MacroAsia Corporation

GAINING GROUND

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2013 ANNUAL REPORT GAINING GROUND MacroAsia Corporation

GAINING GROUND

ANNUAL REPORT 2013

ABOUT THE COVER

"Gaining Ground" - an idiom that means progressing or advancing in terms of value, strength, coverage or achievement, is the chosen theme for MacroAsia's 2013 Annual Report.

Although 2013 is a tough year for many of us, this theme evokes a positive appreciation of things and events that have come to pass in 2013. Moreover, this theme captures the essence of MacroAsia's current operating strategy of Gaining Ground, with three widely important goals:

a) Challenge our way of doing business, banking on creativity, innovation and a spirit of boldness in order to achieve more coverage of our intended market, and to establish our presence in segments which we have not tapped as yet. We measure our success in this area by the inroads we make in terms of new products, service offerings or new markets served;

b) Continue to strengthen our operating and governance teams across subsidiaries and affiliates as the levels of challenges and accountability rise. We measure our achievement in this area by the recognition we receive from various stakeholders, particularly our clients and the investing public; and

c) Share the opportunities that we get to benefit from with various stakeholders, including the communities where we operate. We measure our progress in this, through indices that reflect increases in stakeholder value across various fronts.

In essence, Gaining Ground for us in MacroAsia is being consistent with our attitude to **WIN** – to stay **worthy** as officers and staff of MacroAsia; **impassioned** with the zeal to serve customers even beyond expectations all year round; and always maintaining a **neat** reputation for MacroAsia and its shareholders.

CONTENTS

ABOUT US

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

MAC pursues its core 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. (LTP) and Cebu Pacific Catering Services, Inc (CPCS). With the parent company and these subsidiaries and affiliates, the MAC Group has interests in aviation services and resource development, particularly in projects related to mining and water resources.

In June of 1996, MAC incorporated its two wholly-owned subsidiaries - MacroAsia Properties Development Corporation (MAPDC), a developer/operator of the MacroAsia Special Ecozone, the only special economic zone at the Ninoy Aquino International Airport (NAIA); it is also pursuing water supply development projects and MacroAsia Air Taxi Services, Inc. (MAATS), a helicopter charter service provider, and it also provides Fixed Based Operations (FBO) for non-scheduled flights.

Also in 1996, it incorporated its two in-flight catering service entities; the Cebu Pacific Catering Services, Inc. (CPCS), an associated company that operates in MCIA, and MacroAsia Catering Services, Inc. (MACS), a majority-owned subsidiary that operates in NAIA.

Another aviation support service subsidiary was established in September 1997, MacroAsia Airport Services Corporation (MASCORP), the only airport ground handling service company that operates in three NAIA terminals.

Another associated company was formed on September 2000, the Lufthansa Technik Philippines, Inc. (LTP), MAC's biggest investment so far. LTP is a joint venture for aircraft maintenance, repair and overhaul (MRO), together with Lufthansa Technik AG of Germany.

MacroAsia Mining Corporation (MMC), a dormant wholly-owned subsidiary, was activated during the second half of 2012 to engage in outsourced mining exploration services.

Our **Mission**

MacroAsia Corporation – a holding company with a diverse business portfolio within the next decade, will achieve leadership position in the market it serves by being passionate and driven with values and goals that are aligned with the objectives of its shareholders.

Such passion and drive shall be anchored on a committed team of professionals who shall embody a strong stakeholder-focus, integrity, strategic thinking, empowering leadership, continual development and commitment to national growth and social responsibility.

We shall achieve our mission to increase shareholder value, ensure long-term profitability, develop world-class competencies, provide career opportunities and create synergies as we build mutually beneficial partnerships, alliances or joint ventures with those who share our philosophy and values.

Our **Vision**

Within the first two decades of the 21st century, to be the globally competitive aviation support, logistics services provider and a natural resources development partner in the Philippines, with a full range of products and services for which we shall be acknowledged by our clients and other stakeholders for excellent customer service, pioneering technology, integrity, value-for-money and social responsibility, all made possible by self-driven, smart and world-class people.

Our **Motto**

We will passionately pursue our vision with:

- Efficiency,
- Strategic Focus, and
- Character that models a world-class people.

Core Values

Our way of life in MacroAsia is built on the fundamental ideal of service to all stakeholders, especially our customers. In doing so, we are guided by:

- **Integrity** – We manage all parts of our business in a manner that builds value into the investment, employing ethical standards, demonstrating honesty and fairness in every action that we take, thus building value and confidence among all our business stakeholders.

- **Teamwork** - We support and establish unified though diverse teams in our operating units. We seek to work together and establish synergies to meet our common goals.

- **Respect** - We honor the rights and beliefs of our stakeholders – our employees, our customers, our shareowners, our suppliers and our community.

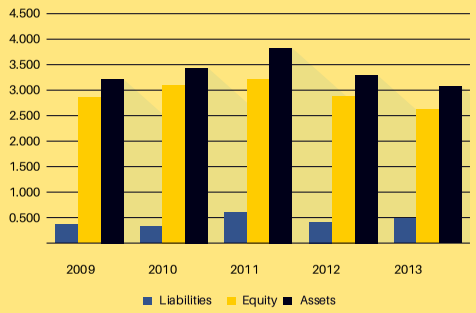
- **Accountability** - We accept our individual and team responsibilities and we meet our commitments. We take responsibility for our performance in all of our decisions and actions.

- **Responsible Citizenship** – We encourage a healthy and safe workplace for our people, commit ourselves to responsible governance as a corporation and as a partner of government, and seek to promote a competitive free enterprise system, excellent environmental compliance and enrichment of the communities where we operate.

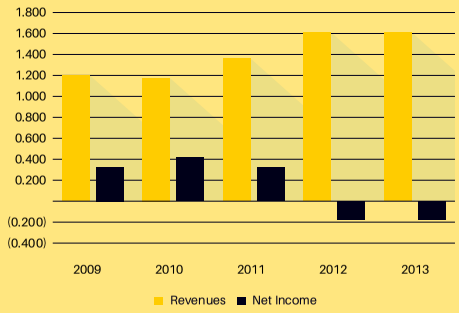
FINANCIAL HIGHLIGHTS

MacroAsia Corporation - Consolidated

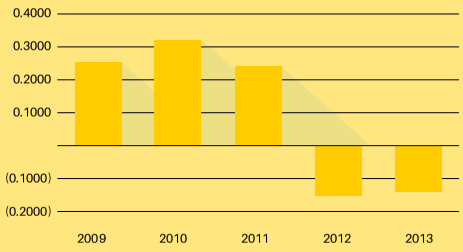
ASSETS, LIABILITIES & EQUITY (IN PHP BILLIONS)



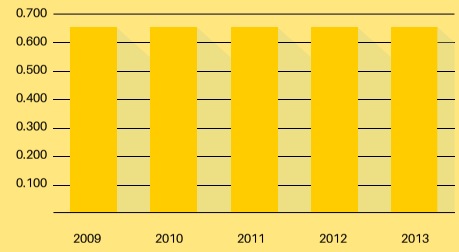
REVENUES AND NET INCOME (IN PHP BILLIONS)



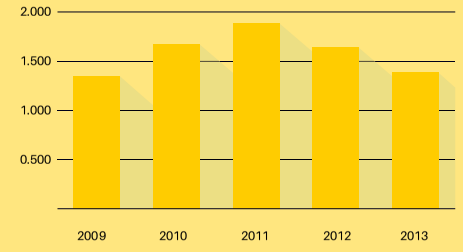
EARNINGS PER SHARE (IN PHP)



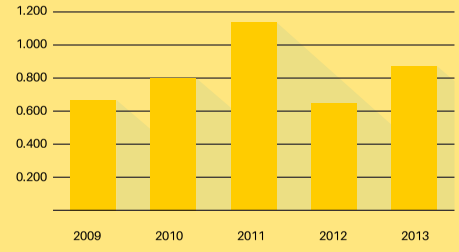
DIVIDENDS PER SHARE (IN PHP)



RETAINED EARNINGS (IN PHP BILLIONS)

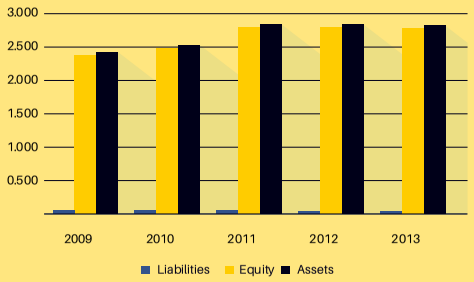


REVENUES AND NET INCOME (IN PHP BILLIONS)

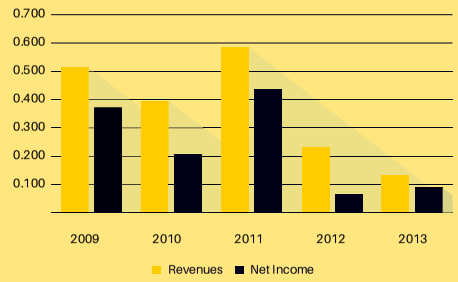


MacroAsia Corporation - Parent Company

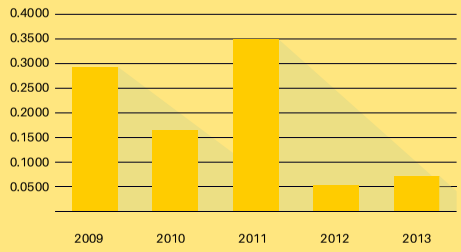
ASSETS, LIABILITIES & EQUITY (IN PHP BILLIONS)



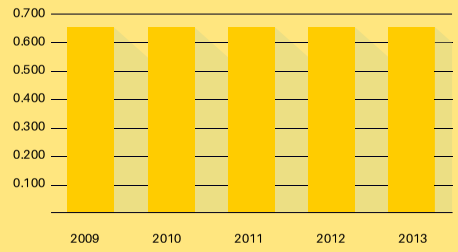
REVENUES AND NET INCOME (IN PHP BILLIONS)



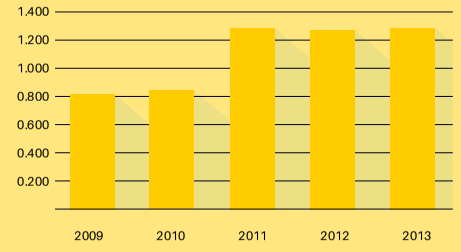
EARNINGS PER SHARE (IN PHP)



DIVIDENDS PER SHARE (IN PHP)



RETAINED EARNINGS (IN PHP BILLIONS)



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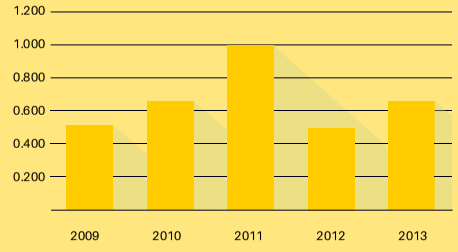


CHAIRMAN'S MESSAGE

Dear Fellow Stakeholders,

MacroAsia's theme for its annual report in 2013 is "Gaining Ground", a theme that evokes optimism. Within the context of a difficult operating environment, its relevance stems from the growth and progress of our country, the Philippine aviation market, and our Group through its subsidiaries and affiliates. These three areas have certain milestones in 2013 that we can all be thankful about.

Many of us find 2013 as one of the difficult years for our country because of a number of events that transpired. To cite some: the MNLF and military standoff in Zamboanga City in September 2013, resulting into many lives and businesses that were lost and disrupted, aside from negative travel advisories; the 7.2 magnitude Bohol Quake in October 2013 that devastated Bohol and nearby areas; and the deadly November 2013 Super Typhoon Yolanda (Haiyan) that flattened the Visayas area and sent the entire country into calamity mode. While the impact of the last two calamities extend to years of rebuilding, it also tested our capacity as a Filipino people to be resilient, calling upon a collective spirit to move on with a culture of "damayan" or helping out. Many companies, including us helped out, but still, the task of rebuilding remains daunting, while the suffering of many of our countrymen continue up to now. Amidst this picture, one can question if indeed we have "gained ground" in 2013.

Positive Economic Outlook for the Philippines

The 2013 Annual Report of the Bangko Sentral Ng Pilipinas, referring also to a NEDA report, stressed that "amid uncertainties in the external environment and the impact of recent calamities, the Philippines is expected to reach its growth target in 2014.... We have seen indications that economic growth is on a more solid footing, gaining support from years of disciplined macroeconomic policies and purposeful structural reforms." This assessment of 2013 brings a sigh of relief somehow, since we can still keep visions of better times ahead for our country.

In 2013, the Philippines obtained its investment grade rating from three major credit rating agencies. Fitch and S&P assigned a stable outlook on the Philippines' investment grade rating, while Moody's assigned a positive outlook. These independent assessments of our country's performance are votes of confidence in the country's prospects and governance team's performance. An investment grade status often translates to lower interest debt payments, more access to international capital markets and more attractiveness of our country for foreign investors.

The country's positive outlook is a headway for companies like us, doing business with foreign stakeholders and clients, considering the nature of our aviation-related businesses.

A Boost To Philippine Aviation In 2013

Between 2007 and 2012, Philippine Airlines' route expansion outside Asia was hindered by the classification of the Philippines by the Federal Aviation Administration (FAA) as a 'Category 2' zone in 2008. At the period of the downgrade, PAL could not open new routes in the United States and it could not also use new planes for its existing U.S. routes. In 2010, all Philippine carriers were also placed on the European Union (EU) aviation blacklist, effectively banning them from flying to any European destination. The inability of PAL to expand to these long-haul routes somehow curtailed our revenue portfolio, since PAL is a major client of Lufthansa Technik Philippines, our aircraft maintenance, repair and overhaul (MRO) affiliate.

With the joint efforts of PAL and Philippine officials to boost tourism and trade, a European Audit team inspected the Civil Aviation Authority of the Philippines (CAAP) in 2013. Subsequently, PAL was then removed from the EU blacklist, the only Philippine carrier to be allowed to fly back to Europe at that time. In March 2013, The International Civil Aviation Organization (ICAO) lifted the Significant Safety Concerns (SSC) directive issued on the Philippine airline industry. Also, the Philippines was able to return to Category 1 status under FAA standards. With these developments, new long-haul flights to the U.S. and Europe became available to Philippine carriers, which when flown will translate into probable revenue opportunities for service providers like us.

A More Diverse and Competitive MacroAsia Group

Most of MacroAsia's clients are legacy airlines that are constantly faced with cost challenges associated with airline catering, ground handling and aircraft maintenance, mainly due to competition from less-frills low-cost airlines. The low-cost airlines have minimal airline catering requirements, pursue shorter ground times and keep a younger fleet of mostly narrow-bodied planes that demand less base maintenance activities. The legacy carriers are thus faced with new cost paradigms in order to compete. Very often, their cutback on costs is on airline catering, ground handling or MRO, which translate into lesser revenues for service providers like us.

Thus, because of these constraints on our revenue base, our subsidiaries and affiliates have been pursuing initiatives to continually transform their business models in order to adapt to the changing aviation services industry.

While airline catering remains a core and profitable business for MacroAsia, it is also a source of honor since our reputation in this segment has been growing, as borne by awards being given to us by airlines. In the airline's evaluation of our performance, service quality and reliability, we are being compared against service providers all over the world. For us to come out as among the top performers in the world is a source of pride not only for MacroAsia but also for the Philippines.

With the growth in reputation and skill of our people gained through years of service, our catering subsidiary expanded in 2013 to serve non-airline accounts like hotels/casinos, business process outsourcing firms and other big institutions. We foresee that this foray into non-airline clients will insulate our catering revenues from sole dependence on airlines. Our vision is to grow this segment to equal or even surpass our airline catering revenues.

Our ground handling subsidiary has pursued a re-fleeting and expansion program, resulting into investments that expanded its capacity. In 2013, it has established its operations in Kalibo International Airport, consistent with its plan to establish presence outside of the two key airports (NAIA and Cebu). Aside from geographic expansion, it envisions to become a key service provider for the two major Philippine carriers.

Our management has ongoing initiatives for the operation or disposition of our Infanta Nickel Project, although we remain bound by the final outcome of updated mining policies and regulatory developments. In the meantime, our mining team that has gained experience in the Infanta Nickel Project exploration program is now transferred to our subsidiary that has started the business of performing nickel exploration services for third party clients.

Lufthansa Technik Philippines (LTP) remains to be MacroAsia's biggest investment. Even before 2013, LTP faced challenges in its revenues, as it was mainly geared to service a Philippine-based carrier as principal customer. To move away from this dependence, LTP has been shifting its focus to foreign or 3rd party clients, with stress on base maintenance activities. One step towards this strategy is its investment in an A380 hangar that became operational towards the 2nd half of 2012, with Qantas becoming its first client. In 2013, LTP welcomed Air France as its second A380 client. LTP is honored to have Air France, because the airline chose the Philippines, among other areas in the world when it agreed to have its base maintenance services in a Lufthansa Technik facility for the first time.

However, as LTP worked on its transformation in 2013, one-time costs dragged down its financial performance, resulting into a net loss for this affiliate. LTP remains optimistic though of its future, as it has gained ground on its 3rd-party business, especially through the A380 maintenance capability that it has been developing.

While we see opportunities and progress as cited above, we share the disappointment of having ended 2013 with a consolidated net comprehensive loss of Php185.8 million, although lower than the comprehensive loss of Php246.6 million in 2012. In both years, the gains from our subsidiaries were offset by the difficulties of our affiliate. It is comforting to note that MacroAsia continues to have a strong balance sheet, and has grown its cash reserves over the last four years. The Group remains liquid, with no substantial debt obligations.

Appreciation

On behalf of the MacroAsia's shareholders, I thank management and the operating teams for dedicating their time, for their resilient attitude and sacrifices to cope with the various challenges to generate shareholder value in the process of operating businesses that run 24 hours, 7 days a week. We appreciate the presence of MacroAsia officers and staff, come rain or shine, as they man their respective positions to deliver customer service according to expectations.

We thank all our clients, service partners, bankers and business associates for their unwavering support to our Group. I also thank our Board members in the parent company, subsidiaries and affiliates for their valuable contribution and guidance to the operating teams as they overcome the many challenges in the past years.

Foremost, I am extremely grateful to you, our shareholders, for your understanding and continuing support through the years.

Sincerely yours,

W. SyCip
Chairman

With the growth in reputation and skill of our people gained through years of service, our catering subsidiary expanded in 2013 to serve non-airline accounts like hotels/casinos, business process outsourcing firms and other big institutions. We foresee that this foray into non-airline clients will insulate our catering revenues from sole dependence on airlines. Our vision is to grow this segment to equal or even surpass our airline catering revenues.

The country's positive outlook is a head way for companies like us, doing business with foreign stakeholders and clients, considering the nature of our aviation-related businesses.

Amid uncertainties in the external environment and the impact of recent calamities, the Philippines is expected to reach its growth target in 2014

PRESIDENT'S MESSAGE

Dear Fellow Shareholders,

When MacroAsia Corporation started providing aviation services in 1996, it started with the vision of being the best provider for aviation and support services in the Philippines.

This original vision comes to mind as I recall the series of awards bestowed upon MacroAsia subsidiaries and affiliates in recent years, especially in 2013. Although such awards are non-financial, they are manifestations somehow of the vision being achieved, of the MacroAsia trademark of quality and service excellence being at par or even better than comparable service providers from outside the Philippines.

To cite some awards in 2013, MacroAsia Catering Services was awarded the top award by Cathay Pacific for the Caterer's Performance Recognition Programme (CPRP) Diamond Award 2012 and Hygiene Award 2012, recognizing our subsidiary as the best among 46 caterers serving Cathay Pacific worldwide. This Award was affirmed in 2013 by the Gold Award from All Nippon Airways, and a Silver Award from Dragon Airlines.

Cebu Pacific Catering Services, our catering affiliate that MacroAsia actively supports, was also granted by Cathay Pacific a Hygiene Award for 2012, a recognition of CPCS' consistent compliance with the airline's food safety and hygiene standards.

Our ground handling subsidiary on the other hand, MacroAsia Airport Services Corporation was recognized by All Nippon Airways, as ANA Manila Station which is serviced by MacroAsia was ranked as number 1 station for the 1st and 2nd CSI-Global survey of 2012, out of ANA's 36 stations worldwide.

While the awards are testaments to our competitiveness and service excellence, we remain focused on sustaining our ability to generate shareholder value in an industry that is difficult, dynamic and challenging. After all, for us in management and the operating teams, what is essential is that we deliver value to our stakeholders, foremost of which are our shareholders.

Review of 2013 Operations and Performance:

In 2013, we carried out our operations through 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. (LTP) and Cebu Pacific Catering Services, Inc (CPCS).

We started 2013 with high expectations for a turnaround to profitability after the Group reported a consolidated loss in 2012, since our subsidiaries have exhibited strong year-on-year growth for the past years. We were hoping that our aircraft maintenance and repair affiliate will at least break even or revert to profitability in 2013, as it has been pursuing its strategic transformation to bank on foreign airline clients, rather than on a major local client and depend on the line maintenance, rather than the base maintenance segment to drive profitability. As the year progressed, the prognosis for LTP indicated another tough year for the affiliate, as its revenue portfolio dwindled while its overhead and other costs were quite a challenge to trim considering the business transformation that it was pursuing.

Notwithstanding the individual profitable progress made in the parent company and the subsidiaries, the Group still reports by yearend 2013, a consolidated net loss after tax of ₱160.8 million in 2013, a 10.6% improvement from the net loss of ₱179.8 million in 2012. This loss, when added with other items that make up the consolidated statements of comprehensive income comprise a comprehensive loss of ₱185.8 million, compared to ₱246.6 million in 2012 (25% decline in losses).

The Parent Company, its key subsidiaries and Cebu Pacific Catering Services posted stronger positive operating results in 2013 which in the aggregate, translated into profits but such gains were negated by the higher loss attributed to Lufthansa Technik Philippines (LTP). In equivalent pesos, LTP's net loss in 2013 is ₱538 million compared to ₱326 million in 2012 and in both years, MacroAsia's share in these losses remains to be 49%. In 2013, LTP had higher operating expenses related to its transformation and workload increase, and had one-time provisions for non-operating items related to insurance, taxes, foreign exchange losses, property disposal and inventory obsolescence. LTP is continuing to transform to business model, from one that is focused on a key local base client to one that is competitively based on 3rd party foreign clients for base maintenance in the Philippines.

In 2013, LTP gained clients for its base maintenance business, adding 3 new customers starting with Jetstar Japan and Virgin Australia - both for a series of C-checks on A330 aircraft. After the successful conclusion in 2013 of the first cabin works and C-checks on seven A380 fleet of Qantas, Qantas also entrusted the performance of two C4 checks to LTP. This is a major step for LTP to further strengthen its capabilities in base maintenance for the A380. If we recall, LTP has invested in a USD30M A380 hangar which it opened in 2012.

LTP also welcomed its latest Airbus A380 customer, Air France. The French flag carrier will undergo C2 checks on its two A380 aircraft - the first time for the said airline to work with a Lufthansa Technik facility for base maintenance. Germany's Lufthansa Airlines also returned to LTP for the maintenance checks of its A340 fleet. The arrival of the first aircraft in December 2013 signaled the start of the modification campaign for the airlines' A340 aircraft. With these developments, LTP is optimistic that it will retain its leadership position in servicing the Airbus and Boeing aircraft, both of which continue to dominate the commercial airline market today.

Despite the consolidated loss in 2013, we remain confident about the Group's future. There are projects being undertaken by our subsidiaries that will expand our revenue base in the medium term. We foresee that growth in our food business shall be supported by new business opportunities in the non-airline food business segment. Our catering company has already started building its portfolio of non-airline clients, and we have been successful in acquiring key reference accounts so far, after we won tenders for some prestigious accounts in recent months. We are bullish with the non-airline food business segment, as the revenue potential of the Philippine market is immense. Ground handling opportunities also abound, like passenger lounge servicing and new service areas for ground handling, primarily in other secondary airports away from our current locations.

