COVER SHEET

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SEC Registration Number

MACROASIA CORPORATION
AND SUBSIDIARIES

(Company's Full Name)

12F PNB Allied Bank Center,
6754 Ayala Avenue, Makati City

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

Amador T. Sendin
(Contact Person)

8840-2001
(Company Telephone Number)

03 *Month* **31** *Day*
(Calendar Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

NA
(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

845
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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MACROASIA CORPORATION

MACROASIA CORPORATION
March 31, 2024

SEC Form 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2024**

2. Commission Identification Number **40524** 3. BIR tax Identification No. **004-666-098-000**

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

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

6. **(SEC Use Only)**
Industry Classification Code

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

8. **(632) 8840-2001**
Issuer's telephone number including area code

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

a) Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1 par value	**1,890,958,323 Outstanding shares**

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

Yes [**X**] No [ ]

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

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

MACROASIA CORPORATION AND SUBSIDIARIES

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

For the First Quarter and Period Ended March 31, 2024

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

The unaudited condensed consolidated financial statements for the first quarter ended March 31, 2024 have been prepared in accordance with Philippine Accounting Standard 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements which are filed as Annex 1 of this report, do not include all the information required by generally accepted accounting principles in the Philippines (Philippine GAAP) for complete financial statements as set forth in the Philippine Financial Reporting Standards (PFRS).

DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

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

Any references in this MD&A to "the Parent Company", "MAC"; or "the Corporation" means MacroAsia Corporation and references to the "MacroAsia Group" or "the Group" means MacroAsia Corporation and its subsidiaries/associates.

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

BUSINESS OVERVIEW

A. MacroAsia Corporation: Parent Company as a Holding Company

MacroAsia Corporation (MAC) used to be Infanta Mineral & Industrial Corporation (IMIC) which was incorporated in the Philippines on February 16, 1970 to engage in the business of geological exploration and development. IMIC operated the Infanta Nickel Mine in Brooke's Point, Palawan during the 1970's and exported nickel ore to Japan until it ceased commercial mining operations due to low nickel prices then. Its Articles of Incorporation was amended on January 26, 1994 to change its primary purpose from geological exploration and development to that of engaging in the business of a holding company and to change its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the SEC approved the amendment to the Company's Articles of Incorporation to change its name from Cobertson Holdings Corporation to its present name, MacroAsia Corporation.

MacroAsia Corporation began commercial operations as a holding company under its amended charter in 1996. Being a holding company, it pursues its interests mainly in aviation services, non-airline food services and water concessions and utilities through its various subsidiaries and associates. The Group's revenues at present are derived primarily from aviation-related support businesses. It provides aircraft maintenance, repairs and overhaul (MRO) services, in-flight catering services, airport ground handling services, aviation school, and operates a special economic zone at the Ninoy Aquino International Airport (NAIA). Non-airline sources of income for the group includes catering for institutional clients, and water concessions and utilities.

For the last three years as of reporting date, neither MAC nor any of its subsidiaries/associates has ever been the subject of any bankruptcy, receivership, or similar proceedings. During this period, MAC and its related entities also had no material reclassifications, mergers, consolidation or purchase of significant amount of assets not in the ordinary course of business. Likewise, none of the companies issued debt securities like bonds or offered company securities to the investing public. As a services provider, there were no material or major expenses for research and development.

B. Strategic Business Units

The Company's key business groups representing each of its strategic business units (SBU) are as follows:

1) **Food Services -** this refers to food products and services utilizing MAC-owned facilities or those of clients which MAC subsidiaries are designated to operate.

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Catering Services, Inc. (MACS)**: 67% owned by MAC; 33% owned by SATS, Singapore. This subsidiary was incorporated on October 25, 1996. This JV competes with a smaller inflight operator in NAIA.	Provides airline catering to majority of foreign airlines operating in NAIA, Philippines, and also services the catering requirements of institutional clients.	This foreign airline kitchen remains to be the biggest and preferred caterer for foreign airlines in NAIA, with sales volume totaling 1.0 million meals in March 2024, 0.9 million in 2023 and 0.2 million in 2022.
b. **MacroAsia SATS Inflight Services Corp. (MSISC)**. This company is a wholly-owned subsidiary of MACS. Its incorporation date is May 16, 2016.	Operates solely the PAL Inflight Kitchen near NAIA Terminal 2 since March 2019, and as such, depends only on the catering requirements of Philippine Airlines, a related party, in its base in NAIA.	The PAL Kitchen generated sales volume of 1.73 million meals in March 2024, 1.71 million in 2023 and 0.54 million in 2022. As of March 2024, this kitchen had 753 total staff.
c. **MacroAsia SATS Food Industries Corporation (MSFI).** This company is a wholly-owned subsidiary of MACS. This JV associate was incorporated on July 14, 2015.	This company operates a commissary/central kitchen in a MacroAsia-owned land in Muntinlupa City. It provides food products mostly to non-airline clients (institutional/business accounts). It also performs	Focusing on non-airport meal sales, its equivalent sales volumes in March 2024 is 2.77 million meals, 2.84 million in 2023 and 1.42 million in 2022.

The market for this business is fragmented and MSFI is one of the bigger service providers, winning various tenders it has been joining.	food services management in several facilities (like banks, head office buildings, etc.).	
d. **Cebu Pacific Catering Services, Inc. (CPCS).** This company is 40% owned by MAC, 40% by Cathay Pacific Catering Services of Hongkong and 20% by MGO Group of Cebu There is no inflight catering competitor for this JV in Mactan, Cebu.	The JV operates an inflight kitchen in the Mactan Economic Processing Zone near Mactan, Cebu Intl Airport. It is the sole inflight kitchen in that area and services domestic and foreign airlines operating in Cebu.	This inflight kitchen generated volumes of 103,390 meals in March 2024 and 3,736 in 2023. The inflight kitchen was under care and maintenance in 2021 and 2022 due to minimal airline passenger catering in the airport during those years. As of March 2024, this kitchen had 99 total staff.

Sources and Availability of Raw Materials:
Most of the raw materials are sourced locally, although for specialized menus as required by airlines, a number of imported items are utilized. There were no meal production disruptions for the last three years arising from raw materials shortage. In case of items impacted by temporary shortages, substitute products are made available with conformity by clients. MACS has a bonded warehouse license and can import raw materials without customs duties/taxes based on the condition that the output product is re-exported to airline clients.

Government Approval/Concessions:
The facilities for the foreign airlines kitchen (MACS) and the PAL Kitchen (MSISC) are government properties in the airport and are subject of lease agreements that are being renewed from time to time. MACS, MSISC and CPCS also are accredited by the respective Airport Authority [Manila International Airport Authority (MIAA) or Mactan Cebu International Airport Authority (MCIAA)] as concessionaires to be able to operate inside the airport.

Risks and Opportunities:
During the last 3 years, the major risk faced by the food business units is related to the curtailment of mobility due to the measures implemented by governments to contain Covid-19. The restrictions on airline travel in 2020 to early part of 2023 constrained the available airline catering market such that topline pressure was felt by the three inflight

kitchens. To address this concentration risk on airline catering, the MAC Food Group focused on growing its revenue portfolio base to include non-airline clients, specifically focusing on big institutional clients outside the airport.

2) Gateway Services (Groundhandling)

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Airport Services Corporation (MASCORP)**: 80% owned by MAC; 20% owned by Konoike, Japan. This subsidiary was incorporated on September 12, 1997. This JV competes with several groundhandlers in the Philippines, but this JV has the largest presence in the country, as it operates in 23 airports in the Philippines.	Provides ground handling (pax services, ramp services, baggage and cargo handling, GSE maintenance, other terminal services) to local airline base clients (related parties) and foreign airlines operating in NAIA,	The groundhandling business depends on the number of flights handled in the airport. MASCORP handled 49,281 flights in March 2024, 44,056 in 2023 and 23,274 in 2022. As of March 2024, the company had 8,571 total staff.
b. **MacroAsia Air Taxi Services, Inc. (MAATS).** This is a wholly-owned subsidiary of MAC, that was incorporated on June 4, 1996. Its main business is to service the foreign airline clients of LTP by providing services similar to groundhandling for fixed-based operators.	Represents the heavy base maintenance clients of Lufthansa Technik Philippines with respect to government permits (CAAP, MIAA, BOC, Immigration, etc.).	Its business is dependent on the volume of LTP clients that require the services of MAATS. As of March 2024, this business unit had 7 total staff.
c. **Japan Airport Service Co., Ltd. (JASCO).** This JV is owned 30% by MAC and 70% by Konoike Transport (Japan). It was founded on March 25, 1960.	Performs ground handling activities (flight operation management, baggage handling, pax assistance services, cabin cleaning, aircraft loading/unloading, cargo/mail handling, etc.)	Its business is dependent on the volume of flights of its clients in Narita Airport.

It operates soley in Narita, Japan and competes with other ground handlers in that airport.	in Narita Airport, Japan. It services local Japanese airlines and foreign airlines.	

Sources and Availability of Raw Materials:
Ground handling services have no substantial requirements for raw materials, compared to catering.

Government Approval/Concessions:
Ground handling is a regulated airport activity, and leases of spaces from the airport (government-owned), concession licenses and airport passes are required from airport authorities. These are secured by our companies through agreements with airport authorities and payment of concession fees and leases.

Risks and Opportunities:
During the last 3 years, the major risk faced by ground handling business are related to the closure of regular airline travel. During the restriction of regular travel in airports, aircraft movements that were handled pertained to repatriation flights mounted by the government.

3) Aircraft MRO (Aircraft Maintenance, Repair and Overhaul)

Lufthansa Technik Philippines, Inc.(LTP), an associate, was incorporated in December 1999, to do aircraft maintenance, repair and overhaul (MRO) in NAIA. MAC owns 49% of this JV, while Lufthansa Technik AG of Germany owns 51%.

LTP offers a wide range of aircraft MRO services to customers worldwide. As one of the 30 affiliates and subsidiaries within the Lufthansa Technik network, the company is committed to ensuring that every aircraft that comes out of its hangars reflects the world-renowned Lufthansa Technik standard of quality, safety and reliability. LTP competes with other regional MRO providers like in Singapore or Hongkong, but its advantage is the vast network of Lufthansa plus its Filipino workforce.

LTP specializes in base maintenance checks for the A320 family, A330, A340, A380 and B777 aircraft types, including major modifications, cabin reconfiguration/retrofit programs, and lease return checks. It is equipped with scalable docking systems, which can accommodate different aircraft types. Its facility can fit three A380s comfortably for simultaneous base maintenance checks.

LTP's maintenance base is located within a free-trade zone at the country's main international gateway, NAIA. It also has maintenance stations in Cebu, Clark, Davao, Kalibo, and Puerto Princesa. The Philippines is strategically located in Southeast Asia – main Asian hubs such as Hong Kong and Singapore are within a 4-hour flight radius.

The Civil Aviation Authority of the Philippines (CAAP), United States-FAA, the European Union EASA, CASA Australia, Japan CAB, Korea MOLIT and other aviation authorities worldwide have certified LTP as an approved maintenance organization for aircraft MRO services. Meanwhile, its technical services group is certified to operate as a Design Department under Lufthansa Technik AG's Design Organization Approval (EASA.21J.019).

Acquiring and retaining the right and qualified talents are key to success for LTP. The company's growth is supported by a 2,838-strong headcount – a combination of highly skilled English-speaking mechanics, engineers and support personnel. It partners with Lufthansa Technical Training Philippines, an EASA 147-approved Maintenance Training Organization, to assure that its people are equipped with world-class skills. Personnel transfers within the Lufthansa Technik network and LTP are a regular occurrence, assuring the right skills are effectively and regularly transferred to the local workforce.

Business Development

LTP's main service products are line maintenance and base maintenance. In March 2024, it serviced 42 aircraft fleet for line maintenance and booked 0.31 million engineering hours for base maintenance. In March 2023, base maintenance hours were at 0.29 million hours, while 0.26 million hours were recorded in 2022.

Sources and Availability of Raw Materials:

As a service provider, the aircraft parts are mostly the responsibility of the airline client. LTP has the ability to assist its clients to source for spare parts.

Government Approval/Concessions:

MRO is a highly regulated activity and requires certifications from approving aviation authorities/government bodies. The facilities of LTP are located in a government-owned land, in an ecozone administered by MacroAsia Properties Development Corporation (MAPDC). MAPDC has a long-term lease with the government (expiring in 2025, renewable by another 25 years). MAPDC has a sublease agreement with LTP that mirrors MAPDC's agreement with the government.

