COVER SHEET

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SEC Registration Number

MACROASIA CORPORATION

AND SUBSIDIARIES

(Company's Full Name)

12th Floor, PNB Allied Bank

Center, 6754 Ayala Avenue,

Makati City

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

Amador T. Sendin

(Contact Person)

840-2001

(Company Telephone Number)

1 2 3 1

Month *Day*

(Calendar Year)

17-A

(Form Type)

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

860

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

MACROASIA CORPORATION
December 31, 2015

SEC Form 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2015**

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

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

5. **City of Makati** 6. [ ] **(SEC Use Only)**
Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1 par value	**1,233,404,000 outstanding shares**

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

Yes [**X**] No [ ]

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

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: **₱ 707,140,375 (300,910,798 shares @₱2.35 per share as of December 31, 2015**

TABLE OF CONTENTS

PART I. BUSINESS AND GENERAL INFORMATION

This report contains references to MacroAsia Corporation and its direct subsidiaries – MacroAsia Catering Services, Inc. (MACS), MacroAsia Airport Services Corporation, MacroAsia Properties Development Corporation (MAPDC), MacroAsia Air Taxi Services, Inc., MacroAsia Mining Corporation, subsidiaries of MAPDC, MACS and subsidiary of WBSI, collectively referred to as the "Group". Any references to "MacroAsia", "MAC" and "Parent Company" mean MacroAsia Corporation, the parent company, not including its subsidiaries. For a more detailed presentation, kindly refer to the Group Structure (page 170).

ITEM 1. DESCRIPTION OF BUSINESS

A. Business Development

1. Corporate History

Originally under the name Infanta Mineral & Industrial Corporation, MacroAsia Corporation (the Parent Company or MAC) was incorporated in the Philippines on February 16, 1970 to engage in the business of geological exploration and development. As a mining firm, it had exported to Japan, nickel ore from its mine in Brooke's Point, Palawan during the 1970's. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from geological exploration and development to that of engaging in the business of a holding company and to change its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the SEC approved the amendment to the Company's Articles of Incorporation to change its name from Cobertson Holdings Corporation to its present name, MacroAsia Corporation.

In June 1996, the Parent Company incorporated two of its 100% wholly-owned subsidiaries namely: MacroAsia Properties Development Corporation (MAPDC), which operates the only special economic zone at the Ninoy Aquino International Airport (NAIA) and MacroAsia Air Taxi Services, Inc. (MAATS), which provides helicopter chartering services. The Company started its first in-flight catering business in August of 1996 through its associate - Cebu Pacific Catering Services, Inc. (CPCS), the only full-service airline catering company in Mactan-Cebu International Airport (MCIA) today. By November 1996, the Company incorporated its second in-flight catering venture, MacroAsia Catering Services, Inc. (MACS), which is the dominant caterer of foreign airlines in NAIA since it operated in 1998. Another subsidiary, MacroAsia Airport Services Corporation (MASCORP) was incorporated in 1997 to service the ground handling requirements of commercial passenger, cargo and military aircrafts.

Lufthansa Technik Philippines, Inc. – A Joint Venture with MacroAsia Corporation (LTP), an associate, was incorporated in December 1999, to do aircraft maintenance, repair and overhaul (MRO) in NAIA. With its facilities, LTP is a globally competitive company offering aircraft and engine maintenance, repair, and overhaul in the Philippines, with airline clients from almost all parts of the world.

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

In the medium-term, the Group's growth and expansion is seen to continue, focused principally still on aviation-related services, but also tapping into the growing non-airline markets for food business in the Philippines. The Group also remains committed to optimize its mining assets, a legacy from its history as a mine operator in the 1970's. Within the next year, the Group foresees that revenues will also be derived from its water projects, as it is currently investing on waterworks systems to service the requirements of some towns outside of Metro Manila. One of the projects materialized during the last quarter of 2015 wherein the water treatment plant in Solano, Nueva Vizcaya was completed and is expected to be operating on the first quarter of 2016.

Growth will be driven principally by further internal growth of its current operating subsidiaries and affiliates. LTP, the aircraft maintenance, repair and overhaul affiliate will continue to place the Philippines in the global map of MRO providers with its recent capacity expansion that added a new hangar for Airbus 380 repair. LTP will continue its business model which centers on base maintenance (heavy repair) of wide-body aircrafts. These LTP projects will require further investments in manpower, technology and hangar space. MASCORP, the ground-handling subsidiary, continues to expand through the quest for new airline contracts and growth in its service capability, including airports outside of NAIA. After growing in Mactan, Cebu, MASCORP has already established a presence in Kalibo International Airport, and will continue to expand in secondary airports in the Philippines. MACS, the airline catering subsidiary in NAIA, will expand its infrastructure to accommodate its growing business, as it continues to service new airline clients and to increase its revenue portfolio from non-airline catering. MACS will be opening a food commissary outside of the airport in order to service the requirements of non-airline clients. The project is estimated to be completed within 7-10 months from the commencement of the construction and renovation of the properties in Sucat, Muntinlupa owned MAPDC. MAPDC, the Parent Company's property development subsidiary, is expanding its presence outside of NAIA, and is in the process of establishing its presence in Mactan, Cebu. Apart from developing the Sucat property for MACS commissary, MAPDC will also serve as a vehicle to develop water projects (bulk and retail supply of treated surface water) in the Philippines.

MAATS, the helicopter chartering subsidiary, is also seen to grow as it secures new contracts with mining companies for airborne survey exploration programs, and expands its marketing network for charter services for corporate clients and individuals. MAATS has also added new services for fixed-based aircraft operations, like auxiliary service support of executive jets and Philippine permitting requirements of fixed-wing aircraft operators with no commercial presence in the Philippines.

The Parent Company's principal mining project is basically a reactivation of the Infanta Nickel Mine that was operational in the 1970's. This project, which is already the subject of an exploration report that is compliant with Philippine Mineral Reporting Code (PMRC) is expected to generate revenues as soon as all the mining permits for operations are secured. The mining project has already been endorsed for operations by the local government units and the Palawan Council for Sustainable Development (PCSD), and has been granted the Environmental Compliance Certificate (ECC) for operations on September 13, 2010. The Company is still securing its Certificate of Precondition (CP) from the National Commission on Indigenous People (NCIP). This document signifies the formal endorsement of Free and Prior Informed Consent by the indigenous people within the host barangays as attested by the NCIP. Today, MMC is providing outsourced exploration services of nickel laterites to third party clients.

2. Bankruptcy, Receivership or Similar Proceedings

Except as stated in the succeeding paragraphs and in the discussion for each of the Parent Company's subsidiaries and associates, there has been no other business development such as bankruptcy, receivership or similar proceedings not in ordinary course of business that affected MacroAsia and its subsidiaries or associates for the past three (3) years.

3. Material Reclassification, Merger, Consolidation, or Purchase or Sale of Significant Amount of Assets (not in the ordinary course of business)

On July 11, 2011, MAPDC acquired 70% of the shares of stock of WBSI which amounted to ₱3.3 million pursuant to a share purchase agreement between MAPDC and the stockholders of WBSI. On the same date, MAPDC entered into a sale and purchase agreement for the acquisition of the Maragondon Bulk Water Supply Project from ICH. Prior to MAPDC's acquisition of WBSI shares, WBSI assigned and transferred its rights over the Water Project to ICH. On September 15, 2011, MAPDC signed sale agreements, respectively with shareholders of WBSI and ICH, related to the acquisition of additional 12.6% shares in WBSI and the corresponding rights to the Maragondon Bulk Water Supply Project. Total payments made to WBSI former stockholders for the water rights as of December 31, 2013 amounted to ₱15.8 million.

Having regard to the substance of the agreements, the acquisition of WBSI shares is deemed to be linked to the acquisition of the water project from ICH and as such, the acquisition is treated as one transaction for accounting purposes. As of December 31, 2013, the acquisition of the Water Project has not yet been consummated in view of certain water permits inherent in the project that are yet to be secured. As such, MAPDC accounted for its investment in WBSI shares and payments made to WBSI former stockholders totaling to ₱19.1 million as "Project advances and investment" in view of MAPDC's right to refund from WBSI stockholders the total payments made if the water permits inherent in the project are not secured.

In 2014, MAPDC entered into a compromise agreement with the former stockholders of WBSI where a final consideration for the Water Project was agreed. The reduced consideration is due to the unsecured permits which are still unavailable as of date of the compromise agreement. The compromise agreement confirmed the Group's control over WBSI. Accordingly, WBSI, as well as CBRI, which is WBSI's wholly owned subsidiary, were consolidated with the Group starting in 2014.

On December 16, 2015, MAPDC sold 49% equity of WBSI to MetroPac Water Investments Corporation (MPIC). The Group retained majority control at 51% of WBSI. For a more detailed discussion, please see Note 15 of the consolidated financial statements.

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.

B. Business of the Issuer

MacroAsia Corporation (MAC) began commercial operations as a holding company under its amended charter in 1996.

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, charter flight services, 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 rendering of exploratory drilling services for 3rd party clients.

All subsidiaries and associated companies of MAC render services directly to the airline customers/locators at NAIA, Manila Domestic Airport (MDA), Diosdado Macapagal International Airport (DMIA), MCIA and Kalibo International Airport generating both local and export revenues. For the past three years, an average of 80% of the total gross operating revenues reported represented revenues from foreign airlines that fly to the Philippines.

MAC continues to operate mainly through its five (5) subsidiaries and two (2) affiliates, as fully discussed below.

MacroAsia Catering Services, Inc.

MacroAsia Catering Services, Inc. (MACS) was incorporated on November 5, 1996, then with a corporate name of MacroAsia-Eurest Catering Services, Inc. (MECS), to primarily provide in-flight catering services at the NAIA and the MDA. When MACS started commercial operations on September 1, 1998, it was a joint venture between MAC (67%) and two foreign partners: SATS Ltd. (then known as

Singapore Airport Terminal Services at 20%) and Compass Group International B.V. (then known as Eurest International B.V., at 13%). By mutual agreement of the three JV partners, a sale and purchase agreement with Compass Group International B.V. was executed on June 28, 2006 whereby MAC acquired the 13% shareholdings of the Compass Group. Since then, MACS continues to operate as a joint venture between MAC (80%) and SATS (20%). In the same year, the Board of Directors of MACS decided to change its company name to MacroAsia Catering Services Inc. Last September 14, 2015, MAC signed a deed of absolute sale covering the assignment and transfer of 13% of its stakeholdings to SATS Ltd., thus changing the ownership structure in MACS to 67% MAC and 33% SATS.

MACS' in-flight kitchen facility is situated in a two-hectare lot being leased from the Manila International Airport Authority (MIAA). MACS' operations is under a concession agreement with MIAA that grants the right to operate an in-flight catering service for civil and/or military aircraft operating at the NAIA and/or the Manila Domestic Airport. MACS secures such right by remitting the monthly Concessionaire's Privilege Fee (CPF) which is 7% of its gross income.

MACS consistently complies with both local and international hygiene standards and environmental regulations. Its distinction lies in being the only in-flight airline caterer in the Philippines that holds an ISO certification on top of its HACCP and HALAL certificates conferred by independent and professional certifying organizations. To ensure that high standards are maintained at all times, MACS maintains an in-house laboratory manned by microbiologists and equipped for basic to advanced microbiological testing.

Capturing more than 60% of the in-flight catering market, MACS is the catering service provider to 12 full-service foreign carriers and 2 cargo freighters plus 10 VIP Ground Handlers and General Aviation clients, 4 airport lounges operating at the NAIA. MACS also has contracts with two airlines to provide top-up meals and ground feeding in case of flight delays.

MACS is also providing food services management and meals to a number of non-airline institutional clients outside NAIA. This business has grown in line with the expansion plans of MACS to go beyond its airline catering portfolio. Because of the significant growth of this business, MACS incorporated MacroAsia SATS Food Industries Corporation on July 14, 2015 as a 100%-owned subsidiary to operate a new food commissary near the East Service Road, Sucat, Muntinlupa City, to service the food production requirements of institutional clients and to support the inflight kitchen inside NAIA as well. The property for this commissary is leased from MacroAsia Properties which owns several lots and a 3-storey building in the aforementioned area.

MACS has been the recipient of several awards and commendations for outstanding service, besting other service providers from all over the world. In 2015, it received the Gold Award given by Cathay Pacific on its recently

concluded Caterers' Performance Recognition Program (CPRP) for 2014. This is the 3rd award received for 3 consecutive years. In 2013, MACS was given the Gold Award surpassing 46 caterers among the Cathay Pacific network, worldwide and in 2012, MACS bagged the Diamond Award, the highest recognition in Cathay Pacific's CPRP, indicating that MACS is the best among 40 catering stations in the Cathay Pacific network, worldwide. MACS also was recognized by All Nippon Airways (ANA), as the "Gold Award winner for The Best Short Haul Caterer 2013", besting 13 other caterers in ANA's short-haul network two years in a row. MACS was also recognized as a Merit Winner for Singapore Airlines' 2013/2014 Excellence in Catering Award.

MACS has a wide supplier base, both local and international and it is not dependent on any single raw material supplier. MACS operates a bonded warehouse facility inside NAIA under a Bonded Warehouse License. Based on its quality standards, regular supplier quality audits (SQA) are conducted by MACS' Quality and Food Safety Department at the supplier's premises to inspect and verify the compliance to its manufacturing and supply standards.

Most of MACS' trade revenues are denominated in US dollars. In 2015, 2014, and 2013, this subsidiary's sales contributions to MAC's consolidated gross operating revenues were 61%, 61% and 62%, respectively. MACS' airline clients include Air Niugini (PX), All Nippon Airways (NH), Cathay Pacific (CX), China Airways (CI), Dragon Air (KA), Emirates (EK), Etihad Airways (EY), Japan Airlines (JL), Korean Air (KE), Qantas Airways (QF), Qatar Airways (QR), Saudia Airlines (SV) and Singapore Airlines (SQ), among others. MACS is also the preferred caterer for VIP flights from NAIA. MACS delivers 4 million meals per annum, at an average production of about 11,000 meals a day. It services an average of 30 international flights a day, serving more than half of the foreign airlines that fly to Manila.

As of December 31, 2015, MACS has a core manpower complement of 298 individuals (10 workers higher than 2014), excluding staff contracted from external providers. Of the total manpower count, 148 are regular employees.

MACS is not aware of any existing or probable government regulations that would have an adverse impact on its on-going operations. It does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreement. It has no research and development activities/costs during the last three fiscal years.

MacroAsia Airport Services Corporation

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

sales. As of December 31, 2015, its work force consisted of 736 organic staff and 289 out-sourced staff, 9.5% higher compared to 2014.

On June 15, 1999, the company originally signed a joint venture agreement with Ogden Aviation Philippines B.V. to expand its international resource. Ogden Aviation Philippines B.V. was subsequently acquired by Menzies Aviation Group in 2001. By April 12, 2007, MAC acquired the 30% share of Menzies making MASCORP a wholly owned subsidiary of MAC.

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

MASCORP has maintained a stable and growing service partnership with its first foreign client, Thai Airways, in addition, All Nippon Airways, Air Niugini, China Airlines, Korean Air, Japan Airlines, Air Philippines (MASCORP's maiden client), Cebu Pacific Air, Ages and Island Transvoyager.

MASCORP contributes an average of 26% of the Group's total operating revenues for the years ended December 31, 2015, 2014 and 2013.

Through its aggressive marketing efforts, capability to offer a total aviation product (in synergy with the catering and MRO business of MAC), and competitiveness, MASCORP is currently increasing its market share at NAIA, with services rendered for key local clients based in Terminal 2 and Terminal 3. Among the ground handlers in Manila, MASCORP is the only service provider present in three terminals (Terminal 1, 2, and 3). Aside from NAIA, MASCORP is also operating in Mactan Cebu International Airport and Kalibo International Airport. Last December 1, 2015, it started operations in Davao International Airport and General Santos. Also, it started operating the satellite cargo facility of PALEx near NAIA Terminal 3 last November 15, 2015. Another key business MASCORP entered into is the Ramp Cleaning of PAL's Terminal 2 Aircraft Ramp Parking. In addition, MASCORP expanded its Ground Support Maintenance Services offering to Lufthansa Technik in its Main Hangar in NAIA, Cebu and Davao last November 1, 2015.

MASCORP's operations is dependent upon its concession agreements with MIAA and Mactan-Cebu International Airport Authority (MCIAA), which grants the company the right to operate ground handling services in NAIA and MCIA terminals. MASCORP secures such right by regularly paying the correct monthly

Concessionaires' Privilege Fee (CPF) which is computed as 7% of monthly gross income on domestic and international ground handling services.

MASCORP is not aware of any existing or probable government regulations that would have an adverse effect on its business. Given the nature of its business, it has no research and development activities during the last three fiscal years.

MacroAsia Properties Development Corporation

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

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

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

The MacroAsia Special Ecozone is presently managed by a lean team of core employees. The support services needed to maintain the ecozone are provided by contracted local service providers. As of December 31, 2015, MAPDC has a workforce of 22 employees out of which, 18 are regular employees.

MAPDC is the subsidiary that serves as a vehicle for the entry of the Group into the water services business (bulk water supply or commercial retail of treated surface water in selected localities). Starting 2012, MAPDC has ongoing projects in provinces outside of Metro Manila. One project entails the treatment of surface water from a Magat River in Cagayan Valley, and the piped distribution of the treated water to the homes of residents in the town of Solano, Nueva Vizcaya. To implement this project, MAPDC has formed a 100%-owned subsidiary, SNV Resources Development Corp. to be the water treatment facility operator and distributor of treated water in the said municipality. Commercial operations are expected to start during the first quarter of 2016 since the water treatment plant has been completed and the pipelines are almost ready for use. By second quarter of 2016, MAPDC is targeting to break ground for the construction of water treatment plants in Mabini, Pangasinan and Maragondon, Cavite, as it has signed agreements with counterpart parties for water supply projects in these areas.

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

MAPDC's operations do not require the intensive use of raw materials or like items. It does not therefore have any major existing supply contracts.

For the past three years, MAPDC's average rental and administrative income represented an average of 11% of the Group's consolidated gross operating revenues.

MAPDC is subject to PEZA rules and regulations and is not aware of any other existing or probable government regulations that may have any adverse effects on its business. MAPDC 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.

MacroAsia Air Taxi Services, Inc.

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

MAATS acquired its Airline Operator Certificate (AOC) from the Civil Aviation Authority of the Philippines (CAAP) and Commercial Permit from the Civil Aeronautics Board (CAB) and has periodically re-validated both permits as required by law. This allows MAATS to continuously provide nonscheduled air charter services to both local and foreign customers anywhere in the Philippines (passengers and cargo). MAATS started commercial operations in October 1996 utilizing the reliable and efficient Ecureuil AS350-B2, a 5-passenger rotary aircraft for its flight operations. It is powered by a Turbomeca Arriel engine that has a float kit reserved for emergency water landing requirements. Revenues derived from chartering operations are 100% domestic, with majority of its customers being private individuals, multi-national and local corporations, banks, hotels and resorts, medical entities, and geo-physical survey firms. Since January 2013, MAATS has added to its service portfolio the provision of services for Fixed-Based Operations (FBO), mainly to support the MRO (maintenance, repair, overhaul) clients of Lufthansa Technik Philippines. FBO work deals with providing airport solutions or logistical support, facilitating and securing all the necessary permits for a smooth and trouble-free entry and exit of MRO flights. The airport solutions provided by MAATS enhances in marketing LTP-Manila as an attractive and better MRO station.

MAATS, as a CAAP-AOC holding company, must strictly adhere to the rules, standards and procedures as prescribed in the ICAO recognized Philippine Civil

Air Rules. This includes compliance to the strict periodic audits conducted by the CAAP inspectors during the course of its operations. Failure to comply would mean the cancellation of the commercial permit. Compliance includes the periodic re-training and review of the technical crew, pilot and mechanics. MAATS' technical crew is sent to the Airbus training facility every two years for refresher courses, to keep them abreast also of the latest developments in the field of helicopters. As of December 31, 2015, MAATS team consists of 7 employees, 6 of which are regular employees.

MAATS' charter flight and FBO (fixed-based operations) revenues for the last three years account for an average of two percent (4%) of MAC Group's consolidated profit before tax.

MAATS' operations do not require the intensive use of raw materials or like items. It does not therefore have any major existing supply contracts. MAATS air operations is best described as a multi-role utility air charter service catering to the diverse needs of its various clients which includes the following; private corporations, persons of importance, media (aerial film/photography), geo-physical survey companies (mining surveys), financial firms and banks for high value cargo, medical evacuations (transporting patients), scenic and tourism packages, mining firms, humanitarian and relief work, cargo companies.

There are no existing or probable government regulations that may have an adverse effect on MAATS operations. MAATS does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreement. It did not incur any research and development expenditures during the last three fiscal years.

MacroAsia Mining Corporation

MacroAsia Mining Corporation (MMC), another wholly owned subsidiary, was incorporated on September 25, 2000 to serve as an institutional vehicle through and under which the business of a mining enterprise may be established, operated and maintained. The Company has 44 employees, among those, 10 are regular employees as of December 31, 2015.

MMC is at the moment geared towards the provision of consultancy and mining exploration services, focusing on nickel areas. On August 24, 2012, the company entered into a Contract for Service Agreement with a third party to render exploration drilling and sampling of nickel laterite services on the third party's mining tenement. This year, it has signed another exploration contract with another mining company for nickel exploration services.

MMC recently is deriving revenues arising from nickel exploration services conducted in Nonoc/Dinagat Islands.

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.

Lufthansa Technik Philippines, Inc. – A Joint Venture with MacroAsia Corporation

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

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

As an ecozone locator, LTP has a 25-year lease contract with MacroAsia Properties Development Corporation (MAPDC). It has technical services agreements with PAL as a base client, as well as with other airlines, including Lufthansa Technik AG of Germany.

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

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

To meet the demand of the growing market, LTP started a project to expand its existing two bays. This will increase its service capability of A380 heavy maintenance check and will also mark its entry in the B777 base maintenance. The hangar expansion was inaugurated last December 29, 2015 and had the first heavy check in its second A380 hangar in January 2016.

LTP continues to have Philippine Airlines (PAL) as its main client in providing aircraft maintenance, repair and overhaul services from its facility in NAIA. Other global clients include among others – Air China, Air Niugini, China Airlines, Japan Airlines and Korean Air. Moreover, other international airlines, including those with non-scheduled flights to Manila also avail of LTP's MRO expertise. Airline clients include Lufthansa German Airlines, Virgin Atlantic Airways, Qantas Airways, Jetstar Japan, Air Mauritius and Starflyer to name a few.

In a showcase of continuing trust in 2015, eight airlines renewed their alliances with LTP. For line maintenance, these were Air Busan, All Nippon Airways, Asiana Airlines, Eva Air, Jeju Air, Mandarin Airlines and Qatar Airways. There were also three new customers added to the roster of line maintenance clients, namely, Oman Air, Turkish Airlines and Xiamen Airlines. For base maintenance, Qantas signed an exclusive agreement with LTP to perform heavy maintenance checks to its 12 Airbus A380s for the next 10 years. These include various modifications, such as C1-checks, C-2 checks, C-4 checks and in the future, C-8 checks. PAL also extended its base maintenance agreement for another two years. LTP will continue to perform heavy checks for PAL's A320, A321, A330 and A340 aircrafts.

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

LTP's income in 2015 continued to rise marking a 157% increase from last year's income. This was made possible through LTP's continuous effort to decrease its general expenses and the increase in services rendered for one client. LTP's personnel count did not change significantly as compared to the prior year. They have a labor force of about 2,607 by December 31, 2015. Of the total manpower count, 2,380 are regular employees.

LTP is not aware of any existing or probable government regulations that would have an adverse impact on its on-going operations. It does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreement. It has no research and development activities/costs during the last three fiscal years.

Cebu Pacific Catering Services, Inc.

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

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

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

CPCS is presently serving an average of 1,800 meals a day, using mostly local raw materials for its menus. It procures its raw materials from the local market and does not have any major raw materials supply contracts. CPCS services Philippine Airlines, Korean Air and Asiana Airlines, Cathay Pacific as well as Cebu Pacific Airlines.

CPCS's personnel count increased by 14%, to about 88 employees as of December 31, 2015, compared to staff count in previous year. Of the total manpower count, 38 are regular employees.

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

CPCS contributed an average of 9% out of the total MAC equity in the net income of associates.

As a registered entity, CPCS is subject to the rules and regulations of the Philippine Economic Zone Authority (PEZA). It is not aware of any existing or probable government regulations that would have an adverse effect on its operations.

CPCS does not have any other significant agreements or patents, copyrights, licenses, franchises, concessions, or royalty agreements.

No research and development costs have been incurred by CPCS during the last three fiscal years.

Status of any publicly-announced new product or service

Except as otherwise disclosed in the discussion of the businesses of each subsidiary and affiliate above, there are no other publicly-announced new products or services for the Group.

Competition

The Group's strength relative to its competitors lies on its skilled manpower, liquid assets relative to its operational funding requirements and adequate capital to continue and expand its existing businesses and develop or venture into new business activities. The Group's strategic advantage in the aviation services sector comes from the close relationships with airline clients, which in turn enables reciprocal arrangements for auxiliary aviation services. The strong backing of the Group's venture partners in some of the subsidiaries/affiliates, namely, Singapore Air Terminal Services (SATS, Singapore), Cathay Pacific Catering Services (CPCS, Hongkong) and Lufthansa Technik AG (Germany) also provides the globally-competitive expertise and market reach for the Company's subsidiaries/affiliates.

The Group's competitive edge is manifested in various service areas through its quality of services, labor/manpower stability, competitive pricing, advanced aircraft (MRO) technology, and a carefully packaged inter-related aviation support services.

Suppliers

The Group has a broad base of suppliers, both local and foreign. Except as otherwise disclosed in the discussion of the businesses of each subsidiary and affiliate above, there are no major existing supply contracts for the Group.

Customers

Except as otherwise disclosed in the discussion of the businesses of each subsidiary and affiliate above, the Group is not dependent upon a single customer or a few customers that a loss of anyone of which would have a material adverse effect on the Group.

Employees

MacroAsia Corporation, the Parent company, has a total workforce of 29 employees. The Group has a total manpower complement of 4,147. Of these, 3,240 are regular employees, 62 are on probation and 845 are project and/or contractual staff. The total number of employees is likely to increase in 2016 driven by the growth in certain business segments, particularly in the food business segment.

None of the Parent Company, its subsidiaries and associated companies is subject to any Collective Bargaining Agreement (CBA). There has been no strike, nor any attempt to protest against the Parent Company, its subsidiaries and associated companies during the past three years.

The Group provides health/medical insurance/benefits to its employees through an independent Health Maintenance Organization (HMO).

Compliance with Environmental Laws

MacroAsia Corporation and its subsidiaries have not been subject to any material fines or legal or regulatory action involving non-compliance in any material respect with relevant environmental protection regulations.

Major Risks Involved

MAC recognizes some developments that may have potential impact on the Group.

Global Economic Slowdown, Economic Woes Impacting on Airlines, Safety and Health Issues Affecting Airline Travel.

The Group continues to adopt a simultaneous approach of employing revenue generating strategies for both core and non-core business while cutting down on costs. Aggressive marketing, offering of innovative products and services, optimizing resources and provision of quality services help maintain and expand client patronage. Sustainable cost leadership efforts like staff cost benchmarking (staff cost is the biggest cost among the Group's service companies) were implemented with much vigor. The impact of aviation developments for key clients are discussed as these become evident, particularly in corporate head office meetings (generally on a weekly basis), as part of executive/management committee meetings.

Industry Regulations

MacroAsia Corporation and its subsidiaries are subject to the relevant rules and regulations imposed by government and private institutions such as the Civil Aviation Authority, Civil Aeronautics Board, Manila International Airport Authority, Philippine Economic Zone Authority, Securities and Exchange Commission as well as the Philippine Stock Exchange. Moreover, being a part of the air travel industry, the Group is subject to various stringent international standards for cleanliness, health, and safety.

Volatility in Foreign Exchange Rates

Bulk of the Group's revenues and part of its costs and expenses are transacted in foreign currency, particularly in US dollars. Any drastic fluctuation in the Peso-US dollar exchange rate may affect the Group's financial performance. The Company's Investment Committee has directed Management to engage in foreign exchange hedging transactions and to limit the Group's foreign currency holdings to not more than 25% in US Dollar portfolio and hold the rest in local currency (at least 75% of the portfolio in Philippine Peso) to minimize exposure to foreign exchange fluctuations.

Competition

The business activities of the Parent Company and its subsidiaries are carried out in a competitive environment, as the Group competes not only with local providers of aviation-related services, but with regional and international players

as well. Operational track record and high quality of services coupled with competitive prices remain to be the Group's advantages over its competitors.

Natural Occurrences

The Group is subject to various other risks which are beyond its control. These include weather conditions, virus outbreak and other natural disasters which may disrupt its operations. There can be no assurance that the above risks will not have an adverse effect on the Group.

Periodic planning sessions/meetings with top management, various committees and members of the Board are being held to identify, assess and formulate related contingency plans to manage or minimize the adverse impacts of potential or identified risks on the Group's operations.

Transactions with and/or Dependence on Related Parties

Please see Note 18 under the Group's Consolidated Notes to Financial Statements (pages 52 to 57)

Significant Agreements and Commitments

Please see Note 28 under the Group's Consolidated Notes to Financial Statements (pages 71 to 75)

Other Information

The Group has not issued any short term or long term commercial papers to date.

There are no other significant patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held by the Group.

MAC, as a listed entity, operates in a highly regulated environment. The business of the Parent company, including its subsidiaries and affiliates to which it operates, depends upon the permits and licenses issued by the government authorities or agencies for its operation. The Group is not aware of any existing or probable government regulations on its products and services that would have an adverse impact on the operations of the businesses to which the Group operates.

The Group has not incurred any material research and development costs during each of the last three fiscal years.

MacroAsia Corporation's Mining Project

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

The total extent of the laterite area within the MPSA is around 536 hectares with the deposits comprised of limonite and saprolite ores. Within this delineated nickel ore envelope, 2,754 drill holes were done, resulting into 48,568.7 meters drilled. There were also 482 test pits that were dug, yielding 2,550.8 meters more for sampling. The resulting samples collected numbered 52,284, and these were analyzed for nickel (Ni), iron (Fe) and 12 other elements/oxides, including the loss in ignition (LOI), using fused bead X-Ray Fluorescence (XRF) technique at Intertek Laboratories. The Parent Company has completed an exploration report that is compliant to the Philippine Mineral Reporting Code. A mining plan has also been drafted.

The operation of the Mining Project has already been endorsed by the three impact barangays, including the indigenous people in the area. In 2010, the Parent company has received the Environmental Compliance Certificate (ECC) for operations. The Parent Company is still completing the acquisition of other permits needed to operate. Simultaneously, it has ongoing discussions with potential partners for the development of the project for the best interest of various stakeholders.

Pending the completion of the permitting process that will enable the project to progress into mine operation, maintenance works in the mineral property has been undertaken since 2012. The second extension of the exploration period of the MPSA 220-2005-IVB was approved by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) on December 5, 2012. The extended exploration period will allow MacroAsia Corporation to gather more exploration data to fine-tune the feasibility study for operations and eventual metallurgical testing of the nickel laterite ore. Additional exploration drilling were conducted in the priority mining area on the 3rd quarter of 2013 in accordance to the approved Exploration Work Program but the work program was disrupted by the local NGO and LGU and is currently on hold. Pursuant to the advice of the MGB, an application for the third extension of the exploration permit of MPSA 220-2005- IVB was filed on 20 March 2015.

Bulawan Mining Corporation (BUMICO), a subsidiary of the Philippine National Bank (PNB), transferred its right for their Exploration Permit Application (EXPA 103-VII) over a 403 hectare area in Basay, Negros to MAC through the signing of a Deed of Assignment (DOA) on August 15, 2012. The DOA has been approved by Mines and Geosciences Bureau (MGB) Region VII Office on January 28, 2013. The area has a high potential for copper-gold mineralization. The exploration permit application is now under MAC's name. This tenement can be subject to a JV for exploration with other interested entities.

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

The majority of the mining claims held by BUMICO in Sipalay, Negros Occidental (with the exception of the 6 mining claims covered by a mining lease contract) is covered by an Exploration Permit (EP). Such Exploration Permit was renewed by the Mines and Geosciences Bureau on December 10, 2012. On the other hand, the mining claims under PNB-Madecor are all subject to an Exploration Permit Application (EXPA).

ITEM 2. DESCRIPTION OF PROPERTIES

MacroAsia Corporation

MacroAsia Corporation owns an Ecureuil AS 350-B2, a five-passenger helicopter as of December 31, 2015. It has a rental agreement with MAATS (a wholly owned subsidiary) at a specified fixed monthly lease payment plus an amount computed at a rate based on flying time, for the use of the aircraft for a period of six months, renewable thereafter for periods of six months at the option of both parties.

MAC leases from Philippine National Bank (formerly Allied Bank Corporation) the office space it currently occupies. The lease agreement is for a period of two years up to October 2011 with an annual rental rate that is subject to review every year. The contract of lease was renewed for a period of two years, starting October 16, 2011, and unless earlier terminated, shall expire at midnight October 15, 2013. The lease agreement has not been renewed but MAC continues to lease the office space under the same terms and conditions until the new lease contract is finalized.

The Parent Company entered into one lease agreement in 2011 and three lease agreements in 2010 with third party lessors covering the use of parcels of land for 35 years in Palawan. The leased properties will be used by the Parent Company as drying area and/or stockpile of its mine products and other related purposes. The Parent Company prepaid the rental charges up to 18 to 30 years totaling ₱8.5 million as of December 31, 2015 and 2014. Rental rates are subject to escalation during the lease periods.

MacroAsia Properties Development Corporation

MacroAsia Properties Development Corporation owns five parcels of land with a total area of 7,912 square meters, located at East Service Road, Sucat, Muntinlupa, Metro Manila. These properties were acquired in 1996 for future development. In 2014, MAPDC acquired the land adjacent to the property with a land area of 1,500 square meters together with a building with a floor area of 3,280.02 square meters. These acquired properties in Sucat are being developed to become a commissary for MacroAsia SATS Food Industries Inc., a wholly owned subsidiary of MACS.

Also in 2014, MAPDC acquired 3 hectares of land in Brgy. Bagahabag, Solano, Nueva Vizcaya which will be used for the waterworks project of MAPDC and its subsidiaries. In 2015, a water treatment plant being constructed in the area was completed. The treatment plant includes an intake structure and reservoir.

On September 01, 2000, MAPDC executed a 25-year lease agreement with the MIAA covering about 23 hectares located within NAIA. The lease contract may be terminated at the option of the company if the company, its sublessee or any of its successors-in-interest, ceases to operate its business; and MIAA or the government decides to transfer the airport to another location, making it impossible for the company to conduct its business. With the full support of the PEZA, MAPDC has transformed the area into an Economic Zone, and has signed a 25-year sub-lease agreement with LTP, its anchor locator.

On June 5 and November 6, 2015, MAPDC entered into two lease contracts with Mactan-Cebu International Airport Authority (MCIAA) covering the use of parcels of land for 25 years for 23,703 hectares and 20,000 hectares of land, respectively. MAPDC is allowed to sub-lease the leased property.

MacroAsia Catering Services, Inc.

In 1996, MAC assigned all of its rights and obligations to MacroAsia Catering Services, Inc. under the lease agreement it entered in the same year with MIAA for the use of a parcel of land where it's catering concession facilities are located. The lease contract is for a period of 10 years starting six months after the start of the construction of the facilities, renewable every five years thereafter under such terms and conditions as may be agreed upon by both parties. Minimum annual rental payment amounts to ₱8.5 million. Upon expiration of the lease agreement, both parties mutually agreed to continue the lease on a renewable, short-term basis using the terms in effect during the last year that the original lease agreement was in force. In October 2013, the Company has renewed the lease agreement with MIAA for a period of three (3) years commencing on June 1, 2013 and expiring on May 31, 2016 or earlier, depending upon the MIAA development plan affecting the area.

MACS has a concession agreement with MIAA to exclusively operate an in-flight catering service for civil and/or military aircraft operating at NAIA and/or MDA. In 2012, the concession agreement is renewable every year upon mutual agreement of the parties. The agreement is renewable yearly up to three years, subject to certain conditions. In consideration of the concession privilege, the Company pays MIAA a monthly concessionaire's privilege fee equivalent to 7% of the Company's monthly gross income on catering services.

MacroAsia Airport Services Corporation

MacroAsia Airport Services Corporation leases its office space and staging area from MIAA in Terminals 1, 2 and 3 on a month-to-month basis, with a monthly rental of ₱504,409, ₱19,807 and ₱156,544 respectively.

In August 2009, the company paid surety cash deposit to MIAA amounting to ₱2 million as one of the requirements for the renewal of the lease agreement. Per MIAA's Board Resolution No. 2010-019 dated March 2, 2010, the MIAA Board of Directors approved the renewal of the ground handling concession contract of MASCORP and its corresponding contract of lease for a period of five years commencing on March 1, 2010. As of December 31, 2015, MIAA has not yet formalized nor issued the corresponding agreements which remained pending due to the on-going rehabilitation and repair of Terminal 1. Currently, management is in discussions with necessary parties to have the document concession and lease agreements in place.

Meanwhile, MIAA continues to bill, and MASCORP continues to pay the rental fees billed by MIAA based on current rates. In consideration of the concession privilege, the company continues to pay MIAA a monthly concession privilege fee in the amount equivalent to 7% of the company's monthly gross income on domestic and international

ground handling services. MASCORP also pays concession privilege to Mactan Cebu International Airport (MCIA) on the same terms as MIAA's.

On April 22, 2014, GMR Megawide Cebu Airport Corporation (GMCAC), a corporation established by the consortium led by Megawide Construction Corporation and GMR Infrastructure Limited executed the concession agreement with the Department of Transportation and Communication and MCIAA for the exclusive right and authority to operate, maintain, develop, design, construct, upgrade, modernize, finance, and manage the Mactan Cebu International Airport for a period of twenty-five (25) years, and may be extended pursuant to the terms and conditions of the concession agreement.

Pursuant to the memorandum dated September 5, 2014 issued by MCIAA to all concessionaires, airlines, businesses, and other airport stakeholders, MCIAA no longer renewed or extended the concession and lease contracts beyond October 31, 2014 due to the turnover of the operation and management of the Mactan Cebu International Airport to GMCAC effective November 1, 2014. The Company has a concession and lease agreement with GMCAC which is valid until January 31, 2015 and was subsequently extended up to May 31, 2015 and further extended up to October 31, 2015. GMCAC issued the draft of concession lease agreement covering the period November 1, 2015 up to May 31, 2018 in favor of the Company but is not yet finalized as of December 31, 2015.

Lease of office spaces in Sky Freight Center located at Ninoy Aquino Avenue, Parañaque City. The first lease is for a period of five years, commencing on April 16, 2012 until April 15, 2017. The second lease is for a period of five years, commencing on October 1, 2015 until September 30, 2020.

Other than what was discussed above, MAC or any of its subsidiaries and affiliates does not expect to buy any significant assets (property or equipment) except if needed for mining operations, in the next twelve (12) months. For a more detailed discussion of the Group's properties, please refer to the Note 28 of the Consolidated Financial Statements (pages 71-75).

ITEM 3. LEGAL PROCEEDINGS

On May 20, 2015, MacroAsia Corporation, through its legal counsel, filed a motion for reconsideration with the Court of Appeals for its April 22, 2015 decision promulgated by the Special Sixteenth Division confirming the denial by the National Commission on Indigenous People to issue a Certification Precondition applied for by the Company.

Subsequently, on March 21, 2016, through our legal counsel, we have received a copy of the favorable decision issued by the Court of Appeals giving due course to the company's Motion for Reconsideration and reversing the above-mentioned ruling.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY & RELATED STOCKHOLDER MATTERS

MAC's common shares are listed and traded at the Philippine Stock Exchange and the approximate number of holders of its common equity as of December 31, 2015 is 860.

There were no unregistered securities sold by the registrant for the past three years.

The high and low prices of the Company's share during 2015 and 2014 are as follows:

2014		**High**		**Low**
First Quarter	₱	4.04	₱	1.98
Second Quarter		2.46		1.95
Third Quarter		3.20		2.01
Fourth Quarter		2.68		2.20
2015		**High**		**Low**
First Quarter	₱	2.53	₱	2.10
Second Quarter		2.29		1.95
Third Quarter		2.50		1.80
Fourth Quarter		2.40		2.00
2016		**High**		**Low**
As of April 5, 2016		2.85		2.85

Common shares outstanding as of December 31, 2015 were 1,233,404,000.

Shares owned by the Public as of December 31, 2015 were 300,910,798 or 24.40%.

Shares owned by the Public as of March 31, 2016 were 300,910,798 or 24.40%.

The top 20 stockholders of MacroAsia Corporation as of December 31, 2015 are:

	Name	No. of Common Shares Held	% of Total
1	PCD Nominee Corporation (Filipino)	203,623,561	16.51
2	PAL Holdings, Inc. (formerly Baguio Gold Holdings Corporation)	88,000,000	7.13
3	Conway Equities, Inc.	85,110,000	6.90
4	PCD Nominee Corporation (Non - Filipino)	83,826,007	6.80
5	Solar Holdings Corporation	59,000,000	4.78
6	Pan Asia Securities Corp.	55,000,000	4.46
7	Dragonstar Management Corp.	53,750,000	4.36
8	Profound Holdings, Inc.	47,500,000	3.85
9	Excelventures, Inc.	47,405,000	3.84
10	Bigearth Equities Corporation	46,500,000	3.77
11	SyCip, Washington Z.	37,545,250	3.04
12	Palomino Ventures, Inc.	28,900,000	2.34
13	Absolute Holdings & Equities, Inc.	25,000,000	2.03
14	Artisan Merchandising Corp.	25,000,000	2.03
15	Caravan Holdings Corporation	25,000,000	2.03
16	Clipper 8 Realty & Development Corp.	25,000,000	2.03
17	Golden Path Realty Corporation	25,000,000	2.03
18	Primeline Realty, Inc.	25,000,000	2.03
19	Quality Holdings, Inc.	25,000,000	2.03
20	Sunway Equities, Inc.	22,370,000	1.81

Dividends

The general dividend policy of MacroAsia is governed by the By-Laws of the Parent Company which provides that dividends upon the capital stock of the Parent Company may be declared by the Board of Directors in the manner and form provided by law, after deducting from the net profit of the Parent Company any approved bonuses to the members of the Board of Directors in an amount not exceeding five percent (5%) of the Parent Company's net profit before tax and the expenses of administration. In each case, no dividend declaration shall be made by the Parent Company which would impair its capital.

Dividends shall not be declared if there are major investments/projects which the Parent Company and its subsidiaries and associated companies anticipate in the near future.

1. **Stock Dividends**

No stock dividends were declared in 2015.

2. Cash Dividends

Date Approved	Per share	Stockholder of Record Date	Date Paid/Issued
December 14, 2015	₱0.075	January 4, 2016	January 28, 2016
March 25, 2013	₱0.065	April 24, 2013	May 19, 2013
March 07, 2012	₱0.065	April 24, 2012	May 18, 2012

3. Cash Dividends Declared After Balance Sheet Date

No cash dividends were declared as of April 14, 2016.

4. Restriction on Retained Earnings

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

- Undistributed net earnings of subsidiaries and equity in net earnings of associates amounting to ₱404.2 million and ₱151.7 million as of December 31, 2015 and 2014, respectively.
- Cost of treasury shares amounting to ₱49.4 million as of December 31, 2015 and 2014.
- Deferred income tax asset amounting to ₱1.5 million and ₱1.4 million as of December 31, 2015 and 2014, respectively.

5. Appropriation of Retained Earnings

On December 12, 2015, MACS' BOD approved the appropriation of ₱50.0 million of retained earnings for the purchase of additional catering delivery trucks in 2016 and the business expansion program in the next two years.

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

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

On June 21, 2012, MASCORP's BOD approved to appropriate ₱30 million of its retained earnings for business expansion. The expansion program is expected to run for another 2 years.

On December 12, 2011 and July 15, 2011, the Company's BOD approved the appropriation of the Company's retained earnings amounting to ₱393.1 million and ₱300.0 million, respectively, for the mining development projects and water project, respectively. The water project is expected to be completed and operational on the first

quarter of 2016. As to the mining project, the Company intends to start development activities and mining operations on 2016, after the period allotted for the extension of the exploration period, if on-going studies indicate favorable economics.

On December 12, 2011, MAATS' BOD authorized and approved the appropriation of ₱15.0 million for purposes of expanding the business of MAATS, particularly the acquisition of an aircraft hangar. Acquisition was planned to be made in 2015 or earlier. In 2014, however, MAATS' BOD reversed the appropriated amount to declare as dividend during the year.

Description of Registrants Securities

MacroAsia Corporation has already issued 1,250,000,000 shares of stocks from the total authorized capital shares of 2,000,000,000.

On July 16, 2010, the BOD approved a Share Buyback Program involving a total cash outlay of ₱50 million for the repurchase of the outstanding common shares of the Parent Company from the open 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 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.

As of December 31, 2015, the Company has reacquired a total of 16,596,000 shares for ₱49,418,660.

Voting and Preemption Rights

All outstanding common shares of the Parent Company as of the record date for the purpose of the Annual Stockholder's Meeting are entitled to vote at the rate of one (1) vote per share.

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Any stockholder of the Parent Company shall have the right to dissent and demand payment of the fair value of his shares in case (i) any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) any sale, lease, exchange,

transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (iii) of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the value of his shares. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. No payment shall be made to dissenting stockholder unless the Parent Company has unrestricted retained earnings in its books to cover such payment.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview

In 2015, MAC carried on its operations through its five subsidiaries namely: MacroAsia Catering Services, Inc. (MACS); MacroAsia Airport Services Corporation (MASCORP); MacroAsia Air Taxi Services, Inc. (MAATS); MacroAsia Properties Development Corporation (MAPDC); and MacroAsia Mining Corporation and through its two associated companies, Lufthansa Technik Philippines, Inc. – A Joint Venture with MacroAsia Corporation (LTP) and Cebu Pacific Catering Services, Inc (CPCS).

MACS, which is 67%[1] owned by MAC operates an in-flight kitchen at the NAIA and Manila Domestic Airport, while CPCS, 40% owned by MAC, operates similar in-flight kitchen at the MCIA. These two kitchens service the in-flight catering needs of most international airlines flying out of Manila and Cebu. MASCORP, a 100% owned subsidiary of MAC handles the operation of aircraft ground-handling requirements not only at NAIA but also at MCIA. LTP which is a joint venture with Lufthansa Technik AG Germany provides world-class aircraft maintenance, repair and overhaul (MRO) services at the NAIA, DMIA, MCIA and Davao International Airport.

MAATS, 100%-owned subsidiary by MAC, provides aircraft charter services from its base at the Manila Domestic Airport, and also provides auxiliary services for fixed-based operators. MAPDC, another 100% owned subsidiary by MAC, developed and operates the only special economic zone at NAIA. MMC, a wholly owned subsidiary, serves as an institutional vehicle through and under which the business of a mining enterprise may be established, operated and maintained.

The two most important factors that affect the revenue levels of the aviation-services subsidiaries are passenger loads and flight frequencies of airlines.

The Group is not aware of any known trends or any known demands, commitments, events or uncertainties that will have material impact on its liquidity.

[1] *Commencing on September 14, 2015*

The Group is not aware of having or anticipating any cash flow or liquidity problems within the next twelve (12) months. The Group generally sources its liquidity requirements through its increased revenues and collections. These are invested in placements with better yields.

The Group is not aware of any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures created during the reporting period other than the US$ 25 million 2nd A380 hangar of LTP which LTP will fund internally.

The Group is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations other than the threat of EBOLA and MERS for airline clients.

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

The Group is not aware of any current and 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 not aware of any seasonal aspects that have material effect on the financial statements.

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.

Return on Net Sales (RNS)

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

			2015	2014
(In Thousands except for Ratios)				
Return on Net Sales	=	NI attributable to Equity Holder of Parent / Total Net Revenues	= ₱ 327,751 / 1,921,447	₱ 114,980 / 1,723,193
			= 17.06%	6.67%

The large increase in the consolidated RNS resulted from the income generated by our MRO associate amounting to ₱285.6 million. The income contribution of our associates in the prior year was ₱128.2 million, in which LTP's share is ₱110.9 million.