Financial Position

Notwithstanding the year-on-year operating losses, our Group remains financially stable and strong, as we assess the condition of our cash and assets. The consolidated total assets at end of 2013 stand at ₱3.1 billion, while our net assets amounted to ₱2.6 billion.

Total cash and cash equivalents amounted to ₱867 million, a rise of 35% from ₱643 million as of December 31, 2012. In 2013, like in previous years, the parent company paid dividends to shareholders amounting to ₱0.065 (6 ½ centavos) per share.

Operating Outlook & Prospects

On our Infanta Nickel Project, we have received various offers related to the disposition or joint operation of this mine. Management and our Mining Committee have been evaluating the options before us, but there are decision constraints that are dependent on the completion of pending mining regulatory policies that are still under government executive and legislative discussion up to now. We also maintain the option though of starting development activities for mining operations as soon as permits to operate are received from the government.

As previously mentioned on our food business, we will strengthen our presence in the non-airline food segment. With the support of our parent company, our subsidiaries have already acquired an existing warehouse type building in Muntinlupa close to Sucat that will be developed as a food commissary to serve the growing segment of our food service business.

We also have ongoing projects related to airport services in the pipeline, although much is dependent on the role and actions of airport authorities to complete these projects. I cite ongoing projects like airport lounges, another PEZA zone, and a cargo warehouse.

We are also banking on revenues from startup projects in the resource development segment. MacroAsia Mining Corporation is offering nickel exploration and mine management services to 3rd party clients, and has so far bagged two contracts for nickel exploration of some tenements of two mining companies. We hope that as this subsidiary builds its reputation and portfolio, there will be more opportunities for it to service other clients even outside the Philippines. Also, we look forward to the completion of our first municipal waterworks system project north of Luzon, which will entail one of our subsidiaries treating water from the river and distributing such treated water to the households of the town. This project is already in the construction stage and we foresee that revenue generation will be possible by 2015.

As to our manpower situation, we foresee continuing challenges in our human resources, because as we experience, the Philippines remains to be an attractive supplier of skilled workers to foreign countries. The salary levels offered by foreign employers for skilled workers are too high for local companies like us. Many of our skilled staff - chefs, mechanics, equipment operators, and passenger services agents among other positions are often eyed by foreign companies. Our operating teams are coping somehow by increasing the recruitment and training pipeline for new workers, especially as we foresee that our total manpower complement will still increase in proportion to the growth in our businesses.

At this point, I remain hopeful and confident about our Group's future. With our hard-working operational management teams, we are witness to the hard work done by our people who are passionate about our common mission and vision. I trust that the good relations with our clients, co-workers and other stakeholders will continue to be a strong foundation of our success. With your untiring support, we are confident that we can face the challenges ahead of us, and continue to build value for our stakeholders.

On behalf of the management and the operating teams, we are truly grateful for your support and inspiration as we continue to chart MacroAsia's journey to further success.

Sincerely yours,

Joseph T. Chua
President & CEO

MacroAsia Mining Corporation is offering nickel exploration and mine management services to 3rd party clients, and has so far bagged two contracts for nickel exploration of some tenements of two mining companies.

MacroAsia Catering Services was awarded the top award by Cathay Pacific for the Caterer's Performance Recognition Programme (CPRP) Diamond Award 2012 and Hygiene Award 2012

LUFTHANSA TECHNIK PHILIPPINES, INC.

LTP has had a track record of ensuring safety and reliability through its services, with more than 350 heavy checks in over a decade. It operates with the world-class quality standards of Lufthansa.

Lufthansa Technik Philippines (LTP) commenced its operations on September 1, 2000 at the MacroAsia Special Economic Zone. It is a joint venture between MacroAsia Corporation (49%) and Lufthansa Technik AG of Germany (51%).

This JV has the capability to do line, base and heavy maintenance for the A319/A320 and A330/A340 families of aircraft. It also has the capability to do line and base maintenance for the A380. It also offers line maintenance for the B737, B747 and B777 aircraft types.

Currently, it has 11 hangar bays and workshops which have been designed according to the latest industry standards in order to support aircraft maintenance, major modifications, cabin reconfigurations, engine maintenance and painting for the A319/A320, A330/A340, B747-400, B777 and the world's biggest aircraft, A380.

LTP has grown to become a global force in aircraft maintenance, repair and overhaul (MRO) and has placed Philippines in the global MRO map for its high quality and cost-effective services. Recently, Airlineratings.com named the 10 safest airlines in the world from the 448 airlines that it monitors. From the top 10 list, six (6) are actually customers of Lufthansa Technik Philippines (LTP). These customers are Qantas (Rank 1), All Nippon Airways (Rank 3), Emirates (Rank 5), Etihad Airways (Rank 6), Eva Air (Rank 7), and Virgin Atlantic (Rank 10). The said rating system took into account a number of different factors related to audits from aviation's governing bodies and lead associations as well as government audits and the airline's fatality record.

Qantas has been a base maintenance customer of LTP since 2006, first for its Airbus A330 aircraft and now its Airbus A380 fleet. LTP also does line maintenance work for Etihad Airways, All Nippon Airways, Emirates Airlines and Eva Air while Virgin Atlantic has worked with LTP since 2007. Virgin Atlantic now has a base maintenance contract with LTP for its entire A340 fleet lasting until 2019.

LTP has had a track record of ensuring safety and reliability through its services, with more than 350 heavy checks in over a decade. It operates with the world-class quality standards of Lufthansa.

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

2013 – Operating Results

Despite of the decline in the number of serviced aircraft particularly in the line maintenance segment, the Company booked an increase in its service revenue by 35% as compared to 2012. However, the reported service revenue of US$172 million was not enough to cover for the booked expenses due to the build-up of base maintenance capability, write-off of inventory in 2013, and provisions for tax and other assessments, in addition to increases in general operating expenses, thus resulting into a net loss in the 2013 Profit and Loss Statement of LTP. LTP's loss in 2013 is about 64% higher that its net loss in 2012 due to the one-time transactions that were booked in 2013.

LTP launched a change management initiative in 2013, which is a commitment to improve the way things are being done in the light of a strategy shift towards base and heavy maintenance. These initiatives will allow the company to prove once again the strength of its world class reputation and profitability, as it continues to actively participate in the growing demand for maintenance, repair and overhaul services worldwide, especially in Asia.

In a showcase of continuing trust in 2013, seven airlines renewed their alliances with LTP. For line maintenance, these were Royal Brunei, Eva Air, Asiana Airlines, Jeju Air, Air Niugini, Air Busan and Jin Air. For base maintenance, Qantas entrusted the performance of two C4 checks to LTP after the successful conclusion of its A380 cabin reconfiguration. This is a major step for LTP to further strengthen its capabilities in base maintenance for the A380.

2014 – Outlook

LTP remains on guard for its 2014 performance, since there remains a strong link between its performance and the situation of its local line and base clients. However, with the contracts secured from its current and new clients, it will continue to generate additional service revenues from its line and base maintenance operations for foreign airline clients on a trend line that indicates an upswing. LTP is also looking forward to the increase in its A380 business starting 2014, after servicing its second A380 client.

MACROASIA CATERING SERVICES, INC.

The only in-flight caterer in the Philippines that is ISO-certified

MacroAsia Catering Services, Inc. (MACS) started its commercial operations on September 1998. It is the second in-flight catering venture of MacroAsia Corporation, this time in partnership with other two companies then: Singapore Airport Terminal Services (SATS) at 20% and Eurest (which was eventually acquired by Compass Group International). On June 28, 2006, the Compass Group sold its 13% ownership to MacroAsia Corporation, increasing MacroAsia's stake in the catering JV to 80%.

MACS operates a facility located on a two-hectare lot at the Aviation Services Industrial Area of NAIA (ASIA Site, NAIA). Currently, it serves close to 4 million meals a year, capturing more than 60% of the available foreign airline catering market in the Ninoy Aquino International Airport. It also services VIP flights, chartered flights, airport lounges, and institutional accounts. 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).

The company has the recognition of being the only in-flight caterer in the Philippines that is ISO-certified. It also holds Hygiene and Food Safety, HACCP and HALAL certificates.

2013 – Operating Results

To date, MACS has 13 internationally renowned passenger airline companies.

Since its commercial operation in 1988, the company reported its highest revenue in 2013, compared to previous years. It also posted a 47% increase in net earnings as compared to 2012. The net profit increase was helped by positive operating factors, like, the presence of more charter flights, increases in passenger volumes of key clients, strong growth in non-airline food sales and favorable Philippine Peso-USD exchange rates resulting into net forex gains.

In 2013, MACS received the following awards, among others:

- Cathay Pacific - Caterer's Performance Recognition Programme (CPRP) Diamond Award and Hygiene Award (among 46 stations serving Cathay Pacific worldwide)
- All Nippon Airways - Gold Award winner for The Best Short Haul Caterer 2012 (besting 12 other caterers in ANA's short haul network)
- Dragon Airlines - Caterer Performance Management Program (CPMP) Silver Award (among 24 catering outstations of Dragon Air)

2014 – Outlook

The growth of the company is still dependent largely on the intrinsic developments of its airline clients, since meal orders are dictated by flight and passenger volumes. Based on the aviation and economic trends, air travel will likely continue to increase in 2014, resulting into a positive outlook for inflight catering.

Considering the opportunities that are available for the company to expand its business outside the airport in relation to the non-airline food business, the company foresees a growth in its institutional business portfolio. To support this growth, it is lining up capital expenditures for 2014 in order to build a new plant facility outside of NAIA that will service the institutional food accounts.

MACS aims to maintain its presence as the preferred airline caterer in the Philippines, and grow its name as an institutional catering service provider, competing with more established and entrenched names in the local catering market.

CEBU PACIFIC CATERING SERVICES, INC.

100% on-time performance in its operation.

Cebu Pacific Catering Services, Inc. (CPCS) started its commercial operations in October 1996. It is the first in-flight catering venture of MAC and it is the only full-service airline catering company that operates at Mactan-Cebu International Airport (MCIA) today. It is a joint venture between MacroAsia Corporation (MAC) (40%), Cathay Pacific Catering Services of Hong Kong (40%) and MGO Pacific Resources Corporation (20%).

Designed and developed by Cathay Pacific Catering Services H.K., CPCS has a two-storey kitchen facility that has a capacity to produce about 3,000 meals a day. The facility is situated in the Mactan Economic Zone, Lapu-Lapu City, adjacent to MCIA in Mactan, Cebu. Among its clients are Philippine Airlines, Korean Air, Asiana Airlines, Air Niugini, Air Asia Zest and Cebu Pacific Air and Cathay Pacific Airways.

2013 – Operating Results

The Company continued to be profitable in 2013, and booked an increase in net income of 23% compared to 2012. This is due to the increase in the number of meals served to Korea-bound flights, as well as the increase in the chartered flights from Cebu.

In 2013, the Company was recognized by Cathay Pacific through a Hygiene Award, a recognition of CPCS' consistent compliance with the airline's food safety and hygiene standards.

With about 500,000 meals sold in 2013, the company recorded in 2013 its highest number of total meals produced and served since its operation in 1996. It also continues to achieve 100% on-time performance in its operation.

2014 – Outlook

Being the only in-flight catering company that operates in Mactan Cebu International Airport, CPCS foresees an increase in revenue for the year 2014, as it sees the growth of more passenger traffic to Cebu, an assessment shared with those in the tourism and commercial sectors of the island. As a small and neat operation, its operations will remain competitive, and no major cost issues are foreseen in the immediate horizon.

MACROASIA AIRPORT SERVICES CORPORATION

MacroAsia Airport Services Corporation (MASCORP) started commercial operations in April 19, 1999 at the Ninoy Aquino International Airport. It was originally a joint venture between MAC (70%) and Ogden Aviation Philippines B.V. (formerly Ogden Water Systems of Muscat B.V., owning 30%). In 2001, Menzies Aviation Group acquired all the interest of Ogden Aviation in the JV, until the former decided on April 12, 2007 to divest its investments in the Philippines as part of its strategy to focus on major global ventures. From then on, MASCORP became a wholly owned subsidiary of MacroAsia Corporation after MacroAsia bought the 30% foreign interest in the ground handling JV.

Today, MASCORP is the only ground handling company present in three NAIA Terminals (I, II and III). It also operates in the Mactan Cebu International Airport and Kalibo International Airport.

2013 – Operating Results

MASCORP's revenues in 2013, compared to 2012 remained flat year-on-year, although there was a decrease in flights handled for non-routine services. The company's biggest clients remain to be related-party local carriers.

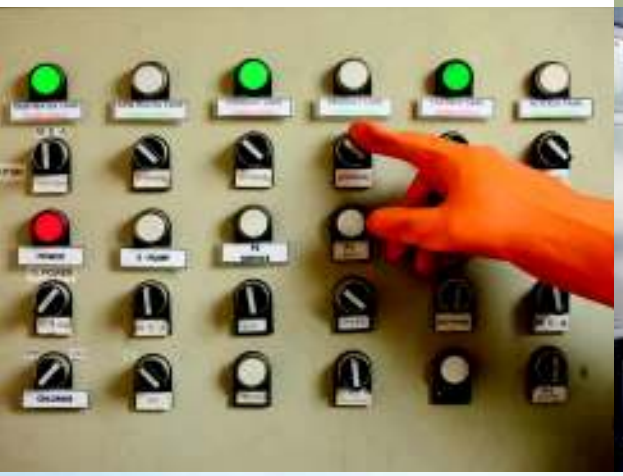
As a service provided dependent on manpower, MASCORP's biggest cost remains to be labor. Labor costs increased due to the mandatory/statutory adjustments in wages, in addition to the non-cash expenses brought about by the company's re-fleeting plan that was started in 2012. The impact of revenues being flat and the resulting increases in booked costs are reflected in the 50% decline in its net earnings in 2013, compared to 2012.

During the year All Nippon Airways (ANA) Manila Station, with MASCORP as its service partner, ranked as number 1 station for the 1st and 2nd CSI-Global survey of 2012 out of ANA's 36 stations worldwide, a proof of the company's continuing commitment to provide exceptional customer service.

2014 – Outlook

MASCORP is projecting a slight growth in its revenue portfolio, arising from internal growth of existing airline clients that are working to add new flights to their existing timetable to and from the Philippines. It foresees increase in flights handled resulting from the additional flights of All Nippon Airways (ANA) & Philippine Airlines (PAL). In view of the Philippines' upgrade to Category 1 by the Federal Aviation Authority (FAA), PAL can already launch additional flights to the U.S.A. using its more efficient B777 aircrafts. More so, PAL plans to operate additional routes to other key cities of the U.S.A., and these developments are beneficial to MASCORP, being one of two ground handlers of PAL.

The appraisal value of the property has been on the rise, and even prior to 2013, the market values were way above the acquisition costs.



MACROASIA PROPERTIES DEVELOPMENT CORPORATION

MacroAsia Properties Development Corporation (MAPDC) re-started its commercial operations in September 2000 as a developer and operator of the MacroAsia Special Ecozone, the only special economic zone at Ninoy Aquino International Airport. Previously, it was focused on property development, starting with a warehouse condominium project in Muntinlupa.

The MacroAsia Special Ecozone has Lufthansa Technik Philippines, Inc. (LTP) as an anchor locator, for a period of 25 years. LTP was later joined by its affiliate – Lufthansa Technical Training Philippines (LTTP) as a co-tenant within the economic zone area.

MAPDC's core business today is that of being an ecozone developer and operator, focused on the general administration and maintenance of the MacroAsia Special Ecozone. It has a lean workforce and like other operators, outsources most of its non-management job requirements to local service providers.

In the ecozone, MAPDC started developing its business on renewable water systems, starting with a project to treat and renew waste water from the ecozone, for recycling into the non-domestic water supply of the locators, like for landscape cleaning/watering, exterior cleaning and similar applications. While allowing for revenues from water to be earned in the process, the project proved to be successful, as this boosted the efforts of the ecozone partners to allow for the greater and faster recharging of the aquifer through minimized deep well use. This foray into the water business was followed by another project to pursue a bulk water supply project, using surface water sources in Cavite. This project remained under development in 2013.

2013 – Operating Results

The company's revenue from its operating lease remained constant, since Philippine Accounting Standards (PAS) 17 require that lease rental should be accounted on a straight-line basis over the lease term. However, the Company's net income increased by 339% compared to 2012 due to the reversal of accumulated impairment losses on investment property (the land in Sucat that was held for development by the Company). The company maintains the practice of having its property assessed by reputable 3rd party assessors and in prior years, it booked impairment reserves to decrease the value of the property in line with the appraisal findings then. For recent years though, the appraisal value of the property has been on the rise, and even prior to 2013, the market values were way above the acquisition costs. Considering the current developments in the site where the property is located, it is foreseen that property values in that vicinity will continue to rise, thus justifying the reversal of the provisions for impairment losses. In 2013, the book value of the property was capped at its acquisition cost for conservatism.

MAPDC serves as a vehicle for the entry of MacroAsia Corporation into the water services business (bulk water supply or commercial retail of treated surface water in selected localities). In 2013, the Company entered into a Memorandum of Agreement with a local government unit to establish a complete waterworks system for the town. Work to develop this system commenced in 2013, and commercial operations are forecasted by 2015.

2014 – Outlook

The company's expansion in 2014 involves the development of the Sucat property, including the acquisition of the adjacent warehouse building as a site for a food commissary to be leased out to a MacroAsia sister company. Unutilized warehouse space will be leased out to other companies, and will generate additional revenue for MAPDC.

On the other hand, the water supply projects will continue to be developed for operational implementation, with revenue inflow into MAPDC being eyed in late 2014 or early 2015, depending on the time of completion of the construction and commissioning of the water system.

With the above projects, MAPDC is optimistic about its future revenue sources and its profitability, even as ecozone operations in NAIA remain relatively flat and predictable, considering the nature of the business.

MACROASIA AIR TAXI SERVICES, INC.

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

MAATS utilizes a Ecureuil AS350-B2 – a 5-passenger helicopter powered by a Turbomeca Arriel engine and equipped with a reserved float kit for emergency water landing. This helicopter is being leased out by the Parent Company to MAATS.

MAATS holds a registration certificate from the Civil Aeronautics Board (CAB), as well as an Air Operator Certificate (AOC) and Cerificate of Airworthiness from the Civil Aviation Authority of the Philippines (CAAP).

As part of its standards, MAATS implements a year-round preventive maintenance plan in accordance with the manufacturer's specifications. Likewise, its pilot and mechanics go through the rigors of a continuous training program to improve their expertise and keep abreast of the latest trends in operational safety and efficiency.

In 2013, MAATS embarked on its latest venture, the servicing of Fixed-Base Operators (FBO). This entails providing representation, supervision and documentation services for non-scheduled flights and executive jets flying in and out of Manila and Cebu. MAATS is also involved in brokering air charters for fixed-wing aircraft for potential clients.

2013 – Operating Results

The company registered a 37% decline in its revenue compared to 2012, due to lesser chartered flights for the helicopter in 2013. There was a downtime for the helicopter during the first semester of 2013 due to maintenance and the prolonged process of renewing the company's operating permits. While the helicopter was grounded, the company had to cope with fixed overhead costs, as it could not release its skilled people during the downtime period.

During the year, MAATS was contracted by the UN World Food Program and Humanitarian Air Service (UN WFP/HAS) to provide ground handling and airport support in Manila and Cebu for their aircraft involved in the Typhoon Yolanda aftermath.

2014 Outlook

For 2014, MAATS foresees growth in FBO revenues, and increase in the helicopter's flying hours arising from commercial charter flights, aerial survey and geo-physical survey. It faces no risks related to permitting issues and prolonged scheduled maintenance downtime in 2014.

As part of its standards, MAATS implements a year-round preventive maintenance plan in accordance with the manufacturer's specifications.

MACROASIA CORPORATION'S MINING PROJECT

MacroAsia Corporation traces its roots to Infanta Mineral and Industrial Corporation (IMIC), which was established for the purpose of engaging in geological exploration, mine development and mining operations. The Infanta Nickel Project is a nickel laterite mine operated by IMIC in the late-70s, which saw three shipments of laterite ore exported to Japan. Due to low metal prices and high smelting costs, however, the operations were suspended in 1982.

Legal rights over the mineral property is by virtue of a Mineral Production Sharing Agreement (MPSA) with the government, covering an area of approximately 1,114 hectares encompassing areas in the barangays of Ipilan, Maasin and Mambalot in the municipality of Brooke's Point, Province of Palawan. The MPSA is basically a conversion of the old mining leases of IMIC and thus, the Infanta Nickel Project today is intended to re-open the old mine. The conversion of the mining lease agreements to MPSA occurred in 2005, when the Department of Environment and Natural Resources (DENR) issued Mineral Production Sharing Agreement (denominated as MPSA 220-2005-IVB).

In line with the MPSA, MAC implemented a 7-phase exploration programme to re-assess the extent of mineralization of the tenement. The results of the exploration works are contained in a Report prepared and reviewed by 'Competent Persons' in Geology in accordance with the Philippine Mineral Reporting Code (PMRC) that was approved and adopted by the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) for public reporting. PMRC is modeled on the JORC Code (2004) of Australia and conforms to global standards on reporting the results of exploration and minerals resources and reserves.

Mineral Resource Base

The Report on Exploration Results and Mineral Resource Estimate for MAC's Infanta Nickel Project is based on 2,751 vertical drill holes with a total meterage of 47,274 and 480 vertical test pits with aggregate depth of 2,568 m, driven over 535.5 hectares equivalent to 48% of the total MPSA area. The exploration resulted in the collection of 54,412 samples, which were analyzed for nickel, iron and 12 other elements/oxides. Geostatistical modeling of the ore deposit involved the estimation of 152,671,288 mining blocks with 5m x 5m x 3m dimension. The nickel laterite deposit consists of three ore types: limonite, earthly saprolite and rocky saprolite, with average thickness of 6.0m, 4.5m, and 7.3m, respectively.

At 0.8% nickel cut-off grade, the PMRC based resource estimate consists of the following resource classes:

RESOURCE CLASSIFICATION	TONNAGE AND AVERAGE GRADE
MEASURED	13,475,000 DMT @ 1.22% Ni
INDICATED	36,536,000 DMT @ 1.08% Ni
INFERRED	3,736,000 DMT @ 1.04% Ni
TOTAL RESOURCES	53,747,000 DMT @ 1.11% Ni

The MEASURED resource is supported by sampling interval of 25m x 25m spacing, INDICATED resource is based on data acquired from samples at 50m x 50m spacing and INFERRED resource is based on samples obtained from at least 100m x 100m spacing.

At a contemplated mine production rate of 1 million tonnes per year, extraction of the MEASURED reserves will last for at least 13 years. During this time, concurrent exploration activities are expected to upgrade the classifications of INDICATED and INFERRED resources into MEASURED reserves that will extend the productive life of the mine.

Activity In 2013

Since the grant of the second extension of the Exploration Period of MPSA 220-2005-IVB by the Mines and Geosciences Bureau (MGB) on 5 December 2012, a re-examination of the measured resource was undertaken in line with the exploration work program that was approved. Road maintenance and re-drilling of the priority area was done during the latter part of 2013 in accordance with the approved Exploration Work Program. The samples derived from drilling were sent to Japan for analysis. Towards the end of 2013, however, the Infanta Nickel Project was put "under care and maintenance", pending acquisition of other permits that would lead to mine operation, and the resolution of mining policies and tax issues, local and national, that are impacting not only MAC but other mining companies as well.