Risks and Opportunities:

During the last 3 years, the major risk faced by LTP are related to the constraints on the aviation industry as a whole. During the pandemic, LTP had to release a number of skilled mechanics, as MRO activity was restricted due to mobility restrictions and stoppage of aircraft utilization at certain points and areas globally. In 2023, LTP had to beef up its recruitment activities to increase its workforce, as more workload was seen in its hangar bays.

4) Property and Ecozone Development

MacroAsia Properties Development Corporation (MAPDC) is a wholly-owned subsidiary of MacroAsia Corporation. It started commercial operations as a real estate developer in June 1996. After completion of its warehouse condominium project in Muntinlupa in 1997, the Company suspended its operation. Three years after, the Company re-started its commercial operations, this time as a developer and operator of the MacroAsia Special Economic Zone, the only special economic zone at Ninoy Aquino International Airport (NAIA). It houses Lufthansa Technik Philippines, Inc. for a period of 25 years.

In Mactan, Cebu, MAPDC also developed the MacroAsia Cebu Special Ecozone in 2018. This ecozone which is inside the airport, similar to Manila, is designated as a special ecozone for aviation-related services.

The Company is also operating a wastewater treatment and a water recycling facility for non-domestic water supply within the special economic zone in NAIA since 2011. With experience gained from this project, MAPDC has pursued water resources development projects in areas outside Metro Manila – Boracay Island, Nueva Vizcaya and Cavite.

The company owns a parcel of land in Muntinlupa City, a portion of which has been developed to house the central kitchen or commissary being run by MSFI. Such building and land is being leased by MAPDC to MSFI. MAPDC also owns other properties that it is leasing out to related parties like SNV Resources Devt Corporation (SNVRDC) and to Summa Water Resources, Inc. (SWRI).

The company is generally not dependent on raw materials availability in the pursuit of its business.

The two (2) ecozones it administers (NAIA and Mactan, Cebu) are dependent on government leases for the land.

Due to the nature of its business (leasing), MAPDC's business is relatively flat, as growth is dependent on increasing lease rates or making available more properties for lease. MAPDC is not into the business of developing properties and selling these, but simply focuses on supporting the property requirements of related parties.

5) Pilot School

First Aviation Academy Inc., (FAA) was incorporated on December 5, 2017 and has its training facility established and inaugurated in March 2019 in Subic Bay International Airport as an aviation career and resource center. Its business model was built on addressing the forecast shortage of professional pilots not only in the Philippines but worldwide. FAA is a joint venture flight school between MAC (51%) and PTC Holdings Corporation (49%).

FAA provides ab initio pilot training, certification and aviation-related career development courses. Each graduate pilot is a certified holder of a Private Pilot License (PPL), or may have an Instrument Rating (IR), a Multi-Engine Rating (MER) or a Commercial Pilot License. Top graduates are given the chance to become Flight Instructors (FI), providing a unique way to build up their flying hours while honing their instructor skills.

FAA has TECNAM and CESSNA planes for training, as well as several simulators. In June 2021, FAA has purchased 9 Cessna 172 planes and 1 Redbird Flight Simulator from the former Philippine Air Lines Aviation School (PALAV) to augment its fleet. A newly built ATPT Sim trainer is also an added advantage in the FAA training program, wherein the student's knowledge and skills in flying the sophisticated Airbus planes will be enhanced in anticipation for their entry to Type Rating Course before becoming a full-pledged airline pilot. With bigger number of assets, FAA is able to train more pilots and become a major resource provider in aviation industry.

As of March 31, 2024, FAA had 93 pilot trainees and a workforce of 53 employees.

FAA’s operations is highly-regulated and depends on certifications from the CAAP and related government bodies. There are no existing or probable government regulations that may have an adverse effect on FAA operations. FAA did not incur any research and development expenditures during the last three fiscal years.

6) Water Concessions and Utilities

Name of Company	***Products and Services***	***Business Development (Last 3 years)***
a. **Boracay Tubi System, Inc. (BTSI)** This JV operates as one of two water providers in Boracay Island. MAPDC owns 67% of this JV, which has been operating in the Island for more than 20 years. It holds three (3) water rights and has a Certificate of Public Convenience (CPC) from the National Water Resources Board (NWRB). BTSI is currently serving more than 40% of water demand in the island of Boracay. BTSI also has 80% ownership	The JV provides potable water to residents and commercial establishments, as well as manages the septage of commercial clients. It also provides raw and treated bulk water supply to some areas in Boracay Island. It extracts water through river sources near Caticlan, Aklan and transfer these through submarine pipelines for treatment in Boracay Island.	The KPI for this business is measured in terms of water sales in million of liters per day (MLD). These were 6.7 MLD in March 2024, 5.5 MLD in 2023 and 3.3 in 2022. As of of March 2024, BTSI had 94 staff.

in Monad Water Sewerage Systems, Inc. (MONAD), a water and waste water service provider exclusively serving Barangay Yapak, Boracay Island, and 100% ownership in New Earth Water System, Inc. (NEWS), a company that has secured water rights and Certificates of Public Convenience in Visayas and Mindanao.		
b. **Naic Water Supply Corp. (NWSC)** This is a wholly-owned subsidiary of MAPDC. It was incorporated on September 4, 2003 and services the town of Naic and nearby areas.	The company provides treated potable water drawn through deep wells to residents and commercial establishments in Naic, Cavite and nearby subdivisions.	The KPI for this business is measured in terms of water sales in million of liters per day (MLD)., which stands at 11.3 MLD in March 2024; 10.0 MLD in 2023 and 9.5 MLD in 2022. As of March 2024, this business unit had 62 total staff.
c. **Summa Water Resources, Inc. (SWRI)**. This JV is owned 60% by Allied Water Services, Inc. (100% owned by MAC). It is an Original Equipment Manufacturer (OEM) supplying a full line of standard and fully customizable water and wastewater treatment systems, and also provides treated bulk water supply to several clients.	Supplied of water treatment equipment and bulk water to private & government entities in the Philippines (Bulacan, Iloilo, Albay, Cavite, Bataan, etc.)	For its bulk water supply business, it has supplied 3.4 MLD in March 2024, 3.6 in 2023 and 3.4 in 2022. The more significant topline growth for this JV is in its equipment sales contracts, mostly with government entities. As of March 2024, the company had 46 staff.
d. **SNV Resources Devt Corporation (SNVRDC)**	Supply of potable water to households, commercial	Business development is measured in terms

This is owned 100% by MAPDC. It started as a greenfield project to build and operate a complete water works system in Solano, Nueva Vizcaya. From 0 accounts in 2016, it had achieved 5,701 connections by end of March 2024.	and government clients in Solano, using water extracted and treated from the Magat River.	of millions of liters per day of water sold, which stands at 2.7 MLD in March 2024; 2.4 MLD in 2023 and 2.2 MLD in 2022. As of March 2024, this business unit had 37 total staff.
e. **Aqualink Resources Devt Inc. (ARDI)** This is owned 51% by NWSC. This operates the water system for Lancaster New City in Cavite, which spans the areas of Gen. Trias, Imus, Carmona, Bacoor, Kawit and Tanza. It had 41,282 accounts or connections by end of March 2024.	Supply of potable water to households and commercial using water extracted and treated from deep well sources.	Business development is measured in terms of millions of liters per day of water sold, which stands at 27.5 MLD in 2024; 25.0 MLD in 2023 and 24.4 MLD in 2022. As of March 2024, this business unit had 78 total staff.
f. Cavite Business Resources, Inc. (CBRI) This is owned 100% by Watergy Business Solutions, Inc. (100% MAPDC). It built the Maragondon Bulk Water Treatment Plant.	Supply of bulk water in Maragondon, through water extracted from Maragondon River.	By end of 2023, the Bulk Water Supply Agreement with the Water District was agreed upon. Water service will start in the current year 2024.
g. Cavite AlliedKonsult Services Corp. (CAKSC) This is owned 100% by Allied Konsult Eco-Solutions Corporation (60%-owned by Allied Water Services Corp.	Treatment of septage discharge from households and commercial establishments in Cavite.	By end of 2023, its treatment agreements with some water providers were finalized.

(100% MAC). It built in Gen. Trias the largest facility for septage treatment in Cavite.		

Sources and Availability of Raw Materials:
The chemicals and supplies for water treatment are usually locally sourced. There were no supply disruptions noted in the last three years. As for equipment which are imported, no supply issues were also reported.
Government Approval/Concessions:
The supply of potable water, as well as treatment of septage is highly regulated and should comply with government regulations. Our water business units have permits with the LGUs, National Water Resources Board (NWRB), Laguna Lake Devt Authority, Dept of Health, DENR, etc. as the case may be. Tarriff setting are set often with NWRB in line with investments made by the business unit.

Risks and Opportunities:
During the last 3 years, the water business of the group has remained resilient and has registered continuing growth, even with pandemic-related restrictions in place in various parts of the country. There are opportunities to further grow these business units, due to the growing population and commercialization in areas outside of Metro Manila as more people were noted to be transferring to the provinces as a result of changing work place demographics (work from home setup; growing preference for life outside of Metro Manila during the pandemic, etc.).

7) Mining

Due to its history as a mining company in the 1970's, MAC had mining rights and permits as part of its assets. The Mineral Production Sharing Agreements (MPSAs) of MAC Parent were transferred to MacroAsia Mining Corporation, a wholly-owned subsidiary. This includes the Infanta Nickel Project in Palawan.

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

MMC temporarily focused on providing consultancy and mining exploration services, particularly on nickel areas and projects, in the 2010s. This started in 2013 wherein MMC served the exploration and drilling requirements for the nickel laterite deposits of some of the major nickel producers in the country.

Bulawan Mining Corporation (BUMICO) and Management Development Corporation (MADECOR), former subsidiaries of Philippine National Bank (PNB), have already been transferred to MMC. The former was officially purchased from PNB on November 15,

2018 and is now known as MMC BUMICO. The latter, meanwhile, was acquired on March 2, 2020 and is now called MMC MADECOR. The move is part of a bigger program on the spinning-off of the mining segment of MacroAsia Corporation.
The acquisition of BUMICO included its right for their Exploration Permit Application (EXPA 103-VII) over a 506-hectare area in Basay, Negros Oriental. The area has a high potential for copper-gold molybdenum–silver mineralization. Several copper and gold mining companies have shown interest in the area. In addition, MMC BUMICO also inherited the Operating Agreement with Philex Mining Corporation (PMC) in relation to the Bulawan Mining Project. Furthermore, MLC MRD 510 and EP 008-2010-VI which are under an agreement with Philex Gold Philippines, Inc. (PGPI) are now likewise part of the MMC portfolio. MLC MRD 510 is currently under the implementation stage of the Final Mine Rehabilitation and Decommissioning Plan (FMRDP). On the other hand, the application for renewal of EP 08-2010-VI is still pending MGB. Philex which has already made a partial submission of the requirements and has yet to provide an LGU Resolution attesting to the presentation of the EXPA.

On the other hand, MMC MADECOR has acquired EXPA 000100-VI from PNB MADECOR. It is covered by an agreement with PGPI. The said application has been granted Clearance for issuance of the permit based on a July 4, 2019 memorandum from MGB Central Office but subject to several conditions. The First Letter Notice regarding the conditions to be met was communicated to PGPI in July 10, 2020 and forwarded to PNB Madecor on August 19, 2020. MMC MADECOR, which has acquired PNB MADECOR, then transmitted the required documents to PGPI in September 29, 2020. PGPI has since submitted the documents to MGB Regional Office No. VI on October 14, 2020. MGB Region VI informed PGPI through a May 6, 2022-dated Second Letter Notice of the deficiencies for compliance. The revised tenement map requested by MGB was already submitted last June 15, 2022. There has been no feedback yet from MGB as of end of the year.

MMC has exploration permit applications (EXPAs) to mineralized areas in Carigara and Baybay City in Northern Leyte denominated as EXPA 000091-VII and 000092-VII. MGB Regional Office No. VII has endorsed the Environmental Work Program (EWP) for both EXPAs to the Office of the Director (MGB Central Office) on August 10, 2022.

On June 7, 2019, MAC, executed Deeds of Assignment (DOAs) in favor of MMC, wherein MAC assigned to the latter, all its rights and interests under its Mineral Production Sharing Agreements (MPSA) in Palawan. These DOAs were submitted for approval of the DENR as required by law. The Mines and Geosciences Bureau (MGB-DENR) approved the transfer on February 1, 2021.

The MPSAs that were assigned to MMC are Mineral Production Sharing Agreement (MPSA) Nos. 220-2005-IVB and 221-2005-IVB covering the 1,113.98 and 410.00 hectares, respectively, situated in Brooke's Point Palawan. With the DENR approval, these tenements are now recorded under MMC. The said MPSAs grant the company the exclusive right to explore, develop and commercially utilize nickel, chromite, iron and other associated mineral deposits within the contract area. MMC started discussions with other nickel mine operators to start the operations of at least the nickel mine due to the demand for this mineral for batteries, among others.