Return on Investment (ROI)

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

(In Thousands except for Ratios)			2015	2014
Return on Investment	=	NI attributable to Equity holder of Parent / Total Interest-bearing Liabilities + Equity attributable to Equity holder of Parent	₱ 327,751 / 3,224,966	₱ 114,980 / 2,826,387
		=	10.16%	4.07%

The ROI had a positive increase mainly due to the rise in the income contribution of our MRO associate this year and continuous upsurge in the income of our other operating subsidiaries. MASCORP availed of an additional bank loan during 2014 amounting to ₱81.5 million in which ₱61.9 million remains unpaid as of year-end.

Return on Equity (ROE)

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

(In Thousands except for Ratios)			2015	2014
Return on Equity	=	NI attributable to Equity holder of Parent / Total Equity holder of Parent	₱ 327,751 / 3,163,026	₱ 114,980 / 2,740,660
		=	10.36%	4.20%

The growth in the return on equity is attributable to the higher income contribution of LTP this year together with the increases in the income contribution of our operating subsidiaries.

Direct Cost and Expense Ratio

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

(In Thousands except for Ratios)			2015	2014
Direct Cost Ratio	=	Total Direct Cost / Total Net Revenues	₱ 1,443,851 / 1,921,447	₱ 1,328,904 / 1,723,193
		=	75.14%	77.12%

(In Thousands except for Ratios)			2015	2014
Operating Expense Ratio	=	Total Operating Expenses / Total Net Revenues	= ₱ 458,796 / 1,921,447	₱ 427,641 / 1,723,193
			= 23.88%	24.82%

Direct costs and operating expenses increases are in parallel with the growth in revenues. The increase in ratios above are due to higher increases in costs, mainly labor-related, as required by the higher net revenues. The rental expense recognized for its lease agreement with MCIAA of MAPDC also contributed ₱11 million in operating expenses, this is accounted for in accordance with PAS 17, Leases. Another factor in the increase in operating expense are the start-up costs of our non-operating subsidiaries.

Current Ratio

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

(In Thousands except for Ratios)			2015	2014
Current Ratio	=	Total Current Assets / Total Current Liabilities	= ₱ 1,463,079 / 537,062	₱ 1,235,306 / 295,659
			= 2.72 : 1	4.18 : 1

The current assets increased largely due to the increase in the input taxes of MACS and MASCORP. In addition, the Tax Credit Certificates of MACS also increased. The cash amount at the consolidated level did not move significantly as compared to the prior year which is related to the increase of both receivables and current payables of the Group. The dividend declaration by the Parent company which is payable on January 2016 also contributed the large increase in the current liabilities of the Group.

Debt-to-Equity Ratio

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

(In Thousands except for Ratios)			2015	2014
Debt-to-Equity Ratio	=	Total Interest-bearing Debts / Total Equity	= ₱ 61,940 / 3,296,676	₱ 85,727 / 2,810,375
			= 1.88%	3.05%

In December 2014, MASCORP, our ground-handling subsidiary, acquired an additional interest bearing bank loan to be used for general corporate purposes. No additional loans were acquired by the Group as of December 31, 2015.

Interest Coverage Ratio

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

(In Thousands except for Ratios)			2015	2014
Interest Coverage Ratio	=	Total Earnings before Interest and Taxes / Interest Expense	= ₱ 391,436 / 3,399	₱ 149,929 / 4,013
			= 115.16 : 1	37.36 : 1

In 2015 and 2014, our ground-handling subsidiary recognized interest on loans obtained in 2014 and in 2013. For the large part of 2013, the Parent Company and its subsidiaries had no interest bearing debt from external finance sources. As of December 31, 2015, no additional loans has been obtained by any of the Parent Company's five subsidiaries.

Asset-to-Equity Ratio

This ratio of the Group's total assets to its stockholder's equity measures the Group's leverage and long-term solvency. The equity multiplier is a measurement of a company's financial leverage.

(In Thousands except for Ratios)			2015	2014
Asset-to-Equity Ratio	=	Total Assets / Total Equity	= ₱ 4,038,691 / 3,296,676	₱ 3,326,607 / 2,810,375
			= 1.23 : 1	1.18 : 1

Asset-to-Equity Ratio still remains to be low, like in 2014. The Group finances the purchase of assets mostly through equity or use of internally-generated funds. The low equity multiplier indicates conservative asset financing or not largely being done through external debts.

2015 compared with 2014

The Group is reporting a 180% increase in consolidated net income after tax of ₱341.36 million in 2015 from prior year's ₱121.9 million. This is after making a 176% turnaround from the past years' losses of ₱160.8 million and ₱179.8 million in 2013 and 2012, respectively.

The Group's major subsidiaries posted a stronger operating and financial performance in 2015, including our MRO and catering associates, LTP and CPCS.

Revenues from in-flight catering which contributed 61% of the total revenues and have been consistent in reporting billion peso revenues from last year's ₱1.1 billion to the current year's income of ₱1.2 billion. This is brought about by additional institutional clients serviced in 2015. The revenues from ground-handling and aviation services rose to ₱516.9 million from ₱440.6 million in 2014. The growth is due to continuous passenger-check services for

the international flights of Cebu Pacific in NAIA Terminal 3 beginning on the second half of 2014. PAL flights from Kalibo, Davao and Gen. San airports also contributed additional earnings for MASCORP. Revenues generated by our charter flight services amount to ₱11.2 million and FBO revenues of ₱3.3 million this year, consistent with last year's revenue. Revenues from property rental in the MacroAsia Ecozone remained the same. In compliance with Philippine Accounting Standards (PAS) 17, lease rental was accounted on a straight-line basis over the lease term. Administrative fees also remained at the same level as 2014. Our mining service revenues are generated from exploratory drilling and sampling of nickel laterite services agreement with a third party. Revenues from exploration services of ₱36.5 million did not change significantly from the prior year's ₱34.9 million. The higher cost of personnel-related expenses due to the higher required manpower of our catering and ground handling subsidiaries, coupled by mandatory salary increases, additional purchases of ground service equipments for new projects and the expenses pertaining to the exploration contract obtained by our mining subsidiary, the group posted an increase of ₱ 114.95 million in direct costs, from ₱1.3 billion in 2014 to ₱1.4 billion in 2014. General, selling and administrative expenses amounting to ₱458.8 million in 2015 increased by ₱31.2 million from 2014's ₱427.6 million due to resulting higher labor requirements of our catering and ground handling subsidiary, additional provisions for contingent liabilities and losses and the additional rental expense by MAPDC to MCIAA.

Interest income amounting to ₱9.2 million decreased from last year's ₱12.85 million due to lower interests income from the AFS investments held by the Parent Company. Financing charges remained at almost the same level amounting to ₱4.21 million as no new loans were obtained for the year 2015.

Other income and charges is higher by ₱7.92 million as against ₱42.9 million in 2014. Last year's other income consists of the income from reversal of prior year accruals amounting to ₱19.36 million while foreign currency fluctuation resulted in an exchange gain of ₱12.51 million. In contrast to 2014, the main contributors of other income this 2015 are foreign exchange gains of ₱36.12 million and reversals of prior year accruals amounting to ₱5.3 million.

Equity in net income/loss of associates represents MAC's proportionate share in the net income/loss of its associated companies, LTP and CPCS. The changes in the equity share in net income/loss from period to period are dependent upon the results of operations of the associated companies. In 2015, our MRO business continued reporting income and almost tripled 2014's income contribution of ₱110.9 million to 2015's ₱285.6 million. Meanwhile, our catering associate in Cebu keeps on contributing income with this year's ₱27.8 million, surpassing last year's ₱17.3 million.

The Group posted a provision for income tax in the amount of ₱46.68 million in 2015, 94% higher as compared to 2014's ₱24.0 million.

Management remains confident about the Group's future. LTP is foreseen to continue its profitability within the short term, as it strives to strengthen its base maintenance capability to service foreign airlines, and thus, will become less reliant on line maintenance as a key revenue segment. Continuous growth shall also be driven by new business opportunities in

the food business segment, water-related businesses and ground handling opportunities will include passenger lounge servicing and expansion in other secondary airports outside our current locations and establishment of a new commissary in the near future.

Financial Position

The consolidated total assets of ₱4.04 billion is higher by 21% compared to ₱3.3 billion in 2014. This is primarily due to the increase in investments in associates and the near completion of the construction in progress of our water business in Solano Nueva Vizcaya reflecting in the increase in the Group's concession asset.

Total cash and cash equivalents amounting to ₱693 million did not change significantly from last year's ₱681 million. Accounts receivable increased by ₱146 million or 36% from ₱409 million in 2014 mainly due to higher trade receivables of our catering and ground handling subsidiaries in line with increase in revenue. The inventory level decreased by 3% or ₱1.4 million from ₱44 million in 2014 to ₱42.69 million as of December 31, 2015. This is line with the inventory requirement of our catering subsidiary at year-end.

Other current assets, which represent restricted short-term investment, creditable withholding and prepaid taxes, other prepaid expenses for insurance covers, rent, utilities, and unconsumed supplies, were recorded at ₱58.2 million, net of allowance for probable losses, as of December 31, 2015, posting an increase of ₱13.2 million as compared to 2014, principally due to the accumulation of prepaid expenses by our property management subsidiary, MAPDC's prepaid rental to MCIAA.

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. Movements in the account are due to the share in cumulative translation adjustments for LTP due to foreign exchange fluctuations, cash dividends that were declared and actually received from LTP and CPCS during the current reporting period, and the incremental equity share in net earnings and losses of the associated companies. The company recorded a growth of 49% from ₱661.7 million in 2014 to ₱982.9 million in 2015. This is mainly attributable to the higher share in the net income of LTP in 2015.

The 7% increase in property and equipment, from ₱395.3 million in 2014 to ₱424.0 million in 2015, is mainly driven by the acquisitions of catering support equipment by MACS, ground-handling equipment and additional drilling and mining tools by MMC. The investment property of ₱143.8 million pertains to land held for future development by MAPDC. The continuing rise in the property's appraised fair value for several years now no longer justifies the need to book an allowance for loss, and thus the land is now booked at its original acquisition cost, which is still conservatively below the prevailing appraised/market value for the property. The deferred mine exploration cost of ₱233.3 million remained at the same level as 2014.

Accrued rental receivable and payable, deferred rent expense and unearned rent income are recorded in the books of the Group in compliance with PAS 17 which requires the straight-line recognition of operating lease income and expense over the term of the lease. The balances in these four accounts will be nil after the expiration of the lease and sub-lease

arrangement of MAPDC with MIAA and LTP. The accrued rental payable is increased this year due to the accrual of rent payable to the MCIAA.

Available-for-sale investments, in the amount of ₱105 million as of December 31, 2015 posted an increase ₱2.4 million in 2015 due to the higher market value of the AFS held. The account consists of Philippine government treasury bonds, and equity shares. Service concession right amounting to ₱301.9 million pertains to incurred construction costs in relation to the construction of water treatment plant and pipe laying activities of SNVRDC. This asset was accounted for in accordance to IFRIC 12, Service Concession Arrangements, under the intangible asset model as it received the right to charge users of public service.

Deferred income tax assets increased by 61% or ₱13.1 million, from ₱21.4 million in 2014 to ₱34.5 million in 2015, primarily due to the increase in DTA pertaining to additional input VAT provision of losses of our catering subsidiary. Deposits and other noncurrent assets decreased by 32%, from ₱175.8 million in 2014 to ₱119.8 million in 2015, due to the amortization of advances to contractors of SNV. Other noncurrent assets account includes among others, prepayments on rent, retirement assets, advances to contractors, restricted investment and goodwill of ₱17.5 million, booked during the Company's acquisition of the 13% minority interest of Compass (formerly Eurest International B. V.) in MACS. The restricted investment amounting to ₱11 million which was classified in the previous year as current to noncurrent. Advances to contractors of ₱5.2 million pertains to payments made to two major contractors as required in their construction agreements.

Total liabilities posted an increase of 44% of ₱226 million from 2014's ₱516 million to this year's ₱742 million. This is largely due to two factors, first, ₱92.5 million dividends payable by MAC declared last December 14, 2015 which were released last January 2016. Second, the increase in outstanding obligations of our catering subsidiary and our non-operating subsidiary in Solano, Nueva Vizcaya, SNVRDC. The increase in payables in MACS is in line with the increase in their operating revenues, receivables at year-end and cash balance at year-end. These obligations are to be settled in accordance with their respective credit terms after the balance sheet date. Accrued retirement benefits payable of ₱11 million decreased by ₱4 million from last year's ₱15 million, owing to larger increases in the fair value of plan assets as compared to the increase in retirement obligations of the company based on the results of actuarial valuation.

Dividends payable of ₱101 million represents the total outstanding checks payable to the Company's stockholders as of current year-end.

The deferred tax liability in the amount of ₱1.4 million stemmed from the fair value changes of available-for-sale investments.

The Group's share in foreign currency translation adjustments of LTP in the amount of ₱128.8 million decreased by ₱43 million from last year's ₱172.1 million, in accordance with Philippine Accounting Standard (PAS) 21, "The Effects of Changes in Foreign Exchange Rates". The available-for-sale reserve in the amount of ₱11.2 million represents the unrealized gain on available-for-sale investments due to higher quoted market prices as of December 31, 2015. Other reserves pertain to the gain on sale of shares of stock of 13% of

MACS to SATS and the sale of 49% of WBSI shares to MetroPac Water Investments Corporation (MPWIC), net of taxes paid. The sale transactions were accounted for as change in ownership in a subsidiary without loss of control.

The Parent Company re-acquired through its Share Buy-back Program a total of 16,596,000 shares for ₱49.4 million as of December 31, 2015.

Movement in the "non-controlling interests" depends on the results of operations of MACS and WBSI, a subsidiary of MAPDC. This account reflects the 33%[2] equity share of SATS (JV Partner of MAC) in the catering JV and 49% share of MPWIC in WBSI As of December 31, 2015, non-controlling interests amounted to ₱133.6 million.

2014 compared with 2013

The Group is reporting a consolidated net income after tax of ₱121.9 million in 2014, reflecting a 176% turnaround from the past two years' losses of ₱160.8 million and ₱179.8 million in 2013 and 2012 respectively.

The Group's major subsidiaries posted a stronger operating and financial performance in 2014, including LTP and CPCS, its catering associate in Cebu.

Revenues from In-flight catering which contributed 61% of the total revenues had reached one billion pesos for the first time since it started operations. From last year's ₱991.9 million, the current year's income of ₱1.0 billion is brought about by additional institutional client serviced in 2014. The revenues from ground-handling and aviation services rose to ₱441 million from ₱413 million in 2013. The growth is due to passenger-check services for the international flights of Cebu pacific in NAIA Terminal 3 beginning on the second half of 2014. Revenues generated from our charter flight services in the amount of ₱12 million were up by almost half due to the chopper ground time experienced in 2013, arising from permitting concerns and the period of mandated repairs and maintenance of the chopper. FBO revenues contributed ₱3 million this year, consistent with last year's revenue. Revenues from property rental in the MacroAsia Ecozone remained the same. In compliance with Philippine Accounting Standards (PAS) 17, lease rental was accounted on a straight-line basis over the lease term. Administrative fees also remained at the same level as 2013. Our mining service revenues are generated from exploratory drilling and sampling of nickel laterite services agreement with a third party. Revenues from exploration services amounted to ₱35 million, a 288% growth from last year's ₱9 million.

With the higher cost of personnel-related expenses due to the higher required manpower of our catering and ground handling subsidiaries, coupled by mandatory salary increases, and the expenses pertaining to the exploration contract obtained by our mining subsidiary, the group posted an increase of ₱99 million in its direct costs, from ₱1.23 billion in 2013 to ₱1.39 billion in 2014. Direct costs ratio of 77% is 1% higher from the 76% level in 2013, mainly due to the higher labor cost ratio of our ground handling subsidiary. General and administrative expenses amounting to ₱375 million in 2013 increased by 14% to ₱428 million in 2014 due to resulting labor requirement of an institutional client and largely

[2] *Commencing on September 14, 2015.*

because of the provision for probable losses on input tax and TCCs based on the experience of the group and assessment of counsels attending its application.

Interest income amounting to ₱13 million decreased by ₱7 million in 2014 due to lower level of short term investments held by the company. Financing charges increased by ₱4.1 million compared to last year's ₱0.6 million due to the loans obtained by our ground-handling subsidiary in December 2013 and early 2014 from a local bank.

Other income and charges decreased by ₱58.6 million as against ₱101.6 million in 2013. Last year's other income consists of the gain on sale of investment in bonds (recorded gain at ₱49.7 million in 2013) and foreign currency fluctuation resulting to an exchange gain of ₱29.3 million. Another component is the increase in the appraisal value of the property held by MAPDC for several years now which resulted in the reversal of the allowance for losses of ₱17.3 million that was kept in the books in prior years thus bringing back the value of the property to its original acquisition cost by end of 2013. In 2014, the main contributors of other income are reversals of prior year accruals amounting to ₱19.4 million and foreign exchange gains of ₱12.5 million.

Equity in net income/loss of associates represents MAC's proportionate share in the net income/loss of its associated companies, LTP and CPCS. The changes in the equity share in net income/loss from period to period are dependent upon the results of operations of the associated companies. In 2014, our MRO business exhibited a turnaround from last year's share in net loss of ₱263.7 million to this year's share in income of ₱111 million. Meanwhile, our catering associate in Cebu continues to contribute income with this year's ₱17.2 million, surpassing last year's ₱13.9 million.

The Group posted a provision for income tax in the amount of ₱24 million in 2014, lower by 31% as compared to 2013's ₱34.7 million.

Management remains confident about the Group's future. LTP is foreseen to continue its profitability within the short term, as it strives to strengthen its base maintenance capability to service foreign airlines, and thus, will become less reliant on line maintenance as a key revenue segment. Continuous growth shall also be driven by new business opportunities in the food business segment, and ground handling opportunities will include passenger lounge servicing and expansion in other secondary airports outside our current locations and establishment of a new commissary in the near future.

Financial Position

The consolidated total assets of ₱3.3 billion is higher by 8% compared to ₱3.1 billion in 2013. This is primarily due to the new investments by the Parent Company pertaining to waterwork projects.

Total cash and cash equivalents amounting to ₱681 million decreased by 21% from last year's ₱867 million primarily due to the advances to contractors and investments in waterwork projects in 2014. Accounts receivable increased by ₱41 million or 11% from ₱368 million in 2013 mainly due to trade receivables of our catering and ground handling

subsidiaries arising from new clients gained in 2014. The inventory level decreased by ₱3 million from ₱47 million in 2013 to ₱44 million as of December 31, 2014.

Other current assets, which represent restricted short-term investment, tax credit certificates (TCC), unused input taxes, creditable withholding and prepaid taxes, other prepaid expenses for insurance covers, rent, utilities, and unconsumed supplies, were recorded at ₱101 million, net of allowance for probable losses, as of December 31, 2014, posting an increase of ₱39 million as compared to 2013, principally due to the accumulation of input taxes by our catering subsidiary.

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. Movements in the account are contributed by the share in cumulative translation adjustments for LTP due to foreign exchange fluctuations, cash dividends that were declared and actually received from LTP and CPCS during the current reporting period, and the incremental equity share in net earnings of the associated companies. The company recorded a growth of 43% from ₱462 million in 2013 to ₱662 million in 2014. This is mainly attributable to the share in the net income of LTP in 2014.

The 4% rise in property and equipment, from ₱380 million in 2013 to ₱395 million in 2014, is mainly driven by the investments in water-related projects, acquisition of land by MAPDC and the acquisition of catering support equipment by MACS. The investment property of ₱143.8 million pertains to land held for future development by MAPDC. The continuing rise in the property's appraised fair value for several years now no longer justifies the need to book an allowance for loss, and thus the land is now booked at its original acquisition cost, which is still conservatively below the prevailing appraised/market value for the property. The deferred mine exploration cost of ₱233 million remained at the same level as 2013.

Accrued rental receivable and payable are equal in amount, in compliance with PAS 17 which requires the straight-line recognition of operating lease income and expense over the term of the lease. Also, deferred rent expense and unearned rent income are equal in amount as of year-end. These four accounts will be nil after the termination of the lease and sub-lease arrangement of MAPDC with MIAA and LTP.

Available-for-sale investments, in the amount of ₱103 million as of December 31, 2014 posted a decline of 24% from ₱136.8 million in 2013 due to the sale of bonds held. The account consists of Philippine government treasury bonds, corporate bonds, and equity shares. Service concession right amounting to ₱99.7 million pertains to incurred construction costs in relation to the construction of water treatment plant and pipe laying activities of SNVRDC. This asset was accounted for in accordance to IFRIC 12, Service Concession Arrangements, under the intangible asset model as it received the right to charge users of public service. Advances to contractors of ₱48.5 million pertains to payments made to two major contractors as required in their construction agreements.

Deferred income tax assets increased by 27% or ₱4.5 million, from ₱16.9 million in 2013 to ₱21.4 million in 2014, primarily due to the increase in DTA pertaining to remeasurement losses and additional input VAT provision of losses of our catering subsidiary. Deposits and other noncurrent assets increased by 53%, from ₱82 million in 2013 to ₱127 million in 2014,

due to the deferred project costs of water-related projects amounting to ₱64 million previously recognized as project advances amounting to ₱18 million. Other noncurrent assets account includes among others, prepayments on rent, retirement benefits, and goodwill of ₱17.5 million, booked during the Company's acquisition of the 13% minority interest of Compass (formerly Eurest International B. V.) in MACS.

Total liabilities posted an increase of 9% of ₱43 million from 2013's ₱474 million to this year's ₱516 million. This is largely due to the outstanding ₱68 million from new loans obtained in 2014 by our ground handling subsidiary, MASCORP, from a local bank as an additional source of working capital requirement and to finance its liabilities. This is in addition to the ₱27 loan obtained last December 2013 which has an outstanding balance of ₱18 million. Accounts payable and accrued liabilities decreased by ₱11 million (or 4%) due to lower outstanding obligations of our catering and ground-handling subsidiaries as of December 31, 2014. Accrued retirement benefits payable of ₱15 million decreased by ₱4 million from last year's ₱19 million, owing to larger increases in the fair value of plan assets as compared to the increase in retirement obligations of the company based on the results of actuarial valuation.

Dividends payable of ₱8.6 million represents the total outstanding checks payable to the Company's stockholders as of current year-end.

The deferred tax liability in the amount of ₱1.1 million stemmed from the fair value changes of available-for-sale investments.

The Group's share in foreign currency translation adjustments of LTP in the amount of ₱176.8 million last year decreased by ₱4 million to this year's ₱172 million, in accordance to Philippine Accounting Standard (PAS) 21, "The Effects of Changes in Foreign Exchange Rates". The available-for-sale reserve in the amount of ₱9 million represents the unrealized gain on available-for-sale investments due to higher quoted market prices as of December 31, 2014.

The Parent Company re-acquired through its Share Buy-back Program a total of 16,596,000 shares for ₱49.4 million as of December 31, 2014.

Movement in the "non-controlling interests" depends on the results of operations of MACS. This account reflects the 20% equity share of SATS (JV Partner of MAC) in the catering JV. As of December 31, 2014, non-controlling interests amounted to ₱70 million.

2013 compared with 2012(restated)

The Group is reporting a consolidated net loss after tax of ₱160.8 million in 2013, which is still an improvement of ₱19 million or 10.6% from the net loss of ₱179.8 million in 2012.

The Parent Company and its subsidiaries posted a stronger operating and financial performance in 2013, including CPCS, its catering associate in Cebu. However, such profitability gains were offset by the higher loss recorded as the Company's share in the loss of its MRO associate, LTP.

Revenues from In-flight catering which contributed 62% of the total revenues had an increase of 2% from ₱973.7 to ₱992 million in 2013. This is primarily due to additional institutional/non-airline clients that were serviced, as well as volume increases from airline clients. The revenues from ground-handling and aviation services was down by ₱2 million, from ₱415 million in 2012 to ₱413 million in 2013. The slight decrease is due to the lower non-routine revenues handled in 2013. Revenues generated from our charter flight services in the amount of ₱7.8 million were down by half compared to last year's revenue of ₱13 million, mainly due to extended chopper ground time in 2013, arising from permitting concerns and the period of mandated repairs and maintenance of the chopper. Revenues from property rental in the MacroAsia Ecozone remained the same. In compliance with Philippine Accounting Standards (PAS) 17, lease rental was accounted on a straight-line basis over the lease term. Administrative fees also remained at the same level as 2012. Our mining service revenues are generated from exploratory drilling and sampling of nickel laterite services agreement with a third party. Revenues from exploration services amounted to ₱9.2 million, which is a slight decline from the ₱10.3 million booked in 2012.

With the higher cost of personnel-related expenses due to the higher required manpower of our catering and ground handling subsidiaries, coupled by mandatory salary increases, the group posted an increase of ₱0.03 billion in its direct costs, from ₱1.20 billion in 2012 to ₱1.23 billion in 2013. Direct costs ratio of 76% is 1% higher from the 75% level in 2012, mainly due to the higher labor costs. General and administrative expenses amounting to ₱362 million in 2013 increased by 4%, from ₱347 million in 2012 due to resulting employee related expenses that were affected by the mandatory salary increases, higher repairs and maintenance expenses of our catering subsidiary and increase in allowance for doubtful accounts from subsidiaries.

Interest income amounting to ₱19.9 million remained at almost the same level as the ₱19.7 million booked in 2012. Financing charges of ₱0.6 million decreased by ₱1.7 million compared to ₱2.3 million in 2012, due to the early settlement by a subsidiary of its 2012 interest-bearing loans from a local bank.

Other income and charges posted an upsurge of ₱157.7 million as against ₱56.1 million in 2012. This is primarily driven by the gain on sale of investment in bonds (recorded gain at ₱49.7 million in 2013), foreign currency fluctuation resulting to an exchange gain of ₱29.3 million compared to an exchange loss of ₱60 million in 2012. Another factor is the continuing increase in the appraisal value of the property held by MAPDC for several years now. Due to the continuing increase in appraised value, the allowance for losses of ₱17.3 million that was kept in the books in prior years for appraisal losses of the property had to be reversed, thus bringing back the value of the property to its original acquisition cost by end of 2013.

Equity in net income/loss of associates represents MAC's proportionate share in the net income/loss of its associated companies, LTP and CPCS. The changes in the equity share in net income/loss from period to period are dependent upon the results of operations of the associated companies. In 2013, the loss in our MRO business more than offset the earnings of our in-flight catering services in Cebu, thus resulting in a net loss being booked for 2013.

The total share in net loss of associates of ₱251.9 million is 70% higher than the share in net loss of ₱148.4 million in 2012.

The Group posted a provision for income tax in the amount of ₱34.7 million in 2013, up by 24% as compared to ₱27.9 million in 2012.

Despite the consolidated loss in 2013, management remains confident about the Group's future. LTP is foreseen to be back to profitability within the short term, as it continues to strengthen its base maintenance capability to service foreign airlines, and thus, will become less reliant on line maintenance as a key revenue segment. Continuous growth shall also be driven by new business opportunities in the food business segment, and ground handling opportunities will include passenger lounge servicing and expansion in other secondary airports outside our current locations.

Financial Position

The consolidated total assets of ₱3.1 billion are lower by 7% compared to the ₱3.3 billion in 2012. This is primarily due to the decrease in investments in associates, principally arising from the losses of the MRO associate, and the reduction of recognized deferred tax assets.

Total cash and cash equivalents amounted to ₱867 million, a rise of 35% from ₱643 million as of December 31, 2012 primarily due to the sale of the investments in bonds and the stronger cash flow of subsidiaries. Accounts receivable increased by ₱71.5 million or 24% from ₱296.3 million in 2012 mainly due to trade receivables of our catering and ground handling subsidiaries. The inventory level decreased by 14% from ₱54.5 million in 2012 to ₱47 million as of December 31, 2013.

Other current assets, which represent tax credit certificates (TCC), unused input taxes, creditable withholding and prepaid taxes, other prepaid expenses for insurance covers, rent, utilities, and unconsumed supplies, were recorded at ₱62.2 million as of December 31, 2013, posting an increase of ₱16.6 million as compared to 2012, principally due to the accumulation of Tax Credit Certificates by our catering subsidiary.

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. Movements in the account are contributed by the share in cumulative translation adjustments for LTP due to foreign exchange fluctuations, cash dividends that were declared and actually received from LTP and CPCS during the current reporting period, and the incremental equity share in net earnings of the associated companies. The company recorded a decrease of 36% from ₱729 billion in 2012 to ₱462 million in 2013. This is mainly attributable to the share in the net loss of LTP in 2013.

The 5% increase in property and equipment, from ₱360 million in 2012 to ₱379 million in 2013, is mainly driven by the investments in MAPDC's water projects and the acquisition of ground support equipment by our ground handling subsidiary. The investment property of ₱143.8 million pertains to land held for future development by MAPDC. The continuing rise in the property's appraised fair value for several years now no longer justifies the need to book an allowance for loss, and thus the land is now booked at its original acquisition cost,

which is still conservatively below the prevailing appraised/market value for the property. The deferred mine exploration cost of ₱233 million remained at the same level as 2012.

Accrued rental receivable and payable are equal in amount, in compliance with PAS 17 which requires the straight-line recognition of operating lease income and expense over the term of the lease. Also, deferred rent expense and unearned rent income are equal in amount as of year-end. These four accounts will be nil after the termination of the lease and sub-lease arrangement of MAPDC with MIAA and LTP.

Available-for-sale investments, in the amount of ₱137 million as of December 31, 2013 posted a decline of 69%, from ₱435 million in 2012 due to the sale of bonds in 2013. The account consists of Philippine government treasury bonds, corporate bonds, and equity shares.

Deferred income tax assets decreased by ₱4.8 million or 22%, from ₱21.7 million in 2012 to ₱16.9 million in 2013, mainly due to the decrease in unrecognized revenue of our mining subsidiary. Deposits and other noncurrent assets increased by 12%, from ₱204 million in 2012 to ₱228 million in 2013, due to the accumulation of input taxes during the year. Other noncurrent assets account includes among others, prepayments on rent, retirement benefits, and goodwill of ₱17.5 million, booked during the Company's acquisition of the 13% minority interest of Compass (formerly Eurest International B. V.) in MACS.

Accounts payable and accrued liabilities increased by ₱40 million (or 17%) due to the additional purchases and repairs made by the operating subsidiaries towards the end of the year. Accrued retirement benefits payable of ₱19.3 million increased by ₱3.1 million or 19%, owing to incremental accruals of expense for the year based on the results of actuarial valuation.

In December 2013, our ground handling subsidiary, MASCORP, obtained a bank loan as additional source of their working capital requirement and to finance its liabilities amounting to P27 million. Dividends payable of ₱12.7 million represents the total outstanding checks payable to the Parent Company's stockholders as of current year-end.

The deferred tax liability in the amount of ₱.4 million arose from the fair value changes of available-for-sale investments.

The Group's share in foreign currency translation adjustments of LTP in the amount of ₱ 176.8 million decreased by 20%, from ₱220.3 million in 2012, following the Philippine Accounting Standard (PAS) 21, "The Effects of Changes in Foreign Exchange Rates". The available-for-sale reserve in the amount of ₱2.7 million represents the unrealized gain on available-for-sale investments due to higher quoted market prices as of December 31, 2013.

The Parent Company re-acquired through its Share Buy-back Program a total of 16,596,000 shares for ₱49.4 million as of December 31, 2013.

Movement in the "non-controlling interests" depends on the results of operations of MACS. This account reflects the 20% equity share of SATS (JV Partner of MAC) in the catering JV.

Plans and Prospects

Since the Infanta Nickel Project is a re-opening of an old mine that was operational in the 1970's, a substantial portion of the road network to the mining area is already in place and has been maintained to keep it ready for operational use. If favorable economics dictate and when mining regulatory conditions become clear and supportive of mine operations, MAC intends to start development activities for mining operations as soon as permits to operate are received from the government. Development covers the widening of existing mine roads, construction of campsite to port area haul road, completion of the causeway for ore loading and construction of camp site and support facilities. The said activities are estimated to require a minimum of six month construction period. Full mine production is expected 3 months after the development stage and trial production.

The Parent Company, its subsidiaries and affiliates will keep building on their existing core businesses and will pursue new opportunities related to aviation services. Efforts of existing business units to market their services even outside current locations, and new product offerings shall continue, while cost-cutting programs will always be sustained to improve both consolidated revenues and net earnings. The Group has airport-related projects in the pipeline, whose further development is dependent on the granting of the required airport concessions from airport authorities. Further, the recent developments in the ownership and management of PAL is esteemed to provide new opportunities for the group and its subsidiaries.

MAC and its subsidiaries expect to maintain a respectable liquid position, and will use funding from third-party providers only if any of the new major projects being pursued materialize.

The total number of employees is expected to increase in proportion to growth in the client portfolio. Due to the nature of the Group's operations, no product research and development activities are anticipated during the next 12 months. However, more employees, particularly aircraft-services and passenger services staff shall continue to undergo specialized training and development, since there is a demand for such skills in the global labor market.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements are filed as part of this Form 17-A (page 58).

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

	2015	2014
Regular annual audit of financial statements	₱3,814,500	₱3,409,250
Non audit fees	-	-
Total	**₱3,814,500**	**₱3,409,250**

Audit Committee's Approval Policies for the Services of External Auditor

All services to be rendered and fees to be charged by the external auditors are presented to and pre-approved by the Audit Committee. An audit planning meeting is conducted at least one month before the actual performance of work. The meeting includes discussion of the following:

a. client service team
b. scope of audit work
c. updates for management
d. possible risk areas and suggested Management action plans to strengthen internal controls
e. coordination with the audit of subsidiaries and associates
f. audit work plan and critical dates
g. expectations settings

Independent Public Accountants

SyCip Gorres Velayo & Co. (SGV & Co.) has acted as the Group's independent public accountant. Audit Partner-in-Charge, Ms. Josephine H. Estomo of SGV & Co. handled the financial audit for the years ended December 31, 2015 and 2014. She has done audit and financial due diligence reviews for some of the largest companies in the Philippines. She has extensive experience in various industries including airline and allied services, real estate, manufacturing (food and beverage, liquor, ceramic tiles), semiconductors, health care services, pharmaceuticals, telecommunications, education, oil and gas, mining, hospitals and advertising. She is also knowledgeable on business combinations. She took over from Ms. Aileen L. Saringan of the same auditing firm, who was partner-in-charge from years 2009 to 2013. The change was made in compliance with SEC Memorandum Circular No. 8 – Rotation of External Auditors/Partners-in-Charge.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no other changes in or disagreements with accountants during the last three calendar years or any subsequent interim period.

PART III. MANAGEMENT AND CERTAIN SECURITY HOLDERS

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Board of Directors*

Name	Position	Committee Membership
Dr. Lucio C. Tan	Chairman of the Board and Chief Executive Officer	Chairman – Nomination and Investment
Washington Z. SyCip	Co-Chairman of the Board	Member – Nomination, Investment Committees
Carmen K. Tan	Director	Member – Audit, Investment Committees
Lucio K. Tan, Jr.	Director	Member – Compensation, Investment, Mining and Risk Management Committees
Michael G. Tan	Director	Member – Audit, Compensation, Investment, Risk Management, and Mining Committees
Joseph T. Chua	President and Chief Operating Officer	Member – Investment, Mining and Risk Management Committees
Jaime J. Bautista	Treasurer	Chairman – Risk Management Committee Member – Audit and Compensation Committees
Stewart C. Lim[2]	Director	None
Johnip G. Cua	Independent Director	Chairman – Audit, Compensation and Mining Committees Member – Nomination, Investment and Risk Management Committees
Ben C. Tiu[1]	Independent Director	Member – Audit, Risk Management Committees
Marixi R. Prieto[2]	Independent Director	None

*The Directors' term of office is one year. Election for the Board of Directors is conducted during the annual stockholders' meeting held every third Friday of July.

[1]Elected as Independent Director during the 2013 annual stockholder's meeting

[2]Elected during the Regular Board of Director's meeting held last December 14, 2015.

Dr. Lucio C. Tan. Mr. Tan, 81, Filipino, served as Chairman of the Board of Directors since July 2015 and is the Chief Executive Officer from December 14, 2015. Over 50 years, he has held various positions as Chairman and CEO , or Chairman/President/Director of various companies such as: LT Group, Inc. (formerly Tanduay Holdings Inc. since July 1999), PAL Holdings, Inc. (since October 2000), Air Philippines Corporation (since April 2012), University of the East (since 1990), Tangent Holdings Corporation (since 2012), Lucky Travel Corporation (since 1983), Eton Properties Philippines, Inc. (since 2007), Asia Brewery, Inc. (since 1979), Tanduay Distillers, Inc. (since 1988), PMFTC, Inc. (since 2010), Fortune Tobacco Corporation (since 1965), Philippine National Bank (since 1999), The Charter House, Inc. (since 1980), Dominium Realty & Construction Corp., Manufacturing Services & Trade Corp. (since 1978), PNB Life Insurance, Inc. (since 2007), Allied Leasing

and Finance Corporation (since 1979), AlliedBankers Insurance Corporation (since 1980), PNB Savings Bank (since 2013), Basic Holdings Corporation (since July 1983), Foremost Farms Inc. (since 1970), Himmel Indutries, Inc. (since November 1960) and Grandspan Development Corporation (since 1996).

Washington Z. SyCip. Mr. SyCip, 94, Filipino - American, has served as Co- Chairman of the Board of directors since December 2015. He served as Chairman of the Board of directors from August 1997- December 2015. He is the Chairman of the Board of Lufthansa Technik Philippines, Inc. (July 2000-Present), STEAG State Power (March 2004–Present) and Cityland Development Corporation (April 1997-Present). He serves as Chairman Emeritus of the Board of Trustees and Governors of the Asian Institute of Management (Phils.). For more than five years, he has been a Director of Belle Corporation (July 1996-Present), First Philippine Holdings (November 1997-Present), Lopez Holdings (April 1997–Present), Philippine Airlines (PAL) (February 1997-Present), PAL Holdings Inc. (Oct. 2014-Present), PHINMA (September 1996-Present), Philamlife (April 2001-April 2015), Philippine National Bank (December 1999-Present), State Land Group (July 1996-Present) among others.

Lucio K. Tan Jr., 49, Filipino, has served as Director since August 1997. Among the current business affiliations of Mr. Tan are: Eton Properties Phils., as President (February 2013 to present) and Director (since 2007); Tanduay Distillers Inc. as President (2014 to present) and Director (since 2003); Foremost Farms Inc. as Member, Executive Committee (since 1994). Among the Directorship he holds in other companies are the following: Airport Specialist Services Corporation (since June 2000); Allied Bankers Insurance Corporation (since 1992); Air Philippines Corporation (since 2004), LT Group, Inc. (formerly Tanduay Holdings, Inc.) (since February 21, 2013); MacroAsia Catering Services, Inc. (since June 2006); MacroAsia Airport Services, Inc. (since September 1997); MacroAsia Mining Corporation (September 2000); Philippine National Bank (since 2007); PMFTC Inc. (since 2010); and Watergy Business Corporation (since May 2014).

Michael G. Tan. Mr. Tan, 50, Filipino, has served as Director since 17 July 2015. He serves as the Director and Chief Operating Officer of Asia Brewery Inc., President of LT Group Inc., Treasurer of PAL Holdings, Inc., and Director of the following companies Abacus Distribution Systems Philippines, Inc., AlliedBankers Insurance Corp., Air Philippines Corporation, Century Park Hotel, Eton Properties Philippines Inc., PMFTC Inc., Grandway Konstruct Inc., Lucky Travel Corp., Philippine Airlines Inc., Philippine Airlines Foundation, Inc., Philippine National Bank, Pan Asia Securities Corp., Shareholdings Inc., Tangent Holdings Corp. and Victorias Milling Company Inc.

Joseph T. Chua. Mr. Chua, 59, Filipino, has served as Director since August 1997 and is the President and COO of MacroAsia Corporation since December 15, 2015. He was the CEO of MacroAsia Corporation from July 2003 to December 14, 2015. He is also the President of MacroAsia Catering Services, Inc. (July 2003-Present), MacroAsia Airport Services Corp. (1999-Present), MacroAsia Properties Development Corporation, MacroAsia Air Taxi Services, Inc. (July 2003-Present), MacroAsia Mining Corporation, and Watergy Business Solutions Inc. He is the Chairman of the Board of J.F. Rubber Phils. (1993-Present), Cavite Business Resources Inc. and SNV Resources Development Corp.

He also serves as a Director of Bulawan Mining Corporation (June 2009-Present), ETON Properties Philippines, Inc. (May 2013 - Present), Lufthansa Technik Philippines, Inc. (1999-Present), Philippine National Bank and the Managing Director of Goodwind Development Corp. (1982-2012) and President (2013-Present). He serves as Director of PAL Holdings Inc. from Oct. 23, 2014 to Present.

Jaime J. Bautista. Mr. Bautista, 59, Filipino, a Certified Public Accountant (CPA) has served as Director since August 1997. He is currently the Chairman of the Board of MacroAsia Airport Services Corporation and Watergy Business Solutions Inc. He's the Director and Treasurer of MacroAsia Catering Services, Inc. (1997-Present) and serves a Director in MacroAsia Properties Development Corporation and Cavite Business Resources Inc. He is the Vice Chairman, Board of Trustees-University of the East (1991-Present), Board of Trustees member of University of the East Ramon Magsaysay Medical Center Foundation (1991-Present), the Treasurer of Tan Yan Kee Foundation (2009-Present). He was a Member of the Board of Directors of Air Philippines (2001-March 2012). He is currently the President and Chief Operating Officer (COO) of Philippine Airlines Inc. and PAL Holdings Inc. (October 2014-Present; August 2004-April 2012)

Stewart C. Lim. Mr. Lim, 61, Filipino, has served as Director since December 2015. He serves as the Executive Vice President, Treasurer and Chief Administration officer of Philippine Airlines from September 2014 to Present. He served from being an Assistant Vice President from 1993-1994 and became Vice President – Treasury from June 1994 – September 14, 2014. He also serves as Director of MacroAsia Catering Services Inc. from Nov. 2015 to Present and Dragon Resources Development Corporation (Oct. 2015-Present). He was formerly the Vice President for Finance of Basic Holdings Corporation from 1985-1993 and was formerly the Manager of Import/Export Department of the same corporation from 1982-1985.

Carmen K. Tan. Ms. Tan, 74, Filipino, has served as Director since July 2012. She currently serves as a Director of the following companies: Asia Brewery Inc., Buona Sorte Holdings, Inc., Dominium Realty & Construction Corp.; Eton City, Inc., Foremost Farms, Inc., Fortune Tobacco Corporation; Himmel Industries, Inc., LT Group Inc., Lucky Travel Corp., Manufacturing Services & Trade Corp.; PAL Holdings Inc., PMFTC Inc., Progressive Farms, Inc.; Saturn Holdings Inc., Shareholdings, Inc., Sipalay Trading Corp., Tanduay Distillers, Inc., Tangent Holdings Corporation, The Charter House, Inc.

Johnip G. Cua. Mr. Cua, 59, Filipino, has served as Independent Director since 2006. He was formerly the President of Procter & Gamble Philippines Inc. (1995-2006). He serves as the Chairman of the Board of the P&Gers Fund Inc. (2009 to Present) and Xavier School, Inc. since Nov. 2012 (Trustee since 1996). He is the Chairman & President of Taibrews Corporation (2011 to Present). He is an Independent Director of BDO Private Bank (2008 to Present), Philippine Airlines Inc. (Oct 2014 to Present), PAL Holdings Inc. (Oct 2014 to Present), Century Pacific Food Inc. (Jan 2014 to Present), Eton Properties Inc. (May 2014 to Present), MacroAsia Catering Services, Inc. (2007 to Present), MacroAsia Airport Services Corp. (2007 to Present), MacroAsia Properties Development Inc. (2013 to Present), PhilPlans First Inc. (2009 to Present), and STI Education Systems Holdings Inc. (2012 to Present). He's also a member of the Board of Directors of Allied

Botanical Corporation (2012 to Present), Alpha Alleanza Manufacturing Inc. (2008 to Present), Bakerson Corporation (2002 to Present), Interbake Marketing Corporation (1991 to Present), Lartizan Corporation (2007 to Present), and Teambake Marketing Corporation (1994 to Present). Additionally, he serves as a member of the Board of Trustees of Xavier School Educational & Trust Fund (1996 to Present).

Ben C. Tiu Mr. Tiu, 63, Filipino, has served as an Independent Director since July 2013. He serves as the Chairman of the Board of Fidelity Securities (1993-Present), Tera Investments, Inc. (2001-Present), TKC Steel Corporation (2007-Present) and Treasure Steelworks Corp. (2005-Present). He is currently the Chairman and has served as President of BRJ Trading since 1988. He also serves as the Chairman and President of JTKC Equities, Inc. (1993-Present). He is currently the Executive Vice President of JTKC Leisure Group. He also serves as Director of I-Remit Inc. (2006-Present).

Marixi R. Prieto. Ms. Prieto, 75, Filipino, has served as Director since December 2015. She serves as the Chairman of the Board of Philippine Daily Inquirer and Bataan 2020 Inc. She serves as Director for the following companies: Cebu Daily News, Hinge Inquirer Publication Inc., Inquirer Interactive Inc., Inquirer Publications Inc., Printown Group, Sunvar Inc., Investment and Marketing Association, Ionian Industrial Property Inc., Corinthian Industrial Property, Inc., HMR Enterprises, Inc., Lexmedia Realty, Inc., Var Buildings, Inc., Parkside Realty Development Corporation, Golden Pizza Inc., Golden Donuts Inc., International Family Foods Services, Inc., Mix-plant Inc., LRP Inc., Pinnacle Printers Corporation, Inquirer Holdings, Inc., Mediacom Equities, Inc., Matrix Resources Portfolio Holdings, Inc., Excel Pacific Equities, Inc. She also serves as the treasurer of the following companies, Sunvar Realty Development Corporation, Marilex Realty Development Corporation, Ionian Realty & Development Corporation among others.

Executive Officers

Name	**Position**
Atty. Marivic T. Moya	Vice President - Human Resources, Legal and External Relations, Compliance Officer / Corporate Information Officer
Amador T. Sendin	Chief Financial Officer Vice President - Administration & Business Dev't.
Ramon N. Santos	Vice President – Mining[3]
Atty. Florentino M. Herrera III	Corporate Secretary

Atty. Marivic T. Moya. Ms. Moya, 56, Filipino, has served as an Executive Officer since May 1999. She is the Corporate Secretary of MacroAsia Catering Services Inc. (2004-Present), MacroAsia Airport Services Corp. (2004-Present), MacroAsia Properties Development Corp. (2004-Present), Philippine Airlines, Inc. (2014-Present) and a Director and Corporate Secretary in MacroAsia Air Taxi Services, Inc. (2004-Present), MacroAsia Mining Corp. (2000-Present), Cavite Business Resources Inc. (2011-Present),

[3] *Resigned effective October 3, 2015.*

SNV Resources Development Corp. (2013-Present) and Watergy Business Solutions Inc. She is currently the Assistant Corporate Secretary of LT Group (2014-Present). She worked with various Government Institutions from 1987 to 1999, holding key positions such as Legal Officer of the National Bureau of Investigation (NBI) from 1987-1989, Arbitration Specialist of Philippine Overseas Employment Administration (POEA) from 1989 to 1990, Director II (Chief, Legal Service) of Philippine Health Insurance Corporation from 1990 to 1996 and Graft Investigation Officer II at the Office of the Ombudsman from 1997 to 1999. She also held the position of Human Resources Manager of Grand Air from 1996 to 1997. She was a member of the Board of Trustees of the University of Santo Tomas Law Alumni Association (2010-2013).

Amador T. Sendin. Mr. Sendin, 53, Filipino, a Certified Public Accountant (CPA), has served as an Executive Officer since October 2003. He is currently the Treasurer of MacroAsia Properties Development Corporation, and the Treasurer and Director of MacroAsia Airport Services Corporation, MacroAsia Air Taxi Services Inc, MacroAsia Mining Corporation (2004-Present), Cavite Business Resources Inc. and Watergy Business Solutions Inc. He is a Director of Cebu Pacific Catering Services, Inc. (2004-Present) and currently the President of SNV Resources Development Corp. He was the Finance Manager of MacroAsia Catering Services, Inc. from July 2000 to October 2003, and was a Finance Controller of MIASCOR Catering from June 1998 to June 2000. From 1993 to 1998, he was Operations Head of Amikris Enterprises and was also a Resource Person of the Central Bank Institute (Bangko Sentral Ng Pilipinas Institute). He was Projects Supervisor for SAS Service Partners/Saudia Catering in KSA (1992-1993). His first job after college was with the Central Bank of the Philippines (Bangko Sentral Ng Pilipinas) from 1983-1992, rising from a staff position until and his last position as Division Chief/Staff Officer A. Mr. Sendin is a holder of Masters in Accountancy, Bachelor of Science in Psychology, and a Certificate in Organizational Development. He has also completed a Management Development Program in Switzerland.