MACROASIA MINING CORPORATION EXPLORATION SERVICES

MacroAsia Mining Corporation (MMC), a dormant subsidiary of MAC was activated in the second half of 2012 to serve as the corporate vehicle for providing outsourced exploration services to other mining companies. In 2013, MMC negotiated to secure its second contract, this time for exploration and drilling services with Pacific Nickel Philippines, Inc. (PNPI) for their nickel exploration project in Nonoc Island, Surigao City and southern Dinagat Island. The contract for the initial phase of exploration covering only the Nonoc Island was subsequently signed in January 2014.

The first contract of MMC is the exploration of the MPSA area of VIL Mines Inc., in Mt. Cadig, spanning Quezon and Camarines Norte provinces.

CORPORATE SOCIAL RESPONSIBILITY

For MacroAsia, corporate social responsibility is embedded in our mission and vision statements. Our commitment is for the general welfare not only of our people but even of those who are not directly associated with MacroAsia's operating units and projects.

Strong Focus on Education

In 2013, the Parent Company maintained its sponsorship of scholars in Palawan, covering 10 students in high school and 28 scholars in college. MacroAsia provides these deserving students full tuition fee coverage and monthly stipends during the school term. A total of 66 graduates have so far benefited from this program.

Our subsidiary, MacroAsia Catering (MACS), has continued its partnership with various schools and universities, as part of a Study Tour Program. In this Program, MACS' officers and selected employees provide lecture sessions on food handling and safety standards to the student visitors, including their teachers and some school administration personnel. MACS also allow the visitors to actually observe the operations in the MACS facility, to complete their appreciation of the catering standards. Since this program was started in 2008, some 18,215 students all over the country already saw our catering facility and attended this Program. Year 2013 marked the highest increase in the Tour Program, as this year saw 8,497 visitors in the catering facility, a testament to the popularity of and demand for the Program. The Program has become so popular that MACS had to book requests of schools and universities in advance and is contributory to the image of MacroAsia in the Philippines being known largely as a food services provider.

Our affiliate, Lufthansa Technik Philippines, also had its eyes on education-related programs. To cite in 2013, its partnership on the Synergeia Reading Proficiency Program helped 1,059 elementary pupils in Bagong Tanyag Elementary School in Taguig City. In 2013, LTP also started work on the construction of one building with two classrooms and renovation of one building with two classrooms at San Juan Bano Elementary School, in Arayat, Pampanga.

Nursery and Reforestation Project

In 2013, MacroAsia continued to support its nursery in Linao, Brooke's Point Palawan. This nursery was able to produce about 10,000 seedlings for planting in 2013. More than 6,800 of these seedlings were donated to tree planting partners in Palawan, which are comprised by local government units and schools in the area.

Disaster Relief

Like many other companies in the Philippines, disaster relief efforts took much time and effort in 2013, because of two major calamities: the Bohol earthquake and the Typhoon Yolanda (Haiyan).

In the third quarter of 2013, the Group launched a Bohol earthquake relief drive on a per company basis. The Bohol earthquake affected partly our catering facility in Cebu (Cebu Pacific Catering Services) by way of minor cracks that came out, but the structure was assessed later on to be structurally sound. A number of our staff whose families were affected by the earthquake were granted financial support through the efforts of each subsidiary/affiliate.

The Group was still fresh with its Bohol relief drive when a bigger disaster struck through Typhoon Yolanda (Haiyan). In November 2013, the Company launched its own Yolanda Fund/Relief drive through its employees, families and friends. A total of 10 Tons of relief goods were distributed to DSWD, GMA Foundation, and the Kapuchin monks. A separate 1,000 kgs of relief goods were donated specifically for Tacloban-CAAP Employees.

Our partner in inflight catering business, SATS of Singapore donated 6.8 tons of retort meal packs (about 23,000 pieces of ready-to-eat meals) to the Yolanda victims, in partnership with the Tan Yan Kee Foundation and MacroAsia. The relief goods were distributed by the staff of MacroAsia, Tan Yan Kee Foundation, Tanduay and the government through DECS, to a network of schools covering 38 affected areas.

Aside from the above efforts, MacroAsia helped in the logistics of several inbound relief flights donated by the following:

- German People – MacroAsia (LTP, MAATS, MAPDC, MASC) responded to the arrival of a Lufthansa German Airlines aircraft loaded with 23 tons of relief goods for the victims of Typhoon Haiyan. This relief effort was among the first international relief efforts, and was initiated by non-government organizations World Vision and I.S.A.R., and these goods came in from Germany as early as two days after the disastrous calamity. Lufthansa German Airlines had managed to load the goods in Frankfurt and transport them to Manila in the shortest possible time. Representatives from our Group were on standby to receive the packed relief goods consisting of blankets, plastic sheets and medical equipment as they were unloaded. Our Group continued to assist in the release of the cargo to World Vision Philippines and International Search and Rescue Germany (I.S.A.R), in coordination with the German Embassy of the Philippines and the Department of Social Welfare and Development (DSWD).
- Vietnam Government – approximately 10 tons of relief goods
- UNICEF and Virgin Foundation – 80 tons of relief, medical, and children goods.

MacroAsia also assisted in the Humanitarian Air Service for Medecins Sans Frontieres, delivering much needed medical personnel and supplies to Tacloban, Guiuan, and Ormoc province. In addition, MacroAsia provided logistical and airport support to the UN World Food Program, the single biggest provider of relief and recovery aid in Leyte and Samar.

CORPORATE GOVERNANCE

Adhering to the highest level of sound corporate governance, MacroAsia Corporation is committed to serve and protect the interests of its stockholders, management, employees, government regulatory agencies and stakeholders. Guided with a defined corporate governance structure, it continues to do business following 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; and
- Auditing.

Board Structure

The Board of Directors consists of nine members, two of whom are Independent Directors, Mr. Johnip G. Cua who chairs the Audit, Compensation and Mining Committees, and Mr. Ben C. Tiu.

Mr. Washington SyCip chairs the Board of Directors and Mr. Joseph T. Chua is the President/CEO of the Corporation.

Board/Executive Remuneration

The Compensation Committee reviews and recommends any changes to the compensation of Board of Directors or executives of the Corporation. The Board, as a whole, deliberates and decides on the recommendations of the Compensation Committee. The stipulations of the corporate by-laws as to compensation of Board Members and executive positions have been followed strictly and no deviation has ever been noted or reported to the Compensation Committee or to the Board.

Board Attendance

Attendance in Board Meetings and Committee Meetings are being monitored to ensure quorum and, adequate, fair and balanced representation by its members. From January 1, 2013 to December 31, 2013, the Board of Directors convened four (4) times, consisting of three (3) Regular Board Meetings, and one (1) Organizational Board Meeting.

The following table shows each Board Member and his corresponding attendance related to the four (4) total Board Meetings held in 2013:

BOARD OF DIRECTORS	MEETINGS ATTENDED
Chairman	
Washington Z. SyCip	4/4
Directors	
Joseph T. Chua	4/4
Harry C. Tan	4/4
Lucio K. Tan, Jr.	4/4
Jaime J. Bautista	4/4
George Y. SyCip	4/4
Carmen K. Tan	4/4
Independent Directors	
Johnip G. Cua	4/4
Ben C. Tiu*	2/2

* Joined the BOD on July 19, 2013, filling up the seat vacated by Enrique M. Aboitiz, Jr.

The Board has organized Board Committees that are mandated to pursue a more-focused approach to various concerns of the Corporation and carry out specified functions, programs or projects.

The Audit Committee is composed of five members of the Board, two of whom are independent directors. This Committee meets twice during the year. The Committee reviews all financial reports in compliance with both the internal and regulatory requirements. It also performs an oversight role on financial management functions.

The Compensation Committee is comprised of five members of the Board, and is chaired by an independent director. The Committee meets at least once a year. The Committee has established a formal and transparent procedure for developing a policy on executive remuneration which is sufficient to attract and retain qualified directors and officers needed to run the Company successfully.

The Nomination Committee is composed of four members, including one independent director and one non-voting member. The Committee meets as necessary and is authorized by the Board to help process nominations and appointments of new directors. During the year, the Committee met once with all of its members present during the meeting.

The Investment Committee is composed of six members of the Board, including one Independent Director. The Committee meets as necessary and is tasked to assist the Board perform its oversight responsibility for the investment assets of the Corporation and helps craft the investment policies of the Company.

The Risk Management Committee is composed of at least three members of the Board, plus the Chief Executive Officer. Except for the Chief Executive Officer all other members must be non-executive and there must at least be one Independent Director. 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 (range of outcomes, relative probabilities, etc.) for types of risk like: market, credit, liquidity, foreign exchange, equity and structural risks, interest-rate risk, insurance, operational, regulatory, compliance and reputation, among other risks. The Committee meets as necessary and its work is closely linked to that of the Audit Committee.

The Mining Committee is a special committee that was organized by the Board to assist Management in the pursuit of the mining project. The Committee consists of four members of the Board and it is the most active committee since the mining project required top level monitoring and guidance.

Revised Manual on Corporate Governance

The Manual on Corporate Governance issued in August 2002 was amended in December 2009 to provide for more stringent compliance standards. This Revised Manual was disclosed to the PSE and the SEC. The public can download a full copy of this Manual from the corporate website (www.macroasiacorp.com).

Investor's and/or Shareholder's Assistance

MacroAsia Corporation can be contacted via email (info@macroasiacorp.com) or through the "Contact Us" tab available online at the corporate website. For further information about MacroAsia Corporation, interested parties may also contact:

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Email: jvdiaz@macroasiacorp.com

Enterprise Risk Management

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.

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 the control process with respect to such risks.

Presided by the President/CEO, all members of executive management team and management heads of each of the operating subsidiary and affiliate meets on a weekly basis to evaluate and discuss the operational and financial performance of each operating subsidiary. Identification and evaluation of business risks including the control process to mitigate or completely eliminate any identified business risks were also discussed in the meeting.

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:

- Strategic – high-level goals, aligned with and supporting its mission
- Operations – effective and efficient use of resources;
- Reporting – reliability of operational, financial and non-financial reporting;
- Compliance – adherence to applicable laws and regulations.

In 2013, MacroAsia Corporation and subsidiaries recognized some risk exposures that have potential impact on the Group.

RISK EXPOSURE	RISK MANAGEMENT
Operational and financial risks of subsidiaries and affiliates	Group-wide monitoring process performed by executive/ management committee held on a weekly basis.
Global Economic Slowdown	• Aggressive marketing, offering of innovative products and service; • Optimizing resources and provision of quality services; • Sustainable cost leadership efforts.
Industry Regulations	• Year-round preventive maintenance of helicopter unit and ground support equipments 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' aviations regulations.
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; • 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	• For the major subsidiary and affiliate, to engage in foreign exchange hedging transactions to minimize impact of losses from such fluctuation; For the parent company, to observe a currency portolio based on guidance received from the Investment Committee
Valuation of Non-Current Assets	• Non-current assets are adjusted at fair values for impairment, recoverability and timing of reclassification.

MANAGEMENT DISCUSSION & ANALYSIS OF OPERATIONS AND FINANCIAL POSITION

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

Results of Operations

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 million 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 at almost the same level as 2012. 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 ₱49.8 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 ₱14 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 ₱27 million. Dividends payable of ₱12.7 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 ₱0.4 million arose from the fair value changes of available-for-sale investments.

The Company'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 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.

BOARD OF DIRECTORS

Washington Z. SyCip
Chairman of the Board
Chairman – Investment and Nomination Committees
Vice Chairman – Compensation Committee

Mr. Sycip, 93, American, has served as Director since August 1997. He is the Chairman of the Board of Lufthansa Technik Philippines, Inc. (July 2000-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 Philippine Airlines (PAL) (February 1997-Present), Belle Corporation (July 1996-Present), First Philippine Holdings (November 1997-Present), Lopez Holdings (April 1997–Present), PHINMA (September 1996-Present), Philamlife (April 2001-Present), Philippine National Bank (December 1999-Present), State Land Group (July 1996-Present) among others.

Harry C. Tan
Vice Chairman of the Board
Vice Chairman – Risk Management Committee
Member – Nomination, Audit and Compensation Committees

Mr. Tan, 68, Filipino, has served as Director since July 2008. He serves as the Vice Chairman and Treasurer of LT Group Inc. (February 2013-Present). He is the Vice Chairman of Eton Properties Philippines Inc. (February 2007-Present), Tanduay Holdings, Inc. and Tanduay Distillers, Inc. (2009 - Present), and Eton City, Inc. (2008 - Present) among others. He is also the President of Century Park Hotel (1986-Present) and Vice-Chairman and Treasurer of Lucky Travel Corp. (1990-Present). He serves as a Director of Asia Brewery Inc.(1979-Present), Basic Holdings Corp.(1989-Present), Philippine Airlines, Inc. (Aug. 1994-Present) and holds the position of Vice Chairman and Treasurer of the Board of Directors of PAL (August 2009-Present). He formerly sits as the Chairman of the Board of Fortune Tobacco Corporation (1971 - March 2010).

Joseph T. Chua
President and Chief Executive Officer
Member – Investment, Mining and Risk Management Committees

Mr. Chua, 58, Filipino, has served as Director since August 1997 and is the President and CEO of MacroAsia Corporation from July 2003 to the Present. He is also the President of Macroasia Airport Services Corporation (2003-Present), MacroAsia Air Taxi Services (2003-Present), MacroAsia Catering Services,Inc. (2003-Present), MacroAsia Properties Development Corporation (2013-Present) and MacroAsia Mining Corporation (2012-Present). He is the Chairman of the Board of Watergy Business Solutions Inc. (2011-Present) and Cavite Business Resources Inc. (2011-present). He has held or is holding other positions such as Chairman of the Board of MacroAsia Properties Development Corporation (2003-2012), MacroAsia Mining Corporation (2004-2012), and J.F. Rubber Philippines (formerly JP-Aoki Phils.) (1993-Present). He also serves as a Director of Bulawan Mining Corporation (June 2009-Present), ETON Properties Philippines, Inc. (May 2013 - Present), Lufthansa Technik Philippines, Inc. (2003-Present), and Managing Director (1983-2012) then President (2013-Present) of Goodwind Development Corp. He was a Director of Philippine Airlines (August 2003 – March 2012) among others.

Lucio K. Tan Jr.
Director
Member – Compensation, Investment, Mining and Risk Management Committees

Mr. Tan, 48, Filipino, has served as Director since August 1997. He is currently President of Tanduay Distillers, Inc. (2009-Present) and Executive Vice President of Fortune Tobacco Corporation (1997-Present). He is the Chairman of the Board of MacroAsia Mining Corporation and Airport Specialists' Services Corporation and a Director of MacroAsia Airport Services Corporation and MacroAsia Catering Services Inc. He is a Member of the Executive Committee of Foremost Farms, Inc. (1994-Present). He serves as Director of Philippine Airlines (2003-Present), ETON Properties Phils. Inc. (2013–Present), LT Group (2013-Present), Philippine National Bank (2007- Present), and PMFTC Inc. (2010 – Present).

Carmen K. Tan.
Director
Member – Audit and Investment Committees

Ms. Tan, 73, 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., Lucky Travel Corp., Manufacturing Services & Trade Corp.; Progressive Farms, Inc.; REM Development Corporation, Paramount Land Equities Inc., PMFTC Inc., Saturn Holdings Inc., Shareholdings, Inc., Sipalay Trading Corp., Tanduay Distillers, Inc. , Tangent Holdings Corporation, The Charter House, Inc., and the LT Group Inc.

Jaime J. Bautista
Treasurer
Chairman – Risk Management Committee
Member – Compensation and Audit Committees

Mr. Bautista, 57, 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 the Director of MacroAsia Catering Services, Inc. (1997-Present) and MacroAsia Properties Development Corporation. 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 formerly the President and Chief Operating Officer of Philippine Airlines Inc. and member of the Board of Directors (August 2004-May 2012), the former President and Member of the Board of Directors of PAL Holdings, Inc. (2004-April 2012) and a Member of the Board of Directors of Air Philippines (2001-March 2012).

George Y. SyCip
Director
Member – Investment and Mining Committees

Mr. SyCip, 58, American, has served as Director since July 1996. He is the Chairman of the Board of MacroAsia Catering Services, Inc. (1997-Present) and MacroAsia Properties Development Corporation and serves as a Director of: Alliance Select Foods International, Inc. (2006-Present), Beneficial Life Insurance Company (July 1996-Present), MacroAsia Air Taxi Services, Inc. (1997-Present), Paxys, Inc. (October 2004-Present) and FMF Development Corporation (July 1996-Present). He also had a career in banking and finance, including American Express International Banking Corporation, Sun Hung Kai Securities Ltd., Crocker Bank, and United Savings Bank, where he served as Chief Financial Officer up to 1989. Mr. SyCip received his BA from Stanford University and his MBA from Harvard Business School.

Johnip G. Cua.
Independent Director
Chairman – Audit, Compensation and Mining Committees
Member – Investment, Nomination and Risk Management Committees

Mr. Cua, 57, Filipino, has served as Director since December 2006 and served as Independent Director from December 2009 to present. He was formerly the President of Procter & Gamble Philippines Inc. (1995-2006), and currently 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 currently the Chairman & President of Taibrews Corporation (2011-present). He is an Independent Director of BDO Private Bank (March 2008-Present), PhilPlans First Inc. (October 2009-Present), STI Education Systems Holdings Inc. (December 2012 – Present), MacroAsia Catering Services, Inc. (2007-Present), MacroAsia Airport Services Corp. (2007-Present). He's also a member of the Board of Directors of Interbake Marketing Corporation (May 1991-Present), Teambake Marketing Corporation (January 1994-Present), Bakerson Corporation (April 2002-Present), Lartisan Corporation (May 2007-Present), Alpha Alleanza Manufacturing Inc. (March 2008-Present), and Allied Botanical Corporation (2012-Present) and Member of the Board of Trustees of Xavier School Educational & Trust Fund (1996-Present). He is former Chairman of the Board of Trustees of Advertising Foundation of the Philippines (2006-2010), former Director and President of the Soap & Detergent Association of the Philippines (1995-2006), former Director of Metrobank (1996-1999) and former Independent Director of PAL Holdings, Inc. (September 2009-April 2012)

Ben C. Tiu
Independent Director
Member – Audit and Risk Management Committees

Mr Tiu, 62, Filipino, has served as an Independent Director since July 2013. He serves as the Chairman of the Board of TKC Steel Corporation (2007-Present) and Treasure Steelworks Corp. (2005-Present). He is currently the President of Philippine Calcium Industries Company, Inc. and BRJ Trading since 1988, and JTKC Equities, Inc. (1993-Present). He also serves as Director of I-Remit Inc. (2006-Present) and Tera Investments, Inc. (2001-Present).

EXECUTIVE MANAGEMENT TEAM

Joseph T. Chua
President and Chief Executive Officer
Member – Investment, Mining and Risk Management Committees

Mr. Chua, 58, Filipino, has served as Director since August 1997 and is the President and CEO of MacroAsia Corporation from July 2003 to the Present. He is also the President of Macroasia Airport Services Corporation (2003-Present), MacroAsia Air Taxi Services (2003-Present), MacroAsia Catering Services,Inc. (2003-Present), MacroAsia Properties Development Corporation (2013-Present) and MacroAsia Mining Corporation (2012-Present). He is the Chairman of the Board of Watergy Business Solutions Inc. (2011-Present) and Cavite Business Resources Inc. (2011-present). He has held or is holding other positions such as Chairman of the Board of MacroAsia Properties Development Corporation (2003-2012), MacroAsia Mining Corporation (2004-2012), and J.F. Rubber Philippines (formerly JP-Aoki Phils.) (1993-Present). He also serves as a Director of Bulawan Mining Corporation (June 2009-Present), ETON Properties Philippines, Inc. (May 2013 - Present), Lufthansa Technik Philippines, Inc. (2003-Present), and Managing Director (1983-2012) then President (2013-Present) of Goodwind Development Corp. He was a Director of Philippine Airlines (August 2003 – March 2012) among others.

Atty. Marivic T. Moya
Corporate Secretary
Non-voting Member – Nomination Committee
Compliance Officer and
Corporate Information Officer
Vice President – Human Resources, Legal and External Relations

Ms. Moya, 54, 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), and Watergy Business Solutions Inc., Director and Corporate Secretary of MacroAsia Properties Development Corp. (2004-Present), MacroAsia Air Taxi Services, Inc. (2004-Present), and MacroAsia Mining Corp.(2000-Present), and Cavite Business Resources, Inc. 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
Chief Finance Officer
Vice President – Administration and Business Development

Mr. Sendin, 51, 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), Watergy Business Solutions Inc, and Cavite Business Resources Inc. He is a Director of Cebu Pacific Catering Services, Inc. (2004-Present). He was the President of Toll-MacroAsia Philippines, Inc. (2007-2011). 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, starting from a staff position all the way to Division Chief.

Ramon N. Santos.
Vice President – Mining Operations

Mr. Santos, 55, Filipino, a Mining Engineer and Geologist, has served as an Executive Officer since July 2010. 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).

MacroAsia Corporation

AUDIT COMMITTEE REPORT

March 17, 2014

The Board of Directors
MacroAsia Corporation

In line with the mandate of the Audit Committee, and in compliance with applicable reporting and corporate governance laws and rules, we attest for year 2013 that:

- MacroAsia's Audit Committee, composed of five members of the Board, two of whom are independent directors met twice during the year, with quorum for the meetings duly-observed and with the two independent directors always present and participating;
- Based on a review of the performance, track record and qualifications of SyCip, Gorres, Velayo & Co. (SGV & Co.), and in consideration of Management's proposal, the Audit Committee had recommended to the Board and to the Shareholders, the re-appointment of SGV and Co as the independent auditor for another year;
- The overall scope of audits that had to be performed in 2013 by MacroAsia's Internal Auditor and external auditor, SGV & Co., was discussed beforehand with the Audit Committee. The results of such audit works, including internal control evaluations and overall substance of the MAC Group's financial reports were discussed with the MAC Group internal auditor and SGV & Co. as well;
- The required communications to the Audit Committees were discussed in detail with SGV & Co.;
- The audited financial statements of MacroAsia Corporation and its subsidiaries (MAC Group) as of December 31, 2013 were reviewed, discussed and concluded with MacroAsia's Management Team, which has the primary responsibility for all information and representations indicated therein, and with SGV & Co., which is responsible for expressing an opinion on the conformity of the MAC Group's Annual Report to the stockholders and to the Philippine Securities and Exchange Commission (SEC) with Philippine Financial Reporting Standards (PFRS); and
- Relying on the representations of Management, the professional, authoritative and independent work of the auditors, and the acceptable legal compliance of the Group, the Audit Committee is reasonably assured that the financial statements for the year are fair representations on the results of operations and financial standing of the MacroAsia Group for 2013.

Johnip G. Cua
Chairman
(Independent Director)

Harry C. Tan
Member

Jaime J. Bautista
Member

Carmen K. Tan
Member

Ben C. Tiu
Member
(Independent Director)

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, 2013, 2012 and January 1, 2012 and for each of the three years in the period ended December 31, 2013, 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.

Washington SyCip
Chairman of the Board

Joseph T. Chua
President and Chief Executive Officer

Amador T. Sandin
Chief Financial Officer

Signed this 20th day of March 2014

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 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

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, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, 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.

