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Company Information

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MacroAsia Corporation

"STATEMENT OF MANAGEMENT'S RESPONSIBIILITY FOR FINANCIAL STATEMENTS"

The management of **MACROASIA CORPORATION**. is responsible for the preparation and fair presentation of the financial statements for the year(s) ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Dr Lucio C. Tan
Chairman of the Board and Chief Executive Officer

Eduardo T. Luy
President and COO

Amador T. Sendin
Chief Financial Officer

BUREAU OF INTERNAL REVENUE
MAR 27 2024

12/F, Allied Bank Center, 6754 Ayala Avenue, Makati City • Tel. No. (632) 840 2001 • Fax No. (632) 840-1892

MacroAsia Corporation

Subscribed and sworn to before me this ______ day of MAR 26 2024 ________________, affiants exhibiting to me his/her Tax Identification Number, as follows:

NAMES	T. I. N.
LUCIO C. TAN	101-914-722
EDUARDO LUIS T. LUY	435-295-033
AMADOR T. SENDIN	135-963-712

MA. ESMERALDA R. CUNANAN
Notary Public for and in Makati City
Until December 31, 2025
Appt. No. M-013 (2024-2025) Makati City
Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/valid until 4-14-2025
PTR No. 10074031/1-2-2024/Makati City
IBP Lifetime Member No. 05413
G/F Dela Rosa Carpark I, Dela Rosa St.
Legaspi Village, Makati City

Doc. No. 364
Page No. 74
Book No. XVIII
Series of 2024

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

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SEC Registration Number: 40524

COMPANY NAME

MACROASIA CORPORATION

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

12th Floor, PNB Allied Bank Center, 6754 Ayala Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@macroasiacorp.com/ macroasia_sec@macroasiacorp.com	(02) 8840-2001	09955603449

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
845	May 11	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Amador T. Sendin	atsendin@macroasiacorp.com	(02) 8840-2001	N/A

CONTACT PERSON's ADDRESS

12th Floor, PNB Allied Bank Center, 6754 Ayala Avenue, Makati City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
MacroAsia Corporation
12th Floor, PNB Allied Bank Center
6754 Ayala Avenue, Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of MacroAsia Corporation (the Company), which comprise the parent company balance sheets as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

BUREAU OF INTERNAL REVENUE
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 25 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of MacroAsia Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-109-2020, October 26, 2023, valid until October 25, 2026
PTR No. 10079916, January 5, 2024, Makati City

March 21, 2024

BUREAU OF INTERNAL REVENUE
MAR 27 2024

MACROASIA CORPORATION
PARENT COMPANY BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 13)	**₱267,914,516**	₱96,600,183
Receivables (Notes 6 and 13)	**485,190,429**	525,510,043
Advances to related parties (Note 13)	**1,127,727,926**	955,511,161
Other current assets (Note 7)	**80,258,858**	86,321,198
Total Current Assets	**1,961,091,729**	1,663,942,585
Noncurrent Assets		
Loan receivable (Note 13)	**173,898,304**	159,805,688
Equity investments designated at fair value through other comprehensive income (FVTOCI) (Note 10)	**120,138,300**	105,138,300
Investments in and advances to subsidiaries and associates (Note 8)	**3,854,684,724**	3,701,246,283
Property and equipment (Note 9)	**30,555,028**	31,107,772
Right-of-use assets (Note 22)	**9,669,577**	16,349,065
Other noncurrent assets (Note 13)	**58,022,988**	47,733,347
Total Noncurrent Assets	**4,246,968,921**	4,061,380,455
TOTAL ASSETS	**₱6,208,060,650**	₱5,725,323,040
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 12)	**₱100,000,000**	₱–
Accounts payable and accrued liabilities (Note 11)	**77,715,875**	71,374,289
Current portion of lease liabilities (Note 22)	**3,280,336**	5,747,899
Dividends payable (Notes 17 and 21)	**9,725,208**	9,528,020
Advances from subsidiaries (Note 13)	**384,690**	5,788,497
Total Current Liabilities	**191,106,109**	92,438,705
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 22)	**2,884,767**	7,165,896
Accrued retirement and other employee benefits payable (Note 14)	**27,538,085**	28,127,628
Deferred income tax liabilities (Notes 10 and 15)	**15,638,295**	14,731,547
Total Noncurrent Liabilities	**46,061,147**	50,025,071
Total Liabilities	**237,167,256**	142,463,776
Equity		
Capital stock (Note 17)	**1,933,305,923**	1,933,305,923
Additional paid-in capital	**281,437,118**	281,437,118
Other comprehensive income (Notes 10 and 14)	**33,173,438**	29,352,650
Retained earnings (Note 17):		
Appropriated	**850,000,000**	850,000,000
Unappropriated	**3,332,395,127**	2,948,181,785
Treasury shares (Note 17)	**(459,418,212)**	(459,418,212)
Total Equity	**5,970,893,394**	5,582,859,264
TOTAL LIABILITIES AND EQUITY	**₱6,208,060,650**	₱5,725,323,040

See accompanying Notes to Parent Company Financial Statements.

MACROASIA CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2023	2022
INCOME		
Dividend income (Notes 8 and 13)	**₱539,098,000**	₱124,686,166
Service fee (Note 13)	**126,987,749**	115,040,300
Rent income	**7,200,000**	7,569,652
	673,285,749	247,296,118
COSTS AND EXPENSES		
Salaries and wages	**110,488,213**	61,952,067
Employee benefits (Note 14)	**6,121,338**	4,731,020
	116,609,551	66,683,087
Professional and consultancy fees	**22,910,720**	19,847,147
Depreciation and amortization (Notes 9 and 22)	**19,260,658**	19,583,512
Directors' fees	**8,400,000**	7,131,624
Meetings, events, entertainment, and others	**4,757,049**	510,030
Taxes and licenses	**3,946,230**	2,369,709
Membership fees and dues	**3,397,551**	3,821,221
Transportation and travel	**3,140,674**	1,512,612
Business development	**2,993,771**	1,226,240
Insurance	**2,683,290**	2,747,877
Repairs and maintenance	**2,570,737**	1,006,396
Communication and utilities	**1,828,982**	1,463,529
Rent	**864,716**	1,619,005
Others	**12,506,094**	9,532,400
	205,870,023	139,054,389
OTHER INCOME - net		
Interest income (Notes 5 and 13)	**15,644,008**	7,541,131
Finance charges (Notes 12 and 22)	**(6,234,368)**	(14,152,931)
Foreign exchange gains - net (Note 19)	**4,300,213**	21,417,698
	13,709,853	14,805,898
INCOME BEFORE INCOME TAX	**481,125,579**	123,047,627
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)		
Current	**2,167,447**	1,555,960
Final	**1,540,126**	142,129
Deferred	**(1,343,252)**	887,839
	2,364,321	2,585,928
NET INCOME	**₱478,761,258**	₱120,461,699
Basic/Diluted Earnings Per Share (Note 16)	**₱0.25**	₱0.06

See accompanying Notes to Parent Company Financial Statements.

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MACROASIA CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
NET INCOME	**₱478,761,258**	₱120,461,699
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments held at FVTOCI, net of tax (Note 10)	**12,750,000**	18,700,000
Remeasurement loss on defined benefit plan (Note 14)	**(8,929,212)**	(4,622,679)
	3,820,788	14,077,321
TOTAL COMPREHENSIVE INCOME	**₱482,582,046**	₱134,539,020

See accompanying Notes to Parent Company Financial Statements.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A MAKATI
REVENUE DISTRICT OFFICE NO. 47
EAST MAKATI
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INITIAL
RCO'S NAME: MA. CARLIA M. LACSON

MACROASIA CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

			Other comprehensive income						
	Capital Stock (Note 17)	Additional Paid-in Capital	Reserve for Fair Value Changes of Financial Assets (Note 10)	Remeasurements on Defined Benefit Plan (Note 14)	Subtotal	Retained Earnings (Note 17) Appropriated	Retained Earnings (Note 17) Unappropriated	Treasury Shares (Note 17)	Total
BALANCES AT DECEMBER 31, 2021	**₱1,933,305,923**	**₱281,437,118**	**₱51,019,999**	**(₱35,744,670)**	**₱15,275,329**	**₱850,000,000**	**₱2,827,720,086**	**(₱459,418,212)**	**₱5,448,320,244**
Net income	–	–	–	–	–	–	120,461,699	–	120,461,699
Other comprehensive income (loss)	–	–	18,700,000	(4,622,679)	14,077,321	–	–	–	14,077,321
Total comprehensive income (loss)	–	–	18,700,000	(4,622,679)	14,077,321	–	120,461,699	–	134,539,020
BALANCES AT DECEMBER 31, 2022	**1,933,305,923**	**281,437,118**	**69,719,999**	**(40,367,349)**	**29,352,650**	**850,000,000**	**2,948,181,785**	**(459,418,212)**	**5,582,859,264**
Net income	–	–	–	–	–	–	478,761,258	–	478,761,258
Other comprehensive income (loss)	–	–	12,750,000	(8,929,212)	3,820,788	–	–	–	3,820,788
Total comprehensive income (loss)	–	–	12,750,000	(8,929,212)	3,820,788	–	478,761,258	–	482,582,046
Dividend declaration	–	–	–	–	–	–	(94,547,916)	–	(94,547,916)
BALANCES AT DECEMBER 31, 2023	**₱1,933,305,923**	**₱281,437,118**	**₱82,469,999**	**(₱49,296,561)**	**₱33,173,438**	**₱850,000,000**	**₱3,332,395,127**	**(₱459,418,212)**	**₱5,970,893,394**

See accompanying Notes to Parent Company Financial Statements.