On July 29, 2021, MMC signed a memorandum of agreement with Calmia Nickel, Inc. (CNI) for the exploration and eventual mining operations of the Infanta Nickel Project (MPSA No. 220-2005-IVB). Confirmatory drilling activities commenced in early November 2021 as part of the due diligence work being conducted by CNI. Initial laterite samples have been sent to a laboratory in Manila for analyses. Current work focused on perfecting the permits for eventual mine operations.

As of March 31, 2024, MMC has four (4) regular employees.

MMC's present operations do not require the intensive use of raw materials. Therefore, it does not have any major existing supply contracts.

MMC is not aware of any other existing or probable government regulations that may have any adverse effects on its business. MMC does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreement. It did not incur any research and development costs during the last three fiscal years.

8) IT Services, Connectivity and Radio Trunking

This business segment focuses on the integration of information technology and connectivity in the MAC Group and its partners. t also entails the operationalization of the digital trunk radio in the airport, utilizing the frequency allocated by NTC for purposes of the aviation-related activities of the Group.

Tera Information and Connectivity Solutions, Inc. (TERA) is a fully owned subsidiary of MAC and was incorporated on February 11, 2021. TERA was established with the main objective of serving as the Technology and Tier 1 Service Provider (In-house) of the whole MacroAsia Group. The pivot to ICT services is a necessity made evident by COVID19 and presents various opportunities that MAC can take advantage and capitalize on. Among the services that TERA will provide include information management, data connectivity, radio trunking and managed services.

As of 2023, the company has a service contract for a data connectivity project in Lancaster New City.

There are no existing or probable government regulations that may have an adverse effect on TERA operations. TERA did not incur any research and development expenditures during its first year from incorporation.

Key Performance Indicators

The Group uses the following major performance measures. The analyses are based on comparisons and measurement on financial data of the current period against the same period of the previous year.

	March 31, 2024	March 31, 2023
Return on Net Sales (RNS)	**15.19%**	10.92%
Return on Investment (ROI)	**3.62%**	2.20%
Return on Equity (ROE)	**6.47%**	4.42%
Direct Cost Ratio	**75.04%**	76.80%
Operating Expense Ratio	**12.45%**	12.41%
Current Ratio	**1.42: 1**	1.31: 1
Debt-to-Equity Ratio	**14.32%**	22.52%
Interest Coverage Ratio	**12.01 : 1**	6.97: 1
Asset-to-Equity Ratio	**1.95 : 1**	2.05: 1

- Return on net sales increase from 10.92% for 2023 to 15.19% as of March 31, 2024. The improvement in the consolidated RNS is caused by improvement in revenues generated by our operating subsidiaries in the current year compared to the same period last year.
- Movement from 2.20% to 3.62% in ROI ratio is parallel to that of the RNS due to the Group's financial performance as discussed above.
- The ROE of 6.47% in 2024 improved compared to 4.42% for the same period of 2023.
- The direct cost ratio decreased from 76.80% to 75.04% for 2024 because of the improvement in business activities of the Group.
- Operating expense ratio increased from 12.41% to 12.45% for 2024. The Group has kept the ratio controlled.
- The Group still has a healthy current ratio indicating the Group's solid ability to meet its current liabilities, with an adequate portion of current assets held as cash. Current ratio stands at 1.42:1 compared to 1.31:1 last year.
- Debt to equity ratio stands at 14.32% for 2024 from 22.52% the same period last year. The improvement in debt-to-equity ratio is due to the net decline of loans which remained outstanding at period end, while the equity increased due to net income earned during the current year.
- As the Group continues to report positive operating results during the current reporting period, it will be able to cover interest payments arising from its debts. Interest coverage ratio increased from 6.97:1 to 12.01:1 for March 31, 2024.
- The ratio between total assets and total equity indicates that the assets of the Group continue to be supported principally by shareholders' capital than debt. Asset to equity ratio stands from 2.05:1 for 2023 to 1.95:1 for the period March 31, 2024.

The indicators above are measured as follows:

1. Return on Net Sales = $\dfrac{\text{Total Net Income}}{\text{Total Net Revenues}}$

2.Return on Investment = $\dfrac{\text{NI attributable to Equity holder of Parent}}{\text{Total Interest-bearing Liabilities + Equity attributable to Equity holder of Parent}}$

3. Return on Equity = $\dfrac{\text{Total Net Income}}{\text{Total Equity}}$

4. Direct Cost Ratio = $\dfrac{\text{Total Direct Cost}}{\text{Total Net Revenues}}$

5. Operating Expense Ratio = $\dfrac{\text{Total Operating Expenses}}{\text{Total Net Revenues}}$

6. Current Ratio = $\dfrac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$

7. Debt-to-Equity Ratio = $\dfrac{\text{Total Interest-bearing Debts}}{\text{Total Equity}}$

8. Interest Coverage Ratio = $\dfrac{\text{Total Earnings before Interest and Taxes}}{\text{Interest Expense}}$

9.Asset-to-Equity Ratio = $\dfrac{\text{Total Assets}}{\text{Total Equity}}$

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MacroAsia Corporation

Management's Discussion and Analysis (MD&A)

March 31, 2024 and March 31, 2023
Results of Operations (amounts in ₱ millions)

	For the quarter ended		Horizontal Analysis		Vertical Analysis	
	Q1 2024	Q1 2023	Changes	%	Q1 2024	Q1 2023
REVENUE						
In-flight and other catering	**1,056.5**	902.7	153.8	17%	48%	50%
Ground handling and aviation	**975.6**	723.8	251.8	35%	44%	40%
Water distribution	**154.1**	138.0	16.1	12%	7%	8%
Connectivity and technology services	**0.8**	0.0	0.8	0%	0%	0%
Aviation training fee	**22.5**	22.4	0.1	0%	1%	1%
Administrative fees	**9.9**	8.5	1.4	16%	0%	0%
	2,219.3	1,795.4	423.9	24%	100%	100%
DIRECT COSTS AND EXPENSES						
In-flight and other catering	**720.2**	616.5	103.6	17%	32%	34%
Ground handling and aviation	**819.6**	634.1	185.5	29%	37%	35%
Water distribution	**87.9**	92.5	-4.6	-5%	4%	5%
Connectivity and technology services	**0.7**	0.0	0.7	0%	0%	0%
Aviation training cost	**24.9**	24.0	0.8	3%	1%	1%
Administrative fees	**12.1**	11.7	0.4	4%	1%	1%
	1,665.3	1,378.8	286.5	21%	75%	77%
GROSS PROFIT (LOSS)	**554.0**	416.6	137.4	33%	25%	23%
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	**148.4**	90.7	57.7	64%	7%	5%
	702.4	507.3	195.1	38%	32%	28%
OPERATING EXPENSES	**276.2**	222.7	53.5	24%	12%	12%
INCOME (LOSS) FROM OPERATIONS	**426.2**	284.5	141.6	50%	19%	16%
OTHER INCOME (CHARGES)						
Interest income	**4.8**	0.5	4.4	942%	0%	0%
Financing charges	**-37.4**	-40.9	3.4	-8%	-2%	-2%
Foreign exchange gain (loss) - net	**3.5**	-7.2	-3.7	51%	0%	0%
Others - net	**15.3**	7.2	8.1	113%	1%	0%
	-13.8	-40.4	26.7	-66%	-1%	-2%
INCOME (LOSS) BEFORE INCOME TAX	**412.4**	244.1	168.3	69%	19%	14%
PROVISION FOR (BENEFIT FROM) INCOME TAX	**75.3**	48.1	27.3	57%	3%	3%
NET INCOME (LOSS)	**337.0**	196.0	141.0	72%	15%	11%
Net income (loss) attributable to:						
Equity holders of the Company	**259.9**	151.1	108.8	72%	12%	8%
Non-controlling interests	**77.1**	44.9	32.2	72%	3%	3%
	337.0	196.0	141.0	72%	15%	11%

Revenues

Revenues from in-flight catering and food services amounting to ₱1,056.5 million accounts for 48% of the total consolidated revenues. This quarter's food revenue is 17% higher of last year's ₱902.7 million. This revenue hike is brought about by the increase in meals sold, from 5.5 million in 2023 to 5.6 million meals in 2024.

Revenues from ground-handling & aviation services amounted to ₱975.6 million in 2024, an increase of ₱251.8 million (35%) from ₱723.8 million in 2023. Flights handled this year totaled 49,281 flights, an increase of 5,225 flights (12%) from 44,056 flights in 2023. Ground-handling revenues account for 44% of the consolidated revenues.

Revenues from water operations contributed 7% of the total revenues. The water segment revenue increased from ₱138.0 million to ₱154.1 million, a 12% increase compared to 2023. The revenues benefited from the increase in commercial water sales in Boracay, as the island saw more visitors, and the growth in revenue contribution of Naic Water Services Corporation and Aqualink. Billed volume increased by 0.5 million (11%) cubic meters (cu. m), from 4.23 million cu. m in 2023 to 4.70 million cu. m in 2024.

The connectivity and technology services company, Tera posted a revenue of ₱0.8 million. A service contract for data connectivity has been started by Tera in the last quarter of 2023. Due to changes in the project timeline, minimal revenue was recognized in the current year.

Administrative revenues from ecozone remains flat as rates charge remains unchanged. Increase in revenue pertains to passed on charges to locators.

Total Direct Costs

Total direct costs in 2024 amounted to ₱1,665.3 million, an increase of ₱286.5 million (21%) from 2023. The increase is attributable to the increase in business operations across all business segments of the Group.

Operating Expenses

Consolidated operating expenses increased by ₱53.5 million from ₱222.7 million in 2023, aligned with the business volume growth.

Share in Net Earnings (Losses) of Associates

Share in net income/losses of associates (LTP, CPCS and JASCO) amounted to ₱148.4 million, which increased by ₱57.7 million from ₱90.7 million from same period last year. Changes in equity shares from period to period are dependent upon the results of operations of the associated companies. For the period ended March 31, 2024, our MRO business registered an income of ₱258.7 million from which we share 49% or ₱126.8 million. The reported increase in reported net income of LTP in 2024 is mainly attributable to improvement in revenue. CPCS, our catering associate in Cebu, continued to reflect positive results from operations starting the 2nd quarter of 2023 due to improvement in meal volumes. MAC booked its 40% net income share in CPCS at ₱8.5 million, compared to last year's ₱1.9 million share in net loss. JASCO-our groundhandling associate in Japan, contributed a net income of ₱13.2 million, compared to the loss contribution of ₱9.1 million from same period last year, representing the 30% share of MAC.

Other Income (Charges)

The interest income of ₱4.8 million pertains to income earned from short-term investments and interests accruing from deposits. Financing charges decreased from ₱40.9 million in 2023 to

₱37.4 million in 2024, due to the decrease in interest incurred from loans aligned with the decrease in amount of loan outstanding .Other income and charges increased to ₱18.8 million against the (₱0.04) million in 2023 mainly due to other fees earned by the water subsidiaries and foreign exchange gains incurred during the year.

Income Tax

The Group posted a provision for income tax in the amount of ₱75.3 million in 2024, compared to ₱48.1 million in 2023. Income tax expense recognized relates to the tax attributable on the taxable income reported by MAC Group.

Net Income

The Group recorded consolidated net income after tax of ₱337.0 million for the current period, 72% higher than the consolidated net income after tax of ₱196.0 million reported during the same period in 2023. The significant improvement in net income was driven largely by business volume growth across all the Group's business units.