SGV
Building a better working world

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, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Aileen L. Saringan
Partner
CPA Certificate No. 72557
SEC Accreditation No. 0096-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-089-397
BIR Accreditation No. 08-001998-58-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225216, January 2, 2014, Makati City

March 20, 2014

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31		January 1
	2013	2012 (As restated, Note 2)	2012 (As restated, Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 5, 17, 21 and 22)	**₱867,380,929**	₱642,811,247	₱1,129,243,254
Receivables (Notes 6, 17 and 22)	**367,802,650**	296,300,690	382,237,140
Inventories (Note 7)	**47,041,678**	54,475,708	69,611,981
Other current assets (Note 8)	**62,226,299**	48,587,287	48,192,432
Total Current Assets	**1,344,451,556**	1,042,174,932	1,629,284,807
Noncurrent Assets			
Investments in associates (Note 9)	**461,760,771**	729,130,224	1,143,666,766
Property and equipment (Note 11)	**379,222,077**	359,678,551	297,319,811
Deferred mine exploration costs (Note 31)	**233,308,688**	233,308,688	216,087,147
Investment property (Note 12)	**143,852,303**	126,592,000	126,592,000
Available-for-sale (AFS) investments (Note 13)	**136,791,871**	434,673,636	77,555,800
Accrued rental receivable (Note 17)	**117,649,865**	117,268,419	116,886,973
Deferred income tax assets - net (Note 24)	**16,856,778**	21,680,372	22,209,222
Deferred rent expense (Note 27)	**11,243,849**	12,197,217	13,150,584
Deposits and other noncurrent assets (Notes 14, 17, 20 and 27)	**227,716,551**	204,024,215	184,162,723
Total Noncurrent Assets	**1,728,402,753**	2,238,553,322	2,197,631,026
TOTAL ASSETS	**₱3,072,854,309**	₱3,280,728,254	₱3,826,915,833
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities (Notes 16, 17, 22 and 27)	**₱270,123,735**	₱230,336,098	₱279,735,479
Notes payable - current portion (Note 15)	**9,000,000**	–	106,896,091
Dividends payable	**12,620,761**	8,456,776	8,203,404
Income tax payable	**1,185,597**	3,232,188	228,936
Total Current Liabilities	**292,930,093**	242,025,062	395,063,910
Noncurrent Liabilities			
Accrued rental payable (Note 27)	**117,649,865**	117,268,419	116,886,973
Accrued retirement benefits payable (Note 20)	**19,260,151**	16,157,863	40,812,001
Notes payable - net of current portion (Notes 15 and 21)	**18,000,000**	–	24,126,220
Unearned rent income (Note 17)	**11,243,849**	12,197,217	13,150,584
Rental deposit (Note 17)	**4,622,196**	4,009,316	3,477,700
Other employee benefits (Note 20)	**9,538,576**	10,864,834	10,074,272
Deferred income tax liabilities (Notes 13 and 24)	**415,000**	1,465,000	–
Total Noncurrent Liabilities	**180,729,637**	161,962,649	208,527,750
Total Liabilities	**473,659,730**	403,987,711	603,591,660

(Forward)

	December 31		January 1
	2013	2012 (As restated, Note 2)	2012 (As restated, Note 2)
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 867, 876 and 873 equity holders in 2013, 2012 and 2011, respectively)	**₱1,250,000,000**	₱1,250,000,000	₱1,250,000,000
Additional paid-in capital	**281,437,118**	281,437,118	281,437,118
Share in foreign currency translation adjustments of an associate (Note 9)	**(176,800,404)**	(220,265,655)	(159,523,903)
Remeasurements on defined benefit plan (Note 20)	**11,283,010**	9,011,172	(6,398,771)
Share in remeasurements on defined benefit plan of associates (Note 9)	**(155,662,465)**	(112,696,242)	(63,027,573)
AFS investments reserve (Note 13)	**2,688,890**	29,854,120	3,835,000
Treasury shares - 16,596,000 shares in 2013 and 2012 and 10,471,000 shares in 2011 (Note 26)	**(49,418,660)**	(49,418,660)	(31,962,225)
Retained earnings (Note 26):			
Appropriated	**788,100,000**	788,100,000	708,100,000
Unappropriated	**585,399,166**	835,617,926	1,182,212,550
	2,537,026,655	2,811,639,779	3,164,672,196
Non-controlling interests (Note 10)	**62,167,924**	65,100,764	58,651,977
Total Equity	**2,599,194,579**	2,876,740,543	3,223,324,173
TOTAL LIABILITIES AND EQUITY	**₱3,072,854,309**	₱3,280,728,254	₱3,826,915,833

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
NET SERVICE REVENUE (Note 18)			
In-flight and other catering (Note 17)	**₱991,894,569**	₱973,666,042	₱839,325,282
Ground handling and aviation (Note 17)	**413,258,559**	415,252,864	309,071,278
Rental and administrative (Note 17)	**187,921,638**	187,914,423	187,914,423
Exploratory drilling fees (Note 27)	**9,163,174**	10,290,299	–
Charter flights	**7,881,517**	12,574,235	25,562,675
	1,610,119,457	1,599,697,863	1,361,873,658
DIRECT COSTS (Note 18 and 27)			
In-flight and other catering	**690,509,483**	684,728,667	588,275,332
Ground handling and aviation	**344,225,185**	323,898,744	233,414,786
Rental and administrative	**175,900,641**	176,367,192	177,068,196
Charter flights	**7,578,337**	7,875,674	11,097,679
Exploratory drilling expense	**11,406,071**	10,499,692	–
	1,229,619,717	1,203,369,969	1,009,855,993
GROSS PROFIT	**380,499,740**	396,327,894	352,017,665
OPERATING EXPENSES (Note 19)	**(375,643,818)**	(361,043,049)	(349,529,948)
SHARE IN NET INCOME (LOSS) OF ASSOCIATES (Note 9)	**(251,868,481)**	(148,403,979)	306,282,872
INTEREST INCOME (Notes 5, 13, 17, 21, and 27)	**19,884,763**	19,688,213	17,257,483
FINANCING CHARGES (Notes 15, 17 and 21)	**(612,880)**	(2,286,071)	(3,295,885)
OTHER INCOME (CHARGES) - Net (Note 21)	**101,563,537**	(56,125,693)	18,602,755
INCOME (LOSS) BEFORE INCOME TAX	**(126,177,139)**	(151,842,685)	341,334,942
PROVISION FOR INCOME TAX (Note 24)			
Current	**28,340,775**	34,966,600	35,897,334
Deferred	**6,325,057**	(7,024,853)	(4,067,534)
	34,665,832	27,941,747	31,829,800
NET INCOME (LOSS)	**(₱160,842,971)**	(₱179,784,432)	₱309,505,142
Attributable to:			
Equity holders of the Company	**(₱170,047,500)**	(₱186,160,179)	₱302,274,513
Non-controlling interests (Note 10)	**9,204,529**	6,375,747	7,230,629
	(₱160,842,971)	(₱179,784,432)	₱309,505,142
Basic/Diluted Earnings (Loss) Per Share (Note 25)	**(₱0.14)**	(₱0.15)	₱0.24

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
NET INCOME (LOSS)	**(₱160,842,971)**	(₱179,784,432)	₱309,505,142
OTHER COMPREHENSIVE LOSS - Net			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net foreign currency translation adjustments (Note 9)	**43,465,251**	(60,741,752)	(3,059,988)
Share in remeasurement losses on defined benefit plan of associates (Note 9)	**(42,966,223)**	(49,668,669)	(63,027,573)
Changes in fair value of AFS investments - net of tax effect of (₱1,050,000), ₱1,300,000 and ₱50,000 in 2013, 2012 and 2011, respectively (Note 13)	**(13,097,937)**	26,019,120	450,000
Unrealized gain in fair value of AFS investments recycled to profit or loss through disposal (Note 13)	**(14,067,293)**	–	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans, net of tax effect of ₱1,594,688, (₱7,718,704) and ₱2,532,959 in 2013, 2012 and 2011, respectively (Note 20)	**1,665,594**	17,545,479	(7,062,240)
	(25,000,608)	(66,845,822)	(72,699,801)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱185,843,579)**	(₱246,630,254)	₱236,805,341
Other comprehensive loss attributable to:			
Equity holders of the Company	**(₱24,394,364)**	(₱68,981,358)	(₱72,036,332)
Non-controlling interests (Note 10)	**(606,244)**	2,135,536	(663,469)
	(₱25,000,608)	(₱66,845,822)	(₱72,699,801)
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	**(₱194,441,864)**	(₱255,141,537)	₱230,238,181
Non-controlling interests (Note 10)	**8,598,285**	8,511,283	6,567,160
	(₱185,843,579)	(₱246,630,254)	₱236,805,341

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	Attributable to Equity Holders of the Company											
								Retained Earnings (Note 26)				
	Capital Stock	Additional Paid-in Capital	Share in Foreign Currency Translation Adjustments of an Associate (Note 9)	Remeasurements on Defined Benefit Plan (Note 20)	Share in Remeasurements on Defined Benefit plan of Associates (Note 9)	AFS Investments Reserve (Note 13)	Treasury Shares (Note 26)	Appropriated	Unappropriated	Subtotal	Non-controlling Interests (Note 10)	Total
BALANCES AT JANUARY 1, 2011, AS PREVIOUSLY REPORTED	**₱1,250,000,000**	**₱281,437,118**	**(₱156,463,915)**	**₱–**	**₱–**	**₱3,385,000**	**(₱8,784,050)**	**₱–**	**₱1,657,362,611**	**₱3,026,936,764**	**₱55,038,248**	**₱3,081,975,012**
Changes in accounting policy (Note 2)	–	–	–	–	–	–	–	–	11,925,426	11,925,426	(953,431)	10,971,995
BALANCES AT JANUARY 1, 2011, AS RESTATED	1,250,000,000	281,437,118	(156,463,915)	–	–	3,385,000	(8,784,050)		1,669,288,037	3,038,862,190	54,084,817	3,092,947,007
Total comprehensive income (loss), as previously reported	–	–	(2,316,069)	–	–	450,000	–	–	299,455,820	297,589,751	7,164,092	304,753,843
Changes in accounting policy (Note 2)	–	–	(743,919)	(6,398,771)	(63,027,573)	–	–	–	2,818,693	(67,351,570)	(596,932)	(67,948,502)
Total comprehensive income, as restated	–	–	(3,059,988)	(6,398,771)	(63,027,573)	450,000	–	–	302,274,513	230,238,181	6,567,160	236,805,341
Acquisition of treasury shares (Note 26d)	–	–	–	–		–	(23,178,175)	–	–	(23,178,175)	–	(23,178,175)
Appropriation of retained earnings	–	–	–	–		–	–	708,100,000	(708,100,000)	–	–	–
Cash dividends at ₱0.065 per share (Note 26c)	–	–	–	–		–	–	–	(81,250,000)	(81,250,000)	–	(81,250,000)
Cash dividends received by non-controlling interest at ₱8 per share (Note 26g)	–	–	–	–		–	–	–	–	–	(2,000,000)	(2,000,000)
BALANCES AT JANUARY 1, 2012, AS RESTATED	**₱1,250,000,000**	**₱281,437,118**	**(₱159,523,903)**	**(₱6,398,771)**	**(₱63,027,573)**	**₱3,835,000**	**(₱31,962,225)**	**₱708,100,000**	**₱1,182,212,550**	**₱3,164,672,196**	**₱58,651,977**	**₱3,223,324,173**

(Forward)

	Attributable to Equity Holders of the Company											
								Retained Earnings (Note 26)				
	Capital Stock	Additional Paid-in Capital	Share in Foreign Currency Translation Adjustments of an Associate (Note 9)	Remeasurements on Defined Benefit Plan (Note 20)	Share in Remeasurements on Defined Benefit Plan of Associates (Note 9)	AFS Investments Reserve (Note 13)	Treasury Shares (Note 26)	Appropriated	Unappropriated	Subtotal	Non-controlling Interests (Note 10)	Total
BALANCES AT JANUARY 1, 2012, AS PREVIOUSLY REPORTED	**₱1,250,000,000**	**₱281,437,118**	**(₱158,779,984)**	**₱–**	**₱–**	**₱3,835,000**	**(₱31,962,225)**	**₱708,100,000**	**₱1,167,468,431**	**₱3,220,098,340**	**₱60,202,340**	**₱3,280,300,680**
Changes in accounting policy (Note 2)	–	–	(743,919)	(6,398,771)	(63,027,573)	–	–	–	14,744,119	(55,426,144)	(1,550,363)	(56,976,507)
BALANCES AT JANUARY 1, 2012, AS RESTATED	**1,250,000,000**	**281,437,118**	**(159,523,903)**	**(6,398,771)**	**(63,027,573)**	**3,835,000**	**(31,962,225)**	**708,100,000**	**1,182,212,550**	**3,164,672,196**	**58,651,977**	**3,223,324,173**
Total comprehensive income (loss), as previously reported	–	–	(64,364,102)	–	–	26,019,120	–	–	(187,661,849)	(226,006,831)	6,122,079	(219,884,752)
Changes in accounting policy (Note 2)	–	–	3,622,350	15,409,943	(49,668,669)	–	–	–	1,501,670	(29,134,706)	2,389,204	(26,745,502)
Total comprehensive income, as restated	–	–	(60,741,752)	15,409,943	(49,668,669)	26,019,120	–	–	(186,160,179)	(255,141,537)	8,511,283	(246,630,254)
Acquisition of treasury shares (Note 26d)	–	–	–	–	–	–	(17,456,435)	–	–	(17,456,435)	–	(17,456,435)
Appropriation of retained earnings	–	–	–	–	–	–	–	80,000,000	(80,000,000)	–	–	–
Cash dividends at ₱0.065 per share (Note 26c)	–	–	–	–	–	–	–	–	(80,434,445)	(80,434,445)	–	(80,434,445)
Acquisition of non-controlling interest (Note 26h)	–	–	–	–	–	–	–	–	–	–	(2,062,496)	(2,062,496)
BALANCES AT DECEMBER 31, 2012, AS RESTATED	**₱1,250,000,000**	**₱281,437,118**	**(₱220,265,655)**	**₱9,011,172**	**(₱112,696,242)**	**₱29,854,120**	**(₱49,418,660)**	**₱788,100,000**	**₱835,617,926**	**₱2,811,639,779**	**₱65,100,764**	**₱2,876,740,543**

(Forward)

	Attributable to Equity Holders of the Company												
			Share in Foreign Currency Translation Adjustments of an Associate (Note 9)	Remeasurements on Defined Benefit Plan (Note 20)	Share in Remeasurements on Defined Benefit Plan of Associates (Note 9)	AFS Investments Reserve (Note 13)	Treasury Shares (Note 26)	Retained Earnings (Note 26)				Non-controlling Interests (Note 10)	
	Capital Stock	Additional Paid-in Capital						Appropriated	Unappropriated	Subtotal			Total
BALANCES AT DECEMBER 31, 2012 AS PREVIOUSLY REPORTED	**₱1,250,000,000**	**₱281,437,118**	**(₱223,144,086)**	**₱–**	**₱–**	**₱29,854,120**	**(₱49,418,660)**	**₱788,100,000**	**₱819,372,137**	**₱2,896,200,629**		**₱64,261,923**	**₱2,960,462,552**
Change in accounting policy (Note 2)	–	–	2,878,431	9,011,172	(112,696,242)	–	–	–	16,245,789	(84,560,850)		838,841	(83,722,009)
BALANCES AT DECEMBER 31, 2012, AS RESTATED	**1,250,000,000**	**281,437,118**	**(220,265,655)**	**9,011,172**	**(112,696,242)**	**29,854,120**	**(49,418,660)**	**788,100,000**	**835,617,926**	**2,811,639,779**		**65,100,764**	**2,876,740,543**
Investment of non-controlling interest in a newly incorporated subsidiary	–	–	–	–	–	–	–	–	–	–		468,875	468,875
Total comprehensive income (loss)	–	–	43,465,251	2,271,838	(42,966,223)	(27,165,230)	–	–	(170,047,500)	(194,441,864)		8,598,285	(185,843,579)
Cash dividends at ₱0.065 per share (Note 26c)	–	–	–	–	–	–	–	–	(80,171,260)	(80,171,260)		–	(80,171,260)
Cash dividends received by non-controlling interest at ₱16 per share (Note 26g)	–	–	–	–	–	–	–	–	–	–		(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**	**(₱49,418,660)**	**₱788,100,000**	**₱585,399,166**	**₱2,537,026,655**		**₱62,167,924**	**₱2,599,194,579**

See accompanying Notes to Consolidated Financial Statements.

MACROASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱126,177,139)**	(₱151,842,686)	₱341,334,942
Adjustments for:			
Share in net loss (income) of associates (Note 9)	**251,868,481**	148,403,979	(306,282,872)
Depreciation and amortization (Note 11)	**94,455,279**	81,220,130	71,316,548
Gain on sale of AFS investments (Note 21)	**(49,782,205)**	–	–
Retirement benefits costs (Note 20)	**25,211,067**	17,303,086	12,251,306
Unrealized foreign exchange loss (gain) - net	**(20,618,579)**	7,472,606	(14,876,300)
Interest income (Notes 5, 13, 17, 21 and 27)	**(19,884,763)**	(19,688,213)	(17,257,483)
Reversal of impairment loss on investment property to cost (Notes 12 and 21)	**(17,260,303)**	–	–
Movement in other employee benefits (Note 20)	**(1,326,258)**	1,838,107	–
Gain on sale of disposal of property and equipment	**(788,460)**	–	–
Financing charges (Notes 15, 17 and 21)	**612,880**	2,286,071	3,295,885
Impairment loss on AFS investments (Note 13)	–	400,000	–
Operating income before working capital changes	**136,310,000**	87,393,080	89,782,026
Decrease (increase) in:			
Receivables	**(57,806,448)**	83,611,891	(175,603,465)
Inventories	**7,434,030**	15,136,273	(36,016,524)
Other current assets	**(38,653,085)**	(14,161,226)	19,094,249
Derivative assets	–	–	1,976,388
Increase (decrease) in accounts payable and and accrued liabilities	**25,203,674**	(44,263,222)	99,517,894
Cash generated from (used in) operations	**72,488,171**	127,716,796	(1,249,432)
Income taxes paid, including creditable withholding taxes	**(29,659,769)**	(37,259,705)	(20,397,282)
Contributions to the retirement fund	**(21,040,667)**	(16,854,000)	(10,081,400)
Interest received	**20,740,941**	14,233,774	16,113,210
Retirement benefits paid	**(100,767)**	(355,014)	(273,000)
Financing charges paid	–	(1,754,455)	(2,932,616)
Net cash from (used in) operating activities	**42,427,909**	85,727,396	(18,820,520)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment in bonds	**421,052,326**	–	–
Acquisitions of property and equipment (Note 11)	**(112,296,582)**	(143,789,101)	(65,653,570)

(Forward)

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Acquisitions of investment in AFS debt securities	**(₱100,612,194)**	(₱333,376,955)	(₱50,000,000)
Dividends received (Note 9)	**24,000,000**	158,032,320	487,377,589
Payments for project advances and investments	**(2,350,000)**	–	–
Proceeds from disposal of property and equipment	**1,125,600**	–	–
Contribution of non-controlling interest in a subsidiary	**468,875**	–	–
Payments for deferred mine exploration costs (Note 31)	–	(17,221,541)	(26,629)
Investment in MacroAsia WLL (Note 9)	–	(2,310,175)	–
Increase in refundable deposits and other noncurrent assets	**2,319,346**	(227,452)	(54,966,778)
Net cash from (used in) investing activities	**233,707,371**	(338,892,904)	316,730,612
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	**(88,007,275)**	(80,181,073)	(83,022,286)
Proceeds from availment of notes payable (Note 15)	**27,000,000**	–	195,016,000
Payments of notes payable (Note 15)	–	(131,022,311)	(63,993,689)
Acquisition of treasury shares (Note 26)	–	(17,456,435)	(23,178,175)
Net cash from (used in) financing activities	**(61,007,275)**	(228,659,819)	24,821,850
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**9,441,677**	(4,606,680)	14,921,119
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**224,569,682**	(486,432,007)	337,653,061
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**642,811,247**	1,129,243,254	791,590,193
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱867,380,929**	₱642,811,247	₱1,129,243,254

See accompanying 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, 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 Airpot (KIA) and the General Aviation Areas. It provides in-flight catering services, ground handling services for passenger and cargo aircraft, and helicopter charter flight services. It also operates/develops the sole economic zone within the NAIA.

In 2012, the Company, through MacroAsia Catering Services, Inc. (MACS), ventured to its first foreign business in Qatar to establish an institutional catering and laundry company (see Note 9). Through 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. Considering the expertise of staff gained through the exploration of the Company's Infanta Nickel Project in Palawan, the Company, through MacroAsia Mining Corporation (MMC) also started providing nickel exploration services for other mining companies. 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 with 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.

In 2011, the Company divested its interest in Toll-MacroAsia Philippines, Inc. (TMP), formerly SembLog-MacroAsia Philippines, Inc., its third party logistics business, to Toll Asia Pte., Ltd, (Toll Asia), a company incorporated in Singapore (see Note 21).

The consolidated financial statements were authorized for issuance by the Board of Directors (BOD) on March 20, 2014.

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 values. The consolidated financial statements are presented in Philippine peso (Peso), which is the Company's functional currency, and rounded to the nearest Peso except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional consolidated balance sheet at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. A consolidated balance sheet as at January 1, 2012 is presented in these consolidated financial statements due to retrospective application of Philippine Accounting Standard (PAS) 19, *Employee Benefits* (Revised) (PAS19R).

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

Changes in Accounting Policies and Disclosures
The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include PAS 19 and amendments to PAS 1, *Presentation of Financial Statements*. In addition, the application of PFRS 12, *Disclosure of Interests in Other Entities*, resulted in additional disclosures in the consolidated financial statements. Several other amendments apply for the first time in 2013. However, they do not impact the consolidated financial statements of the Group. The nature and the impact of such new standards and amendments are described below:

- *PAS 19R.* On January 1, 2013, the Group adopted the PAS 19R retroactively in accordance with the transitional provisions set out in the revised standard.

  For defined benefit plans, the PAS 19R requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  The adoption of PAS19R introduced, among others, changes in the accounting for defined benefit plan. Some of the key changes that impacted the Group include the following:

  - All actuarial gains and losses are now recognized immediately in other comprehensive income, and all past service costs in profit or loss in the period they occur. Prior to adoption of PAS19R, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested.
  - Interest cost and expected return on plan assets are replaced with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.
  - The definition of short-term employee benefits was amended and employee benefits are to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits.
  - The termination benefits are to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

The revised standard also requires more extensive disclosures, which have been provided in Note 20. The revised standard has been applied retrospectively, with the following permitted exceptions:

- The carrying amounts of other assets have not been adjusted for changes in employee benefit costs that were included before January 1, 2012.
- Sensitivity disclosures for the defined benefit obligation for comparative period have not been applied.

Changes to definition of short-term employee benefits resulted in reclassification of accumulating leave credits from current liabilities to noncurrent liabilities. The Company has no termination benefits recognized.

The Group's transition date was as of January 1, 2011 as the Company is required to present three-year comparative consolidated statements of income, statements of comprehensive income and statements of cash flows. The net effects of all transition adjustments are charged to retained earnings on the transition date in accordance with paragraph 122 of PAS19R, which allows transfers of remeasurements recognized in OCI within equity.

