRI, which is WBSI's wholly owned subsidiary, was consolidated with the Group.

Classification of lease arrangements – the Group as Lessee and Lessor

The Group has property leases where it has determined that the risks and rewards related to such property are retained with the lessor (e.g., no transfer of ownership of leased assets by the end of the lease term). Both the lease and sub-lease agreements are accounted for as operating leases. Operating lease income and expenses are recognized on a straight line basis over the lease term unless another systematic basis is representative of the time pattern of the Company's benefit.

Determination of indicators of impairment of nonfinancial assets

The Group assesses at each reporting date whether there is any indication that its investments in associates, property and equipment and investment property may be impaired. Also, the Group assesses whether facts and circumstances suggest that carrying amount of deferred mine exploration costs may exceed its recoverable amount.

The factors that the Group considers important which could trigger an impairment review included the following, among others:

- significant underperformance relative to expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the overall business strategy; and,
- significant negative industry or economic trends.

In 2013, an impairment test was made on the Group's investment in LTP primarily due to losses incurred by LTP (See Note 9 of the consolidated annual financial statements). The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering a three-year projection. The projected cash flows was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the three year period are extrapolated into perpetuity assuming a zero growth rate, for impairment test purposes. The discount rate was a pre-tax measure based on the weighted average cost of capital of listed entities with similar assets or similar in terms of potential risk. The discount rate used in 2013 was 13%.

Based on management's evaluation as of December 31, 2013, the Company's investment in LTP is not impaired. Management believes that no reasonably possible change in these key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

In 2014 and 2015, LTP reported positive results from its operations. Management believes that LTP will continue to report positive results of operations in the next years based on the associate's operating budget. Accordingly, management believes that the 2013 indication of impairment is not anymore present.

Except for the Group's investment in LTP in 2013, management believes that there are no impairment indicators on its investment in associates, property and equipment, investment property, deferred project costs, service concessions, and deferred mine exploration cost as of March 31, 2015 and December 31, 2014.

Assessment whether SNVRDC is an operator under Philippine Interpretation IFRIC 12

Management has assessed that MAPDC's memorandum of agreement with the Municipality of Solano, NuevaVizcaya (Solano) to provide water distribution facilities is covered by the Philippine Interpretation IFRIC 12. MAPDC has assigned to SNVRDC the rights and obligations under the memorandum of agreement. The memorandum of agreement qualifies under the intangible asset model with respect to the operation of the waterwork facilities as SNVRDC has the right (license) to charge users of public service (see Note 15 of the consolidated annual financial statements).

Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of the Group's assets and liabilities follow.

Determination of fair value of financial instruments
When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair values is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these assumptions about these factors could affect the reported fair value of financial instruments.

Determination of fair value of investment property
The Group's fair value of investment property is valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. As of March 31, 2015 and December 31, 2014, the fair value of the investment property is based on valuation performed by an accredited independent value.

Estimation of allowance for doubtful accounts
Allowance for doubtful accounts is provided for accounts that are specifically identified to be doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectability of the accounts, such as historical performance of counterparties, among others.

In addition to specific allowance against individually significant receivables primarily from airline customers, the Group also assesses, at least on an annual basis, a collective impairment allowance against credit exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when the receivables were originally granted to customers. This collective allowance is based on various factors such as historical performance of the counterparties within the collective group, deterioration in the markets in which the customers operate, various country or area risks, overall performance of the airline industry, and technological obsolescence which affects the confidence of the air transport market, as well as identified structural weaknesses or deterioration in the cash flows of counterparties.

The carrying value of the Group's receivables amounted to ₱441.8 million and ₱408.8 million as of March 31, 2015 and December 31, 2014, respectively. Allowance for doubtful accounts amounted to ₱15.2 million and ₱13.1 million as of March 31, 2015 and December 31, 2014.

The carrying value of the Group's project advances and investments related to advances made to ICH and its stockholders amounted to ₱15.6 million as of December 31, 2013.

Determination of NRV of inventories
The Group estimates the NRV of inventories based on the most reliable evidence available at the time the estimates are made. These estimates consider the fluctuations of prices or costs directly relating to events occurring after the reporting date to the extent that such events affect the value of inventories. Other factors include the age and status of the inventories and the Group's experience on write-off and expirations.