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MacroAsia Corporation

March 31, 2024 and March 31, 2023
Financial Position (amounts in millions)

	March 31, 2024	December 31, 2023	Horizontal Analysis Changes	%	Vertical Analysis 2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	**1,490.6**	1,062.6	428.0	40%	11%	8%
Receivables and contract assets	**2,254.8**	2,092.3	162.6	8%	17%	16%
Inventories	**132.6**	161.0	-28.4	-18%	1%	1%
Other current assets	**967.3**	871.6	95.7	11%	7%	7%
Total Current Assets	**4,845.3**	4,187.4	657.9	16%	37%	33%
Noncurrent Assets					0%	0%
Investments in associates	**1,924.4**	2,299.5	-375.1	-16%	15%	18%
Property, plant and equipment	**2,331.1**	2,293.2	37.9	2%	18%	18%
Net investment in lease	**1,176.8**	1,175.9	0.9	0%	9%	9%
Right-of-use assets	**785.3**	799.2	-14.0	-2%	6%	6%
Investment property	**143.9**	143.9	-0.0	0%	1%	1%
Service concession rights	**407.2**	408.5	-1.3	0%	3%	3%
Intangible assets and goodwill	**367.1**	365.5	1.7	0%	3%	3%
Deferred income tax assets - net	**148.6**	170.6	-22.0	-13%	1%	1%
Other noncurrent assets	**876.6**	851.3	25.4	3%	7%	7%
Total Noncurrent Assets	**8,160.9**	8,507.5	-346.6	-4%	63%	67%
TOTAL ASSETS	**13,006.2**	12,694.9	311.3	2%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Notes payable	**164.5**	244.5	-80.0	-33%	1%	2%
Accounts payable and accrued liabilities	**2,633.0**	2,646.1	-13.1	0%	20%	21%
Income tax payable	**112.8**	63.2	49.6	78%	1%	0%
Dividends payable	**198.8**	9.7	189.1	1944%	2%	0%
Current portion of long-term debts	**260.2**	314.1	-53.9	-17%	2%	2%
Current portion of lease liabilities	**44.9**	44.9	-0.0	0%	0%	0%
Total Current Liabilities	**3,414.1**	3,322.4	91.7	3%	26%	26%
Noncurrent Liabilities						
Long-term debts - net of current portion	**528.3**	485.9	42.4	9%	4%	4%
Lease liabilities - net of current portion	**2,034.6**	2,042.2	-7.6	0%	16%	16%
Accrued retirement and other employee benefits payable	**198.3**	190.0	8.3	4%	2%	1%
Deferred income tax liabilities - net	**91.6**	92.9	-1.3	-1%	1%	1%
Other noncurrent liabilities	**82.2**	76.1	6.1	8%	1%	1%
Total Noncurrent Liabilities	**2,935.0**	2,887.2	47.8	2%	23%	23%
Total Liabilities	**6,349.1**	6,209.6	139.5	2%	49%	49%
Equity attributable to equity holders of the Company						
Capital stock - 1 par value	**1,933.3**	1,933.3	0.0	0%	15%	15%
Additional paid-in capital	**281.4**	281.4	0.0	0%	2%	2%
Retained earnings						
Appropriated	**960.0**	960.0	0.0	0%	7%	8%
Unappropriated	**2,493.9**	2,423.1	70.8	3%	19%	19%
Other comprehensive income	**7.5**	-16.3	23.9	-146%	0%	0%
Other reserves	**1,003.0**	1,003.0	0.0	0%	8%	8%
Treasury shares	**-459.4**	-459.4	0.0	0%	-4%	-4%
	6,219.8	6,125.1	94.7	2%	48%	48%
Non-controlling interests	**437.4**	360.2	77.1	21%	3%	3%
Total Equity	**6,657.1**	6,485.3	171.8	3%	51%	51%
TOTAL LIABILITIES AND EQUITY	**13,006.2**	12,694.9	311.3	2%	100%	100%

Assets

As of March 31, 2024, consolidated total assets stood at ₱13.0 billion, posting a ₱311.3 million increase from last year-end's level of ₱12.7 billion.

Cash and cash equivalents of ₱1,490.6 million increased by ₱428.0 million (40%), which is caused by net cashflows from operations and dividends received from LTP. The Group sees no liquidity issues in 2024, as the cash balances of the operating subsidiaries are able to meet their currently maturing obligations.

Receivables increased by ₱162.5 million or 8%, a minimal increase during the year due to business volume growth.

Inventories of ₱132.6 million were maintained in line with forecasted inventory level requirements.

Input taxes and other current assets of ₱967.3 million represents input taxes, creditable withholding and prepaid taxes and unamortized prepayments for insurance covers, rent, utilities and unconsumed supplies as of March 31, 2024.

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. Movements in the account are contributed by the share in cumulative translation adjustments for LTP and JASCO due to foreign exchange fluctuations, share in re-measurement gains and losses on defined benefit plans due to the revised PAS19 policies, share in cash dividends declared and received during the current period, and the incremental equity share in net earnings/loss of the associated companies. The Group recorded a decrease of ₱375.1 million (16%) in this investment account, from ₱ 2.30 billion in 2023 year-end to ₱1.92 billion as of March 31, 2024 as a result of the share in dividend declared by LTP amounting to ₱547.3 million and is offset by the share in translation adjustments amounting to ₱23.9 million and the share of aggregate income contribution from associates.

The Group's property and equipment of ₱2.33 billion increased from last year's ₱2.29 billion due to new acquisitions made by our catering, ground handling, water companies and is offset by the recognition of depreciation. Investment property of ₱143.85 million pertains to land held for future development by MAPDC.

The carrying amount of deferred income tax assets of ₱148.6 million as of March 31, 2024, are taxes recoverable in future periods. Decrease in deferred tax assets pertain decrease in income tax benefit from NOLCO.

Liabilities

Notes payable decreased from ₱244.5 million to ₱164.5 million, by ₱80.0 million (33%). Settlement of notes payable that have matured resulted in a decrease in notes payable.

Income Tax payable increased by 78% or ₱49.6 million from ₱63.2 million to ₱112.8 million on March 2024, due to increase in taxable income.

Dividends payable increased by ₱189.1 million (1,944%) from ₱9.7 million to ₱198.8 million due to the declaration of cash dividends in the amount of ten centavos (₱0.10) per share payable on May 16, 2024..

Current portion of long-term debts decreased by ₱53.9 million (17%) from ₱314.1 million in 2023 to ₱260.2 million on March 31, 2024 which represents the current portion of long-term loan after settlements of currently maturing debts.

Long-term debts – net of current portion increased by ₱42.4 million (9%) to ₱528.3 million in 2024 from ₱485.9 on March 31, 2023. Increase pertains to loans availed amounting to ₱150 million and is offset by loan settlements.

Other noncurrent liabilities increased by ₱6.1 million (8%) from ₱76.1 million in 2023 to ₱ 82.2 million in 2024 due to increase in customer deposits.

Equity

Equity attributable to equity holders of the company increased by ₱94.7 million (2%), from last year's ₱6,125.1 million to this year's ₱6,219.8 million.

Retained Earnings

Unappropriated retained earnings increased by ₱70.8 million (3%). The increase pertains to the net income attributable to equity holder of the company booked in retained earnings amounting to ₱260.0 million, offset by dividends declared amounting to ₱189.1 million.

Other comprehensive income increased by ₱23.9 million (146%) to ₱7.5 million for 2024, the increase pertains to the share in foreign currency translation adjustments income of LTP and JASCO for ₱23.9 million in aggregate which changes in accordance with US$ and JPY exchange rate fluctuations during the period covered, respectively.

Movement in the "non-controlling interests" depends on the results of operations of MACS, MASCORP, AWSI, FAA, and subsidiaries of MAPDC with JV partners. This account reflects the 33% equity share of SATS (JV Partner of MAC) in the catering JV, 40% share of minority shareholders in SUMMA, 33% share of minority shareholders in BTSI, 49% share of PTC Holding, Inc. ("PTC") in FAA, 20% share of Konoike in MASCORP and 49% share of minority shareholders in Allied Konsult. As of March 31, 2024, non-controlling interests amounted to ₱437.4 million.

NUMBER OF STOCKHOLDERS

There are 845 stockholders as of March 31, 2024 and December 31, 2023.

OTHER MATTERS

1. Passenger loads and flight frequencies of airlines are the two most important factors that affect the revenue levels of the Group's operating units that are involved in catering, ground handling and line maintenance. The impending privatization of the operations of the country's main airport - NAIA, will ultimately result into more flights and passengers for the main hub as the airport facilities are foreseen to grow and become more efficient. While the costs of doing business in the airport may go up under a new management setup, such costs are often passed on to clients based on open-book pricing practices in key business units. The food commissary on the other hand mainly serves non-airline institutional clients.

2. The move to grow the revenue portfolio for the Food Group outside of aviation-related catering has borne significant results, as major commissary accounts were secured and are now being served. Plans are now being considered to expand the geographical presence of the Food Group outside of Luzon, and expand the capacity of the current commissary in Muntinlupa City. As of 1Q2024, detailed studies are underway to expand the current facility.

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

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

5. There have been no significant elements of income or loss that did not arise from the Group's continuing normal operations that are not disclosed in the consolidated interim financial statements. The Group is not aware of any future event that will cause a material change in the relationship, vertical and horizontal analyses, of any material item from period to period. The Group is also not aware of any seasonal aspects that have material effect during the reporting period.

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

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

SIGNATURES

Pursuant to the requirement of Sec 17 of the Code and Sec 141 of the Corporation Code of the Philippines, this report has been reviewed by the Audit Committee of MacroAsia Corporation on May 10, 2024, and is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on May 13, 2024.

MACROASIA CORPORATION
Registrant

By:

EDUARDO LUIS T. LUY
President

AMADOR T. SENDIN
Chief Financial Officer

MACROASIA CORPORATION AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements

March 31, 2024 and 2023 (Unaudited)

and

December 31, 2023 (Audited)

GENERAL INFORMATION

Directors:

As of March 31, 2024		As of Report Release Date	
Name	**Position**	**Name**	**Position**
Lucio C. Tan	(Chairman and CEO)	Lucio C. Tan	(Chairman and CEO)
Carmen K. Tan		Carmen K. Tan	
Lucio C. Tan III		Lucio C. Tan III	
Vivienne K. Tan		Vivienne K. Tan	
Michael G. Tan		Michael G. Tan	
Eduardo Luis T. Luy	(President and COO)	Eduardo Luis T. Luy	(President and COO)
Kyle Ellis C. Tan	(Treasurer)	Kyle Ellis C. Tan	(Treasurer)
Johnip G. Cua		Johnip G. Cua	
Samuel C. Uy	(Independent Director)	Samuel C. Uy	(Independent Director)
Marixi R. Prieto	(Independent Director)	Ramon Pancratio D. Dizon*	(Independent Director)
		Diwa C. Guinigundo*	(Independent Director)

effective May 9, 2024

Chief Financial Officer, Chief Risk Officer, Senior Vice President - Administration
Amador T. Sendin

Senior Vice President - Human Resources, Legal and External Relations, Chief Compliance Officer / Corporate Information Officer
Atty. Marivic T. Moya

Vice-President - Business Development/ Data Protection Officer
Belgium S. Tandoc

Vice-President – Commercial
Rhodel C. Esteban

Corporate Secretary
Atty. Florentino M. Herrera III

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

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Banks

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

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

Security Bank
Nieva Branch G1 & G2 Asian Mansion 2,
Dela Rosa cor. Nieva St., Legaspi Village
Makati City

Metrobank and Trust Company
New Manila Branch 676 Aurora Blvd.,
New Manila 1112 Quezon City

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

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

Rizal Commercial Banking Corporation
G/F Sterling Center Ormaza cor
Dela Rosa Street, Legazpi Village, Makati City

Landbank of the Philippines
Virgilio corner Villapa Street
Poblacion, Brooke's Point, Palawan

Auditors

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

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MACROASIA CORPORATION

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

		MARCH 31, 2024 (UNAUDITED)		DECEMBER 31, 2023 (AUDITED)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**1,490,599,395**	₱	1,062,560,838
Receivables and contract asset		**2,254,812,844**		2,092,256,231
Inventories		**132,617,005**		160,996,293
Input taxes and other current assets		**967,291,246**		871,627,299
Total Current Assets		**4,845,320,489**		4,187,440,661
Noncurrent Assets				
Investments in associates		**1,924,410,231**		2,299,475,062
Property, plant and equipment		**2,331,072,516**		2,293,221,048
Investment property		**143,852,303**		143,852,303
Service concession right		**407,165,295**		408,475,136
Input taxes -net		**201,313,802**		178,196,827
Deferred income tax assets		**148,597,641**		170,611,630
Goodwill and intangible assets		**367,123,719**		365,468,946
Net Investment in the lease		**1,176,815,154**		1,175,894,680
Right of Use Asset		**785,252,021**		799,224,610
Other noncurrent assets		**675,320,037**		673,081,212
Total Noncurrent Assets		**8,160,922,719**		8,507,501,454
TOTAL ASSETS `	₱	**13,006,243,208**	₱	12,694,942,115
LIABILITIES AND EQUITY				
Current Liabilities				
Current loans payable	₱	**424,706,104**	₱	558,614,902
Accounts payable and accrued liabilities		**2,632,986,466**		2,646,051,600
Income tax payable		**112,763,311**		63,181,364
Dividends payable		**198,821,040**		9,725,208
Lease Liabilities Right of use Asset		**44,867,304**		44,867,304
Total Current Liabilities		**3,414,144,224**		3,322,440,378
Noncurrent Liabilities				
Loans payable- net of current portion		**528,272,294**		485,893,921
Accrued retirement and other employee benefits payable		**198,288,186**		190,022,871
Deferred income tax liabilities		**91,583,725**		92,893,628
Lease Liabilities Right of use Asset - net of current portion		**2,034,572,476**		2,042,208,073
Other noncurrent liabilities		**82,242,325**		76,144,495
Total Noncurrent Liabilities		**2,934,959,006**		2,887,162,988
Total Liabilities		**6,349,103,230**		6,209,603,366