MACROASIA CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱481,125,579**	₱123,047,627
Adjustments for:		
Finance charges (Notes 12 and 22)	**6,234,368**	14,152,931
Depreciation and amortization (Notes 9 and 22)	**19,260,658**	19,583,512
Interest income (Notes 5 and 13)	**(15,644,008)**	(7,541,131)
Unrealized foreign exchange gain - net	**(2,528,702)**	(7,970,922)
Provision for long term benefits	**628,138**	199,680
Retirement benefits costs (Note 14)	**4,853,107**	4,053,610
Dividend income (Notes 8 and 13)	**(539,098,000)**	(124,686,166)
Operating income (loss) before working capital changes	**(45,168,860)**	20,839,141
Decrease (increase) in:		
Receivables	**45,403,786**	(73,302,865)
Other current assets	**12,060,694**	(1,759,164)
Other noncurrent assets	**(10,289,641)**	(7,264,957)
Increase in accounts payable and accrued liabilities	**716,588**	23,985,351
Cash generated from (used in) operations	**2,722,567**	(37,502,494)
Contributions to retirement fund (Note 14)	**(15,000,000)**	(3,000,000)
Interest received	**10,559,834**	1,197,278
Interest expense paid	**(5,825,000)**	(13,375,669)
Income taxes paid, including creditable withholding taxes and final taxes	**(9,705,927)**	(4,384,244)
Net cash flows used in operating activities	**(17,248,526)**	(57,065,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received (Note 13)	**539,098,000**	124,686,166
Advances made to subsidiaries (Note 13)	**(320,030,206)**	–
Grant of loans receivable (Note 13)	**(17,625,291)**	–
Acquisitions of property and equipment (Note 9)	**(12,028,426)**	(713,316)
Advances from (payment to) subsidiaries (Note 13)	**(5,403,807)**	5,788,497
Collection of loan receivable (Note 13)	**3,532,675**	15,000,000
Collection of advances to subsidiaries (Note 13)	**–**	69,052,738
Net cash generated from investing activities	**187,542,945**	213,814,085
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan availments (Notes 12 and 21)	**100,000,000**	–
Dividends paid (Note 21)	**(94,350,728)**	–
Payments of:		
Notes payable (Notes 12 and 21)	**–**	(275,000,000)
Lease liabilities (Notes 21 and 22)	**(6,748,692)**	(5,135,493)
Interest paid on lease liabilities (Notes 21 and 22)	**(409,368)**	(777,262)
Net cash used in financing activities	**(1,508,788)**	(280,912,755)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,528,702**	763,859
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**171,314,333**	(123,399,940)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**96,600,183**	220,000,123
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱267,914,516**	₱96,600,183

See accompanying Notes to Parent Company Financial Statements.

1. **Corporate Information and Authorization for Release of the Parent Company Financial Statements**

Corporate Information
MacroAsia Corporation (the Company), 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 changed 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. On August 7, 2018, the Company's Articles of Incorporation was further amended for the extension of the Company's corporate life for another 50 years, from and after February 15, 2020. However, under the Revised Corporation Code of the Philippines, MAC shall have a perpetual corporate life. Its registered office address is at the 12th Floor, PNB Allied Bank Center, 6754 Ayala Avenue, Makati City.

Business Operations
The Company, through its subsidiaries and associates (the Group, see Note 8), 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), Davao International Airport, Tuguegarao Airport and the General Aviation Area. 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) and its subsidiaries, the Company also provides the food requirements of some passenger terminal lounges in NAIA. MACS has also ventured into the provision of the food service requirements of non-airline institutional clients outside the airport. 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. Further, considering the expertise of staff gained through the exploration of the Company's Infanta Nickel Project in Palawan, the Company renders exploration services for other mining companies, through MacroAsia Mining Corporation (MMC), a wholly owned subsidiary. These activities are further described in Note 8 to the parent company financial statements.

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.

Authorization for Release of the Parent Company Financial Statements
The parent company financial statements of the Company as of December 31, 2023 and 2022 and for the years then ended were authorized for issuance by the Board of Directors (BOD) on March 21, 2024.

2. Summary of Material Accounting Policies

Basis of Preparation
The parent company financial statements have been prepared on a historical cost basis, except for equity investments held at fair value through other comprehensive income (FVTOCI), which are carried at fair value. The parent company financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso, except when otherwise indicated.

The parent company financial statements are the Company's separate financial statements prepared in compliance with Philippine Accounting Standards (PAS) 27, *Separate Financial Statements*. The financial statements are prepared for submission to the Philippine Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR).

The Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements, which are presented in conformity with Philippine Financial Reporting Standards (PFRSs) and may be obtained from Philippine SEC or from the Company's website.

Statement of Compliance
The parent company financial statements have been prepared in compliance with PFRSs.

The financial reporting framework includes all applicable PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) including the SEC pronouncements.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The material accounting policy information adopted in the preparation of the parent company financial statements are summarized below:

Investments in Subsidiaries
Subsidiaries are entities over which the Company has control. Control is achieved when the Company 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 Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company 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; and
- the Company's voting rights and potential voting rights.

The Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Investments in shares of stock of subsidiaries are accounted for at cost less any impairment in value.

Investments in Associates
Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. Investment in an associate is accounted for under the cost method less any impairment in value. Under the cost method, the investment is recognized at cost and rights for dividend payments from the investment are recognized as "Dividend income" in the parent company statements of income.

In 2023 and 2022, investments in associates pertain to the Company's investments in shares of stock of LTP, 49%-owned, Cebu Pacific Catering Services, Inc. (CPCS), 40%-owned, and Japan Airport Service Co., Ltd. (JASCO), 30%-owned (see Note 8).

Foreign Currency-denominated Transactions and Translations

Transactions in foreign currencies are initially recorded in the foreign currency rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated at the foreign currency rate of exchange at end of reporting period. All differences are taken to the parent company statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial Assets and Financial Liabilities

Financial assets at amortized cost (debt instruments)

This category is most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are closely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the parent company statements of income when the asset is derecognized, modified or impaired.

As of December 31, 2023 and 2022, the Company's financial assets at amortized cost includes cash and cash equivalents, receivables, advances to related parties, loans receivable and refundable deposits.

Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at FVTOCI when they meet the definition of equity under PAS 32, *Financial Instruments, Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in parent company statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its equity instruments under this category.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information (e.g., financial difficulty or insolvency) indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost, less any impairment in value, if any.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes, borrowing costs, and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.
Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	No. of years
Transportation equipment	5
Drilling equipment	5
Office furniture and equipment	3 to 7

Leasehold improvements are amortized over the term of the lease or the life of the asset (which ranges from two to five years), whichever is shorter.

Depreciation and amortization of an item of property and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization cease at the earlier of the date that an item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	In Years
Land	35
Office space	4 to 5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery, equipment, office space and staff house (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Deferred Mine Exploration Costs
Expenditures for mine exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource) are deferred as incurred, carried at cost less any impairment in value and presented as "Deferred mine exploration costs" in the parent company balance sheet. When, as a result of the exploration work, recoverable reserves are determined to be present in quantities that can be commercially produced, exploration expenditures and subsequent development costs are capitalized as mine and mining properties and classified as part of property and equipment. A valuation allowance is provided for estimated unrecoverable deferred mine exploration costs based on the technical assessment by the Company of the future prospects of each mining property. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable or when the project is abandoned, the deferred mine exploration costs associated with the project and the related impairment provisions are written off. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

Mining expenses, which are not related to establishing the technical feasibility and commercial viability of mineral resource extractions, are expensed outright.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that investments in subsidiaries and associates, property and equipment, right-of-use assets, and deferred mine exploration costs may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed and recognized in the parent company statement of income only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Employee Benefits

Retirement benefits costs

Retirement benefits cost is actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation.

Retirement benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Re-measurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company's right to be reimbursed some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The amount recognized as retirement benefits liability or net pension asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period. For leave credits expected to be settled at the date of retirement or recognition, the liability is presented at its present value using assumptions consistent with those used to discount retirement benefits. The expense recognized in the parent company statement of income comprise the service cost, net interest of the liability and remeasurements.

Short-term employee benefits
Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, if expected to be settled wholly within 12 months after the reporting date in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Company during the reporting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

<u>Income Taxes</u>
Current income tax
Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax for the current and prior periods shall to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" in the parent company balance sheet. If the amount already paid, including the cumulative creditable withholding taxes, in respect of the current and prior period exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" in the parent company balance sheet.

Deferred income tax
Deferred income tax assets and liabilities are provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of excess MCIT over RCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates, and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced 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 tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in the comprehensive income in other comprehensive income. Deferred income tax relating to items recognized outside the parent company statement of income is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off the deferred income tax assets against the deferred income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense. 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.

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events), if any, are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

Segment Information
The Company's operating businesses are organized and managed separately according to the nature of the aviation-support service provided by its four subsidiaries, maintenance, repairs and overhaul, mining-related activities and water treatment and distribution. This is the basis on which the Company reports its primary segment information. The Company also monitors the revenue and operating results of its associates. Information with respect to these subsidiaries, as well as the Company's associates, are disclosed in Notes 4 and 8. The Company's geographic segment is the Philippines only. The Company operates and derives all its revenue from domestic operation.

3. Significant Judgments and Accounting Estimates

The preparation of the parent company financial statements in accordance with PFRSs requires the Company to exercise judgments, make estimates and use assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The estimates and assumptions used in the parent company financial statements 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 parent company financial statements as they become reasonably determinable.

Judgments
In the process of applying the Company'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 parent company financial statements:

Assessment of control or significant influence over the investee
The Company makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that the Company 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. A reassessment is made if circumstances indicate that there are changes in these control elements. The Company has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee. As of December 31, 2023 and 2022, the Company still determined that it controls its subsidiaries and has significant influence over its associates.

Recognition and measurement of revenue from contracts with customers and determination of the timing of satisfaction of performance obligation
The Company applied judgments that could significantly affect the determination of the amount and timing of revenue from contracts with customers. The Company assessed that performance obligations for service fee are rendered to the customers over time. As a result, the Company recognized revenue based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment.

Contingencies
The Company, in its normal course of business, is involved in various legal cases and claims. Based on management's assessment, the Company will be able to defend its position on these cases and that the ultimate outcome will not have a significant impact on the parent company financial statements. Accordingly, no provision has been recognized for these contingencies (see Note 24).

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 Company'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 parent company balance sheets cannot be measured based on quoted prices in active markets, their fair values are 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 (see Note 20).

Provision for expected credit losses
For the receivables from related parties, including the advances to subsidiaries, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing ECL against recorded receivable amounts. The impairment loss is re-evaluated and adjusted as additional information is received.

The Company's receivables and advances to subsidiaries amounted to ₱1,612.9 million and ₱1,481.0 million as of December 31, 2023 and 2022, respectively (see Notes 6 and 13).

Determination of indicators of impairment of nonfinancial assets
The Company assesses at each reporting date whether there is any indication that its investments in and advances to subsidiaries and associates, property and equipment, right-of-use assets, and deferred mine exploration costs be impaired.

The factors that the Company 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.

If such indication exists, the Company performs impairment testing to estimate the recoverable amount of the related asset.

The carrying values of the nonfinancial assets are as follows:

	2023	2022
Investments in and advances to subsidiaries and associates (Note 8)	**₱3,854,684,724**	₱3,701,246,283
Property and equipment (Note 9)	**30,555,028**	31,107,772
Right-of-use assets (Note 22)	**9,669,577**	16,349,065
Deferred mine exploration costs (Note 23)	**20,418,948**	20,418,948

Management believes that there are no impairment indicators on the above-mentioned nonfinancial assets.

Estimation of retirement benefits costs and obligation, and accumulating leave credits
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. The calculation of accumulating leave credits follows the same assumptions as the defined benefit costs.