The carrying value of inventories amounted to ₱31.4 million and ₱44.1 million, net of allowance for probable losses of ₱1.0 million as of March 31, 2015 and December 31, 2014, respectively.

Estimating allowances for probable losses on input taxes and tax credit certificates (TCC)
The Group estimates the level of provision for probable losses on input taxes and TCC based on the experience of the Group and assessment of counsels assisting the Group in processing the claims and negotiating the realization of TCC. As of March 31, 2015 and December 31, 2014, the carrying value of input taxes and TCC amounted to ₱205.1 million and ₱203.0 million, respectively. Allowance for probable losses amounted to ₱53.9 million and ₱72.3 million, respectively.

Estimation of useful lives of property and equipment and number of flying hours of helicopter unit
The Group estimates the useful lives of property and equipment and number of flying hours of helicopter unit based on the internal technical evaluation and experience with similar assets. Estimated useful lives and number of flying hours are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. There is no change in the estimated useful lives of property and equipment and number of flying hours as of March 31, 2015 and December 31, 2014.

The carrying value of property and equipment as of March 31, 2015 and December 31, 2014 amounted to ₱386.7 million and ₱395.3 million, respectively.

Estimation of retirement benefits costs and obligation
The cost of defined benefit pension plans, as well as the present value of the pension obligation is, determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All significant assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds, adjusted to zero coupon rates, with term consistent with the obligation of the plan.

Accrued retirement benefits payable amounted to ₱20.1 million and ₱15.3 million as of March 31, 2015 and December 31, 2014, respectively. Pension asset amounted to ₱0.1 million as of March 31, 2015 and December 31, 2014, respectively, and is included under

"Deposits and other noncurrent assets - net" account. Retirement benefits cost amounted to ₱5.1 million and ₱16.4 million as of March 31, 2015 and December 31, 2014, respectively.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets (gross of deferred income tax liabilities) at each reporting date and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The determination of future taxable income, which will establish the amount of deferred income tax assets that can be recognized, requires the estimation and use of assumptions about the Group's future income and timing of reversal of temporary differences, unused NOLCO and excess MCIT.

Gross deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱19.9 million and ₱21.4 million as of March 31, 2015 and December 31, 2014, respectively. The Group also has unrecognized deferred income taxes primarily on the Company's and non-operating subsidiaries' temporary differences, NOLCO and MCIT.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires the estimation of value-in-use of the cash generating unit to which goodwill relates. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. For the purpose of impairment testing, goodwill has been allocated to MACS, the cash generating unit. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets as approved by management covering a three-year projection. The projected cash flows was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the three year period are extrapolated into perpetuity assuming a zero growth rate, for impairment test purposes. The discount rate was a pre-tax measure based on the weighted average cost of capital of listed entities with similar assets or similar in terms of potential risk. The discount rate used in 2014 and 2013 is 9%.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the goodwill to exceed its recoverable amount. Based on management's assessment, the recoverable amount of the goodwill is higher than the carrying value, thus no impairment loss was noted on the goodwill with carrying amount of ₱17.5 million as of March 31, 2015 and December 31, 2014.

Estimation of provisions for probable loss

The Group is a party to certain claims arising from the normal course of business. The estimate of probable costs of possible claims has been developed in consultation with the Company's legal counsel and is based upon an analysis of potential results. In 2015 and 2014, the Group recognized provision for contingencies in the normal course of business

amounting to ₱3.8 million and ₱4.7 million, respectively. Outstanding amounts of provision amounted to ₱3.8 million as of March 31, 2015 and December 31, 2014. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's negotiation with the third party.

4. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the aviation-support services provided by the four subsidiaries, mining-related activities and water-related projects, which is the basis on which the Group reports its primary segment information. The Group also monitors its share in the results of operations of its associates (LTP and CPCS) that are accounted for using the equity method.

The operations of Group's segments are described as follows:

- In-flight and other catering segment, which is operated by MACS, refers to servicing of meal requirements of certain foreign and domestic passenger airlines at the NAIA and the MDA and of certain non-airline institutional accounts.

- Ground handling and aviation segment, which is operated by MASCORP, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at NAIA, MCIA and KIA.