Ramon N. Santos. Mr. Santos, 56, Filipino, a Mining Engineer and Geologist, has served as an Executive Officer since July 2010 to October 2015. He has worked with the Philippine Mines and Geosciences Bureau and the Natural Resources Development Corporation from 1980 to 1997 and member of Environmental Impacts Assessment Review Committee of the DENR-EMB from 1993-1999. He was an Assistant Professor of the Department of Mining, Metallurgical and Materials Engineering of the University of the Philippines (1996-2006) and has served as an Environmental Consultant in Dames & Moore (1999), Coffey Partners, Pty. (2000), URS Corporation (2001-2003), QNI-BHP Billiton (2003-2004), Toledo Mining Corporation (2005-2006) and ERM Indonesia (2006-2009) and PT ENV Indonesia (2009-2010).

Atty. Florentino M. Herrera III, 64, Filipino, has served as Corporate Secretary since December 2014. He is the Founding Partner of Herrera Teehankee & Cabrera Law Offices. He was a Partner of one of the largest law offices in the Philippines. He engaged in the general practice of law for the past thirty seven (37) years specializing in corporate law practice as counsel for various companies engaged in banking, management of foreign fund investments, airlines, power generation, coconut oil milling and refining,

publishing, real estate, polyester, telecommunication, insurance, oil exploration, lumber, shipping and financing. He serves as Chairman and President of Amica Corporation, Andorra Holdings, Inc., Bedarra Holdings, Inc. Bellagio Properties, Inc., Bellcore Holdings Corporation, Bellendorf Peak Resources, Inc., Certosa Resources, Inc. Coastal Bay Chemicals, Inc., Domain Property Ventures, Inc., Dunes and Eagle Land Development Corp., Econolink Investments, Inc., Filgrow Corporation, Filsyn Corp., Fontana Resources Corporation, Genshare Holdings Corporation, Hunter Valley Resources, Inc., Ipioneer Properties, Inc. Maseena Resources Corporation, Medlinks Resources, Inc., Pomona Properties, Inc., Pergamon Resources Corporation, Regent Resources, Inc., Saville Resources Corporation, Seabright Resources, Inc., Shindig, Inc., SRTC Development Corporation, Trans-Pacific Oriental Holdings, Co., Inc., Vassra Holdings, Inc., Viking Star Ventures, Inc. and Websphere Resources, Inc.

Significant Employee

Jenna Mae V. Diaz. Ms. Diaz, 29, Filipino, Certified Public Accountant (CPA) has served as Financial Accountant since October 2013. She worked with Navarro, Amper & Co. from November 2008 to August 2010 as an audit associate. She was with ABS-CBN Corporation as a financial analyst from October 2010 – August 2011 and ABS-CBN Shared Services PTE Ltd. as a film rights technical specialist from September 2011 to September 2013.

Family Relationships

Dr. Lucio C. Tan, Chairman and CEO, is the husband of Ms. Carmen K. Tan, incumbent director; is the father of Mr. Lucio K. Tan, Jr., incumbent director and Mr. Michael G. Tan, incumbent director; and the father-in-law of Mr. Joseph T. Chua, President and COO. Mr. Washington Z. SyCip, Co-Chairman of the Board, is the father-in-law of Atty. Florentino M. Herrera III, Corporate Secretary.

Involvement in Certain Legal Proceedings

The Directors of the Parent Company have not been involved in any major legal proceedings during the last five years up to the date of filing this report. Furthermore, the Directors are not aware of any major legal proceedings pending or threatened against them personally, or any fact which is likely to give rise to any major legal proceedings which may materially affect their personal capacity as Directors of the Parent Company.

ITEM 10. EXECUTIVE COMPENSATION

The following table summarizes the actual aggregate compensation of all directors and officers of the Company for 2014, 2015 and 2016.

Summary Compensation Table

Name and Principal Position	Year	Salaries and (P'mil)	Bonus (P'mil)	Other Annual Compensation
Executive Officers Joseph T. Chua, President/CEO Atty. Marivic T. Moya, VP-Human Resources, Legal and External Relations, Compliance Officer/Corporate Information Officer/Corporate Secretary Amador T. Sendin, Chief Financial Officer, VP-Administration & Business Development Ramon N. Santos, VP-Mining	2014 (Actual)	16.03	2.98	0.59
All Other Directors and Officers as a Group Unnamed		2.58	-	-
Executive Officers Joseph T. Chua, President/CEO Atty. Marivic T. Moya, VP-Human Resources, Legal and External Relations, Compliance Officer/Corporate Information Officer Amador T. Sendin, Chief Financial Officer, VP-Administration & Business Development Atty. Florentino M. Herrera III, Corporate Secretary Ramon N. Santos, VP-Mining[4]	2015 (Actual)	16.64	2.40	0.71
All Other Directors and Officers as a Group Unnamed		3.0	-	-

[4] *Resigned effective October 30, 2015*

Executive Officers Joseph T. Chua, President/COO Marivic T. Moya, VP- Human Resources, Legal and External Relations, Compliance Officer / Corporate Information Officer Amador T. Sendin, Chief Financial Officer, VP- Administration & Business Development Atty. Florentino M. Herrera III, Corporate Secretary	2016 (Estimate)	17.47	2.52	0.75
All Other Directors and Officers as a Group Unnamed		3.15	-	-

Compensation of Directors

1. Members of the Board do not receive any regular compensation from the Parent Company, except for every regular, special or committee meeting actually attended, for which members of the Board of Director receive a per diem of ₱20,000 to ₱50,000.

2. There are no other material terms of, nor any other arrangements with regard to compensation as to which directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

3. As provided for in the Parent Company's By-Laws, the Board of Directors is entitled to an annual incentive bonus in an aggregate amount not exceeding five percent (5%) of the Parent Company's net profit before tax

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

1. Executive officers' compensation consists of a monthly negotiated salary, a fixed monthly allowance and 13th month pay.

2. There are no compensatory plan or arrangement with the named executive officers, which results or will result from the resignation, retirement or any other termination of the executive officer's employment with the Parent Company and its subsidiaries or from a change-in-control of the Parent Company or a change in the named executive officer's responsibilities following a change-in-control.

Warrants and Options Outstanding: Repricing

The Parent Company's ₱50 million warrants were not exercised by the shareholders/officers/directors and had already expired last July 21, 2005.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

1. Security Ownership of Certain Record and Beneficial Owners of more than 5% of Registrant's Securities as of December 31, 2015

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
COMMON	PCD Nominee Corporation *G/F MSE Building* *6754 Ayala Ave., Makati City* *(Shareholder)*	Various Clients[1]	Filipino	203,623,561	16.51%
COMMON	PAL Holdings (formerly Baguio Gold Holdings Corp.) *7th Flr. PNB Allied Bank Center* *6754 Ayala Ave., Makati City* *(Shareholder)*	TrustMark Holdings Corp. [2] (Shareholder)	Filipino	88,000,000	7.13%
COMMON	Conway Equities, Inc. *10 Quezon Avenue, Quezon City*	Melito K. Tan, President[3] Orville C. Go. Jr., Treasurer[3] Dinah T. Paginag, Corporate Secretary[3]	Filipino	85,110,000	6.90%
COMMON	PCD Nominee Corporation *G/F MSE Building* *6754 Ayala Ave., Makati City* *(Shareholder)*	Various Clients[1]	Non-Filipino	83,826,007	6.80%

[1] PCD Nominee Corp. (PCD) is a registered owner of certain shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private corporation organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The securities are voted by the trustee's designated officers who are not known to the Parent Company. None of the PCD Nominee Corporation (Filipino and Non-Filipino) account beneficially owns 5% or more of the Parent Company's common shares.

[2] TrustMark Holdings Corp. owns 89.78% of PAL Holdings.

[3] Designation in Conway Equities, Inc.

Note: ***The above listed beneficial or record owner did not acquire additional shares from options, warrants, rights, conversion privilege or similar obligations, or otherwise within thirty (30) days.***

2. *Security Ownership of Management as of December 31, 2015*

Title of Class	Name of Beneficial Owner	Amount and Nature of Ownership	Citizenship	% of Class
COMMON	Dr. Lucio C. Tan Chairman and CEO	100,000 Direct (Beneficial)	Filipino	<1%
COMMON	Washington Z. SyCip Co - Chairman	37,545,250 Direct (Beneficial)	Filipino - American	3.04%
COMMON	Carmen K. Tan Director	100,000 Direct (Beneficial)	Filipino	<1%
COMMON	Lucio K. Tan, Jr. Director	125,000 Direct (Beneficial)	Filipino	<1%
COMMON	Michael G. Tan Director	100,000 Direct (Beneficial)	Filipino	<1%
COMMON	Joseph T. Chua President and COO	125,000 Direct 3,339,000 Indirect (Beneficial)	Filipino	<1%
COMMON	Jaime J. Bautista Treasurer	125,000 Direct (Beneficial)	Filipino	<1%
COMMON	Stewart C. Lim Director	100,000 Direct (Beneficial)	Filipino	<1%
COMMON	Johnip G. Cua Independent Director	10,000,000 Indirect (Beneficial)	Filipino	<1%
COMMON	Ben C. Tiu Independent Director	100,000 Direct (Beneficial)	Filipino	<1%
COMMON	Marixi R. Prieto Independent Director	100,000 Direct (Beneficial)	Filipino	<1%
	Atty. Marivic T. Moya VP- Human Resources, Legal and External Relations; Compliance Officer/Corporate Information Officer	-	-	-
	Amador T. Sendin Chief Financial Officer, VP - Administration & Business Development	-	-	-
	Atty. Florentino M. Herrera III Corporate Secretary	230,000 Direct 5,368,952 Indirect (Beneficial)	Filipino	<1%
	Total	**57,458,202**		**4.66%**

3. *Voting Trust Holders of 5% or more*

There were no persons/shareholders of the Parent Company who have entered into a voting trust agreement during the last three years.

4. Changes in Control

There was no significant change in control of MAC in 2015. We are not aware of any existing or pending transaction which may result in such a change in control.

ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

1. For detailed discussion of the material related party transactions, please see Note 18 of the Group's Notes to Consolidated Financial Statements (pages 52-57).

   A. Part of the Group's excess cash are deposited in savings and current accounts and placed with Philippine National Bank, an affiliated company under common control, at very competitive rates and based on the outstanding cash balance at the end of the interest earning period. MacroAsia Corporation also leases the office space it currently occupies from the said bank at the bank's current prevailing rental rate. MacroAsia Mining Corporation also entered into a two-year lease contract with Philippine National Bank (formerly Allied Banking Corporation) for its office space starting January 1, 2012. The Parent Company and its subsidiaries have not been given any preferential treatment in any of its transactions with the bank and continues to lease the office space under the last term and condition.

   B. MAPDC, as an ecozone operator, leases land from MIAA and subsequently leases the same to its Ecozone locators which include LTP, an affiliate. The rental charge, which is at normal market rate, is subject to a fixed price escalation and deposit. Monthly fees due from LTP are equivalent to MAPDC's cost of leasing the land from MIAA, plus administrative fees. MAPDC has outstanding advances to WBSI and CBRI which were eliminated in the consolidation process.

   C. MASCORP provides ground handling services to various airline companies at NAIA and MCIA, including Air Philippines, an affiliate under common control. In September 2011, MASCORP started providing ground handling services to Philippine Airlines (PAL), an affiliated company under common control. The ground handling service rates being charged to Air Philippines and PAL are competitive and were the results of negotiations between the companies. MASCORP bills LTP for ground handling services rendered on behalf of its clients. MASCORP also leases ground-handling equipments from PAL and pays AirPhil for its shares on the rental and utilities in NAIA.

   D. MACS has outstanding payable to PAL representing PAL's share in operation of the passenger lounge at NAIA. In September 2011, MACS started providing catering services to PAL under competitive rates. MACS also leases airline catering equipment from PAL. In 2014 and 2013, MACS provided an unsecured and non-interest bearing cash advances to MacroAsia WLL.

   E. The Parent Company and its subsidiaries have a trust fund for the employees' retirement plan with Philippine National Bank (formerly Allied Bank Corporation) as the fund manager. The Group has not been given any preferential treatment in any of its transactions with the Bank.

F. There are no other on-going contractual or other commitments between the Group and the aforementioned affiliates.

G. There are no other material transactions with and/or dependence on related parties not discussed above and in the Notes to Consolidated Financial Statements.

2. There are no other parties that fall outside the definition of "related parties" under Philippine Accounting Standards (PAS) 24 with whom the Parent Company or its related parties have a relationship that enabled the parties to negotiate terms of material transactions that may not be available from others or independent parties on an arm's length basis.

SIGNATURES

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

MACROASIA CORPORATION
Registrant

By:

DR. LUCIO C. TAN
Chairman and Chief Executive Officer

WASHINGTON Z. SYCIP
Co-chairman

JOSEPH T. CHUA
President and Chief Operating Officer

AMADOR T. SENDIN
Chief Financial Officer

ATTY. FLORENTINO M. HERRERA III
Corporate Secretary

JENNA MAE V. DIAZ
Financial Accountant

APR 14 2016

Subscribed and sworn to before me this _____ day of _____, affiants exhibiting to me his/her Tax Identification Number, as follows:

NAMES	T. I. N.
LUCIO C. TAN	101-914-722
WASHINGTON Z. SYCIP	106-215-942
JOSEPH T. CHUA	168-487-675
AMADOR T. SENDIN	135-963-712
ATTY. FLORENTINO M. HERRERA III	106-098-926
JENNA MAE V. DIAZ	269-192-283

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Page No. 71
Book No. 149
Series of 2016

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 QUEZON CITY
IBP NO. 1015954 1/4/2016 QUEZON CITY
ROLL NO. 13296
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY
TIN NO. 177-967-619
MCLE EXEMPTED

PART IV: CORPORATE GOVERNANCE

ITEM 14. Please refer to the attached Annual Corporate Governance Report (pages 171-249)

PART V: EXHIBITS AND SCHEDULES

ITEM 15. EXHIBITS AND REPORTS ON SEC FORM 17 C

1. Please see accompanying Index to Exhibits in the following pages

2. The Company regularly files various reports on SEC Form 17-C relative to various company disclosures. Of these, the more significant ones are as follows:

Date Filed	Title
March 11, 2015	Declaration of Mineral Production Sharing Agreements Certificate
May 20, 2015	Amendment of the Articles of Incorporation Amendment of the By-Laws Notice of Annual Stockholders' Meeting on July 17, 2015
June 11, 2015	Nomination for election as directors of MacroAsia Corporation
July 24, 2015	Disposition of 13% Interest in Subsidiary to JV Partner SATS, Ltd.
July 30, 2015	Inauguration of Water Treatment Facility in Solano, Nueva Vizcaya
July 20, 2015	Result of Annual Stockholders' Meeting held on July 17, 2015
September 1, 2015	Disposition of 13% Interest in Subsidiary to JV Partner SATS, Ltd. – Extension of Completion
October 30, 2015	Notice of resignation of Ramon N. Santos as VP for Mining Operations
November 2, 2015	Disposition of 13% Interest in Subsidiary to JV Partner SATS, Ltd. – Extension of Completion
December 15, 2015	Notice of election of Mr. Stewart C. Lim as Director and Ms. Marixi Prieto as Independent Director of the Corporation Notice of election of Dr. Lucio C. Tan as Chief Executive Officer, Mr. Washington Z. SyCip as Co-Chairman of the Board of Directors and Mr. Joseph T. Chua as Chief Operating Officer. Notice of Dividend declaration amounting to P0.075 per share. Amendment on Manual on Corporate Governance

ITEM 16. INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

MACROASIA CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of MacroAsia Corporation is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

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

Washington SyCip
Co-Chairman of the Board

Joseph T. Chua
President and Chief Operating Officer

Amador T. Sendin
Chief Financial Officer

Signed this 30th day of March 2016

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

Subscribed and sworn to before me this _____ day of APR 14 2016, affiants exhibiting to me his/her Tax Identification Number, as follows:

NAMES	T. I. N.
LUCIO C. TAN	101-914-722
WASHINGTON Z. SYCIP	106-215-942
JOSEPH T. CHUA	168-487-675
AMADOR T. SENDIN	135-963-712

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Page No. 71
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ATTY BENJAMIN F. ALFONSO
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PTR NO. 2147797 1/4/2016 QUEZON CITY
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ROLL NO. 13296
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY
TIN NO. 177-967-619
MCLE EXEMPTED

SGV
Building a better working world

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
MacroAsia Corporation

We have audited the accompanying consolidated financial statements of MacroAsia Corporation and subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MacroAsia Corporation and subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 102-086-208
BIR Accreditation No. 08-001998-18-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321634, January 4, 2016, Makati City

March 30, 2016

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 18, 22 and 23)	**₱693,325,827**	₱681,237,533
Receivables (Notes 6, 18 and 23)	**554,588,330**	408,750,678
Inventories (Note 7)	**42,689,532**	44,065,584
Input taxes - net (Note 8)	**48,662,515**	25,512,165
Tax credit certificates (Note 8)	**65,589,144**	30,737,271
Other current assets (Note 8)	**58,223,768**	45,002,639
Total Current Assets	**1,463,079,116**	1,235,305,870
Noncurrent Assets		
Available-for-sale (AFS) investments (Note 13)	**105,768,900**	103,335,900
Investments in associates (Note 9)	**982,869,990**	661,709,466
Property and equipment (Note 11)	**423,994,864**	395,257,498
Investment property (Note 12)	**143,852,303**	143,852,303
Service concession right (Note 14)	**301,857,381**	99,665,179
Accrued rental receivable (Note 18)	**118,405,542**	118,031,312
Input taxes - net (Note 8)	**96,448,605**	128,711,152
Deferred rent expense (Note 28)	**14,850,012**	10,290,482
Deferred mine exploration costs (Note 32)	**233,308,688**	233,308,688
Deferred income tax assets - net (Note 25)	**34,463,739**	21,360,211
Deposits and other noncurrent assets (Notes 14, 15, 18, 21 and 28)	**119,792,251**	175,778,969
Total Noncurrent Assets	**2,575,612,275**	2,091,301,160
TOTAL ASSETS	**₱4,038,691,391**	₱3,326,607,030
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 17, 18, 23 and 28)	**₱387,932,585**	₱259,546,612
Income tax payable	**22,285,451**	2,237,204
Dividends payable (Note 27)	**101,126,061**	8,620,761
Notes payable - current portion (Notes 16 and 22)	**25,717,880**	25,254,560
Total Current Liabilities	**537,061,977**	295,659,137
Noncurrent Liabilities		
Notes payable - net of current portion (Notes 16 and 22)	**36,222,073**	60,472,773
Accrued rental payable (Note 28)	**129,756,192**	118,031,312
Accrued retirement benefits payable (Note 21)	**11,007,058**	15,333,726
Other employee benefits (Note 21)	**10,873,697**	10,000,529
Unearned rent income (Note 18)	**9,337,115**	10,290,482
Rental deposit (Note 18)	**6,342,339**	5,328,763
Deferred income tax liabilities (Notes 13 and 25)	**1,415,000**	1,115,000
Total Noncurrent Liabilities	**204,953,474**	220,572,585
Total Liabilities	**₱742,015,451**	₱516,231,722

(Forward)

	December 31	
	2015	2014
Equity attributable to equity holders of the Company		
Capital stock - ₱1 par value:		
Authorized - 2,000,000,000 shares		
Issued - 1,250,000,000 shares (held by 860 and 856 equity holders in 2015 and 2014, respectively)	**₱1,250,000,000**	₱1,250,000,000
Additional paid-in capital	**281,437,118**	281,437,118
Other reserves (Note 27)	**143,299,677**	–
Other components of equity (Notes 9, 13 and 21)	**(172,585,192)**	(219,255,738)
Retained earnings (Note 27):		
Appropriated	**873,100,000**	823,100,000
Unappropriated	**837,193,529**	654,797,069
Treasury shares - 16,596,000 shares (Note 27)	**(49,418,660)**	(49,418,660)
	3,163,026,472	2,740,659,789
Non-controlling interests (Note 10)	**133,649,468**	69,715,519
Total Equity	**3,296,675,940**	2,810,375,308
TOTAL LIABILITIES AND EQUITY	**₱4,038,691,391**	₱3,326,607,030

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2015	2014	2013
NET SERVICE REVENUE (Note 19)			
In-flight and other catering (Note 18)	**₱1,168,768,029**	₱1,046,764,899	₱991,894,569
Ground handling and aviation (Note 18)	**516,924,220**	440,562,222	413,258,559
Rental and administrative (Note 18)	**188,056,543**	188,881,639	187,921,638
Exploratory drilling fees (Note 28)	**36,509,913**	34,904,148	9,163,174
Charter flights	**11,187,913**	12,079,872	7,881,517
	1,921,446,618	1,723,192,780	1,610,119,457
DIRECT COSTS (Notes 19 and 28)			
In-flight and other catering	**798,529,480**	734,878,489	690,509,483
Ground handling and aviation	**418,451,527**	372,505,516	344,225,185
Rental and administrative	**177,713,448**	176,652,833	175,900,641
Exploratory drilling expense	**39,860,819**	35,657,085	11,406,071
Charter flights	**9,295,375**	9,210,054	7,578,337
	1,443,850,649	1,328,903,977	1,229,619,717
GROSS PROFIT	**477,595,969**	394,288,803	380,499,740
SHARE IN NET EARNINGS (LOSS) OF ASSOCIATES (Note 9)	**313,405,233**	128,226,824	(251,868,481)
	791,001,202	522,515,627	128,631,259
OPERATING EXPENSES (Note 20)	**(458,796,272)**	(427,641,252)	(375,643,818)
INTEREST INCOME (Notes 5, 13, 18, 22, and 28)	**9,216,562**	12,847,063	19,884,763
FINANCING CHARGES (Notes 16, 18 and 22)	**(4,213,092)**	(4,719,554)	(612,880)
OTHER INCOME - net (Note 22)	**50,829,051**	42,913,824	101,563,537
INCOME (LOSS) BEFORE INCOME TAX	**388,037,451**	145,915,708	(126,177,139)
PROVISION FOR INCOME TAX (Note 25)			
Current	**61,810,157**	29,876,789	28,340,775
Deferred	**(15,131,203)**	(5,871,370)	6,325,057
	46,678,954	24,005,419	34,665,832
NET INCOME (LOSS)	**₱341,358,497**	₱121,910,289	(₱160,842,971)
Attributable to:			
Equity holders of the Company	**₱327,750,585**	₱114,979,503	(₱170,047,500)
Non-controlling interests (Note 10)	**13,607,912**	6,930,786	9,204,529
	₱341,358,497	₱121,910,289	(₱160,842,971)
Basic/Diluted Earnings (Loss) Per Share (Note 26)	**₱0.27**	**₱0.09**	**(₱0.14)**

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
NET INCOME (LOSS)	**₱341,358,497**	₱121,910,289	(₱160,842,971)
OTHER COMPREHENSIVE INCOME (LOSS) - Net			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of AFS investments - net of tax effect of ₱300,000 in 2015, ₱700,000 in 2014 and (₱1,050,000) in 2013 (Note 13)	**2,133,000**	5,625,890	(13,097,937)
Unrealized gain (loss) in fair value of AFS investments recycled to profit or loss through disposal (Note 13)	**–**	767,819	(14,067,293)
Net foreign currency translation adjustments (Note 9)	**43,267,780**	4,688,978	43,465,251
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains on defined benefit plans, net of tax effect of (₱2,027,667) in 2015, (₱905,761) in 2014 and ₱1,594,688 in 2013 (Note 21)	**10,875,952**	3,736,460	1,665,594
Share in remeasurement gains (losses) on defined benefit plan of associates, net of tax effect of ₱890,993 in 2015, (₱7,716,403) in 2014 and ₱3,749,843 in 2013 (Note 9)	**(9,265,974)**	85,032,893	(42,966,223)
	47,010,758	99,852,040	(25,000,608)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱388,369,255**	₱221,762,329	(₱185,843,579)
Other comprehensive income (loss) attributable to:			
Equity holders of the Company	**₱46,670,546**	₱99,235,231	(₱24,394,364)
Non-controlling interests (Note 10)	**340,212**	616,809	(606,244)
	₱47,010,758	₱99,852,040	(₱25,000,608)
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	**₱374,421,131**	₱214,214,734	(₱194,441,864)
Non-controlling interests (Note 10)	**13,948,124**	7,547,595	8,598,285
	₱388,369,255	₱221,762,329	(₱185,843,579)

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Attributable to Equity Holders of the Company													
				Other components of equity										
	Capital Stock	Additional Paid-in Capital	Other reserves (Note 27)	Share in Foreign Currency Translation Adjustments of an Associate (Note 9)	Remeasurements on Defined Benefit Plans (Note 21)	Share in Remeasurements on Defined Benefit Plan of Associates (Note 9)	AFS Investments Reserve (Note 13)	Subtotal	Retained Earnings (Note 27) Appropriated	Retained Earnings (Note 27) Unappropriated	Treasury Shares (Note 27)	Subtotal	Non-controlling Interests (Note 10)	Total
BALANCES AT DECEMBER 31, 2012	**₱1,250,000,000**	**₱281,437,118**	**₱–**	**(₱220,265,655)**	**₱9,011,172**	**(₱112,696,242)**	**₱29,854,120**	**(₱294,096,605)**	**₱788,100,000**	**₱835,617,926**	**(₱49,418,660)**	**₱2,811,639,779**	**₱65,100,764**	**₱2,876,740,543**
Net income	–	–	–	–	–	–	–	–	–	(170,047,500)	–	(170,047,500)	9,204,529	(160,842,971)
Other comprehensive income	–	–	–	43,465,251	2,271,838	(42,966,223)	(27,165,230)	(24,394,364)	–	–	–	(24,394,364)	(606,244)	(25,000,608)
Total comprehensive income (loss)	–	–	–	43,465,251	2,271,838	(42,966,223)	(27,165,230)	(24,394,364)	–	(170,047,500)	–	(194,441,864)	8,598,285	(185,843,579)
Investment of non-controlling interest in a newly incorporated subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	468,875	468,875
Cash dividends at ₱0.065 per share	–	–	–	–	–	–	–	–	–	(80,171,260)	–	(80,171,260)	–	(80,171,260)
Cash dividends received by non-controlling interest at ₱16.0 per share	–	–	–	–	–	–	–	–	–	–	–	–	(12,000,000)	(12,000,000)
BALANCES AT DECEMBER 31, 2013	**1,250,000,000**	**281,437,118**	**–**	**(176,800,404)**	**11,283,010**	**(155,662,465)**	**2,688,890**	**(318,490,969)**	**788,100,000**	**585,399,166**	**(49,418,660)**	**2,537,026,655**	**62,167,924**	**2,599,194,579**
Net income	–	–	–	–	–	–	–	–	–	114,979,503	–	114,979,503	6,930,786	121,910,289
Other comprehensive income	–	–	–	4,688,978	3,119,651	85,032,893	6,393,709	99,235,231	–	–	–	99,235,231	616,809	99,852,040
Total comprehensive income	–	–	–	4,688,978	3,119,651	85,032,893	6,393,709	99,235,231	–	114,979,503	–	214,214,734	7,547,595	221,762,329
Acquisition of non-controlling interest in a subsidiary during the year	–	–	–	–	–	–	–	–	–	(10,581,600)	–	(10,581,600)	–	(10,581,600)
Appropriation of retained earnings	–	–	–	–	–	–	–	–	50,000,000	(50,000,000)	–	–	–	–
Reversal of appropriation of retained earnings	–	–	–	–	–	–	–	–	(15,000,000)	15,000,000	–	–	–	–
BALANCES AT DECEMBER 31, 2014	**1,250,000,000**	**281,437,118**	**–**	**(172,111,426)**	**14,402,661**	**(70,629,572)**	**9,082,599**	**(219,255,738)**	**823,100,000**	**654,797,069**	**(49,418,660)**	**2,740,659,789**	**69,715,519**	**2,810,375,308**
Net income	–	–	–	–	–	–	–	–	–	327,750,585	–	327,750,585	13,607,912	341,358,497
Other comprehensive income	–	–	–	43,267,780	10,535,740	(9,265,974)	2,133,000	46,670,546	–	–	–	46,670,546	340,212	47,010,758
Total comprehensive income	–	–	–	43,267,780	10,535,740	(9,265,974)	2,133,000	46,670,546	–	327,750,585	–	374,421,131	13,948,124	388,369,255
Sale of investment in subsidiaries to non-controlling interests	–	–	143,299,677	–	–	–	–	–	–	–	–	143,299,677	47,137,000	190,436,677
Cash dividends at ₱0.075 per share	–	–	–	–	–	–	–	–	–	(92,505,300)	–	(92,505,300)	–	(92,505,300)
Allocation of goodwill to non-controlling interest	–	–	–	–	–	–	–	–	–	(2,848,825)	–	(2,848,825)	2,848,825	–
Appropriation of retained earnings	–	–	–	–	–	–	–	–	50,000,000	(50,000,000)	–	–	–	–
BALANCES AT DECEMBER 31, 2015	**₱1,250,000,000**	**₱281,437,118**	**₱143,299,677**	**(₱128,843,646)**	**₱24,938,401**	**(₱79,895,546)**	**₱11,215,599**	**(₱172,585,192)**	**₱873,100,000**	**₱837,193,529**	**(₱49,418,660)**	**₱3,163,026,472**	**₱133,649,468**	**₱3,296,675,940**

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱388,037,451**	₱145,915,708	(₱126,177,139)
Adjustments for:			
Depreciation and amortization (Note 11)	**76,665,739**	101,633,900	94,455,279
Gain on sale of disposal of property and equipment	**(503,182)**	–	(788,460)
Share in net loss (earnings) of associates (Note 9)	**(313,405,233)**	(128,226,824)	251,868,481
Interest income (Notes 5, 13, 18, 22 and 28)	**(9,216,562)**	(12,847,063)	(19,884,763)
Unrealized foreign exchange gain - net	**(13,362,430)**	(11,217,296)	(20,618,579)
Financing charges (Notes 16, 18 and 22)	**4,213,092**	4,719,554	612,880
Gain on sale of AFS investments (Note 22)	**–**	(811,298)	(49,782,205)
Retirement benefits costs (Note 21)	**19,042,948**	16,369,229	25,211,067
Provision for other long-term benefits (Note 21)	**1,073,253**	751,970	(1,326,258)
Reversal of impairment loss on investment property to cost (Notes 12 and 22)	**–**	–	(17,260,303)
Operating income before working capital changes	**152,545,076**	116,287,880	136,310,000
Decrease (increase) in:			
Receivables	**(145,382,677)**	(40,948,028)	(57,806,448)
Inventories	**1,376,052**	2,976,094	7,434,030
Advances to contractors	**–**	(48,466,997)	–
Other current assets	**(48,730,328)**	(53,041,165)	(38,653,085)
Increase in:			
Accounts payable and accrued liabilities	**168,617,334**	2,754,963	25,203,674
Accrued rental payable	**11,434,912**	–	–
Additions to service concession right	**(141,522,285)**	(89,066,055)	–
Payments for project advances	**(1,505,782)**	–	(2,350,000)
Contributions to the retirement fund	**(15,330,036)**	(14,992,917)	(21,040,667)
Retirement benefits and other employee benefits paid	**–**	(518,963)	(100,767)
Cash generated from (used in) operations	**(18,497,734)**	(125,015,188)	48,996,737
Interest received	**7,902,407**	13,608,680	20,740,941
Financing charges paid	**(3,398,516)**	(4,012,987)	–
Income taxes paid, including creditable withholding taxes	**(40,527,498)**	(38,033,794)	(29,659,769)
Net cash from (used in) operating activities	**(₱54,521,341)**	(₱153,453,289)	₱40,077,909

(Forward)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Note 11)	**(₱102,772,066)**	(₱146,983,036)	(₱112,296,582)
Proceeds from disposal of property and equipment	**563,575**	4,834	1,125,600
Acquisitions of investment in AFS debt securities (Note 13)	**–**	–	(100,612,194)
Proceeds from sale of investment in bonds (Note 13)	**–**	41,511,117	421,052,326
Acquisition of non-controlling interest in a subsidiary (Note 27)	**–**	(10,581,600)	–
Proceeds from sale of investment in subsidiaries to non-controlling interest (Note 27)	**187,337,508**	–	–
Payment of transaction cost on sale of investment in subsidiary to non-controlling interest (Note 27)	**(13,436,672)**	**–**	**–**
Dividends received (Note 9)	**26,000,000**	18,000,000	24,000,000
Returns from (payments for) refundable deposits and other noncurrent assets	**(16,016,146)**	1,132,264	2,319,346
Net cash from (used in) investing activities	**81,676,199**	(96,916,421)	235,588,496
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of notes payable (Note 16)	**–**	81,530,200	27,000,000
Payments of notes payable (Note 16)	**(25,353,395)**	(22,588,367)	–
Contribution by non-controlling interest in a subsidiary (Note 27)	**–**	–	468,875
Dividends paid (Note 27)	**–**	(4,000,000)	(88,007,275)
Net cash from (used in) financing activities	**(25,353,395)**	54,941,833	(60,538,400)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**10,286,831**	9,284,481	9,441,677
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**12,088,294**	(186,143,396)	224,569,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**681,237,533**	867,380,929	642,811,247
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱693,325,827**	₱681,237,533	₱867,380,929

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
NOTES TO 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. Its registered office address is at 12th Floor, PNB Allied Bank Center, 6754 Ayala Avenue, Makati City.

Business Operations

The principal activities of the Company and its subsidiaries (collectively referred to as the Group) are described in Note 4. The Company, through its subsidiaries and associates (see Note 9), is presently engaged in aviation-support businesses at the Ninoy Aquino International Airport (NAIA), Manila Domestic Airport (MDA), Mactan-Cebu International Airport (MCIA), Kalibo International Airport (KIA), Davao International Airport and the General Aviation Area. It provides in-flight catering services, ground handling services for passenger and cargo aircraft, and helicopter charter flight services. It also operates/develops the sole economic zone within the NAIA.

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

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

The consolidated financial statements as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issuance by the Board of Directors (BOD) on March 30, 2016.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements have been prepared using the historical cost basis, except for available-for-sale financial assets which are carried at fair value. The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

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, 2015.

- Amendments to Philippine Accounting Standards (PAS) 19, *Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are not relevant to the Group since the Group's defined benefit plans are noncontributory.

Annual Improvements to PFRS (2010-2012 cycle)
The adoption of the amendments below did not have a significant impact on the consolidated financial statements of the Group.

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

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

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*. The Group shall consider this amendment in future business combinations.

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

  a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

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

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

Annual Improvements to PFRS (2011-2013 cycle)
The adoption of the amendments below did not have a significant impact on the consolidated financial statements of the Group.

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

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

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

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

New Accounting Standards, Amendments to
Existing Standards and Interpretations Effective Subsequent to December 31, 2015
The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2015 are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective in 2016

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are not applicable to the Group since the Group does not have investment entity associates or joint venture.

- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The Company shall consider these amendments for future preparation of its separate financial statements.

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

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- Amendments to PAS 1, *Presentation of Financial Statements - Disclosure Initiative*
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions;
  - That specific line items in the statement of income and other comprehensive income (OCI) and the statement of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements;
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

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

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture - Bearer Plants*
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments are not expected to have any impact to the Group given that the Group is not using a revenue-based method to depreciate its noncurrent assets.

Annual Improvements to PFRS (2012-2014 cycle)
The Annual Improvements to PFRS (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016. Except as otherwise stated, the Group does not expect these amendments to have a significant impact on the consolidated financial statements.

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

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that

the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

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

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

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

Effective in 2018

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

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is currently assessing the impact of the new revenue standard and plans to adopt on the required effectivity date once adopted locally.

Effective in 2019

- IFRS 16, *Leases*
  IFRS 16 was issued on January 13, 2016, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effectivity date once adopted locally.

Deferred

- Philippine Interpretation based on International Financial Reporting Interpretations Committee (IFRIC) 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Securities and Exchange Commission (SEC) and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group does not expect that this interpretation will have material financial impact in consolidated financial statements.

- Amendments to PFRS 10 and PAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The Group shall consider these amendments in future transactions.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its direct subsidiaries, the subsidiaries of MAPDC and MACS and the subsidiary of Watergy Business Solutions, Inc. (WBSI), which were all incorporated in the Philippines and are registered with the Philippine SEC as of December 31 of each year.

		Percentage of Direct wnership by MAPDC/MACS/ WBSI		Percentage of Ownership by MAC			
				2015		2014	
	Nature of business	**2015**	2014	**Direct**	**Indirect[2]**	Direct	Indirect[2]
MAPDC	Economic Zone (Ecozone) developer/operator and water supply	**–**	–	**100**	**–**	100	–
MacroAsia Airport Services Corporation (MASCORP)	Groundhandling aviation services	**–**	–	**100**	**–**	100	–
MacroAsia Air Taxi Services, Inc. (MAATS)	Helicopter chartering services	**–**	–	**100**	**–**	100	–
Airport Specialists' Services Corporation (ASSC)[1]	Manpower services	**–**	–	**100**	**–**	100	–
MMC	Mine exploration, development and operation	**–**	–	**100**	**–**	100	–
MACS	In-flight and other catering services	**–**	–	**67[3]**	**–**	80	–
MacroAsia SATS Food Industries (MSFI)	Meal production and food processing	**67**	–	**–**	**67[a]**	–	–
SNV Resources Development Corporation (SNVRDC)	Water projects	**100**	100	**–**	**100[b]**	–	100
Mabini Pangasinan Resources Development Corporation (MPRDC)[5]	Water projects	**100**	100	**–**	**100[b]**	–	100
Panay Water Business Resources, Inc. (PWBRI)	Water projects	**90**	90	**–**	**90[b]**	–	90
WBSI	Water projects	**51[4]**	100	**–**	**51[4], [b]**	–	100
Cavite Business Resouces Inc. (CBRI)	Water projects	**51[4]**	99	**–**	**51[4], [c]**	–	99

(1) *Ceased commercial operations effective May 1, 2001.*
(2) *Effective ownership interest through MACS[a], MAPDC[b] and WBSI[c].*
(3) *Effective ownership starting September 14, 2015.*
(4) *Effective ownership starting December 16, 2015.*
(5) *Formerly Dragon Resources Development Corporation.*

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a

subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

Non-controlling Interests

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognized in equity of the Company in transactions where the non-controlling interests are acquired or sold without loss of control. This is recognized in the Company's retained earnings. If the Group loses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any non-controlling interests; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; (g) reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained; (h) earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Company should re-attribute a proportion of the goodwill between the controlling and non-controlling interests when their relative ownership interests change. The proportion of goodwill that is attributable to the non-controlling interests is not necessarily equal to their ownership percentage.

Prior to January 1, 2010, acquisition of non-controlling interest was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized as goodwill (see Note 15). After the initial recognition, goodwill is measured at cost less accumulated impairment loss.

During 2015, ownership of controlling interests over a subsidiary has been changed without losing its control. Portion of goodwill was re-attributed to the non-controlling interests (see Note 27).

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer has the option to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When a business is acquired, the financial assets and financial liabilities assumed are assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39, either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair values of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in

this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Common control business combinations
Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent (i.e., controlling shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts for such business combinations in accordance with the guidance provided by the Philippine Interpretations Committee Q&A No. 2011-02, PFRS 3.2 *Common Control Business Combinations*. The purchase method of accounting is used, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interest method.

In applying the pooling of interest method, the Group follows the Philippine Interpretations Committee Q&A No. 2012-01, PFRS 3.2 - *Application of the Pooling of Interest Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- As a policy, comparatives are presented as if the entities had always been combined.

Investments in Associates
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of the investee is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of associates is shown in the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss in the profit or loss.

Upon loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investments in associates pertain to the Company's investments in shares of stock of LTP, 49%-owned, Cebu Pacific Catering Services, Inc. (CPCS), 40%-owned, and MacroAsia WLL, 35%-owned (see Note 9).

Functional Currency-denominated Transactions

Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at end of reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

The financial position and results of operations of an associate in United States (US) Dollar ($) functional currency is translated into the Group's presentation currency using the following procedures:

a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date.
b. Income and expenses for each statement of income are translated using the monthly average rate.
c. All resulting exchange differences are recognized as part of other comprehensive income (loss) and as a separate component of equity.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Finance Committee determines the policies and procedures for both recurring fair value measurement. At each reporting date, the Group analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As of December 31, 2015 and 2014, the Group's investments in AFS are carried at fair value and with recurring fair value measurements. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 31. The Group also discloses the fair value of its investment property with unrecognized fair value measurements (see Notes 12 and 31).

Current versus Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

Financial Assets and Financial Liabilities

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes any transaction cost.

Subsequent to initial recognition, the Group classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or

a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets or financial liabilities at FVPL
Financial assets or financial liabilities classified in this category are financial assets or financial liabilities that are held for trading or financial assets and financial liabilities that are designated by management as at FVPL on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities, or recognizing gains or losses on them on a different basis, or
- The assets and liabilities are part of a group of financial assets and financial liabilities, respectively, or both financial assets and financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets are classified as held for trading if these are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in profit or loss. Interest earned is recorded as interest income, while dividend income is recorded as income according to the terms of the contract, or when the right of the payment has been established. Interest incurred is recorded as financing charges.

Where a contract contains one or more embedded derivatives, the hybrid contract may be designated as financial asset or financial liabilities at FVPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Derivative Financial Instruments
A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract (sometimes called the “underlying”);
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

The Group uses derivative financial instruments such as currency forwards contracts as economic hedge to its risks arising from foreign currency fluctuations. Such derivative financial instrument is initially recognized at fair value on the date on which the derivative contracts are entered into

and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair values of freestanding forward currency transactions are calculated by reference to current forward exchange rates for contracts with similar maturity profile.

There are no outstanding derivatives as of December 31, 2015 and 2014.

Embedded derivatives
An embedded derivative is separated from the host financial or non-financial contract and accounted for as a derivative if all of the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid or combined instrument is not recognized as at fair value through profit or loss.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Group has no bifurcated embedded derivatives and has opted not to designate its derivative transactions under hedge accounting.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are initially recognized at fair value, which normally pertains to the billable amount. After initial measurement, these are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date or within the normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

As of December 31, 2015 and 2014, the Group's cash in banks and cash equivalents, receivables and deposits are classified as loans and receivables.

HTM investments
HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. HTM investments are carried at cost or amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest rate method. Assets under this category are classified as current assets if maturity is within 12 months from the end of reporting date and noncurrent assets if maturity is more than a year.

As of December 31, 2015 and 2014, the Group has not designated any financial asset as HTM investment.

AFS investments
AFS investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. AFS investments are carried at fair value in the consolidated balance sheet. Changes in the fair value of investments classified as AFS investments are recognized in other comprehensive income, except for the foreign exchange fluctuations on AFS debt securities and the related effective interest which are taken directly to profit or loss. These changes in fair values are recognized as other comprehensive income and remain in equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

As of December 31, 2015 and 2014, the Group's investments in retail treasury bonds, golf club share and other proprietary and equity shares are classified as AFS investments.

Other financial liabilities
This category pertains to financial liabilities that are not held for trading and are not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables and accruals). Dividends payable also fall under this category.

Borrowings are recognized initially at fair value, net of any transaction cost incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowing using the effective interest rate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

Accounts payable and accrued liabilities, dividends payable, notes payable, and rental deposit are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at amortized cost, normally equal to the nominal amount.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction cost.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Impairment of Financial Assets
An assessment is made at the end of reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such exists, any impairment loss is recognized in profit or loss.

The Group assesses at each end of the reporting date whether a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract (such as a default or delinquency in interest or principal payments), probability that the borrower will enter bankruptcy or other financial reorganization. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of loss, if any, is recognized in the profit or loss. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, have been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of reversal is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

Assets carried at cost
If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been

incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments
In case of equity investments classified as AFS investments, impairment would include a significant or prolonged decline in the fair value of the investments below their cost. Where there is evidence of impairment loss, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in the other comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount cash flows for the purpose of measuring impairment loss. If, in subsequent year, the fair value of a debt instrument increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in income, the impairment loss is reversed through income.

Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories
Inventories are stated at the lower of cost and net realizable value (NRV). Cost, which includes purchase price and costs incurred in bringing the product to its present location and condition, is determined on the basis of the moving average method.

NRV of food and beverage is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. In the case of materials and supplies, NRV is the recoverable value of the inventories when disposed of at their current condition.

Other Current Assets

Other current assets include excess creditable withholding taxes and prepayments. Creditable withholding taxes are deducted from income tax due on the same year the revenue was recognized, with excess recognized as current asset. Prepayments are expenses paid in advance and recorded as asset before they are utilized. They are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

Value-Added Tax (VAT) and Tax Credit Certificates (TCCs)

Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included. For sale or purchase of services, related VAT is deferred until the related receivable or payable from the transaction has been collected or paid.

The net amount of VAT recoverable from taxation authority is presented as “Input taxes” in the consolidated balance sheet. The Group maintains an allowance for any possible disallowance of input VAT. A review of input VAT is made on a continuing basis to determine the adequacy of allowance for probable losses at each reporting date.

The net amount of VAT payable to taxation authority is included in “Accounts payable and accrued liabilities” in the consolidated balance sheet.

TCCs pertain to amount of tax credit for which the Group is allowed or entitled to in accordance with applicable laws and can be used to settle the Group’s obligations due to the national government.

Property and Equipment

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

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

Construction in progress, which is included in property and equipment, is stated at cost. This includes cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and become available for use.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Except for a helicopter unit which is depreciated based on estimated 5,358 flying hours, depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	No. of years
Building	5 to 25
Kitchen and other operations equipment	3 to 10
Transportation equipment	5
Helicopter spare parts	3 to 5
Aviation equipment	2 to 10
Drilling equipment	5
Office furniture, fixtures and equipment	3 to 7

Building and leasehold and land improvements are amortized over the respective lease term or the lives of the assets (which range from 2 to 25 years), whichever is shorter.

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

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

When property and equipment are sold or retired, their cost, related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts. Any gain or loss resulting from their disposal is included in the profit or loss.

Investment Property

Investment property, which pertains to a parcel of land held for appreciation in value and land and building held for rentals, are measured at cost less any impairment in value.

Investment property is derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses resulting from the derecognition of an investment property is recognized in the profit or loss in the year of derecognition. Transfers are made to investment property when, and only when, there is a change in use, evidenced by cessation of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Service Concession Arrangements

The Group accounts for its service concession arrangements in accordance with Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, under the intangible asset model as it receives the right (license) to charge users of public service (see Note 14).

Revenue and Cost Recognition. The Group recognizes and measures revenue and cost in accordance with PAS 11, *Construction Contracts* and PAS 18, *Revenue*, for the services it performs. When the Group provides construction or upgrade services, the consideration received or receivable by the Group is recognized at its fair value. The revenue and cost from these

services are recognized based on the percentage of completion measured principally on the basis of estimated completion of a physical proportion of the contract works, and by reference to the actual costs incurred to date over the estimated total cost of the project.

Service Concession Right. The service concession right is recognized initially at the fair value of construction works incurred, which include professional and consultancy fees, structural costs, etc. The Group applies PAS 38 on measuring the intangible assets. Following initial recognition, the service concession right is carried at cost less accumulated amortization and any impairment losses. Amortization period is based on the concession period.

The service concession right will be derecognized upon turnover to the Grantor. There will be no gain or loss upon derecognition as the service concession right, which is expected to be fully amortized by then, will be handed over to the Grantor with no consideration.

Deferred Mine Exploration Costs

Expenditures for mine exploration works on mining properties are deferred as incurred, carried at cost less any impairment in value and presented as "Deferred mine exploration costs" in the consolidated balance sheet. When, as a result of the exploration work, recoverable reserves are determined to be present in quantities that can be commercially produced, exploration expenditures and subsequent development costs are capitalized as mine and mining properties and classified as part of property and equipment. A valuation allowance is provided for estimated unrecoverable costs based on the technical assessment by the Group of the future prospects of each mining property. When a project is abandoned, the related deferred mine exploration costs are written off.

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

Deferred Project Costs

Deferred project costs pertain to expenditures related to ongoing water projects where technical feasibility has been completed and the Group has the intention and ability (e.g., technical and financial) to complete the relevant activities to have grants from government authorities either to provide bulk or retail water services. Once grants from government authorities are awarded, the Group assesses whether these assets shall be accounted for under Philippine Interpretation IFRIC 12 or property and equipment. Deferred project costs are not amortized until these are transferred as property and equipment or either financial or intangible asset under IFRIC 12.