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 and other employee benefits payable amounted to ₱27.5 million and ₱28.1 million as of December 31, 2023 and 2022, respectively. Retirement benefits cost amounted to ₱4.9 million and ₱4.1 million in 2023 and 2022, respectively (see Note 14).

Recognition of deferred income tax assets
The Company 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 Company's future income and timing of reversals of temporary differences, unused NOLCO and excess MCIT.

Deferred income tax assets on temporary differences and carryforward benefits on NOLCO and MCIT were not recognized as the Company believes that sufficient future taxable profits may not be available against which temporary differences and NOLCO and MCIT can be utilized (see Note 15).

4. Segment Information

The Company'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 Company reports its primary segment information. The Company also monitors its share in the results of operations of its associates, LTP, CPCS, and JASCO.

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

- In-flight and other catering segment, which is operated by MACS and through the Company's interest in CPCS, refers to servicing of meal requirements of certain foreign and domestic passenger airlines, as well as certain passenger terminal lounges at the NAIA and the MDA, and of certain non-airline institutional accounts.

- Ground handling and aviation segment, which is operated by MASCORP and MAATS, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at NAIA, MCIA, KIA, Davao International Airport, Tuguegarao Airport and Clark International Airport. In 2019, the Company acquired 30% ownership in JASCO, a ground handling and aviation service company operating in Japan (see Note 8).

- Maintenance, repairs and overhaul (MRO), which is operated through the Company's interest in LTP, pertains to rendering of MRO services of Airbus and Boeing aircraft for certain airlines.

- Rental and administrative segment, which is operated through MAPDC, refers 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.

- Charter flights segment, which is operated by MAATS, refers to 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.

- Water treatment and distribution segment, which is operated through SNVRDC, NAWASCOR, BTSI group, ARDI and SWRI. The Group also has on-going water-related projects which pertain to the development (e.g., studies, surveys) and construction of water-treatment facilities activities, which are undertaken by MAPDC and its other subsidiaries.

- Mining segment operated through MMC, refers to mining-related activities of the Group. This segment refers to expenditures for exploration activities and rendering of exploration-related services.

- ICT segment or Information, Connectivity and Technology Solutions services, operated through TERA, refers to service offerings which encompasses information management, data connectivity, radio trunking, shared and managed services.

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 net income.

Financial information on the Company's business segments as of and for the years ended December 31 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS.

For the year ended December 31, 2023:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance Repairs and Overhaul	Administrative	Water Treatment and Distribution	Mining	ICT Services	Reconciliation and Adjustments not Applicable to the Parent Company Financial Statements	Total
Segment revenue	₱3,993,782,302	₱3,135,524,660	₱–	₱53,245,690	₱632,356,158	₱–	₱215,627,301	(₱7,357,250,362)	₱673,285,749
Direct costs	(2,695,572,788)	(2,962,078,341)	–	(49,478,219)	(382,260,483)	(178,206)	(175,849,768)	6,265,417,805	–
Gross profit (loss)	1,298,209,514	173,446,319	–	3,767,471	250,095,675	(178,206)	39,777,533	(1,091,832,557)	673,285,749
Share in net earnings (losses) of associates	7,007,972	(3,588,802)	562,137,350	–	–	–	–	(565,556,520)	–
	1,305,217,486	169,857,517	562,137,350	3,767,471	250,095,675	(178,206)	39,777,533	(1,657,389,077)	673,285,749
Operating expenses	(574,836,956)	(197,842,405)	–	(37,384,266)	(159,538,491)	(11,792,990)	(9,028,493)	784,553,578	(205,870,023)
Interest income	764,857	2,424,333	–	174,694	558,627	4,181	297,831	11,419,485	15,644,008
Financing charges	(34,007,008)	(18,409,921)	–	(33,597,778)	(70,041,814)	(25,192)	–	149,847,345	(6,234,368)
Foreign exchange gain (loss) - net	(3,408,299)	(610,156)	–	30,207	3,567	(48)	–	8,284,942	4,300,213
Other income (charges) - net	7,958,107	14,142,575	–	1,420,404	53,335,912	–	(2,943)	(76,854,055)	–
Income (loss) before income tax	701,688,187	(30,438,057)	562,137,350	(65,589,268)	74,413,476	(11,992,255)	31,043,928	(780,137,782)	481,125,579
Benefit from (provision for) income tax	(75,446,651)	(18,367,274)	–	(46,021)	(21,178,649)	(835)	(9,614,198)	122,289,307	(2,364,321)
Segment profit (loss)	₱626,241,536	(₱48,805,331)	₱562,137,350	(₱65,635,289)	₱53,234,827	(₱11,993,090)	21,429,730	(₱657,848,475)	₱478,761,258
Depreciation and amortization expense	₱73,355,718	₱98,639,913	₱–	₱23,405,181	₱93,065,679	₱1,306,656	₱–	(₱270,512,489)	₱19,260,658
Segment profit (loss) attributable to:									
Equity holders of the Company	400,444,460	(39,044,265)	562,137,350	(65,635,289)	41,492,164	(11,993,090)	21,429,730	(430,069,802)	478,761,258
Non-controlling interests	225,797,076	(9,761,066)	–	–	11,742,663	–	–	(227,778,673)	–

Other financial information of the operating segments as of December 31, 2023 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Administrative	Water Treatment and Distribution	Mining	ICT Services	Reconciliation and Adjustments not Applicable to the Parent Company Financial Statements	Total
Assets:									
Current assets	**₱1,783,758,991**	**₱1,729,225,035**	**₱–**	**₱377,468,078**	**₱597,207,960**	**₱16,151,786**	**₱110,904,917**	**(₱2,653,625,038)**	**₱1,961,091,729**
Noncurrent assets	**1,154,886,188**	**672,005,805**	**–**	**2,594,615,616**	**1,852,339,380**	**223,913,339**	**407,366**	**(2,251,198,773)**	**4,246,968,921**
	₱2,938,645,179	**₱2,401,230,840**	**₱–**	**₱2,972,083,694**	**₱2,449,547,340**	**₱240,065,125**	**₱111,312,283**	**(₱4,904,823,811)**	**₱6,208,060,650**
Liabilities:									
Current liabilities	**₱1,723,988,770**	**₱2,182,673,055**	**₱–**	**₱1,089,371,499**	**₱1,341,330,951**	**₱25,107,537**	**₱86,767,959**	**(₱6,258,133,662)**	**₱191,106,109**
Noncurrent liabilities	**216,792,870**	**149,158,938**	**–**	**1,628,502,180**	**847,865,166**	**24,382,850**	**194,006**	**(2,820,834,863)**	**46,061,147**
	₱1,940,781,640	**₱2,331,831,993**	**₱–**	**₱2,717,873,679**	**₱2,189,196,117**	**49,490,387**	**86,961,965**	**(₱9,078,968,525)**	**₱237,167,256**
Equity attributable to:									
Equity holders of the Company	**₱906,629,874**	**₱230,876,976**	**₱–**	**₱254,210,016**	**₱174,435,319**	**₱190,574,737**	**₱24,350,319**	**₱4,189,816,153**	**₱5,970,893,394**
Non-controlling interests	**91,233,665**	**(161,478,129)**	**–**	**–**	**85,915,904**	**–**	**–**	**(15,671,440)**	**–**
Investments in associates	**8,852,673**	**744,965,632**	**1,649,303,188**	**–**	**47,769,217**	**–**	**–**	**(656,332,127)**	**1,794,558,583**
Additions to noncurrent assets									
Property, plant and equipment	**101,307,361**	**111,820,126**	**–**	**3,113,562**	**62,443,707**	**149,554**	**407,366**	**(267,213,250)**	**12,028,426**

For the year ended December 31, 2022:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance, Repairs and Overhaul	Administrative	Water Treatment and Distribution	Mining	Reconciliation and Adjustments not Applicable to the Parent Company Financial Statements	Total
Segment revenue	₱2,288,520,288	₱2,049,535,189	₱–	₱30,443,040	₱515,009,510	₱–	(₱4,636,211,909)	₱247,296,118
Direct costs	(1,735,536,609)	(1,851,277,355)	–	(52,602,359)	(330,109,113)	(231,878)	3,969,757,314	–
Gross profit (loss)	552,983,679	198,257,834	–	(22,159,319)	184,900,397	(231,878)	(666,454,595)	247,296,118
Equity in net earnings (losses) of associates	(5,243,171)	(35,854,919)	499,805,903	–	–	–	(458,707,813)	–
	547,740,508	162,402,915	499,805,903	(22,159,319)	184,900,397	(231,878)	(1,125,162,408)	247,296,118
Operating expenses	(428,861,010)	(178,932,362)	–	(23,752,583)	(119,076,067)	(9,105,485)	620,673,118	(139,054,389)
Interest income	63,709	212,413	–	2,375,273	559,493	11,342	4,318,901	7,541,131
Finance charges	(35,682,655)	(17,434,687)	–	(34,458,173)	(47,926,107)	(316,513)	121,665,204	(14,152,931)
Foreign exchange gain (loss) - net	(3,877,266)	(8,746,025)	–	–	(6,781)	1,567	34,046,203	21,417,698
Other income (charges) - net	1,424,908	55,999,691	–	1,127,203	20,228,369	698,032	(79,478,203)	–
Income (loss) before income tax	80,808,194	13,501,945	499,805,903	(76,867,599)	38,679,304	(8,942,935)	(423,937,185)	123,047,627
Provision for (benefit from) income tax	(40,858,773)	(34,292,867)	–	(267,973)	(18,943,888)	(2,268)	91,779,841	(2,585,928)
Segment profit (loss)	₱39,949,421	(₱20,790,922)	₱499,805,903	(₱77,135,572)	₱19,735,416	(₱8,945,203)	(₱332,157,344)	₱120,461,699
Depreciation and amortization expense	₱78,433,866	₱107,610,516	₱–	₱23,543,075	₱94,340,339	₱1,855,424	₱286,199,708	₱19,583,512
Segment profit (loss) attributable to:								
Equity holders of the Company	27,725,884	2,789,724	499,805,903	(77,153,939)	21,163,886	(8,945,203)	(344,924,556)	120,461,699
Non-controlling interests	16,238,490	(10,668,267)	–	–	10,238,754	–	(15,808,977)	–

Other financial information of the operating segments as of December 31, 2022 is as follows:

	Inflight and Other Catering	Ground Handling and Aviation	Maintenance Repairs and Overhaul	Administrative	Water Treatment and Distribution	Mining	Reconciliation and Adjustments not Applicable to the Parent Company Financial Statements	Total
Assets:								
Current assets	₱1,373,911,410	₱1,343,256,292	₱–	₱388,263,704	₱482,755,806	₱19,007,274	(₱1,943,251,901)	₱1,663,942,585
Noncurrent assets	1,013,315,206	695,688,413	–	2,602,669,559	1,880,532,981	225,115,471	(2,355,941,175)	4,061,380,455
	₱2,387,226,616	₱2,038,944,705	₱–	₱2,990,933,263	₱2,363,288,787	₱244,122,745	(₱4,229,193,076)	₱5,725,323,040
Liabilities:								
Current liabilities	₱1,702,760,406	₱1,716,977,889	₱–	₱1,088,603,680	₱1,124,600,731	₱15,707,162	(₱5,556,211,163)	₱92,438,705
Noncurrent liabilities	316,972,988	218,336,756	–	1,638,476,847	947,078,577	25,044,919	(3,095,885,016)	50,025,071
	₱2,019,733,394	₱1,935,314,645	₱–	₱2,727,080,527	₱2,071,679,308	₱40,752,081	(₱8,652,096,179)	₱142,463,776
Equity attributable to:								
Equity holders of the Company	₱504,676,516	₱206,485,367	₱–	₱263,852,736	₱123,871,339	₱203,370,664	₱4,280,602,642	₱5,582,859,264
Non-controlling interests	(137,183,294)	(102,855,307)	–	–	167,738,140	–	72,300,461	–
Investments in associates	8,852,673	744,965,632	1,649,303,188	–	47,769,217	–	(656,332,127)	1,794,558,583
Additions to noncurrent assets - Property, plant and equipment	18,751,666	19,274,373	–	(7,139,049)	84,480,243	5,714	(114,659,631)	713,316

5. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks (Note 13)	**₱45,013,225**	₱45,994,944
Cash equivalents (Note 13)	**222,901,291**	50,605,239
	₱267,914,516	₱96,600,183

Cash in banks earn interest at the respective bank deposits rates. Cash equivalents are made for varying periods of up to three months and earn interest at the respective short-term deposit rates.

Interest income earned amounted to ₱8.8 million and to ₱0.7 million in 2023 and 2022, respectively.

6. Receivables

	2023	2022
Service fee receivables (Note 13)	**₱401,845,296**	₱388,433,760
Dividend receivable (Note 13)	**2,700,000**	53,600,000
Nontrade receivables (Note 13)	**65,550,658**	72,973,316
Interest receivable	**14,689,093**	9,604,919
Advances to employees and others	**405,382**	898,048
	₱485,190,429	₱525,510,043

Service fee receivables are non-interest bearing and collectible on demand.

Nontrade receivables include advances for special projects such as disbursements for site security personnel, legal fees and advertising that are subject to liquidation.

7. Other Current Assets

	2023	2022
Creditable withholding taxes	**₱64,953,455**	₱58,955,071
Input VAT	**8,408,937**	21,015,716
Advances to suppliers	**6,261,309**	5,139,591
Prepaid insurance	**635,157**	1,210,820
	₱80,258,858	₱86,321,198

8. Investments in and Advances to Subsidiaries and Associates

The Company's investments in shares of stock of subsidiaries and associates, the corresponding percentage of ownership and amount of advances held in view of future ownership of shares are as follows:

	Principal activity	Percentage of ownership		Carrying amount	
Investment cost		**2023**	2022	**2023**	2022
Subsidiaries					
MAPDC	Economic zone (Ecozone) developer/operator and water supply	**100%**	100%	**₱450,336,665**	₱450,336,665
MACS	In-flight and other catering services	**67%**	67%	**100,500,000**	100,500,000
MASCORP	Ground handling aviation services	**80%**	80%	**50,076,375**	50,076,375
MAATS	Helicopter chartering services and fixed-based operating services	**100%**	100%	**10,000,000**	10,000,000
MMC	Mine exploration, development and operations	**100%**	100%	**323,999,996**	323,999,996
Allied Water Services, Inc. (AWSI)	Water development services	**100%**	100%	**63,575,412**	63,575,412
Tera Information and Connectivity Solutions, Inc. (TICSI)	Information technology services	**100%**	100%	**6,250,000**	625,000
First Aviation Academy Inc. (FAA)	Aviation -related training and skills assessment services	**51%**	51%	**48,450,000**	30,600,000
				1,053,188,448	1,029,713,448
Associates					
LTP	Aviation engineering services	**49%**	49%	**935,759,560**	935,759,560
CPCS	In-flight catering services	**40%**	40%	**5,000,000**	5,000,000
JASCO	Ground handling aviation services	**30%**	30%	**853,799,023**	853,799,023
				1,794,558,583	1,794,558,583
Advances					
MAPDC				**1,006,937,693**	876,974,252
Deposit for future subscription					
MMC				**–**	–
				₱3,854,684,724	₱3,701,246,283

The Company determined that the advances to MAPDC amounting to ₱1,006.9 million and ₱876.9 million as of December 31, 2023 and 2022, respectively, will not be settled through cash and determined that the amount represent future investment in MAPDC subject to meeting the regulatory requirements (see Note 13). Accordingly, these advances were presented as part of the investment account.

Information on the Company's subsidiaries and associates, which are all incorporated in the Philippines, are as follows:

Subsidiaries

a. MAPDC is the developer/operator of the MacroAsia Ecozone at the NAIA, with LTP as the anchor locator and to whom MAPDC sub-leases the property it leases from MIAA.

   In previous years, the Company provided MAPDC with noninterest-bearing advances. The advances were recognized to present value at the time the advances were granted to MAPDC. The difference between the face amount of the advances and their present value at the time they were granted to MAPDC, amounting to ₱102.3 million, was treated as an additional investment of the Company in MAPDC.

   As regards the advances to MAPDC, these advances will form part of the consideration to be used in the proposed restructuring of the Group's water segment. The Company expects that there will be no cash involved in the restructuring plans. In 2023 and 2022, the Company granted additional cash advances of ₱130.0 million and 45.9 million, respectively, to MAPDC.

   As of December 31, 2023 and 2022, the Company has total advances to MAPDC amounting to ₱1,006.9 million and ₱876.9 million, respectively (see Note 13).

b. MACS provides meal requirements of foreign and domestic passenger airlines and operates an in-flight catering business at the NAIA and the MDA. In 2015, the Company signed a Sale and Purchase Agreement with Singapore Airport Terminal Services Ltd. (SATS) to sell 162,500 shares representing 13% of the total issued and outstanding capital stock of MACS. After the sale, MACS becomes 33% owned by SATS.

c. MASCORP provides both ramp and passenger handling and aviation services to foreign airlines at the NAIA and domestic carriers at the MDA and MCIA.

   In November 2019, the Company signed a deed of absolute sale with Konoike Transport Co., LTD. ("Konoike") to sell 250,001 shares representing 20% of the total issued and outstanding capital stock of MASCORP. After the sale, MASCORP became 20%-owned by Konoike.

d. MAATS, through alliances with other helicopter owners, provides domestic chartered flights from its base at the General Aviation Area of the MDA to any point within the Philippines. In 2016, MAATS ceased its chartered flight operations due to a fortuitous event. MAATS currently operates revenue from its fixed-based operations.

e. MMC was incorporated on September 25, 2000, to serve as the institutional vehicle through and under which the business of a mining enterprise may be established, operated and maintained. It started commercial operations in September 2012.

MMC's BOD approved the increase in authorized capital stock from ₱100.0 million, divided into 100 million shares, with a par value of ₱1.0 per share to ₱300.0 million, divided into 324 million shares, with a par value of ₱1.0 per share. Of this amount, the Company will subscribe for 224 million shares and this will be paid through debt-to-equity conversion of ₱6.9 million and application of deferred mine exploration cost amounting to ₱217.1 million (see Note 23).

In 2021, the Company transferred the mining right to MMC as a consideration for future stock subscription. Accordingly, MMC's outstanding balance of ₱224.0 million in deposits for future stocks subscription was converted into capital stock on December 29, 2022.

f. AWSI was incorporated on July 2, 1999, to provide manpower support for ground handling requirements of private and commercial airlines. AWSI used to be a 70%-owned subsidiary of MASCORP until the Company acquired 100% of AWSI's shares in 2006.

g. FAA is incorporated on December 5, 2017, to provide *ab initio* pilot training, certification and career development courses in the field of aviation. FAA started commercial operations on May 21, 2019. In 2023, the Company made an additional investment to FAA by converting its advances to FAA amounting to ₱17.85 million. This is a noncash investing activity in 2023 parent company statement of cash flows.

h. TICSI was incorporated in the Philippines on February 11, 2021, to provide outsource billing and billing information services, outsource contract management services for customers, employees, and business-channel partners of client organizations, outsource advertising and marketing services, outsource transcription services, other I.T. enabled services.

Associates

a. LTP

LTP is a joint venture between Lufthansa Technik AG (LHT), a corporation organized and existing under the laws of the Federal Republic of Germany and the Company. LTP was incorporated primarily to provide aircraft maintenance, aircraft overhaul, aircraft engine repair and overhaul and aircraft component repair and overhaul services in Manila, Cebu and other locations. LTP is also registered with the Philippine Economic Zone Authority (PEZA). The agreement provides for supermajority (i.e., two-thirds) vote of directors for the approval of the annual budget as well as other critical corporate acts of the agreement. The registered office address of LTP is LTP Technical Center, MacroAsia Ecozone, Villamor Airbase, Pasay City.

b. CPCS

CPCS is the Company's first in-flight catering venture, which started commercial operations in 1996. It is the only in-flight catering company at the MCIA and serves both domestic and international airlines.

c. JASCO

On November 5, 2019, MAC entered into a Sale and Purchase Agreement with Konoike and NKS Holding Co., Ltd. (NKS Holding), a Japanese company wholly owned by Konoike where MAC purchases 7,200 ordinary shares or 30% ownership interest in JASCO, a wholly owned subsidiary of NKS Holding, for an aggregate amount of ₱853.8 million (JPY 1,825.0 million).

Impairment

Management performs its annual assessment when there is an impairment indication. The Group's management assessed that the investment in associates is not impaired as of December 31, 2023 and 2022.