- Charter flights segment, which is handled by MAATS, provides international and domestic chartered flights from its base at the General Aviation Area, MDA to any point within the Philippines, through alliances with other helicopter owners.

- Rental and administrative segment, which is primarily operated through MAPDC, pertains to the sub-lease of the MacroAsia Ecozone at NAIA, which MAPDC leases from Manila International Airport Authority (MIAA) with LTP as the anchor locator.

- Mining segment, which pertains to mining-related activities of the Group, refers to expenditures for exploration activities and rendering of exploration-related services.

- Water-related projects, which pertain to development (e.g., studies, surveys) and construction of water-treatment facilities activities, which are undertaken by MAPDC and its subsidiaries.

- Associates - this segment represents the Group's investments in associates that are accounted for using the equity method. Information with respect to these associates are disclosed in Note 9 of the annual consolidated financial statements.

The Group has only one geographic segment. There were no inter-segment sales in 2015, 2014 and 2013. Segment assets include the operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, other current assets and property and equipment, net of allowances, depreciation and any impairment in value. Segment liabilities include all operating liabilities for and consist principally of notes payable, accounts payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes. Segment results pertain to operating income.

Financial information on the Group's business segments as of and for the period ended March 31, 2015 and 2014 are as follows:

(In Thousand Pesos)

	January to March	
REVENUE – External	**2015**	2014
In-flight and other catering services	**262,239**	245,894
Ground handling and aviation	**119,869**	102,683
Rental and administrative services	**46,314**	46,998
Mining	**3,864**	-
Charter flights service	**2,900**	2,567
Total segment and consolidated revenue	**435,186**	398,142
RESULT – Segment result		
In-flight and other catering services	**21,371**	16,797
Ground handling and aviation	**8,229**	1,558
Rental and administrative services	**(557)**	1,686
Mining	**(2,979)**	(5,786)
Charter flights service	**(284)**	271
Water-related projects	**(1,362)**	
Share in net income (loss) of associates	**92,017**	36,973
Total segment results	**116,435**	51,499
Unallocated corporate income (expenses) and eliminations	**(7,653)**	(2,769)
Provision for income tax	**(9,437)**	(6,478)
Consolidated net income (loss)	**100,708**	42,252
OTHER INFORMATION	**Mar-15**	Dec-14
Segment assets		
In-flight and other catering services	**663,380**	612,448
Rental and administrative services	**705,686**	259,391
Ground handling and aviation	**308,247**	308,844
Charter flights service	**41,803**	39,750
Investment in associates	**753,195**	661,709
Water-related projects	**211,115**	194,017
Mining	**32,201**	268,523
Total segment assets	**2,715,627**	2,344,683
Investment property	**143,852**	143,852
Deferred tax asset	**19,894**	21,360
Unallocated corporate assets	**539,704**	816,712
Consolidated total assets	**3,419,076**	3,326,607
Segment liabilities		
In-flight and other catering services	**301,767**	285,725
Rental and administrative services	**531,276**	444,181
Ground handling and aviation	**149,911**	157,665
Charter flights service	**24,311**	22,942
Water-related projects	**119,247**	118,770
Mining	**43,676**	43,681
Total segment liabilities	**1,170,189**	1,072,965
Deferred tax liabilities	**(1,661)**	1,115
Unallocated corporate liabilities and eliminations	**(662,377)**	(557,848)
Consolidated total liabilities	**506,152**	516,232

Capital expenditures	January to March	
	2015	2014
In-flight catering services	**3,713**	6,007
Rental and administrative services	**1,429**	91,324
Ground handling and aviation	**-**	-
Charter flights service	**98**	-
Water-related projects	**158**	-
Mining	**-**	-
Total	**5,398**	97,331
Depreciation & amortization		
In-flight catering services	**5,245**	13,126
Rental and administrative services	**414**	528
Ground handling and aviation	**8,183**	7,842
Charter flights service	**306**	349
Water-related projects	**422**	-
Mining	**759**	55
Unallocated corporate depreciation and amortization	**2,136**	2,568
Total	**17,465**	24,468
Non cash expenses other than depreciation & amortization		
In-flight catering services	**4,486**	1,300
Ground handling and aviation services	**4,302**	55
	8,788	1,355

5. Basic/Diluted Earnings per Share

Basic/diluted earnings per share are computed as follows:

(In thousand pesos except earnings per share)	**Mar-15**	**Dec-14**	**Mar-14**
Net income attributable to equity holders of the parent	**97,734**	114,980	39,901
Divided by weighted average number of common shares	**1,233,404**	1,233,404	1,233,404
	0.0792	0.0932	0.0323

6. Equity

a. Restriction on retained earnings of the Company

The retained earnings as of March 31, 2015 is restricted for dividend declaration for the portion equivalent to the following:

- Undistributed earnings of subsidiaries and equity in net earnings of associates amounting to ₱249.4 million and ₱151.7 million as of March 31, 2015 and December 31, 2014, respectively.

- Cost of treasury shares amounting to ₱49.4 million as of March 31, 2015 and December 31, 2014.

- Deferred income tax assets amounting to ₱1.4 million and ₱1.4 million as of March 31, 2015 and December 31, 2014.

b. Appropriation of retained earnings

On December 12, 2014, the MACS' BOD approved the appropriation of its retained earnings amounting to ₱50.0 million for plant expansion. MACS' BOD allocated this appropriation for the company's plans to operate an offsite commissary within the next two years.

On September 26, 2012, MACS' BOD approved the appropriation of its retained earnings which amounted to ₱50.0 million for various investments to expand business and renovation of facilities of MACS. On December 31, 2013, MACS' BOD has allotted this appropriation for the operation of an offsite commissary within the next two years.

On June 21, 2012, MASCORP's BOD approved the appropriation of its retained earnings which amounted to ₱30 million for business expansion. The expansion program is expected to run for another two years.

On December 12, 2011 and July 15, 2011, the Company's BOD approved the appropriation of the Company's retained earnings which amounted to ₱393.1 million and ₱300.0 million, respectively, for the mining development projects and water project, respectively. The water project is expected to be completed and operational on the last quarter of 2015. As to the mining project, the Company intends to start development activities and mining operations on 2015, after the period allotted for the extension of exploration, if on-going studies indicate favorable economics.

On December 12, 2011, MAATS' BOD approved the appropriation of its retained earnings which amounted to ₱15.0 million for purposes of expanding the business of MAATS, particularly the construction of an aircraft hangar. Acquisition is to be made in 2015 or earlier. In 2014, however, MAATS' BOD reversed the appropriated amount to declare as dividend during the year.

c. Cash dividends declared by the Company from the unappropriated retained earnings are as follows:

Date Approved	Per share	Stockholder of Record Date	Date of Payment
March 25, 2013	*₱0.065*	April 24, 2013	May 19, 2013
March 7, 2012	*0.065*	April 24, 2012	May 18, 2012

d. Treasury stock

On July 16, 2010, the BOD approved the Share Buyback Program (the Program) involving a total cash outlay of ₱50.0 million for the repurchase of the outstanding common shares of the Company from the market, using the trading facilities of the Philippine Stock Exchange (PSE). The Program will not involve any active or widespread solicitation for stockholders to sell. Repurchase of shares of stock will be done during the period of the Program at such prices perceived by the Company to be lower than the inherent value of the share. The Program will run until the ₱50.0

million authorized cash outlay is fully utilized or until such time that the BOD may direct, subject to appropriate disclosures to the PSE and the SEC.

There was no reacquisition of shares as of March 31, 2015 and December 31, 2014. In 2012, the Company reacquired 6,125,000 shares for ₱17.5 million.

e. Movement in the Company's outstanding shares follows:

Outstanding shares as of December 31, 2011	1,239,529,000
Acquisition of treasury shares in 2012	6,125,000
Outstanding shares as of December 31, 2013, 2014 and March 31, 2015	1,233,404,000

f. Track record of registration of securities

On August 30, 1974, the SEC authorized the registration and licensing of the Company's securities with total par value of ₱20.0 million divided into 2,000,000,000 shares with a par value of ₱0.01 per share.

On March 22, 2000, the Philippine Stock Exchange, Inc. authorized to list the Company's 750,000,000 shares, with a par value of ₱1.00 per share and 500,000,000 warrants divided into the following:

i. 250,000,000 shares to cover the 1:4 stock rights offering to stockholders of record as of April 12, 2000 at an offer price of ₱2.00 per share;

ii. 500,000,000 warrants to cover the 2:1 warrants offering attached to and detachable from the rights shares at a subscription price of ₱0.10 per warrant; and

iii. 500,000,000 shares to cover the underlying shares of warrants at an exercise price of ₱6.00 per share. Actual listing of the underlying common shares of the warrants shall take effect upon the exercise of the warrants.

iv. All warrants expired in 2005.