Equity				
Capital stock - ₱ 1 par value				
Authorized - 2,000,000,000 shares				
Issued and fully paid - 1,933,305,923 shares		**1,933,305,923**		1,933,305,923
Additional paid-in capital		**281,437,118**		281,437,118
Other Reserves		**1,003,041,257**		1,003,041,257
Other components of equity		**7,529,952**		(16,327,184)
Retained earnings				
Appropriated		**960,000,000**		960,000,000
Unappropriated		**2,493,869,492**		2,423,052,276
Treasury shares		**(459,418,212)**		(459,418,212)
Total equity attributable to equity holders of the parent company		**6,219,765,530**		6,125,091,178
Non-controlling interests		**437,374,446**		360,247,571
Total Equity		**6,657,139,977**		6,485,338,749
TOTAL LIABILITIES AND EQUITY	**₱**	**13,006,243,208**	₱	12,694,942,115

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
For the period ended March 31

		JAN-MAR 2024		JAN-MAR 2023
NET SERVICE REVENUE				
In-flight and other catering	₱	**1,056,485,022**	₱	902,682,755
Ground handling and aviation		**975,580,222**		723,759,083
Rental and administrative		**9,887,723**		8,536,457
Aviation training fee		**22,500,016**		22,444,779
Water		**154,085,248**		138,008,514
Connectivity and technology services		**751,339**		-
		2,219,289,569		1,795,431,588
DIRECT COSTS				
In-flight and other catering		**720,152,173**		616,516,430
Ground handling and aviation		**819,603,036**		634,077,918
Rental and administrative		**12,138,712**		11,724,247
Aviation training cost		**24,862,318**		24,045,503
Water related expenses		**87,885,379**		92,475,568
Connectivity and technology services		**683,036**		-
		1,665,324,653		1,378,839,666
GROSS PROFIT	₱	**553,964,916**	₱	416,591,922
SHARE IN NET INCOME OF ASSOCIATES		**148,427,612**		90,690,041
		702,392,528		507,281,963
OPERATING EXPENSES		**(276,235,341)**		(222,740,766)
INTEREST INCOME		**4,842,769**		464,616
FINANCING CHARGES		**(37,444,504)**		(40,869,909)
OTHER INCOME - net		**18,823,917**		(39,501)
INCOME BEFORE INCOME TAX	₱	**412,379,368**	₱	244,096,403
PROVISION FOR INCOME TAX		**75,339,446**		48,069,428
NET INCOME	₱	**337,039,922**	₱	196,026,975
Attributable to:				
Equity holders of the parent		**259,913,048**		151,078,069
Non-controlling interests		**77,126,874**		44,948,906
	₱	**337,039,922**	₱	196,026,975
Basic Earnings Per Share		**0.14**		0.08

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MacroAsia Corporation

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		JAN - MAR 2024		JAN - MAR 2023
NET INCOME (LOSS)	**₱**	**337,039,922**	₱	196,026,975
OTHER COMPREHENSIVE INCOME (LOSS) - Net				
Net foreign currency translation adjustments		**23,857,137**		(42,012,613)
Remeasurements on defined benefit plan		**-**		-
		23,857,137		(42,012,613)
Total Comprehensive Income (Loss)		**360,897,059**		154,014,363
Attributable to:				
Equity holders of the parent	**₱**	**283,770,185**	₱	109,065,457
Non-controlling interests		**77,126,874**		44,948,906
	₱	**360,897,059**	₱	154,014,363

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MacroAsia Corporation

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the period ended March 31		
		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱	412,379,367	₱	244,096,403
Adjustments for:				
Equity in net (income) loss of associates		(148,427,612)		(90,690,041)
Depreciation and amortization		68,171,733		66,081,218
Depreciation and amortization - Right of Use Asset		13,972,588		12,695,524
Interest on Lease Liabilities on Right Of Use Asset		12,236,753		12,623,008
Interest income		(4,842,769)		(464,616)
Unrealized foreign exchange (gain) loss - net		(3,527,108)		7,213,743
Retirement benefit cost		8,457,753		5,107,536
Provision for (reversal of) other long-term benefits				
Financing charges		25,207,752		28,246,902
Operating income before working capital changes		383,628,457		284,909,677
Decrease (increase) in:				
Receivables		(163,669,526)		(34,119,004)
Inventories		28,379,289		(2,880,335)
Other current assets		(132,940,076)		(119,686,585)
Increase (decrease) in:				
Accounts payable and accrued liabilities		(17,648,015)		55,334,198
Other noncurrent liabilities		6,097,830		(3,484,042)
Cash generated from (used in) operations		103,847,959		180,073,909
Interest received		4,842,769		464,616
Financing charges paid		(20,518,261)		(28,246,902)
Contributions to retirement fund		-		(5,500,000.00)
Income taxes paid , including creditable witholding taxes		(5,053,413)		(3,180,291)
Net cash from (used in) operating activities	₱	83,119,054	₱	143,611,332
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment		(99,602,369)		(28,532,942)
Acquisitions of intangible assets		(3,227,907)		-
Dividends received		547,349,600		539,098,000
Decrease (Increase) in refundable deposits and other noncurrent assets		8,382,454		(18,475,044)
Net cash from (used in) investing activities	₱	452,901,778	₱	492,090,014
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of notes payable		150,000,000		100,000,000
Payments of notes payable		(241,530,427)		(78,521,240)
Acquisition of treasury shares		-		-
Payment of Lease Liabilities on Right Of Use Asset		(19,978,957)		(18,506,781)
Net cash from (used in) financing activities	₱	(111,509,384)	₱	2,971,979
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		3,527,109		(7,213,744)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	₱	428,038,557	₱	631,459,580
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,062,560,838		468,018,733
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₱	1,490,599,395	₱	1,099,478,313

MacroAsia Corporation

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousand Pesos)

	Attributable to the Equity Holders of the Parent								Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Share in Foreign Currency Translation Adjusment of an Associate	Remeasurements on Defined Benefit Plan	Share in Remeasurements on Defined Benefit Plan of Associates	Other Reserves	Reserve for fair value changes of financial assets investments	Treasury Shares	Appropriated	Unappropriated	Subtotal	Non-controlling Interest	Total
BALANCES AT DECEMBER 31, 2022	**1,933,306**	**281,437**	**93,678**	**14,045**	**(8,122)**	**1,003,041**	**69,720**	**(459,418)**	**850,000**	**1,776,463**	**5,554,150**	**114,457**	**5,668,608**
Dividend declaration	-	-	-	-	-	-	-	-	-	(94,548)	(94,548)	-	(94,548)
Total comprehensive income (loss)	-	-	(42,013)	-	-	-	-	-	-	151,078	109,065	44,949	154,014
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional investment of non-controlling i	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT MARCH 31, 2023	**₱ 1,933,306**	**281,437**	**51,665**	**14,045**	**(8,122)**	**1,003,041**	**69,720**	**(459,418)**	**850,000**	**1,832,993**	**5,568,668**	**159,406**	**₱ 5,728,074**
BALANCES AT DECEMBER 31, 2023	**1,933,306**	**281,437**	**77,740**	**(43,075)**	**(133,461)**	**1,003,041**	**82,470**	**(459,418)**	**960,000**	**2,423,052**	**6,125,091**	**360,248**	**6,485,339**
Dividend declaration	-	-	-	-	-	-	-	-	-	(189,096)	(189,096)	-	(189,096)
Total comprehensive income (loss)	-	-	23,857	-	-	-	-	-	-	259,913	283,770	77,127	360,897
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional investment of non-controlling i	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT MARCH 31, 2024	**₱ 1,933,306**	**281,437**	**101,597**	**(43,075)**	**(133,461)**	**1,003,041**	**82,470**	**(459,418)**	**960,000**	**2,493,869**	**6,219,766**	**437,374**	**₱ 6,657,140**

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Business Operations

Corporate Information

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

Business Operations

The principal activities of the Parent Company and its subsidiaries (collectively referred to as the "MacroAsia Group", "the Group") are described in Note 4. The Parent Company, through its subsidiaries and associates, is presently engaged in aviation-support businesses at 23 airport locations in the Philippines. It provides in-flight catering services, ground handling services for passenger and cargo aircraft. It also operates/develops the sole economic zone within the NAIA.

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

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

On February 5, 2020, the Philippine Securities and Exchange Commission (SEC) approved the change of Airport Specialists' Services Corporation (ASSC) registered name to Allied Water Services, Inc. (AWSI) also pursuing subsequent water-related projects.

2. *Summary of Material Accounting Policy Information*

Basis of Preparation

The interim condensed consolidated 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 interim condensed consolidated financial statements are presented in Philippine peso (₱), the Parent Company's functional and presentation currency. Amounts are rounded to the nearest thousands unless otherwise indicated.

Statement of Compliance

The interim condensed consolidated financial statements for the period ended March 31, 2024 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2023.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years, except for the adoption of the following amendments to existing standards effective beginning January 1, 2024. Unless otherwise indicated, adoption of these new standards did not have any impact on the consolidated financial statements of the Group.

- *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

<u>Standards Issued but not yet Effective</u>

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

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

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*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group, its direct subsidiaries, the subsidiaries of MACS, MAPDC, Boracay Tubi Systems Inc. (BTSI) and the subsidiary of MMC, Watergy Business Solutions, Inc. (WBSI) and Allied Water Services

Inc. (AWSI), which were all incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission (SEC) as of March 31, 2024 (unaudited) and December 31, 2023 (audited).

		Percentage of Ownership by MAC				Percentage of Direct Ownership by MACS/ MAPDC/ WBSI/BTSI/ MMC/AWSI/SWRI	
		2024		2023			
Entity	Nature of business	**Direct**	**Indirect**	Direct	Indirect	**2024**	2023
MacroAsia Airport Services Corporation (MASCORP)[9]	Ground handling aviation services	**80[9]**	**–**	80[9]	–	**–**	–
MacroAsia Catering Services Corporation (MACS)	In-flight and other catering services	**67**	**–**	67	–	**–**	–
MacroAsia SATS Food Industries (MSFI)[8]	Meal production and food processing	**–**	**67**	–	67	**100**	100
MacroAsia SATS Inflight Services Corporation (MSISC)[8]	Meal production and food processing	**–**	**67**	–	67	**100**	100
MacroAsia Air Taxi Services, Inc. (MAATS)	Helicopter chartering services	**100**	**–**	100	–	**–**	–
MacroAsia Properties Development Corporation (MAPDC)	Economic Zone (Ecozone) developer/operator and water supplier	**100**	**–**	100	–	**–**	–
Boracay Tubi System, Inc. (BTSI)[3]	Water treatment and distribution, and construction of sewage treatment plant	**–**	**67**	–	67	**67**	67
MONAD Water and Sewerage Systems, Inc. (MONAD)[3]	Water sewerage treatment	**–**	**53.6**	–	53.6	**80**	80
New Earth Water System, Inc. (NEWS)(3)	Water projects	**–**	**67**	–	67	**100**	100
Naic Water Supply Corporation (NAWASCOR)[4]	Water distribution	**–**	**100**	–	100	**100**	100
Mabini Pangasinan Resources Development Corporation (MPRDC)[2]	Water projects	**–**	**100**	–	100	**100**	100
Panay Water Business Resources, Inc. (PWBRI)[2]	Water projects	**–**	**90**	–	90	**90**	90
Watergy Business Solutions, Inc. (WBSI)	Water projects	**–**	**100**	–	100	**100**	100
Cavite Business Resources Inc. (CBRI)	Water projects	**–**	**100**	–	100	**100**	100
First Aviation Academy, Inc.[5]	Aviation school	**51**	**–**	51	–	**–**	–
Allied Water Services, Inc. (AWSI)[1]	Water projects	**100**	**–**	100	–	**–**	–
AlliedKonsult Eco Solutions Corporation (AKESC)[2]	Water treatment	**–**	**51**	–	51	**51**	51
Cavite AllliedKonsult Services Corporation[2]	Water treatment	**–**	**51**	–	51	**100**	100
Summa Water Resources Inc. (SWRI)[6]	Water treatment and equipment lease	**–**	**60**	–	60	**60**	60
CSW Lapu-Lapu Inc.[13]	Bulk potable water supply and water treatment	–	**60**	–	**60**	**100**	**100**
MacroAsia Mining Corporation (MMC)	Mine exploration, development and	**100**	**–**	100	–	**–**	–

		Percentage of Ownership by MAC				Percentage of Direct Ownership by MACS/ MAPDC/ WBSI/BTSI/ MMC/AWSI/SWRI	
		2024		2023			
Entity	Nature of business	**Direct**	**Indirect**	Direct	Indirect	**2024**	2023
	operation						
Bulawan Mining Corporation (2),(7)	Mine operation, development and utilization	**–**	**100**	–	100	**100**	100
MMC Management Development Corporation (2),(7)	Mine operation, development and utilization	**–**	**100**	–	100	**100**	100
Aqualink Resources Development, Inc. (11)		**–**	**51**	–	51	**51**	51
Tera Information and Connectivity Solutions, Inc. (TERA) (12)	Information management and data connectivity	**100**	**–**	100	–	**–**	–

(1) *Resumed operation as holding company of newly acquired water companies*
(2) *No commercial operations as of December 31, 2021*
(3) *Ownership interest effective December 2, 2016*
(4) *Ownership interest effective August 1, 2017*
(5) *Incorporated on December 5, 2017 and started commercial operations on May 19, 2019*
(6) *Ownership interest effective October 1, 2018*
(7) *Ownership interest effective November 15, 2018*
(8) *Started commercial operations on March 16, 2019*
(9) *Change in ownership interest starting December 5, 2019 (see Note 11)*
(10) *Ownership interest effective March 2, 2020*
(11) *Ownership interest effective March 9, 2021*
(12) *Ownership interest effective February 11, 2021*
(13) *Ownership interest effective March 28, 2023*

3. Significant Judgments and Accounting Estimates

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

Judgments

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

Determination of the Group's functional currency

Judgment is exercised in assessing various factors in determining the functional currency of each entity within the Group. These include the prices of goods and services, competition, cost and expenses, and other factors including the currency in which financing is primarily undertaken.