The following tables summarize the audited financial information of the subsidiaries with material non-controlling interests as of and for the years ended December 31:

	Subsidiaries			
	MACS		MASCORP	
	2023	2022	**2023**	2022
As at December 31:				
Current assets	**₱833,331,170**	₱759,467,854	**₱1,466,314,936**	₱1,236,914,874
Noncurrent assets	**441,377,272**	362,381,632	**565,032,306**	510,201,197
Current liabilities	**443,655,847**	499,258,123	**1,738,413,436**	1,427,782,816
Noncurrent liabilities	**41,577,132**	43,260,252	**94,859,929**	111,082,401
Equity	**789,475,464**	579,331,111	**198,073,875**	208,250,854

	Subsidiaries			
	MACS		MASCORP	
	2023	2022	**2023**	2022
For the years ended December 31:				
Revenue	**₱1,353,216,940**	₱832,280,284	**₱3,075,884,775**	₱2,008,068,324
Direct costs	**867,146,544**	578,637,043	**2,863,811,851**	1,766,455,280
Operating expenses	**300,939,877**	220,571,313	**175,486,533**	109,932,343
Net income	**213,880,868**	27,311,948	**15,793,369**	80,225,277
Net income attributable to non-controlling interest	**70,580,686**	307,416,994		15,944,201

The following table summarizes the audited financial information of the associates as of and for the years ended December 31:

	2023			2022		
	LTP	**CPCS**	**JASCO**	LTP	CPCS	JASCO
Current assets	**₱6,047,528,439**	**₱63,929,069**	**₱134,122,834**	₱5,874,807,009	₱29,608,621	₱115,309,981
Noncurrent assets	**5,238,501,816**	**12,449,862**	**203,591,270**	5,523,702,355	13,904,324	175,050,008
Current liabilities	**4,344,611,643**	**16,094,541**	**312,503,887**	4,198,874,793	2,514,696	230,258,110
Noncurrent liabilities	**3,481,594,456**	**20,632,780**	**180,703,301**	3,492,976,707	18,866,567	212,667,169
Equity (capital deficiency)	**3,459,824,156**	**39,651,610**	**(155,493,084)**	3,649,067,840	22,131,682	(152,565,291)
Revenue from contracts with customers	**13,613,672,570**	**94,275,533**	**1,128,525,288**	10,000,811,206	252,144	733,651,123
Direct costs	**10,222,760,273**	**61,941,901**	**1,060,320,384**	8,434,003,682	9,874,296	817,054,972
Gross profit (loss)	**3,390,912,297**	**32,333,632**	**68,204,904**	1,020,012,048	(9,622,152))	(83,403,849)
Other comprehensive income (loss)	**(255,794,764)**	**–**	**–**	227,642,411	–	–
Total comprehensive income (loss)	**891,424,339**	**17,519,635**	**(11,962,674)**	939,515,758	(14,240,635)	(119,516,397)
Group's share in the net income (loss)	**562,137,361**	**17,519,254**	**(3,588,802)**	1,247,654,459	(5,696,254)	(42,954,717)
Group's share in total comprehensive income (loss)	**436,797,926**	**7,007,972**	**(3,558,802)**	611,350,685	(5,696,254)	(35,854,919))

Sources of dividend income in 2023 and 2022 are as follow:

	2023	2022
Subsidiaries (Note 13)	**₱–**	₱10,000,000
Associates (Note 13)	**539,098,000**	114,686,166
	₱539,098,000	₱124,686,166

9. Property and Equipment

Property and equipment consist of:

	2023					
	Land	**Leasehold Improvements**	**Transportation Equipment**	**Drilling Equipment**	**Office Furniture and Equipment**	**Total**
Cost						
Beginning balances	**₱3,652,099**	**₱33,521,959**	**₱47,513,940**	**₱5,735,469**	**₱62,590,165**	**₱153,013,632**
Additions	**–**	**268,000**	**10,315,000**	**–**	**1,445,426**	**12,028,426**
Ending balance	**3,652,099**	**33,789,959**	**57,828,940**	**5,735,469**	**64,035,591**	**165,042,058**
Accumulated Depreciation and Amortization						
Beginning balances	**–**	**28,355,771**	**39,854,603**	**5,735,469**	**47,960,017**	**121,905,860**
Depreciation and amortization	**–**	**3,702,713**	**4,355,342**	**–**	**4,523,115**	**12,581,170**
Ending balance	**–**	**32,058,484**	**44,209,945**	**5,735,469**	**52,483,132**	**134,487,030**
Net Book Value	**₱3,652,099**	**₱1,731,475**	**₱13,618,995**	**₱–**	**₱ 11,552,459**	**₱30,555,028**

	2022					
	Land	Leasehold Improvements	Transportation Equipment	Drilling Equipment	Office Furniture and Equipment	Total
Cost						
Beginning balances	₱3,652,099	₱33,521,959	₱47,513,940	₱5,735,469	₱61,876,849	₱152,300,316
Additions	–	–	–	–	713,316	713,316
Ending balance	3,652,099	33,521,959	47,513,940	5,735,469	62,590,165	153,013,632
Accumulated Depreciation and Amortization						
Beginning balances	–	24,161,973	36,740,428	5,735,469	42,363,965	109,001,835
Depreciation and amortization	–	4,193,798	3,114,175	–	5,596,052	12,904,025
Ending balance	–	28,355,771	39,854,603	5,735,469	47,960,017	121,905,860
Net Book Value	₱3,652,099	₱5,166,188	₱7,659,337	₱–	₱14,630,148	₱31,107,772

10. Equity Investments Designated at FVTOCI

Investment in equity shares
The Company's investments in golf club share and other proprietary and equity shares are carried at fair value based on published club share quotes that are publicly available from the local dailies and from the website of club share brokers. As of December 31, 2023 and 2022, equity investments designated at FVTOCI amounted to ₱120.1 million and ₱105.1 million, respectively.

Changes in fair value of equity investments designated at FVTOCI
The changes in fair values of equity investments designated at FVTOCI are presented in other comprehensive income and the cumulative changes in fair value are presented as "Reserve for fair value changes of financial assets" account in equity section of the parent company balance sheet.

The movement of reserve for fair value changes of financial asset investments follows:

	2023	2022
Beginning balance	**₱69,719,999**	₱51,019,999
Changes in fair value of equity investments held at FVTOCI, net of tax effect amounting to ₱2.3 million and ₱3.3 million, respectively	**12,750,000**	18,700,000
Ending balance	**₱82,469,999**	₱69,719,999

11. Accounts Payable and Accrued Liabilities

	2023	2022
Nontrade payable	**₱10,228,572**	₱6,517,009
Accrued expenses	**24,608,166**	18,115,905
Payable to government agencies	**42,879,137**	46,741,375
	₱77,715,875	₱71,374,289

Accrued expenses pertain to accruals for professional fees, utility expenses and other expenses.

Payable to government agencies include deferred output VAT and tax-related payables such as withholding tax and payables to Social Security System, Philippine Health Insurance Corporation and Pag-IBIG Fund Contributions. Deferred output VAT pertains to output VAT of uncollected receivable from the rendering of the Company's services.

12. Notes Payable

The Company has an outstanding rolling short-term loan from a local bank which amounted to ₱100.0 million and nil as of December 31, 2023 and 2022, respectively. The loan carries interest of 5.75% in 2023 and 2022, which is payable on a quarterly basis. Interest expense amounted to ₱5.8 million and ₱13.4 million in 2023 and 2022, respectively.

13. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. It includes companies in which one or more of the directors and/or shareholders of the Company either has a beneficial controlling interest or are in a position to exercise significant influence therein (i.e., affiliates). Outstanding balances at year-end are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables in 2023 and 2022. The Company has not recorded any impairment of receivables relating to amounts owed by related parties in 2023 and 2022.

The following tables are the transactions with the Company's related parties and their account balances:

	Amount of Transactions		Outstanding Receivables (Payable)		
Nature of Transaction	**2023**	2022	**2023**	2022	Terms and Conditions
Affiliate:	*(In millions)*				
Deposits and cash equivalents	**₱57.7**	₱18.9	**₱115.7**	₱21.9	On demand; prevailing interest rate
Interest income on loans receivable/deposits and cash equivalents	**6.8**	6.7	–	–	On demand; prevailing interest rate
Rental deposit (a)	**–**	–	**1.0**	1.0	On demand; prevailing interest rate
Lease liabilities (a)	**(6.8)**	(12.9)	**(3.0)**	(9.8)	On-demand, unsecured; not impaired
Financing charges on lease liabilities (a)	**0.4**	0.8	–	–	On-demand, unsecured; not impaired
Trust fund retirement plan (b)	**(15.0)**	(3.0)	**22.9**	5.6	Based on trustee agreement

(Forward)

Nature of Transaction	Amount of Transactions 2023	2022	Outstanding Receivables (Payable) 2023	2022	Terms and Conditions
Subsidiaries:					
Service fees (d, f and j)	**₱99.1**	₱77.5	**₱401.8**	₱388.4	In accordance with service agreement; on demand, unsecured, non-interest bearing; not impaired
Dividend income (g and n)	–	10.0	**2.7**	53.6	On-demand, unsecured, non-interest bearing; not impaired
Advances to subsidiaries (c, e, i and k)	**(320.0)**	(61.8)	**2,134.7**	1,832.5	On-demand, unsecured, non-interest bearing; not impaired
Loan (e and l)	**17.6**	(15.0)	**223.9**	209.8	2-year loan, unsecured, interest-bearing
Equipment rental (h)	**7.2**	5.2	**0.6**	0.6	In accordance with service agreement; on demand, unsecured, non-interest bearing; not impaired
Associates:					
Dividend income (o)	**539.1**	114.7	–	–	On-demand, unsecured, non-interest bearing; not impaired
Service fees (p)	**27.9**	25.6	–	–	On-demand, unsecured, non-interest bearing; not impaired

a. The Company has contracts of lease with an affiliate for the office spaces it currently occupies. These leases have lease terms of four to five years with escalation clauses of 5% per annum, which will commence on the second year of lease. The Company recognized lease liabilities amounting to ₱3.0 million as of December 31, 2023 and ₱10.0 million as of December 31, 2022 (see Note 22). Total financing charges amounted to ₱0.2 million and ₱0.3 million in 2023 and 2022, respectively. Rental deposits related to these lease agreements amounted to ₱1.0 million as of December 31, 2023 and 2022.

   In June 2021, the lease contract with the affiliate has been renewed for lease term of three years. The Company currently pays the affiliate on a month-to-month basis.

b. The Company maintains its trust fund for its retirement plan with an affiliated bank. The Company made contributions to retirement fund plan amounting to ₱15.0 million and ₱3.0 million in 2023 and 2022, respectively (see Note 14).

Subsidiaries

MAPDC

c. The Company has short-term noninterest-bearing advances to MAPDC amounting to ₱1,006.9 million and ₱876.9 million as of December 31, 2023 and 2022, respectively. This is included under "Investments in and advances to subsidiaries and associates" account in the parent company balance sheets (see Note 8).

MASCORP

d. The Company charges service fee to MASCORP equivalent to 20% of income before interest, income tax, depreciation and amortization. Total service fee earned amounted to ₱23.1 in million in 2023 and ₱42.32 million in 2022. Outstanding receivable relating to this transaction as of December 31, 2023 and 2022 amounted to ₱210.4 million and ₱242.3 million, respectively. This is included under "Service fee receivables" of "Receivables" account in the parent company balance sheets.

e. The Company has made short-term, non-interest-bearing advances to MASCORP. Outstanding receivable totaled to ₱437.9 million and ₱438.5 million as of December 31, 2023 and 2022, respectively.