The effects of adoption on the consolidated financial statements are as follows:

(Amounts in millions)	**As at December 31, 2013**	As at December 31, 2012	As at January 1, 2012
Consolidated Balance Sheets			
Increase (decrease) in:			
Investments in associates	**(₱143.4)**	(₱81.2)	(₱35.1)
Net pension assets	**1.2**	1.2	0.5
Deferred income tax asset	**(3.2)**	(1.3)	6.7
Decrease (increase) in:			
Accounts payable and accrued expenses	**9.5**	11.8	10.1
Accrued retirement benefits payable	**(8.1)**	(3.3)	(29.1)
Other employee benefits	**(9.5)**	(10.9)	(10.1)
Remeasurements on defined benefit plan	**(11.3)**	(9.0)	6.4
Share in the remeasurement on defined benefit plan of associates	**155.7**	112.7	63.0
Share in foreign currency translation adjustments of an associate	**(1.7)**	(2.9)	0.7
Retained earnings	**12.2**	(16.3)	(14.7)
Non-controlling interest	**(1.4)**	(0.8)	1.6

(Amounts in millions)

Consolidated Statements of Income	**2013**	2012	2011
Increase (decrease) in:			
Retirement benefits cost	**(₱0.3)**	(₱3.3)	(₱1.6)
Share in net income/loss of associates	**(18.0)**	0.1	1.4
Income/loss before income tax	**(18.3)**	(2.0)	3.1
Benefit from income tax	**(0.3)**	(0.3)	(0.3)
Net income/loss during the year	**(18.0)**	(1.8)	(2.9)
Attributable to:			
Equity holders of the Company	**(17.9)**	(1.6)	0.1
Non-controlling interest	**(0.1)**	(0.2)	2.9

(Amounts in millions)

Consolidated Statements of Comprehensive Income	**2013**	2012	2011
Increase (decrease) in:			
Remeasurement gain/loss on defined benefit plan, net of tax effect of ₱1.6 million, ₱7.7 million and ₱2.5 million in 2013, 2012 and 2011	**₱1.7**	(₱17.5)	₱7.1
Share in the remeasurement losses on defined benefit plan of associates	**43.0**	49.7	63.0
Net foreign currency translation adjustment	**1.2**	(3.6)	0.7
Other comprehensive income for the year, net of tax	**45.9**	28.6	70.8
Total comprehensive income for the year	**₱27.9**	₱26.8	₱67.9
Attributable to:			
Equity holders of the Company	**₱28.5**	₱29.1	₱67.3
Non- controlling interests	**(0.6)**	(2.3)	0.6

The adoption did not have an impact on 2012 and 2011 consolidated statements of cash flows. There is no significant impact on the Group's basic and diluted EPS.

The following amendments to existing PFRS, PAS and interpretations, which became effective on January 1, 2013, affect presentation only and have no impact on the Group's financial position or performance. Additional disclosures are included in the financial statements where applicable.

- PAS 1, *Presentation of Items of Other Comprehensive Income or OCI* (Amendments), prescribes the grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- PFRS 12, *Disclosure of Interests in Other Entities,* sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). The Group has no unconsolidated structured entities but has one subsidiary with material noncontrolling interests. PFRS 12 disclosures are provided in Notes 9 and 10.

- PFRS 13, *Fair Value Measurement*, establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price and requires additional disclosures. As a result of the guidance in PFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-proforma risk for fair value measurement of liabilities. Application of PFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 30.

- PAS 1, *Clarification of the requirements for comparative information* (Amendments), clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position (as at 1 January 2011 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 January 2011. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

  These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The Group has early adopted these amendments to PAS 36 in the current period since the amended/additional disclosures provide useful information as intended by the Internal Accounting Standards Board. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in Notes 9 and 14. These amendments would continue to be considered for future disclosures.

The following amended PFRS and amendments to existing PAS and interpretations became effective on January 1, 2013 but have no significant impact on or not relevant to the Group's financial statements.

- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PAS 27, *Separate Financial Statements* (as revised in 2011)
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
- *Annual Improvements to PFRS* (2009-2011 cycle):
  - PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  - PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
  - PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
  - PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company, its direct subsidiaries and the subsidiaries of MAPDC which were all incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission, as of December 31 of each year.

		Percentage of Direct Ownership by MAPDC		Percentage of Ownership by MAC		
				2013		2012
	Nature of business	**2013**	2012	**Direct**	**Indirect**[2]	Direct
MacroAsia Air Taxi Services, Inc. (MAATS)	Helicopter chartering services	–	–	**100**	–	100
MAPDC	Economic Zone (Ecozone) developer/operator and water supply	–	–	**100**	–	100
MacroAsia Airport Services Corporation (MASCORP)	Groundhandling aviation services	–	–	**100**	–	100
Airport Specialists' Services Corporation (ASSC)[1]	Manpower services	–	–	**100**	–	100
MACS	In-flight and other catering services	–	–	**80**	–	80
MMC	Mine exploration, development and operation	–	–	**100**	–	100
Panay Water Business Resources, Inc. (PWBRI)	Water projects	**90**	–	–	**90**	–
SNV Resources Development Corporation (SNVRDC)	Water projects	**100**	–	–	**100**	–
Dragon Resources Development Corporation	Water projects	**100**	–	–	**100**	–

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

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Non-controlling Interests

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group 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.

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 14). After the initial recognition, goodwill is measured at cost less accumulated impairment loss.

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 as "Share of net income (loss) of associates" 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 Cebu Pacific Catering Services, Inc. (CPCS), 40%-owned, LTP, 49%-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) $ 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 by 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, 2013 and 2012, 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 30. The Group also discloses the fair value of its investment properties with unrecognized fair value measurements (Notes 12 and 30).

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 a 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, 2013 and 2012.

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, 2013 and 2012, the Group's cash in banks and cash equivalents, receivables project advances 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, 2013 and 2012, 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, 2013 and 2012, the Group's investments in retail treasury and corporate 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.

Notes payable, accounts payable and accrued liabilities, dividends 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.

Derecognition of Financial Assets and Financial Liabilities
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, 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, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with the master netting agreements, and the related assets and liabilities are presented in the consolidated balance sheet.

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 input taxes, tax credit certificates, excess creditable withholding taxes and prepayments. Tax credit certificates 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. 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)
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 included as part of "Other current assets" and "Deposit and other noncurrent assets" 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.

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 units and spare parts	3 to 5
Aviation equipment	2 to 10
Office furniture, fixtures and equipment	3 to 7
Drilling equipment	5

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, is 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.

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 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 the 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 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 as of December 31 of each year.

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 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.

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

Other Comprehensive Income
Other comprehensive income 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.

Direct Costs 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.

General and administrative expenses, which include the cost of administering the business and are not directly associated with the generation of revenue, 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
- 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 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 pension asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

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.

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 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.

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.

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.

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.

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. 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.

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.

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 operating and mining-related activities. 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.

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 parent 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, 2013 and 2012.

Dividend Distributions

Dividends on common shares are recognized as a liability and deducted from equity 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.

Future Changes in Accounting Policies

The following standards and interpretations will become effective subsequent to 2013. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS and Philippine Interpretations to have a significant impact on the financial statements. The relevant disclosures will be included in the notes to the financial statements when these become effective.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires

investment entities to account for subsidiaries at fair value through profit or loss. The amendments are not relevant to the Group since it has no investment entity under PFRS 10.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that IFRIC 21 will have a material financial impact in future financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of the amendment has no significant impact on the consolidated financial statements since the Group has no novation of derivatives during the current period.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The Group reviewed its existing employee benefits and determined that the amended standard has no significant impact on its accounting for retirement benefits.

Annual Improvements to PFRS (2010-2012 cycle)
The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. 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 PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

  These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied retrospectively. The amendment has no significant impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014 shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel

services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments are effective for annual periods beginning on or after July 1, 2014 and shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

  The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRS (2011-2013 cycle)
The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Group shall consider this amendment for future business combination.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PFRS 9, *Financial Instruments*
  PFRS 9 as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

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

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

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

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

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

The Company, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Peso. It is the currency of the primary economic environment in which the Group operates. The functional currency of LTP, one of the Group's associated companies (see Notes 2 and 9), has been determined to be US$.

Classification of financial instruments
The Group classifies a financial instrument, or its components, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial liability, a financial asset or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated balance sheets. The classification of the Group's financial instruments is disclosed in Note 29.

Impairment of AFS investments
For AFS debt investments, the Company assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the market prices of these bonds indicate objective evidence of impairment. Based on management's assessment, there is no objective evidence of impairment on its investment in bonds, especially as the counterparties are able to pay the contractual payments. The carrying value of AFS debt investments amounted to ₱106.6 million and ₱394.5 million as of December 31, 2013 and 2012, 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 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. In 2012, the Group determined that its investment in one club share is impaired. Impairment loss recognized directly to profit or loss amounted to ₱0.4 million. In 2013, the Company believes that its outstanding investment in golf club shares is not impaired. The carrying value of AFS equity investments amounted to ₱30.2 million and ₱40.2 million as of December 31, 2013 and 2012, respectively (see Note 13).

Accounting for acquisition of Watergy Business Solution, Inc. (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 acquisition of Maragondon Bulk Water Supply Project (the Water Project) from Islington Capital Holdings, Inc. (ICH). On September 15, 2011, MAPDC signed amended sale agreements with stockholders of WBSI and ICH, related to the acquisition of additional 12.6% shares over WBS and rights to the Water Project, respectively. As of December 31, 2013 and 2012, the sale and purchase agreement has not been consummated in view of certain water permits inherent in the Water Project that are yet to be secured.

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

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 ₱161.4 million in 2013, 2012 and 2011 (see Note 17d). Rental expense amounted to ₱195.2 million, ₱188.1 million and ₱183.9 million in 2013, 2012 and 2011, respectively (see Notes 17 and 27).

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

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

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

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

Based on management's evaluation as of December 31, 2013, the Company's investment in LTP is not impaired

Management believes that no reasonably possible change in these key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

Except for the Group's investment in LTP in 2013, management believes that there are no impairment indicators on its investment in associates, property and equipment, investment property, and deferred mine exploration cost as of December 31, 2013 and 2012.

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 30 for further disclosures.

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 ₱367.8 million and ₱296.3 million as of December 31, 2013 and 2012, respectively. Allowance for doubtful accounts amounted to ₱11.6 million and ₱7.9 million as of December 31, 2013 and 2012, respectively (see Note 6).

The carrying value of the Group's project advances and investments related to advances made to ICH and its stockholders amounted to ₱15.6 million and ₱13.2 million as of December 31, 2013 and 2012, respectively (see Note 14).

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

The carrying value of inventories amounted to ₱47.0 million and ₱54.5 million, net of allowance for probable losses of ₱1.0 million as of December 31, 2013 and 2012, respectively (see Note 7).

Estimating allowances for probable losses on input taxes and tax credit certificates (TCC)
The Group estimates the level of provision for probable losses on input taxes and TCC based on the experience of the Group and assessment of counsels assisting the Group in processing the claims and negotiating the realization of TCC. As of December 31, 2013 and 2012, the carrying value of input taxes and TCC amounted to ₱200.7 million and ₱167.2 million, respectively. Allowance for probable losses amounted to ₱66.3 million and ₱67.9 million, respectively (see Notes 8 and 14).

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 2013 and 2012.

The carrying value of property and equipment as of December 31, 2013 and 2012 amounted to ₱379.2 million and ₱359.7 million, respectively (see Note 11).

Estimation of retirement benefits costs and obligation
The cost of defined benefit pension plans, as well as the present value of the pension obligation is, determined using actuarial valuations. The actuarial valuation involves making various

assumptions. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All significant assumptions are reviewed at each reporting date.

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

Accrued retirement benefits payable amounted to ₱19.3 million and ₱16.2 million as of December 31, 2013 and 2012, respectively (see Note 20). Pension asset amounted to ₱0.5 million and ₱1.4 million as of December 31, 2013 and 2012, respectively, and is included under "Deposit and other noncurrent assets" account (see Note 14). Retirement benefits cost amounted to ₱25.2 million, ₱17.3 million and ₱12.3 million in 2013, 2012 and 2011, respectively (see Note 20).

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 ₱29.3 million and ₱27.8 million as of December 31, 2013 and 2012, respectively. The Group also has unrecognized deferred income taxes primarily on the Company's and non-operating subsidiaries' temporary differences, NOLCO and MCIT (see Note 24).

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires the estimation of value-in-use of the cash generating unit to which goodwill relates. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. For the purpose of impairment testing, goodwill has been allocated to MACS, the cash generating unit. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets as approved by management covering a three-year projection. The projected cash flows was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth based on management's future plans. Cash flows beyond the three year period are extrapolated into perpetuity assuming a zero growth rate, for impairment test purposes. The discount rate was a pre-tax measure based on the weighted average cost of capital of listed entities with similar assets or similar in terms of potential risk. The discount rate used in 2013 is 9% (8% in 2012).

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, 2013 and 2012 (see Note 14).

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 2013, the Group recognized provision for contingencies in the normal course of business which amounted to ₱4.7 million. This remains outstanding and is included as part of the accrued expenses as of December 31, 2013 (see Note 16). 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. In 2012 and 2011, based on management's assessment, the Group will be able to defend its position on these claims and that the ultimate outcome will not have a significant impact on the Group's consolidated financial statements. Accordingly, no provision has been recognized for these contingencies in 2012 and 2011.

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 operating subsidiaries and mining-related activities, which is the basis on which the Group reports its primary segment information. The Group also monitors its share in the results of operations of its associates (LTP and CPCS) that are accounted for using the equity method.

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

- In-flight and other catering segment, which is operated by MACS, refers to servicing of meal requirements of certain foreign and domestic passenger airlines at the NAIA and the MDA and of certain institutional accounts.
- Ground handling and aviation segment, which is operated by MASCORP and MAATS, refers to both ramp and passenger handling and aviation services to foreign airlines and domestic carriers at NAIA MCIA and KIA.
- Charter flights segment, which is handled by MAATS, provides international and domestic chartered flights from its base at the General Aviation Area, MDA to any point within the Philippines, through alliances with other helicopter owners.
- Rental and administrative segment, which is primarily operated through MAPDC, pertains to the sub-lease of the MacroAsia Ecozone at NAIA (see Note 27), which MAPDC leases from Manila International Airport Authority (MIAA) with LTP as the anchor locator (see Note 17d).
- Mining segment which pertains to mining-related activities of the Group, refers to expenditures for exploration activities and rendering of exploration-related services.
- Associates - this segment represents the Group's investments in associates that are accounted for using the equity method. Information with respect to these associates are disclosed in Note 9.

The Group has only one geographic segment. There were no inter-segment sales in 2013, 2012 and 2011. In 2013, 2012 and 2011, ₱236.6 million (or 15%), ₱288.60 million (or 18%) and

₱201.7 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.

	2013	2012	2011
SERVICE REVENUE - External			
In-flight and other catering	**₱991,894,569**	₱973,666,042	₱839,325,282
Ground handling and aviation	**413,258,559**	415,252,864	309,071,278
Rental and administrative	**187,921,638**	187,914,423	187,914,423
Charter flights	**7,881,517**	12,574,235	25,562,675
Mining	**9,163,174**	10,290,299	–
Total segment and consolidated revenue	**₱1,610,119,457**	₱1,599,697,863	₱1,361,873,658
RESULT - Segment results			
In-flight and other catering services	**₱52,965,130**	₱54,362,410	₱55,518,567
Ground handling and aviation services	**16,726,658**	38,043,105	33,294,388
Rental and administrative services	**3,055,276**	4,700,991	4,357,952
Charter flights services	**(7,057,119)**	(556,260)	8,523,669
Mining	**(16,814,278)**	(15,341,992)	(35,637,750)
Share in net income (loss) of associates	**(251,868,481)**	(148,403,979)	306,282,872
Total segment results	**(202,992,814)**	(67,195,725)	372,339,698
Unallocated corporate expenses and eliminations	**76,815,675**	(84,646,960)	(31,004,756)
Provision for income tax	**(34,665,832)**	(27,941,747)	(31,829,800)
Consolidated net income (loss)	**(₱160,842,971)**	(₱179,784,432)	₱309,505,142

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
OTHER INFORMATION			
Segment Assets			
In-flight and other catering services	**₱615,546,351**	₱583,748,359	₱660,434,421
Rental and administrative services	**240,069,782**	205,237,383	209,388,080
Ground handling and aviation services	**316,191,613**	281,775,851	199,257,299
Charter flights services	**43,150,035**	36,122,471	37,182,034
Mining	**255,730,152**	259,809,386	223,868,174
Total segment assets	**1,470,687,933**	1,366,693,450	1,330,130,008
Investments in associates	**461,760,771**	729,130,224	1,143,666,766
Investment property	**143,852,303**	126,592,000	126,592,000
Deferred income tax assets	**₱16,856,778**	₱21,680,372	₱22,209,222
Unallocated corporate assets and eliminations	**979,696,524**	1,036,632,208	1,204,317,837
Consolidated total assets	**₱3,072,854,309**	₱3,280,728,254	₱3,826,915,833

(Forward)

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Segment Liabilities			
In-flight and other catering services	**₱323,324,797**	₱276,838,966	₱395,230,537
Rental and administrative services	**214,182,195**	187,034,491	195,522,647
Ground handling and aviation services	**172,775,377**	147,535,689	97,004,710
Charter flights services	**13,728,178**	4,755,131	6,224,201
Mining	**24,961,134**	25,625,072	2,356,584
Total segment liabilities	**748,971,681**	641,789,349	696,338,679
Deferred income tax liabilities	**415,000**	1,465,000	–
Eliminations	**(312,955,761)**	(260,280,808)	(129,721,805)
Unallocated corporate liabilities	**37,228,810**	21,014,170	36,974,786
Consolidated total liabilities	**₱473,659,730**	₱403,987,711	₱603,591,660

	2013	2012	2011
Capital Expenditures			
In-flight and other catering services	**₱24,696,754**	₱24,668,954	₱43,338,747
Rental and administrative services	**1,423,349**	3,391,149	8,361,870
Ground handling and aviation services	**34,422,342**	106,833,375	11,972,572
Charter flights services	**2,360,426**	430,166	1,980,381
Mining	**955,625**	8,260,181	–
	₱63,858,496	₱143,583,825	₱65,653,570
Depreciation and Amortization			
In-flight and other catering services	**₱49,291,656**	₱47,265,910	₱45,617,599
Rental and administrative services	**2,208,066**	2,673,714	2,491,076
Ground handling and aviation services	**27,670,206**	16,910,324	12,921,518
Charter flights services	**1,251,135**	1,421,585	996,670
Mining	**3,464,314**	918,349	–
Unallocated corporate depreciation and amortization	**10,569,902**	12,030,248	9,289,685
	₱94,455,279	₱81,220,130	₱71,316,548
Noncash Expenses Other than Depreciation and Amortization			
In-flight and other catering services	**₱6,251,340**	₱25,200,000	₱7,500,000
Ground handling and aviation services	**4,562,386**	–	–
Rental and administrative services	**–**	–	1,258,763
Charter flights services	**1,386,394**	–	–
	₱12,200,120	₱25,200,000	₱8,758,763
Reversals of Impairment Loss			
Rental and administrative services	**₱17,260,303**	₱–	₱–

	2013	2012	2011
Cash Flows from Operating Activities			
In-flight and other catering services	**₱106,385,180**	₱128,135,821	₱68,663,024
Rental and administrative services	**(30,301,587)**	(103,681,761)	366,208,816
Ground handling and aviation services	**(6,433,175)**	57,084,930	7,359,372
Charter flights services	**(8,230,882)**	2,368,462	13,152,946
Mining	**(1,587,209)**	4,968,195	1,758,854
	₱59,832,327	₱88,875,647	₱457,143,012
Cash Flows from Investing Activities			
In-flight and other catering services	**(₱36,290,891)**	(₱26,979,132)	(₱44,551,161)
Rental and administrative services	**174,777,582**	(302,718,015)	51,556,930
Ground handling and aviation services	**(29,184,194)**	(108,471,592)	(11,027,029)
Charter flights services	**(1,580,292)**	(430,167)	(2,075,885)
Mining	**(931,800)**	(8,260,180)	(1,701,817)
	₱106,790,405	(₱446,859,086)	(₱7,798,962)
Cash Flows from Financing Activities			
In-flight and other catering services	**(₱52,450,821)**	(₱85,989,025)	(₱54,578,785)
Rental and administrative services	**29,954,184**	(97,953,955)	(96,608,519)
Ground handling and aviation services	**28,769,076**	45,497,133	24,019,075
Mining	**–**	4,479,098	–
	₱6,272,439	(₱133,966,749)	(₱127,168,229)

5. Cash and Cash Equivalents

	2013	2012
Cash on hand and cash in banks (Note 17a)	**₱234,730,895**	₱181,142,369
Short-term deposits (Note 17a)	**632,650,034**	461,668,878
	₱867,380,929	₱642,811,247

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 ₱11.0 million, ₱13.5 million and ₱16.4 million in 2013, 2012 and 2011, respectively (see Note 21).

6. Receivables

	2013	2012
Trade:		
Third parties	**₱227,260,789**	₱200,484,930
Related parties (Notes 17f, 17g, 17h and 17l)	**75,190,541**	48,847,220
Due from:		
Related parties (Notes 17e and n)	**38,761,938**	31,988,894
Officers and employees	**12,344,665**	8,853,045
Suppliers, contractors and others	**5,096,300**	582,653

(Forward)

	2013	2012
Interest receivable	**₱2,709,385**	₱6,070,043
Other receivables	**18,022,902**	7,379,246
	379,386,520	304,206,031
Less allowance for doubtful accounts	**11,583,870**	7,905,341
	₱367,802,650	₱296,300,690

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 suppliers, contractors and others pertain to down payments for various purchases or operating expenses 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, 2010	**₱6,847,720**	**₱1,257,621**	**₱–**	**₱8,105,341**
Provisions (Note 19)	2,400,000	–	–	2,400,000
December 31, 2011	**9,247,720**	**1,257,621**	**–**	**10,505,341**
Reversal of allowance (Note 21)	(2,600,000)	–	–	(2,600,000)
December 31, 2012	**6,647,720**	**1,257,621**	**–**	**7,905,341**
Provisions (Note 19)	2,400,000	–	1,278,529	3,678,529
December 31, 2013	**₱9,047,720**	**₱1,257,621**	**₱1,278,529**	**₱11,583,870**

7. Inventories

	2013	2012
At net realizable value:		
Food and beverage - net of allowance for probable losses of ₱1.0 million in 2013 and 2012	**₱24,080,540**	₱33,499,495
At cost:		
Materials and supplies	**22,961,138**	20,976,213
	₱47,041,678	₱54,475,708

In 2011, the Group recognized provision for probable losses which amounted to ₱1.0 million (see Note 19).

8. Other Current Assets

	2013	2012
Input taxes	**₱36,159,364**	₱33,146,028
Tax credit certificates	**30,737,274**	23,849,126
Prepaid expenses	**11,898,779**	12,700,967
Creditable withholding and prepaid taxes	**11,543,095**	9,184,761
Other current assets	**1,093,736**	660,061
	91,432,248	79,540,943
Less allowance for probable losses	**29,205,949**	30,953,656
	₱62,226,299	₱48,587,287

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 tax credit certificate can be used to pay any income tax due. 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 (see Note 14). Provision for losses on input taxes amounted to ₱3.8 million, ₱25.2 million and ₱5.3 million in 2013, 2012 and 2011, respectively (see Note 19).

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

9. Investments in Associates

	Percentage of ownership interest		2013	2012 (As restated, Note 2)
	2013	2012		
Acquisition costs:				
LTP	**49**	49	**₱935,759,560**	₱935,759,560
CPCS	**40**	40	**5,000,000**	5,000,000
MacroAsia WLL	**35***	35*	**2,310,175**	2,310,175
			943,069,735	943,069,735
Accumulated equity in net earnings:				
Beginning of year			**₱119,022,386**	₱425,458,682
Share in net loss for the year			**(251,868,481)**	(148,403,980)
Dividends declared to the Company			**(16,000,000)**	(158,032,316)
End of year			**(148,846,095)**	119,022,386
Share in re-measurement losses on defined benefit plan of associates:				
Beginning of year			**(112,696,242)**	(63,027,573)
Remeasurement losses on defined benefit plan for the year			**(42,966,223)**	(49,668,669)
End of year			**(155,662,465)**	(112,696,242)
Share in foreign currency translation adjustments:				
Beginning of year			**(220,265,655)**	(159,523,903)
Net foreign currency translation adjustments for the year			**43,465,251**	(60,741,752)
End of year			**(176,800,404)**	(220,265,655)
			₱461,760,771	₱729,130,224

* *Effective ownership interest through MACS*

As of December 31, 2013 and 2012, the shares of stock of the associated companies are not traded in public and as such, have no publicly traded price quotation.