The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Peso. It is the currency of the primary economic environment in which the Group operates. The functional currencies of LTP and JASCO, the Group's associated companies, has been determined to be US$ and JPY, respectively.

Revenue from contracts with customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Determination of the timing of satisfaction of performance obligation*
  In- flight and other catering, ground handling and aviation, and water services
  The Group assessed that performance obligation for inflight and other catering, except for dry store and beverage, ground handling and aviation and water services are rendered to the customers over time. As a result, the Group's revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment.

  Sale of dry store and beverage
  The Group assessed that performance obligation for sale of dry store and beverage are satisfied at a point in time. The Group uses its judgment on when a customer obtains control of the promised goods. The Group has assessed that the actual delivery of the goods to the customer is the point in time when the performance obligation has been satisfied.

- *Allocation of total transaction price between construction and operation and maintenance of STP*
  Management determined that the contractually agreed price for construction of STP does not depict the amount the Group expects to receive for the performance obligation as the costs of STP are also expected to be recovered through the fees from operation and maintenance. Accordingly, the Group determined that the total transaction price of construction and operation and maintenance (i.e., the performance obligations) of STP needs to be allocated. This required the estimation of each of the performance obligation's stand-alone selling prices based on expected value method. The Group estimates consideration from the construction of STP based on expected gross margin. On the other hand, the Group estimates the variable consideration from operation and maintenance of STP based on the historical patterns of water consumption and room capacity of the Group's customers.

- *Recognition of contract asset*
  The Group incurs certain costs in relation to the services provided to its major customer. Based on management's assessment, these costs are incremental cost in obtaining a contract. Accordingly, the Group recognizes contract asset which are amortized as expense throughout the contract period, which includes the renewal period as management believes that the contract with the major customer will be renewed considering that the Group is providing one of the required services in the operations of its major customer.

Assessment of control or significant influence over the investee
The Group makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that the Group is exposed, or has rights, to

variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group 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 March 31, 2024 and December 31, 2023, the Group still determined that it controls its subsidiaries and has significant influence over its associates.

Assessment of operators under Philippine Interpretation IFRIC 12
Management has assessed that memoranda of agreement with the Municipality of Solano, Nueva Vizcaya (Solano) to provide water distribution facilities and with the Municipality of Naic Cavite (Naic) to develop and operate water supply and distributions system are covered by the Philippine Interpretation IFRIC 12. The memoranda of agreement qualify under the intangible asset model with respect to the operation of the waterwork facilities as the Group has the right (license) to charge users of public service.

Classification of leases - the Group as a lessor
The Group has entered into short-term leases, which provide no transfer of ownership to the lessee. The Group has determined that, based on an evaluation of the terms and conditions of the arrangements, it retains all the significant risks and rewards of ownership of these equipment and accounts for these as operating leases.

Determining the lease term of contracts with renewal and termination options - the Group as a lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases which are renewable at the option of the lessee. The Group typically exercises its option to renew for these leases because of significant permanent improvement introduced in the leased premises. The renewal periods for leases are not included as part of the lease term if option to renew is at lessor’s discretion or leases which renewal depends on mutual consent of contracting parties as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Contingencies
The Group, in its normal course of business, is involved in various legal cases and claims. Based on management's assessment, the Group will be able to defend its position on these cases and that the ultimate outcome will not have a significant impact on the Group's consolidated financial statements. Accordingly, no provision has been recognized for these contingencies. LTP, the most significant associate of the Group also assesses the need to recognize the provisions based on the status of the claims.

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

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

Leases - estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱2,079.4 million and ₱2,087.1 million as of March 31, 2024 and December 31, 2023, respectively.

Provision for expected credit losses (PFRS 9)
The Group uses a provision matrix to calculate ECLs for financial assets at amortized cost. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed. 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).
The assessment of the correlation between observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss

experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group has a segmentation of its credit risk exposures based on homogeneity of credit risk characteristics and credit risk management policies to identify defaulting customers using observable inputs such as historical loss rates, recoveries and write-offs. The Group has also applied forward-looking information for its overlay through statistical test and corroboration using publicly available information.

The Group's receivables, net of allowance for the expected credit losses of ₱29.8 million, amounted to ₱2,254.8 million and ₱2,092.3 million as of March 31, 2024 and December 31, 2023, respectively.

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

The Group did not identify any factors which indicate inventory obsolescence based on the above discussions. Accordingly, no provision was recognized in 2024, 2023 and 2022.

The Group's inventories carried at cost as of March 31, 2024 and December 31, 2023 and amounted to ₱132.6 million and ₱161.0 million, respectively.

Estimating allowances for probable losses on input taxes and TCCs
The Group estimates the level of provision for probable losses on input taxes and TCCs based on the experience of the Group and assessment of counsels assisting the Group in processing the claims and negotiating the realization of TCCs. As of March 31, 2024 and December 31, 2023, the carrying value of input taxes and TCCs amounted to ₱707.2 million and ₱656.6 million, respectively. Allowance for probable losses amounted to ₱29.6 million as of March 31, 2024 and December 31, 2023.

Estimation of useful lives of property and equipment
The Group estimates the useful lives of property, plant and equipment based on the internal technical evaluation and experience with similar assets. In cases where the use of property, plant and equipment is dependent on the grant of certain permits to conduct its business, management considers the probability of renewal of such permits based on past experience. In this situation, useful lives of property, plant and equipment are based on the economic useful lives rather than the currently effective period of the permits. Estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. There is no change in the estimated useful lives of property, plant and equipment in 2024 and 2023.

The carrying value of property and equipment subject to depreciation as of March 31, 2024 and December 31, 2023 amounted to ₱1,885.2 million and ₱1,847.3 million, respectively.

Estimation of useful life of service concession right
At the start of operation of the water work facilities, the service concession right is to be amortized over the concession period as provided in the agreements with relevant government units. The amortization period is reviewed when there are changes in the expected term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset. In 2018, NAWASCOR was granted additional concession period of 15 years by the Municipality of Naic, Cavite. Accordingly, NAWASCOR changed the useful life of its service concession right from 25 years to 40 years. The carrying value of the service concession right amounts to ₱407.2 million and ₱408.5 million as of March 31, 2024 and December 31, 2023, respectively.

Estimation of useful life of intangible assets acquired as part of business combination
The assigned useful lives of intangible assets acquired as part of business combination are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on collective assessment of similar businesses, internal evaluation and experience with similar assets. Further, management considers the probability of renewal of certain permits and the cost and efforts in renewing such permits based on past experience. The useful life of each asset is reviewed at each financial year and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. There were no changes in the estimated useful lives of customer contract and relationships, while right to use asset is assessed to have indefinite useful life due to minimal efforts required to renew certain permits to extract and distribute water in relevant provinces based on past experience.

The total carrying value of the customer contract and relationships, water service contract, and the right-to-use of water permits amounted to ₱239.3 million and ₱237.6 million as of March 31, 2024 and December 31, 2023.

Determination of impairment indicators and impairment testing of nonfinancial assets

A. *Nonfinancial assets other than goodwill and intangible assets with indefinite life*

The Group assesses at each reporting date whether there is any indication that its nonfinancial assets other than goodwill and intangible assets with indefinite life (i.e., investments in associates, property, plant and equipment, right-of-use assets, investment property, service concession right, intangible assets, deferred project costs, deferred mine exploration costs) may be impaired. Also, the Group assesses whether facts and circumstances suggest that carrying amount of deferred mine exploration costs may exceed its recoverable amount. The factors that the Group considers important which could trigger an impairment review included the following, among others:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the overall business strategy; and,
- significant negative industry or economic trends.

If such indication exists, the Group performs impairment testing to estimate the recoverable amount of the related asset. Management determined certain facts which indicate impairment of the service concession right which required impairment testing as of March 31, 2024.

The carrying values of the nonfinancial assets are as follows:

	2024	2023
Investments in associates	**₱1,924,410,231**	₱1,960,470,139
Property, plant and equipment	**2,331,072,516**	2,195,084,358
Right-of-use assets	**785,252,021**	834,991,296
Investment property	**143,852,303**	143,852,303
Service concession right	**407,165,295**	410,595,072
Right-to-use of water permits	**119,780,100**	116,632,708
Water service contract	**72,264,350**	–
Customer contract and relationships	**47,237,038**	50,627,442
Deferred project costs	**42,783,267**	42,783,267
Deferred mine exploration costs	**238,513,440**	238,513,440

Service concession right

SNVRDC's has been operating at a loss since the start of its commercial operation This is an indicator that the service concession right may be impaired.

For the purpose of impairment testing of SNVRDC's service concession right, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management covering 17 years of projections, coterminous to the term of the concession agreement with the Municipality of Solano. The projected cash flows are based on expectations of future outcomes considering past experience, adjusted for anticipated revenue growth based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk.

Based on the latest impairment test, the recoverable amount of the service concession right exceeds its carrying value. Management believes that any reasonable possible change in any of the assumptions used would not cause the carrying value to exceed its recoverable amount.

The carrying value of the service concession right subjected to impairment testing amounted to ₱212.9 million and ₱216.8 million as of March 31, 2024 and December 31, 2023, respectively.

Impairment of deferred mine exploration costs

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 yours, and although the Group's nickel mine is a reactivation of an existing mine that was operational in the 1970s, the Group 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'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. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

The carrying value of deferred mine exploration cost amounted to ₱238.5 million as of March 31, 2024 and December 31, 2023, respectively.

Goodwill and intangible assets with indefinite life
For goodwill and intangible assets with indefinite useful life, the Group performs impairment testing at least on an annual basis or more frequently, if events or changes in circumstances indicate that these may be impaired. For the purpose of impairment testing, goodwill has been allocated to BTSI group, NAWASCOR, SWRI and MACS in 2023 and 2022 as the cash generating units.

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets as approved by management covering five years of projections. The projected cash flows are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the forecast period are extrapolated into perpetuity assuming four percent (4%) growth rate for impairment test purposes. The discount rate is a pre-tax measure based on the WACC of listed entities with similar assets or similar in terms of potential risk.

The carrying value of goodwill subjected to impairment testing amounted to ₱127.8 million as of March 31, 2024 and December 31, 2023.

For the right to use of water permits, the recoverable amount is determined based on fair value less cost to sell calculations determined by discounting notional royalty savings after tax. These calculations use net sales projections and the related royalty savings based on a five-year projection. Net sales beyond the forecast period are extrapolated into perpetuity assuming four percent (4%) growth rate for impairment test purposes. Management considered the impact of cost to sell in the calculations of fair value less cost to sell as negligible. The royalty rate is the average of royalty rates for water distribution entities, while the discount rate was a pre-tax measure based on the WACC of listed entities with similar assets or similar in terms of potential risk.

The carrying value of the right to use asset amounted to ₱116.6 million ₱117.3 million as of March 31, 2024 and December 31, 2023, respectively.