Deferred Rent Expense

Deferred rent expense represents the difference between the face amount and the present value of refundable rental deposits made and is being amortized on a straight-line basis over the lease term. Amortization of deferred rent expense is included under "Rent expense" account in profit or loss. Accretion of the refundable rental deposits using the effective interest rate method is included under "Interest income" account in the profit or loss.

Unearned Rent Income

Unearned rent income represents the difference between the face amount and the present value of refundable rental deposits received and is being amortized on a straight-line basis over the lease term. Amortization of unearned rent income is included under "Rental income" account in the profit or loss. Accretion of the refundable rental deposits using the effective interest rate method is included under "Financing charges" account in the profit or loss.

Impairment of Nonfinancial Assets

Nonfinancial assets other than goodwill

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

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

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized immediately in the profit or loss. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at each end of the reporting date.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and sales taxes or duties. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its major revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods (in-flight and other catering)

Catering revenue is recognized upon delivery of goods to and acceptance by airline clients and other customers.

Rendering of services
Revenue from ground handling, aviation and administrative services, charter flights and exploratory drilling services is recognized when the related services are rendered.

Rental income
Rental income is accounted for on a straight-line basis over the lease term. The cumulative excess of rental income on a straight-line basis over the related rent collections is presented as "Accrued rental receivable" in the consolidated balance sheet.

Interest income
Interest income is recognized as the interest accrues using, where applicable, the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected term of the financial assets to the net carrying amount of the financial asset.

Construction revenue
See accounting policy under "Service Concession Right".

Dividend income
Dividend income is recognized when the Group's right as a shareholder to receive the payment is established.

Other income
Other income is recognized when the right to receive payment is established.

Other Comprehensive Income
OCI comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group includes share in foreign currency translation adjustments on investment in an associate, unrealized gain (loss) in changes in fair value of AFS investments and remeasurements in the Group's defined benefit plans and the Group's share in associates' remeasurements on defined benefit plans.

Direct Costs, Selling Expenses and General and Administrative Expenses
Direct costs, which include expenses incurred by the Group for the generation of revenue from rendering of in-flight and other catering services, rental and administrative services, ground handling and aviation services, exploratory services and charter flights are expensed as incurred.

Selling expenses, which include costs of advertising and promotion, and general and administrative expenses, which include the cost of administering the business, are not directly associated with the generation of revenue and are generally expensed as incurred.

Employee Benefits
Retirement Benefits Costs
Retirement benefits costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation. Retirement benefit costs comprise the following:

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

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

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

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

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

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

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

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

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

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in

accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

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

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, production or construction of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. Borrowing costs not qualified for capitalization are expensed as incurred.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfilment is dependent on a specified asset; or
d. there is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating leases are recognized as an expense in the profit or loss on a straight-line basis over the lease term. The cumulative excess of rent expense on a straight line basis over the related rent payment is presented as “Accrued rental payable” in the consolidated balance sheet.

Income Taxes

Current income tax

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

Deferred income tax

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income are recognized in the consolidated statement of comprehensive income and not in profit or loss.

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

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's negotiation with the third party.

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

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued and outstanding.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings

Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Dividend Distributions

Dividends on common shares are recognized as a liability and deducted from retained earnings when approved by the shareholders of the Group. Dividends for the year that are approved after the balance sheet date are dealt with as an event after the reporting date.

Treasury Shares

Own equity instruments, which are reacquired, are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and consideration, if reissued, is recognized in "Additional paid-in capital" account.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the net income (loss) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number

of ordinary shares that would be issued upon conversion of all dilutive potential ordinary shares. The Company has no potentially dilutive shares as of December 31, 2015 and 2014.

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

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, mining-related activities and water-related projects. 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, are disclosed in Notes 4 and 9. The Group has only one geographic segment.

3. Significant Judgments and Accounting Estimates

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to exercise judgments, make estimates and use assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial 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 Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the 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. Additional factors are considered in determining the functional currency of a foreign operation, including whether its activities are carried as an extension of that of the Group rather than being carried out with significant autonomy.

The 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 currency of LTP, one of the Group's associated companies (see Notes 2 and 9), has been determined to be US$.

Impairment of AFS investments
For AFS debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the market prices of these bonds indicate objective evidence of impairment. Based on management's assessment, there is no objective evidence of impairment on its investment in bonds, especially as

the counterparties are able to pay the contractual payments. The carrying value of AFS debt investments amounted to ₱65.6 million and ₱66.2 million as of December 31, 2015 and 2014, respectively (see Note 13).

For AFS equity investments, management exercised judgment in assessing whether the quoted market price of the AFS equity investments at reporting date indicated an impairment vis-à-vis the cost. Management generally assesses that impairment is sustained once the decline in value reaches 20% of cost or that the decline in value persisted for more than 12 months. The Company believes that its outstanding investments in golf club and other proprietary and equity shares are not impaired. The carrying value of AFS equity investments amounted to ₱40.1 million and ₱37.1 million as of December 31, 2015 and 2014, respectively (see Note 13).

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

Prior to 2014, the Group accounted for its investment in WBSI shares and payments made to WBSI former stockholders as receivables in view of the Group's right to refund from WBSI former stockholders the total payments made if the water permits inherent in the project are not secured.

In 2014, MAPDC entered into compromise agreement with the former stockholders of WBSI where a final consideration for the acquisition of the Water Project was agreed regardless if whether the water permits in the project are secured. This event confirmed the control of MAPDC over WBSI. Accordingly, WBSI, as well as CBRI, which is WBSI's wholly owned subsidiary, were consolidated with the Group starting in 2014 (see Note 15).

Assessment whether SNVRDC is an operator under Philippine Interpretation IFRIC 12
Management has assessed that MAPDC's memorandum of agreement with the Municipality of Solano, Nueva Vizcaya (Solano) to provide water distribution facilities is covered by the Philippine Interpretation IFRIC 12. MAPDC has assigned to SNVRDC the rights and obligations under the memorandum of agreement. The memorandum of agreement qualifies under the intangible asset model with respect to the operation of the waterwork facilities as SNVRDC has the right (license) to charge users of public service (see Note 14).

Assessment of control or significant influence over the investee
The Group make an assessment whether or not it controls an investee by considering all relevant facts and circumstances that indicates that the Group are exposed, or have rights, to variable returns from their involvement with the investee and have 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 have significant influence over an investee if they only have the power to participate in the financial and operating policy decisions, but not control or joint control over it. As of December 31, 2015 and 2014, the Group has still determined that it controls its subsidiaries and has significant influence over its associates.

Classification of lease arrangements - the Group as Lessee and Lessor
The Group has property leases where it has determined that the risks and rewards related to such property are retained with the lessor (e.g., no transfer of ownership of leased assets by the end of

the lease term). Both the lease and sub-lease agreements are accounted for as operating leases. Rental income amounted to ₱161.5 million in 2015, 2014 and 2013 (see Note 18). Rental expense amounted to ₱212.4 million, ₱197.5 million and ₱195.2 million in 2015, 2014 and 2013, respectively (see Notes 19, 20 and 28).

Determination of indicators of impairment of nonfinancial assets
The Group assesses at each reporting date whether there is any indication that its investments in associates, property and equipment, investment property, deferred project costs, service concession right and input and other taxes 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.

Management believes that there are no impairment indicators on its investments in associates, property and equipment, investment property, deferred project costs, service concession right and deferred mine exploration costs as of December 31, 2015 and 2014.

In 2015 and 2014, LTP reported positive results from its operations. Management believes that LTP will continue to report positive results of operations in the next years based on the associate's operating budget. Accordingly, management believes that the 2013 indication of impairment is no longer present.

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 financial statements. Accordingly, no provision has been recognized for these contingencies.

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

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

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

assumptions about these factors could affect the reported fair value of financial instruments. See Note 31 for further disclosures.

Determination of fair value of investment property
The Group's fair value of investment property is valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. As of December 31, 2015 and 2014, the fair value of the investment property is based on valuation performed by an accredited and independent valuer (see Note 12).

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

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

The carrying value of the Group's receivables amounted to ₱554.6 million and ₱408.8 million as of December 31, 2015 and 2014, respectively. Allowance for doubtful accounts amounted to ₱13.2 million and ₱13.1 million as of December 31, 2015 and 2014, respectively (see Note 6).

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

Estimation of useful life of service concession right
At the start of operation of the water work facilities, the service concession assets are to be amortized over the concession period until February 11, 2038 as provided in the Agreement. The amortization period are 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. As of December 31, 2015, the Group has not started the amortization of the service concession asset as the commercial operations has not commenced.

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 December 31, 2015 and 2014, the carrying value of input taxes and TCCs amounted to ₱210.7 million and ₱203.0 million, respectively. Allowance for probable losses amounted to ₱127.8 million and ₱72.3 million, respectively (see Notes 8 and 15).

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

The carrying value of property and equipment as of December 31, 2015 and 2014 amounted to ₱424.0 million and ₱395.3 million, respectively (see Note 11).

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires the estimation of value-in-use of the cash generating unit to which goodwill relates. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. For the purpose of impairment testing, goodwill has been allocated to MACS, the cash generating unit. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets as approved by management covering a three-year projection. The projected cash flows was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the three year period are extrapolated into perpetuity assuming a zero growth rate, for impairment test purposes. The discount rate was a pre-tax measure based on the weighted average cost of capital of listed entities with similar assets or similar in terms of potential risk. The discount rate used is 14% in 2015 and 9% in 2014 and 2013.

Management believes that no reasonably possible change in any of the above assumptions would cause the carrying value of the goodwill to exceed its recoverable amount.

Based on management's assessment, the recoverable amount of the goodwill is higher than the carrying value, thus no impairment loss was noted on the goodwill with carrying amount of ₱17.5 million as of December 31, 2015 and 2014 (see Note 15).

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 benefits payable amounted to ₱11.0 million and ₱15.3 million as of December 31, 2015 and 2014, respectively (see Note 21). Plan asset amounted to ₱4.9 million and ₱0.1 million as of December 31, 2015 and 2014, respectively, and is included under "Deposits and other noncurrent assets" account (see Note 15). Retirement benefits cost amounted to ₱19.0 million, ₱16.4 million and ₱25.2 million in 2015, 2014 and 2013, respectively

(see Note 21). Accumulated leave credits amounted to ₱10.9 million and ₱10.0 million as of December 31, 2015 and 2014, respectively (see Note 21).

Estimation of provisions for probable loss
The Group is a party to certain claims arising from the normal course of business. The estimate of probable costs of possible claims has been developed in consultation with the Company's legal counsel and is based upon an analysis of potential results. In 2015, 2014 and 2013, the Group recognized provision for contingencies amounting to ₱8.2 million, ₱3.8 million and ₱4.7 million, respectively. Outstanding amounts of provision which are included as part of "Accounts payable and accrued liabilities" amounted to ₱9.7 million and ₱6.7 million as of December 31, 2015 and 2014, respectively (see Note 17). The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's negotiation with the third party.

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

Gross deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱49.7 million and ₱31.4 million as of December 31, 2015 and 2014, respectively. The Group also has unrecognized deferred income taxes primarily on the non-operating subsidiaries' temporary differences, NOLCO and MCIT (see Note 25).

4. Segment Information

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

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

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

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

- Rental and administrative segment, which is primarily operated through MAPDC, pertains to the sub-lease of the MacroAsia Ecozone at NAIA (see Note 28), which MAPDC leases from Manila International Airport Authority (MIAA) with LTP as the anchor locator (see Note 18).

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

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

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

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

The Group has only one geographic segment. There were no inter-segment sales in 2015, 2014 and 2013. In 2015, 2014 and 2013, ₱342.8 million (or 18%), ₱245.0 million (or 15%) and ₱236.6 million (or 15%), respectively, of the Group's total revenue was derived from two customers. For this purpose, the customers pertain to an entity known to the Group to be under common control.

Segment assets include the operating assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, other current assets and property and equipment, net of allowances, depreciation and any impairment in value. Segment liabilities include all operating liabilities for and consist principally of notes payable, accounts payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes. Segment results pertain to operating income.

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

For the year ended December 31, 2015:

	Inflight and other catering	Groundhandling and aviation	Rental and administrative	Water-related projects	Charter flights	Mining	Maintenance repairs and overhaul	Eliminations, Adjustments and Others	Total
Segment revenue	₱1,168,768,029	₱516,924,220	₱189,068,548	₱–	₱11,187,913	₱36,509,913	₱–	(₱1,012,005)	₱1,921,446,618
Direct costs	(798,529,480)	(418,451,527)	(177,713,448)	–	(10,562,021)	(39,860,820)	–	1,266,647	(1,443,850,649)
Gross profit	370,238,549	98,472,693	11,355,100	–	625,892	(3,350,907)	–	254,642	477,595,969
Equity in net earnings of associates	27,760,661	–	–	–	–	–	285,644,572	–	313,405,233
	397,999,210	98,472,693	11,355,100	–	625,892	(3,350,907)	285,644,572	254,642	791,001,202
Operating expenses	(303,705,310)	(69,336,493)	(40,015,423)	(17,801,734)	(2,981,050)	(4,208,800)	–	(20,747,462)	(458,796,272)
Interest income	150,646	89,775	879,784	18,865	9,408	3,255	–	8,064,829	9,216,562
Financing charges	–	(3,398,516)	(814,576)	–	–	–	–	–	(4,213,092)
Other income	24,859,820	4,315,682	33,898,880	166,121	4,204,552	–	–	(16,616,004)	50,829,051
Income (loss) before income tax	119,304,366	30,143,141	5,303,765	(17,616,748)	1,858,802	(7,556,452)	285,644,572	(29,043,995)	388,037,451
Provision for income tax	(30,641,199)	(11,318,346)	(571,814)	–	(624,568)	(651)	–	(3,522,376)	(46,678,954)
Segment profit (loss)	₱88,663,167	₱18,824,795	₱4,731,951	(₱17,616,748)	₱1,234,234	(₱7,557,103)	₱285,644,572	(₱32,566,371)	₱341,358,497
Depreciation and amortization expense	₱20,379,615	₱32,982,102	₱1,935,613	₱1,867,768	₱1,260,748	₱5,792,035	₱–	₱12,447,858	₱76,665,739
Segment profit attributable to:									
Equity holders of the Company	74,536,344	18,824,795	4,731,951	(17,616,014)	1,234,234	(7,557,103)	285,644,572	(32,048,194)	327,750,585
Non-controlling interests	14,126,824	–	–	(734)	–	–	–	(518,178)	13,607,912

Other financial information of the operating segments as of December 31, 2015 is as follows:

	Inflight and other catering	Groundhandling and aviation	Rental and administrative	Water-related projects	Charter flights	Mining	Maintenance repairs and overhaul	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	**₱559,301,253**	**₱165,101,679**	**₱308,706,992**	**₱71,396,136**	**₱31,769,971**	**₱28,162,032**	**₱–**	**₱298,641,053**	**₱1,463,079,116**
Noncurrent assets	**258,224,937**	**163,721,684**	**595,919,456**	**365,128,653**	**3,696,806**	**16,635,406**	**–**	**1,172,285,333**	**2,575,612,275**
	₱817,526,190	**₱328,823,363**	**₱904,626,448**	**₱436,524,789**	**₱35,466,777**	**₱44,797,438**	**₱–**	**₱1,470,926,386**	**₱4,038,691,391**
Liabilities:									
Current liabilities	**₱399,163,113**	**₱115,912,051**	**₱267,224,763**	**₱282,801,095**	**₱16,564,635**	**₱56,663,121**	**₱–**	**(₱601,266,801)**	**₱537,061,977**
Noncurrent liabilities	**9,532,317**	**37,421,235**	**146,660,747**	**199,000**	**252,091**	**2,233,184**	**–**	**8,654,900**	**204,953,474**
	₱408,695,430	**₱153,333,286**	**₱413,885,510**	**₱283,000,095**	**₱16,816,726**	**₱58,896,305**	**₱–**	**(₱592,611,901)**	**₱742,015,451**
Equity attributable to:									
Equity holders of the Company	**₱289,195,117**	**₱175,490,077**	**₱490,740,938**	**₱142,359,694**	**₱18,650,051**	**(₱14,098,867)**	**₱–**	**₱2,060,689,462**	**₱3,163,026,472**
Non-controlling interests	**119,635,643**	**–**	**–**	**11,165,000**	**–**	**–**	**–**	**2,848,825**	**133,649,468**
Investments in associates	**17,292,204**	**–**	**–**	**–**	**–**	**–**	**965,577,786**	**–**	**982,869,990**
Additions to noncurrent assets:									
Property, plant and equipment	**39,728,745**	**37,247,660**	**1,571,691**	**2,257,365**	**431,476**	**4,082,196**	**–**	**20,083,982**	**105,403,115**

For the year ended December 31, 2014:

	Inflight and other catering	Groundhandling and aviation	Rental and administrative	Water-related projects	Charter flights	Mining	Maintenance repairs and overhaul	Eliminations, Adjustments and Others	Total
Segment revenue	₱1,046,764,899	₱440,562,222	₱188,881,639	₱–	₱12,079,872	₱34,904,148	₱–	₱–	₱1,723,192,780
Direct costs	(734,878,489)	(372,505,516)	(176,652,833)	–	(9,210,054)	(35,657,085)	–	–	(1,328,903,977)
Gross profit	311,886,410	68,056,706	12,228,806	–	2,869,818	(752,937)	–	–	394,288,803
Equity in net earnings of associates	17,289,917	–	–	–	–	–	110,936,907	–	128,226,824
	329,176,327	68,056,706	12,228,806	–	2,869,818	(752,937)	110,936,907	–	522,515,627
Operating expenses	(290,243,399)	(50,683,289)	(14,025,149)	–	(4,613,123)	(3,894,375)	–	(64,181,917)	(427,641,252)
Interest income	179,621	149,385	746,097	21,164	258,742	15,287	–	11,476,767	12,847,063
Financing charges	–	(4,702,233)	(706,567)	–	–	–	–	689,246	(4,719,554)
Other income	28,133,926	1,060,576	3,692,778	–	5,102,423	1,382	–	4,922,739	42,913,824
Income (loss) before income tax	67,246,475	13,881,145	1,935,965	21,164	3,617,860	(4,630,643)	110,936,907	(47,093,166)	145,915,708
Provision for income tax	(15,200,938)	(5,376,968)	(731,419)	–	(1,603,530)	(1,952)	–	(1,090,612)	(24,005,419)
Segment profit (loss)	₱52,045,537	₱8,504,177	₱1,204,546	₱21,164	₱2,014,330	(₱4,632,595)	₱110,936,907	(₱48,183,777)	₱121,910,289
Depreciation and amortization expense	₱53,932,094	₱31,854,805	₱1,910,900	₱–	₱1,372,546	₱2,622,945	₱–	₱9,940,610	₱101,633,900
Segment profit attributable to:									
Equity holders of the Company	45,094,413	8,504,177	1,204,546	(20,657,793)	766,509	(4,632,595)	110,936,907	(8,946,744)	114,979,503
Non-controlling interests	6,951,124	–	–	(20,338)	–	–	–	–	6,930,786

Other financial information of the operating segments as of December 31, 2014 is as follows:

	Inflight and other catering	Groundhandling and aviation	Rental and administrative	Water-related projects	Charter flights	Mining	Maintenance repairs and overhaul	Eliminations, Adjustments and Others	Total
Assets:									
Current assets	₱371,186,010	₱174,622,265	₱118,702,491	₱90,038,570	₱35,398,951	₱26,053,738	₱–	₱419,303,845	₱1,235,305,870
Noncurrent assets	260,972,721	146,644,296	578,042,357	123,858,097	4,540,415	242,469,647	–	734,773,627	2,091,301,160
	₱632,158,731	₱321,266,561	₱696,744,848	₱213,896,666	₱39,939,366	₱268,523,385	₱–	₱1,154,077,472	₱3,326,607,030
Liabilities:									
Current liabilities	₱276,135,376	₱94,694,680	₱389,241,493	₱118,682,864	₱22,730,494	₱40,567,262	₱–	(₱646,393,032)	₱295,659,137
Noncurrent liabilities	9,589,423	63,328,617	134,426,327	–	211,541	3,114,158	–	9,902,519	220,572,585
	₱285,724,799	₱158,023,297	₱523,667,820	₱118,682,864	₱22,942,035	₱43,681,420	₱–	(₱636,490,513)	₱516,231,722
Equity attributable to:									
Equity holders of the Company	₱277,147,146	₱163,243,264	₱173,077,028	₱94,785,070	₱16,997,332	₱224,841,965	₱–	₱1,790,567,984	₱2,740,659,789
Non-controlling interests	69,286,786	–	–	428,733	–	–	–	–	69,715,519
Investments in associates	16,748,796	–	–	–	–	–	644,960,670	–	661,709,466
Additions to noncurrent assets:									
Property, plant and equipment	21,191,943	17,413,349	93,621,018	1,725,035	138,270	4,658,458	–	4,854,597	143,602,670

For the year ended December 31, 2013:

	Inflight and other catering	Groundhandling and aviation	Rental and administrative	Water-related projects	Charter flights	Mining	Maintenance repairs and overhaul	Eliminations, Adjustments and Others	Total
Segment revenue	₱991,894,569	₱413,258,559	₱187,921,638	₱–	₱7,881,517	₱9,163,174	₱–	₱–	₱1,610,119,457
Direct costs	(690,509,483)	(344,225,185)	(175,900,641)	–	(7,578,337)	(11,406,071)	–	–	(1,229,619,717)
Gross profit	301,385,086	69,033,374	12,020,997	–	303,180	(2,242,897)	–	–	380,499,740
Equity in net earnings of associates	11,814,259	–	–	–	–	–	(263,682,740)	–	(251,868,481)
	313,199,345	69,033,374	12,020,997	–	303,180	(2,242,897)	(263,682,740)	–	128,631,259
Operating expenses	(248,436,428)	(52,159,090)	(8,917,003)	(2,674,921)	(6,377,320)	(1,279,484)	–	(55,799,572)	(375,643,818)
Interest income	232,433	167,887	685,457	34,327	257,355	(28,246)	–	18,535,550	19,884,763
Financing charges	(67,951)	(2,901,016)	(612,880)	–	–	–	–	2,968,967	(612,880)
Other income	13,377,312	4,779,517	17,448,044	–	6,780,282	–	–	59,178,382	101,563,537
Income (loss) before income tax	78,304,711	18,920,672	20,624,615	(2,640,594)	963,497	(3,550,627)	(263,682,740)	24,883,327	(126,177,139)
Provision for income tax	(20,385,257)	(6,162,603)	(684,355)	684,355	(476,781)	(3,299,264)	–	(4,341,927)	(34,665,832)
Segment profit (loss)	₱57,919,454	₱12,758,069	₱19,940,260	(₱1,956,239)	₱486,716	(₱6,849,891)	(₱263,682,740)	₱20,541,400	(₱160,842,971)
Depreciation and amortization expense	₱50,958,133	₱27,670,207	₱2,051,716	₱156,350	₱1,251,135	₱3,464,314	₱–	₱8,903,424	₱94,455,279
Segment profit attributable to:									
Equity holders of the Company	36,897,333	12,652,625	19,940,260	(1,936,435)	(496,263)	(6,849,890)	(263,682,740)	33,427,610	(170,047,500)
Non-controlling interests	9,224,333	–	–	(19,804)	–	–	–	–	9,204,529

5. Cash and cash equivalents

	2015	2014
Cash on hand and cash in banks (Note 18)	**₱237,417,826**	₱150,018,490
Short-term deposits (Note 18)	**455,908,001**	531,219,043
	₱693,325,827	₱681,237,533

Cash in banks earn interest at the respective bank deposits rates. Short-term deposits are made for varying periods of up to three months and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱6.5 million, ₱7.6 million and ₱11.0 million in 2015, 2014 and 2013, respectively (see Note 22).

6. Receivables

	2015	2014
Trade:		
Third parties	**₱426,559,664**	₱322,995,497
Related parties (Note 18)	**92,178,987**	49,711,414
Due from:		
Officers and employees	**15,476,326**	16,907,870
Suppliers, contractors and others	**7,696,311**	16,574,378
Interest receivable	**3,028,390**	2,573,415
Other receivables	**22,889,299**	13,071,974
	567,828,977	421,834,548
Less allowance for doubtful accounts	**13,240,647**	13,083,870
	₱554,588,330	₱408,750,678

Trade receivables arise from the revenue-generating activities of the Group. These are non-interest bearing with normal credit terms ranging from 30 to 60 days.

Due from officers and employees pertains to cash advances that are subject to liquidation.

Due from suppliers, contractors and others pertain to down payments for various purchases of the Group.

Other receivables pertain to amounts due from certain airline clients for the processing of client's landing in aviation areas in the NAIA.

A reconciliation of the allowance for doubtful accounts for trade receivables (all arising from specific impairment) by class is as follows:

	MACS	MAATS	MASCORP	Total
December 31, 2012	**₱6,647,720**	**₱1,257,621**	**₱–**	**₱7,905,341**
Provision (Note 20)	2,400,000	–	1,278,529	3,678,529
December 31, 2013	**9,047,720**	**1,257,621**	**1,278,529**	**11,583,870**
Provisions (Note 20)	1,500,000	–	–	1,500,000
December 31, 2014	**10,547,720**	**1,257,621**	**1,278,529**	**13,083,870**
Provisions (Note 20)	156,777	–	–	156,777
December 31, 2015	**₱10,704,497**	**₱1,257,621**	**₱1,278,529**	**₱13,240,647**

7. Inventories

	2015	2014
At net realizable value:		
Food and beverage - net of allowance for probable losses of ₱1.0 million in 2015 and 2014	**₱38,308,543**	₱38,409,554
At cost - materials and supplies	**4,380,989**	5,656,030
	₱42,689,532	₱44,065,584

Cost of inventories recognized as expense and included in the direct costs amounted to ₱494.9 million, ₱412.8 million and ₱408.8 million in 2015, 2014 and 2013, respectively (see Note 19).

8. Input VAT, Tax Credit Certificates and Other Current Assets

a. Input VAT consists of:

	2015	2014
Gross input tax	**₱267,131,213**	₱226,526,961
Less allowance for probable losses	**122,020,093**	72,303,644
	145,111,120	154,223,317
Less noncurrent portion	**96,448,605**	128,711,152
	₱48,662,515	₱25,512,165

Input taxes represent VAT paid on purchases of goods and services that can be recovered as tax refund/credit from the Bureau of Internal Revenue (BIR) or the Bureau of Customs. The Group also has input taxes arising from acquisition of property and equipment and other assets and those which are not expected to be utilized in the next 12 months. Provision for losses on input taxes amounted to ₱49.7 million, ₱31.3 million and ₱3.9 million in 2015, 2014 and 2013, respectively (see Note 20).

In 2014, the Group wrote off input taxes amounting to ₱43.1 million which is fully provided with allowance and ₱25.4 million as direct write-off.

b. Tax Credit Certificates consist of:

	2015	2014
Tax credit certificate	**₱71,357,516**	₱48,818,024
Less allowance for probable losses	**5,768,372**	–
	65,589,144	48,818,024
Less noncurrent portion	–	18,080,753
	₱65,589,144	₱30,737,271

The TCCs are available for cash monetization. As of December 31, 2015 and 2014, the outstanding TCCs amounted to ₱65.6 million and ₱48.8 million, respectively.

The TCCs presented in the noncurrent assets pertain to those with cash monetization schedule with maturity of more than one year as of reporting date. This amounted to ₱18.1 million as of December 31, 2014 (see Note 15).

c. Other current assets consist of:

	2015	2014
Prepaid expenses	**₱37,256,474**	₱12,848,403
Creditable withholding and prepaid taxes	**8,958,600**	12,649,227
Unconsumed supplies	**6,978,302**	6,476,989
Restricted short-term investment	**–**	11,329,160
Others	**5,030,392**	1,698,860
	₱58,223,768	₱45,002,639

Restricted short-term investment pertains to a time deposit placed by MACS to guaranty an institutional catering contract. In 2015, the time deposit matured and was renewed by MACS with a two-year term. Accordingly, this was presented as part of "Deposits and other noncurrent assets" in the 2015 consolidated balance sheet.

Unconsumed supplies pertain to various supplies which are expensed as used by MASCORP (e.g., fuel and minor spare parts of ground support equipment).

Prepaid expenses and others mostly consist of prepaid insurance, rent and utilities.

9. Investments in Associates

	Percentage of ownership interest	**2015**	2014
Acquisition costs:			
LTP	**49**	**₱935,759,560**	₱935,759,560
CPCS	**40**	**5,000,000**	5,000,000
MacroAsia WLL	**35***	**2,310,175**	2,310,175
		943,069,735	943,069,735
Accumulated equity in net earnings:			
Beginning of year		**(38,619,271)**	(148,846,095)
Share in net earnings for the year		**313,405,233**	128,226,824
Dividends declared to the Company		**(26,000,000)**	(18,000,000)
End of year		**248,785,962**	(38,619,271)
Share in re-measurement losses on defined benefit plan of associates:			
Beginning of year		**(70,629,572)**	(155,662,465)
Remeasurement gains (losses) on defined benefit plan for the year		**(9,265,974)**	85,032,893
End of year		**(79,895,546)**	(70,629,572)
Share in foreign currency translation adjustments:			
Beginning of year		**(172,111,426)**	(176,800,404)
Net foreign currency translation adjustments for the year		**43,267,780**	4,688,978
End of year		**(128,843,646)**	(172,111,426)
Impairment loss on investment in MacroAsia WLL (Note 20)		**(246,515)**	–
		₱982,869,990	₱661,709,466

** Effective ownership interest through MACS*

As of December 31, 2015 and 2014, the shares of stock of the associated companies are not traded in public and as such, have no publicly traded price quotation.

In 2015, the Group recognized provision for the probable loss on the investment in immaterial associate equivalent to its remaining carrying amount.

LTP

On July 12, 2000, the Company entered into an agreement with Lufthansa Technik AG, a corporation organized and existing under the laws of the Federal Republic of Germany, and formed LTP. LTP provides maintenance, repairs and overhaul services on aircraft and components at the NAIA, MCIAA, Diosdado Macapagal International Airport and Davao International Airport. The agreement provides for supermajority (i.e., two-thirds) vote of directors for the approval of the annual budget as well as other critical corporate acts of the agreement. The registered office address of LTP is LTP Technical Center, MacroAsia Ecozone, Villamor Airbase, Pasay City.

CPCS

CPCS is the Company's first in-flight catering venture, which started commercial operations in 1996. It is the only in-flight catering company at Mactan-Cebu International Airport and serves both domestic and international airlines. The registered office address of the CPCS is 1st Ave. Extension, Block B6, MEZ I, Lapu-lapu City.

MacroAsia WLL

On June 5, 2012, MACS entered into a Shareholders' Agreement with individuals to establish MacroAsia WLL, a national institutional catering and laundry company in Doha, Qatar. As of December 31, 2015, MacroAsia WLL has not yet started its commercial operations.

Summarized financial information of the associates as of and for the years ended December 31 is as follows:

	2015	
	LTP	**CPCS**
Current assets	**₱2,800,781,030**	**₱56,291,936**
Noncurrent assets	**3,179,047,615**	**3,125,016**
Current liabilities	**2,728,772,970**	**16,186,437**
Noncurrent liabilities	**1,280,488,764**	**–**
Equity before foreign currency translation adjustments	**2,233,513,124**	**43,230,513**
Foreign currency translation adjustments	**(262,946,216)**	**–**
Equity	**1,970,566,908**	**43,230,513**
Proportion of the Group's ownership	**49%**	**40%**
Carrying amount of the investment	**₱965,577,785**	**₱17,292,205**
Revenue	**₱7,740,773,739**	**₱184,569,109**
Direct costs	**5,789,918,425**	**101,292,270**
Gross profit	**1,950,855,314**	**83,276,839**
Net income	**582,948,106**	**69,401,652**
Other comprehensive income	**(16,929,056)**	**(2,426,842)**
Total comprehensive income	**566,019,050**	**66,974,810**
Proportion of the Group's ownership	**49%**	**40%**
Group's share in total comprehensive income	**₱277,349,335**	**₱26,789,924**

	2014	
	LTP	CPCS
Current assets	₱2,864,678,992	₱51,800,017
Noncurrent assets	2,593,870,592	6,315,059
Current liabilities	2,609,308,025	16,859,374
Noncurrent liabilities	1,532,995,294	–
Equity before foreign currency translation adjustments	1,667,494,073	41,255,702
Foreign currency translation adjustments	(351,247,808)	–
Equity	1,316,246,265	41,255,702
Proportion of the Group's ownership	49%	40%
Carrying amount of the investment	₱644,960,670	₱16,502,281
Revenue	₱6,150,493,011	₱136,079,822
Direct costs	4,409,561,214	79,644,445
Gross profit	1,740,931,797	56,435,377
Net income	226,401,850	43,224,793
Other comprehensive income	173,058,364	585,732
Total comprehensive income	399,460,214	43,810,525
Proportion of the Group's ownership	49%	40%
Group's share in total comprehensive income	₱195,735,505	₱17,524,210

The Group has interest in an immaterial associate that is accounted for using the equity method. The financial information of this associate follows:

The carrying amount of immaterial associate as of December 31, 2014 amounted to ₱246,515 (nil in 2015).

The associates have no contingent liabilities or capital commitments as of December 31, 2015 and 2014.

10. Material Partly-owned Subsidiary

Set out below are the summarized financial information of MACS that has non-controlling interest that is material to the Group. The amounts disclosed are based on those included in the consolidated financial statements before intercompany eliminations.

Summarized balance sheets:

	2015	2014
Current assets	**₱559,301,253**	₱371,186,010
Noncurrent assets	**258,224,937**	260,972,721
Current liabilities	**399,163,113**	276,135,377
Noncurrent liabilities	**9,532,317**	9,589,423
Equity -	**408,830,760**	346,433,931
Attributable to non-controlling interest	**120,168,736**	69,286,786

Summarized statements of income:

	2015	2014
Revenue	**₱1,168,768,029**	₱1,046,764,900
Direct costs	**798,529,480**	734,878,490
Operating expenses	**303,705,310**	290,243,399
Net income -	**60,947,699**	34,755,620
Attributable to non-controlling interest	**14,141,738**	6,951,124

Summarized statements of comprehensive income:

	2015	2014
Net income	**₱60,947,699**	₱34,755,620
Other comprehensive income	**1,498,183**	3,084,043
Total comprehensive income	**62,445,882**	37,839,663
Attributable to non-controlling interest	**14,467,036**	7,567,933

Summarized statements of cash flows:

	2015	2014
Cash flows from operations	**₱114,348,448**	₱42,242,833
Cash flows used in investing activities	**(49,729,345)**	(32,521,103)
Cash flows used in financing activities	**–**	(20,000,000)

Effective on September 14, 2015, the 13% ownership of the Company to MACS amounting to ₱36.4 million was sold and transferred to the noncontrolling interests (see Note 27).

11. Property and Equipment

	2015			
	January 1, 2015	**Additions**	**Disposal**	**December 31, 2015**
Cost				
Land and land improvements	**₱124,370,916**	**₱–**	**₱–**	**₱124,370,916**
Building and leasehold improvements	**354,523,897**	**7,050,640**	**–**	**361,574,537**
Kitchen and other operations equipment	**290,746,668**	**25,356,463**	**–**	**316,103,131**
Transportation equipment	**180,060,222**	**32,511,291**	**(953,604)**	**211,617,909**
Helicopter unit and spare parts	**115,646,739**	**4,349,889**	**–**	**119,996,628**
Aviation equipment	**248,001,682**	**24,921,842**	**–**	**272,923,524**
Drilling equipment	**5,735,469**	**–**	**–**	**5,735,469**
Office furniture, fixtures and equipment	**67,129,997**	**10,378,441**	**(34,294)**	**77,474,144**
Construction in progress	**–**	**834,549**	**–**	**834,549**
	1,386,215,590	**105,403,115**	**(987,898)**	**1,490,630,807**
Accumulated Depreciation and Amortization				
Land improvements	**(10,392,156)**	**(90,179)**	**–**	**(10,482,335)**
Buildings and leasehold improvements	**(314,085,423)**	**(12,865,180)**	**–**	**(326,950,603)**
Kitchen and other operations equipment	**(241,268,893)**	**(13,222,271)**	**–**	**(254,491,164)**

(Forward)

	2015			
	January 1, 2015	**Additions**	**Disposal**	**December 31, 2015**
Accumulated Depreciation and Amortization				
Transportation equipment	**(₱124,886,931)**	**(₱15,207,724)**	**₱953,601**	**(₱139,141,054)**
Helicopter unit and spare parts	**(81,941,473)**	**(7,458,513)**	**–**	**(89,399,986)**
Aviation equipment	**(145,246,551)**	**(21,209,357)**		**(166,455,908)**
Drilling equipment	**(5,735,469)**	**–**	**–**	**(5,735,469)**
Office furniture, fixtures and equipment	**(67,401,196)**	**(6,612,515)**	**34,287**	**(73,979,424)**
	(990,958,092)	**(76,665,739)**	**987,888**	**(1,066,635,943)**
Net Book Value	**₱395,257,498**	**₱28,737,376**	**(₱10)**	**₱423,994,864**

	2014					
	January 1, 2014	Acquisition from WBSI (Note 14)	Additions	Disposal	Reclassification	December 31, 2014
Cost						
Land and land improvements	₱31,931,927	₱–	₱92,438,989	₱–	₱–	₱124,370,916
Building and leasehold improvements	346,237,671	1,418,824	6,867,402	–	–	354,523,897
Kitchen and other operations equipment	275,276,801	59,764	15,410,103	–	–	290,746,668
Transportation equipment	175,990,514	2,789,242	5,307,414	(4,026,948)	–	180,060,222
Helicopter unit and spare parts	114,143,490	–	1,503,249	–	–	115,646,739
Aviation equipment	233,388,859	–	15,115,404	(502,581)	–	248,001,682
Drilling equipment	5,735,469	–	–	–	–	5,735,469
Office furniture, fixtures and equipment	59,688,382	528,895	6,960,109	(47,389)	–	67,129,997
Construction in progress	28,702,186	–	–	–	(28,702,186)	–
	1,271,095,299	4,796,725	143,602,670	(4,576,918)	(28,702,186)	1,386,215,590
Accumulated Depreciation and Amortization						
Land improvements	(10,350,280)	–	(41,876)	–	–	(10,392,156)
Building and leasehold improvements	(274,917,289)	(402,001)	(38,766,133)	–	–	(314,085,423)
Kitchen and other operations equipment	(225,790,737)	(29,165)	(15,448,991)	–	–	(241,268,893)
Transportation equipment	(113,210,970)	(1,301,645)	(14,401,259)	4,026,943	–	(124,886,931)
Helicopter unit and spare parts	(74,045,305)	–	(7,896,168)	–	–	(81,941,473)
Aviation equipment	(126,537,747)	–	(19,211,377)	502,573	–	(145,246,551)
Drilling equipment	(5,410,950)	–	(324,519)	–	–	(5,735,469)
Office furniture, fixtures and equipment	(61,609,944)	(290,243)	(5,543,577)	42,568	–	(67,401,196)
	(891,873,222)	(2,023,054)	(101,633,900)	4,572,084	–	(990,958,092)
Net Book Value	₱379,222,077	₱2,773,671	₱41,968,770	(₱4,834)	(₱28,702,186)	₱395,257,498

Acquisitions of property and equipment on credit amounting to ₱1.8 million and ₱1.4 million in 2015 and 2014, respectively, are included as part of "Accounts payable and accrued liabilities" account as of December 31, 2015 and 2014, respectively. These are treated as noncash investing activities in the consolidated statements of cash flows. The outstanding amount in 2014 was paid in 2015.

Depreciation and amortization is distributed as follows:

	2015	2014	2013
Direct costs (Note 19)	**₱58,448,987**	₱72,752,447	₱68,126,740
General and administrative expenses (Note 20)	**18,216,752**	28,881,453	26,328,539
	₱76,665,739	₱101,633,900	₱94,455,279

The helicopter unit was depreciated based on 170, 139 and 176 flying hours in 2015, 2014 and 2013, respectively.

The costs of fully depreciated property and equipment which are still in use amounted to ₱733.4 million and ₱821.3 million as of December 31, 2014 and 2013, respectively.

12. Investment Property

The Group's investment property pertains to a parcel of land held for future development which amounted to ₱143.9 million as of December 31, 2015 and 2014. In 2013, the Group recognized full recovery of impairment losses on investment property (see Note 22). The fair value of the investment property amounted to ₱258.0 million which is based on the appraisal report rendered by a Philippine SEC-accredited professional firm of appraisers as of March 18, 2015 (see Note 31).

The independent appraiser used the "Market Data Approach" in valuing the property. This approach considers the sales and listings and other market data of comparable properties registered within the vicinity of the property being valued. Factors such as location, size, shape of lot, highest and best use and time element were also taken into consideration in order to estimate the fair value of the property.

Operating expense incurred in relation to investment property pertains to real property taxes which are included as part of "Taxes and licenses" and amounted to ₱0.4 million in 2015 and ₱0.2 million in 2014 and 2013 (see Note 20).

There are neither restrictions on the realizability of investment property nor contractual obligations to develop or maintain such property.

13. AFS Investments

	2015	2014
Debt - Philippine government treasury bonds	**₱65,630,600**	₱66,197,600
Equity - Golf club share and other proprietary and equity shares	**40,138,300**	37,138,300
	₱105,768,900	₱103,335,900

Investment in bonds

a. The Company had investments in Philippine government treasury bonds which carry interest rates of 3.25% to 6% in 2015, 2014 and 2013. The effective interest rates are 3% in 2015, and 6% in 2014 and 2013.

   In 2013, the Company disposed some of its outstanding investments in Philippine government treasury bonds amounting to ₱109.4 million, realizing a total gain of ₱41.2 million (see Note 22). Total proceeds from the sale amounted to ₱244.8 million.

   As of December 31, 2015 and 2014, outstanding investment in Philippine government treasury bonds amounted to ₱65.6 million and ₱66.2 million, respectively.

Total interest earned from these government bonds (including the amortization of premium) amounted to ₱1.8 million, ₱2.3 million and ₱1.1 million in 2015, 2014 and 2013 respectively (see Note 22).

b. In prior years, the Company had investments in various corporate bonds. In 2013, the Company disposed certain investments in corporate bonds for a total gain of ₱8.6 million (see Note 22). Total proceeds from the sale amounted to ₱176.3 million.

In 2014, the Company disposed all of its outstanding investments in corporate bonds amounting to ₱39.7 million, realizing a total gain of ₱0.8 million (see Note 22). Total proceeds from the sale amounted to ₱41.5 million.

Total interest income earned from these corporate bonds (including the amortization of premium) amounted to ₱2.3 million and ₱7.1 million in 2014 and 2013, respectively (see Note 22).

Investment in equity shares

The Group's investments in golf club share and other proprietary and equity shares are carried at fair value based on published club share quotes that are publicly available from the local dailies and from the website of club share brokers.

Fair value

The changes in fair values of AFS investments are presented in other comprehensive income and the cumulative changes in fair value are presented as "AFS investments reserve" account in equity section of the consolidated balance sheets.

The movement of AFS investments reserve follows:

	2015	2014
Beginning balance	**₱9,082,599**	₱2,688,890
Changes in fair value of AFS investments, net of tax effect amounting to (₱300,000) in 2015 and (₱700,000) in 2014	**2,133,000**	5,625,890
Fair value changes of AFS investments sold and recycled through profit or loss*	**–**	767,819
Ending balance	**₱11,215,599**	₱9,082,599

**Included under "Gain on sale of investments in bonds" account (see Note 22).*

Deferred income tax liabilities on the fair value changes of the AFS equity investments amounted to ₱1.4 million and ₱1.1 million as of December 31, 2015 and 2014, respectively (see Note 25).

14. Service Concession Right

	2015	2014
Beginning balance	**₱99,665,179**	₱–
Additions	**184,798,685**	99,665,179
Transfer from deferred project costs (Note 15)	**17,393,517**	–
	₱301,857,381	₱99,665,179

The cost of service concession right pertains to incurred construction costs in relation to the construction of water treatment plant and pipe laying activities. The amortization of the service concession right has not started as SNVRDC has not yet started its commercial operations. SNVRDC is the operating entity of the waterworks system in connection with MAPDC's agreement with the Municipality Government of Solano, Nueva Vizcaya (Solano) (see Note 28).

Pursuant to Philippine Interpretation IFRIC 12, the Group recognizes intangible assets in accordance with the accounting policies stated in Note 2. Service concession right pertains to costs incurred for the construction of the waterwork facility.

Advances to contractors pertain to SNVRDC's advance payments for its two major contractors as required by the construction agreements. The payments serve as the mobilization fee of the major contractors and are diminished by the contractors through progress billings, which is considered as non-cash activity in 2015 consolidated statement of cash flows. Outstanding balance is presented as "Advances to contractors" under "Deposits and other noncurrent assets" in the consolidated balance sheets.

15. Deposits and Other Noncurrent Assets

	2015	2014
Deferred project costs	**₱40,596,262**	₱63,473,737
Deposits (Note 28)	**24,214,691**	19,639,957
Tax credit certificates (Note 8)	**–**	18,080,753
Advances to contractors (Note 14)	**5,190,597**	48,466,997
Goodwill	**17,531,232**	17,531,232
Restricted investment (Note 8)	**11,329,160**	–
Prepaid rent (Note 28)	**7,896,833**	8,051,823
Plan asset (Note 21)	**4,946,835**	82,796
Others	**8,086,641**	451,674
	₱119,792,251	₱175,778,969

Deferred project costs

As of December 31, "Deferred project costs" include:

	2015	2014
Maragondon Bulk Water project costs	**₱34,067,350**	₱34,067,350
Engineering design, consultancy, development and geodetic surveys costs	**6,528,912**	29,406,387
	₱40,596,262	₱63,473,737

a. Maragondon Bulk Water project costs

On July 11, 2011, the Group acquired 70% of WBSI outstanding shares amounting to ₱3.3 million pursuant to a share purchase agreement between the Company and the stockholders of WBSI. On the same date, the Group entered into a sale and purchase agreement for the acquisition of the Maragondon Bulk Water Supply Project (the Water Project) from ICH. Prior to the Group's acquisition of WBSI shares, WBSI assigned and transferred its rights over the Water Project to ICH. On September 15, 2011, the Group

signed amended sale agreements, respectively with shareholders of WBSI and ICH, related to the acquisition of additional 12.6% shares in WBSI and the corresponding rights to the Maragondon Bulk Water Supply Project. Prior to 2014, the Group accounted for its investment in WBSI shares and payments made to WBSI former stockholders as "Project advances and investment" in view of the Group's right to refund from WBSI stockholders the total payments made if the water permits inherent in the project are not secured.

In 2014, the Group entered into a compromise agreement with the former stockholders of WBSI where a final consideration for the Water Project was agreed. The reduced consideration is due to the unsecured permits which are still unavailable as of date of the compromise agreement. The compromise agreement confirmed the Group's control over WBSI. Accordingly, the Group accounted for WBSI as its subsidiary (see Note 3). Further, as a result of the compromise agreement, the Group paid additional ₱18.3 million to WBSI former stockholders. As of December 31, 2015 and 2014, total payments pertaining to the Water Project amounted to ₱34.1 million, which is included as part of the "Deferred project costs" account in the consolidated balance sheets.

b. Others

In relation to the Group's water-related projects, the Group incurs expenditures related to the technical feasibility studies which include engineering designs, consultancy fees, geodetic surveys and other project costs. As of December 31, 2015 and 2014, these costs amounted to ₱6.5 million and ₱29.4 million, respectively, and are included as part of the "Deferred project costs" account in the consolidated balance sheets. In 2015, MAPDC assigned the deferred charges amounting to ₱23.0 million to SNV, which formed part of the "Service concession right" account presented in the 2015 balance sheet (see Note 14).

Goodwill
The goodwill recognized by the Group amounting to ₱17.5 million as of December 31, 2015 and 2014 resulted from the Company's acquisition of a non-controlling interest (13%) from a previous stockholder of MACS in 2006. The carrying amount of goodwill is allocated to MACS, the cash-generating unit.

16. Notes Payable

On December 23, 2013, MASCORP obtained a three-year term loan amounting to ₱27.0 million for general corporate purposes and to finance its liabilities. The loan is payable in equal monthly installments which commenced in January 2014. The loan carried an interest of 5.5% per annum subject to monthly re-pricing.

On February 25, 2014, MASCORP obtained five-year term loans from a local bank amounting to ₱37.0 million (with initial interest rate of 5.25% per annum subject to monthly re-pricing) and US$0.99 million equivalent to ₱44.5 million (with initial interest rate of 4.06% per annum, inclusive of 10.00% onshore tax subject to monthly re-pricing) to finance its liabilities. The loans will be payable in 60 equal and successive monthly amortization commencing at the end of the first month from initial drawn down date of the loan.