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, MCIA, 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 Mactan Economic Zone 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, 2013, 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:

	2013	
	LTP	CPCS
Current assets	**₱3,304,904,753**	**₱46,296,828**
Noncurrent assets	**2,385,352,451**	**6,262,575**
Current liabilities	**3,253,618,807**	**10,114,227**
Noncurrent liabilities	**1,529,421,690**	**–**
Equity before foreign currency translation adjustments	**1,268,033,858**	**42,445,176**
Foreign currency translation adjustments	**(360,817,151)**	**–**
Equity	**907,216,707**	**42,445,176**
Proportion of the Group's ownership	**49%**	**40%**
Carrying amount of the investment	**₱444,536,186**	**₱16,978,070**
Revenue	**₱7,309,076,067**	**₱118,653,033**
Direct cost	**6,115,481,861**	**73,613,444**
Gross profit	**1,193,594,206**	**45,039,589**
Net income (loss)	**(538,128,040)**	**34,694,800**
Other comprehensive income (loss)	**(87,710,215)**	**29,455**
Total comprehensive income (loss)	**(625,838,255)**	**34,724,255**
Proportion of the Group's ownership	**49%**	**40%**
Group's share in total comprehensive income (loss)	**(₱306,660,745)**	**₱13,889,702**

	2012 (As restated, Note 2)	
	LTP	CPCS
Current assets	₱2,495,137,594	₱46,619,497
Noncurrent assets	2,207,175,087	8,212,352
Current liabilities	1,923,251,201	7,110,928
Noncurrent liabilities	1,334,711,111	–
Equity before foreign currency translation adjustments	1,893,872,114	47,720,921
Foreign currency translation adjustments	(449,521,745)	–
Equity	1,444,350,369	47,720,921
Proportion of the Group's ownership	49%	40%
Carrying amount of the investment	₱707,731,681	₱19,088,369
Revenue	₱5,372,367,545	₱104,712,718
Direct cost	4,585,393,935	65,220,642
Gross profit	786,973,610	39,492,076
Net income (loss)	(326,495,258)	28,946,742
Other comprehensive income (loss)	(102,445,008)	1,323,463
Total comprehensive income (loss)	(428,940,266)	30,270,205
Proportion of the Group's ownership	49%	40%
Group's share in total comprehensive income (loss)	(₱210,180,730)	₱12,108,082

	2011(As restated, Note 2)	
	LTP	CPCS
Current assets	₱4,024,580,785	₱49,289,923
Noncurrent assets	1,964,666,146	6,617,180
Current liabilities	2,667,618,626	7,641,597
Noncurrent liabilities	1,027,014,910	–
Equity before foreign currency translation adjustments	2,620,172,381	48,265,505
Foreign currency translation adjustments	(325,558,986)	–
Equity	2,294,613,395	48,265,505
Proportion of the Group's ownership	49%	40%
Carrying amount of the investment	₱1,124,360,564	₱19,306,202
Revenue	₱6,497,850,918	₱110,398,654
Direct cost	5,186,705,165	68,810,276
Gross profit	1,311,145,753	41,588,378
Net income	600,784,282	30,690,127
Other comprehensive loss	(128,627,699)	–
Total comprehensive income	472,156,583	30,690,127
Proportion of the Group's ownership	49%	40%
Group's share in total comprehensive income	₱231,356,726	₱12,276,051

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

	2013	2012
Carrying amount of immaterial associate	**₱246,515**	₱2,310,174
Amount of the Group's share in net loss	**(2,063,661)**	–

The associates have no contingent liabilities or capital commitments as of December 31, 2013 and 2012.

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:

	2013	2012 (As restated, Note 2)
Current assets	**₱343,724,523**	₱298,834,986
Noncurrent assets	**288,194,542**	304,081,732
Current liabilities	**312,035,756**	265,246,588
Noncurrent liabilities	**11,289,041**	12,166,311
Equity	**308,594,268**	325,503,819
Attributable to non-controlling interest	**61,718,854**	65,100,764

Summarized statements of income:

	2013	2012 (As restated, Note 2)
Revenue	**₱991,894,569**	₱973,666,042
Direct costs	**690,509,483**	684,728,667
Operating expenses	**248,436,428**	237,121,835
Net income	**46,121,667**	31,476,981
Attributable to non-controlling interest	**9,224,333**	6,295,396

Summarized statements of comprehensive income:

	2013	2012 (As restated, Note 2)
Net income	**₱46,121,667**	₱31,878,732
Other comprehensive income	**(3,031,218)**	10,677,683
Total comprehensive income	**43,090,449**	42,556,415
Attributable to non-controlling interest	**8,618,090**	8,511,283

Summarized statements of cash flows:

	2013	2012
Cash flows from operations	**₱101,443,301**	₱128,135,821
Cash flows used in investing activities	**(30,678,146)**	(26,979,132)
Cash flows used in financing activities	**(52,450,821)**	(85,989,025)
Dividends paid to non-controlling interest	**8,000,000**	–

As of December 31, 2013, the equity attributable to non-controlling interest in PWBRI amounted to ₱449,070. Total comprehensive loss attributed to PWBRI amounted to ₱19,805 in 2013.

11. Property and Equipment

	2013				
	January 1, 2013	**Additions**	**Disposal**	**Transfer**	**December 31, 2013**
Cost					
Building	**₱252,242,882**	**₱6,873,136**	**₱–**	**₱–**	**₱259,116,018**
Kitchen and other operations equipment	**262,642,967**	**12,633,834**	**–**	**–**	**275,276,801**
Transportation equipment	**166,826,455**	**11,344,576**	**(2,180,517)**	**–**	**175,990,514**
Helicopter unit and spare parts	**113,782,721**	**360,769**	**–**	**–**	**114,143,490**
Aviation equipment	**227,923,565**	**6,167,184**	**(701,890)**	**–**	**233,388,859**
Office furniture, fixtures and equipment	**56,553,592**	**3,870,216**	**(994,355)**	**258,929**	**59,688,382**
Drilling equipment	**5,735,469**	**–**	**–**	**–**	**5,735,469**
Building and leasehold improvements	**60,535,104**	**26,586,549**	**–**	**–**	**87,121,653**
Land and land improvements	**14,134,432**	**17,797,495**	**–**	**–**	**31,931,927**
Construction in progress	**258,929**	**28,702,186**	**–**	**(258,929)**	**28,702,186**
	1,160,636,116	**114,335,945**	**(3,876,762)**	**–**	**1,271,095,299**
Accumulated Depreciation and Amortization					
Building	**(196,971,425)**	**(32,989,328)**	**–**	**–**	**(229,960,753)**
Kitchen and other operations equipment	**(215,496,210)**	**(10,294,527)**	**–**	**–**	**(225,790,737)**
Transportation equipment	**(102,833,036)**	**(12,530,253)**	**2,152,319**	**–**	**(113,210,970)**
Helicopter unit and spare parts	**(65,985,774)**	**(8,059,531)**	**–**	**–**	**(74,045,305)**
Aviation equipment	**(109,174,991)**	**(18,064,639)**	**701,883**	**–**	**(126,537,747)**
Office furniture, fixtures and equipment	**(57,286,941)**	**(5,008,423)**	**685,420**	**–**	**(61,609,944)**
Drilling equipment	**(4,263,856)**	**(1,147,094)**	**–**	**–**	**(5,410,950)**
Building and leasehold improvements	**(38,844,668)**	**(6,111,868)**	**–**	**–**	**(44,956,536)**
Land improvements	**(10,100,664)**	**(249,616)**	**–**	**–**	**(10,350,280)**
	(800,957,565)	**(94,455,279)**	**3,539,622**	**–**	**(891,873,222)**
Net Book Value	**₱359,678,551**	**₱19,880,666**	**(₱337,140)**	**₱–**	**₱379,222,077**

	2012				
	January 1, 2012	Additions	Disposal	Transfer	December 31, 2012
Cost					
Building	₱252,029,911	₱212,971	₱–	₱–	₱252,242,882
Kitchen and other operations equipment	252,294,812	10,348,155	–	–	262,642,967
Transportation equipment	136,986,553	29,839,902	–	–	166,826,455
Helicopter unit and spare parts	112,202,037	1,580,684	–	–	113,782,721
Aviation equipment	141,264,342	86,659,223	–	–	227,923,565
Office furniture, fixtures and equipment	49,102,369	4,256,381	(4,955)	3,199,797	56,553,592
Drilling equipment	5,735,469	–	–	–	5,735,469
Building and leasehold improvements	51,346,575	9,188,529	–	–	60,535,104
Land and land improvements	14,134,432	–	–	–	14,134,432
Construction in progress	1,960,746	1,497,980	–	(3,199,797)	258,929
	1,017,057,246	143,583,825	(4,955)	–	1,160,636,116
Accumulated Depreciation and Amortization					
Building	(168,902,863)	(28,068,562)	–	–	(196,971,425)
Kitchen and other operations equipment	(202,873,725)	(12,622,485)	–	–	(215,496,210)

(Forward)

	2012				
	January 1, 2012	Additions	Disposal	Transfer	December 31, 2012
Transportation Equipment	(₱93,361,174)	(₱9,471,862)	₱–	₱–	(₱102,833,036)
Helicopter unit and spare parts	(57,256,892)	(8,728,882)	–	–	(65,985,774)
Aviation equipment	(98,132,880)	(11,042,111)	–	–	(109,174,991)
Office furniture, fixtures and equipment	(52,431,734)	(4,855,207)	–	–	(57,286,941)
Drilling equipment	(3,116,763)	(1,147,093)	–	–	(4,263,856)
Building and leasehold improvements	(34,443,156)	(4,401,512)	–	–	(38,844,668)
Land improvements	(9,218,248)	(882,416)	–	–	(10,100,664)
	(719,737,435)	(81,220,130)	–	–	(800,957,565)
Net Book Value	₱297,319,811	₱62,363,695	(₱4,955)	₱–	₱359,678,551

The construction in progress account pertains to construction costs of the water facility in relation to MAPDC water project (see Note 27e).

Acquisitions of property and equipment on credit amounting to ₱2.0 million and ₱180.8 thousand in 2013 and 2012, respectively, are included as part of "Accounts payable and accrued liabilities" account as of December 31, 2013 and 2012, respectively. These are treated as noncash investing activities in the consolidated statements of cashflows. The outstanding amount in 2012 was paid in 2013.

Depreciation and amortization is distributed as follows:

	2013	2012	2011
Direct costs (Note 18)	**₱68,126,740**	₱52,628,948	₱43,686,360
General and administrative expenses (Note 19)	**26,328,539**	28,591,182	27,630,188
	₱94,455,279	₱81,220,130	₱71,316,548

The helicopter unit was depreciated based on 176, 246, and 351 flying hours in 2013, 2012 and 2011, respectively.

The costs of fully depreciated property and equipment which are still in use amounted to ₱454.4 million and ₱442.3 million as of December 31, 2013 and 2012, respectively.

12. Investment Property

The Group's investment property pertains to a parcel of land held for future development which amounted to ₱143.8 million and ₱126.6 million (net of accumulated impairment losses of ₱17.2 million as of December 31, 2012) as of December 31, 2013 and 2012, respectively. In 2013, the Group recognized full recovery of impairment losses on investment property. As of December 31, 2013, the fair value of the investment property amounted to ₱174.1 million which is based on the appraisal report rendered by a recognized professional firm of appraisers (see Note 30).

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.

Direct cost incurred in relation to investment property pertains to real property taxes which amounted to ₱0.2 million in each of the three years in the period ended December 31, 2013 (see Note 19).

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

13. AFS Investments

	2013	2012
Debt:		
Philippine government treasury bonds	**₱66,871,704**	₱212,968,149
Corporate bonds	**39,743,367**	181,549,687
Equity -		
Golf club share and other proprietary and equity shares	**30,176,800**	40,155,800
	₱136,791,871	₱434,673,636

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:

	2013	2012
Beginning balance	**₱29,854,120**	₱3,835,000
Fair value of AFS investments sold and recycled through profit or loss*	**(14,067,293)**	–
Changes in fair value of AFS investments, net of tax effect amounting to ₱1,050,000 in 2013 and (₱1,300,000) in 2012	**(13,097,937)**	26,019,120
Ending balance	**₱2,688,890**	₱29,854,120

**Included under "Gain on sale of investments in bonds" account (see Note 21).*

Deferred income tax liabilities on the fair value changes of the AFS equity investments amounted to ₱0.4 million and ₱1.5 million as of December 31, 2013 and 2012, respectively (see Note 24).

a. In 2013 and 2012, the Company invested in Philippine government treasury bonds for ₱70.0 million (with par value equal to acquisition cost with maturity of 10 years) and ₱149.9 million (with par value of ₱130.12 million with maturity dates ranging from 20 to 25 years) , respectively. The investments in bonds carry interest rate of 3.25% in 2013 and 6.12% to 8% in 2012.

In 2013, the Company disposed all of its outstanding investments in Philippine government treasury bonds amounting to ₱109.4 million, realizing a total gain of ₱41.2 million (see Note 21). Total proceeds from the sale amounted to ₱244.8 million.

As of December 31, 2013 and 2012, outstanding investment in Philippine government treasury bonds amounted to ₱66.9 million and ₱213.0 million, respectively.

Total interest earned from these government bonds (including the amortization of premium) amounted to ₱1.1 million, ₱3.2 million and ₱0.4 million in 2013, 2012 and 2011 respectively (see Note 21).

b. In 2013, the Company invested in US$-denominated corporate bonds for ₱30.6 million (or about US$0.7 million). The corporate bonds have maturity of 10 years and coupon rate of 6.5%. The Company also disposed certain investments in corporate bonds in 2013 for a total gain of ₱8.6 million (see Note 21). Total proceeds from the sale amounted to ₱176.3 million.

In 2012, the Company invested in various corporate bonds with par value of ₱50.0 million and ₱123.0 million (or about US$30 million) for total acquisition costs of ₱183.5 million. These corporate bonds have maturity dates ranging from 5-8 years and carry interest of 5.00% to 7.37%.

As of December 31, 2013 and 2012, investment in corporate bonds amounted to ₱39.7 million and ₱181.5 million, respectively (see Note 21).

Total interest income earned from these corporate bonds (including the amortization of premium) amounted to ₱7.1 million and ₱2.5 million in 2013 and 2012, respectively.

c. 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.

In 2012, the Group determined that one of its investments in club shares is impaired because of the prolonged decline in fair value below its cost. As such, the Group recognized impairment loss on this club share for ₱0.4 million in 2012 (see Note 21).

14. Deposits and Other Noncurrent Assets

	2013	2012
Input taxes (Note 8)	**₱182,052,498**	₱178,062,383
Deposits (Note 27)	**19,384,751**	18,522,404
Project advances and investment	**18,876,088**	16,526,088
Tax credit certificates	**18,080,753**	–
Goodwill	**17,531,232**	17,531,232
Prepaid rent (Note 27)	**8,455,038**	9,034,703
Pension asset (Note 20)	**514,366**	1,410,805
Others	**234,132**	1,629,187
	265,128,858	242,716,802
Less allowance for probable losses	**37,412,307**	38,692,587
	₱227,716,551	₱204,024,215

Project advances and investment
On July 11, 2011, MAPDC acquired 70% of the shares of stock of WBSI which amounted to ₱3.3 million. WBSI is incorporated in the Philippines primarily to engage in project conceptualization, project development and management and supervision of project's implementation and operation. On the same date, MAPDC entered into a sale and purchase agreement for the acquisition of the Maragondon Bulk Water Supply Project from ICH. On September 15, 2011, MAPDC signed an amended deed of sale to acquire an additional 12.6%

shares in WBSI. Also on the same date, MAPDC entered into an amended sale and purchase agreement with ICH for the acquisition of the corresponding additional rights to the Maragondon Bulk Water Supply Project.

Prior to MAPDC's acquisition of WBSI shares, WBSI has prior rights to conduct a feasibility study on the bulk water supply in Maragondon, Cavite, and on September 15, 2010, assigned and transferred its rights over the Water Project to ICH. 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 and 2012, 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 which amounted to ₱3.3 million as "Project advances and investment."

On July 12, 2011, Maragondon Water District (MWD) and WBS Consortium (includes MAPDC and WBSI) entered into a contractual joint venture agreement for the purpose of developing a raw water source from the Maragondon River and supplying bulk water to MWD and other water districts.

Project advances and investment account also includes advances made to ICH and its stockholder which amounted to ₱15.6 million and ₱13.2 million as of December 31, 2013 and 2012, respectively.

Goodwill
The goodwill recognized by the Group amounting to ₱17.53 million as of December 31, 2013 and 2012 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.

15. Notes Payable

a. On December 23, 2013, MASCORP obtained a three-year term, unsecured loan amounting to ₱27.0 million for general corporate purposes and to finance its liabilities. The loan will be payable in equal monthly installments commencing January 2014. The loan carried an interest of 5.5% per annum subject to monthly re-pricing. The current portion of the loan amounted to ₱9.0 million as of December 31, 2013. No financial debt covenants are imposed on the loan.

In 2011, MASCORP availed of a three-year unsecured loan with the first drawdown amounting to ₱15.0 million on August 19, 2011 and the second drawdown amounting to ₱20.0 million on December 19, 2011. The loan was payable in equal monthly installments commencing the month after the initial drawdown with succeeding drawdowns payable monthly co-terminus with the initial drawdown date. The note payable carried an interest rate of 5.5% per annum subject to monthly re-pricing. No financial debt covenants are imposed on the loan. Outstanding amount as of December 31, 2011 amounted to ₱33.3 million which was fully paid by MASCORP in 2012 without prepayment penalty.

Financing charges amounted to ₱0.7 million and ₱0.2 million in 2012 and 2011, respectively (nil in 2013) [see Note 21].

b. On March 4, 2011, a loan agreement between MACS and a local bank was signed granting the former a 2-year loan facility to be used by MACS for general corporate purposes and for permanent working capital. Under the terms of the loan agreement, the principal amount of the loan shall be payable in 24 equal and successive monthly installments commencing on the end of the first month from initial drawdown date of the loan. Interest on the unpaid principal amount shall be paid on each interest payment date based on London Interbank Offered Rate/Singapore Interbank Offered Rate (whichever is higher) plus a spread. The loan is secured by an absolute and unconditional guaranty of MAC. No financial debt covenants are imposed on the loan.

On March 11, 2011, MACS had its first drawdown amounting to US$3.0 million. On December 5, 2011, MACS paid US$1.4 million, representing principal repayment of the initial drawdown and had the second drawdown amounting to US$0.7 million. Outstanding balance as of December 31, 2011 amounted to US$2.2 million (or approximately ₱97.7 million). In 2012, MACS fully paid the outstanding balance as of December 31, 2011 without prepayment penalty.

Interest rates ranged from 2.70% to 3.00% in 2012 and 2011. Total financing charges amounted to ₱1.1 million and ₱2.6 million in 2012 and 2011, respectively (nil in 2013) [see Note 21].

16. Accounts Payable and Accrued Liabilities

	2013	2012 (As restated, Note 2)
Accounts payable:		
Trade	**₱95,805,620**	₱95,919,057
Non-trade	**53,626,727**	18,856,032
Related parties		
Trade (Notes 17i, 17j and 17k)	**9,590,703**	11,970,643
Non-trade (Note 17e)	**2,531,250**	2,531,250
Accrued rent (Note 17b)	–	170,622
Accrued:		
Utilities and others (Note 19)	**53,194,733**	43,425,091
Professional fee	**17,655,353**	14,520,365
Service fee (Note 27c)	**6,670,348**	8,761,623
Volume discounts	**8,120,447**	8,696,487
Payable to government agencies	**22,928,554**	25,484,928
	₱270,123,735	₱230,336,098

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.

Accrued expenses include the provision for probable loss which represents management's best estimate of probable cost of claims arising from the normal course of business that has been developed in consultation with the Company's legal counsel and is based upon an analysis of potential results.

Accrued volume discounts are incentives due to airline clients of MACS. Accrued service fee pertains to the 20% of the service fee declared by MACS, which is payable to SATS (see Note 27c).

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.

17. 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. 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 are the transactions with the Group's related parties and their account balances:

(Amounts in millions)	Outstanding balance/ Amount of transactions		
Nature of Transaction	**2013**	2012	Terms and conditions
Affiliates:			
Deposits and cash equivalents (Note 17a)	**₱148.3**	₱75.6	On demand; prevailing interest rate
Interest income on deposits and cash equivalents (Note 17a)	**4.0**	2.4	On demand; prevailing interest rate
Rental deposit (Notes 17b)	**0.1**	0.1	To be refunded at the end of lease term
Trust fund retirement plan (Note 17c)	**69.8**	49.8	Based on trustee agreement

(Amounts in millions)	Amount of transactions			Outstanding Balance				Terms and
				Receivable		Payable		
Nature of Transaction	**2013**	2012	2011	**2013**	2012	**2013**	2012	Conditions
Affiliates:								
Office rent (Note 17b)	**₱3.1**	₱3.1	₱2.7	**₱–**	₱–	**₱–**	₱0.2	(a)
Service fees from ground handling services (Notes 17f and g)	**236.6**	228.7	137	**73.2**	41.4	**–**	–	(a)
Equipment rent (Notes 17i and m)	**2.3**	2.4	2.6	**–**	–	**1.0**	1.1	(c)
Catering services (Note17l)	**–**	77.6	73.9	**1.9**	3.4	**–**	–	(a)
Payable arising from share in passenger lounge (Note 17k)	**4.7**	3.2	0.2		–	**8.0**	9.2	(c)
Share in rental and utilities in MIAA (Note 17j)	**1.1**	1.1	1.1	**–**	–	**0.5**	1.6	(c)
Associated companies:								
Rent and administrative income from sublease of land (Note 17d)	**187.9**	187.9	187.9	**117.6**	117.3	–	–	(b)
Service fee from contracted ground handling services (Note 17h)	**₱3.0**	₱21.8	₱16.8	**₱–**	₱4.0	**₱–**	₱–	(a)
Cash advances (Note 17e)	**–**	2.5	–	**–**	–	**2.5**	2.5	(c)
Cash advances (Note 17e)	**–**	3.2	28.4	**32.9**	32.0	**–**	–	(c)
Cash advances (Note 17n)	**5.9**	–	–	**5.9**	–	**–**	–	(c)
Total				**₱231.5**	₱198.1	**₱12.0**	₱14.6	

(a) 30 day, unsecured, non-interest bearing, unimpaired
(b) 25 years, non-interest bearing, includes impact of straight-line recognition of lease income
(c) 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 2013, the Group recognized provision for doubtful accounts pertaining to amounts owed by a related party amounting to ₱1.3 million (nil in 2012 and 2011).

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 ₱148.3 million and ₱75.6 million as of December 31, 2013 and 2012, respectively. Interest income amounted to ₱4.0 million, ₱2.4 million and ₱5.3 million in 2013, 2012 and 2011, 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. Total rent expense amounted to ₱2.5 million in 2013 and 2012 and ₱2.7 million in 2011. The contract of lease was renewed for a period of two years starting October 16, 2011 and unless earlier terminated, shall expire on October 15, 2013. The lease agreement has not been renewed but MAC continues to lease the office space. Outstanding payable which is included under "Accrued rent" account of "Accounts payable and accrued liabilities" account as of December 31, 2012 amounted to ₱0.1 million (see Note 16).

   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 ₱147,610 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 2013 and 2012 amounted to ₱0.6 million. Outstanding payable which is included under "Accrued rent" of "Accounts payable and accrued liabilities" account as of December 31, 2012 amounted to ₱0.1 million (see Note 16).

c. The Group has a trust fund for its retirement plan with the local affiliated bank. As of December 31, 2013 and 2012, the fund assets amounted to ₱69.8 million and ₱49.8 million, respectively (see Note 20).