   The Company has also outstanding loan receivable from MASCORP amounting to ₱50.0 million as of December 31, 2023 and 2022.

MACS

f. In 2007, MACS' BOD passed a resolution whereby its stockholders, the Company and SATS, shall receive service fee provided that the MACS' profit before tax, after calculating the service fee, is not less than the amount of the service fee. The fee shall be equivalent to 5% of the quarterly net sales which shall be divided according to the equity ratio between MAC and SATS (67% and 33%, respectively). ₱63.4 million service fee was recognized in 2023 and ₱30.3 million in 2022. Outstanding receivable relating to this transaction amounted to ₱158.0 million as of December 31, 2023 and ₱113.2 million as of December 31, 2022. This is included under "Service fee receivables" of "Receivables" account in the parent company balance sheets.

g. No dividend income from MACS was earned in 2023 and 2022. Outstanding dividend receivable amounted to ₱2.7 million and ₱53.6 million as of December 31, 2023 and 2022, respectively.

MSISC

h. Starting July 2021, the Company bills MSISC monthly rental of ₱0.6 million for the use of equipment. This is included under "Rent income" account.

AWSI

i. The Company has short-term, non-interest bearing advances to AWSI amounting to ₱102.1 million as of December 31, 2023 and 2022.

BTSI

j. In 2017, BTSI's BOD passed a resolution whereby its stockholders shall receive service fee equivalent to 30% of net income before tax. The Company's share in BTSI's service fee is 67%. Outstanding balance amounted to ₱29.6 million and ₱19.7 million as of December 31, 2023 and 2022, respectively.

   The Company has made short-term, non-interest-bearing advances to BTSI. Outstanding receivable totaled to ₱38.1 million as of December 31, 2023 and 2022.

FAA

k. In 2019, the Company granted funds to FAA to support its current start-up operations. In 2023, the Company converted its advances to FAA amounting to ₱17.8 million into additional investment. Outstanding balance of investment as of December 31, 2023 and 2022 amounted to ₱89.8 million and ₱88.3 million, respectively.

<u>MSFI</u>

l. In 2021, the Company extended a 2-year loan amounting to ₱159.5 million to MSFI, for the latter's payment of loan interest and principal amortization, purchase of equipment, additional working capital and other operational purposes. The loan is subject to interest rate of 3.8% per annum. As of December 31, 2023 and 2022 the outstanding balance of the loan to MSFI amounted to ₱160.0 million and ₱156.3 million, respectively.

Others

m. The Company made short-term, non-interest bearing advances to other subsidiaries. Outstanding receivable amounted to ₱288.4 million and ₱211.9 million as of December 31, 2023 and 2022, respectively.

n. The Company received dividend income from MAATS amounting to ₱10.0 million in 2022.

Associates

LTP

o. The Company earned dividend income from LTP amounting to ₱539.1 million and ₱114.7 million in 2023 and 2022, respectively. No outstanding receivable as of December 31, 2023 and 2022.

p. In 2023 and 2022 the Company billed and collected from LTP service fees amounting to ₱27.9 million and ₱25.6 million, respectively.

Compensation of Key Management Personnel
The short-term benefits of the Company's key management personnel amounted to ₱58.0 million and ₱52.0 million in 2023 and 2022, respectively. There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

Revenue from Contracts with Customers
As of December 31, 2023 and 2022 the Company's contract balances pertain to its service fee receivables which amounted to ₱401.8 million and ₱388.4 million, respectively. The Company has no contract asset or contract liability as of December 31, 2023 and 2022.

14. Accrued Retirement and Other Employee Benefits

	2023	2022
Accrued retirement benefits payable	**₱24,596,634**	₱25,814,315
Other employee benefits	**2,941,451**	2,313,313
	₱27,538,085	₱28,127,628

Retirement Benefits Cost
The Company has a funded, noncontributory defined benefit retirement plan covering all of its permanent employees. The retirement benefit is equal to a certain percentage of the monthly final salary for every year of service. The fund is administered by a trustee bank which is responsible for investment strategy of the plan, in consultation with the Company's management.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of retirement benefits cost recognized in profit or loss as part of "Employee benefits" account in the parent company statements of income follow:

	2023	2022
Current service cost	**₱3,554,622**	₱3,152,271
Net interest cost	**1,298,485**	901,339
	₱4,853,107	₱4,053,610

The details of the remeasurement in other comprehensive income are as follows:

	2023	2022
Actuarial gain (loss) arising from changes in:		
Experience adjustments	**(₱4,212,740)**	(₱9,160,987)
Financial assumptions	**(5,785,361)**	6,576,625
Demographic assumptions	**(320,790)**	(610,647)
Remeasurement gain (loss) on plan assets	**1,389,679**	(1,427,670)
	(₱8,929,212)	(₱4,622,679)

The detail of the accrued retirement benefits payable, net of pension assets, are as follows:

	2023	2022
Present value of defined benefit obligation	**₱47,566,683**	₱31,462,480
Fair value of net plan assets (Note 13)	**(22,970,049)**	(5,648,165)
	₱24,596,634	₱25,814,315

Movement in accrued retirement benefits payable, net of pension assets, follow:

	2023	2022
Beginning balance	**₱25,814,315**	₱20,138,026
Retirement benefits cost recognized in profit or loss	**4,853,107**	4,053,610
Contributions	**(15,000,000)**	(3,000,000)
Remeasurement loss in other comprehensive income	**8,929,212**	4,622,679
Ending balance	**₱24,596,634**	₱25,814,315

Changes in the present value of defined benefit obligation are as follows:

	2023	2022
Beginning balance	**₱31,462,480**	₱24,155,041
Current service cost	**3,554,622**	3,152,271
Benefits paid	**–**	(201,698)
Interest expense	**2,230,690**	1,161,857
Remeasurement loss on defined benefit obligation	**10,318,891**	3,195,009
Ending balance	**₱47,566,683**	₱31,462,480

Changes in the fair value of plan assets are as follows:

	2023	2022
Beginning balance	**₱5,648,165**	₱4,017,015
Contributions	**15,000,000**	3,000,000
Interest income on plan assets	**932,205**	260,518
Benefits paid	**–**	(201,698)
Remeasurement loss on plan assets	**1,389,679**	(1,427,670)
Ending balance	**₱22,970,049**	₱5,648,165
Actual return on plan assets	**₱2,321,884**	(₱1,167,152)

The major categories of plan assets are as follows:

	2023	2022
Cash and cash equivalents	**₱59,722**	₱363,288
Debt and equity securities	**22,910,327**	5,243,619
Others and other assets	**–**	41,258
	₱22,970,049	₱5,648,165

The government securities held have quoted prices in active market.

The plan assets have diverse investments and do not have any concentration risk.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining retirement benefits cost and obligations as of January 1 are shown below:

	2023	2022
Discount rate	**6.09%**	7.09%
Future annual increase in salary	**4.00%**	3.00%

As of December 31, 2023, the discount rate and salary rate increase are 4.09% and 3.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, assuming if all other assumptions were held constant:

Assumptions:	Changes	2023	2022
Discount rate:			
	+100 basis points	**(₱3,004,963)**	(₱2,401,204)
	-100 basis points	**3,398,207**	2,672,169
Salary increase rate:			
	+100 basis points	**3,435,829**	2,756,243
	-100 basis points	**(3,089,787)**	(2,514,747)

There has been no change in the methods and assumptions need in previous years in computing the sensitivity analysis.

Shown below is the maturity analysis of the undiscounted benefit payments:

Date of retirement:	**2023**	2022
1 year and less	**₱3,006,795**	₱2,013,141
more than 1 year to 5 years	**65,946,093**	59,035,494
more than 5 years to 10 years	**12,440,880**	11,217,608

No additional funding is expected to be contributed in 2024. The Company does not currently employ any asset-liability matching strategies.

Other Employee Benefits

Employees can accumulate earned leave credits, which can be used anytime when needed by the employee or converted to cash, computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated leave credits amounted to ₱2.9 million and ₱2.3 million as of December 31, 2023 and 2022, respectively, and are presented as "Other employee benefits" in the parent company balance sheets. Provision for accumulating leave credits amounted to ₱0.6 million and ₱0.2 million in 2023 and 2022 respectively.

15. **Income Taxes**

a. Provision for income tax consists of:

	2023	2022
MCIT	**₱2,167,447**	₱1,555,960
Final tax on interest income	**1,540,126**	142,129
	3,707,573	1,698,089
Provision for deferred income tax	**(1,343,252)**	887,839
	₱2,364,321	₱2,585,928

b. A reconciliation of the provision for income tax computed using the statutory tax rate of 25% to the provision for income tax shown in the parent company statements of income follows:

	2023	2022
Income tax computed at the statutory tax rate	**₱120,281,395**	₱30,761,907
Adjustments resulting from:		
Nontaxable dividend income	**(134,774,500)**	(31,171,542)
Movement in temporary differences, NOLCO and MCIT with no deferred income tax assets recognized	**12,750,611**	(93,569)
Nondeductible expenses	**4,774,029**	3,152,131
Interest income already subjected to final tax at lower rates or not subject to income tax	**(667,214)**	(62,999)
Provision for income tax	**₱2,364,321**	₱2,585,928

c. The components of the Company's recognized net deferred tax liabilities as of December 31 is as follows:

	2023	2022
Directly recognized in profit or loss		
Deferred income tax asset on lease liabilities	**₱1,541,276**	₱3,228,449
Deferred income tax liabilities on:		
ROU asset	**(2,417,395)**	(4,087,266)
Unrealized gain on foreign exchange	**(632,176)**	(1,992,730)
	(1,508,295)	(2,851,547)
Directly recognized in OCI		
Deferred income liability on unrealized gain on changes in fair value of equity investments	**(14,130,000)**	(11,880,000)
	(₱15,638,295)	(₱14,731,547)

d. As of December 31, the deductible temporary differences, unused MCIT and NOLCO for which no deferred income tax assets were recognized are as follows:

	2023	2022
Deductible temporary differences on:		
Accrued retirement benefits payable	**₱29,345,309**	₱28,127,628
Past service costs	**30,964,822**	30,963,782
Accrued sick leave	**2,941,451**	2,313,313
NOLCO	**511,578,456**	457,244,834
MCIT	**4,588,006**	2,891,803

Deferred income tax assets on temporary differences, MCIT and NOLCO were not recognized as the Company believes that sufficient future taxable profits may not be available against which temporary differences and NOLCO can be utilized, and future tax liability may not be available against which MCIT can be applied.

e. Last September 11, 2020, the President signs into law the "Bayanihan to Recover as One Act" or "Bayanihan 2", an act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2023 and 2022 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

f. Details of NOLCO is as follows:

Year Incurred	Balance at Beginning of Year	Addition	Expired	Balance at End of the Year	Tax Effect	Available Until
2023	₱–	₱54,333,622	₱–	₱54,333,622	₱13,583,406	2026
2022	157,613	–	–	157,613	39,403	2025
2021	151,429,385	–	–	151,429,385	37,857,346	2024
2020	305,657,836	–	–	305,657,836	76,414,459	2025
	₱457,244,834	₱54,333,622	₱–	₱511,578,456	₱127,894,614	

NOLCO in taxable year 2021 and 2020 can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

g. Movements in excess MCIT over RCIT in 2023 are as follows:

Period/Year Incurred	Balance at Beginning of Year	Additions	Expired	Balance at End of the Year	Available Until
2023	₱–	₱2,167,447	₱–	₱2,167,447	2026
2022	1,555,960	–	–	1,555,960	2025
2021	864,599	–	–	864,599	2024
2020	471,244	–	(471,244)	–	2023
	₱2,891,803	₱2,167,447	(₱471,244)	₱4,588,006	

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

16. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share are computed as follows:

	2023	2022
Net income	**₱478,761,258**	₱120,461,699
Divided by weighted average number of common shares outstanding	**1,896,186,265**	1,896,186,265
	₱0.25	₱0.06

There are no potential common shares with dilutive effect on the basic earnings per share in 2023 and 2022.