As of December 31, 2015 and 2014, current portion of the notes payable amounted to ₱25.7 million and ₱25.3 million while the noncurrent portion amounted to ₱36.2 million and

₱60.5 million, respectively. Interest expense incurred amounted to ₱3.4 million and ₱4.0 million in 2015 and 2014, respectively (see Note 22).

17. Accounts Payable and Accrued Liabilities

	2015	2014
Accounts payable:		
Trade	**₱120,376,674**	₱74,423,567
Non-trade	**56,783,517**	43,846,151
Related parties:		
Trade (Note 18)	**11,483,899**	14,916,247
Accrued:		
Utilities and others	**32,070,942**	20,930,663
Rental	**3,344,460**	6,837,477
Construction costs	**22,848,538**	10,962,633
Service fees (Note 28)	**13,181,684**	8,762,122
Outside services	**7,711,071**	9,575,262
Personnel cost	**2,732,180**	869,563
Provision for probable losses	**9,700,000**	6,683,857
Retentions Payable	**31,050,403**	10,599,125
Output VAT	**41,536,776**	25,285,360
Payable to government agencies	**35,112,441**	25,854,585
	₱387,932,585	₱259,546,612

Trade payables are incurred in the conduct of the Group's business with normal credit terms ranging from 30 to 45 days. Nontrade payables include concession privilege fee payable and payable to mine surveyor and subcontractor.

Provision for probable losses pertains to management's best estimate of probable costs of claims that have been developed in consultation with the Group's advisor and is based upon an analysis of potential results.

Accrued service fees pertain to the 20% (until September 13, 2015) and 33% (from September 14 to December 31, 2015) of the service fee declared by MACS, which is payable to SATS (see Note 28).

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

18. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. It includes companies in which one or more of the directors and/or shareholder of the Company either has a beneficial controlling interest or are in a position to exercise significant influence therein (i.e., affiliates). Transactions between the Company and its subsidiaries and the related balances are eliminated at consolidation and are no longer included in the disclosures.

The following tables summarize the transactions with the Group's related parties and their account balances:

(Amounts in millions)	Outstanding balance/ Amount of transactions		
Nature of Transaction	**2015**	2014	Terms and conditions
Affiliates:			
Deposits and cash equivalents (a)	**₱235.8**	₱159.2	On demand; prevailing interest rate
Interest income on deposits and cash equivalents (a)	**4.4**	3.0	On demand; prevailing interest rate
Rental deposit (b)	**0.2**	0.1	To be refunded at the end of lease term; non-interest bearing
Trust fund retirement plan (c)	**97.5**	85.6	Based on trustee agreement

(Amounts in millions)	Amount of Transactions			Outstanding Balance Receivable (Payable)		
Nature of Transaction	**2015**	2014	2013	**2015**	2014	Terms and Conditions
Affiliates:						
Interest income on deposits and cash equivalents (a)	**₱4.4**	₱3.0	₱4.0	**₱–**	₱–	On demand; prevailing interest rate
Office rent (b)	**2.9**	3.1	3.0	**–**	–	30 day, unsecured, non-interest bearing, unimpaired
Service fees from ground handling services (e and f)	**276.7**	233.4	236.6	**63.7**	47.7	30 day, unsecured, non-interest bearing, unimpaired
Equipment rent (h and l)	**4.0**	2.1	2.7	**(3.3)**	(7.1)	On-demand, unsecured, non-interest bearing
Catering services (k, n and o)	**65.2**	–	–	**26.7**	1.9	30 day, unsecured, non-interest bearing, unimpaired
share in passenger lounge (j)	**–**	0.1	4.7	**(7.5)**	(7.5)	On-demand, unsecured, non-interest bearing
Share in rental and utilities in MIAA (i)	**1.2**	1.4	1.2	**(0.9)**	(0.4)	On-demand, unsecured, non-interest bearing
Associated companies:						
Rent and administrative income from sublease of land (d)	**186.6**	188.9	187.9	**118.4**	118.0	25 years, non-interest bearing, includes impact of straight-line recognition of lease income
Service fee from contracted ground handling services (g)	**1.6**	–	–	**–**	–	30 day, unsecured, non-interest bearing, unimpaired
Service fee from preventive maintenance and waste water treatment services (k)	**1.6**	–	**–**	**1.6**	**–**	30 day, unsecured, non-interest bearing, unimpaired
Ground handling fee (h)	**3.5**	6.1	3.0	**(1.8)**	(2.3)	30 day, unsecured, non-interest bearing, unimpaired
Cash advances (m)	**–**	–	5.9	**–**	–	On-demand, unsecured, non-interest bearing

Outstanding balances at year-end are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. In 2014 and 2013, the Group recognized provision for doubtful accounts pertaining to amounts owed by a related party amounting to ₱6.2 million and ₱1.3 million, respectively (nil in 2015).

Group

a. The Group has outstanding Peso and US dollar-denominated short-term investments as well as current and savings deposits, which bear interest based on prevailing market rates with an affiliated local bank under common control. Total deposits and cash equivalents amounted to ₱235.8 million and ₱159.2 million as of December 31, 2015 and 2014, respectively. Interest income amounted to ₱4.4 million, ₱3.0 million and ₱4.0 million in 2015, 2014 and 2013, respectively.

b. MAC leases from the local affiliated bank the office space it currently occupies. The lease agreement is for a period of two years up to October 2011, with an annual rental rate that is subject to review every year. The contract of lease was renewed for a period of two years starting October 16, 2011 and expired on October 15, 2013. The lease agreement has not been renewed but MAC continues to lease the office space under the last term and condition. Total rent expense amounted to ₱2.3 million in 2015, ₱2.5 million in 2014 and ₱2.4 million in 2013.

   On the other hand, MMC also entered into a two-year lease contract with the local affiliated bank for its office space starting on November 1, 2011. The monthly rental fee is subject to a fixed price escalation rate of 5% starting on November 1, 2012. MMC has rental deposit amounting to ₱0.2 million equivalent to three months advanced rental and is refundable and non-interest bearing. The discounting effect is not significant to the Group. The parties thereafter amended the contract of lease postponing the commencement of the lease term to January 1, 2012 and shortening the lease period to 22 months. The lease agreement has not been renewed but MMC continues to lease the office space. Total rent expense in 2015, 2014 and 2013 amounted to ₱0.6 million.

c. The Group has a trust fund for its retirement plan with the local affiliated bank. As of December 31, 2015 and 2014, the fund assets amounted to ₱97.5 million and ₱85.6 million, respectively (see Note 21).

MAPDC

d. MAPDC has a contract with LTP covering the sub-lease of a parcel of land located within NAIA. The contract, which commenced on September 1, 2000, is for a period of 25 years and renewable for another 25 years thereafter, subject to mutual agreement of the parties. The rental charge, which is at normal market rate, is subject to a fixed price escalation and deposit. Monthly fee due from LTP is equivalent to MAPDC's cost of leasing the land from MIAA, plus administrative fees (see Note 28). Rental and administrative income amounted to ₱186.6 million, ₱188.9 million and ₱187.9 million in 2015, 2014 and 2013, respectively.

   MAPDC received refundable rental deposit from LTP amounting to ₱24.6 million (presented as "Rental deposit" account in the consolidated balance sheets), which is valued and reported at its accreted value of ₱6.1 million and ₱5.3 million as of December 31, 2015 and 2014, respectively. Accretion of interest (included as part of "Financing charges" account) amounted to ₱0.8 million, ₱0.7 million and ₱0.6 million in in 2015, 2014 and 2013 (see Note 22). The difference between the face amount and present value of the deposits at inception date of ₱19.1 million is treated and presented as "Unearned rent income" in the consolidated balance sheets. It is being amortized on a straight-line basis over the term of the lease. The related amortization amounted to ₱1.0 million in 2015, 2014 and 2013. As of December 31, 2015 and 2014, the unearned rent income amounted to ₱9.3 million and ₱10.3 million, respectively.

   Further, as a result of the straight-line recognition of operating lease income, accrued rental receivable was recognized which amounted to ₱118.4 million and ₱118.0 million as of December 31, 2015 and 2014, respectively.

MASCORP

e. MASCORP provides ground handling services to Air Philippines, Inc. (Air Phil.), an affiliated company under common control. Fees for these services amounted to ₱83.3 million, ₱78.9 million and ₱105.8 million in 2015, 2014 and 2013, respectively. The related receivables as of December 31, 2015 and 2014 amounted to ₱21.2 million and ₱18.6 million, respectively (see Note 6).

f. MASCORP provides ground handling services to Philippine Airlines, Inc. (PAL), an affiliated company under common control. Fees for these service amounted to ₱193.4 million, ₱154.5 million and ₱130.8 million in 2015, 2014 and 2013, respectively. The related receivables as of December 31, 2015 and 2014 amounted to ₱42.5 million and ₱29.1 million, respectively, and are presented under "Receivables" in the consolidated balance sheets (see Note 6).

g. MASCORP bills LTP for ground handling services it rendered to clients contracted by LTP. MASCORP recognized revenues amounting to ₱1.6 million in 2015 and nil in 2014.

h. MASCORP also pays LTP for ground handling services rendered by the latter to MASCORP's clients. Fees for these services amounted to ₱3.5 million, ₱6.1 million and ₱3.0 million in 2015, 2014 and 2013, respectively. The related payables as of December 31, 2015 and 2014 amounted to ₱1.8 million and ₱2.3 million, respectively (see Note 17).

i. MASCORP also leases ground support equipment from PAL with total rental cost amounting to ₱3.3 million, ₱2.1 million and ₱2.7 million in 2015, 2014 and 2013, respectively. Outstanding payable as of December 31, 2015 and 2014 relating to this transaction amounted to ₱3.2 million and ₱6.3 million, respectively (see Note 17).

j. MASCORP pays Air Phil. its shares on the rental and utilities in MIAA amounting to ₱1.2 million, ₱1.4 million and ₱1.2 million in 2015, 2014 and 2013, respectively. Outstanding payable as of December 31, 2015 and 2014 relating to this transaction amounted to ₱0.9 million and ₱0.4 million, respectively (see Note 17).

k. In 2015, MASCORP started rendering waste water treatment services and preventive maintenance services for the ground support equipment of LTP amounting to ₱1.6 million (see Note 6).

MACS

l. MACS has outstanding payable to PAL aggregating to ₱7.5 million as of December 31, 2015 and 2014, respectively, representing PAL's share in the results of operation of the passenger lounge at NAIA (see Note 17).

m. MACS has outstanding receivables to PAL from catering services provided in previous years which amounted to ₱1.9 million as of December 31, 2015 and 2014 (see Note 6).

n. MACS leased airline catering equipment from PAL. Lease expense amounted to ₱0.7 million in 2015 (nil in 2014 and 2013). Outstanding payables relating to this transaction as of December 31, 2015 and 2014 amounted to ₱0.1 million and ₱0.8 million, respectively (see Note 17).

o. In 2013, MACS provided an unsecured and non-interest bearing cash advances to MacroAsia WLL amounting to ₱5.9 million. In 2014, MACS provided an allowance for probable losses for the total outstanding balance of cash advances to MacroAsia WLL amounting to ₱5.9 million.

p. In 2015, MACS provided catering services to an airline lounge of PAL amounting to 62.0 million. Total outstanding receivable from Mabuhay Lounge amounted to ₱21.6 million (see Note 6).

q. MACS provided catering services to Air Phil. in 2015 amounting to ₱3.2 million which remained outstanding as of December 31, 2015 (see Note 6).

The following are the transactions among related parties which are eliminated in the consolidated statements of income:

Nature	**Revenue and other income recognized by:**	**Costs and expenses recognized by:**	**2015**	2014	2013
				(In Millions)	
Service fees	MAC	MACS	**₱41.2**	₱38.7	₱33.1
Service fees	MAC	MASCORP	**16.6**	0.7	12.0
Chopper rental	MAC	MAATS	**1.3**	1.3	1.0
Technical management fees	MAPDC	MSFI	**0.8**	–	–
Land and building rental	MAPDC	MSFI	**1.0**	–	–
Technical management fees	MAPDC	SNVRDC	**4.8**	–	–
Land rental	MAPDC	SNVRDC	**0.2**	–	48.0
Dividend revenue	MAC	MAATS	**–**	15.0	2.9

The following are the balances among related parties which are eliminated in the consolidated balance sheets:

Nature	**Assets recognized by:**	**Liabilities recognized by:**	**2015**	**December 31** 2014
			(In Millions)	
Due from/to related parties	MAC	MASCORP	**₱32.2**	₱–
	MAC	MAPDC	**255.7**	368.1
	MAC	MMC	**41.4**	24.5
	MAC	MAATS	**0.3**	5.5
	MAC	ASSC	**0.3**	0.3
	MAC	MACS	**1.4**	–
	MAPDC	MAATS	**0.0**	–
	MAPDC	MMC	**4.2**	4.1
	ASSC	MMC	**3.0**	–
	MAPDC	SNVRDC	**215.7**	47.9
	CBRI	WBSI	**0.4**	–
	MAPDC	PWRI	**0.2**	0.2
	MACS	MSFI	**1.2**	–
	CBRI	MAATS	**–**	3.0
	MAATS	MAPDC	**–**	5.4
	MAPDC	WBSI	**–**	40.5
Trade receivables/payables	MAC	MACS	**151.8**	144.6
	MACS	MASCORP	**0.2**	0.2
	MAPDC	SNVRDC	**11.8**	4.1
	MAC	MAATS	**6.0**	9.0
	MAPDC	MSFI	**2.0**	–
	MMC	MAATS	**–**	0.4
	MAC	MASCORP	**–**	15.7
	MAC	MAPDC	**–**	0.4
	MAC	MMC	**–**	2.0
	MAPDC	MAATS	**–**	0.1
	MAATS	MASCORP	**–**	0.9

Compensation of Key Management Personnel

The short-term benefits of the Company's key management personnel amounted to ₱65.15 million, ₱62.05 million and ₱60.24 million in 2015, 2014 and 2013, respectively. There are no termination benefits or share-based payments granted to key management personnel.

19. Net Service Revenue and Direct Costs

Net Service Revenue

	2015	2014	2013
Gross service revenue	**₱2,032,136,400**	₱1,830,231,762	₱1,719,908,393
Less discount	**110,689,782**	107,038,982	109,788,936
	₱1,921,446,618	₱1,723,192,780	₱1,610,119,457

Direct costs

	2015	2014	2013
Food	**₱494,909,384**	₱412,834,939	₱408,888,635
Salaries and wages	**337,397,495**	279,760,778	232,097,904
Leases (Note 28)	**161,466,052**	161,473,267	161,473,267
Concession privilege fee (Note 28)	**114,946,799**	106,892,886	99,129,972
Contractual services	**83,765,585**	75,815,323	74,913,962
Depreciation and amortization (Note 11)	**58,448,987**	72,752,447	68,126,740
Overhead	**50,164,621**	70,585,700	62,126,082
Employee benefits (Note 21)	**31,227,413**	25,938,816	19,440,159
Repairs and maintenance	**30,293,039**	26,729,089	19,056,260
Rent (Note 28)	**18,636,498**	16,554,691	16,267,928
Supplies	**12,022,099**	17,374,914	19,284,765
Laundry	**9,900,876**	11,931,065	10,227,882
Insurance	**9,044,459**	8,822,072	9,547,140
Storage and brokerage	**751,363**	2,511,617	2,909,344
Exploratory drilling	**–**	17,825,019	7,774,630
Others	**30,875,979**	21,101,354	18,355,047
	₱1,443,850,649	₱1,328,903,977	₱1,229,619,717

20. Operating Expenses

	2015	2014	2013
Selling -			
Advertising and promotions	**₱2,888,703**	₱2,892,411	₱3,417,050
General and administrative:			
Salaries and wages	**112,518,039**	105,805,761	102,904,955
Actual and provisions for probable losses (Notes 6, 8, 9 and 17)	**64,038,282**	51,494,461	12,200,120
Employee benefits (Note 21)	**57,985,901**	48,837,860	62,798,030
Rent (Notes 18 and 28)	**32,192,619**	19,350,478	17,416,032

(Forward)

	2015	2014	2013
Taxes and licenses (Note 12)	**₱23,487,973**	₱17,487,532	₱11,606,803
Professional and legal fees	**21,122,182**	20,610,144	15,691,888
Depreciation and amortization (Note 11)	**18,216,752**	28,881,453	26,328,539
Repairs and maintenance	**17,190,672**	21,097,329	22,798,233
Security and janitorial	**13,508,256**	13,214,339	11,793,217
Service fee (Note 28)	**13,141,790**	9,682,030	8,271,003
Utilities	**9,381,080**	10,611,423	8,619,111
Entertainment, amusement and recreation	**7,815,891**	5,755,078	5,038,329
Transportation and travel	**7,654,728**	4,609,302	4,360,514
Cleaning and other laboratory supplies	**5,849,790**	7,117,253	7,018,524
Mining expenses (Note 32)	**4,939,172**	4,953,533	13,291,897
Project expenses	**4,406,703**	20,178,795	–
Communications	**4,198,743**	3,981,390	4,252,347
Supplies	**4,032,250**	3,888,968	10,787,629
Directors' fees	**3,357,353**	2,881,618	3,255,147
Gas and oil	**2,877,037**	2,956,151	2,869,882
Insurance	**2,165,125**	2,664,754	3,677,887
Others	**25,827,231**	18,689,189	17,246,681
	455,907,569	424,748,841	372,226,768
	₱458,796,272	₱427,641,252	₱375,643,818

21. Employee Benefits Costs

Retirement Benefits Cost

The Group has a funded, non-contributory defined benefit group retirement plan, administered by a trustee, covering all of their permanent employees. The retirement benefit is equal to a certain percentage of the monthly final salary for every year of service. The fund is administered by a trustee bank which is responsible for investment strategy of the plan, in consultation with the Group's Management.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of retirement benefits cost recognized in profit or loss follow:

	2015	2014	2013
Current service cost	**₱18,362,877**	₱15,529,069	₱13,074,783
Net interest cost	**680,071**	840,160	839,567
Past service cost	**–**	–	11,296,717
	₱19,042,948	₱16,369,229	₱25,211,067

	2015	2014	2013
Portions recognized in:			
Direct costs (Note 19)	**₱10,648,362**	₱8,162,122	₱6,406,036
General and administrative expenses (Note 20)	**8,394,586**	8,207,107	18,805,031
	₱19,042,948	₱16,369,229	₱25,211,067

In 2013, MAC amended its retirement plan increasing the benefits of covered employees which resulted in past service cost amounting to ₱11.3 million.

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

	2015	2014	2013
Actuarial gain (loss) arising from changes in:			
Experience adjustments	**₱8,515,959**	₱7,806,902	₱5,547,259
Financial assumptions	**7,308,529**	(3,525,247)	(4,119,053)
Demographic assumptions	**(1,058,092)**	–	–
Remeasurement on plan assets	**(1,862,777)**	360,566	(1,675,474)
Changes in the effect of asset ceiling	**–**	–	318,174
	12,903,619	4,642,221	70,906
Tax effect	**(2,027,667)**	(905,761)	1,594,688
	₱10,875,952	₱3,736,460	₱1,665,594

Movements in asset ceiling adjustments in 2013 are as follows:

Beginning balance	₱302,132
Interest on the effect of asset ceiling	16,042
Changes in the effect of asset ceiling	(318,174)
Ending balance	₱–

The details of the accrued retirement benefits payable, net of plan assets, are as follows:

	2015	2014
Present value of defined benefit obligation	**₱103,522,160**	₱100,851,544
Fair value of plan assets	**(97,461,937)**	(85,600,614)
	₱6,060,223	₱15,250,930

Movements in accrued retirement benefits payable and plan asset follow:

2015

	Accrued retirement benefits payable	Plan asset (Note 15)
Beginning balance*	**₱13,185,693**	**₱2,065,237**
Retirement benefits cost recognized in profit or loss	**9,390,968**	**9,651,980**
Contributions	**(5,100,000)**	**(10,230,036)**
Remeasurements in other comprehensive income	**(6,469,603)**	**(6,434,016)**
Ending balance	**₱11,007,058**	**(₱4,946,835)**

** Beginning balance of plan asset includes net accrued retirement benefits payable of MASCORP and MMC amounting to ₱1,420,150 and ₱645,087, respectively, which were both presented as part of accrued retirement benefits payable as of December 31, 2014. As of December 31, 2015, MASCORP and MMC have a net plan asset position.*

2014

	Accrued retirement benefits payable	Plan asset (Note 15)
Beginning balance*	₱19,061,625	(₱315,840)
Retirement benefits cost recognized in profit or loss	16,124,305	244,924
Contributions	(14,992,917)	–
Remeasurements in other comprehensive income	(4,630,341)	(11,880)
Benefits paid directly by the Company	(228,946)	–
Ending balance	₱15,333,726	(₱82,796)

** Beginning balance of accrued retirement benefits payable includes net plan asset of MAPDC amounting to ₱198,526, which was presented as part of plan asset as of December 31, 2013. The same amount was deducted from the beginning balance of plan asset. As of December 31, 2014, MAPDC has an accrued retirement liability position.*

The details of accrued retirement benefits payable and plan asset by entity are as follows:

	Accrued retirement benefits payable		Plan asset (Note 15)	
	2015	2014	**2015**	2014
MAC	**₱8,154,400**	₱8,547,315	**₱–**	₱–
MACS	**1,895,297**	2,692,041	**–**	–
MASCORP	**–**	1,420,150	**4,458,857**	–
MAPDC	**915,365**	657,629	**–**	–
MAATS	**41,996**	–	**–**	722,581
MMC	**–**	2,656,376	**487,978**	–
	11,007,058	15,973,511	**4,946,835**	722,581
Intercompany transfers	**–**	(639,785)	**–**	(639,785)
	₱11,007,058	₱15,333,726	**₱4,946,835**	₱82,796

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

	2015	2014
Beginning balance	**₱100,851,544**	₱88,562,026
Current service cost	**18,362,877**	15,529,069
Interest cost	**4,509,285**	4,114,223
Actuarial gain on retirement obligation	**(14,766,396)**	(4,281,655)
Benefits paid out of the Group's plan assets	**(5,435,150)**	(2,843,173)
Benefits paid by the Group	**–**	(228,946)
Ending balance	**₱103,522,160**	₱100,851,544

Changes in fair value of plan assets are as follows:

	2015	2014
Beginning balance	**₱85,600,614**	₱69,816,241
Interest income on plan assets	**3,829,214**	3,274,063
Contributions to the plan	**15,330,036**	14,992,917
Benefits paid	**(5,435,150)**	(2,843,173)
Remeasurement on plan assets	**(1,862,777)**	360,566
Ending balance	**₱97,461,937**	₱85,600,614
Actual return on plan assets	**₱1,966,437**	₱3,634,629

The major categories of plan assets are as follows:

	2015	2014
Cash and cash equivalents	**₱72,498,345**	₱60,493,522
Debt instruments:		
Government securities	**18,081,202**	20,612,130
Unquoted debt securities	**6,638,586**	4,261,860
Receivables	**243,804**	233,102
	₱97,461,937	₱85,600,614

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

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining retirement benefits cost and obligations as of December 31 are shown below:

	2015	2014
Average discount rates	**4.87%-5.20%**	4.45%-4.56%
Average future salary increases	**5%**	5%

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

Assumptions:	**2015**	2014
Discount rate:		
+100 basis points	**(₱12,544,075)**	(₱13,451,473)
-100 basis points	**16,760,030**	18,439,032
Salary increase rate:		
+100 basis points	**16,106,457**	17,642,304
-100% basis points	**(12,379,399)**	(13,224,187)

There were no changes in the methods and assumptions from the previous periods used in preparing the sensitivity analysis.

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

Date of retirement:	**2015**	2014
1 year and less	**₱417,727**	₱435,830
more than 1 year to 5 years	**7,785,459**	5,531,066
more than 5 years to 10 years	**62,303,738**	55,385,938
more than 10 years to 15 years	**104,370,214**	103,000,968
more than 15 years to 20 years	**136,887,999**	109,959,285
more than 20 years	**3,518,444,788**	2,740,259,196

The Group expects to contribute ₱33.9 million in 2016. The Group does not currently employ any asset-liability matching strategies.

Employees can accumulate earned leave credits, which can be used anytime when needed by the employee or converted to cash, computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated leave credits are presented as "Other employee benefits" which amounted to ₱10.9 million and ₱10.0 million as of December 31, 2015 and 2014, respectively. Provision for accumulating leave credits amounted to ₱1.0 million, ₱0.8 million and (₱1.3 million) in 2015, 2014 and 2013, respectively.

22. Interest Income, Financing Charges, and Other Income

a. Interest income was derived from:

	2015	2014	2013
Cash and cash equivalents (Notes 5 and 18)	**₱6,537,837**	₱7,583,733	₱11,030,322
AFS investments (Note 13)	**1,819,500**	4,556,763	8,241,561
Accretion of refundable deposits (Note 28)	**859,225**	706,567	612,880
	₱9,216,562	₱12,847,063	₱19,884,763

b. Financing charges pertain to:

	2015	2014	2013
Notes payable (Note 16)	**₱3,398,516**	₱4,012,987	₱–
Accretion of refundable deposits (Note 18)	**814,576**	706,567	612,880
	₱4,213,092	₱4,719,554	₱612,880

c. Other income - net consist of:

	2015	2014	2013
Construction revenue (Note 15)	**₱202,192,202**	₱99,665,179	₱–
Construction costs (Note 15)	**(202,192,202)**	(99,665,179)	–
Sale of scrap materials	**–**	2,566,404	–
Office rental	**–**	980,376	–
Foreign exchange gain (Notes 23 and 30)	**36,120,323**	12,506,949	29,308,411
Gain on sale of investments in bonds (Note 13)	**–**	767,819	49,782,205
Reversal of prior years' accruals	**5,334,749**	19,358,658	534,511
Reversal of impairment loss on investment property (Note 12)	**–**	–	17,260,303
Reversal of long outstanding checks	**4,091,718**	–	–
Reclaimed water income	**1,170,088**	1,037,615	884,410
Special flight permits	**3,263,392**	3,132,973	3,256,997
Others - net	**848,781**	2,563,030	536,700
	₱50,829,051	₱42,913,824	₱101,563,537

23. Foreign Currency-denominated Monetary Assets and Liabilities

The Group's foreign currency-denominated monetary assets and liabilities as of December 31 are as follows:

	2015			2014		
	US Dollar	**Chinese Renminbi (RMB or ¥)**	**Total Peso Equivalent**	US Dollar	Chinese Renminbi (RMB or ¥)	Total Peso Equivalent
Assets						
Cash and cash equivalents	**$8,925,276**	**¥–**	**₱420,023,503**	$7,948,676	¥54,316	₱355,854,829
Receivables	**6,443,725**	**–**	**303,241,682**	5,063,371	–	226,433,959
	15,369,001	**–**	**723,265,185**	13,012,047	54,316	582,288,788
Liabilities						
Accounts payable and accrued liabilities	**65,950**	**–**	**3,103,617**	115,517	–	5,165,920
Notes payable	**627,000**	–	**29,506,620**	**–**	**–**	**–**
	692,950	**–**	**32,610,237**	115,517	**–**	5,165,920
Net foreign currency-denominated assets	**$14,676,051**	**¥–**	**₱690,654,948**	$12,896,530	¥54,316	₱577,122,868

As of December 31, 2015 and 2014, the exchange rates of the Peso to US$ dollar were ₱47.06 and ₱44.72 to US$1, respectively, while the exchange rates of the Peso to RMB as of December 31, 2015 and 2014 were ₱7.27 and ₱7.18 to RMB1, respectively.

24. Registration with the Philippine Economic Zone Authority (PEZA)

On August 31, 2000, MAPDC was registered with the PEZA and started commercial operations as the Ecozone Developer/Operator of the MacroAsia Special Ecozone at the Ninoy Aquino International Aiport (NAIA). At present, the MacroAsia Special Ecozone is the only existing ecozone within NAIA. Under the terms of its registration, MAPDC is subject to certain requirements and is entitled to certain tax benefits provided for under Republic Act No. (R.A.) 7916 (The Special Economic Zone Act of 1995), as amended by R.A. No. 8748, which include, among others, exemption from payment of all national internal revenue taxes and all local government imposed fees, licenses or taxes. In lieu thereof, MAPDC shall pay a 5% final tax on gross income earned from its operation of the MacroAsia Special Ecozone.

25. Income Taxes

a. The current provision for income tax in 2015, 2014 and 2013 consists of the MCIT of the Company, MAATS (for 2014 and 2013) and MAPDC (for 2013 income from unregistered activities), the RCIT of MACS and MASCORP (for 2015, 2014 and 2013) and MAATS (for 2015), the 5% tax on MAPDC's gross income from its PEZA-registered activities (see Note 24) and final tax on interest income of the Group.

b. The Company's and subsidiaries' net deferred income tax assets (liabilities) as of December 31 are as follows:

	2015					
	MAC	**MACS**	**MASCORP**	**MAPDC**	**MAATS**	**SNVRDC**
Recognized directly in the statements of income:						
Deferred income tax assets on:						
Tax effect of:						
Allowances for:						
Probable losses	**₱–**	**₱30,267,807**	**₱–**	**₱–**	**₱–**	**₱–**
Doubtful accounts		**3,211,349**	**383,559**	**–**	**377,286**	**–**
NOLCO	**1,535,445**	**–**	**–**	**–**	**–**	**–**
Lease rental receivables	**–**	**–**	**–**	**5,920,277**	**–**	**–**
Accrued retirement benefits payable	**–**	**4,387,737**	**1,130,765**	**–**	**12,599**	**–**
Accrued sick leave	**–**	**–**	**359,749**	**–**	**109,646**	**–**
Accrued expenses not yet deductible	**–**	**370,668**	**888,614**	**–**	**139,089**	**–**
Allowance for inventory obsolescence	**–**	**300,000**	**–**	**–**	**–**	**–**
Unrealized foreign exchange loss	**–**	**–**	**193,862**	**–**	**–**	**–**
Unamortized past service cost	**–**	**587,281**	**854,461**	**–**	**191,156**	**–**
	1,535,445	**39,124,842**	**3,811,010**	**5,920,277**	**829,776**	**–**
Deferred tax liabilities on:						
Lease rental liabilities	**–**	**–**	**–**	**(5,920,277)**	**–**	**–**
Unrealized foreign exchange gain	**(1,535,445)**	**(2,464,771)**	**–**	**–**	**(482,835)**	**–**
Plan asset	**–**	**–**	**–**	**–**	**(21,265)**	**–**
	(1,535,445)	**(2,464,771)**	**–**	**(5,920,277)**	**(504,100)**	**–**
	–	**36,660,071**	**3,811,010**	**–**	**325,676**	**–**
Recognized directly in other comprehensive income:						
Deferred income tax liability on:						
Remeasurement gain	**–**	**(3,819,147)**	**(2,468,422)**	**–**	**(45,449)**	**–**
Fair value changes of AFS investments	**(1,415,000)**	**–**	**–**	**–**	**–**	**–**
	(1,415,000)	**(3,819,147)**	**(2,468,422)**	**–**	**(45,449)**	**–**
Deferred income tax assets (liabilities) - net	**(₱1,415,000)**	**₱32,840,924**	**₱1,342,588**	**₱–**	**₱280,227**	**₱–**

	2014					
	MAC	MACS	MASCORP	MAPDC	MAATS	SNVRDC
Recognized directly in the statements of income:						
Deferred income tax assets on:						
Tax effect of:						
Allowances for:						
Probable losses	₱–	₱12,929,309	₱–	₱–	₱–	₱–
Doubtful accounts		3,164,316	383,559	–	377,286	–
NOLCO	1,420,809	–	–	–	–	1,418,79
Lease rental receivables	–	–	–	5,901,565	–	–

(Forward)

	2014					
	MAC	MACS	MASCORP	MAPDC	MAATS	SNVRDC
Accrued retirement benefits payable	₱–	₱3,984,682	₱1,550,765	₱–	₱–	₱–
Accrued sick leave	–	–	430,708	–	109,646	–
Accrued expenses not yet deductible		148,777	660,028	–	–	–
Allowance for inventory obsolescence	–	300,000	–	–	–	–
Unamortized past service cost	–	676,389	520,417	–	218,941	–
	1,420,809	21,203,473	3,545,477	5,901,565	705,873	1,418,794
Deferred tax liabilities on:						
Lease rental liabilities	–	–	–	(5,901,565)	–	–
Unrealized foreign exchange gain	(1,420,809)	(625,442)	(69,895)	–	(491,449)	–
Plan asset	–	–	–	–	(21,265)	–
	(1,420,809)	(625,442)	(69,895)	(5,901,565)	(512,714)	–
	–	20,578,031	3,475,582	–	193,159	1,418,794
Recognized directly in other comprehensive income:						
Deferred income tax liability on:						
Remeasurement gain	–	(3,177,070)	(1,124,721)	–	(3,564)	–
Fair value changes of AFS investments	(1,115,000)	–	–	–	–	–
	(1,115,000)	(3,177,070)	(1,124,721)	–	(3,564)	–
Deferred income tax assets (liabilities) - net	(₱1,115,000)	₱17,400,961	₱2,350,861	₱–	₱189,595	₱1,418,794

c. As of December 31, the deductible temporary differences, excess MCIT and NOLCO for which no deferred income tax assets were recognized in the consolidated balance sheets are as follows:

	2015	2014	2013
Deductible temporary differences on:			
Allowances for probable losses on:			
Input VAT	**₱29,205,949**	₱29,205,949	₱29,205,949
Deferred mine exploration costs	**4,181,184**	4,181,184	4,181,184
Accrued retirement benefits payable	**14,038,486**	11,221,535	13,539,313
Unrealized foreign exchange losses	**4,181,184**	4,075,394	11,569,003
Accrued incentive pay	**1,271,970**	1,271,970	1,243,769
NOLCO	**79,754,165**	122,476,200	205,594,458
MCIT	**5,135,155**	5,062,072	4,384,308

MMC, ASSC, SNVRDC, PWBRI, MPRDC and MAPDC did not recognize deferred income tax assets on these temporary differences, MCIT and NOLCO as management believes that the said companies may not have enough taxable regular income against which these temporary differences and NOLCO can be used or RCIT payable against which the MCIT can be applied.

MAC and MAPDC recognized deferred income tax asset to the extent of deferred income tax liability on unrealized foreign exchange gain and on accrued lease rental receivable, respectively.

d. Excess MCIT can be deducted against the RCIT and NOLCO can be claimed as deduction from regular taxable income. As of December 31, the details of NOLCO and excess MCIT follow:

		2015		2014	
Year Incurred	Expiry Date	**NOLCO**	**MCIT**	NOLCO	MCIT
MAC					
2015	2018	**₱12,115,002**	**₱1,505,351**	₱–	₱–
2014	2017	**10,677,961**	**1,388,748**	10,677,961	1,388,748
2013	2016	**–**	**2,137,781**	–	2,137,781
2012	2015	**–**	**–**	93,238,245	1,432,268
		22,792,963	**5,031,880**	103,916,206	4,958,797
MMC					
2015	2018	**4,780,767**	**–**	–	–
2014	2017	**2,257,070**	**30,050**	2,257,070	30,050
2013	2016	**6,193,809**	**–**	6,193,809	–
		13,231,646	**30,050**	8,450,879	30,050
ASSC					
2015	2018	**40,621**	**–**	–	–
2014	2017	**42,764**	**–**	42,764	–
2013	2016	**42,181**	**–**	42,181	–
2012	2015	**–**	**–**	66,404	–
		125,566	**–**	151,349	–
SNVRDC					
2015	2018	**7,377,665**	**–**	–	–
2014	2017	**3,677,455**	**–**	3,677,455	–
2013	2016	**1,051,855**	**–**	1,051,855	–
		12,106,975	**–**	4,729,310	–
PWBRI					
2015	2018	**7,335**	**–**	–	–
2014	2017	**203,380**	**–**	203,380	–
2013	2016	**200,566**	**–**	200,566	–
		411,281	**–**	403,946	–
MPRDC					
2015	2018	**49,657**	**–**	–	–
2014	2017	**29,724**	**–**	29,724	–
		79,381	**–**	29,724	–
MAPDC					
2015	2018	**18,482,257**	**–**	–	–
2014	2017	**8,605,557**	**53,103**	8,605,557	53,103
2013	2016	**918,539**	**20,122**	918,539	20,122
		28,006,353	**73,225**	9,524,096	73,225
		₱79,754,165	**₱5,135,155**	₱127,205,510	₱5,062,072

e. Movements of NOLCO and MCIT are as follows:

	NOLCO		MCIT	
	2015	2014	**2015**	2014
MAC				
Beginning balance	**₱103,916,206**	₱210,313,224	**₱4,958,797**	₱4,351,050
Additions	**12,115,002**	10,677,961	**1,505,351**	1,388,748
Expired	**(93,238,245)**	(117,074,979)	**(1,432,268)**	(781,001)
Ending balance	**₱22,792,963**	₱103,916,206	**₱5,031,880**	₱4,958,797
MMC				
Beginning balance	**₱8,450,879**	₱6,193,809	**₱30,050**	₱–
Additions	**4,780,767**	2,257,070	**–**	30,050
Ending balance	**₱13,231,646**	₱8,450,879	**₱30,050**	₱30,050

	NOLCO		MCIT	
	2015	2014	**2015**	2014
ASSC				
Beginning balance	**₱151,349**	₱152,960	**₱–**	₱–
Additions	**40,621**	42,764	**–**	–
Expired	**(66,404)**	(44,375)	**–**	–
Ending balance	**₱125,566**	₱151,349	**₱–**	₱–
SNVRDC				
Beginning balance	**₱4,729,310**	₱1,051,855	**₱–**	₱–
Additions	**7,377,665**	3,677,455	**–**	–
Ending balance	**₱12,106,975**	₱4,729,310	**₱–**	₱–
PWBRI				
Beginning balance	**₱403,946**	₱200,566	**₱–**	₱–
Additions	**7,335**	203,380	**–**	–
Ending balance	**₱411,281**	₱403,946	**₱–**	₱–
MPRDC				
Beginning balance	**₱29,724**	₱–	**₱–**	₱–
Additions	**49,657**	29,724	**–**	–
Ending balance	**₱79,381**	₱29,724	**₱–**	₱–
MAPDC				
Beginning balance	**₱9,524,096**	₱918,539	**₱20,122**	₱20,122
Additions	**18,482,257**	8,605,557	**53,103**	53,103
Ending balance	**₱28,006,353**	₱9,524,096	**₱73,225**	₱73,225

f. The reconciliation of the provision for income tax at the statutory tax rates to the provision for income tax as shown in the consolidated statements of income is as follows:

	2015	2014	2013
Provision for (benefit from) income tax computed at the statutory tax rate	**₱116,411,235**	₱43,774,712	(₱37,853,142)
Adjustments resulting from:			
Share in net loss (earnings) of associates	**(94,021,570)**	(38,468,047)	75,560,544
Nondeductible expenses	**10,255,274**	3,277,740	1,618,358
Movements in deductible temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized	**14,034,572**	19,063,163	1,305,501
Derecognized deferred income tax assets	**1,418,794**	–	–
Interest income already subjected to final tax at lower rates or not subject to income tax	**(1,419,351)**	(3,642,149)	(5,965,429)
Provision for income tax	**₱46,678,954**	₱24,005,419	₱34,665,832

26. Basic/Diluted Earnings (Loss) Per Share

Basic/diluted earnings per share are computed as follows:

	2015	2014	2013
Net income (loss) attributable to equity holders of the Company	**₱327,750,585**	₱114,979,503	(₱170,047,500)
Divided by weighted average number of common shares outstanding	**1,233,404,000**	1,233,404,000	1,233,404,000
	₱0.27	₱0.09	(₱0.14)

27. Equity

Capital stock

a. Track record of registration of securities

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

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

i. 250,000,000 shares to cover the 1:4 stock rights offering to stockholders of record as of April 12, 2000 at an offer price of ₱2.00 per share;
ii. 500,000,000 warrants to cover the 2:1 warrants offering attached to and detachable from the rights shares at a subscription price of ₱0.10 per warrant; and
iii. 500,000,000 shares to cover the underlying shares of warrants at an exercise price of ₱6.00 per share. Actual listing of the underlying common shares of the warrants shall take effect upon the exercise of the warrants.
iv. All warrants expired in 2005.

MAC's shares are listed and traded at the PSE and the approximate number of holders of its common equity as of December 31, 2015 and 2014 is 860 and 856, respectively.

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

Issued shares as of December 31, 2009	1,250,000,000
Acquisition of treasury shares in 2010	(2,985,000)
Outstanding shares as of December 31, 2010	1,247,015,000
Acquisition of treasury shares in 2011	(7,486,000)
Outstanding shares as of December 31, 2011	1,239,529,000
Acquisition of treasury shares in 2012	(6,125,000)
Outstanding shares as of December 31, 2013, 2014 and 2015	1,233,404,000

Treasury shares

c. Treasury stock

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

There was no reacquisition of shares in 2015, 2014 and 2013. In 2012, the Company reacquired 6,125,000 shares for ₱17.5 million.

Retained earnings

d. Restriction on retained earnings of the Company

The retained earnings as of December 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 ₱404.4 million and ₱151.7 million as of December 31, 2015 and 2014, respectively.
- Cost of treasury shares amounting to ₱49.4 million as of December 31, 2015 and 2014.
- Deferred income tax assets amounting to ₱41.5 million and ₱34.2 million as of December 31, 2015 and 2014.

e. Appropriation of retained earnings

On December 12, 2015, MACS' BOD approved the appropriation of ₱50.0 million of retained earnings for the purchase of additional catering delivery trucks in 2016 and the business expansion program in the next two years.

On December 12, 2014, the MACS' BOD approved the appropriation of its retained earnings amounting to ₱50.0 million for plant expansion in addition to the appropriation in 2012. MACS' BOD allocated this appropriation for MACS' plans to operate an offsite commissary within the next two years.

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

On June 21, 2012, MASCORP's BOD approved the appropriation of its retained earnings which amounted to ₱30.0 million for business expansion. The expansion program is expected to run for another two years.

On December 12, 2011 and July 15, 2011, the Company's BOD approved the appropriation of the Company's retained earnings which amounted to ₱393.1 million and ₱300.0 million, respectively, for the mining development projects and water project, respectively. The water

project is expected to be completed and operational on the first quarter of 2016. As to the mining project, the Company intends to start development activities and mining operations on 2015, after the period allotted for the extension of exploration, if on-going studies indicate favorable economics.

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

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

Date Approved	Per share	Stockholder of Record Date	Date of Payment
December 14, 2015	₱0.075	January 4, 2016	January 28, 2016
March 25, 2013	0.065	April 24, 2013	May 19, 2013

g. Cash dividends received by non-controlling interest

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

On March 27, 2013, MACS' BOD approved the declaration of cash dividends amounting ₱20.0 million or ₱16 per share payable on or before May 15, 2013 and another ₱20.0 million or ₱16 per share payable on or December 31, 2013. These were fully paid in 2013.

Dividends attributed to non-controlling interest amounted to ₱12.0 million. This was fully settled in 2014.

h. Acquisition of and divestment to non-controlling interest

- 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.

  Proportionate share of equity allocated to non-controlling interests and gain on sale, net of transaction costs of ₱2.7 million, amounted to ₱10.7 million and ₱24.3 million, respectively, and are presented as part of "Other reserves" in equity account in the 2015 consolidated balance sheet.

- 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.

  Proportionate share of equity allocated to non-controlling interests and gain on sale of investment, net of transaction costs of ₱13.2 million, amounted to ₱36.4 million and ₱119.0 million, respectively, and are presented as part of "Other reserves" in equity account in the 2015 consolidated balance sheet. Total amount of goodwill re-attributed to the noncontrolling interests amounted to ₱2.8 million.

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

28. Significant Agreements and Commitments

Concession Agreements

MACS and MASCORP have concession agreements with MIAA and Mactan-Cebu International Airport Authority (MCIAA) [the airport authorities] to exclusively operate within the airport authorities' premises. MACS operates an in-flight catering service for civil and/or military aircraft operating at NAIA and or MDA. The concession agreement of MACS is renewable every year upon mutual agreement of the parties. In 2013, the concession agreement of MACS was renewed for a period of three years commencing on June 1, 2013 and expiring on May 31, 2016 or earlier depending upon the MIAA development plan affecting the area. The agreement is renewable yearly up to three years, subject to certain conditions. Meanwhile, MASCORP operates domestic and international groundhandling services at Terminals 1 and 2, MCIAA and KIA. The concession agreement of MASCORP is for a period of one year, subject to renewal at the sole option of the airport authorities. In consideration of the concession privilege, MACS and MASCORP pay the airport authorities a monthly concession privilege fee equivalent to 7% of monthly gross income on catering services and groundhandling services, respectively.

Concession privilege fee amounted to ₱114.9 million, ₱106.9 million, and ₱99.1 million in 2015, 2014 and 2013, respectively, which is presented under direct costs (see Note 19).

Pursuant to the memorandum dated September 5, 2014 issued by MCIAA to all concessionaires, airlines, businesses, and other airport stakeholders, MCIAA no longer renewed or extended the concession and lease contracts beyond October 31, 2014 due to the turnover of the operation and management of the Mactan Cebu International Airport to GMR-Megawide Cebu Airport Corporation (GMCAC) effective November 1, 2014. The Company has a concession and lease agreement with GMCAC which is valid until January 31, 2015 and was subsequently extended up to May 31, 2015 and further extended up to October 31, 2015. GMCAC issued the draft of concession lease agreement covering the period November 1, 2015 up to May 31, 2018 in favor of the Company but is not yet finalized as of December 31, 2015.

Lease Agreements

a. In 1996, the Company assigned all its rights and obligations to MACS under the lease agreement it entered in the same year with MIAA for the use of a parcel of land where the catering concession facilities are located. The lease contract is for a period of 10 years from the start of the construction of the facilities, renewable every five years under such terms and conditions as may be agreed upon by both parties. Minimum annual rental payment amounts to ₱8.5 million. Upon expiration of the lease agreement, both parties mutually agreed to continue the lease on a renewable short-term basis using the terms in effect during the last year that the original lease agreement was in force.

   In 2004, the Supreme Court (SC) issued a decision declaring current rental charges of MIAA at ₱35.55 per square meter (the current rate) as null and void. From 2004 to August 2013, MACS settles the lease charges using the contested rate notwithstanding the SC's ruling on the validity of such rate.

   The lease contract between MACS and MIAA expired in July 2008. One of the provisions of the lease agreement is that MACS will transfer to MIAA all permanent improvements which MACS might have constructed in the leased premises upon the expiration of the original lease or upon cancellation of the lease agreement.

In October 2013, MACS renewed the lease agreement with MIAA for a period of three years commencing on June 1, 2013 and expiring on May 31, 2016 or earlier, depending upon the MIAA development plan affecting the area, renewable yearly up to three years, subject to certain conditions. Total minimum lease payment for this lease agreement as of December 31 follows:

	2015	2014
Within one year	**₱6,123,488**	₱14,696,372
After one year up to end of lease contract	**–**	6,123,488
	₱6,123,488	₱20,819,860

Lease expense relating to this lease agreement amounted to ₱16.1 million in 2015 and 2014, and ₱11.3 million in 2013 (see Notes 19 and 20).

b. On August 7, 2000, MAPDC entered into a lease contract with MIAA covering the use of a parcel of land for 25 years of 23 hectares of land within NAIA. Significant terms and conditions of the contract are as follows:

i. MAPDC is allowed to sub-lease the leased property to an affiliate. Since the leased property is declared as an economic zone, the sublease is preferably extended by MAPDC to an entity which is also PEZA-registered.

ii. MAPDC and/or its sub-lessee intends to invest US$200 million over the next five years by introducing additional capabilities and enhancing the competitiveness in terms of productivity, quality, turnover time and customer orientation.

iii. The monthly rental fee shall be ₱53.34 per square meter, or a total of ₱12.1 million, with guaranty deposit of two months advance rental. The rental and other charges shall be subject to a fixed price escalation of 5% starting on the sixth year and by another 5% on years 11, 16 and 21. The escalation shall be on a compounded basis.

iv. The contract may be terminated and cancelled at the instance of MAPDC if:

- MAPDC, its sub-lessee or any of its successors-in-interest, cease to operate their business; and or
- MIAA or the government decides to transfer the airport to another location, making it impossible for MAPDC to conduct its business.