MAC's shares are listed and traded at the Philippine Stock Exchange, Inc. and the approximate number of holders of its common equity as of March 31, 2015 and December 31, 2014 is 859 and 856, respectively.

g. Cash dividends received by non-controlling interest

On December 10, 2013, MACS' BOD approved the declaration of cash dividends amounting to ₱20.0 million or ₱16 per share payable on or before April 15, 2014.

On March 27, 2013, MACS' BOD approved the declaration of cash dividends amounting ₱20.0 million or ₱16 per share payable on or before May 15, 2013 and

another ₱20.0 million or ₱16 per share payable on or December 31, 2013. These were fully paid in 2013.

Dividends attributed to non-controlling interest amounted to ₱12.0 million. Outstanding payable as of December 31, 2013 amounted to ₱4.0 million, which was paid in 2014.

h. Acquisition of non-controlling interest

In 2014, MAPDC paid a total of ₱10.6 million for the remaining 12.6% non-controlling interest to the previous stockholders of WBSI.

In 2012, MAC paid for the subscription payable of all of the previous non-controlling stockholders of MMC bringing MAC's ownership over MMC from 67% to 100%. The carrying value of the interest acquired as of that date amounted to ₱2.1 million.

7. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of March 31, 2015 and December 31, 2014. Further, no changes were made in the objectives, policies or processes for the three-month period ended March 31, 2015 and December 31, 2014.

The Group monitors capital vis-à-vis after tax profit. The Group also monitors the equity ratio. Equity considered by the Group is total equity in the consolidated balance sheets, excluding items arising from other comprehensive income. The return on equity ratio is computed by dividing the after tax profit by total capital.

The following summarizes the total capital considered by the Group and the computation of the return on equity:

	31-Mar-15	31-Dec-14	**31-Mar-14**
Capital stock	**1,250,000**	1,250,000	1,250,000
Additional paid in capital	**281,437**	281,437	281,437
Treasury shares	**-49,419**	-49,419	-49,419
Retained earnings	**1,575,751**	1,477,897	1,413,400
	3,057,769	2,959,915	2,895,418
Net income after tax	**97,577**	121,910	42,252
Return on equity	**3.19%**	4.12%	1.46%

8. Financial Risk Management Objectives and Policies

Risk Management Structure

Audit Committee

The Committee performs oversight role on financial management functions especially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Group.

Risk Management Committee

The Committee assists the BOD in identifying and assessing the various risks to which the Group is exposed to. The Committee also ensures that the Group's management has implemented a process to identify, manage and report on the risks that might prevent the Group from achieving its strategic objectives.

Board of Directors

The BOD is responsible for the overall risk management approach and for approval of risk strategies and principles of the Group.

Financial Risk Management

The Group's principal financial instruments comprise cash and cash equivalents and some external liabilities which were availed of primarily to fund operations. The Group has other financial assets and financial liabilities such as trade receivables and payables which arise directly from operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Foreign currency risk

The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately 90% of MACS' and 63% of MASCORP's revenue in 2014, 2013, and 2012, respectively, are denominated in US$. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations.

The following table demonstrates the impact on the Group's income before income tax and equity of reasonably possible changes in the US$, with all other variables held constant:

(in millions)	Movement in US$	Increase (decrease) on Income/Loss before Income Tax US$
2015	Increase of 5%	15.6
	Decrease of 5%	(15.6)
2014	Increase of 5%	10.2
	Decrease of 5%	(10.2)
2013	Increase of 5%	13.4
	Decrease of 5%	(13.4)

Credit and concentration risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group trades only with related parties and duly evaluated and approved creditworthy third parties. It is the Group's policy that all customers and counterparties that wish to trade with the Group, particularly on credit terms, are subjected to credit verification procedures. In addition, receivable balances are monitored on a continuous basis with the result that the Group's exposure to bad debts is not significant. The Group has major concentration of credit risk given that the Group's cash and cash equivalents are deposited in the local affiliated bank. Further, MASCORP's major customers include PAL and Air Phil. However, since these companies are related parties and the local affiliated bank is one of the country's reputable banks, management believes that the Company is not exposed to any significant risk.