17. Equity

Capital Stock

a. Track record of registration of securities

On August 30, 1974, the Philippine 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 December 10, 1993, the Company amended its articles of incorporation, increasing the par value of its shares from ₱0.01 per share to ₱1.00 per share.

On March 22, 2000, the Philippine Stock Exchange (PSE), 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.

The Company's shares are listed and traded at the Philippine Stock Exchange, Inc. and the number of holders of its common equity as of December 31, 2023 and 2022 is 845.

b. The Company's authorized capital stock is 2,000,000,000 shares with ₱1 par value per share. Movements in the Company's issued, outstanding and treasury shares are as follows:

	Issued	Treasury	Outstanding
As of December 31, 2010	1,250,000,000	(2,985,000)	1,247,015,000
Acquisition of treasury shares in 2011	−	(7,486,000)	(7,486,000)
As of December 31, 2011	1,250,000,000	(10,471,000)	1,239,529,000
Acquisition of treasury shares in 2012	−	(6,125,000)	(6,125,000)
As of December 31, 2014, 2015 and 2016	1,250,000,000	(16,596,000)	1,233,404,000
Acquisition of treasury shares in 2017	−	(6,249,600)	(6,249,600)
As of December 31, 2017	1,250,000,000	(22,845,600)	1,227,154,400
Stock dividend declaration	368,146,293	−	368,146,293
Acquisition of treasury shares in 2018	−	(3,949,100)	(3,949,100)
As of December 31, 2018	1,618,146,293	(26,794,700)	1,591,351,593
Acquisition of treasury shares in 2019	−	(12,845,600)	(12,845,600)
As of December 31, 2019	1,618,146,293	(39,640,300)	1,578,505,993
Stock dividend declaration (Note 17f)	315,159,630	−	315,159,630
Acquisition of treasury shares in 2020	−	(2,707,300)	(2,707,300)
As of December 31, 2023, 2022 and 2021	1,933,305,923	(42,347,600)	1,890,958,323

Treasury Shares

c. Treasury stock

On July 16, 2010, the Company's 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 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 Company's BOD may direct, subject to appropriate disclosures to the PSE and the Philippine SEC.

On June 15, 2017, the Company's BOD approved to allot ₱210.0 million to repurchase shares of the Company at market price. The mechanics of the 2018 Buyback Program is similar to the ₱50.0 million buyback program implemented in 2010. The Program commenced on June 20, 2017 and will run until the ₱210.0 million authorized cash outlay is fully utilized, or until such time that the Company's BOD may direct, subject to appropriate disclosures to the PSE and the SEC.

As of December 31, 2023 and 2022, the Company has 42,347,709 shares held in treasury. These are carried at cost which amounted to ₱459.4 million as of December 31, 2023 and 2022.

Retained Earnings

d. Restrictions on retained earnings of the Company

The retained earnings are restricted for dividend declaration for the portion equivalent to the cost of treasury shares amounting to ₱459.4 million as of December 31, 2023 and 2022.

e. Appropriation of retained earnings

As of December 31, 2023 and 2022, the Company's retained earnings include appropriated amounts of ₱850.0 million for various projects. These were originally approved for appropriation in 2019. The appropriation for various projects is retained for the next few years as aligned with the Group-wide water related projects ranging from two to three years from 2022.

f. Dividend declaration

On March 28, 2023, the Company declared ₱0.25 cash dividends per share from its unappropriated retained earnings to stockholders as of record date, April 3, 2023, with payment date of May 4, 2023. Total dividends declared in 2023 amounted to ₱94.5 million (nil in 2022).

Dividends payable amounted to ₱9.7 million and ₱9.5 million as of December 31, 2023 and 2022, respectively.

18. Capital Management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally imposed capital requirements as of December 31, 2023 and 2022. No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022.

The Company monitors capital vis-à-vis after-tax profit. Equity considered by the Company is total equity in the parent company balance sheets, excluding items arising from other comprehensive income. The return on equity ratio is after tax profit divided by total capital.

The following table summarizes the total capital considered by the Company:

	2023	2022
Capital stock	**₱1,933,305,923**	₱1,933,305,923
Additional paid-in capital	**281,437,118**	281,437,118
Retained earnings	**4,182,395,127**	3,798,181,785
Treasury shares	**(459,418,212)**	(459,418,212)
(a)	**₱5,937,719,956**	₱5,553,506,614
Net income (b)	**₱478,761,258**	₱120,461,699
Return on equity (c = b / a)	**8.01%**	2.17%

19. Financial Risk Management Objectives and Policies

Risk Management Structure

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

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

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

Financial Risk Management
The Company's principal financial instruments comprise cash and cash equivalents, financial assets investments held at FVTOCI, loans and advances to subsidiaries, and note payable, which are made primarily to fund the subsidiaries' operations. The Company has other financial assets and financial liabilities such as receivables and payables which arise directly from its operations.

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

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's transactional currency exposure arises from retaining its cash and investments in currency other than functional currency. The Company closely monitors the foreign currency exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations.

The Company's foreign currency-denominated monetary assets as of December 31 follow:

	2023		2022	
Currency	Cash and Cash Equivalents	Peso Equivalent	Cash and Cash Equivalents	Peso Equivalent
US$	**1,393,224**	**77,407,563**	978,452	54,553,571
JPY	**1,020,708**	**398,073**	1,021,679	449,539

As of December 31, 2023 and 2022, the exchange rates of the Peso to US$ were ₱55.56 and ₱55.76 to US$1, respectively. As of December 31, 2023 and 2022, the exchange rates of the Peso to JPY were ₱0.39 and ₱0.44 to JPY1, respectively.

The Company reported foreign exchange gain of ₱4.3 million and ₱21.4 million in 2023 and 2022, respectively, arising from the translation and settlement of foreign-currency denominated cash and cash equivalents.

The following table demonstrates the impact on the Company's income before income tax of reasonably possible changes in the US$ and JPY, with all other variables held constant. There is no other impact on the Company's equity other than those already affecting the parent company statements of income.

	December 31, 2023 (in millions)		
		Net Gain (Loss) Effect on Income before Income Tax	
Currency	**Movement in USD/JPY**	**Increase in USD/JPY**	**Decrease in USD/JPY**
US$	**5.22%**	**₱2.8**	**(₱2.8)**
JPY	**8.27%**	**0.1**	**(0.1)**
Net		**₱3.0**	**(₱3.0)**

	December 31, 2022 (in millions)		
		Net Gain (Loss) Effect on Income before Income Tax	
Currency	Movement in USD/JPY	Increase in USD/JPY	Decrease in USD/JPY
US$	4.48%	₱1.5	(₱1.5)
JPY	5.98%	0.1	(0.1)
Net		₱1.6	(₱1.6)

Credit risk
Credit risk is the risk that the Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Company 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 Company trades only with related parties and duly evaluated and approved creditworthy third parties. In addition, receivable balances are monitored on a continuous basis with the result that the Company's exposure to credit losses is not significant. As of December 31, 2023 and 2022, the Company is subject to concentration of credit risk with respect to cash and cash equivalents in local affiliated bank and service fee receivables from MACS and MASCORP due to significant outstanding balances with said companies (see Note 13). 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 Company's exposure to credit risk arises from the default of the counterparties with maximum exposure as follows:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents, excluding cash on hand*	**₱267,833,137**	₱96,453,804
Receivables	**485,190,429**	525,510,043
Advances to related parties	**1,127,727,926**	955,511,161
Refundable deposits**	**1,799,788**	1,117,318
Total credit risk exposure	**₱1,882,551,280**	₱1,578,592,326

**Cash on hand amounts to ₱81,379 and ₱146,379 as of December 31, 2023 and 2022.*
***Included under "Other noncurrent assets".*

The Company does not require any collateral and other credit enhancements. Consequently, an impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are presented below.

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

For cash and cash equivalents, the Company applies the low credit risk simplification where the Company measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Company also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

At each reporting date, for receivables and advances to subsidiaries, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Company considers its financial assets as high grade as these primarily relate to reputable financial institutions and related parties where settlements are based on the terms of the related agreement with counterparties. The ECLs on cash and cash equivalents rounds to zero. The ECL on receivables, which primarily pertain to service fee receivables and advances to subsidiaries also rounds to zero as the LGD of these receivables is considered low due to the strong capacity to pay by the subsidiaries.

Liquidity risk
Liquidity risk is the risk that the Company 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 Company's objective is to maintain a balance between continuity of funding and flexibility through the use of operating cash flows.

The table below summarizes the maturity profile of the Company'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

Company's financial assets used for liquidity in order to provide complete view of the Company's contractual commitments and liquidity.