Future minimum rentals payable as of December 31 under MAPDC's operating lease agreement with MIAA are as follows:

	2015	2014
Within one year	**₱168,137,800**	₱162,800,092
After one year but not more than five years	**851,898,186**	843,491,296
Five years up to end of lease contract	**647,330,259**	823,875,219
	₱1,667,366,245	₱1,830,166,607

The rental deposit made to MIAA amounting to ₱24.6 million is reported at amortized cost in the consolidated balance sheets. The carrying value of the deposit amounted to ₱6.2 million and ₱5.3 million as of December 31, 2015 and 2014, respectively, and is included as part of "Deposits and other noncurrent assets" account. The difference between the face amount of the refundable deposit and its present value at the inception of the lease, amounting to ₱20.0 million, is treated as a deferred rent expense and is being amortized over the lease term. Related amortization amounted to ₱0.9 million in 2015, 2014 and 2013. Accretion of the rental deposit (included as part of "Interest income" account) amounted to

₱0.8 million, ₱0.7 million and ₱0.6 million in 2015, 2014, and 2013, respectively. As of December 31, 2015 and 2014, deferred rent expense amounted to ₱9.4 million and ₱10.3 million, respectively.

Further, as a result of the straight-line recognition of operating lease expense, accrued rental payable was recognized which amounted to ₱118.4 million and ₱118.0 million as of December 31, 2015 and 2014, respectively.

Rent expense amounted to ₱161.5 million in 2015, 2014 and 2013 (see Note 19).

c. On June 5 and November 6, 2015, MAPDC entered into two lease contracts with Mactan-Cebu International Airport Authority (MCIAA) covering the use of parcels of land for 25 years for 23,703 hectares and 20,000 hectares of land, respectively. Significant terms and conditions of the contract are as follows:

   i. MAPDC is allowed to sub-lease the leased property.

   ii. The first contract, dated June 5, 2015, prescribes that monthly rental fee shall be ₱59.15 per square meter or a total of ₱1.4 million, with advance rent equivalent to one year rent. The lease rental shall be subject to a fixed price escalation of 5% starting on the sixth year and by another 5% on the 11th, 16th and 21st years. The escalation shall be on a compounded basis. MAPDC is also given a period of six months for site preparation and construction period.

   iii. The second contract, dated November 6, 2015, prescribes that monthly rental fee shall be ₱65.00 per square meter or a total of ₱1.3 million, with advance rent equivalent to one year rent. The lease rental shall be subject to a fixed price escalation of 5% starting on the sixteenth year and by another 5% on 21st year. The escalation shall be on a compounded basis. MAPDC is also given a period of six months for site preparation and construction period.

Future minimum rentals payable as of December 31, 2015 under MAPDC's operating lease agreement with MCIAA are as follows:

Within one year	**₱32,335,555**
After one year but not more than five years	**162,931,950**
Five years up to end of lease contract	**668,964,698**
	₱864,232,203

The total rental deposit made to MCIAA amounting to ₱8.1 million is reported at amortized cost in the consolidated balance sheet. The carrying value of the deposit amounted to ₱2.55 million as of December 31, 2015 and is included as part of "Deposits and other noncurrent assets" account. The difference between the face amount of the refundable deposit and its present value at the inception of the lease, amounting to ₱5.6 million, is treated as a deferred rent expense and is being amortized over the lease term. Related amortization amounted to ₱0.9 million in 2015. Accretion of the rental deposit (included as part of "Interest income" account) amounted to 0.04 million in 2015. As of December 31, 2015, deferred rent expense amounted to ₱5.5 million.

Further, as a result of the straight-line recognition of operating lease expense, accrued rental payable was recognized which amounted to ₱11.4 million as of December 31, 2015.

Rent expense amounted to ₱12.8 million in 2015 (see Note 20).

d. MASCORP has a lease agreement with MIAA for the lease of office space and staging area in the following locations:

i. Terminal 1 on a month-to-month basis, with a monthly rental of ₱504,409 and ₱418,659 in 2015 and 2014, respectively.

ii. Terminal 2 on a month-to month basis, with a monthly rental of ₱19,807 in 2015 and 2014.

iii. Terminal 3 on a month-to-month basis, with a monthly rental of ₱156,544 in 2015 and 2014.

One of the provisions of the lease agreement is that MASCORP will transfer to MIAA all permanent improvements which MASCORP might have constructed in the lease premises upon the expiration of the original lease or upon cancellation of the lease agreement due to breach or violation of the terms and conditions of MIAA, or termination without renewal or extension of the terms of the lease. All permanent improvements shall automatically become the absolute property of MIAA and MASCORP shall have no right of reimbursement of the cost.

On August 10, 2009, the Company paid surety cash deposit to MIAA amounting to ₱2.0 million as requirement for the renewal of the lease agreement. Currently, management is in discussions with necessary parties to ensure the renewal of the lease. As negotiation with MIAA is handled at the Group level, the offer has also not been accepted by MASCORP. Meanwhile, MIAA continues to bill and MASCORP continues to pay the rental fee based on current rates.

Rent expense amounted to ₱6.9 million, and ₱5.7 million and ₱6.4 million in 2015, 2014 and 2013, respectively (see Note 20).

e. MASCORP has lease agreements with Sky Freight Center located at Ninoy Aquino Avenue, Paranaque City for its office space. The first lease is for a period of five years, commencing on April 16, 2012 until April 15, 2017, subject to 5% escalation starting on the third year of the lease term. The second lease is for a period of five years, commencing on October 1, 2015 until September 30, 2020, subject to 5% escalation starting on second year of the lease term. Total rent expense charged to operations for both leases amounted to ₱1.5 million in 2015 and ₱1.2 million in 2014 and 2013 (see Note 20). Total security deposit paid amounted to ₱2.4 million and ₱2.3 million as of December 31, 2015 and 2014, and was included under the "Deposits and other noncurrent assets" account (see Note 15).

The future annual rental commitments of the foregoing lease agreement as of December 31 follow:

	2015	2014
Within one year	**₱1,737,418**	₱1,248,526
After one year but not more than five years	**2,183,377**	1,698,699
	₱3,920,795	₱2,947,225

f. The Company has several lease agreements with third party lessors covering the use of parcels of land for 35 years in Palawan starting 2010. In 2012, the Company entered into additional lease of land with another third party lessor. The leased properties will be used by the

Company as drying area and/or stockpile of its mine products and other related purposes (see Note 32). The Company prepaid the rental charges up to 18 to 30 years with unamortized amount of ₱8.5 million as of December 31, 2015 and 2014, respectively, and is included under "Deposits and other noncurrent assets" account (see Note 15). Rental rates are subject to escalation during the lease periods. Rental expense charged to operations amounted to ₱0.6 million in 2015, 2014 and 2013. This is included as part of "Mining expenses" under "Operating expenses" account (see Note 20).

Service Fee Agreements

In 2007, MACS BOD passed a resolution whereby MACS shall pay service fee to the Company and SATS provided that MACS' profit before tax, after calculating the service fee, is not less than the amount of service fee. The fee shall be equivalent to 5% of quarterly net sales, which shall be divided according to the equity ratio between the Company and SATS of 80% and 20% share, respectively. Starting September 14, 2015, the total service fees shall be divided according to the equity ratio of 67% and 33% between MAC and SATS, respectively. Total service fee recognized by MACS amounted to ₱54.5 million, ₱48.4 million and ₱41.4 million in 2015, 2014 and 2013, respectively. SATS' corresponding share of the service fee amounted to ₱13.1 million, ₱9.7 million and ₱8.3 million in 2015, 2014 and 2013, respectively (see Note 20). Outstanding payable to SATS amounted to ₱13.2 million and ₱8.8 million as of December 31, 2015 and 2014, respectively (see Note 17).

Exploratory Service Agreements

MMC has various service agreements with third parties, wherein the MMC will undertake exploratory drilling and sampling of nickel laterite services on the third party's mining tenement.

Revenue recognized amounted to ₱36.5 million in 2015, ₱34.9 million in 2014 and ₱9.2 million in 2013, while the outstanding receivables balance, included as part of "Trade receivables - third parties", as of December 31, 2015 and 2014 amounted to ₱19.0 million and ₱11.8 million, respectively.

Waterworks System Agreements

a. On February 12, 2013, MAPDC entered into a Memorandum of Agreement (theAgreement) with Solano to design, construct, commission and maintain a new and complete waterworks system in Solano, Nueva Vizcaya ("Service Area"). The Agreement is for a period of 25 years from February 12, 2013 subject to renewal based on the provisions of the Agreement.

   MAPDC is allowed to bill or invoice and collect payment from its customers for services rendered, including one-time service and installation charge and meter and consumption deposit. After a certain period from commencement date, MAPDC shall pay Solano service fee per cubic meter of water sold. For purposes of implementing the services, MAPDC incorporated SNVRDC to serve as the operating entity (See Note 14).

b. On October 2, 2015, MAPDC entered into a Memorandum of Agreement (the Agreement) with Municipal Government of Mabini (Mabini) to design, construct, commission and maintain a new and complete waterworks system in Mabini, Pangasinan. The Agreement is for a period of 25 years from commencement date as defined in the Agreement subject to renewal based on the provisions of the Agreement.

29. 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 adjustment 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 repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of December 31, 2015 and 2014. Further, no changes were made in the objectives, policies or processes for each of the three years in the period ended December 31, 2015.

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:

	2015	2014
Capital stock	**₱1,250,000,000**	₱1,250,000,000
Additional paid-in-capital	**281,437,118**	281,437,118
Retained earnings	**1,710,293,529**	1,477,897,069
Treasury shares	**(49,418,660)**	(49,418,660)
	₱3,192,311,987	₱2,959,915,527
Net income	**₱341,358,497**	₱121,910,289
Return on equity	**10.69%**	4.12%

30. 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.

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

Financial Risk Management

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

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

Foreign currency risk
The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately an average of 87% of MACS' and 74% of MASCORP's revenue are denominated in US$. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations. Foreign currency monetary assets and liabilities are disclosed in Note 23.

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:

	Movement in US$ and RMB	Increase (decrease) in Income before Income Tax US$	Increase (decrease) in Income before Income Tax RMB
		(in millions)	
2015	**Increase of 3%**	**(₱20.7)**	**₱–**
	Decrease of 3%	**20.7**	**–**
2014	Increase of 4%	23.1	0.05
	Decrease of 4%	(23.1)	(0.05)
2013	Increase of 5%	(13.4)	(0.02)
	Decrease of 5%	13.4	0.02

The Group reported net foreign exchange gain of ₱36.1 million, ₱12.5 million and ₱29.3 million in 2015, 2014 and 2013, respectively (see Note 22).

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

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

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

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

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

December 31, 2015:

	Neither past due nor impaired			Past due or	
	High Grade	Standard Grade	Sub-standard Grade	individually impaired	Total
Loan and receivable:					
Cash in bank and cash equivalents*	**₱692,300,961**	**₱–**	**₱–**	**₱–**	**₱692,300,961**
Receivables:					
Trade	**274,656,311**	**28,026,879**	**14,385,636**	**201,669,825**	**518,738,651**
Due from officers and employees	**15,476,326**	**–**	**–**	**–**	**15,476,326**
Interest receivables	**3,028,390**	**–**	**–**	**–**	**3,028,390**
Other receivables	**17,244,019**	**–**	**–**	**5,645,280**	**22,889,299**
Deposits	**24,214,691**	**–**	**–**	**–**	**24,214,691**
AFS investments-					
Retail treasury and corporate bonds	**65,630,600**	**–**	**–**	**–**	**65,630,600**
	₱1,092,551,298	**₱28,026,879**	**₱14,385,636**	**₱207,315,105**	**₱1,342,278,918**

**Exclusive of cash on hand amounting to ₱1,024,866 as of December 31, 2015.*

December 31, 2014:

	Neither past due nor impaired			Past due or	
	High Grade	Standard Grade	Sub-standard Grade	individually impaired	Total
Loan and receivable:					
Cash in bank and cash equivalents*	₱680,209,788	₱–	₱–	₱–	₱680,209,788
Receivables:					
Trade	158,830,385	41,756,342	–	172,120,184	372,706,911
Due from officers and employees	16,907,870	–	–	–	16,907,870
Interest receivables	2,573,415	–	–	–	2,573,415
Other receivables	9,847,087	–	–	3,224,887	13,071,974
Deposits	19,639,957	–	–	–	19,639,957
AFS investments-					
Retail treasury and corporate bonds	66,197,600	–	–	–	66,197,600
	₱954,206,102	₱41,756,342	₱–	₱175,345,071	₱1,171,307,515

**Exclusive of cash on hand amounting to ₱1,027,745 as of December 31, 2014.*

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

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

The aging analysis of receivables as of December 31 are as follows:

	Past Due but not Impaired					
	Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days	Impaired	Total
2015	**₱46,265,023**	**₱66,030,662**	**₱29,637,274**	**₱52,141,499**	**₱13,240,647**	**₱207,315,105**
2014	37,153,642	58,588,286	23,408,940	43,110,333	13,083,870	175,345,071

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

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

Interest rate risk
The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's notes payable with floating interest rates. The Group has a practice of keeping its interest-bearing liabilities to third parties within a threshold that can be serviced through operating cash flows. Management closely monitors the behaviour 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 table below sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel changes in the interest rate curve in terms of basis points (bp) as of December 31, 2015 and 2014, 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 2015	Increase (decrease) in income before income tax 2014	Increase (decrease) in loss before income tax 2013
		(in millions)	
100 bp rise	**(₱0.84)**	(₱0.86)	₱0.27
100 bp fall	**0.84**	0.86	(0.27)
50 bp rise	**(0.42)**	(0.43)	0.14
50 bp fall	**0.42**	0.43	(0.14)

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

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

In addition, MASCORP has obtained an omnibus line of credit for ₱100.0 million (or USD equivalent) and bills purchase line for ₱20.0 million. The omnibus line of credit is available by way of short-term promissory notes with interest, while the bills purchase line is available for settlement of the Company's obligation through the bank. This line of credit is available until January 31, 2016. This was subsequently renewed on January 28, 2016 and shall be available until January 31, 2017. MASCORP has not drawn any amount from the line of credit.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual and undiscounted repayment obligations. Repayments which are subject to notice are

treated as if notice were to be given immediately. The table also analyses the maturity profile of the Group's financial assets held for managing liquidity in order to provide complete view of the Group's contractual commitments and liquidity.

December 31, 2015:

	<1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	**₱693,325,827**	**₱–**	**₱–**	**₱–**	**₱693,325,827**
Receivables:		–	–	–	
Trade	**518,738,651**	–	–	–	**518,738,651**
Due from officers and employees	**15,476,326**	–	–	–	**15,476,326**
Interest receivable	**3,028,390**	–	–	–	**3,028,390**
Other receivables	**22,889,299**	–	–	–	**22,889,299**
Deposits*	–	–	–	**48,212,858**	**48,212,858**
AFS investments-					
Retail treasury and corporate bonds	–	–	**65,630,600**	–	**65,630,600**
	1,253,458,493	–	**65,630,600**	**48,212,858**	**1,367,301,951**
Other financial liabilities:					
Accounts payable and accrued liabilities**	**352,907,747**	–	–	–	**352,907,747**
Notes payable***	**27,998,996**	**18,004,998**	**20,050,892**	–	**66,054,886**
Dividends payable	**101,126,061**	–	–	–	**101,126,061**
Deposit****	–	–	–	**39,596,190**	**39,596,190**
	482,032,804	**18,004,998**	**20,050,892**	**39,596,190**	**559,684,884**
Liquidity position	**₱771,425,689**	**(₱18,004,998)**	**₱45,579,708**	**₱8,616,668**	**₱807,617,067**

** Inclusive of accretion of interest of ₱19,859,781.*
***Exclusive of nonfinancial liabilities of ₱35,069,039.*
**** Inclusive of interest to maturity of ₱2,321,459.*
******Inclusive of accretion of interest of ₱19,260,232.*

December 31, 2014:

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

** Inclusive of accretion of interest of ₱19,859,781.*
***Exclusive of nonfinancial liabilities of ₱17,952,416.*
**** Inclusive of interest to maturity of ₱2,321,459.*
******Inclusive of accretion of interest of ₱19,260,232*

31. Fair Value

The following tables provide the comparison of carrying amounts and fair values of the Group's assets and liabilities as at December 31:

2015

			Fair value measurements using		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:					
Available for sale financial investments (Note 13)					
Government securities	December 31,	**₱65,630,600**	**₱65,630,600**	**₱–**	**₱–**
Golf club shares	2015	**40,138,300**	**40,138,300**	**–**	**–**
Assets for which fair value is disclosed:					
Investment property (Note 12)	December 31, 2015	**143,852,303**	**–**	**–**	**257,959,500**
Deposits (Note 15)	December 31, 2015	**16,208,078**	**–**	**–**	**16,208,078**
Liabilities for which fair value is disclosed					
Deposits (Note 18)	December 31, 2015	**6,342,339**	**–**	**–**	**6,342,339**

2014

			Fair value measurements using		
	Date of valuation	**Carrying value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:					
Available for sale financial investments (Note 13)					
Government securities	December 31,	₱66,197,600	₱66,197,600	₱–	₱–
Golf club shares	2014	37,138,300	37,138,300	–	–
Investment property (Note 12)	December 31, 2014	143,852,303	–	–	257,959,500
Deposits (Note 15)	December 31, 2014	16,208,078	–	–	16,208,078
Liabilities for which fair value is disclosed					
Deposits (Note 18)	December 31, 2014	5,328,763	–	–	5,328,763

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

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

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

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

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).

32. Deferred Mine Exploration Costs and Mining-Related Activities

As of December 31, 2015 and 2014, deferred mine exploration costs follow:

Beginning/ending balance	₱237,489,872
Less accumulated impairment loss	4,181,184
	₱233,308,688

Infanta Nickel Project
Deferred mine exploration costs pertain to costs incurred by the Company in the exploration of its mining property located in Brooke's Point, Palawan, the Infanta Nickel Project (the Project).

The Project is the Company's tenement under a Mineral Production Sharing Agreement (MPSA) with the government. The MPSA is a consolidation of the Company's eight mining lease contracts with the Government that were granted under Commonwealth Act No. 137 and P.D. 463. In the 1970's, the Company operated the mine as an export producer of beneficiated nickel laterite. As such, it had sales and purchase agreements with Sumitomo Metal Mining Co., Ltd. of Japan, and thus, had made shipments of nickel ore to Japan in the 1970's until very low nickel prices forced the operations to be suspended. The previous quarry and road network within the tenement still exist and is currently being maintained for future use.

The MPSA runs for a term not exceeding 25 years from the date of the grant of the MPSA, and is renewable for another term not exceeding 25 years under the same terms and conditions, without prejudice to changes that will be mutually agreed upon by the Department of Environment and Natural Resources (DENR) and the Company.

In 2008, the Supreme Court has ruled with finality that the Company has vested legal rights to its MPSA; and with the grant of the environmental compliance certificate (ECC) in 2010 for operations by the DENR, the Company has secured two major permits necessary to bring back the mine to operations. Currently, the Company is working on the acquisition of a Certificate of Pre-condition (CP) from the National Commission on Indigenous Peoples (NCIP) and approval of its Declaration of Mining Feasibility from the Mines and Geosciences Bureau. Simultaneously, it has ongoing discussions with potential partners for the development of the project for the best interest of the various stakeholders.

In 2010, the exploration efforts of the Company resulted in the delineation of 10.8 million dry metric ton of measured mineral resource with average grade of 1.30% nickel (Ni) and 31.28% iron (Fe) at 1% NI cut-off. The reserves calculation was validated by the Mines and Geosciences Bureau (MGB) to be acceptable. MGB's independent calculation revealed a measured mineral resource of 12.8 million dry metric ton with average grade of 1.29% Ni and 32.20% Fe at 1.0% Ni cut off.

On September 13, 2010, the Company received the ECC for operations of the Project. The ECC was granted by the DENR, after a thorough project review and series of consultations were conducted principally under the supervision of the Environmental Management Bureau (EMB) and Environmental Impact Assessment Review Committee.

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. The Company has cumulative impairment loss of ₱4.2 million considering the market condition in prior years.

On January 30, 2015, the Company executed a Deed of Assignment of MPSA 220 and MPSA 221 to MMC. However, it cannot take effect yet as there were no renewed Exploration Periods granted to both MPSAs. As of December 31, 2015, the Company has submitted the necessary requirements for the renewal of Exploration Period of the two MPSAs; hence, awaiting approval by the MGB.

Administrative expenses related to the mining exploration activities are expensed as incurred and presented under "Mining expenses" under "Operating expenses" account. These amounted to ₱4.9 million, ₱5.0 million and ₱13.3 million in 2015, 2014 and 2013, respectively (see Note 20).

Deeds of Assignment with Bulawan Mining Corporation (BUMICO)
In 2012, the Company entered into two deeds of assignment with BUMICO. The first deed of assignment covered BUMICO's rights, title to, interests and obligations under the former's application for exploration permit with the MGB of the DENR over certain properties in Basay, Negros Oriental under Exploration Permit Application No. 000103 VII. In consideration, the Company paid BUMICO ₱16.0 million, which is included under "Deferred mine exploration costs" account in the consolidated balance sheets. The said assignment was approved by the Regional Director of the MGB on January 28, 2013.

The second deed of assignment covered BUMICO's rights, interests and obligations under an Operating Agreement with Philex Mining Corporation (PHILEX). The Operating Agreement granted PHILEX the exclusive right and privilege to take over, as an independent contractor, the working and operation of Mineral Claims as defined in the Operating Agreement for a period of 25 years. In consideration, the Company offered its technical services for BUMICO to tie up with PHILEX. The said deed of assignment was consented by PHILEX. Currently, PHILEX has no operations over the Mineral Claims. Once PHILEX resumes the operations of and generates income from the Mineral Claims, the Company shall be entitled to royalty payments and that BUMICO shall be entitled to a certain percentage of such royalties.

33. Subsequent Event

On March 4, 2016, LTP declared $2.0 million cash dividends payable on April 15, 2016 to MAC and Lufthansa Technik AG. MAC's share in the dividend declaration is $0.98 million.

Exhibit 2. Index to Supplementary Schedules

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of MacroAsia Corporation and subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 30, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Josephine H. Estomo

Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 102-086-208
BIR Accreditation No. 08-001998-18-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321634, January 4, 2016, Makati City

March 30, 2016

MacroAsia Corporation and Subsidiaries
Schedule A - Financial Assets
As of December 31, 2015

Financial Assets	Name of Issuing entity and association of each issue	Amount shown in the balance sheet	Income received and accrued
Loan and Receivables			
Cash in bank and cash equivalents		693,325,827	
Receivables		560,132,666	
Deposits		24,214,691	
AFS investments:			
Investment in stock	PLDT	38,300	-
Investment in stock	Tower Club	100,000	-
Investment in stock	Manila Golf and Country Club	40,000,000	-
Retail treasury bond	Philippine Government	65,630,600	1,819,500
Total		1,383,442,084	1,819,500

MacroAsia Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
As of December 31, 2015

	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Advances to officers & employees							
of MAC	2,559,033	3,516,685	3,491,406		2,584,312		2,584,312
of MACS	7,054,934	8,137,499	9,987,140	700,238	4,505,056		4,505,056
of MASCORP	70,279	9,082,233	8,480,027		672,485		672,485
of MAPDC	1,081,605	3,903,459	4,181,257		803,808		803,808
of WBSI	195,500		195,500		-		-
of SNVRDC		144,867			144,867		144,867
of PWBRI	21,526				21,526		21,526
of MAATS	3,766,049	13,220,950	12,219,019		4,767,980		4,767,980
of MMC	2,003,005	1,852,184	1,878,895		1,976,294		1,976,294
Receivables from Related Parties and Principal Stockholders							
of MACS to PAL	1,936,302				1,936,302		1,936,302
of MACS to PAL - Mabuhay Lounge		68,009,618	46,413,323			21,596,295	21,596,295
of MACS to PAL - PALEX		3,174,094				3,174,094	3,174,094
of MACS to MAC	491,033			491,033			-
of MASCORP to PAL	29,253,752	208,226,948	194,807,035		25,653,710	17,019,955	42,673,665
of MASCORP to Airphil	18,569,884	94,031,722	91,538,842		12,402,670	8,660,094	21,062,764
of MASCORP to LTP	155,500	1,720,116	261,345		812,351	801,921	1,614,271
of MAPDC to WBSI	40,496,089	1,844,781	42,340,870				0
of MAPDC to MMC	2,735,590	2,691,506	1,188,741		4,238,355		4,238,355
of MAPDC to MAATS	5,438,963		5,402,224		36,739		36,739
of MAPDC to SNVRDC	47,864,789	169,975,556	3,301		217,837,044		217,837,044
of MAPDC to PWBRI	155,380				155,380		155,380
of ASSC to MMC	-	3,000,000			3,000,000		3,000,000
of CBRI to WBSI		500,000		91,104	408,896		408,896
Total	163,849,211	593,032,219	422,388,926	1,282,375	281,957,771	51,252,358	333,210,129

MacroAsia Corporation and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
As of December 31, 2015

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amounts written off	Current	Not Current	Balance at end of period	Amount Eliminated
MAC to								
MAATS	13,774,651	1,345,307	8,667,012		6,452,945		6,452,945	6,452,945
MAPDC	368,077,696	202,299,013	314,631,265		255,745,443		255,745,443	255,745,443
MACS	137,158,988	46,124,367	30,077,725	1,440,483	151,765,147		151,765,147	151,765,147
MASCORP	14,131,810	18,688,518			18,671,334		18,671,334	18,671,334
MMC	24,480,378	16,945,000			41,425,378		41,425,378	41,425,378
ASSC	332,034	9,841			341,875		341,875	341,875
MACS to								
MAC	491,033			491,033			-	-
MAPDC to								
WBSI	40,496,089	1,844,781	42,340,870				0	0
MMC	2,735,590	2,691,506	1,188,741		4,238,355		4,238,355	4,238,355
MAATS	5,438,963		5,402,224		36,739		36,739	36,739
SNVRDC	47,864,789	179,632,738			227,497,527		227,497,527	227,497,527
PWBRI	155,380				155,380		155,380	155,380
ASSC to								-
MMC		3,000,000			3,000,000		3,000,000	3,000,000
CBRI to								-
WBSI		500,000.00		91,104.30	408,896		408,896	408,896
Total	655,137,398	473,081,071	402,307,838	2,022,620	709,739,017	-	709,739,017	709,739,017

Following are the related party transactions and balances that were eliminated during the consolidation:

a. MACS' BOD passed a resolution in 2007 whereby its stockholders, MAC and SATS, shall receive service fee provided that MACS' profit before tax, after calculating the service fee, is not less than the amount of the service fee. The fee shall be equivalent to 5% of the quarterly net sales, which shall be divided according to the equity ratio between MAC and SATS (i.e., 80% and 20%, respectively, starting September 14, 2015 new equity ratio for MAC and SATS 67% and 33% respectively). In 2011, the BOD of MAC and MASCORP have agreed to charge MASCORP service fee amounting to 20% of income before income tax, depreciation, amortization and interests. Service fee recognized by MACS and MASCORP, amounted to ₱54.4 million and ₱16.6 million, respectively.

- MAC has a rental agreement with MAATS for the use of MAC's helicopter for six months, renewable every six months at the option of both parties. The rental fee consists of a basic monthly fee of ₱44,000 plus an amount computed at a rate based on flying time. Rental fees charged to MAATS amounted to ₱1.2 million in 2015.

- MAATS declared dividends during the year. Outstanding dividends receivable by MAC amounts to ₱6 million as of December 31, 2015.

- MAPDC obtains short-term, non-interest bearing advances from the Parent company, sister companies (subsidiaries of MAC), and subsidiary. Total advances received for the years ended and outstanding balances as of December 31, 2015 that were eliminated in consolidated are presented in the table above.

- MMC obtains noninterest-bearing cash advances from MAC, MAPDC and ASSC. Outstanding amount of advances from MAC, MAPDC and ASSC amounted to ₱41.4 million, ₱4.2 million and ₱3 million as of December 31, 2015, respectively.

- AASC obtains noninterest-bearing advances from MAC in the normal course of business. Outstanding advances amounted to ₱0.3 million as of December 31, 2015.

- MAPDC granted non-interest bearing advances to SNVRDC. Outstanding receivables from these transactions amounted to ₱217.8 million as of December 31, 2015.

- CBRI granted non-interest bearing advances to WBSI. Outstanding balance as of December 31, 2015 amounted to ₱0.40 million.

MacroAsia Corporation and Subsidiaries
Schedule D - Intangible Assets and Other Assets
As of December 31, 2015

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	17,531,232					17,531,232
Software Licenses - net	1,764	126,428			9,981	138,173
Service Concession Right	99,665,179	188,552,475			13,639,727	301,857,381
Total	117,198,175	188,678,903	-	-	13,649,708	319,526,786

MacroAsia Corporation and Subsidiaries
Schedule E - Notes Payable
As of December 31, 2015

Title of issue and type of obligation	Amount authorized by indenture		Amount shown under caption "Current portion of long-term debt" in related balance sheet		Amount shown under caption"Long-Term Debt" in related balance sheet		Balance at end of period	Interest Rate
	(In original currency)	(In PhP)	(In original currency)	(In PhP)	(In original currency)	(In PhP)		
Local Bank	PHP 27,000,000	27,000,000	PHP 9,000,000	9,000,000			9,000,000	5.50%
Local Bank	PHP 37,000,000	37,000,000	PHP 7,400,000	7,400,000	PHP 16,033,333	16,033,333	23,433,333	4.06%
Local Bank	USD 990,000	44,530,200	USD 198,000	9,317,880	USD 429,000	20,188,740	29,506,620	5.25%
TOTAL		108,530,200		25,717,880		36,222,073	61,939,953	

MacroAsia Corporation and Subsidiaries
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
As of December 31, 2015

Name of related party	Balance at beginning of period	Balance at end of period

Not Applicable

MacroAsia Corporation and Subsidiaries
Schedule G - Guarantees of Securities and Other Issuers
As of December 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee

Not Applicable

MacroAsia Corporation and Subsidiaries
Schedule H - Capital Stock
As of December 31, 2015

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Title of Issue	Number of Shares authorized	Number of shares issued as shown under related balance sheet caption	Number of treasury shares	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors and officers
Common Stock	2,000,000,000	1,250,000,000	(16,596,000)	1,233,404,000	-	875,035,000 (70.94%)	57,458,202 (4.66%)

MacroAsia Corporation and Subsidiaries
Schedule I - Financial Soundness Indicators
As of December 31, 2015 and 2014

	2015	2014
Return on Net Sales (RNS)[1]	17.06%	6.67%
Return on Investment (ROI)[2]	10.16%	4.07%
Return on Equity (ROE)[3]	10.36%	4.20%
Direct Cost Ratio[4]	75.14%	77.12%
Operating Expense Ratio[4]	23.88%	24.82%
Current Ratio[5]	2.72:1	4.18:1
Debt-to-Equity Ratio[6]	1.88%	3.05%
Interest Coverage Ratio[7]	115.16:1	37.36:1
Asset-to-Equity Ratio[8]	1.23:1	1.18:1

[1] *This is the ratio is computed by dividing net income attributable to equity holders of the parent by the total net revenues.*

[2] *This ratio is computed by dividing net income attributable to equity holders of the parent by the sum of total interest-bearing liabilities plus equity attributable to equity holders of the parent.*

[3] *This ratio is computed by dividing net income attributable to equity holders of the parent by the equity attributable to equity holders of the parent.*

[4] *Direct Cost ratio is computed by dividing total cost over total net revenues, while total operating expenses is divided by total net revenues to arrive at operating expense*

[5] *Current Ratio is the ratio of the total current assets divided by the total current liabilities.*

[6] *Debt-to-Equity Ratio is the ratio of the total interest-bearing debts divided by total stockholders' equity.*

[7] *Interest coverage ratio is the ratio of the total earnings before interest and taxes (EBIT) divided by the interest expense of the period.*

[8] *The asset-to-equity ratio is the total assets divided by the equity.*

SCHEDULE III

MACROASIA CORPORATION AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS*
AVAILABLE FOR DIVIDEND DECLARATION (PART 1, 46, ANNEX 68-C)
DECEMBER 31, 2015

Unappropriated retained earnings, as adjusted, beginning		₱604,431,869
Less: Treasury Shares		49,418,660
Deferred income tax assets		1,420,809
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		553,592,400
Add: Net income actually earned during the year		
Net income during the year closed to retained earnings	142,402,037	
Less: Increase in deferred income tax assets	114,636	142,287,401
Less: Dividend declared during the year		92,505,300
Retained earnings available for dividend declaration, end		₱603,374,501

Based on Parent Company retained earnings

MACROASIA CORPORATION AND SUBSIDIARIES

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS (PART 1, 4J)

List of Philippine Financial Reporting Standards (PFRS) [which consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&A's effective as of December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		

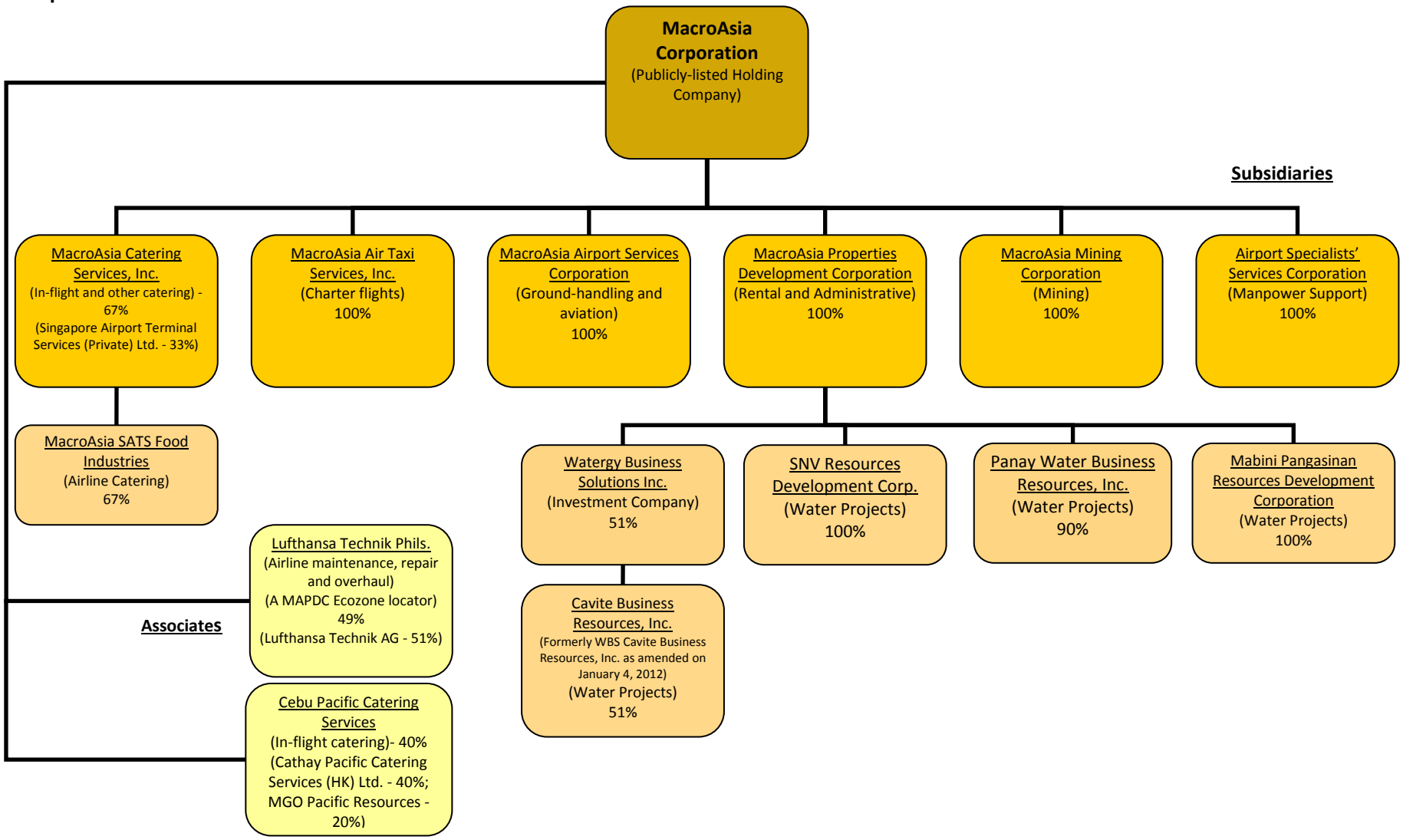
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities		✓	
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities		✓	
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements	✓		
IFRIC 13	Customer Loyalty Programmes			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Group Structure



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SECURITIES AND EXCHANGE COMMISSION

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Received From : Others

Company Representative

Doc Source

Company Information

SEC Registration No.	0000040524
Company Name	MACROASIA CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	101082016000556
Document Type	LETTER/MISC
Document Code	LTR
Period Covered	January 08, 2016
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	

COVER SHEET

4 0 5 2 4

MACROASIA CORPORATION

(Company's Full Name)

12/F PNB ALLIED BANK CENTER,
6754 AYALA AVENUE, MAKATI CITY

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

FLORENTINO M. HERRERA III
Contact Person

(632) 8402001
Company Telephone Number

12 — Month
31 — Day
Fiscal Year

Letter
FORM TYPE

3rd Friday of July
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stocholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

MACROASIA CORPORATION

8 January 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building,
EDSA, Greenhills
Mandaluyong City

Attention : **DIRECTOR JUSTINA F. CALLANGAN**
Corporate Governance and Finance Department

Gentlemen:

Please be advised that MacroAsia Corporation (the "Corporation") has consolidated all the updates and changes made with respect to its Annual Corporate Governance Report ("ACGR"), in compliance with the requirements set forth in SEC Memorandum Circular Nos. 1 and 12, Series of 2014.

The Consolidated Changes in the ACGR of the Corporation for 2015, together with the attached Secretary's Certificate, will be posted in the website of the Corporation.

Very truly yours,

FLORENTINO M. HERRERA III
Corporate Secretary

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

SECRETARY'S CERTIFICATE

I, **FLORENTINO M. HERRERA III,** of legal age, Filipino, with office address at the 5/F SGV II Building, 6758 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the duly elected and incumbent Corporate Secretary of **MACROASIA CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of Philippine laws with principal office address at 12/F PNB Allied Bank Center, 6754 Ayala Avenue, Makati City.

2. Pursuant to Securities and Exchange Commission ("SEC") Memorandum Circular Nos. 1 and 12, Series of 2014, the updates and changes to the Annual Corporate Governance Report of the Corporation for 2015 are set forth hereunder:

   a. Based on SEC Form 17-C that was filed with the Philippine Stock Exchange ("PSE") on 6 August 2015, the Corporation disclosed SEC's approval of the amendment to the Sixth Article of the Articles of Incorporation increasing the number of directors from nine (9) to eleven (11):

Number of Directors per Articles of Incorporation	*Eleven (11)*

Actual number of Directors for the year	*Eleven (11)*

   b. Based on Item 4 of SEC Form 17-C that was filed on 20 July 2015 and SEC Form 17-C that was filed on 15 December 2015, the Corporation provided the following information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected(If ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
DR. LUCIO C. TAN	*NED*	*N/A*	*Joevy Serenio*	*17 July 2015*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*less than 1 year*
WASHINGTON Z. SYCIP	*NED*	*N/A*	*Joevy Serenio*	*18 July 1997*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*18 years*
CARMEN K. TAN	*NED*	*N/A*	*Joevy Serenio*	*20 July 2012*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*3 years*

[1] Reckoned as of date of election as ID (Johnip G. Cua – 21 July 2006/Ben C. Tiu – 19 July 2013/ Marixi R. Prieto -15 December 2015)

LUCIO K. TAN, JR.	NED	N/A	Joevy Serenio	18 July 1997	17 JULY 2015	Annual Stockholders' Meeting	18 years
MICHAEL G. TAN	NED	N/A	Joevy Serenio	17 July 2015	17 JULY 2015	Annual Stockholders' Meeting	less than 1 year
JOSEPH T. CHUA	ED	N/A	Joevy Serenio	18 July 1997	17 JULY 2015	Annual Stockholders' Meeting	18 years
JAIME J. BAUTISTA	ED	N/A	Joevy Serenio	18 July 1997	17 JULY 2015	Annual Stockholders' Meeting	18 years
STEWART C. LIM	NED	N/A	Joevy Serenio	14 December 2015	14 DECEMBER 2015	Regular Board Meeting	less than 1 year
JOHNIP G. CUA	ID	N/A	Joevy Serenio (not related to ID)	21 July 2006 (9 years and 5 months)	17 JULY 2015	Annual Stockholders' Meeting	9 years
BEN C. TIU	ID	N/A	Joevy Serenio (not related to ID)	19 July 2013 (2 years and 5 months)	17 JULY 2015	Annual Stockholders' Meeting	2 years
MARIXI R. PRIETO	ID	N/A	Joevy Serenio (not related to ID)	14 December 2015 (less than 1 year)	14 DECEMBER 2015	Regular Board Meeting	less than 1 year

c. Based on the General Information Sheet(s) filed by the companies of the MacroAsia Group, the updated chart on the directorship in the other companies of the MacroAsia Group is set forth hereunder:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
WASHINGTON Z. SYCIP	• LUFTHANSA TECHNIK PHIL. INC.	• Non-Executive Director/Chairman
LUCIO K. TAN, JR.	• MACROASIA AIRPORT SERVICES CORPORATION	• Non-Executive Director
	• MACROASIA CATERING SERVICES INC.	• Non-Executive Director/Chairman
	• MACROASIA MINING CORPORATION	• Non-Executive Director/Chairman
	• AIRPORT SPECIALISTS' SERVICES CORPORATION	• Non-Executive Director/Chairman
	• DRAGON RESOURCES DEVELOPMENT CORPORATION	• Non-Executive Director
	• WATERGY BUSINESS SOLUTIONS INC.	• Non-Executive Director
	• LUFTHANSA TECHNIK PHIL. INC.	• Non-Executive Director

JOSEPH T. CHUA	• *MACROASIA PROPERTIES DEVELOPMENT CORPORATION* • *MACROASIA AIR TAXI SERVICES, INC.* • *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.* • *MACROASIA MINING CORPORATION* • *AIRPORT SPECIALISTS' SERVICES CORPORATION* • *LUFTHANSA TECHNIK PHIL. INC.* • *WATERGY BUSINESS SOLUTIONS INC.* • *CAVITE BUSINESS RESOURCES INC.* • *DRAGON RESOURCES DEVELOPMENT CORPORATION* • *SNV RESOURCES DEVELOPMENT CORP.* • *PANAY WATER BUSINESS RESOURCES INC.*	• *Executive Director* • *Executive Director* • *Executive Director* • *Executive Director* • *Executive Director* • *Executive Director* • *Non-Executive Director* • *Executive Director* • *Non-Executive Director/Chairman* • *Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director/Chairman*
JAIME J. BAUTISTA	• *MACROASIA PROPERTIES DEVELOPMENT CORPORATION* • *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.* • *AIRPORT SPECIALISTS' SERVICES CORPORATION* • *DRAGON RESOURCES DEVELOPMENT CORPORATION* • *WATERGY BUSINESS SOLUTIONS INC.* • *CAVITE BUSINESS RESOURCES INC.*	• *Non-Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director* • *Non-Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director/Chairman* • *Executive Director*
STEWART C. LIM	• *MACROASIA CATERING SERVICES INC.* • *DRAGON RESOURCES DEVELOPMENT CORPORATION*	• *Non-Executive Director* • *Non-Executive Director*
JOHNIP G. CUA	• *MACROASIA PROPERTIES DEVELOPMENT CORPORATION* • *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.* • *DRAGON RESOURCES DEVELOPMENT CORPORATION*	• *Independent Director** • *Independent Director* • *Independent Director* • *Independent Director*

d. Based on the Definitive Information Statement filed with SEC and PSE on 24 June 2015, the updated chart on the directorship in other listed companies is set forth hereunder:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
DR. LUCIO C. TAN	• *LT Group, Inc.* • *PAL Holdings, Inc.* • *Philippine National Bank*	• *Executive Director/Chairman* • *Non- Executive Director/Chairman* • *Non-Executive Director*

WASHINGTON Z. SYCIP	• *Cityland Development Corporation* • *First Philippine Holdings Corp.* • *Belle Corporation* • *Philippine National Bank* • *Lopez Holdings Corporation* • *LT Group, Inc.* • *Metro Pacific Investments Corporation* • *PAL Holdings, Inc.*	• *Independent Director/Chairman* • *Independent Director* • *Independent Director* • *Non-Executive Director* • *Independent Director* • *Non-Executive Director* • *Independent Director* • *Non-Executive Director*
CARMEN K. TAN	• *LT Group, Inc.* • *PAL Holdings, Inc.*	• *Non-Executive Director* • *Non-Executive Director*
LUCIO K. TAN, JR.	• *LT Group, Inc.* • *PAL Holdings, Inc.* • *Philippine National Bank* • *Victorias Milling Company Inc.*	• *Non- Executive Director* • *Non-Executive Director* • *Non-Executive Director* • *Independent Director*
MICHAEL G. TAN	• *LT Group, Inc.* • *PAL Holdings, Inc.* • *Philippine National Bank* • *Victorias Milling Company Inc.*	• *Executive Director* • *Executive Director* • *Non-Executive Director* • *Independent Director*
JOSEPH T. CHUA	• *LT Group, Inc.* • *PAL Holdings, Inc.*	• *Non-Executive Director* • *Non-Executive Director*
JAIME J. BAUTISTA	• *PAL Holdings, Inc.*	• *Executive Director*
JOHNIP G. CUA	• *STI Education Systems Holdings, Inc.* • *PAL Holdings Inc.*	• *Independent Director* • *Independent Director*
BEN C. TIU	• *TKC Steel Corporation* • *I-Remit Inc.*	• *Non-Executive Director/Chairman* • *Non-Executive Director*

e. The updated chart on the relationship among members of the Board of Directors which links them to significant shareholders in the Corporation and/or the MacroAsia Group is set forth hereunder:

Director's Name	Name of the Significant Shareholder	Description of the relationship
DR. LUCIO C. TAN	*Carmen K. Tan*	*Wife*
	Lucio K. Tan, Jr.	*Son*
	Michael G. Tan	*Son*
	Joseph T. Chua	*Son-in-law*
LUCIO C. TAN	*PAL Holdings, Inc. (formerly Baguio Gold Holdings) Baguio Gold owns 7% of MAC outstanding shares.*	*Lucio K. Tan, Jr. is the son of Carmen K. Tan and Dr. Lucio C. Tan (Chairman of PAL).* *Michael G. Tan is the son of Dr. Lucio C. Tan.*
CARMEN K. TAN		
LUCIO K. TAN, JR.		
MICHAEL G. TAN		
JOSEPH T. CHUA	*Carmen K. Tan*	*Mother-in-law*
	Lucio K. Tan, Jr.	*Brother-in-law*

f. Based on SEC Form 23-B filed by Mr. Joseph T. Chua on 17 September 2015 and based on the various SEC Forms 23-A filed by Messrs. Lucio C. Tan and Michael G. Tan on 23 July 2015 and Mr. Stewart C. Lim and Ms. Marixi R. Prieto on 15 December 2015, the updated shareholdings of the aforesaid directors are as follows:

Name of Director	Number of Direct shares	Number of Indirect shares / through (name of record owner)	% of Capital Stock
JOSEPH T. CHUA	*125,000*	*3,289,000 (through Citisec Online)*	*0.2768%*
DR. LUCIO C. TAN	*100,000*	-	*0.0081%*
MICHAEL G. TAN	*100,000*	-	*0.0081%*
STEWART C. LIM	*100,000*	-	*0.0081%*
MARIXI R. PRIETO	*100,000*	-	*0.0081%*

g. Based on SEC 17-C filed with the PSE on 6 August 2015, the Corporation disclosed SEC's approval of the following amendments to the By-Laws:

(i) to reflect in Article V, Section 5.02 of the By-Laws that the Chairman shall be the Chief Executive Officer of the Corporation and to specify his powers and duties;

(ii) to reflect in Article V, Section 5.03 of the By-Laws that the President shall be the Chief Operating Officer of the Corporation and to specify his powers and duties;

(iii) to abolish the position of Vice-Chairman and in view thereof, to delete any and all references to the position of Vice-Chairman in Article II, Section 2.05 and Article V, Section 5.01 of the By-laws; and

(iv) to include a provision in Article V of the By-Laws creating the position of Co-Chairman.

h. Roles, Accountabilities and Deliverables of the Chairman and CEO and the President and COO

The roles of the Chairman and CEO (Dr. Lucio C. Tan) and the President and COO (Mr. Joseph T. Chua) shall be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.