With respect to credit risk arising from financial assets, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments. The Group only deals with financial institutions that have been approved by the BOD of the Company and those of its subsidiaries. The Group does not require any collateral and other credit enhancements.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings.

The tables below show the credit quality of the Group's financial assets and an aging analysis of past due but not impaired financial assets.

	Neither past due nor impaired			Past due or	
March 31, 2015 (in '000)	High Grade	Standard Grade	Sub-standard Grade	individually impaired	Total
Loans and receivable:					
Cash in bank and cash equivalents*	684,920,942	-	-	-	684,920,942
Receivables:					
Trade	123,055,367			216,562,084	339,617,451
Due from officers and employees	19,323,857	-	-	-	19,323,857
Interest receivable	2,465,439	-	-	-	2,465,439
Other receivables	48,085,375	-	-	-	48,085,375
Deposits	20,151,931	-	-	-	20,151,931
Project advances and investment		64,023,930	-	-	64,023,930
AFS investments					
Retail treasury and corporate bonds	103,374,400	-	-	-	103,374,400
	1,001,377,311	64,023,930	-	216,562,084	1,281,963,325

**Exclusive of cash on hand amounting to P954,783 as of March 31, 2015*

December 31, 2014 (in '000)	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard Grade	Sub-standard Grade		
Loans and receivable:					
Cash in bank and cash equivalents*	680,209,788	-	-	-	680,209,788
Receivables:					
Trade	158,830,386	41,756,342	-	172,120,184	372,706,912
Due from officers and employees	16,907,870	-	-	-	16,907,870
Interest receivable	2,573,415	-	-	-	2,573,415
Other receivables	9,847,087	-	-	3,224,887	13,071,974
Deposits	20,335,958	-	-	-	20,335,958
AFS investments					
Retail treasury and corporate bonds	66,197,600	-	-	-	66,197,600
	954,902,104	41,756,342	-	175,345,071	1,172,003,517

**Exclusive of nonfinancial assets of P1,027,745 as of December 31, 2014.*

The Group's financial assets are categorized based on the Group's collection experience with affiliates and third parties.

a. High Grade – settlements are obtained from counterparty following the terms of the counterparty.
b. Standard Grade – some reminder follow-ups are performed to obtain settlement from the counterparty.
c. Sub-standard Grade – constant reminder follow-ups are performed to collect accounts from counterparty.
d. Impaired – difficult to collect with some uncertainty as to collectability of the accounts.

Overall, the Group considers its high grade and standard grade accounts of good quality and it expects to collect all receivables except for impaired accounts where credit losses may be incurred.

The aging analysis of past due but not impaired financial assets per class of financial assets

	Past Due but not Impaired					
	Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days	Impaired	Total
31-Mar-15	**97,510,215**	**122,669,907**	**130,875,514**	**51,105,799**	**1,278,529**	**403,439,965**
31-Dec-14	37,153,642	58,588,286	23,408,940	43,110,333	13,083,870	175,345,071

Impairment assessment

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment on an individual account basis.

Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue,

the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention even at interim.

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's notes payable with floating interest rates. The Group has a practice of keeping its interest-bearing liabilities to third parties within a threshold that can be serviced through operating cash flows. Management closely monitors the behavior of interest rates to ensure that cash flow interest rate risk is kept within management's tolerable level. Finally, interest-bearing liabilities are ordinarily incurred on a short-term basis only.

The following table sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel challenges in the interest rate curve in terms of basis points (bp) as of March 31, 2015, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

	Increase (decrease) on Income before Income Tax March 31, 2015	Increase (decrease) on Income before Income Tax December 31, 2014
100 bp rise	₱ (0.21 million)	₱ (0.86 million)
100 bp fall	0.21million	0.86 million
50 bp rise	(0.11 million)	(0.14 million)
50 bp fall	0.11 million	0.14 million

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows which could be used to secure additional funding if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of operating cash flows, advances from related parties and short-term bank loans.