	December 31, 2023			
	Less than 1 year	**>1-2 years**	**>5 years**	**Total**
Financial assets:				
Cash and cash equivalents	**₱267,914,516**	**₱–**	**₱–**	**₱ 267,914,516**
Receivables	**485,190,429**	**–**	**–**	**485,190,429**
Total financial assets	**753,104,945**	**–**	**–**	**753,104,945**
Other financial liabilities				
Accounts payable and accrued liabilities*	**34,836,738**	**–**	**–**	**34,836,738**
Notes payable	**100,000,000**	**–**	**–**	**100,000,000**
Lease liabilities	**3,280,336**	**–**	**2,884,767**	**6,165,103**
Dividends payable	**9,725,208**	**–**	**–**	**9,725,208**
Total financial liabilities	**147,842,282**	**–**	**2,884,767**	**150,727,049**
Liquidity position (gap)	**₱605,262,663**	**₱–**	**(₱2,884,767)**	**₱602,377,896**

** Exclusive of nonfinancial liabilities of ₱42,879,137.*

	December 31, 2022			
	Less than 1 year	>1-2 years	>5 years	Total
Financial assets:				
Cash and cash equivalents	₱96,600,183	₱–	₱–	₱ 96,600,183
Receivables	525,510,043	–	–	525,510,043
Total financial assets	622,110,226	–	–	622,110,226
Other financial liabilities				
Accounts payable and accrued liabilities**	24,632,914	–	–	24,632,914
Lease liabilities	5,747,899	–	7,165,896	12,913,795
Dividends payable	9,528,020	–	–	9,528,020
Total financial liabilities	39,908,833	–	7,165,896	47,074,729
Liquidity position (gap)	₱582,201,393	₱–	(₱7,165,896)	₱575,035,497

** Exclusive of nonfinancial liabilities of ₱46,741,375.*

20. Fair Values

The following table provides the quantitative disclosures of fair value measurement of the Company's financial assets:

		Fair value measurements using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
December 31, 2023				
Assets measured at fair value:				
Equity investments at FVTOCI (Note 10):				
Golf club share	**₱120,138,300**	**₱–**	**₱120,138,300**	**₱–**
December 31, 2022				
Assets measured at fair value:				
Equity investments at FVTOCI (Note 10):				
Golf club share	₱105,138,300	₱–	₱105,138,300	₱–

The Company determined that its investments in golf club shares are categorized at Level 2 in the fair value hierarchy. The Company assessed that, while there is a market for these securities, transactions are infrequent. There was no transfer between Level 1 and 2 in 2023 and 2022.

Cash and cash equivalents, receivables, advances to related parties, accounts payables and accrued liabilities, note payable and dividend payable
The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities, note payable and dividend payable approximate its fair value due to its short-term nature.

Equity investments designated at FVTOCI
The fair value of the golf shares is based on published club share quotes that are publicly available from the website of club share brokers.

21. Changes in Liabilities Arising from Financing Activities

The table below presents the changes in Company's liabilities arising from financing activities.

December 31, 2023

	Beginning	**Addition***	**Payments**	**Interest accretion**	**Dividend declared**	**Ending**
Notes payable (Note 12)	**₱–**	**₱100,000,000**	**₱–**	**₱–**	**₱–**	**₱100,000,000**
Lease liabilities (Note 22)	**12,913,795**	**–**	**(7,158,060)**	**409,368**	**–**	**6,165,103**
Dividend payable (Note 17)	**9,528,020**	**–**	**(94,350,728)**	**–**	**94,547,916**	**9,725,208**
Total liabilities from financing activities	**₱22,441,815**	**₱100,000,000**	**(₱101,508,788)**	**409,368**	**₱94,547,916**	**₱115,890,311**

**Includes new leases and interest expense on lease liabilities.*

December 31, 2022

	Beginning	Additions	Payments	Ending
Note payable (Note 12)	₱275,000,000	₱–	(₱275,000,000)	₱–
Lease liabilities (Note 22)	2,685,061	16,141,489	(5,912,755)	12,913,795
Dividend payable (Note 17)	9,528,020	–	–	9,528,020
Total liabilities from financing activities	₱287,213,081	₱16,141,489	(₱280,912,755)	₱22,441,815

22. Leases

The Company as a Lessee
The Company has several lease agreements with third party lessors covering the use of parcels of land for 35 years in Palawan starting 2010. In 2012, the Company entered into an additional lease of land with another third-party lessor. The leased properties will be used by the Company as drying area and/or stockpile of its mine products and other related purposes (see Note 23). Rental rates are subject to escalation during the lease periods. On June 1, 2021, the Company renewed one of its lease contract of office space for a period of 3 years starting July 1, 2021.

The Company also entered into contract of lease with an affiliate for the office space it currently occupies (see Note 13).

The rollforward analysis of this account follows:

	2023		
	Right-of-Use: Land	**Right-of-Use: Office space**	**Total**
Cost			
At January 1 and December 31	**₱9,273,706**	**₱15,364,227**	**₱24,637,933**
Accumulated Depreciation and Amortization			
At January 1	**1,931,258**	**6,357,610**	**8,288,868**
Depreciation	**321,877**	**6,357,611**	**6,679,488**
At December 31	**2,253,135**	**12,715,221**	**14,968,356**
Net Book Value	**₱7,020,571**	**₱2,649,006**	**₱9,669,577**

	2022		
	Right-of-Use: Land	Right-of-Use: Office Space	Total
Cost			
At January 1	₱9,273,706	₱–	₱ 9,273,706
Addition	–	15,364,227	15,364,227
	₱9,273,706	15,364,227	₱ 24,637,933
Accumulated Depreciation and Amortization			
At January 1	1,609,381	–	1,609,381
Depreciation	321,877	6,357,610	6,679,487
At December 31	1,931,258	6,357,610	8,288,868
Net Book Value	₱ 7,342,448	₱9,006,617	₱16,349,065

The following are the amounts recognized in the parent company statements of income:

	2023	2022
Depreciation expense of right-of-use assets	**₱6,679,488**	₱6,679,487
Interest expense on lease liabilities	**409,368**	777,262
Total amount recognized in parent company statements of income	**₱7,088,856**	₱7,456,749

The rollforward analysis of lease liabilities follows:

	2023	2022
As at January 1	**₱12,913,795**	₱2,685,061
New leases	–	15,364,227
Interest expense	**409,368**	777,262
Payments	**(7,158,060)**	(5,912,755)
As at December 31	**₱6,165,103**	₱12,913,795

The breakdown of lease liabilities as at December 31 is as follows:

	2023	2022
Lease liabilities	**₱6,165,103**	₱12,913,795
Less current portion of lease liabilities	**3,280,336**	5,747,899
Noncurrent portion of lease liabilities	**₱2,884,767**	₱7,165,896

23. **Deferred Mine Exploration Costs and Mining-Related Activities**

As of December 31, 2023 and 2022, deferred mine exploration costs follow:

	2023	2022
Cost	**₱20,418,948**	₱20,418,948
Accumulated impairment loss	**–**	–
	₱20,418,948	₱20,418,948

The recovery of deferred mine exploration costs depends upon the success of exploration activities and future development of the mining properties, as well as the discovery of recoverable reserves in quantities that can be commercially produced. In prior years, and although the Company's nickel mine is a reactivation of an existing mine that was operational in the 1970s, the Company recognized impairment loss amounting to ₱217.1 million due to the issuance of DENR Administrative Order No. 2017-10 which puts a temporary ban on new projects for open-pit method of mining for ores. Annually though, the Group's MPSAs for its Infanta Nickel Project has been affirmed as valid and subsisting by DENR-MGB, and with the recent issuance of E.O. 130 lifting the nine-year moratorium on granting new mining permits in the Philippines, management reversed the previously recognized impairment loss amounting to ₱217.1 million by December 2021. On April 29, 2021, the Company received from the DENR the Notice of Issuance of an Order for the Deed of Assignment dated June 7, 2019 executed by and between MacroAsia Corporation and MacroAsia Mining Corporation under Mineral Production Sharing Agreement Nos. 220-2005-IVB and 221-2005-IVB. This DENR-approved Deed of Assignment documented MAC Parent's assignment of all its rights and interests under the MPSAs to its fully owned subsidiary, MacroAsia Mining Corporation. On July 23, 2021, the BOD approved the signing of a Memorandum of Agreement (MOA) between its 100% wholly owned subsidiary, MMC and Calmia Nickel, Inc. for the nickel mine in Brooke's Point Palawan. This operating agreement allows Calmia to explore and operate the mining tenement of MMC in Brooke's Point, Palawan, in exchange for payment of royalties to the Group. On November 25, 2021, the Company transferred this right to MMC as a consideration for future stock. In 2022, the DENR approved this operating agreement between the Group and Calmia. Currently, the mine operator is working on the permits needed to re-open and operate the mine.

24. **Contingencies**

The Company, in its normal course of business, is involved in legal cases and claims. Based on management's assessment, the Company will be able to defend its position on these cases and that the ultimate outcome will not have a significant impact on the parent company financial statements. Accordingly, no provision has been recognized for these contingencies.

25. **Supplementary Information Required Under Revenue Regulations No. 15-2010**

On November 25, 2010, the BIR issued Revenue Regulations No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns.

The following information are the required disclosures set by Revenue Regulations No. 15-2010 as of and for the year ended December 31, 2023:

a. The Company is a VAT-registered company with VAT output tax declaration of ₱18,693,645 for the year ended December 31, 2023, based on the service fees collections totaling ₱155,780,375 for the same period.

   The Company has no zero-rated/exempt sales for the years 2023 pursuant to the provisions of any law/regulations.

b. The amount of VAT input taxes claimed are broken down as follows:

Beginning of the year	₱21,015,716
Current year purchases:	
Services	5,478,180
Goods other than capital goods	608,687
Capital goods exceeding 1 million	–
	27,102,582
Applied against VAT payable on VAT revenue collected during the year	18,693,645
	₱8,408,937

c. The Company has no importations in 2023.

d. The Company is not subject to excise taxes in 2023.

e. The details of paid and accrued taxes and licenses account in 2023 are as follows:

Documentary stamp tax	₱3,652,495
Business permit	236,945
CTC	10,500
Others	46,290
	₱3,946,230

   The Company also paid for fringe benefit taxes amounting to ₱642,542.

f. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on compensation and benefits	₱21,570,038
Expanded withholding taxes	6,883,300
	₱28,453,338

Outstanding amount of withholding taxes payable on wages and expanded amounted to ₱5,530,389.

g. The Company has no deficiency tax assessments as of December 31, 2023.

h. The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

**INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
MacroAsia Corporation
12th Floor, PNB Allied Bank Center
6754 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the parent company financial statements of MacroAsia Corporation as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-109-2020, October 26, 2023, valid until October 25, 2026
PTR No. 10079916, January 5, 2024, Makati City

March 21, 2024

MACROASIA CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2023

Unappropriated retained earnings as at December 31, 2022	**₱2,948,181,785**
Add: Net deferred tax asset and deferred tax liability related to the same transaction, i.e., right-of-use assets and lease liabilities	858,817
Less: Treasury shares	(459,418,212)
Unappropriated retained earnings, as adjusted	**2,489,622,390**
Add: Net income for the year ended December 31, 2023	**478,761,258**
Less: Other income that should be excluded from determination of the amount for distribution	
Net movement of deferred tax asset and deferred tax liability related to the same transaction, i.e., right-of-use assets and lease liabilities	17,301
Dividend declared	(94,547,916)
Unappropriated retained earnings available for dividend declaration as at December 31, 2023	**₱2,873,853,033**