	Chairman/CEO	President/COO
Role	*a) He shall preside at all meetings of the stockholders and Board of Directors, and shall ensure that all meetings are held in accordance with the by-laws.* *b) He shall perform all such other duties as are incident to his office, or are properly required of him by the Board.* *c) He shall provide general guidance to the Corporation.* *d) He shall sit on committees of the Board where appropriate as determined by the Board.*	*a) He shall be the principal representative of the Board and of the Corporation.* *b) He shall represent the Board and the Corporation in all the dealings with other offices, agencies and instrumentalities of the Government and with all other persons or entities, public or private, whether domestic, foreign or international;* *c) He shall represent the Corporation, either personally or through counsel, in any legal proceedings or action*
Accountabilities	*a) He shall be responsible for the general supervision, administration and management of the business of the Corporation* *b) He shall lead, in conjunction with the Board, the development of the Corporation's strategy*	*a) He shall have general supervision and direction of the day-to-day business affairs of the Corporation;* *b) He shall direct and supervise the operations and internal administration of the Corporation. The President may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations of the Board; and exercise such other powers as may be vested in him by the Board* *c) He shall be responsible for the delegation of his role to represent the corporation in subparagraphs (b) and (c) above and his authority through his signature in subparagraph (c) below.*
Deliverables	*He shall lead and oversee the implementation of the Corporation's long and short term plans in accordance with the Corporation's strategy.*	*a) He shall prepare the agenda for the meetings of the Board of Directors and to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes of the Corporation;* *b) He shall execute and administer the policies and measures approved by the Board;* *c) He shall authorize, with his signature, contracts concluded by the Corporation, stock certificates notes and securities issued by the Corporation, and the annual reports, balance sheets, profit and loss*

		statements, correspondence and other documents of the Corporation.

i. The following changes were indicated in the part on "Resignation/Death/Removal" of Directors:

Name	Position	Date of Cessation	Reason
GEORGE Y. SYCIP	*DIRECTOR*	*JULY 17, 2015*	*END OF TERM*
HARRY C. TAN	*DIRECTOR*	*JULY 17, 2015*	*END OF TERM*

j. Based on the Minutes of the Annual Stockholders' Meeting ("ASM") held on 17 July 2015, which was posted in the website of the Corporation on 22 July 2015, the votes received by each director are set forth hereunder:

Name of Director	Votes Received
DR. LUCIO C. TAN	*923,429,150*
WASHINGTON Z. SYCIP	*923,429,150*
CARMEN K. TAN	*923,429,150*
LUCIO K. TAN, JR.	*923,429,150*
MICHAEL G. TAN	*923,429,150*
JOSEPH T. CHUA	*923,429,150*
JAIME J. BAUTISTA	*923,429,150*
JOHNIP G. CUA	*923,429,150*
BEN C. TIU	*923,429,150*

k. Based on various advisement letters filed with the SEC, the directors and officers of the Corporation attended the following Corporate Governance Seminars:

Directors / Senior Management	Trainings	Date	Provider
Dr. Lucio C. Tan Chairman and CEO	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Washington Z. SyCip Co-Chairman	In a letter dated August 3, 2015, the Securities and Exchange Commission *En Banc* granted an exemption to Mr. Washington Z. Sycip from attending a corporate governance training for 2015.		
	Corporate Governance Requirement Under US Laws and Regulations and The Foreign Corrupt Practices Act of 1977	1 April 2014	PLDT
Carmen K. Tan Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.

Lucio K. Tan Jr. Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Michael G. Tan Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Joseph T. Chua President and COO	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Distinguished Corporate Governance Speaker Series	19 August 2014	The Institute of Corporate Directors
Jaime J. Bautista Treasurer/Director	Corporate Governance	9 December 2015	SGV & Co.
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Stewart C. Lim Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Johnip G. Cua Independent Director	Corporate Governance	9 December 2015	SGV & Co.
	Orientation Course on Corporate Governance	28 May 2014	The Institute of Corporate Directors
Ben C. Tiu Independent Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Marixi R. Prieto Independent Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Amador T. Sendin CFO, VP – Administration & Business Development	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
	PICPA 68th Annual Conference	13-16 November 2013	PICPA
	The Euromoney Philippines Investment Forum 2013	12 March 2013	Euromoney Conferences
	Tax Updates	24 January 2013	SGV & Co.
	Bond Training	27, 28 & 29 November 2012	UA&P
Atty. Marivic T. Moya VP-HR, Legal & External Relations Compliance Officer/CIO	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.

I. Based on the Advisement Letter filed with the SEC on 5 January 2016 on attendance of the Board of Directors, the attendance of directors at the Board meetings held by the Corporation in 2015 is set forth below:

Board of Directors	Name	Date of First Election as Director	No. of Meetings held during the year	No. of Meetings Attended	%
Co-Chairman	Washington Z. SyCip	18 July 1997	5	5	100%
Member	Carmen K. Tan	20 July 2012	5	5	100%
Member	Joseph T. Chua	18 July 1997	5	5	100%
Member	Lucio K. Tan, Jr.	18 July 1997	5	5	100%
Member	Jaime J. Bautista	18 July 1997	5	5	100%
Independent	Johnip G. Cua	21 July 2006	5	5	100%
Independent	Ben C. Tiu	19 July 2013	5	5	100%

Board of Directors	Name	Date of First Election as Director	No. of Meetings held since their election as Director	No. of Meetings Attended	%
Chairman	Dr. Lucio C. Tan	17 July 2015	2	2	100%
Member	Michael G. Tan	17 July 2015	2	2	100%

Board of Directors	Name	Date of First Election as Director	No. of Meetings held since their election as Director	No. of Meetings Attended	%
Member	Stewart C. Lim	14 December 2015	1	1	100%
Independent	Marixi R. Prieto	14 December 2015	1	1	100%

m. The updated chart on the aggregate remuneration of the Directors and Management in 2015 is set forth hereunder:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	PHP9.6M	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	0.2M	PHP1.8M	PHP0.5M
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	-
Total	PHP9.8M	PHP1.8M	PHP0.5M

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Advances	-	-	-
(b) Credit granted	-	-	-
(c) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-

(f) Hospitalization Plan	PHP0.04M	-	-
(g) Car Plan		-	-
(h) Others (Specify)	-	-	-
Total	PHP0.04M	-	-

Name of Officer/Position	Total Remuneration
Amador T. Sendin CFO, VP – Administration & Business Development	**PHP 10.2 M**
Atty. Marivic T. Moya VP-HR, Legal & External Relations COO/CIO	

n. Based on SEC 17-C filed with the SEC on 20 July 2015, the Corporation updated the membership of its committees, as set forth hereunder:

(i) Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)	*Joseph T. Chua*	*2 January 2001*	*28*	*28*	*100%*	*14 years*
Member	*Amador T. Sendin*	*16 October 2003*	*28*	*28*	*100%*	*12 years and 2 months*
Member	*Atty. Marivic T. Moya*	*1 May 1999*	*28*	*28*	*100%*	*16 years and 7 months*
Member	*Ramon N. Santos*	*16 July 2010*	*28*	*26*	*100%*	*5 years and 4 months*
Member	*Rhodel Esteban*	*11 October 2007*	*28*	*28*	*100%*	*8 years and 2 months*
Member	*Emerson Bonoan*	*16 March 2004*	*28*	*28*	*100%*	*11 years and 9 months*
Member	*Ferdinand Ylagan*	*16 November 2012*	*28*	*28*	*100%*	*3 years and 1 month*

(ii) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	*Johnip G. Cua*	*17 July 2015*	*2*	*2*	*100%*	*9 years and 5 months*

Member (NED)	*Carmen K. Tan*	*17 July 2015*	*2*	*2*	*100%*	*3 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	*2**	*2*	*100%*	*less than 1 year*
Member (ED)	*Jaime J. Bautista*	*17 July 2015*	*2*	*2*	*100%*	*12 years and 5 months*
Member (ID)	*Ben C. Tiu*	*17 July 2015*	*2*	*2*	*100%*	*2 years and 5 months*

**First elected on 17 July 2015*

(iii) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	*Lucio C. Tan*	*17 July 2015*	*1**	*1*	*100%*	*less than 1 year*
Member (NED)	*Washington Z. SyCip*	*17 July 2015*	*2*	*2*	*100%*	*12 years and 5 months*
Member (ID)	*Johnip G. Cua*	*17 July 2015*	*2*	*2*	*100%*	*2 years and 5 months*
Non-Voting Member	*Atty. Marivic T. Moya*	*17 July 2015*	*2*	*2*	*100%*	*11 years and 5 months*

**First elected on 17 July 2015*

(iv) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	*Johnip G. Cua*	*17 July 2015*	*1*	*1*	*100%*	*9 years and 5 months*
Member (NED)	*Lucio K. Tan Jr.*	*17 July 2015*	*1*	*1*	*100%*	*9 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	*1*	*1*	*100%*	*less than 1 year*
Member (ED)	*Jaime J. Bautista*	*17 July 2015*	*1*	*1*	*100%*	*11 years and 5 months*

(v) Investment Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	*Dr. Lucio C. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (NED)	*Washington Z. SyCip*	*17 July 2015*	-	-	-	*3 years and 5 months*
Member (NED)	*Carmen K. Tan*	*17 July 2015*	-	-	-	*3 years and 5 months*

Member (NED)	*Lucio K. Tan Jr.*	*17 July 2015*	-	-	-	*9 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (ED)	*Joseph T. Chua*	*17 July 2015*	-	-	-	*10 years and 5 months*
Member (ID)	*Johnip G. Cua*	*17 July 2015*	-	-	-	*9 years and 5 months*

(vi) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	*Jaime J. Bautista*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (NED)	*Lucio K. Tan, Jr.*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (ED)	*Joseph T. Chua*	*17 July 2015*	-	-	-	*5 years 5 months*
Member (ID)	*Johnip G. Cua*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (ID)	*Ben C. Tiu*	*17 July 2015*	-	-	-	*2 years and 5 months*

(vii) Mining Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	*Johnip G. Cua*	*17 July 2015*	-	-	-	*8 years and 5 months*
Member (NED)	*Lucio K. Tan, Jr.*	*17 July 2015*	-	-	-	*6 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (ED)	*Joseph T. Chua*	*17 July 2015*	-	-	-	*8 years and 5 months*

o. The following are the changes in Committee Memberships:

Name of Committee	Name	Reason
Audit, Nomination, Compensation and Risk Management Committee	*Harry C. Tan*	*End of Term*
Investment and Mining Committee	*George Y. Sycip*	*End of Term*

p. The committees of the Corporation performed the following work in 2015:

Name of Committee	Work Done	Issues Addressed
Management	*Meets weekly to discuss business operating results, including business risks management.*	*Mitigate any identified business risks, such as but not limited to the following: foreign currency risks, liquidity risks and other financial and non-financial risks.*
Audit	*Approves the scope of the audit for internal and external auditors.* *Review and recommend approval of the audited financial statement to the Board of Directors.* *Discussed with the internal and external auditors, the result of the audit done for the year*	*Recommended the approval of the audited financial statements for the year 2014.* *Evaluate the performance of the committee through the self-assessment worksheet prepared in accordance with the committee charter and manual on corporate governance.*
Nomination	*Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and ensure that none of the disqualifications (as stated in the Amended Manual on Corporate Governance) are present.*	*Pre-screened and shortlisted all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications set forth in the Amended Manual on Corporate Governance.*
Compensation	*Review the established policy on executive remuneration and remuneration packages for corporate officers and directors.*	*Updated remuneration packages for corporate officers and directors.*

q. The following are the officers who will attest to the Corporation's full compliance with the SEC Code of Corporate Governance:

- *Mr. Joseph T. Chua – President and COO*
- *Atty. Marivic T. Moya – Compliance Officer*

r. Based on the List of Top 100 stockholders as of 31 December 2015, the ownership structure of stockholders owning five percent (5%) or more of the shareholdings of the Corporation is set forth hereunder:

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Filipino)	203,623,561	16.52%	*
PAL Holdings, Inc. (formerly Baguio Gold Holdings Corporation)	*88,000,000*	*7.13%*	*Trustmark Holdings Corp. (89.78% ownership)*
PCD Nominee Corporation (Non-Filipino)	83,826,007	6.80%	*
Conway Equities, Inc.	*85,110,000*	*6.90%*	*Melito K. Tan– President*

**PCD Nominee Corp. (PCD) is a registered owner of certain shares in the books of the Corporation's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participant, who hold shares on their behalf or in behalf of their clients. The securities are voted by the trustee's designated officers who are not known to the Corporation. None of the PCD Nominee Corporation (Filipino and Non-Filipino) account beneficially owns 5% or more of the Corporationy's outstanding common shares.*

s. Based on SEC Form 17-C filed with the SEC on 15 December 2015, the Corporation declared cash dividends, as set forth hereunder:

Declaration Date	Record Date	Payment Date
14 December 2015	4 January 2016	28 January 2016

t. Based on the Minutes of the Annual Stockholders' Meeting held on 17 July 2015 which was posted in the website of the Corporation on 22 July 2015, the results of the resolutions taken up during the ASM are set forth hereunder:

Resolution	Approving	Dissenting	Abstaining
A. Approved and ratified the following: *1. The minutes of the Annual Stockholders' Meeting held on 18 July 2014* *2. The Annual Report and Audited Financial Statements for 2014* *3. The Amendment of the Sixth Article of the Articles of Incorporation to increase the number of directors from nine (9) to eleven (11)*	*Stockholders representing 77.82% of the total issued and outstanding capital stock of the Corporation approved and ratified these matters.*	*None*	*None*

4. The Amendment of the By-laws: (i) to reflect the abolition of the position of Vice-Chairman and in view thereof, the deletion of any and all references to the position of Vice-Chairman in Article II, Section 2.05 and Article V, Section 5.01 of the By-laws; and (ii) to include a provision in Article V of the By-laws creating the position of Co Chairman *5. Amendment of the By-laws: (i) Article V, Section 5.02 - to reflect that the Chairman shall be the Chief Executive Officer of the Corporation and to specify his powers and duties; and (ii) Article V, Section 5.03 - to reflect that the President shall be the Chief Operating Officer of the Corporation and to specify his powers and duties* *6. All Acts, Proceedings and Resolutions of the Board of Directors and Management since 18 July 2014 up to 17 July 2015.*			
B. Election of Directors	*Stockholders representing 77.82% of the total issued and outstanding capital stock of the Corporation elected the Directors of the Corporation.*	*None*	*None*

C. Appointment of SGV & Co. as External Auditor	*Stockholders representing 77.82% of the total issued and outstanding capital stock of the Corporation appointed SGV & Co. as external auditor.*	*None*	*None*

u. Based on the Minutes of the Annual Stockholders' Meeting held on 17 July 2015, which was posted in the website of the Corporation on 22 July 2015, the details of attendance of the stockholders in the ASM are set forth hereunder:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual Stockholders' Meeting	*Directors:* • *Dr. Lucio C. Tan* • *Washington Z. Sycip* • *Carmen K. Tan* • *Lucio K. Tan, Jr.* • *Michael G. Tan* • *Joseph T. Chua* • *Jaime J. Bautista* • *Johnip G. Cua* • *Ben C. Tiu* *Officers:* • *Amador T. Sendin* • *Atty. Marivic T. Moya* • *Atty. Florentino M. Herrera III*	*July 17, 2015*	*By show of hands*	*3.94%*	*73.88%*	*77.82%*
Special Stockholders' Meeting	*No special meeting was held in 2015.*					

v. Based on the Definitive Information Statement filed on 24 June 2015, the Corporation disclosed the following information with respect to the Definitive Information Statement and Management Report:

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	*859 stockholders were entitled to receive Definitive IS and Management Report.*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	*June 26, 2015*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	*June 26, 2015*
State whether CD format or hard copies were distributed	*Materials in hard copies were distributed.*
If yes, indicate whether requesting stockholders were provided hard copies	*Not Applicable*

3. The foregoing is in accordance with the records of the Corporation in my possession.

IN WITNESS WHEREOF, I have executed this Secretary's Certificate this 8th day of January 2016 at Makati City.

FLORENTINO M. HERRERA III
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)SS.

SUBSCRIBED AND SWORN to before me this 8th day of January 2016 at Makati City, affiant exhibited to me his Republic of the Philippines Passport No. EC3606842 issued on 7 March 2015 at DFA NCR East.

Doc. No. 102 ;
Page No. 22 ;
Book No. I ;
Series of 2016.

CESAR DOMINI C. GARCIA
Notary Public
Until 31 December 2016
PTR No. 4950047 / Makati City / 25 June 2015
IBP LM No. 013782 / Makati City / Lifetime Member
Appointment No. M-470
ROLL OF ATTORNEYS NO. 64262
5/F SGV II BLDG., 6758 AYALA AVENUE
MAKATI CITY

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

CONSOLIDATED CHANGES
IN THE
ANNUAL CORPORATE GOVERNANCE REPORT FOR 2015

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter **MACROASIA CORPORATION**

3. **12F PNB Allied Bank Center, 6754 Ayala Avenue, Makati City** **1226**
   Address of Principal Office Postal Code

4. SEC Identification Number **40524**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **004-666-098**

7. **+632-840-2001**
   Issuer's Telephone number, including area code

8. .....
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	*Eleven (11)*

Actual number of Directors for the year	*Eleven (11)*

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected(if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
DR. LUCIO C. TAN	*NED*	*N/A*	*Joevy Serenio*	*17 July 2015*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*less than 1 year*
WASHINGTON Z. SYCIP	*NED*	*N/A*	*Joevy Serenio*	*18 July 1997*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*18 years*
CARMEN K. TAN	*NED*	*N/A*	*Joevy Serenio*	*20 July 2012*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*3 years*
LUCIO K. TAN, JR.	*NED*	*N/A*	*Joevy Serenio*	*18 July 1997*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*18 years*
MICHAEL G. TAN	*NED*	*N/A*	*Joevy Serenio*	*17 July 2015*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*less than 1 year*
JOSEPH T. CHUA	*ED*	*N/A*	*Joevy Serenio*	*18 July 1997*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*18 years*
JAIME J. BAUTISTA	*ED*	*N/A*	*Joevy Serenio*	*18 July 1997*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*18 years*
STEWART C. LIM	*NED*	*N/A*	*Joevy Serenio*	*14 December 2015*	*14 DECEMBER 2015*	*Regular Board Meeting*	*less than 1 year*
JOHNIP G. CUA	*ID*	*N/A*	*Joevy Serenio (not related to ID)*	*21 July 2006 (9 years and 5 months)*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*9 years*
BEN C. TIU	*ID*	*N/A*	*Joevy Serenio (not related to ID)*	*19 July 2013 (2 years and 5 months)*	*17 JULY 2015*	*Annual Stockholders' Meeting*	*2 years*
MARIXI R. PRIETO	*ID*	*N/A*	*Joevy Serenio (not related to ID)*	*14 December 2015 (less than 1 year)*	*14 DECEMBER 2015*	*Regular Board Meeting*	*less than 1 year*

**Annual Regular Stockholders' Meeting held on July 17, 2015.*

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

[1]Reckoned from the election immediately following January 2, 2012.

It has always been MacroAsia Corporation's commitment to serve and protect the interests of stakeholders, management, employees, government regulatory agencies and the general public by adhering to accepted ethical standards and best industry practices. With a well-defined corporate governance structure in place, MAC is guided by the principles of integrity, objectivity, accountability and transparency.

MAC ensures that the following general distinct disclosures are integrated in its overall system of corporate governance:

- *Financial data and information disclosure;*
- *Ownership structure and control rights;*
- *Corporate responsibility and compliance;*
- *Management and Board structure and process;*
- *Auditing*

Treatment of all shareholders

All outstanding common shares of the Company as of the record date for the purpose of the Annual Stockholder's Meeting are entitled to vote at the rate of one (1) vote per share.

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in case (i) any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (iii) of merger or consolidation.

Respect for the rights of minority shareholders and of other stakeholders

The Board of Directors and Management are committed to respect and protect investor's rights and interests, whether majority or minority, at all times.

Disclosure Duties

Shareholders shall have access to corporate reports and disclosures at reasonable times during business hours. The Corporation maintains a corporate website to allow online access to corporate disclosures and reports.

Transparency and fair disclosure of material information that could adversely affect the viability or interests of stakeholders shall be publicly disclosed within the earliest time possible through appropriate Exchange mechanisms and submissions to the SEC.

Board Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

Compliance with the principles of good corporate governance shall start with the Board of Directors.

(c) How often does the Board review and approve the vision and mission?

The Board regularly reviews the company's mission and vision, including statements about its business objectives/philosophy as part of its business planning and annual reporting to stakeholders that they are still relevant for the current challenges and environment. Management ensures that the organization operates in a way that is consistent with its vision, mission and core values. Any potential improvements and deviations, if any, are further discussed in the Company's Regular Board meeting.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
WASHINGTON Z. SYCIP	• *LUFTHANSA TECHNIK PHIL. INC.*	• *Non-Executive Director/Chairman*
LUCIO K. TAN, JR.	• *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.* • *MACROASIA MINING CORPORATION* • *AIRPORT SPECIALISTS' SERVICES CORPORATION* • *DRAGON RESOURCES DEVELOPMENT CORPORATION* • *WATERGY BUSINESS SOLUTIONS INC.* • *LUFTHANSA TECHNIK PHIL. INC.*	• *Non-Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director/Chairman* • *Non-Executive Director/Chairman* • *Non-Executive Director* • *Non-Executive Director* • *Non-Executive Director*
JOSEPH T. CHUA	• *MACROASIA PROPERTIES DEVELOPMENT CORPORATION* • *MACROASIA AIR TAXI SERVICES, INC.* • *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.* • *MACROASIA MINING CORPORATION* • *AIRPORT SPECIALISTS' SERVICES CORPORATION* • *LUFTHANSA TECHNIK PHIL. INC.* • *WATERGY BUSINESS SOLUTIONS INC.* • *CAVITE BUSINESS RESOURCES INC.* • *DRAGON RESOURCES DEVELOPMENT CORPORATION* • *SNV RESOURCES DEVELOPMENT CORP.* • *PANAY WATER BUSINESS RESOURCES INC.*	• *Executive Director* • *Executive Director* • *Executive Director* • *Executive Director* • *Executive Director* • *Executive Director* • *Non-Executive Director* • *Executive Director* • *Non-Executive Director/Chairman* • *Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director/Chairman*
JAIME J. BAUTISTA	• *MACROASIA PROPERTIES DEVELOPMENT CORPORATION* • *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.*	• *Non-Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director*

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	• *AIRPORT SPECIALISTS' SERVICES CORPORATION* • *DRAGON RESOURCES DEVELOPMENT CORPORATION* • *WATERGY BUSINESS SOLUTIONS INC.* • *CAVITE BUSINESS RESOURCES INC.*	• *Non-Executive Director* • *Non-Executive Director/Chairman* • *Non-Executive Director/Chairman* • *Executive Director*
STEWART C. LIM	• *MACROASIA CATERING SERVICES INC.* • *DRAGON RESOURCES DEVELOPMENT CORPORATION*	• *Non-Executive Director* • *Non-Executive Director*
JOHNIP G. CUA	• *MACROASIA PROPERTIES DEVELOPMENT CORPORATION* • *MACROASIA AIRPORT SERVICES CORPORATION* • *MACROASIA CATERING SERVICES INC.* • *DRAGON RESOURCES DEVELOPMENT CORPORATION*	• *Independent Director** • *Independent Director* • *Independent Director* • *Independent Director*

*Elected as Independent Director on January 2013

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
DR. LUCIO C. TAN	• *LT Group, Inc.* • *PAL Holdings, Inc.* • *Philippine National Bank*	• *Executive Director/Chairman* • *Non- Executive Director/Chairman* • *Non-Executive Director*
WASHINGTON Z. SYCIP	• *Cityland Development Corporation* • *First Philippine Holdings Corp.* • *Belle Corporation* • *Philippine National Bank* • *Lopez Holdings Corporation* • *LT Group, Inc.* • *Metro Pacific Investments Corporation* • *PAL Holdings, Inc.*	• *Independent Director/Chairman* • *Independent Director* • *Independent Director* • *Non-Executive Director* • *Independent Director* • *Non-Executive Director* • *Independent Director* • *Non-Executive Director*
CARMEN K. TAN	• *LT Group, Inc.* • *PAL Holdings, Inc.*	• *Non-Executive Director* • *Non-Executive Director*
LUCIO K. TAN, JR.	• *LT Group, Inc.* • *PAL Holdings, Inc.* • *Philippine National Bank* • *Victorias Milling Company Inc.*	• *Non- Executive Director* • *Non-Executive Director* • *Non-Executive Director* • *Independent Director*
MICHAEL G. TAN	• *LT Group, Inc.* • *PAL Holdings, Inc.* • *Philippine National Bank* • *Victorias Milling Company Inc.*	• *Executive Director* • *Executive Director* • *Non-Executive Director* • *Independent Director*
JOSEPH T. CHUA	• *LT Group, Inc.* • *PAL Holdings, Inc.*	• *Non-Executive Director* • *Non-Executive Director*
JAIME J. BAUTISTA	• *PAL Holdings, Inc.*	• *Executive Director*
JOHNIP G. CUA	• *STI Education Systems Holdings, Inc.* • *PAL Holdings Inc.*	• *Independent Director* • *Independent Director*
BEN C. TIU	• *TKC Steel Corporation*	• *Non-Executive Director/Chairman*

	• *I-Remit Inc.*	• *Non-Executive Director*

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
DR. LUCIO C. TAN	*Carmen K. Tan*	*Wife*
	Lucio K. Tan, Jr.	*Son*
	Michael G. Tan	*Son*
	Joseph T. Chua	*Son-in-law*
DR. LUCIO C. TAN	*PAL Holdings, Inc. (formerly Baguio Gold Holdings) Baguio Gold owns 7% of MAC outstanding shares.*	*Lucio K. Tan, Jr. is the son of Carmen K. Tan and Dr. Lucio C. Tan (Chairman of PAL).* *Michael G. Tan is the son of Dr. Lucio C. Tan.*
CARMEN K. TAN		
LUCIO K. TAN, JR.		
MICHAEL G. TAN		
JOSEPH T. CHUA	*Carmen K. Tan*	*Mother-in-law*
	Lucio K. Tan, Jr.	*Brother-in-law*

(iv) **Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:**

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	*Any Director may hold any number of directorships outside the Corporation, provided that in the Director's opinion, these other positions do not detract from the Director's capacity to diligently and efficiently perform his duties and responsibilities as a Director of the Corporation.*	*N/A*
Non-Executive Director		
CEO		

(e) Shareholding in the Company *(as of December 31, 2015)*

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
DR. LUCIO C. TAN	*100,000*	*-*	*0.0081%*
WASHINGTON Z. SYCIP	*37,545,250*	*-*	*3.0440%*
CARMEN K. TAN	*100,000*	*-*	*0.0081%*
LUCIO K. TAN, JR.	*125,000*	*-*	*0.0101%*
MICHAEL G. TAN	*100,000*	*-*	*0.0081%*
JOSEPH T. CHUA	*125,000*	*3,289,000 (through Citisec Online)*	*0.2768%*
JAIME J. BAUTISTA	*125,000*	*-*	*0.0101%*

STEWART C. LIM	*100,000*	*-*	*0.0101%*
JOHNIP G. CUA	*-*	*10,000,000*	*0.8108%*
BEN C. TIU	*100,000*		*0.0081%*
MARIXI R. PRIETO	*100,000*	*-*	*0.0101%*
TOTAL	***38,520,250***	***13,289,000***	***4.2005%***

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [ ] **No** [X]

Identify the Chair and CEO:

Chairman of the Board	*DR. LUCIO C. TAN*
CEO	*DR. LUCIO C. TAN*

To ensure that the Board get the benefit of independent views, in lieu of the CEO, the Board of Directors has appointed a President and COO, Mr. Joseph T. Chua, who is a different person from the CEO. The roles, accountabilities and deliverables of the chairman/CEO and the President/COO are stated below.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and President

	Chairman/CEO	**President/COO**
Role	*a) He shall preside at all meetings of the stockholders and Board of Directors, and shall ensure that all meetings are held in accordance with the by-laws.* *b) He shall perform all such other duties as are incident to his office, or are properly required of him by the Board.* *c) He shall provide general guidance to the Corporation.* *d) He shall sit on committees of the Board where appropriate as determined by the Board.*	*a) He shall be the principal representative of the Board and of the Corporation.* *b) He shall represent the Board and the Corporation in all the dealings with other offices, agencies and instrumentalities of the Government and with all other persons or entities, public or private, whether domestic, foreign or international;* *He shall represent the Corporation, either personally or through counsel, in any legal proceedings or action.*
Accountabilities	*a) He shall be responsible for the general supervision, administration and management of the business of the Corporation* *b) He shall lead, in conjunction with the Board, the development of the Corporation's strategy*	*a) He shall have general supervision and direction of the day-to-day business affairs of the Corporation;* *b) He shall direct and supervise the operations and internal administration of the Corporation. The President may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations of the Board; and exercise such other powers as may be vested in him by the Board* *c) He shall be responsible for the*

		delegation of his role to represent the corporation in subparagraphs (b) and (c) above and his authority through his signature in subparagraph (c) below.
Deliverables	*He shall lead and oversee the implementation of the Corporation's long and short term plans in accordance with the Corporation's strategy.*	*a) He shall prepare the agenda for the meetings of the Board of Directors and to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes of the Corporation;* *b) He shall execute and administer the policies and measures approved by the Board;* *c) He shall authorize, with his signature, contracts concluded by the Corporation, stock certificates notes and securities issued by the Corporation, and the annual reports, balance sheets, profit and loss statements, correspondence and other documents of the Corporation.*

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, subject to any right of any shareholder to nominate candidates of said office, by majority vote may elect a successor who shall hold office for the unexpired term.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

It is the Board's responsibility to install a process of selection to ensure a mix of competent directors and officers to ensure a high standard of best practice for the Corporation and its stockholders.

The Board has organized a Nomination Committee composed of three voting directors, one of whom is an independent director, and one non-voting member in the person of the VP for Legal, Human Resources and External Relations. The Committee meets as necessary and is authorized by the Board on new appointments of directors.

All candidates nominated to become a member of the board are pre – screened and rated in accordance with certain qualifications and disqualifications criteria as set forth in the Manual on Corporate Governance.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Not Applicable. One of the specific duties of a director set forth in our revised manual on corporate governance is that a director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and

committee meetings, review meeting materials and, if called for, ask questions or seek explanation. A Director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	*It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.* *The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. Compliance with the principles of good corporate governance shall start with the Board of Directors.*		
Accountabilities	*To ensure a high standard of best practice for the Corporation and its stockholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:* *a) Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices;* *b) Identify the Corporation's major and other stakeholders, and formulate a clear policy on communicating or relating with them through an effective investor relations program;* *c) Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;* *d) Adopt a system of internal checks and balances;* *e) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;* *f) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities;* *g) Meet at such times or frequency as may be needed, in line with the Amended By-laws. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration;* *h) Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-laws, and in accordance with existing laws, rules and regulations;* *i) Appoint a Compliance Officer who shall have the rank of at least Vice-President. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.*		
Deliverables	*a) Install a process of selection to ensure a mix of competent directors and officers;* *b) Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;* *c) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;* *d) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;*		

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence is defined in terms of a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company.

Following the Amended Articles of Incorporation of the Corporation, the number of directors of the Corporation shall be eleven (11), who shall be elected by the Corporation's stockholders entitled to vote at the Annual Meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the Amended By-Laws of the Corporation.

The Corporation shall have at least two (2) independent directors out of the eleven (11) directors. MacroAsia Corporation shall comply with the SEC requirement of at least two (2) independent directors, or having such number of independent directors that constitutes Twenty Percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2) directors. The nomination and election of independent directors shall be in accordance with the Amended By-Laws of the Corporation.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company adopted Memorandum Circular No. 9 issued by the Securities and Exchange Commission dated December 5, 2011 on the term limits for Independent Director/s effective January 2, 2012. This is to enhance the effectiveness of independent directors and encourage the infusion of fresh ideas in the board of directors. This circular provides the term limits for Independent Directors, as follows:

1. *There shall be no limits in the number of covered companies that a person may be elected as Independent Director (ID), except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e. parent company, subsidiary or affiliate;*
2. *IDs can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated;*
3. *After completion of the five-year service period, an ID shall be ineligible for election as such in the same company unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company;*
4. *An ID re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in paragraph (2) above;*
5. *After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such in the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the Circular.*

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
GEORGE Y. SYCIP	*DIRECTOR*	*JULY 17, 2015*	*END OF TERM*
HARRY C. TAN	*DIRECTOR*	*JULY 17, 2015*	*END OF TERM*

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors **(ii) Non-Executive Directors** **(iii) Independent Directors**	*Under the Corporation's By-Laws and Manual on Corporate Governance, the nomination of the Corporation's directors shall be conducted by the Nomination Committee prior to the Annual Stockholders' Meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Nomination Committee and the Corporate Secretary at least thirty (30) days before the date of the actual meeting.* *The Nomination Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.*	*a) Any stockholder having at least one hundred thousand (100,000) shares of stock of the Corporation may be elected director, provided however that no person shall qualify or be eligible for nomination or election as director if such person is connected with or engaged in any business or activity or holds positions or interests which are antagonistic to those of the Corporation. (except for Independent Director)* *b) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;* *c) He shall be at least twenty-one (21) years old;* *d) He shall have proven to possess integrity and probity; and* *e) He shall be assiduous.*
b. Re-appointment		
(i) Executive Directors **(ii) Non-Executive Directors** **(iii) Independent Directors**	*The process for re-appointment is the same process adopted in the selection / appointment of Directors. The Company adopted Memorandum Circular No. 9 issued by the Securities and Exchange Commission dated December 5, 2011 on the term limits for Independent Director/s effective January 2, 2012.*	*The criteria for re-appointment are the same criteria adopted in the selection / appointment of Directors.*
c. Permanent Disqualification		
(i) Executive Directors **(ii) Non-Executive Directors** **(iii) Independent Directors**	*The determination of whether a person is disqualified to become a director shall be made by the Nomination Committee which shall have at least three (3) voting Directors (one of whom must be an Independent Director) and one (1) non-voting member in the person of the HR Director/Manager.*	*The following shall be grounds for the permanent disqualification of a Director:* *(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:* *a) involves the purchase or sale of securities, as defined in the Securities Regulation Code;* *b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or* *c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;* *(ii) Any person who, by reason of*

		misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: *a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, future commission merchant, commodity trading advisor, or floor broker;* *b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;* *c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and(b) above, or willfully violating the laws that govern securities and banking activities.* *The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;* *(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;* *(iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities*

		Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; *(v) Any person earlier elected as Independent Director who becomes an officer, employee or consultant of the same Corporation;* *(vi) Any person judicially declared as insolvent;* *(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to(v) above;* *(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.*
d. Temporary Disqualification		
(i) Executive Directors **(ii) Non-Executive Directors** **(iii) Independent Directors**	*The determination of whether a person is disqualified to become a director shall be made by the Nomination Committee which shall have at least three (3) voting Directors (one of whom must be an Independent Director) and one (1) non-voting member in the person of the HR Director/Manager.* *A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.*	*The Board may temporarily disqualify a Director for any of the following reasons:* *(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;* *(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;* *(iii) Dismissal or termination for cause as director of any corporation covered by this Securities Regulation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;* *(iv) If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;*

		(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
e. Removal		
(i) Executive Directors **(ii) Non-Executive Directors** **(iii) Independent Directors**	*Notice of the intention to act upon such matter must have been given in the notice calling such meeting.*	*Article III, Section 3.09 of the Corporation's By-Laws states that any director may be removed, either for or without cause, at any regular or special meeting of the stockholders by the affirmative vote of the stockholders holding or representing two-thirds (2/3) of the subscribed capital stock entitled to vote. In this case, notice of the intention to act upon such matter must have been given in the notice calling such meeting.*
f. Re-instatement		
(i) Executive Directors		
(ii) Non-Executive Directors	*There is nothing to report*	
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors		
(ii) Non-Executive Directors	*There is nothing to report*	
(iii) Independent Directors		

Voting Result of the last Annual General Meeting *(July 17, 2015)*

Name of Director	Votes Received
DR. LUCIO C. TAN	*923,429,150*
WASHINGTON Z. SYCIP	*923,429,150*
CARMEN K. TAN	*923,429,150*
LUCIO K. TAN, JR.	*923,429,150*
MICHAEL G. TAN	*923,429,150*
JOSEPH T. CHUA	*923,429,150*
JAIME J. BAUTISTA	*923,429,150*
JOHNIP G. CUA	*923,429,150*
BEN C. TIU	*923,429,150*

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

A director before assuming his post, shall be required to attend a seminar on Corporate Governance, which shall be conducted by a duly recognized private or government institute.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning,

the past three (3) years:

Directors / Senior Management	Trainings	Date	Provider
Dr. Lucio C. Tan Chairman and CEO	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Washington Z. SyCip Co-Chairman	In a letter dated August 3, 2015, the Securities and Exchange Commission *En Banc* granted an exemption to Mr. Washington Z. Sycip from attending a corporate governance training for 2015.		
	Corporate Governance Requirement Under US Laws and Regulations and The Foreign Corrupt Practices Act of 1977	1 April 2014	PLDT
Carmen K. Tan Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Lucio K. Tan Jr. Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Michael G. Tan Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Joseph T. Chua President and COO	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Distinguished Corporate Governance Speaker Series	19 August 2014	The Institute of Corporate Directors
Jaime J. Bautista Treasurer/Director	Corporate Governance	9 December 2015	SGV & Co.
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Stewart C. Lim Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Johnip G. Cua Independent Director	Corporate Governance	9 December 2015	SGV & Co.
	Orientation Course on Corporate Governance	28 May 2014	The Institute of Corporate Directors
Ben C. Tiu Independent Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Marixi R. Prieto Independent Director	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
Amador T. Sendin CFO, VP – Administration &	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices

directing and controlling the activities of the company.

Business Development	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.
	PICPA 68th Annual Conference	13-16 November 2013	PICPA
	The Euromoney Philippines Investment Forum 2013	12 March 2013	Euromoney Conferences
	Tax Updates	24 January 2013	SGV & Co.
	Bond Training	27, 28 & 29 November 2012	UA&P
Atty. Marivic T. Moya VP-HR, Legal & External Relations Compliance Officer/CIO	Corporate Governance: Board Effectiveness Best Practices	11 November 2015	Center for Global Best Practices
	Corporate Governance	21 October 2014	Risks, Opportunities, Assessment and Management (ROAM), Inc.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	There is nothing to report		

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	*It is the obligation of every member to declare and divulge in writing his own involvement in any conflict of interest with the company. The very existence of a conflict-of-interest situation is not in itself a punishable offense. However, failure, whether deliberate or through neglect, to divulge the same to the company shall be punishable.* *After the member makes such a declaration, the company shall determine whether or not the actual or potential conflict-of-interest poses any danger to the Company. If so, the company shall take measures to protect itself from any harmful effects of such conflict.*		
(b) Conduct of Business and Fair Dealings	*Proper attitude and conduct must be observed in dealing with clients, guests, inquirers and suppliers. Everyone is expected to give clients, guests, inquirers and suppliers with utmost courtesy and respect. The Company strictly adheres /observes its suppliers warranties in relation to the exercise of good corporate governance.*		
(c) Receipt of gifts from third parties	*For the protection and preservation of the good name and reputation of the company, employees are expected to conduct their official business in the straightforward manner. All directors, officers and employees are encouraged not to involve in any unauthorized solicitation / accepting directly or indirectly, money or anything in value from suppliers, creditors or other parties doing business with the Company in exchange for a favor, decision or service that may or maybe not be detrimental to the Company.*		
(d) Compliance with Laws & Regulations	*All are bound to comply with all the applicable rules, regulations, policies, procedures and standards, including standards, of quality, productivity and behavior as issued and promulgated by the Corporation through its duly authorized officials.*		
(e) Respect for Trade	*All employees and officers are bound by the confidentiality of intellectual property*		

Secrets/Use of Non-public Information	*provision in their contract.*
(f) Use of Company Funds, Assets and Information	*Efficiency and effectivity in operation are part of the goals set by the Company towards a world class Corporation. Consequently, it is expected that all members will not tolerate wastage of company resources, and disruption of work. For the protection and preservation of the good name and reputation of the company, employees are expected to conduct their official business in a straightforward manner. A reprehensible conduct will result in the destruction of the good image of the company, hence, the company reserves the right to prosecute in court any employee whom it feels is deliberately working against company interest.*
(g) Employment &Labor Laws & Policies	*The Company has certain guidelines which are developed to reflect good business practices. In establishing rules of conduct, the company has no intention of restricting the personal rights of any individual. Rather, the objective is to define the guidelines that protect the rights of all members in compliance to the Government mandated Employment & Labor Laws & Policies.*
(h) Disciplinary action	*Disciplinary actions or penalties, when found warranted by the evidence, shall be imposed immediately or as soon as possible after the offense. Anyone charged with an offense shall be afforded ample opportunity to be heard, but shall not be allowed to unduly delay the administrative proceedings and the final resolution of the case.*
(i) Whistle Blower	*No written policy on whistle blower yet.*
(j) Conflict Resolution	*There may come a time when problems or misunderstanding may arise between the members in connection with the discharge of their duties. If this has already affected the quality of their work, it is suggested that the same be brought to the attention of either the Department Head concerned or the HRD Head.* *On problems relating to employment, personnel policies, house rules and regulations, HRD shall assist and advise and serve the member.*

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The HRD issues Corporation's Handbook to all members of the board, senior management and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

*Every official shall ensure the maintenance of discipline within his area of responsibility and by the personnel subordinate to him of the highest standards of behavioral traits expected of a member of MacroAsia family. He shall see to it that all his subordinates are aware of and comply with all the provisions of the Code and all other policies, rules, regulations, and guideline promulgated by the company. Each superior or supervisors are strictly accountable for the proper discipline and job performance of all subordinates under him. Correspondingly, each superior or supervisor shall be given sufficient authority and power to effectively discharge the foregoing responsibilities***.**

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	*The company recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise*
(2) Joint Ventures	

(3) Subsidiaries	*questions about whether such transactions are consistent with the Company's and its stockholders' best interests. The Board has constituted the Audit Committee comprised of five members of the Board, two of whom are independent directors who have adequate understanding and competence at the Company's financial systems and control environment which monitors a transparent financial management system that will ensure the integrity of activities throughout the Company. All identified related party transactions by management shall be brought to the attention of the Committee for consideration and approval.*
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	*To the extent known to the Corporation, there are no directors/officers/persons holding more than 5% of the Company's share, which will give rise to any actual or probable conflict of interest.*
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	*It is the obligation of every member to declare and divulge in writing his own involvement in any conflict of interest with the company. The very existence of a conflict-of-interest situation is not in itself a punishable offense. However, failure, whether deliberate or through neglect, to divulge the same to the company shall be punishable.*
Group	*After the member makes such a declaration, the company shall determine whether or not the actual or potential conflict-of-interest poses any danger to the Company. If so, the company shall take measures to protect itself from any harmful effects of such conflict* *All identified related party transactions by management shall be brought to the attention of the Audit Committee for consideration and approval.*

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the

[4]Family relationship up to the fourth civil degree either by consanguinity or affinity.

company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
PAL Holdings, Inc. (formerly Baguio Gold Holdings Corp.)	*Shareholder (5% or more beneficial ownership in MAC) as of December 31, 2015.*	*Trustmark Holdings owns 89.78% of PAL Holdings, Inc. Trustmark is a subsidiary of BuonaSorteHoldings, Inc. Lucio C. Tan owns 47.70% of Buona Sorte.*

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
PAL Holdings Inc. (formerly Baguio Gold Holdings Corp.)	*Business relationship with PAL*	*In 2013, PAL remained as one of our affiliate's core client. The company's biggest clients remain to be related-party local carriers. Also, one of our subsidiaries has supported PAL in the supply of its business class meals for a short period of time beginning last quarter of 2011. These business relationships were fully disclosed to the Board of Directors and were done in the regular course of business and conducted on an arm's length basis. Related party transactions are fully disclosed in the Notes to Financial Statements, SEC 17-A, and 20-IS.*

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
The Company has no single controlling shareholder and there are no known shareholder agreements that may impact on the control, ownership and strategic direction of the company.		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	*The Board of Directors shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and*
Corporation & Third Parties	
Corporation & Regulatory Authorities	

	its stockholders, and the Corporation and third parties, including the regulatory authorities.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The frequency of board meetings and the quorum requirements are embodied in the Amended By-laws of the Corporation.

***First Regular Meeting** – After each meeting of stockholders at which a Board of Directors shall have been elected, the Board of directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business. In the event the Directors are unable to agree as to the day and hour and place of their organization meeting, the said Board of Directors shall meet at such time and place as the majority of the Directors may designate.*

***Additional Regular Meeting** – In addition to the first regular meeting, regular meetings of the Board of Directors shall be held on such dates and such places as may be fixed, from time to time, by said Board.*

***Special Meeting** – Special Meetings of the Board of Directors shall be held whenever called by the Chairman of the Board or by the President or by any three (3) Directors in writing and such meetings may be held at any place designated in the calls therefore.*

2) Attendance of Directors

Board of Directors	Name	Date of First Election as Director	No. of Meetings Held during the year	No. of Meetings Attended	%
Co-Chairman	*WASHINGTON Z. SYCIP*	*18 July 1997*	*5*	*5*	*100%*
Member	*CARMEN K. TAN*	*20 July 2012*	*5*	*5*	*100%*
Member	*JOSEPH T. CHUA*	*18 July 1997*	*5*	*5*	*100%*
Member	*LUCIO K. TAN, JR.*	*18 July 1997*	*5*	*5*	*100%*
Member	*JAIME J. BAUTISTA*	*18 July 1997*	*5*	*5*	*100%*
Independent	*JOHNIP G. CUA*	*21 July 2006*	*5*	*5*	*100%*
Independent	*BEN C. TIU*	*19 July 2013*	*5*	*5*	*100%*

Board	Name	Date of First Election as Director	No. of Meetings Held since their election as director	No. of Meetings Attended	%
Chairman	*DR. LUCIO C. TAN*	*17 July 2015*	*2*	*2*	*100%*
Member	*MICHAEL G. TAN*	*17 July 2015*	*2*	*2*	*100%*
Member	*STEWART C. LIM*	*14 December 2015*	*1*	*1*	*100%*
Independent	*MARIXI R. PRIETO*	*14 December 2015*	*1*	*1*	*100%*

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Not Applicable.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

In accordance with the Corporation's By-Laws and Manual on Corporate Governance a quorum at any

meeting of the Board of Directors shall consist of a majority of the Directors and every decision of a majority of such quorum duly assembles as a Board shall be valid as a corporate act.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

Board papers for board of directors are provided at least three days in advance of the board meetings.

(b) Do board members have independent access to Management and the Corporate Secretary?

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken up in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members shall have independent access to Management and the Corporate Secretary.

The information from Management may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, may have access to independent professional advice at the Corporation's expense.

Full Minutes of each Board Meeting are kept by the Corporate Secretary and available for inspection by any Directors during office hours.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

In accordance with the Corporation's By-Laws and Manual on Corporate Governance the Corporate Secretary shall have the following functions:

1) *Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;*
2) *Be loyal to the mission, vision and objectives of the Corporation;*
3) *Work fairly and objectively with the Board, Management and stockholders and other stakeholders;*
4) *Have appropriate administrative and interpersonal skills;*
5) *If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;*
6) *Have a working knowledge of the operations of the Corporation;*
7) *Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;*
8) *Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;*
9) *Ensure that all Board procedures, rules and regulations are strictly followed by the members;*
10) *If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual on Corporate Governance.*

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

"The Corporate Secretary has been engaged in corporate law practice for the past thirty seven (37) years, is aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities and has a working knowledge of the operations of the Company."