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 27). Rental and administrative income amounted to ₱187.9 million in 2013, 2012 and 2011.

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 ₱4.6 million and ₱4.0 million as of December 31, 2013 and 2012, respectively. Accretion of interest (included as part of "Financing charges" account) amounted to ₱0.6 million in 2013, ₱0.5 million in 2012 and 2011 (see Note 21b). 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. This is being amortized on a straight-line basis over the term of the lease. The related amortization amounted to ₱1.0 million in 2013, 2012 and 2011. As of December 31, 2013 and 2012, the unearned rent income amounted to ₱11.2 million and ₱12.2 million, respectively.

Further, as a result of the straight-line recognition of operating lease income, accrued rental receivable was recognized which amounted to ₱117.6 million and ₱117.3 million as of December 31, 2013 and 2012, respectively.

e. MAPDC has an outstanding short-term, unsecured and non-interest bearing advances to WBSI amounting to ₱32.9 million and ₱32.0 million as of December 31, 2013 and 2012, respectively (see Note 6). On the other hand, MAPDC has an outstanding short-term non-interest bearing advances from Cavite Business Resources, Inc. (CBRI) as of December 31, 2013 and 2012 amounting to ₱2.5 million (see Note 16).

MASCORP

f. MASCORP provides ground handling services to Air Philippines, Inc. (Air Phil.), an affiliated company under common control. Fees for these services amounted to ₱105.8 million, ₱117.5 million and ₱106.2 million in 2013, 2012 and 2011, respectively. The related receivables as of December 31, 2013 and 2012 amounted to ₱25.6 million and ₱21.9 million, respectively (see Note 6).

g. MASCORP provides ground handling services to Philippine Airlines, Inc. (PAL), an affiliated company under common control. Fees for these service amounted to ₱130.8 million, ₱111.2 million and ₱30.8 million in 2013, 2012 and 2011, respectively. The related receivables as of December 31, 2013 and 2012 amounted to ₱47.6 million and ₱19.5 million, respectively, and are presented under "Receivables" in the consolidated balance sheets (see Note 6).

h. MASCORP bills LTP for ground handling services it rendered on behalf of LTP's clients. Fees for these services amounted to ₱3.0 million, ₱21.8 million and ₱16.8 million in 2013, 2012 and 2011, respectively. The related receivables as of December 31, 2013 and 2012 amounted to ₱30.0 thousand and ₱4.0 million, respectively (see Note 6).

i. MASCORP also leases ground support equipment from PAL with total rental cost amounting to ₱2.3 million, ₱1.8 million and ₱2.0 million in 2013, 2012 and 2011, respectively. Outstanding payable as of December 31, 2013 and 2012 relating to this transaction amounted to ₱1.0 million and ₱1.1 million, respectively (see Note 16).

j. MASCORP pays to Air Phil. its shares on the rental and utilities in MIAA amounting to ₱1.1 million in 2013, 2012 and 2011. Outstanding payable as of December 31, 2013 and 2012 relating to this transaction amounted to ₱0.5 million and ₱1.6 million, respectively (see Note 16).

MACS

k. MACS has outstanding payable to PAL aggregating to ₱8.0 million and ₱9.2 million as of December 31, 2013 and 2012, respectively, representing PAL's share in operation of the passenger lounge at NAIA (see Note 16).

l. In 2012 and 2011, MACS provided catering services to PAL. Total revenue earned amounted to ₱77.6 million and ₱73.9 million in 2012 and 2011, respectively (nil in 2013). Receivables outstanding as of December 31, 2013 and 2012 amounted to ₱1.9 million and ₱3.4 million, respectively (see Note 6).

m. In 2012 and 2011, MACS also leases airline catering equipment from PAL. Lease expense amounted to ₱0.6 million in 2012 and 2011 (nil in 2013). There is no outstanding payable relating to this transaction.

n. In 2013, MACS provided an unsecured and non-interest bearing cash advances to MacroAsia WLL which amounted to ₱5.9 million. This remains outstanding as of December 31, 2013 (see Note 6).

Compensation of Key Management Personnel

The short-term benefits of the Company's key management personnel amounted to ₱60.24 million, ₱58.7 million and ₱65.3 million in 2013, 2012 and 2011, respectively. There are no termination benefits, share-based payments or other long-term employee benefits granted to key management personnel.

18. Net Service Revenue and Direct Costs

Net Service Revenue

	2013	2012	2011
Gross service revenue	**₱1,719,908,393**	₱1,687,606,346	₱1,442,776,323
Less discount	**109,788,936**	87,908,483	80,902,665
	₱1,610,119,457	₱1,599,697,863	₱1,361,873,658

Direct costs

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Food	**₱408,888,635**	₱405,004,540	₱348,187,168
Salaries and wages	**232,097,904**	213,963,926	153,899,013
Leases (Note 27b)	**161,473,267**	161,466,052	161,466,052
Concession privilege fee (Note 27a)	**99,129,972**	95,806,611	71,176,960
Contractual services	**74,913,962**	76,857,286	55,442,557

(Forward)

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Depreciation and amortization (Note 11)	**₱68,126,740**	₱52,628,948	₱43,686,360
Overhead	**62,126,082**	64,082,468	56,734,037
Employee benefits (Note 20)	**19,440,159**	18,301,379	15,524,518
Supplies	**19,284,765**	17,964,431	15,671,686
Repairs and maintenance	**19,056,260**	20,340,219	24,015,758
Rent (Note 27b)	**16,267,928**	12,658,586	10,219,896
Laundry	**10,227,882**	8,749,701	7,928,377
Insurance	**9,547,140**	11,305,609	11,124,122
Exploratory drilling	**7,774,630**	9,673,109	–
Storage and brokerage	**2,909,344**	4,820,488	5,875,599
Others	**18,355,047**	29,746,616	28,903,890
	₱1,229,619,717	₱1,203,369,969	₱1,009,855,993

19. Operating Expenses

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
General and administrative:			
Salaries and wages	**₱102,904,955**	₱103,279,573	₱94,403,999
Employee benefits	**43,992,999**	30,094,271	52,828,033
Depreciation and amortization (Note 11)	**26,328,539**	28,591,182	27,630,188
Repairs and maintenance	**22,798,233**	20,086,262	14,118,746
Retirement benefits cost (Note 20)	**18,805,031**	8,503,811	6,601,167
Rent (Notes 17b and 27b)	**17,416,032**	13,955,364	12,262,851
Professional and legal fees	**15,691,888**	17,665,582	9,837,090
Mining expenses (Notes 27 and 31)	**13,291,897**	13,798,455	35,569,628
Provisions for impairment and probable losses (Notes 6, 7, 8 and 16)	**12,200,120**	25,200,000	8,758,763
Security and janitorial	**11,793,217**	11,121,499	10,207,292
Taxes and licenses (Note 12)	**11,606,803**	13,112,878	7,595,672
Supplies	**10,787,629**	8,261,662	7,394,033
Utilities	**8,619,111**	8,272,360	8,861,126
Service fee (Note 27c)	**8,271,003**	8,761,623	7,556,123
Cleaning and other laboratory supplies	**7,018,524**	4,659,429	4,124,819
Entertainment, amusement and recreation	**5,038,329**	6,255,838	5,340,706
Transportation and travel	**4,360,514**	5,828,715	4,830,273
Communications	**4,252,347**	4,227,668	2,967,542

(Forward)

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Insurance	**₱3,677,887**	₱3,132,268	₱2,072,140
Directors' fees	**3,255,147**	3,164,951	3,033,333
Gas and oil	**2,869,882**	3,080,871	3,231,503
Donation	**–**	–	3,105,000
Others	**17,246,681**	17,334,958	13,430,545
	372,226,768	358,389,220	345,760,572
Selling -			
Advertising and promotions	**3,417,050**	2,653,829	3,769,376
	₱375,643,818	₱361,043,049	₱349,529,948

20. 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:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Current service cost	**₱13,074,783**	₱14,948,329	₱10,094,249
Net interest cost	**839,567**	2,354,757	2,157,057
Past service cost	**11,296,717**	–	–
	₱25,211,067	₱17,303,086	₱12,251,306
Portions recognized in:			
Direct costs (Note 18)	**₱6,406,036**	₱8,799,275	₱5,650,139
General and administrative expenses (Note 19)	**18,805,031**	8,503,811	6,601,167
	₱25,211,067	₱17,303,086	₱12,251,306

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 accrued retirement benefits payable, net of pension asset, are as follows:

	2013	2012 (As restated, Note 2)
Present value of defined benefit obligation	**₱88,562,026**	₱64,201,339
Fair value of plan assets	**69,816,241**	49,756,413
Unfunded obligation	**18,745,785**	14,444,926
Asset ceiling adjustment	–	302,132
	₱18,745,785	₱14,747,058

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

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Actuarial gain (loss) arising from changes in:			
Experience adjustments	**₱5,547,259**	(₱4,191,366)	₱–
Financial assumptions	**(4,119,053)**	29,189,723	(9,020,782)
Demographic assumptions	–	–	–
Remeasurement on plan assets	**(1,675,474)**	567,958	(574,417)
Changes in the effect of asset ceiling	**318,174**	(302,132)	–
	70,906	25,264,183	(9,595,199)
Tax effect	**1,594,688**	(7,718,704)	2,532,959
	₱1,665,594	₱17,545,479	(₱7,062,240)

Movements in asset ceiling adjustments are as follows:

	2013	2012 (As restated, Note 2)
Beginning balance	**₱302,132**	₱–
Interest on the effect of asset ceiling	**16,042**	–
Changes in the effect of asset ceiling	**(318,174)**	302,132
Ending balance	**₱–**	₱302,132

Movements in accrued retirement benefits payable and pension asset follow:

2013:

	Accrued retirement benefits payable	Pension Asset
Beginning balance	**₱16,157,863**	**(₱1,410,805)**
Retirement benefits cost recognized in profit or loss	**23,026,742**	**2,184,325**
Contributions	**(19,840,667)**	**(1,200,000)**
Remeasurements in other comprehensive income	**16,980**	**(87,886)**
Benefits paid directly by the Company	**(100,767)**	**–**
Ending balance	**₱19,260,151**	**(₱514,366)**

2012:

	Accrued retirement benefits payable	Pension Asset
Beginning balance	₱40,812,000	(₱894,831)
Retirement benefits cost recognized in profit or loss	17,006,549	296,537
Contributions	(16,700,000)	(154,000)
Remeasurements in other comprehensive income	(24,605,672)	(658,511)
Benefits paid directly by the Company	(355,014)	–
Ending balance	₱16,157,863	(₱1,410,805)

The details of accrued retirement benefits payable and pension asset by entity are as follows:

	Accrued Retirement Benefits Payable		Pension Asset (Note 14)	
	2013	2012 (As restated, Note 2)	2013	2012 (As restated, Note 2)
MAC	**₱13,539,313**	₱12,541,049	**₱–**	₱–
MACS	**4,343,927**	2,698,204	**–**	–
MASCORP	**1,376,911**	918,610	**–**	–
MAPDC	**–**	–	**198,526**	575,214
MAATS	**–**	–	**315,840**	835,591
	₱19,260,151	₱16,157,863	**₱514,366**	₱1,410,805

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

	2013	2012
Beginning balance	**₱64,201,339**	₱76,864,044
Current service cost	**13,074,783**	14,948,329
Interest cost	**3,400,040**	4,535,983
Past service cost	**11,296,717**	–
Remeasurement on obligation	**(1,428,206)**	(24,998,357)
Benefits paid out of the Group's plan assets	**(1,881,880)**	(6,793,646)
Benefits paid by the Group	**(100,767)**	(355,014)
Ending balance	**₱88,562,026**	₱64,201,339

Changes in fair value of plan assets are as follows:

	2013	2012 (As restated, Note 2)
Beginning balance	**₱49,756,413**	₱36,946,875
Interest income on plan assets	**2,576,515**	2,181,226
Contributions to the plan	**21,040,667**	16,854,000
Benefits paid	**(1,881,880)**	(6,793,646)
Remeasurement on plan assets	**(1,675,474)**	567,958
Ending balance	**₱69,816,241**	₱49,756,413
Actual return on plan assets	**₱901,041**	₱2,749,184

The major categories of plan assets assets are as follows:

	2013	2012
Cash and cash equivalents	**₱43,605,141**	₱35,792,009
Debt instruments:		
Government securities	**16,995,669**	13,810,859
Unquoted debt securities	**9,062,570**	–
Receivables	**152,861**	153,545
	₱69,816,241	₱49,756,413

The government securities held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

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

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining retirement benefits cost and obligations are shown below:

	2013	2012
Average discount rates	**4.4%-5%**	5.90%
Average future salary increases	**5%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2013, assuming if all other assumptions were held constant:

Assumptions:	Amount
Discount rate:	
+100 basis points	**₱7,660,222**
-100 basis points	**(10,324,125)**
Salary increase rate:	
+1%	**(17,504,738)**
-1%	**17,837,549**

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

Date of retirement:	Amount
1 year and less	₱1,036,475
more than 1 year to 5 years	6,678,393
more than 5 years to 10 years	45,518,651
more than 10 years to 15 years	115,043,183
more than 15 years to 20 years	111,791,240
more than 20 years	2,318,066,181

The Group expects to contribute ₱25.4 million in 2014. The Group does not currently employ any asset-liability matching strategies.

Other Employee Benefits

Employees can accumulate earned leave credits, which can be used anytime when needed by the employee or converted to cash, computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated leave credits are presented as "Other employee benefits" which amounted to ₱9.5 million and ₱10.9 million as of December 31, 2013 and 2012, respectively.

21. Interest Income, Financing Charges, and Other Income (Charges)

a. Interest income was derived from:

	2013	2012	2011
Cash and cash equivalents (Note 5)	**₱11,030,322**	₱13,492,768	₱16,400,814
AFS investments (Note 13)	**8,241,561**	5,663,830	395,544
Accretion of refundable deposits (Note 27b)	**612,880**	531,615	461,125
	₱19,884,763	₱19,688,213	₱17,257,483

b. Financing charges consists of:

	2013	2012	2011
Accretion of refundable deposits (Note 17d)	**₱612,880**	₱531,615	₱465,268
Notes payable (Note 15)	**–**	1,754,456	2,830,617
	₱612,880	₱2,286,071	₱3,295,885

c. Other income (charges) - net consist of:

	2013	2012	2011
Gain on sale of investment in bonds (Notes 13a and b)	**₱49,782,205**	₱–	₱–
Foreign exchange gain (loss) (Note 29)	**29,308,411**	(59,732,308)	17,703,541
Reversal of impairment loss on investment property (Note 12)	**17,260,303**	–	–
Reversal of allowance for doubtful accounts (Note 6)	**–**	2,600,000	–
Impairment loss on AFS investments (Note 13c)	**–**	(400,000)	–
Gain on sale of investment in Toll-MacroAsia Philippines, Inc. (TMP)	**–**	–	1,000,000
Others - net	**5,212,618**	1,406,615	(100,786)
	₱101,563,537	(₱56,125,693)	₱18,602,755

The Company previously had interest in TMP, a domestic company engaged in the business of logistics and supply management. In 2011, the Company sold its interest in TMP to Toll Asia Pte. Ltd., the Company's former venture partner, for ₱1.0 million, which resulted in a gain for the same amount as the investment was previously carried a nil value.

22. Foreign Currency-denominated Monetary Assets and Liabilities

The Group's foreign currency-denominated monetary assets and liabilities as of December 31 are as follows:

	2013			2012		
	US Dollar	Chinese Renminbi (RMB or ¥)	Total Peso Equivalent	US Dollar	Chinese RMB	Total Peso Equivalent
Assets						
Cash and cash equivalents	$4,154,191	¥54,467	₱184,802,673	$4,047,301	¥54,295	₱166,500,611
Receivables	1,920,697	–	85,269,373	4,935,348	–	202,596,035
	6,074,888	54,467	270,072,046	8,982,649	54,295	369,096,646
Liabilities						
Accounts payable and accrued liabilities	59,331	–	2,633,994	342,548	–	14,061,595
Net foreign currency-denominated assets	$6,015,557	¥54,467	₱267,438,052	$8,640,101	¥54,295	₱355,035,051

As of December 31, 2013 and 2012, the exchange rates of the Peso to US$ dollar were ₱44.39 and ₱41.05 to US$1, respectively, while the exchange rates of the Peso to RMB as of December 31, 2013 and 2012 were ₱7.31 and ₱6.61 to RMB1, respectively.

23. Registrations with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)

a. On July 15, 2008, the Company registered with the BOI, under the Omnibus Investment Code of 1987, as a producer of beneficiated nickel ore. Under this registration with the BOI, the Company is entitled to certain tax and non-tax incentives including income tax holiday (ITH) for a period of six years from January 2009 or actual start of commercial operations, whichever is earlier. As the mining operations have not yet started, no benefit from ITH was availed of in 2013, 2012 and 2011. As of December 31, 2013, the Company has ongoing request to the BOI to amend the submitted Project Timetable for mining operations from January 2009 to the fourth quarter of 2014.

b. 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.

24. Income Taxes

a. The current provision for income tax in 2013, 2012 and 2011 consists of the MCIT of the Company, MAATS (for 2013 and 2012) and MAPDC (for 2013 income from unregistered activities), the RCIT of MACS, MASCORP and MAATS (for 2011 only), the 5% tax on MAPDC's gross income from its PEZA-registered activities (see Note 23) 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:

	2013					
	MAC	MACS	MASCORP	MAPDC	MAATS	MMC
Deferred income tax assets on:						
Tax effect of:						
Allowances for:						
Probable losses	₱–	₱11,142,692	₱–	₱–	₱–	₱–
Doubtful accounts	–	2,714,316	383,559	–	377,286	–
NOLCO	4,118,387	–	–	–	–	–
Lease rental receivables	–	–	–	5,862,421	–	–
Accrued retirement benefits payable	–	1,303,178	413,074	–	–	–
Accrued sick leave	–	–	–	–	46,184	–
Accrued expenses not yet deductible	–	163,097	860,562	–	–	–
Unrealized foreign exchange loss	–	–	284,186	–	122,618	–
Advances from customer	–	–	–	–	–	25,226
Allowance for inventory obsolescence	–	300,000	–	–	–	–
Unamortized past service cost	–	765,497	154,796	–	246,726	–
	4,118,387	16,388,780	2,096,177	5,862,421	792,814	25,226
Deferred tax liabilities on:						
Lease rental liabilities	–	–	–	(5,862,421)	–	–
Unrealized foreign exchange gain	(4,118,387)	(2,326,241)	–	–	–	(25,226)
Fair value changes of AFS investments	(415,000)	–	–	–	–	–
Pension asset	–	–	–	–	(94,752)	–
	(4,533,387)	(2,326,241)	–	(5,862,421)	(94,752)	(25,226)
Net deferred tax assets (liability)	(₱415,000)	₱14,062,539	₱2,096,177	₱–	₱698,062	₱–

	2012 (As restated, Note 2)					
	MAC	MACS	MASCORP	MAPDC	MAATS	MMC
Deferred tax assets on:						
Tax effect of:						
Allowances for:						
Probable losses	₱–	₱11,607,776	₱–	₱–	₱–	₱–
Doubtful accounts	–	1,994,316	–	–	377,286	–
Lease rental receivables	–	–	–	5,863,421	–	–
Accrued retirement benefits payable	–	809,461	275,583	–	–	–
Accrued expenses not yet deductible	–	1,201,870	1,032,661	–	–	–
Unrealized foreign exchange loss	–	736,105	–	–	8,260	24,975
Advances from customer	–	–	–	–	–	3,296,191
Allowance for inventory obsolescence	–	300,000	–	–	–	–
Unamortized past service cost	–	36,476	6,933	–	165,611	–
Excess of MCIT over RCIT	–	–	–	–	66,224	–
	–	16,686,004	1,315,177	5,863,421	617,381	3,321,166

(Forward)

	2012 (As restated, Note 2)					
	MAC	MACS	MASCORP	MAPDC	MAATS	MMC
Deferred tax liabilities on:						
Lease rental liabilities	₱–	₱–	₱–	(₱5,863,421)	₱–	₱–
Unrealized foreign exchange gain	–	–	(8,679)	–	–	–
Fair value changes of AFS investments	(1,465,000)	–	–	–	–	–
Pension asset	–	–	–	–	(250,677)	–
	(1,465,000)	–	(8,679)	(5,863,421)	(250,677)	–
Net deferred tax assets (liability)	(₱1,465,000)	₱16,686,004	₱1,306,498	₱–	₱366,704	₱3,321,166

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:

	2013	2012	2011
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
Unrecoverable creditable withholding taxes	**–**	1,747,707	1,747,707
Impairment in value of investment property	**–**	17,260,303	17,260,303
Accrued retirement benefits payable	**13,539,313**	6,163,668	5,394,364
Unrealized foreign exchange losses	**11,569,003**	4,503,154	1,159,222
Accrued incentive pay	**1,243,769**	–	16,663,282
NOLCO	**205,594,458**	323,960,449	276,594,726
MCIT	**4,384,308**	3,349,970	3,103,657

No deferred income tax assets were recognized on these temporary differences, MCIT and NOLCO as management believes that the Company may not have enough taxable regular income and capital gains against which these temporary differences, MCIT and NOLCO can be used.

c. 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 MCIT follow:

		2013		2012	
Year Incurred	Expiry Date	**NOLCO**	**MCIT**	NOLCO	MCIT
MAC					
2013	2016	**₱–**	**₱2,150,917**	₱–	₱–
2012	2015	**93,238,245**	**1,432,268**	93,238,245	1,432,268
2011	2014	**117,074,979**	**781,001**	117,074,979	781,001
2010	2013	**–**	**–**	113,452,707	1,136,701
		210,313,224	**4,364,186**	323,765,931	3,349,970
MMC					
2013	2016	**6,193,809**	**–**	–	–
ASSC					
2013	2016	**42,181**	**–**	–	–
2012	2015	**66,404**	**–**	66,404	–
2011	2014	**44,375**	**–**	44,375	–
2010	2013	**–**	**–**	83,739	–
		152,960	**–**	194,518	–
SNVRDC					
2013	2016	**₱2,461,856**	**₱–**	₱–	₱–
PWBRI					
2013	2016	**200,566**	**–**	–	–
MAPDC					
2013	2016	**–**	**20,122**	–	–
MAATS					
2012	2015	**–**	**–**	–	66,224
		₱219,322,415	**₱4,384,308**	₱323,960,449	₱3,416,194

d. Movements of NOLCO and MCIT are as follows:

	NOLCO		MCIT	
	2013	2012	**2013**	2012
MAC				
Beginning balance	**₱323,765,931**	₱289,075,623	**₱3,349,970**	₱3,103,657
Additions	**–**	93,238,245	**2,150,917**	1,432,268
Expired	**(100,990,220)**	(58,547,939)	**(1,136,701)**	(1,185,955)
Application	**(12,462,487)**	–	**–**	–
Ending balance	**₱210,313,224**	₱323,765,929	**₱4,364,186**	₱3,349,970
MMC				
Beginning balance	**₱–**	₱135,395	**₱–**	₱–
Additions	**6,193,809**	–	**–**	–
Application	**–**	(135,395)	**–**	–
Ending balance	**₱6,193,809**	₱–	**₱–**	₱–
ASSC				
Beginning balance	**₱194,518**	₱158,183	**₱–**	₱–
Additions	**42,181**	66,404	**–**	–
Expired	**(83,739)**	(30,069)	**–**	–
Ending balance	**₱152,960**	₱194,518	**₱–**	₱–
SNVRDC				
Beginning balance	**₱–**	₱–	**₱–**	₱–
Additions	**2,461,856**	–	**–**	–
Ending balance	**₱2,461,856**	₱–	**₱–**	₱–
PWBRI				
Beginning balance	**₱–**	₱–	**₱–**	₱–
Additions	**200,566**	–	**–**	–
Ending balance	**₱200,566**	₱–	**₱–**	₱–
MAATS				
Beginning balance	**₱–**	₱–	**₱66,224**	₱–
Additions	**–**	–	**–**	66,224
Application		–	**(66,224)**	–
Ending balance	**₱–**	₱–	**₱–**	₱66,224

e. The reconciliation of the provision for (benefit from) income tax at the statutory tax rates to the provision for income tax as shown in the consolidated statements of income is as follows:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Provision for (benefit from) income tax computed at the statutory tax rate	**(₱37,853,142)**	(₱45,552,806)	₱102,400,483
Adjustments resulting from:			
Share in net income (loss) of associates	**75,560,544**	44,521,194	(91,884,862)
Nondeductible expenses	**1,618,358**	1,653,450	1,827,247
Movements in deductible temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized	**1,305,501**	31,521,731	26,648,246
Interest income already subjected to final tax at lower rates or not subject to income tax	**(5,965,429)**	(4,201,822)	(7,161,314)
Provision for income tax	**₱34,665,832**	₱27,941,747	₱31,829,800

25. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share are computed as follows:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
Net income (loss) attributable to equity holders of the Company	**(₱170,047,500)**	(₱186,160,179)	₱302,274,513
Divided by weighted average number of common shares outstanding*	**1,233,404,000**	1,242,935,186	1,246,442,614
	(₱0.14)	(₱0.15)	₱0.24

** The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.*

26. Equity

a. 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 ₱54.2 million and ₱325.9 million as of December 31, 2013 and 2012, respectively.
- Cost of treasury shares amounting to ₱49.4 million as of December 31, 2013 and 2012.
- Deferred income tax assets amounting to ₱3.5 million as of December 31, 2013 (nil as of December 31, 2012).

b. Appropriation of retained earnings

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 (2) years.