Management believes that no reasonably possible change in any of the assumptions used would cause the carrying values of the goodwill and right-to-use asset to exceed their recoverable amounts. Based on management's assessment, the recoverable amounts of these assets are higher than their carrying values, thus no impairment loss was recognized in 2024, 2023 and 2022.

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 ₱198.3 million and ₱190.0 million as of March 31, 2024 and December 31, 2023, respectively. Pension asset amounted to ₱1.0 million as of March 31, 2024 and December 31, 2023, respectively, and is included under “Other noncurrent assets” account.

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

Deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱219.2 million as of March 31, 2024 and December 31, 2023. The Group also has unrecognized deferred income taxes primarily on the non-operating subsidiaries’ temporary differences, NOLCO and MCIT.

4. Segment Information

The Group'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 Group reports its primary segment information. The Group also monitors the revenue and operating results of its associates. Information with respect to these subsidiaries, as well as the Group's associates.

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

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

- Ground handling and aviation segment, which is operated by MASCORP, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at 23 airport locations.

- Charter flights segment, which is handled by MAATS, provided 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. Beginning August 22, 2016, MAATS ceased operating its helicopter charter and is now focused on its Fixed Base Operations (FBO) revenue generating activities.

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

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

- Water segment pertains to development (e.g., studies, surveys) and construction of water-treatment facilities activities, which are undertaken by MAPDC through its subsidiaries (NAWASCOR, SNVRDC, MPRDC, PWBRI, WBSI and its subsidiary, CBRI and BTSI and its subsidiaries, MONAD and NEWS) and AWSI through its subsidiaries, SUMMA and Allied Konsult and its subsidiary Cavite Allied Konsult.

- Connectivity and technology services segment which is operated by TERA. Among the services that TERA will provide include information management, data connectivity, radio trunking and managed services.

- Associates, which represents the Group's investments in associates that are accounted for using the equity method.

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, plant and equipment, net investment in the lease, and right-of-use assets, net of allowances, depreciation and amortization and any impairment in value. Segment liabilities include all operating liabilities and consist principally of notes payable, accounts payable and accrued liabilities, and lease liabilities. Segment assets and liabilities do not include deferred income tax. Segment results pertain to operating income.

Financial information on the Group's business segments as of and for the period ended March 31, 2024 and 2023 are as follows:

(In Thousand Pesos)

	January to March	
REVENUE – External	**2024**	2023
In-flight and other catering	**1,056,485**	902,683
Ground handling and aviation	**975,580**	723,759
Rental and administrative	**9,888**	8,536
Aviation training fee	**22,500**	22,445
Water	**154,085**	138,009
Exploratory drilling fees	**-**	-
Connectivity and technology services	**751**	-
Total segment and consolidated revenue	**2,219,290**	1,795,432
RESULT – Segment result		
In-flight and other catering services	**207,884**	175,344
Ground handling and aviation	**108,096**	51,064
Rental and administrative services	**(18,972)**	(26,131)
Charter flights service	**(1,931)**	958
Aviation training	**(6,678)**	(4,958)
Water	**15,600**	4,875
Mining	**(2,662)**	(4,479)
Connectivity and technology services	**(2,625)**	(1,067)
Share in net income (loss) of associates	**148,428**	90,690
Total segment results	**447,137**	286,296
Unallocated corporate income (expenses) and eliminations	**(34,758)**	(42,200)
Provision for income tax	**(75,339)**	(48,069)
Consolidated net income (loss)	**337,040**	196,027

(In Thousand Pesos)

	Mar-24	Dec-23
OTHER INFORMATION		
Segment assets		
In-flight and other catering services	**3,035,872**	2,837,011
Ground handling and aviation	**1,600,732**	1,317,402
Rental and administrative services	**2,788,512**	2,828,231
Charter flights service	**31,405**	32,309
Investment in associates	**1,924,410**	2,299,475
Aviation training	**247,613**	229,486
Water	**2,686,551**	2,426,667
Mining	**246,375**	240,065
ICT Services	**73,442**	111,312
Total segment assets	**12,634,912**	**12,321,959**
Investment property	**143,852**	143,852
Deferred tax asset	**148,598**	170,612
Unallocated corporate assets and eliminations	**78,882**	58,520
Consolidated total assets	**13,006,243**	12,694,942
Segment liabilities		
In-flight and other catering services	**1,982,222**	1,940,782
Ground handling and aviation	**2,154,843**	1,940,360
Rental and administrative services	**2,898,546**	2,717,874
Aviation training	**405,500**	380,888
Charter flights service	**11,293**	10,198
Water	**2,001,430**	2,183,708
Mining	**58,499**	49,490
ICT Services	**48,814**	86,962
Total segment liabilities	**9,561,147**	**9,310,261**
Deferred tax liabilities	**91,584**	92,894
Unallocated corporate liabilities and eliminations	**(3,303,628)**	(3,193,551)
Consolidated total liabilities	**6,349,103**	6,209,603

Capital expenditures	January to March	
	2024	2023
In-flight catering services	**14,212**	3,713
Ground handling and aviation	**64,396**	3,333
Rental and administrative services	**135**	283
Charter flights service	**0**	-
Aviation training	**225**	160
Water	**23,321**	17,151
Mining	**-**	-
Unallocated corporate capital expenditures	**541**	3,893
Total	**102,830**	28,533
Depreciation & amortization		
In-flight catering services	**20,698**	17,598
Ground handling and aviation	**20,744**	19,932
Rental and administrative services	**5,634**	5,846
Charter flights service	**15**	11
Aviation training	**3,964**	4,042
Water-related projects	**22,873**	23,295
Mining	**13**	276
Unallocated corporate depreciation and amortization	**8,204**	7,776
Total	**82,144**	78,777
Non cash gains (losses) other than depreciation & amortization		
In-flight catering services	**942**	-6,288
Ground handling and aviation services	**1,634**	-1,238
	2,576	-7,526

5. *Basic/Diluted Earnings per Share*

Basic/diluted earnings per share are computed as follows:

(In thousand pesos except earnings per share)	**Mar-24**	Dec-23	Mar-23
Net income attributable to equity holders of the parent	**259,913**	851,137	151,078
Divided by weighted average number of common shares	**1,896,186**	1,896,186	1,896,186
	0.137	0.449	0.080

6. *Equity*

a. Restriction on retained earnings of the Group

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

- Undistributed earnings of subsidiaries and equity in net earnings of associates amounting to ₱1,538.5 million and ₱1,180.7 million as of March 31, 2024 and December 31, 2023, respectively.
- Cost of treasury shares amounting to ₱459.4 million as of March 31, 2024 and December 31, 2023.
- Deferred income tax assets amounting to ₱222.8 million as of March 31, 2024 and December 31, 2023, respectively.

b. Appropriation of retained earnings

Appropriated retained earnings as of March 31, 2024 and December 31, 2023 amounted to ₱960 million.

As of December 31, 2023 and 2022, the Parent Company's retained earnings include appropriated amounts of ₱850.0 million for various projects. These were originally approved for appropriation in 2019.

On November 16, 2023, MSISC's BOD approved the appropriation from unrestricted retained earnings the amount of ₱110.0 million for the purpose of funding various capital expenditures.

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

Date Approved	Per share	Stockholder of Record Date	Date of Payment
March 23, 2023	₱0.050	April 21, 2023	May 18, 2023
March 14, 2019	₱0.200	April 12, 2019	May 10, 2019

On March 21, 2024, the Board of Directors approved the declaration of cash dividends in the amount of ten centavos (Php0.10) per share payable on May 16, 2024.

d. Treasury stock

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

On June 15 2017, the Board of Directors of MacroAsia Corporation approved to allot ₱210.0 million to buy back shares of MacroAsia Corporation at market price. The mechanics of which shall be 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 Board of Directors of MacroAsia may direct, subject to appropriate disclosures to the PSE and the SEC.

On March 14, 2019, the Board of Directors approved ₱200.0 million additional funding to the 2017 Share Buyback Program.

On March 6, 2020, the Board of Directors approved another ₱200.0 million additional funding to the 2017 Share Buyback Program.

As of March 31, 2024 and December 31, 2023, the Parent Company’s cost and number of shares held in treasury are as follows:

	2024	2023
Cost	**₱459,418,212**	₱459,418,212
Number of shares held in treasury	**42,347,600**	42,347,600

Movement in the Parent Company's outstanding shares follows:

	Issued	Treasury	Outstanding
As of December 31, 2009	1,250,000,000	–	1,250,000,000
Acquisition of treasury shares in 2010	–	(2,985,000)	(2,985,000)
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
Acquisition of treasury shares in 2020	–	(2,707,300)	(2,707,300)
Stock dividend declaration	315,159,630	–	315,159,630
As of March 31, 2024 and December 31, 2023, 2022, 2021,2020	1,933,305,923	(42,347,600)	1,890,958,323

e. Track record of registration of securities

On August 30, 1974, the SEC authorized the registration and licensing of the Parent 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, Inc. authorized to list the Parent Company's 750,000,000 shares, with a par value of ₱1.00 per share and 500,000,000 warrants divided into the following:

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

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

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

iv. All warrants expired in 2005.

MAC's shares are listed and traded at the Philippine Stock Exchange, Inc. and it has approximately 845 holders of its common equity as of March 31, 2024 and December 31, 2023, respectively.

f. Cash dividends received by non-controlling interest are as follows:

Entity	Date Declared	Amount	Per share	Dividends attributable to non-controlling interest (SATS)
MACS	December 27, 2019	₱80,000,000	₱64.0	₱26,400,000
MACS	December 6, 2018	75,000,000	60.0	24,750,000
MACS	November 28, 2017	70,000,000	56.0	23,100,000
MACS	December 8, 2016	50,000,000	40.0	16,500,000

As of March 31, 2024 and December 31, 2023, nil remained outstanding and presented as "Dividends payable" in the consolidated balance sheets.

g. Acquisition of non-controlling interest
The sale of 250,001 shares representing 20% of the total issued and outstanding capital stock of MASCORP to Konoike amounting to ₱1.1 billion (JPY 2.3 billion) was accounted for as a sale of share in subsidiary without loss of control, thus an equity transaction. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱886.8 million, which is presented as part of "Other reserves" in the equity section of the consolidated balance sheets.

In December 2015, MAPDC entered into a share purchase agreement with a third party wherein WBSI shall be owned by MAPDC and the third party at 51% and 49%, respectively. The transaction was accounted for as a sale of share in subsidiary without loss of control; thus an equity transaction. The excess of consideration received over the Company amount of the non-controlling interests amounted to ₱24.3 million, which is presented as part of "Other reserves" in the equity section of the balance sheets.

In August 2020, a third party has entered into a deed of absolute sale of shares wherein WBSI shall now be fully owned by MAPDC. The transaction between parent and non-controlling interest is accounted for as an equity transaction. The excess of consideration paid over the Company amount of the non-controlling interests amounted to ₱27.0 million, which is presented as reduction to "Other reserves" in the equity section of the 2020 consolidated balance sheets.

In July 2015, the Company signed a Sale and Purchase Agreement with SATS to sell 162,500 shares representing 13% of the total issued and outstanding capital stock of MACS. After the sale, MACS is 33% owned by SATS. The excess of consideration received over the carrying amount of the non-controlling interests amounted to ₱119.0 million, which is presented as part of "Other reserves" in the equity section of the balance sheets.

7. *Capital Management*

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of March 31, 2024 and December 31, 2023. Further, no changes were made in the objectives, policies or processes for the period ended December 31, 2023 and for the three-month period ended March 31, 2024.

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

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

	31-Mar-24	31-Dec-23	31-Mar-23
Capital stock	**1,933,305,923**	1,933,305,923	1,933,305,923
Additional paid in capital	**281,437,118**	281,437,118	281,437,118
Treasury shares	**(459,418,212)**	(459,418,212)	(459,418,212)
Retained earnings	**3,453,869,492**	3,383,052,276	2,682,993,468
	5,209,194,321	5,138,377,105	4,438,318,297
Net income/(loss) after tax	**337,039,922**	1,071,184,611	196,026,975
Return on equity	**6.47%**	20.85%	4.42%

8. *Financial Risk Management Objectives and Policies*

Risk Management Structure

Audit Committee

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

Risk Management Committee

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

Board of Directors

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

Financial Risk Management

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

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

Foreign currency risk

The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately 78% of MACS' and 13% of MASCORP's revenue are denominated in US$ as of March 31, 2024. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations.