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [*X*] **No** [ ]

Committee	Details of the procedures
Executive	*The members, either individually or as a Board, and in furtherance of their duties and responsibilities, may have access to independent professional advice at the Corporation's expense. Full Minutes of each Board Meeting are kept by the Corporate Secretary and available for inspection by any Directors during office hours.*
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The members, either individually or as a Board, and in furtherance of their duties and responsibilities, may have access to independent professional advice at the Corporation's expense.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
	There is nothing to report	

D. REMUNERATION MATTERS

Remuneration Process

1) Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	*In accordance to Article V Section 5.08 of the Corporation's By-Laws, the Board of Directors shall have the power to fix, increase or reduce the compensation of all officers of the Corporation. It may authorize any executive officer, upon whom the power of appointing subordinate officers may have been conferred to fix the compensation of such subordinate officers.*	

	The compensation committee is tasked to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and Directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment. The compensation committee designates the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and officers who are needed to run the Corporation successfully.
(2) Variable remuneration	*Reasonable per diem both for local and foreign travel approved by the Board.*
(3) Per diem allowance	
(4) Bonus	*Bonuses are given based on performance of the officers and the Corporation and as recommended by the Compensation Committee.*
(5) Stock Options and other financial instruments	*Not Applicable*
(6) Others (specify)	*None*

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	*Members of the Board do not receive any regular compensation from the Company, except for every regular, special or committee meeting actually attended, for which members of the Board of Directors receive a per diem of ₱20,000 to ₱50,000.* *Bonus is in pursuant of Section 3.11 of the Corporation's Amended By-laws which states that "the members of the Board of Directors shall receive as additional compensation an amount not to exceed five per centum (5%) of the net profit of the Corporation before payment of income tax for each year, to be divided in such manner and proportions they may deem fit and acceptable".*		
Non-Executive Directors	*There are no material terms of, nor any other arrangements with regard to compensation as to which directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director*		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? *Yes.* **Provide details for the last three (3) years.**

Remuneration Scheme	Date of Stockholders' Approval
There has been no change in the total remuneration of the board of directors for the past 3 years.	

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (as of

December 31, 2015):

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	PHP9.6M	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	0.2M	PHP1.8M	PHP0.5M
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	-
Total	PHP9.8M	PHP1.8M	PHP0.5M
Other Benefits	**Executive Directors**	**Non-Executive Director (other than independent directors)**	**Independent Directors**
a) Advances	-	-	-
b) Credit granted	-	-	-
c) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan	PHP0.04M	-	-
(g) Car Plan		-	-
(h) Others (Specify)	-	-	-
Total	PHP0.04M	-	-

d) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

The Company has no outstanding stock rights, options and warrants.

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
		There is nothing to report		

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
	There has been no amendment of incentive programs	

e) **Remuneration of Management**

Identify the five (5) members of management who are <u>not</u> at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Amador T. Sendin CFO, VP – Administration & Business Development	**PHP 10.2 M**
Atty. Marivic T. Moya VP-HR, Legal & External Relations COO/CIO	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Management	*The members of the executive / management committee includes the head of operating subsidiaries, meets weekly to discuss the results of operations, including risk management.*						
Audit	*-*	*3*	*2*	*Approved 20 July 2012*	*a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of Internal Control, audit process, and monitoring of compliance with applicable laws, rules and regulations.* *b) Perform oversight functions over the Corporation's Internal and External auditors. It should ensure that the Internal and External Auditors act independently from each other, and that both Auditors are given unrestricted access to all records,*	*a) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities* *b) Monitor and evaluate the adequacy and effectiveness of the Corporation's Internal Control System, including*	*a) Review the annual audit plans to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it.* *b) Organize an Internal Audit Office, and consider the appointment of an Independent Internal Auditor and the terms and*

					properties and personnel to enable them to perform their respective audit functions. *c) Review reports submitted by Internal and External Auditors.*	*financial reporting control and information technology security.*	*conditions of its engagement and removal.*
Nomination	*-*	*2*	*1*	*Committee Charter to be formalized*	*Install and maintain a process to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and ensure that none of the disqualifications (as stated in our Amended Manual on Corporate Governance) are present.*	*Encourage the selection of a mix of competent Directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies.*	*It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications set in our Amended Manual on Corporate Governance.*
Remuneration/ Compensation	*-*	*4*	*1*	*Committee Charter to be formalized*	*a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and Directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;* *b) Designate the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and officers who are needed to run the Corporation successfully;* *c) Establish a formal and transparent procedure for developing a policy on executive remuneration packages of individual Directors, if any, and officers;* *d) Never allow any Director to decide his or her own remuneration;* *e) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly be in conflict with the performance of their duties once hired.* *f) Provide in the Corporation's annual reports, information and proxy statements, a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;* *Review the existing Human Resources Development or Personnel Handbook, to strengthen the provisions on conflict of interest,*		

					salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.		
Investment	*1*	*4*	*1*	*Committee Charter to be formalized*	*a) Assist the Board in determining the Corporation's investment goals and objectives based on the culture, strategy and the business environment in which the Corporation operates;* *b) Review the Corporation's investment plans and risks, in line with the business plan or medium-term plans of the Corporation* *Perform such other functions related to investment decisions as may be designated by the Board from time to time.*		
Risk Management	*1*	*3*	*2*	*Committee Charter to be formalized*	*The Committee helps the Board understand the risks the Group faces (range of outcomes, relative probabilities, etc.) for type of risk like: market, credit, liquidity, foreign exchange, equity and structural risks, interest rate risk, insurance, operational, regulatory, compliance and reputation, among others.*	*The Committee shall ensure that the management has implemented a process and an annual risk management plan to identify, manage, and report on the risks that might prevent the Company from achieving its strategic objectives.*	
Mining	*1*	*2*	*1*	*Committee Charter to be formalized*	*A special committee that was organized by the Board to study, discusses, and assists the Board and Management in the pursuit of the mining project.*		

2) Committee Members

(a) Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)	*Joseph T. Chua*	*Jan 2, 2001*	*28*	*28*	*100%*	*14 years*
Member	*Amador T. Sendin*	*Oct 16, 2003*	*28*	*28*	*100%*	*12 years and 2 months*
Member	*Atty. Marivic T. Moya*	*May 01, 1999*	*28*	*28*	*100%*	*16 years and 7 months*
Member	*Ramon N. Santos*	*July 16, 2010*	*28*	*26*	*100%**	*5 years and 4 months*
Member	*Rhodel Esteban*	*Oct 11, 2007*	*28*	*28*	*100%*	*8 years and 2 months*
Member	*Emerson Bonoan*	*Mar 16, 2004*	*28*	*28*	*100%*	*11 years and 9 months*
Member	*Ferdinand Ylagan*	*Nov 16, 2012*	*28*	*28*	*100%*	*3 years and 1 month*

The members of the executive / management committee includes the head of operating subsidiaries, meets weekly to discuss the results of operations, including risk management.

**Resigned effective October 30, 2015.*

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held since last elected	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	*Johnip G. Cua*	*17 July 2015*	*3*	*3*	*100%*	*9 years and 5 months*
Member (NED)	*Carmen K. Tan*	*17 July 2015*	*3*	*3*	*100%*	*3 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	*2**	*2*	*100%*	*less than 1 year*
Member (ED)	*Jaime J. Bautista*	*17 July 2015*	*3*	*3*	*100%*	*12 years and 5 months*
Member (ID)	*Ben C. Tiu*	*17 July 2015*	*3*	*3*	*100%*	*2 years and 5 months*

**First elected as a member of board of directors last July 17, 2015.*

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee shall consist of at least three (3) Directors, who shall preferably have accounting or finance backgrounds, one of whom shall be an Independent Director and another with audit experience. A Director with extensive business management experience and with competence on financial management systems and environment may also be considered.

The Chair of the Audit Committee shall be an Independent Director.

Johnip G. Cua. *Mr. Cua, 59, Filipino, has served as Independent Director since 2006. He was formerly the President of Procter & Gamble Philippines Inc. (1995-2006). He serves as the Chairman of the Board of the P&Gers Fund Inc. (2009 to Present) and Xavier School, Inc. since Nov. 2012 (Trustee since 1996). He is the Chairman & President of Taibrews Corporation (2011 to Present). He is an Independent Director of BDO Private Bank (2008 to Present), Philippine Airlines Inc. (Oct 2014 to Present), PAL Holdings Inc. (Oct 2014 to Present), Century Pacific Food Inc. (Jan 2014 to Present), Eton Properties Inc. (May 2014 to Present), MacroAsia Catering Services, Inc. (2007 to Present), MacroAsia Airport Services Corp. (2007 to Present), MacroAsia Properties Development Inc. (2013 to Present), PhilPlans First Inc. (2009 to Present), and STI Education Systems Holdings Inc. (2012 to Present). He's also a member of the Board of Directors of Allied Botanical Corporation (2012 to Present), Alpha Alleanza Manufacturing Inc. (2008 to Present), Bakerson Corporation (2002 to Present), Interbake Marketing Corporation (1991 to Present), Lartizan Corporation (2007 to Present), and Teambake Marketing Corporation (1994 to Present). Additionally, he serves as a member of the Board of Trustees of Xavier School Educational & Trust Fund (1996 to Present).*

Carmen K. Tan. *Ms. Tan, 74, Filipino, has served as Director since July 2012. She currently serves as a Director of the following companies: Asia Brewery Inc., Buona Sorte Holdings, Inc., Dominium Realty & Construction Corp.; Eton City, Inc., Foremost Farms, Inc., Fortune Tobacco Corporation; Fortune Tobacco International Corp.; Himmel Industries, Inc., LT Group Inc., Lucky Travel Corp., Manufacturing Services & Trade Corp.; PAL Holdings Inc., Paramount Land Equities Inc., PMFTC Inc., REM Development Corporation, Progressive Farms, Inc.; Saturn Holdings Inc., Shareholdings, Inc., Sipalay Trading Corp., Tanduay Distillers, Inc., Tangent Holdings Corporation, The Charter House, Inc.*

Michael G. Tan. *Mr. Tan, 49, Filipino, has served as Director since 17 July 2015. He serves as the Director and Chief Operating Officer of Asia Brewery Inc., Director of Abacus Distribution Systems Philippines, Inc., AlliedBankers Insurance Corp., Air Philippines Corporation, Century Park Hotel, Eton Properties Philippines Inc., PMFTC Inc., Grandway Konstruct Inc., Lucky Travel Corp., Philippine Airlines Inc., Philippine Airlines Foundation, Inc, PAL Holdings, Inc., Philippine National Bank, LT Group, Inc., Pan Asia Securities Corp., Shareholdings Inc., Tangent Holdings Corp. and Victorias Milling Company, Inc.*

Jaime J. Bautista*. Mr. Bautista, 58, Filipino, a Certified Public Accountant (CPA) has served as Director*

since August 1997. He is currently the Chairman of the Board of MacroAsia Airport Services Corporation and Watergy Business Solutions Inc. He's the Director and Treasurer of MacroAsia Catering Services, Inc. (1997-Present) and serves a Director in MacroAsia Properties Development Corporation and Cavite Business Resources Inc. He is the Vice Chairman, Board of Trustees-University of the East (1991-Present), Board of Trustees member of University of the East Ramon Magsaysay Medical Center Foundation (1991-Present), the Treasurer of Tan Yan Kee Foundation (2009-Present). He was a Member of the Board of Directors of Air Philippines (2001-March 2012). He resumed his position as the President and Chief Operating Officer (COO) of Philippine Airlines Inc. and PAL Holdings Inc. last October 2014. Prior to his current appointment, he served as PAL's President and COO from August 2004 to April 2012.

Ben C. Tiu *Mr. Tiu, 63, Filipino, has served as an Independent Director since July 2013. He serves as the Chairman of the Board of Fidelity Securities (1993-Present), Tera Investments, Inc. (2001-Present), TKC Steel Corporation (2007-Present) and Treasure Steelworks Corp. (2005-Present). He is currently the Chairman and has served as President of BRJ Trading since 1988. He also serves as the Chairman and President of JTKC Equities, Inc. (1993-Present). He is currently the Executive Vice President of JTKC Leisure Group. He also serves as Director of I-Remit Inc. (2006-Present).*

Describe the Audit Committee's responsibility relative to the external auditor.

In accordance to the Corporation's Audit Committee Charter, the Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage external auditors for special audits, reviews and other procedures and to retain and obtain advice from special counsel and other experts and consultants, without need for Board approval. It shall perform oversight functions over the Corporation's internal and external auditors. It should ensure that internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective duties and functions. The committee is tasked to review the reports submitted by the internal and external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	*Dr. Lucio C. Tan*	*17 July 2015*	*1**	*1*	*100%*	*less than 1 year*
Member (NED)	*Washington Z. SyCip*	*17 July 2015*	*2*	*2*	*100%*	*12 years and 5 months*
Member (ID)	*Johnip G. Cua*	*17 July 2015*	*2*	*2*	*100%*	*2 years and 5 months*
Non-Voting Member	*Atty. Marivic T. Moya*	*17 July 2015*	*2*	*2*	*100%*	*11 years and 5 months*

**First elected as a member of board of directors last July 17, 2015.*

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	*Johnip G. Cua*	*17 July 2015*	*1*	*1*	*100%*	*9 years and 5 months*
Member (NED)	*Lucio K. Tan Jr.*	*17 July 2015*	*1*	*1*	*100%*	*9 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	*1*	*1*	*100%*	*less than 1 year*

Member (ED)	*Jaime J. Bautista*	*17 July 2015*	*1*	*1*	*100%*	*11 years and 5 months*

(e) Investment Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	*Dr. Lucio C. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (NED)	*Washington Z. SyCip*	*17 July 2015*	-	-	-	*3 years and 5 months*
Member (NED)	*Carmen K. Tan*	*17 July 2015*	-	-	-	*3 years and 5 months*
Member (NED)	*Lucio K. Tan Jr.*	*17 July 2015*	-	-	-	*9 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (ED)	*Joseph T. Chua*	*17 July 2015*	-	-	-	*10 years and 5 months*
Member (ID)	*Johnip G. Cua*	*17 July 2015*	-	-	-	*9 years and 5 months*

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	*Jaime J. Bautista*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (NED)	*Lucio K. Tan, Jr.*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	-	-	-	*less than 1 year*
Member (ED)	*Joseph T. Chua*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (ID)	*Johnip G. Cua*	*17 July 2015*	-	-	-	*5 years and 5 months*
Member (ID)	*Ben C. Tiu*	*17 July 2015*	-	-	-	*2 years and 5 months*

(g) Mining Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	*Johnip G. Cua*	*17 July 2015*	-	-	-	*8 years and 5 months*
Member (NED)	*Lucio K. Tan, Jr.*	*17 July 2015*	-	-	-	*6 years and 5 months*
Member (NED)	*Michael G. Tan*	*17 July 2015*	-	-	-	*less than 1 year*

Member (ED)	*Joseph T. Chua*	*17 July 2015*	-	-	-	*8 years and 5 months*

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Audit, Nomination, Compensation and Risk Management Committee	*Harry C. Tan*	*End of Term*
Investment and Mining Committee	*George Y. Sycip*	*End of Term*

4) **Work Done and Issues Addressed**

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Management	*Meets weekly to discuss business operating results, including business risks management.*	*Mitigate any identified business risks, such as but not limited to the following: foreign currency risks, liquidity risks and other financial and non-financial risks.*
Audit	*Approves the scope of the audit for internal and external auditors.* *Review and recommend approval of the audited financial statement to the Board of Directors.* *Discussed with the internal and external auditors, the result of the audit done for the year*	*Recommended the approval of the audited financial statement for the year 2014.* *Evaluate the performance of the committee through the self-assessment worksheet prepared in accordance with the committee charter and manual on corporate governance.*
Nomination	*Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and ensure that none of the disqualifications (as stated in our Amended Manual on Corporate Governance) are present.*	*Pre-screened and shortlisted all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications set in amended manual on corporate governance.*
Compensation	*Review the established policy on executive remuneration and remuneration packages for corporate officers and directors.*	*Updated remuneration packages for corporate officers and directors are in place.*

5) **Committee Program**

Provide a list of programs that each committee plans to undertake to address relevant issues in the

improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	*Review of the results of operations and management of identified business risks.*	*Management of identified business risks to improve results of operations.*
Audit	*Compliance with the Audit Committee Charter*	*Possible non-compliance with the existing Audit Committee Charter.*
Nomination	*Review and evaluate qualifications of the nominated executive officers and directors of the company*	*Review the criteria in evaluating the qualifications and disqualifications of the executive officers and directors of the company.*
Remuneration	*Review and evaluate the remuneration packages given to the executive officers and directors of the company*	*Update the remuneration packages of the executive officers and directors of the company.*
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

To ensure a high standard of business practice for the Corporation and its stakeholders, the Board has established a process and an annual risk management plan to identify, manage, and report on the risks that might prevent the Company from achieving its strategic objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Through the Audit Committee a report is being issued on an annual basis which forms part of the annual report. The Internal and External Auditor meets separately with the Audit Committee to discuss the results of all audit works performed, including internal control evaluations and the overall substance of the MacroAsia Group's financial reports.

(c) Period covered by the review;

Year 2014

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

Risk Management system is reviewed annually. COSO ERM Framework is used in assessing the effectiveness of the risk management system.

(e) Where no review was conducted during the year, an explanation why not.

Annual review is conducted.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Volatility of Foreign Exchange Rates	• *Engage in foreign exchange hedging transactions to minimize impact of losses from such fluctuation;*	*To minimize exposure to foreign exchange fluctuations.*
Increased Liquidity	• *Investment in placements with*	*To generate better yields and limit*

	better yields and hedged for foreign exchange volatility.	*investments to instruments with minimum exposure to significant risks.*
Valuation of Non-Current Assets	• *Non-current assets are adjusted at fair values for impairment, recoverability and timing of reclassification.*	*To ensure that assets are fairly valued in accordance with generally accepted accounting principles.*

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Operational and financial risks of subsidiaries and affiliates	• *Group-wide monitoring process performed by executive/management committee held on a weekly basis.*	*To hold timely business reviews of each operating subsidiary and affiliate for operational and financial assessments, business risks evaluation and control process planning to mitigate and eliminate risks.*
Global Economic Slowdown	• *Aggressive marketing, offering of innovative products and service;* • *Optimizing resources and provision of quality services;* • *Sustainable cost leadership efforts.*	*To continuously adopt a simultaneous approach of employing revenue generating strategies for both core and non-core businesses while cutting down on costs that will help maintain and expand client patronage.*
Industry Regulations	• *Year-round preventive maintenance of helicopter units and equipment in accordance with the manufacturer's specifications;* • *Employees year-round training program in order to keep up with the latest trends with emphasis on operational safety, reliability and customer service;* • *Regular audits to ensure compliance with local and international quality standards;* • *Regular renewal of accreditations and certifications to ensure services are carried out in accordance with respective countries' aviation regulations.*	*To strictly comply with the stringent safety standards and procedures set by international and local industrial regulating agencies.*
Competition	• *Maintain close relationships with airline clients, which in turn enables reciprocal arrangements for auxiliary aviation services;* • *Strong backing of the Company's venture partners for a globally-competitive expertise and market reach;*	*To maintain operational track record and high quality of services coupled with competitive prices.*

	• *Operational funding requirements and adequate capital to continue and expand its existing businesses and develop or venture into new business activities.*	
Volatility of Foreign Exchange Rates	• *Engage in foreign exchange hedging transactions to minimize impact of losses from such fluctuation;*	*To minimize exposure to foreign exchange fluctuations.*
Valuation of Non-Current Assets	• *Non-current assets are adjusted at fair values for impairment, recoverability and timing of reclassification.*	*To ensure that assets are fairly valued in accordance with generally accepted accounting principles.*

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The Board of Directors and Management are committed to respect and protect investor's rights and interests, whether majority or minority, at all times. In order to mitigate and eliminate risks arising from restriction of rights of minority and undue preference to controlling shareholders, the following provisions are being recognized by the Corporation as set out in our Amended Manual on Corporate Governance: • *A director shall not be removed without cause if it will deny minority shareholders representation in the Board.* • *It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.* • *Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.*

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Volatility of Foreign Exchange Rates *Increased Liquidity*	*Established Investment Committee to perform oversight role on investment management functions.*	• *Utilized foreign exchange hedging to minimize impact of losses from foreign exchange fluctuations;* • *Limit was set on the Company's foreign currency holdings to not more than 25% in US Dollar portfolio and hold the rest in local currency (at least 75% of the portfolio in Philippine Peso);* • *Excess cash are considered for investment to placements with better yields.*
Valuation of Non-Current Assets	*Established Audit Committee to perform oversight role on financial management functions.*	• *Periodic review of financial reports to ensure compliance with both the internal and regulatory requirements*

		• *Recommends external auditors based on track record and qualifications and in consideration of management's proposal;* • *Conducted discussions with external auditors on results of audit works, including internal control evaluations.*

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Operational and financial risks of subsidiaries and affiliates	*As part of its Corporate Governance practice, a Risk Management Committee has been formed to assist the Board of Directors in fulfilling its oversight responsibilities with regards to managing inherent risks and control process with respect to such risks.* *As part of its group-wide monitoring process, an executive/management committee meeting is held on a weekly basis. The President/CEO presides over the meeting and is attended by the executive management team, as well as management heads of each operating subsidiary and affiliate. Business reviews of each operating subsidiary are done on a timely basis, to include operational and financial assessments, business risks evaluation and control process planning to mitigate or completely eliminate such risks.* *The MAC Group observes the following four-objective categories of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework as its standard:* • *Strategy – goals that are supportive of the Group's objectives;* • *Operations – effective and efficient use of resources;* • *Financial Reporting – reliability of operational and financial reporting;* • *Compliance – adherence to applicable laws and Regulations.*	
Global Economic Slowdown		
Industry Regulations		
Competition		
Volatility of Foreign Exchange Rates		
Valuation of Non-Current Assets		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	*The Committee checks all financial reports in compliance with both the internal and regulatory requirements.*	*The Committee performs an oversight role on financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation.*
Risk Management Committee	*The Committee assists the Board in assessing the different types of risks to which the organization is exposed.*	*The Audit Committee Chairman is a member of the Risk Management Committee to ensure the flow of relevant information between the Audit and Risk Management*

		Committees. The Risk Management Committee helps the Board understand the risks the Group faces and ensures that the management has implemented a process and an annual risk management plan to identify, manage, and report on the risks that might prevent the Company from achieving its strategic objectives.
Investment Committee	*The Committee is the investment fiduciary for the prudent management of the Company's investment portfolio.*	*The Committee has the exclusive authority to establish, execute and interpret investment policy statement for the portfolio It monitors a transparent financial management system that will ensure the integrity of activities throughout the Company.*

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control system is the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed.

Internal control is the system established by the Board of Directors and Management for the accomplishment of the Corporation's objectives, the efficient operation of its business, the reliability of its financial reporting and faithful compliance with applicable laws, regulations and internal rules.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee issues a report on an annual basis which forms part of the annual report available to the stakeholders through the company's website.

The Internal and External Auditor meets separately with the Audit Committee to discuss the results of all audit works performed, including internal control evaluations and the overall substance of the MacroAsia Group's financial reports.

(c) Period covered by the review;

Year ended December 31, 2014.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

Internal controls are reviewed regularly through the reports of the auditors (internal and external) and representations made by management. COSO ERM framework is used is assessing the effectiveness of internal control system.

(e) Where no review was conducted during the year, an explanation why not.

Review of Internal controls is regularly conducted.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
To provide an independent, objective assurance and consulting services designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.	*The scope of work of the internal audit is to assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:* • *Promoting appropriate ethics and values within the organization* • *Ensuring effective organizational performance management and accountability* • *Communicating risk and control information to appropriate areas of the organization* • *Coordinating the activities of and communicating information among the board, external and internal auditors, and management* *To evaluate the risk exposures relating to, and the adequacy and effectiveness of the controls in responding to risks within the*	*In-house*	*Allan P. Tabayan*	*Internal Audit reports administratively to the Management and functionally to the Audit Committee and/or Risk Management Committee.*

	organization's governance, operations, and information systems regarding the: • *Achievement of the organization's strategic objectives* • *Reliability and integrity of financial and operational information* • *Effectiveness and efficiency of operations and programs* • *Safeguarding of assets* • *Compliance with laws, regulations, policies, procedures, and contracts.*			

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes, the committee reviews/approves the appointment and replacement of the internal auditor.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Internal Audit reports administratively to the Management and functionally to the Audit Committee and/or Risk Management Committee. Internal Auditor/s have free and full access to all the Corporation's records, properties, and personnel relevant to and required by its function and that the internal audit activity is free from interference in determining its scope, performing its work, and communicating its results.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
	There is nothing to report

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	*The progress of the actual audit activity against annual internal audit plan is being monitored on a semi-annual basis and is reported to the management and Audit Committee*
Issues[6]	*No Significant Issues noted.*
Findings[7]	*No Significant Findings noted.*
Examination Trends	*The examinations are done mostly on the subsidiaries and investments of the company.*

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

In all of its activities, the Internal Auditor follows the International Standards for the Professional Practice of Internal Auditing (the "Standards").

1) **Preparation of an audit plan inclusive of a timeline and milestones;**

The audit planning process encompasses all activities related to the development of the internal audit plan and schedule, which includes determinations of the engagement's objectives, scope, timing, and resource allocations. In undertaking this process the Internal Auditor must consider the following:

- *Understanding the activity being reviewed and control environment*
- *Define factors to be used in assessing risk (Risk Assessment)*
- *Schedule audits and allocate Internal Audit resources according to the priorities established and the current level and expertise of Internal Auditor*

2) **Conduct of examination based on the plan;**

The process of conducting the examination based on the plan is part of the Internal Audit Process. It includes the following:

- *Engagement Planning*
  - *Establishing audit objectives and scope of work.*
  - *Obtaining background information about the activities to be audited.*
  - *Determining the resources necessary to perform the audit.*
  - *Communicating with all who need to know about the audit.*
  - *Performing, as appropriate, an on-site survey to become familiar with the activities and controls to be audited, to identify areas for audit emphasis, and to invite audited entity comments and suggestions.*
  - *Preparation of audit engagement work program and allocation of audit resources.*

- *Performing the engagement*
  - *Identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.*
  - *Information should be sufficient, reliable, relevant, and useful to achieve the engagement's objectives. Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals.*
- *Communicating results*
  - *Draft audit report*

[6]"Issues" are compliance matters that arise from adopting different interpretations.
[7]"Findings" are those with concrete basis under the company's policies and rules.

- *Review of draft audit report*
- *Exit conference with auditee*
- *Preparation of final audit report*
- *Disseminate approved audit report*

- *Follow-up and monitoring*
  - *Follow-up audit*
  - *Disseminate approved report*

3) **Evaluation of the progress in the implementation of the plan;**

The progress in the implementation of the plan is being monitored on a regular basis.

4) **Documentation of issues and findings as a result of the examination;**

Documentation of the issues and findings is done through the auditor's working paper. Working papers serve both as tools to aid the auditor in performing his work, and as written evidence of the work done to support the auditor's report. Information included in working papers should be sufficient, reliable, relevant, and useful to achieve the engagement's objectives.

5) **Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;**

This is done through the follow-up audit and monitoring process.

6) **Conduct of the foregoing procedures on a regular basis.**

The Internal Audit activities are being performed on regular basis through the Internal Auditor and Audit Committee.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
In all of its activities, the Internal Auditor follows the International Standards for the Professional Practice of Internal Auditing	*Implemented*
The Audit Committee shall review the appointment and replacement of the internal auditor	*Implemented*
The internal auditor shall report periodically to the Audit Committee regarding any significant deficiencies in the design or operation of the Company's internal controls, material weaknesses in the internal controls and any fraud (regardless of materiality) involving persons having a significant role in the internal controls, as well as any significant changes in internal controls implemented by management during the most recent reporting period of the Company, corporate governance issues and other matters requested by the Audit Committee or the Board of Directors.	*Implemented*
Internal Auditor/s have free and full access to all the Corporation's records, properties and	*Implemented*

personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results.	
The Committee shall review at least annually the structure, resources and performance of the Company's Internal Auditor/s. The Committee shall meet periodically with the Company's internal auditor to discuss the overall responsibilities and budget for the annual internal audit plan, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of the internal audit.	*Implemented*

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
• *The Internal Auditor is responsible to an individual in the organization with sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of audit reports, and appropriate action on audit recommendations.* • *The Internal Auditor should have direct communication with the Board of Directors through the Audit Committee.* • *The Audit Committee concurs in the appointment and/or removal of the Internal Auditor.* • *The Internal Auditor should submit annually to management for approval and to the BOD for its information a summary of the audit*	*The Company does not provide any material information to any group of financial analysts, investment banks and rating agencies, therefore, no independence issue to be address. Material information are available to the general public after the disclosures made to PSE and/or SEC.*		

work schedule, staffing plan, and financial budget. • *The Internal Auditor should submit activity reports to management and to the BOD annually or more frequently as necessary. Activity reports should highlight significant audit findings and recommendations.* • *The Internal Auditor should not assume operating responsibilities. But if on occasion management directs the Internal Auditor to perform non-audit work, it should be understood that he/she is not functioning as Internal Auditor* • *Persons transferred to or temporarily engaged to do internal audit should not be assigned to audit those activities they previously performed until a reasonable period of time has elapsed* • *The Internal Auditor should not accept anything of value from an employee, supplier, or business associate of the Company which would impair or be perceived to impair their professional judgment or objectivity* • *Appointment of External Auditors requires majority vote of stockholders.*	

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full

compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

- *Mr. Joseph T. Chua – President and COO*
- *Atty. Marivic T. Moya – Compliance Officer*

H. ROLE OF STAKEHOLDERS

1) **Disclose the company's policy and activities relative to the following:**

	Policy	Activities
Customers' welfare	*The Company depends on its clients and should not be the other way around. Everyone is expected to give clients utmost courtesy and respect.*	*Clients should be attended promptly and never argue or quarrel with them. Should there be any matter that cannot be resolved, the matter should be referred to the concerned Department Head.*
Supplier/contractor selection practice	*Company profile is required for accreditation of suppliers. All major suppliers of goods and/or services should be a legitimate provider of such.*	*The company implements a bidding process for the selection of a supplier. All qualified suppliers of goods and/or services will be sent an invitation to submit bid proposals for evaluation.*
Environmentally friendly value-chain	*The company focuses on helping the community in protecting the environment.*	*The company is protecting the environment through tree planting activities coordinated with the academe.*
Community interaction		*Sponsoring activities related to traditions and festivities involving local community.*
Anti-corruption programmes and procedures?	*For the protection and preservation of the good name and reputation of the company, employees are expected to conduct their official business in the straightforward manner.*	*All directors, officers and employees are encouraged not to involve in any unauthorized solicitation / accepting directly or indirectly, money or anything in value from suppliers, creditors or other parties doing business with the Company in exchange for a favor, decision or service that may or maybe not be detrimental to the Company.*
Safeguarding creditors' rights	*It is in the company's values to honor the rights and belief of our employees, our customers, our shareholders, our suppliers and our community.*	*The management monitors the liquidity of the company and sees to it that the company will be able to settle its current and non-current obligations.*

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

Yes. Corporate responsibility report/section is presented as part of our annual report.

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

In the implementation of Security and Safety Regulations, all employees are enjoined to:

1. *Subject themselves to routinary inspection. Employees should undergo frisking and inspection of their bags, attache' cases, packages and other belongings before leaving the Company premises.*
2. *Use only entrances and exits that have been authorized and designated by Management*
3. *Leave Company premises after the scheduled working time except when on overtime work. No one shall be allowed to loiter around, or go from one department to another where he is not authorized.*
4. *Report all areas that have unsafe conditions and security risk problems. This would include all accidents and injuries that been incurred within the Company premises.*
5. *Observe and be conscious of safety sign, which must not be removed or defaced.*
6. *Refrain from selling products inside the Company premises specially during working hours*
7. *Observe non-smoking areas*
8. *Keep aisle and all passageways clear of unnecessary objects*
9. *Wear the required uniforms, safety and hygienic gadgets while on duty*
10. *Switch off or unplug lights and electrically operated machines or equipments when not in use. It is the responsibility of the person nearest to the light switch and to the air-conditioning unit to turn it off after office hours before leaving the office.*
11. *Resigned or terminated employees shall not be allowed to enter Company premises without prior permission from HRD.*

All regular employees of the company enjoyed the benefits of having a health care program provided by Health Organization.

(b) Show data relating to health, safety and welfare of its employees.

All regular employees are required to undergo annual physical examination. No work-related incidents or health concerns have been reported in the Company during the year.

(c) State the company's training and development programmes for its employees. Show the data.

The Company is committed to provide further training and education to all of its employees for the development of their fundamental knowledge and skills in the job they are performing and to create opportunities for advancement.

HRD will regularly conduct Training Need Evaluation to determine what training an employee needs. This is done in coordination with the employee's Supervisor or Department Head.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The company's system of incentives will help ensure (1) that overall corporate objectives are achieved; and (2) that the performance of each executive is suitably measured, evaluated and financially compensated.

In order to achieve an effective incentive system, all performance targets must be agreed in advance. It is thus the nature and quality of the target – agreement process that will determine whether the Performance Incentive Plan can offer a genuine additional management incentive through which, with extraordinary performance and application, even ambitious targets can be achieved.

Performance Incentive will be given for all levels if the minimum quantitative (strategy, budget and business plan) and qualitative ("soft" factors, some of which may not be directly measurable) targets set are achieved.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.**

Any behavior or acts committed by an employee which the Company may have reasons to believe are violation of Company Rules and Regulations will be reflected in the Incident Report prepared by the

immediate supervisor or by the reporting party.

If the reporting party is not the direct Supervisor of the employee, he should submit the form to the Supervisor of the concerned employee. It is the responsibility of the Supervisor to discuss with the concerned employee the reported violation or incident.

The concerned employee must acknowledge receipt of the Incident Report and explain within forty-eight (48) hours in writing the reason for such act.

The Supervisor, after evaluating the written explanation of the employee will make his recommendations and forward the same to HRD.

HRD will evaluate the case and determine if further investigation is necessary.

HRD will render the final decision within five (5) days from conclusion of the investigation. HRD will advise the employee in writing of its decision.

The decision of the HRD can be appealed in writing by the employees to the General Manager who will render its decision in writing within five (5) calendar days from receipt of the written appeal.

No decision on a case can be made by any Company Official without going through these procedures.

All investigation proceedings will be recorded in writing at all times and will form part of the case record.

The Incident Report will be filed in the employee's 201 file.

I. DISCLOSURE AND TRANSPARENCY

1) **Ownership Structure** (a*s of December 31, 2015)*

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Filipino)	203,623,561	16.51%	*
PAL Holdings, Inc. (formerly Baguio Gold Holdings Corporation)	88,000,000	*7.13%*	*Trust Mark Holdings Corp. (89.78% ownership)*
PCD Nominee Corporation (Non-Filipino)	83,826,007	6.80%	*
Conway Equities, Inc.	*85,110,000*	*6.90%*	*Melito K. Tan– President*

**PCD Nominee Corp. (PCD) is a registered owner of certain shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participant, who hold shares on their behalf or in behalf of their clients. The securities are voted by the trustee's designated officers who are not known to the Company. None of the PCD Nominee Corporation (Filipino and Non-Filipino) account beneficially owns 5% or more of the Company's outstanding common shares.*

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
None of the senior management holds 5% or more ownership in MAC.			
TOTAL			

2) **Does the Annual Report disclose the following:**

Key risks	*Yes*
Corporate objectives	*Yes*
Financial performance indicators	*Yes*
Non-financial performance indicators	*Yes*
Dividend policy	*Yes*
Details of whistle-blowing policy	*No*
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	*Yes*
Training and/or continuing education programme attended by each director/commissioner	*Yes*
Number of board of directors/commissioners meetings held during the year	*Yes*
Attendance details of each director/commissioner in respect of meetings held	*Yes*
Details of remuneration of the CEO and each member of the board of directors/commissioners	*Yes*

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The Company has no written policy on whistle blower yet. To be formalized.

3) **External Auditor's fee** *(as of December 31, 2014)*

Name of auditor	Audit Fee	Non-audit Fee
SyCip Gorres and Velayo	*P3,409,250** *P1,270,000***	-

* **MAC Group**
** **MAC Parent**

4) **Medium of Communication**

List down the mode/s of communication that the company is using for disseminating information.

All material information about the Corporation which could adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed.

Such information shall include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the Commission;

1. *Other information that shall always be disclosed includes Board changes, related party transactions, shareholdings of Directors and changes to ownership;*
2. *All disclosed information shall be released via the approved stock exchange procedure for Company announcements as well as through the annual report. The Corporation shall cause the filing of all required information for the interest of the stakeholders;*
3. *The Board and Officers shall commit at all times to fully disclose material information dealings. The Corporation shall be compliant with disclosure rules and regulations being issued by competent authorities, specifically, but not limited to Sec 4.2 (Selective Disclosures of Material Information) of the Revised Disclosure Rules of the Philippine Stock Exchange.*

5) **Date of release of audited financial report:**

April 15, 2015.

6) **Company Website**
Does the company have a website disclosing up-to-date information about the following?

Business operations	*Yes*
Financial statements/reports (current and prior years)	*Yes*
Materials provided in briefings to analysts and media	*Yes*
Shareholding structure	*Yes*
Group corporate structure	*Yes*
Downloadable annual report	*Yes*
Notice of AGM and/or EGM	*Yes*
Company's constitution (company's by-laws, memorandum and articles of association)	*Yes*

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
For detailed discussion of material related party transactions, please see Note 18 of the Company's Notes to Consolidated Financial Statements attached as part of SEC 17-A 2014 report. Except as otherwise disclosed in the annual report, there are no other parties that fall outside the definition of "related parties" under Philippine Accounting Standards (PAS) 24 with whom the Company or its related parties have a relationship that enabled the parties to negotiate terms of material transactions that may not be available from others or independent parties on an arm's length basis.			

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors. Related party transactions are performed in the regular course of business and are conducted on an arm's length basis.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	*Majority of the subscribed capital stock (entitled to vote) of the Corporation are represented in person or by proxy*

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	*All corporate acts/resolutions are submitted to the SEC on an annual basis at the first quarter of every year.*

Description	*All corporate acts are subjected to ratification/approval of stockholders during the Annual Stockholders' Meeting.*

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Voting Right	*All rights are in accordance with the Corporation Code.*
Pre-emptive Right	
Power of Inspection	
Right to information	
Right to dividends	
Appraisal Right	

Dividends

Declaration Date	Record Date	Payment Date
December 14, 2015	*January 4, 2016*	*January 28, 2016*

(d) Stockholders' Participation

1. **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

Measures Adopted	Communication Procedure
The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.	*Personal distribution of materials (through courier) for the annual stockholders' meeting are made at least 15 business days prior to meeting date. Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.*
It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.	*All stockholders are encouraged participate in the Annual Stockholders' Meeting through the Question and Answer portion.* *The Company has also designated investor relations officer to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website.*
The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound	*All material information about the Corporation which could adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed.* *Such information shall include, among others, earnings results, acquisition or disposition of*

judgment on all matters brought to their attention for consideration or approval.	*assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.* *All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the Commission;* • *Other information that shall always be disclosed includes Board changes, related party transactions, shareholdings of Directors and changes to ownership;* • *All disclosed information shall be released via the approved stock exchange procedure for Company announcements as well as through the annual report. The Corporation shall cause the filing of all required information for the interest of the stakeholders;* • *The Board and Officers shall commit at all times to fully disclose material information dealings. The Corporation shall be compliant with disclosure rules and regulations being issued by competent authorities, specifically, but not limited to Sec 4.2 (Selective Disclosures of Material Information) of the Revised Disclosure Rules of the Philippine Stock Exchange.* *The Company continuously maintain its website to provide timely information updates on Its performance on operational, financial and corporate governance.*

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution
b. Authorization of additional shares
c. Transfer of all or substantially all assets, which in effect results in the sale of the company

<u>Voting and Preemption Rights of Stockholders presented in the Company's Definitive Information Statement sent out to all stockholders as of record date</u>

All outstanding common shares of the Company as of the record date for the purpose of the Annual Stockholder's Meeting are entitled to vote at the rate of one (1) vote per share.

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in case (i) any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or

substantially all of the corporate property and assets; and (iii) of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the value of his shares. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. No payment shall be made to dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

2. **Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

   a. **Date of sending out notices:**

      June 26, 2015

   b. **Date of the Annual/Special Stockholders' Meeting:**

      July 17, 2015

3. **State, if any, questions and answers during the Annual/Special Stockholders' Meeting**

   No relevant questions were raised during the Annual Stockholders' Meeting held on 17 July 2015.

4. **Result of Annual/Special Stockholders' Meeting's Resolutions**

Resolution	Approving	Dissenting	Abstaining
A. Approved and ratified the following: *1. The minutes of the Annual Stockholders' Meeting held on 18 July 2014* *2. The Annual Report and Audited Financial Statements for 2014* *3. The Amendment of the Sixth Article of the Articles of Incorporation to increase the number of directors from nine (9) to eleven (11)* *4. The Amendment of the By-laws: (i) to reflect the abolition of the position of Vice-Chairman and in view thereof, the deletion of any and all references to the position of Vice-Chairman in Article*	*Stockholders representing 77.82% of the total issued and outstanding capital stock of the Corporation approved and ratified these matters.*	*None*	*None*

II, Section 2.05 and Article V, Section 5.01 of the By-laws; and (ii) to include a provision in Article V of the By-laws creating the position of Co Chairman *5. Amendment of the By-laws: (i) Article V, Section 5.02 - to reflect that the Chairman shall be the Chief Executive Officer of the Corporation and to specify his powers and duties; and (ii) Article V, Section 5.03 - to reflect that the President shall be the Chief Operating Officer of the Corporation and to specify his powers and duties* *6. All Acts, Proceedings and Resolutions of the Board of Directors and Management since 18 July 2014 up to 17 July 2015.*			
B. Election of Directors	*Stockholders representing 77.82% of the total issued and outstanding capital stock of the Corporation elected the Directors of the Corporation.*	*None*	*None*
C. Appointment of SGV & Co. as External Auditor	*Stockholders representing 77.82% of the total issued and outstanding capital stock of the Corporation appointed SGV & Co. as external auditor.*	*None*	*None*

5. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the annual stockholders' meeting were immediately disclosed to the public through PSE's online reporting system (Edge) within the same date of the meeting (July 17, 2015). Likewise, SEC Form 17-C was submitted to the SEC within 5 days after the occurrence of the event.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
No modification made in the ASM regulations during the most recent year.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual Stockholders' Meeting	*Directors:* • *Dr. Lucio C. Tan* • *Washington Z. Sycip* • *Carmen K. Tan* • *Lucio K. Tan, Jr.* • *Michael G. Tan* • *Joseph T. Chua* • *Jaime J. Bautista* • *Johnip G. Cua* • *Ben C. Tiu* *Officers:* • *Amador T. Sendin* • *Atty. Marivic T. Moya* • *Atty. Florentino M. Herrera III*	*July 17, 2015*	*By show of hands*	*3.94%*	*73.88%*	*77.82%*
Special	*No special meeting held in 2015.*					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, representatives from our trust agent Philippine National Bank (formerly Allied Bank) is always present during the Annual Stockholders meeting for the said function.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, the company has only one class of shares (common) and each share carries one vote for one share.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	*Any stockholders entitled to vote at any meeting of stockholders may vote either in person or by proxy. Every proxy shall be in writing, signed by the stockholder or his duly authorized attorney-in-fact, and dated, duly witnessed and acknowledged.*
Notary	*Not required*
Submission of Proxy	*All proxies must be duly presented to the Secretary for inspection and recording at least ten (10) business days before the opening of the meeting.*

Several Proxies	*Stockholders may vote at all meetings, the number of shares registered in their names, either in person or through a proxy duly appointed.*
Validity of Proxy	*No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one therein designated or any adjournment thereof.*
Proxies executed abroad	*Not applicable*
Invalidated Proxy	*Proxies filed with the Secretary may be revoked by the stockholder concerned in an instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting. The presence of a stockholder shall be entitled to vote at such meeting in the same manner and with the effect as if he had not executed a proxy.*
Validation of Proxy	*Proxies filed with the Corporate Secretary are being validated together with the Corporation's Stock and Transfer Agent.*
Violation of Proxy	

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
A written or printed notice of meetings, either regular or special, shall be cause to be delivered or mailed by Secretary to each stockholder of record at least (10) days prior to the date set for such meeting.	*Distribution of meeting materials through personal delivery/courier to all entitled stockholders as of record date, at least 15 business days prior to meeting date. An affidavit shall be issued by the Stock and Transfer Agent that meeting materials were sent to all stockholders at least 15 business days prior to meeting.*

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	*859 stockholders were entitled to receive Definitive IS and Management Report.*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	*June 26, 2015*
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	*June 26, 2015*
State whether CD format or hard copies were distributed	*Materials in hard copies were distributed.*
If yes, indicate whether requesting stockholders were provided hard copies	*Not Applicable*

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	*Yes*

Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	*Yes*
The auditors to be appointed or re-appointed.	*Yes*
An explanation of the dividend policy, if any dividend is to be declared. **The amount payable for final dividends.**	*Yes* *Yes*
Documents required for proxy vote.	*Yes*

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

All the foregoing information was disclosed.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Voting Right	*1) Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.* *2) Cumulative voting shall be used in the election of directors.* *3) A director shall not be removed without cause if it will deny minority shareholders representation in the Board.*
Pre-emptive Right	*The Corporation's Amended Articles of Incorporation specifies that "no stockholder shall, because of his ownership of stock of the Corporation, have any pre-emptive right or other preferential right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into or carrying option or warrants to purchase stock of the Corporation. Any part of any such stock or other securities may at any time be issued, optioned for sale, and sold or disposed of by the Corporation pursuant to a resolution of its Board of Directors, without first offering such stock or securities or any part thereof to existing shareholders of the Corporation" (as amended in 1993 and 1987).*
Power of Inspection	*All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.*
Right to information	*1) The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the Company, relationships among Directors and key officers, and the aggregate compensation*

	of directors and officers. *2) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate corporate business purposes.* *3) The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for.*
Right to dividends	*1) Shareholders shall have the right to receive dividends subject to the discretion of the Board.* *2) The Corporation shall be compelled to declare dividends when its Retained Earnings shall be in excess of 100% of its paid-in capital stock, except:* *a) When justified by definite corporate expansion projects or programs approved by the Board or;* *b) When the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured or;* *c) When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.*
Appraisal Right	*The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:* *1) In case any Amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;* *2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and* *3) In case of merger or consolidation.*

(b) Do minority stockholders have a right to nominate candidates for board of directors?

For purposes of election to the Board of Directors, any and all nominations shall be submitted to and received at the principal office of the Corporation at least thirty (30) days prior to the scheduled date of the Stockholders' Meeting and addressed to the attention of the Corporate Secretary.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

All announcements are reviewed by the Corporate Information Officer and must be approved by the President.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	*To provide a communication channels that is available not only to the investing public but also to the stakeholders.*
(2) Principles	*The company is guided by the principles of integrity, objectivity, accountability and transparency.*
(3) Modes of Communications	*Company Website: www.macroasiacorp.com* *PSE Website: http://edge.pse.com.ph/* *Through telephone number: (02) 840 – 2001;* *Email Address: info@macroasiacorp.com*
(4) Investors Relations Officer	*Ms. Jenna Mae V. Diaz* *Financial Accountant* *12F PNB Allied Bank Center,* *6754 Ayala Ave., Makati City* *Through telephone number: (02) 840 – 2001;*

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in case (i) any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and (iii) of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the value of his shares. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. No payment shall be made to dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

None of the proposed corporate actions of MacroAsia Corporation however qualifies as an instance, which allows the exercise by the stockholders of their appraisal rights.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Not Applicable. There were no related transactions similar to the above.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Livelihood program	*Indigenous People/Residence of Brooke's Point, Palawan*
Educational program	*People from Brooke's Point, Palawan*
Scholarship program	*Indigenous People of Brooke's Point, Palawan*
Contributions to fund the construction of different schools	- *Students of Liwanay Elementary School in South Cotabato* - *Students of Calungboyan Elementary School in Ilocos Sur* - *Students of Talaga Elementary School in Tanauan, Batangas* - *Students of C.P. Sta. Teresa Elementary School in Taguig*

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	*The Board of Directors conduct an assessment of its performance through a self-assessment worksheet that has been prepared based on its responsibilities incorporated in the Revised Manual on Corporate Governance*	
Board Committees	*The Committee conduct an assessment of its performance through a self-assessment worksheet that has been prepared based on its responsibilities incorporated in the Revised Manual on Corporate Governance*	
Individual Directors	*The Board of Directors conduct an assessment of its performance through a self-assessment worksheet that has been prepared based on its responsibilities incorporated in the Revised Manual on Corporate Governance*	
President	*The Members of the Board conduct an assessment of the President's performance through an assessment worksheet that has been prepared based on the responsibilities incorporated in the Revised Manual on Corporate Governance*	

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	*Violator/s shall be reprimanded*
Second Violation	*Violator/s shall be suspended from office; duration will depend on the gravity of the violation*
Third Violation	*Violator/s shall be removed from office*

This Consolidated Changes in the ACGR for 2015 is hereby compiled and published in the Company website, in compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 12, Series of 2014 dated 26 May 2014, requiring all publicly listed companies to consolidate all the ACGR updates and changes and to post the same in their respective websites.

In lieu of the notarized signature page, the Consolidated Changes in the ACGR shall be accompanied by a Secretary's Certificate which sets forth the updates and changes in the ACGR.