In addition, MASCORP has an available credit line for ₱20.0 million as of December 31, 2014. The line of credit is available through drawing of checks up to the approved credit line and will be effective up to November 2015. As of December 31, 2014, there was no amount drawn against this line of credit.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual and undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. The table also analyses the maturity profile of the Group's financial assets held for managing liquidity in order to provide complete view of the Group's contractual commitments and liquidity.

As of March 31, 2015 (in '000)	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	685,875,725	-	-	-	685,875,725
Receivables:		-	-	-	
Trade	339,617,451	-	-	-	339,617,451
Due from officers and employees	19,323,857	-	-	-	19,323,857
Interest receivable	2,465,439	-	-	-	2,465,439
Other receivables	80,415,863	-	-	-	80,415,863
Deposits	-	-	-	20,151,931	20,151,931
Project advances and investment	64,023,930	-	-	-	64,023,930
AFS - debt	-	103,374,400	-	.	103,374,400
	1,191,722,264	103,374,400	-	20,151,931	1,315,248,596
Other financial liabilities:					
Accounts payable and accrued liabilities	260,766,384	-	-	-	260,766,384
Notes Payable	25,250,600	19,174,194	19,174,194	15,799,194	79,398,183
Dividends payable	8,620,761	-	-	-	8,620,761
Deposit	-	-	-	24,781,908	24,781,908
	294,637,744	19,174,194	19,174,194	40,581,103	373,567,236
Liquidity position	897,084,520	84,200,206	(19,174,194)	(20,429,171)	941,681,360

As of Dec. 31, 2014 ('000)	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	681,237,533	-	-	-	681,237,533
Receivables:		-	-	-	
Trade	372,706,911	-	-	-	372,706,911
Due from officers and employees	16,907,870	-	-	-	16,907,870
Interest receivable	2,573,415	-	-	-	2,573,415
Other receivables	13,071,974	-	-	-	13,071,974
Deposits*	-	-	-	40,195,739	40,195,739
Available for sale - debt	-	66,197,600	-	-	66,197,600
	1,086,497,703	66,197,600	-	40,195,739	1,192,891,042
Other financial liabilities:					
Accounts payable and accrued liabilities**	241,594,196	-	-	-	241,594,196
Notes payable***	88,048,792	-	-	-	88,048,792
Dividends payable	8,620,761	-	-	-	8,620,761
Deposit****	-	-	-	39,596,190	39,596,190
	338,263,749	-	-	39,596,190	377,859,939
Liquidity position	748,233,954	66,197,600	-	599,549	815,031,103

**Inclusive of accretion of interest of P19,859,781*

***Exclusive of nonfinancial liabilities of P17,952,416.*

****Inclusive of interest to maturity P2,321,459*

*****Inclusive of accretion of interest of P19,260,232*

9. *Fair Value of Financial Instruments*

The following is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are reflected in the consolidated financial statements as of March 31, 2015 and December 31, 2014:

As at 31 March 2015			**Fair value measurements using**		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measures at fair value:					
Available for sale financial investments					
Government Securities	March 31, 2015	**66,197,600**	**66,197,600**		
Golf club shares		**37,138,300**	**37,138,300**		
Assets for which fair value is disclosed:					
Investment property	March 31, 2015	**143,852,303**			**143,852,303**
Deposits	March 31, 2015	**20,151,931**			**20,151,931**
Liabilities for which fair value is disclosed					
Deposits	March 31, 2015	**24,781,908**			**24,781,908**

As at 31 December 2014			**Fair value measurements using**		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measures at fair value:					
Available for sale financial investments					
Government Securities	December 31, 2014	66,197,600	66,197,600		
Golf club shares		37,138,300	37,138,300		
Assets for which fair value is disclosed:					
Investment property	December 31, 2014	143,852,303			257,959,500
Deposits	December 31, 2014	16,208,078			16,208,078
Liabilities for which fair value is disclosed					
Deposits	December 31, 2014	5,328,763			5,328,763

There have been no transfers between Level 1 and 2 in 2015 and 2014.

Cash and cash equivalents, receivables, accounts payables and accrued liabilities

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

Notes payable

The carrying value of notes payable approximates its fair value due to the re-pricing feature of the interest it carries.

AFS investments

Fair value of the quoted notes and bonds is based on exit price at the reporting date.