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

(in millions)	Movement in US$	Increase (decrease) on Income/Loss before Income Tax US$
2024	Increase of 5%	21.3
	Decrease of 5%	(21.3)
2023	Increase of 5%	16.3
	Decrease of 5%	(16.3)
2022	Increase of 5%	6.1
	Decrease of 5%	(6.1)

Credit and concentration risk

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

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

With respect to credit risk arising from financial assets, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments. The Group only deals with financial institutions that have been approved by the BOD of the Company and those of its subsidiaries. The Group does not require any collateral and other credit enhancements. Consequently, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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 in bank, the Group applies the low credit risk simplification where the Group measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group 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.

For trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix, however for customers with significant increase in risks of default general approach is used to measure ECLs. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. On the other hand, for general approach, we determine the cash shortfall for the difference between the average monthly collection and the average current monthly service billing. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product (GDP) growth rates
- Unemployment rates
- Inflation rates
- Interest rates
- Foreign currency exchange rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

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

		Neither past due nor impaired					
March 31, 2024	Current	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	ECL	Total
Loans and receivable:							
Cash in bank and cash equivalents*	1,486,498,831	-	-	-	-	-	1,486,498,831
Receivables:							
Trade	912,596,196	334,546,852	174,618,900	138,859,699	551,346,806	- 29,735,634	2,082,232,819
Dividends receivable	-	-	-	-	-	-	-
Due from officers and employees	28,949,816		-	-	-	-	28,949,816
Interest receivable	9,146,075	-	-	-			9,146,075
Other receivables	117,620,307		-	-			117,620,307
Non-Trade	12,438,978	-	-	-	-	-	12,438,978
Deposits	62,268,323	-	-	-	-	-	62,268,323
Restricted cash investment	7,181,182	-	-	-	-	-	7,181,182
Contract Assets	8,549,174	-	-	-	-	-	8,549,174
Installment receivables	17,103,258	-	-	-	-	-	17,103,258
Finance lease receivable	15,313,198	-	-	-	-	-	15,313,198
	2,677,665,337	334,546,852	174,618,900	138,859,699	551,346,806	(29,735,634)	3,847,301,960

**Exclusive of cash on hand amounting to P4,100,564 as of March 31, 2024.*

		Past due					
December 31, 2023	Current	Les than 30 Days	30 to 60 Days	61 to 90 Days	Over 90 Days	ECL	Total, net of ECL
Financial assets:							
Cash in bank	1,057,715,994	-	-	-	-	-	1,057,715,994
Trade receivables	852,482,562	312,509,913	163,116,577	129,712,870	516,977,522	(29,725,405)	1,945,074,039
Dividends receivable	-	-	-	-	-	-	-
Due from officers and employees	27,782,225	-	-	-	-	-	27,782,225
Interest receivable	9,146,075	-	-	-	-	-	9,146,075
Other receivables	105,829,076	-	-	-	-	-	105,829,076
Non-Trade	19,950,177	-	-	-	-	-	19,950,177
Deposits	62,070,843	-	-	-	-	-	62,070,843
Restricted cash investment	7,181,182	-	-	-	-	-	7,181,182
Contract assets	8,549,174	-	-	-	-	-	8,549,174
Installment receivables	17,329,473	-	-	-	-	-	17,329,473
Finance lease receivable	15,570,784	-	-	-	-	-	15,570,784
	2,183,607,565	312,509,913	163,116,577	129,712,870	516,977,522	(29,725,405)	3,276,199,042

**Exclusive of cash on hand amounting to P4,844,844 as of December 31, 2023.*

Impairment assessment

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The

Group assesses impairment on an individual account basis for all stage 3 assets, regardless of the class of financial assets. Stage 1 and stage 2 assets are assessed on a collective basis.

Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention even at interim.

Credit quality per class of financial assets
The credit quality of financial assets is managed by the Group using internal credit ratings. The Group considers its cash and cash equivalents (including restricted cash investment) as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to cash and cash equivalents rounds to zero. The Group considers its dividend receivables as high grade as these are due from an associate who has strong capacity to pay; thus, LGD is considered low and no ECL is recognized. The Group considers its advances to officers and employees as standard grade as collectability is assured through salary deduction. Accordingly, the LGD is considered low; thus, no ECLs are recognized on the advances to employees.

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's notes payable with floating interest rates. The Group has a practice of keeping its interest-bearing liabilities to third parties within a threshold that can be serviced through operating cash flows.

Management closely monitors the behavior of interest rates to ensure that cash flow interest rate risk is kept within management's tolerable level. Finally, interest-bearing liabilities are ordinarily incurred on a short-term basis only.

The following table sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel challenges in the interest rate curve in terms of basis points (bp) as of March 31, 2024, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

	Increase (decrease) in income before income tax	
	March 31, 2024	December 31, 2023
	(in millions)	(in millions)
100 bp rise	**(₱9.15)**	(₱10.06)
100 bp fall	**9.15**	10.06
50 bp rise	**(4.58)**	(5.03)
50 bp fall	**4.58**	5.03

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets

with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows which could be used to secure additional funding if required.

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

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

As of March 31, 2024	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	1,490,599,395	-	-	-	1,490,599,395
Receivables:					
Trade	2,082,232,819	-	-	-	2,082,232,819
Dividends receivable	-	-	-	-	-
Interest receivable	9,146,075	-	-	-	9,146,075
Installment receivable	14,898,121	71,978	108,305	2,024,854	17,103,258
Finance lease receivable	287,595	1,083,026	1,778,996	12,163,581	15,313,198
Deposits	-	-	-	62,268,323	62,268,323
	3,597,164,004	1,155,004	1,887,301	76,456,758	3,676,663,067
Other financial liabilities:					
Accounts payable and accrued liabilities	2,632,986,466	-	-	-	2,632,986,466
Notes Payable	230,206,103	311,665,330	73,487,950	143,119,015	758,478,398
Long-term debts	194,500,000	-	-	-	194,500,000
Dividends payable	198,821,040	-	-	-	198,821,040
Deposit	-	-	-	58,316,553	58,316,553
	3,256,513,609	311,665,330	73,487,950	201,435,568	3,843,102,457
Liquidity position	340,650,395	(310,510,326)	(71,600,649)	(124,978,810)	(166,439,390)

As of Dec. 31, 2023	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	1,062,560,838	-	-	-	1,062,560,838
Receivables:					
Trade	1,974,799,443	-	-	-	1,974,799,443
Interest receivable	9,146,075	-	-	-	9,146,075
Installment receivable*	14,898,121	79,362	119,415	2,232,575	17,329,473
Finance lease receivable**	292,432	1,101,243	1,808,921	12,368,188	15,570,784
Deposits***	-	-	-	62,070,843	62,070,843
	3,061,696,909	1,180,605	1,928,336	76,671,606	3,141,477,456
Other financial liabilities:					
Accounts payable and accrued liabilities****	2,646,051,600	-	-	-	2,646,051,600
Notes payable*****	260,732,500	-	-	-	260,732,500
Long-term debts	364,115,602	250,885,808	73,515,241	156,870,920	845,387,571
Dividends payable	9,725,208	-	-	-	9,725,208
Deposit******	-	-	-	52,218,722	52,218,722
	3,280,624,910	250,885,808	73,515,241	209,089,642	3,814,115,601
Liquidity position	(218,928,001)	(249,705,203)	(71,586,905)	(132,418,036)	(672,638,145)

9. *Fair Value of Financial Instruments*

The following is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are reflected in the consolidated financial statements as of March 31, 2024 and December 31, 2023:

As at 31 March 2024			**Fair value measurements using**		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measures at fair value:					
Equity instruments designated at FVTOCI	March 31, 2024	**120,155,800**		**120,155,800**	**-**
Assets for which fair value is disclosed:					
Installment receivables	March 31, 2024	**17,103,258**	**-**	**-**	**17,103,258**
Finance lease receivable		**15,313,198**	**-**		**15,313,198**
Investment property		**143,852,303**	**-**	**-**	**432,952,000**
Deposits		**62,268,323**	**-**	**-**	**62,268,323**
Liabilities for which fair value is disclosed					
Long term debts	March 31, 2024	**790,554,272**	**-**	**790,554,272**	**-**
Deposits		**58,316,553**	**-**	**-**	**58,316,553**

As at 31 December 2023			**Fair value measurements using**		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measures at fair value:					
Equity instruments designated at FVTOCI	December 31, 2023	120,155,800		120,155,800	-
Assets for which fair value is disclosed:					
Installment receivables	December 31, 2023	17,329,473	-	-	17,329,473
Finance lease receivable		15,570,784			15,570,784
Investment property		143,852,303	-	-	432,952,000
Deposits		62,070,843	-	-	62,070,843
Liabilities for which fair value is disclosed					-
Deposits	December 31, 2023	52,218,722	-	-	52,218,722
Long term debts		800,008,823	-	800,008,823	-

The Group determined that its investment in golf club shares is categorized at Level 2 in the fair value hierarchy. The Group assessed that, while there is a market for these securities, transactions are infrequent.

There have been no transfers between Level 1 and 2 in 2024 and 2023.

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

Installment receivables and deposits
The carrying values of installment receivables and deposits are determined based on the present value of expected cash flows discounted at the Group's borrowing rate.

Dividends payable
The carrying value of dividends payable approximates its fair value since they are expected to be settled within a short period of time after its declaration.

Long-term debts
The carrying value of long-term debts approximate its fair value due to the re-pricing feature of the interest it carries.

Equity instruments designated at FVTOCI
The Group's investments in golf club share and other proprietary 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.

Investment property
The Philippine SEC-accredited and independent appraiser used the "Market Data Approach" in valuing the property. The Group has determined that the highest and best use of the property is its current use (i.e., industrial purpose).

INDEX TO SUPPLEMENTARY SCHEDULES

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY
• LUFTHANSA TECHNIK PHILIPPINES, INC.
• CEBU PACIFIC CATERING SERVICES
• JAPAN AIRPORT SERVICE CO., LTD.

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

LUFTHANSA TECHNIK PHILIPPINES, INC.
SUMMARIZED INTERIM STATEMENTS OF INCOME
in PHP

		January to March (UNAUDITED) 2024		2023
REVENUE				
Core Revenue	₱	**2,526,141,766**	₱	2,139,288,039
Subcon/Reimbursement		**1,712,027,280**		633,692,087
TOTAL REVENUE		**4,238,169,046**		2,772,980,126
LESS: COST OF SALES		**2,249,985,606**		1,082,472,187
GROSS PROFIT		**1,988,183,440**		1,690,507,939
LESS: OPERATING EXPENSES		**1,760,901,171**		1,449,236,861
INCOME FROM OPERATIONS		**227,282,269**		241,271,078
LESS/ (ADD): OTHER CHARGES/(INCOME)		**(82,778,517)**		5,032,120
INCOME BEFORE INCOME TAX		**310,060,786**		236,238,958
LESS: PROVISION FOR INCOME TAX		**51,362,641**		28,819,932
NET INCOME	₱	**258,698,145**	₱	207,419,026
EQUITY SHARE IN NET INCOME (49%)	₱	**126,762,091**	₱	**101,635,323**

CEBU PACIFIC CATERING SERVICES
SUMMARIZED STATEMENTS OF INCOME
In Pesos

		January to March		
		UNAUDITED 2024		UNAUDITED 2023
REVENUE	₱	52,784,682	₱	2,532,548
LESS: COST OF SALES		26,983,453		5,349,182
GROSS PROFIT		25,801,229		(2,816,634)
LESS: OPERATING EXPENSES		3,583,529		1,673,775
INCOME FROM OPERATIONS		22,217,700		(4,490,409)
LESS/ (ADD): OTHER CHARGES/(INCOME)		(340,332)		228,937
INCOME BEFORE INCOME TAX		22,558,032		(4,719,346)
LESS: PROVISION FOR INCOME TAX		1,317,001		-
NET INCOME	₱	21,241,031	₱	(4,719,346)
EQUITY SHARE IN NET INCOME (40%)	₱	8,496,413	₱	(1,887,738)

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

JAPAN AIRPORT SERVICE CO., LTD.
SUMMARIZED STATEMENTS OF INCOME
In PHP

		January to March		
		UNAUDITED 2024		UNAUDITED 2023
REVENUE	₱	386,614,782	₱	239,548,977
LESS: COST OF SALES		322,655,020		252,988,818
GROSS PROFIT		63,959,762		(13,439,841)
LESS: OPERATING EXPENSES		21,518,601		22,663,824
INCOME FROM OPERATIONS		42,441,161		(36,103,665)
LESS/ (ADD): OTHER CHARGES/(INCOME)		1,461,069		5,917,234
INCOME BEFORE INCOME TAX		43,902,230		(30,186,431)
LESS: PROVISION FOR INCOME TAX		5,205		5,378
NET INCOME	₱	43,897,025	₱	(30,191,809)
EQUITY SHARE IN NET INCOME (30%)	₱	13,169,108	₱	(9,057,543)