On June 21, 2012, MASCORP's BOD approved the appropriation of its retained earnings which amounted to ₱30 million for business expansion. The expansion program is expected to run for two (2) 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 2015. As to the mining project, the Company intends to start development activities and mining operations on 2015, after the period allotted for the extension of exploration, if on-going studies indicate favorable economics.

On December 12, 2011, MAATS' BOD approved the appropriation of its retained earnings which amounted to ₱15.0 million for purposes of expanding the business of MAATS, particularly the acquisition of an aircraft hangar. Acquisition is to be made in 2015 or earlier.

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

Date Approved	Per share	Stockholder of Record Date	Date of Payment
March 25, 2013	₱0.065	April 24, 2013	May 19, 2013
March 7, 2012	0.065	April 24, 2012	May 18, 2012
March 21, 2011	0.065	April 25, 2011	May 19, 2011

d. Treasury stock

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

There was no reacquisition of shares in 2013. In 2012 and 2011, the Company has reacquired 6,125,000 shares for ₱17.5 million and 7,486,000 shares for ₱23.2 million, respectively.

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

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, 2012 and 2013	1,233,404,000

f. Track record of registration of securities

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

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

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

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

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

iv. All warrants expired in 2005.

MAC's shares are listed and traded at the Philippine Stock Exchange, Inc. and the approximate number of holders of its common equity as of December 31, 2013 and 2012 is 867 and 876, respectively.

g. Cash dividends received by non-controlling interest

i. 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. This was fully paid in 2013.

Dividends attributed to non-controlling interest amounted to ₱12.0 million.

ii. On March 2, 2011, MACS' BOD approved the declaration of cash dividend amounting to ₱10.0 million or ₱8 per share on MACS' 1,250,000 issued and outstanding shares payable to stockholders on record as of declaration date. This was fully paid during the year. Dividends attributed to non-controlling interest amounted to ₱2.0 million.

h. Acquisition of non-controlling interest

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

27. Significant Agreements and Commitments

a. Concession Agreements

MACS and MASCORP have concession agreements with Manila International Airport Authority (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. In 2012 and 2011 the concession agreement of MACS was renewable every year upon mutual agreement of the parties. In 2013, the concession agreement of MACS is renewed for a period of 3 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 ₱99.1 million, ₱95.8 million and ₱71.2 million in 2013, 2012 and 2011, respectively, which is presented under direct cost (see Note 18).

b. Lease Agreements

i. 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. As of December 31, 2012, the lease agreement was not renewed.

In October 2013, MACS 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, renewable yearly up to

three years, subject to certain conditions. Total minimum lease payment for this lease agreement follow:

Within one year	₱14,696,372
After one year up to end of lease contract	20,819,860
	₱35,516,232

Lease expense relating to this lease agreement amounted to ₱16.45 million, ₱11.3 million and ₱10.6 million in 2013, 2012 and 2011, respectively.

ii. 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:

1. 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.

2. 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.

3. 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.

4. The contract may be terminated and cancelled at the instance of MAPDC if:

   a. MAPDC, its sub-lessee or any of its successors-in-interest, cease to operate their business; and or
   b. 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:

	2013	2012
Within one year	**₱160,131,238**	₱160,131,238
After one year but not more than five years	**659,874,143**	827,344,729
Five years up to end of lease contract	**1,140,534,742**	1,162,953,115
	₱1,960,540,123	₱2,150,429,082

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 ₱4.6 million and ₱4.0 million as of December 31, 2013 and 2012, 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 2013, 2012 and 2011. Accretion of the rental deposit (included as part of "Interest income" account) amounted to ₱0.6 million in 2013 and ₱0.5 million in 2012 and 2011. As of December 31, 2013 and 2012, deferred rent expense amounted to ₱11.2 million and ₱12.2 million, respectively.

Further, as a result of the straight-line recognition of operating lease expense, accrued rental payable was recognized which amounted to ₱117.6 million and ₱117.3 million as of December 31, 2013 and 2012, respectively.

Rent expense amounted to ₱161.5 million in 2013, 2012 and 2011.

iii. MASCORP has a lease agreement with MIAA for the lease of office space and staging area in the following locations:

1. Terminal 1 for a period of one year and renewable at the sole option of MIAA.

2. Terminal 2 on a month-to month basis.

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 ₱6.4 million, and ₱3.9 million and ₱4 million in 2013, 2012 and 2011, respectively.

iv. In 2012, MASCORP entered into a lease agreement with Sky Freight Center located at Ninoy Aquino Avenue, Paranaque City for its office space. The 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. Total rent expense charged to operations amounted to ₱1.2 million and ₱0.9 million in 2013 and 2012, respectively. On December 31, 2012, MASCORP paid security deposit amounting to ₱0.3 million which was included under the "Deposits and other noncurrent assets" account (see Note 14).

The future annual rental commitments of the foregoing lease agreement as of December 31 follow:

	2013	2012
Within one year	**₱1,191,465**	₱1,148,400
After one year but not more than five years	**2,896,983**	4,088,448
	₱4,088,448	₱5,236,848

v. 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 31). The Company prepaid the rental charges up to 18 to 30 years totalling ₱9.0 and ₱9.6 million as of December 31, 2013 and 2012, respectively, and is included under "Deposits and other noncurrent assets" account (see Note 14). Rental

rates are subject to escalation during the lease periods. Rental expense charged to operations amounted to ₱0.6 million in 2013 and 2012 and ₱0.5 million in 2011. This is included as part of "Mining expenses" under "Operating expenses" account (see Note 19).

c. Service Fee

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. Total service fee recognized by MACS amounted to ₱41.4 million, ₱43.8 million and ₱37.8 million in 2013, 2012 and 2011, respectively. SATS' corresponding share of the service fee amounted to ₱8.3 million, ₱8.8 million and ₱7.6 million in 2013, 2012 and 2011, respectively. Outstanding payable to SATS amounted to ₱6.7 million and ₱8.8 million as of December 31, 2013 and 2012, respectively (see Note 16).

d. Exploratory Service Agreement

On August 24, 2012, MMC entered into a Contract for Services Agreement with a third party, wherein the MMC will undertake exploratory drilling and sampling of nickel laterite services on the third party's mining tenement (the Services).

Revenue recognized amounted to ₱9.2 million and ₱10.3 million in 2013 and 2012, respectively, while the outstanding receivable balance as of December 31, 2013 and 2012 amounted to ₱4.0 million and ₱8.3 million, respectively.

e. Waterworks SystemAgreement

On February 12, 2013, MAPDC entered into a Memorandum of Agreement (the Agreement) with Municipal Government of Solano, Nueva Vizcaya (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 is required to incorporate a new company based in Solano, Nueva Vizcaya to serve as the operating entity.

The title to the entire waterworks facility assumed, if any, and procured by MAPDC shall remain the absolute property of MAPDC, unless otherwise specified in the Agreement.

28. 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, 2013 and 2012. Further, no changes were made in the objectives, policies or processes for each of the three years in the period ended December 31, 2013.

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:

	2013	2012 (As restated, Note 2)
Capital stock	**₱1,250,000,000**	₱1,250,000,000
Additional paid-in-capital	**281,437,118**	281,437,118
Treasury shares	**(49,418,660)**	(49,418,660)
Retained earnings	**1,373,499,166**	1,623,717,926
	₱2,855,517,624	₱3,105,736,384
Net loss	**(₱160,842,971)**	(₱179,784,432)
Return on equity	**-5.63%**	-5.79%

29. 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 90% and 89% of MACS and 63% and 70% of MASCORP's revenue in 2013 and 2012, respectively, are denominated in US$. Starting in 2009, the Company and MACS entered into forward contracts to mitigate this risk. 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 22.

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 (amounts in millions):

	Movement in US$ and RMB	Increase (decrease) in Income/Loss before Income Tax US$	Increase (decrease) in Income/Loss before Income Tax RMB
2013	**Increase of 5%**	**(₱13.4)**	**(₱0.02)**
	Decrease of 5%	**13.4**	**0.02**
2012	Increase of 4%	(11.6)	–
	Decrease of 4%	11.6	–
2011	Increase of 5%	31.2	13.8
	Decrease of 5%	(31.2)	(13.8)

The Group reported net foreign exchange gain of ₱29.31 million and ₱17.7 million in 2013 and 2011, respectively, and net foreign exchange loss of ₱59.7 million in 2012 (see Note 21).

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

December 31, 2013:

	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard Grade	Sub-standard Grade		
Loan and receivable:					
Cash in bank and cash equivalents*	**₱866,454,493**	**₱–**	**₱–**	**₱–**	**₱866,454,493**
Receivables:					
Trade	**93,626,585**	**27,107,932**	**29,341,649**	**152,375,164**	**302,451,330**
Due from related parties	**38,761,938**	–	–	–	**38,761,938**
Due from officers and employees	**12,344,665**	–	–	–	**12,344,665**
Interest receivables	**2,709,385**	–	–	–	**2,709,385**
Other receivables	**14,651,493**	–	–	**3,371,409**	**18,022,902**
Deposits	**19,384,751**	–	–	–	**19,384,751**
Project advances and investment**	–	**15,572,088**	–	–	**15,572,088**
AFS investments-					
Retail treasury and corporate bonds	**106,615,071**	–	–	–	**106,615,071**
	₱1,154,548,381	**₱42,680,020**	**₱29,341,649**	**₱155,746,573**	**₱1,382,316,623**

**Exclusive of cash on hand amounting to ₱926,436 as of December 31, 2013.*
*** Exclusive of nonfinancial assets of ₱3,304,000 as of December 31, 2013.*

December 31, 2012:

	Neither past due nor impaired			Past due or individually impaired	Total
	High Grade	Standard Grade	Sub-standard Grade		
Loan and receivable:					
Cash in bank and cash equivalents*	₱641,773,726	₱–	₱–	₱–	₱641,773,726
Receivables:					
Trade	88,249,142	12,136,651	15,104,040	133,842,317	249,332,150
Due from related parties	31,998,894	–	–	–	31,998,894
Due from officers and employees	8,853,045	–	–	–	8,853,045
Interest receivables	6,070,043	–	–	–	6,070,043
Other receivables	2,028,562	–	–	5,350,684	7,379,246
Deposits	18,522,404	–	–	–	18,522,404
Project advances and investment**	–	13,222,088	–	–	13,222,088
AFS investments-					
Retail treasury and corporate bonds	394,517,836	–	–	–	394,517,836
	₱1,192,013,652	₱25,358,739	₱15,104,040	₱139,193,001	₱1,371,669,432

**Exclusive of cash on hand amounting to ₱1,037,521 as of December 31, 2012.*
***Exclusive of nonfinancial assets of ₱3,304,000 as of December 31, 2012.*

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
2013	**₱33,378,250**	**₱55,822,716**	**₱20,796,741**	**₱34,164,996**	**₱11,583,870**	**₱155,746,573**
2012	32,569,541	44,659,573	11,720,740	42,337,806	7,905,341	139,193,001

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 in 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, 2013 and 2012, 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 net loss before income tax 2013	Increase (decrease) in income before income tax 2012	Increase (decrease) in income before income tax 2011
100 bp rise	**₱0.27 million**	₱39.5 million	(₱13.1 million)
100 bp fall	**0.27 million**	(39.5 million)	13.1 million
50 bp rise	**0.14 million**	19.7 million	(6.6 million)
50 bp fall	**(0.14 million)**	(19.7 million)	6.6 million

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

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

In addition, MASCORP has an available credit line for ₱20.0 million as of December 31, 2013. The line of credit is available through drawing of checks up to the approved credit line and will be effective up to November 2014.

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, 2013:

	<1 year	**>1-2 years**	**>2-3 years**	**>5 years**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱867,380,929**	**₱–**	**₱–**	**₱–**	**₱867,380,929**
Receivables:					
Trade	**290,867,460**	**–**	**–**	**–**	**290,867,460**
Due from related parties	**38,761,938**	**–**	**–**	**–**	**38,761,938**
Due from officers and employees	**12,344,665**	**–**	**–**	**–**	**12,344,665**
Interest receivable	**2,709,385**	**–**	**–**	**–**	**2,709,385**
Other receivables	**18,022,902**	**–**	**–**	**–**	**18,022,902**
Deposits*	**–**	**–**	**–**	**39,951,100**	**39,951,100**
Project advances and investment**	**15,572,088**	**–**	**–**	**–**	**15,572,088**
Available for sale - debt	**–**	**106,615,071**	**–**	**–**	**106,615,071**
	1,245,659,367	**106,615,071**	**–**	**39,951,100**	**1,392,225,538**
Other financial liabilities:					
Accounts payable and accrued liabilities***	**241,694,069**	**–**	**–**	**–**	**241,694,069**
Notes payable****	**10,275,313**	**9,773,438**	**9,272,708**	**–**	**29,321,459**
Dividends payable	**12,620,761**	**–**	**–**	**–**	**12,620,761**
Deposit****	**–**	**–**	**–**	**24,588,996**	**24,588,996**
	264,590,143	**9,773,438**	**9,272,708**	**24,588,996**	**308,225,285**
Liquidity position	**₱981,069,224**	**₱96,841,633**	**(₱9,272,708)**	**₱15,362,104**	**₱1,084,000,253**

** Inclusive of accretion of interest of ₱20,566,349.*
*** Exclusive of nonfinancial assets of ₱3,304,000 as of December 31, 2013.*
**** Exclusive of nonfinancial liabilities of ₱28,429,666.*
***** Inclusive of interest to maturity of ₱2,321,459*
******Inclusive of accretion of interest of ₱19,966,800*

December 31, 2012:

	<1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	₱642,811,247	₱–	₱–	₱–	₱642,811,247
Receivables:					
Trade	241,426,809	–	–	–	241,426,809
Due from related parties	31,988,894	–	–	–	31,988,894
Due from officers and employees	8,853,045	–	–	–	8,853,045
Interest receivable	6,070,043				6,070,043
Other receivables	7,379,246	–	–	–	7,379,246
Deposits*	–	–	–	27,455,645	27,455,645
Project advances and investment**	13,222,088	–	–	–	13,222,088
Available for sale - debt	–	394,517,836	–	–	394,517,836
	951,751,372	394,517,836	–	27,455,645	1,373,724,853
Other financial liabilities:					
Accounts payable and accrued liabilities***	193,953,868	–	–	–	193,953,868
Dividends payable	8,456,776	–	–	–	8,456,776
Deposit****	–	–	–	24,588,996	24,588,996
	202,410,644	–	–	24,588,996	226,999,640
Liquidity position	₱749,340,728	₱394,517,836	₱–	₱2,866,649	₱1,146,725,213

** Inclusive of accretion of interest of ₱21,179,229.*
*** Exclusive of nonfinancial assets of ₱3,304,000 as of December 31, 2012.*
**** Exclusive of nonfinancial liabilities of ₱36,382,230.*
***** Inclusive of accretion of interest of ₱20,579,680.*

30. Fair Value

The following table provides the comparison of carrying amounts and fair values of the Group's assets and liabilities:

As at 31 December 2013:

			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		**₱66,871,704**	**₱66,871,704**	**₱–**	**₱–**
Corporate bonds	December 31,	**39,743,367**	**39,743,367**	–	–
Golf club shares	2013	**30,176,800**	**30,176,800**	–	–
Assets for which fair value is disclosed:					
Investment property (Note 12)	December 17, 2013	**143,852,303**	–	–	**174,064,000**
Deposits (Note 14)	December 31, 2013	**30,767,121**			**30,767,121**
Liabilities for which fair value is disclosed					
Deposits (Note 17)	December 31, 2013	**16,004,566**			**16,004,566**

As at 31 December 2012:

			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		₱212,968,149	₱212,968,149	₱–	₱–
Corporate bonds	December31,	181,549,687	181,549,687	–	–
Golf club shares	2012	40,176,800	40,176,800	–	–
Assets for which fair value is disclosed:					
Investment property (Note 12)	December 29, 2010	126,592,000	–	–	126,592,000
Deposits (Note 14)	December 31, 2012	28,713,778			28,713,778
Liabilities for which fair value is disclosed					
Deposits (Note 17)	December 31, 2013	14,200,690			14,200,690

There have been no transfers between Level 1 and 2 in 2013 and 2012.

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.

Derivative Financial Instruments
In prior years, the Company and MACS entered into forward currency forwards to manage its foreign currency risk primarily arising from its US$-denominated cash and placements and receivables. There were no outstanding exchange contracts as of December 31, 2013 and 2012.

Fair Value Changes in Derivatives
The net movements in fair value of the Group's derivative instruments in 2013 and 2012 are as follows (amounts in millions):

	2013	2012
Balances at beginning of year	**₱–**	₱–
Net fair value changes during the year	**1.1**	1.5
Net fair value of settled transactions	**(1.1)**	(1.5)
Balances at end of year	**₱–**	₱–

The net fair value changes of the derivatives are included under "Foreign exchange gain (loss) - net" in the consolidated statements of income.

31. Deferred Mine Exploration Costs and Mining-Related Activities

The movement of deferred mine exploration costs follows:

	2013	2012
Beginning balance	**₱237,489,872**	₱220,268,331
Additions	**–**	17,221,541
Ending balance	**237,489,872**	237,489,872
Less accumulated impairment loss	**4,181,184**	4,181,184
	₱233,308,688	₱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 DENR and the Company.

In 2008, the Supreme Court has ruled with finality that the Company has vested and 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 Department of Environment and Natural Resources (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.

Additions to deferred mine exploration costs primarily pertain to drilling, assay analysis, geological survey and site management expenditures.

Administrative expenses related to the mining exploration activities are expensed as incurred and presented under "Mining expenses" account in the consolidated statements of income. These amounted to ₱13.3 million, ₱13.8 million and ₱35.6 million in 2013, 2012 and 2011, respectively (see Note 19).

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.

COMMITTEES, OTHER ENTITIES AND SHAREHOLDER INFORMATION

Nomination Committee
Washington Z. SyCip - Chairman
Harry C. Tan - Member
Johnip G. Cua – Member (Independent Director)
Marivic T. Moya – Member (Non-Voting Member)

Audit Committee
Johnip G. Cua – Chairman (Independent Director)
Jaime J. Bautista – Member
Harry C. Tan - Member
Ben C. Tiu – Member (Independent Director)
Carmen K. Tan – Member

Compensation Committee
Johnip G. Cua - Chairman (Independent Director)
Washington Z. SyCip – Vice Chairman
Jaime J. Bautista – Member
Harry C. Tan – Member
Lucio K. Tan, Jr. – Member

Investment Committee
Washington Z. SyCip - Chairman
Lucio K. Tan, Jr. – Member
Johnip G. Cua – Member (Independent Director)
Joseph T. Chua – Member
George Y. SyCip – Member
Carmen K. Tan – Member

Risk Management Committee
Jaime J. Bautista – Chairman
Harry C. Tan – Vice-Chairman
Ben C. Tiu – Member (Independent Director)
Joseph T. Chua – Member
Lucio K. Tan, Jr. – Member
Johnip G. Cua – Member (Independent Director)

Mining Committee
Johnip G. Cua - Chairman (Independent Director)
Joseph T. Chua – Member
George Y. SyCip - Member
Lucio K. Tan, Jr. – Member

Investor Relations
For further information about MacroAsia Corporation, please contact:

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12th Floor, Allied Bank Center, 6754 Ayala Avenue
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Ms. Jenna Mae V. Diaz
12th Floor, Allied Bank Center, 6754 Ayala Avenue
Makati City, 1226 Philippines
Tel No.: +63 2 8402001
Email: jvdiaz@macroasiacorp.com

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

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

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

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

Philippine National Bank
Ayala Avenue Branch
6772 Ayala Avenue
Makati City

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

Stock and Transfer Agent
Philippine National Bank
(formerly Allied Banking Corporation)
Trust Banking Group
4th Floor, Allied Bank Center
6754 Ayala Avenue, Makati City

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

Stock Code
Philippine Stock Exchange - MAC

Financial Calendar
Year Ended 31st December 2013
Annual Report Announcement - 15 April 2014
Annual General Stockholders' Meeting - 18 July 2014
First Quarter Interim Results Announcement - 15 May 2014

DIRECTORY OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Lufthansa Technik Philippines, Inc. (LTP)
(A Joint Venture with MacroAsia Corporation)
MacroAsia Special Economic Zone
Villamor, Airbase, Pasay City 1309, Philippines
Tel Nos.: + 63 2 8552222
Fax Nos.: +63 2 8559392
http://www.ltp.com.ph

MacroAsia Catering Services, Inc. (MACS)
(Formely MacroAsia – Eurest Catering Services, Inc.)
Asia Site, West Service Road, Merville Exit,
NAIA, Pasay City 1300, Philippines
Tel Nos.: +63 2 8282011
Fax Nos.: +63 2 8284717
http://www.macroasiacatering.com

MacroAsia Airport Services Corporation (MASCORP)
(Formerly MacroAsia – Menzies Airport Services Corporation)
Room 416, 4th Floor IPT Building,
NAIA, Pasay City 1300, Philippines
Tel Nos.: +63 2 8795886
Fax Nos.: +63 2 8795882
Website: http://www.mascorp.ph

Cebu Pacific Catering Services, Inc. (CPCS)
1st Avenue Extension, Block B6
Mactan Economic Zone,
Lapu-Lapu City, Philippines
Tel Nos.: +63 32 3405838/ +63 32 3405848/+63 32 3405858
Fax Nos.: +63 32 3405358

MacroAsia Air Taxi Services, Inc. (MAATS)
No. 18 Marigold Street Ext., Barangay 200,
Zone 20 Rivera Village, NAIA Pasay City Philippines 1301
Tel Nos.: +63 2 8539723

MacroAsia Properties Development Corporation (MAPDC)
MacroAsia Special Economic Zone
Villamor Airbase ,
Pasay City 1309, Philippines
Tel Nos.: +63 2 8535201
Fax Nos.: +63 2 8535200

MacroAsia Mining Corporation (MMC)
12th Floor, Allied Bank Center,
6754 Ayala Avenue,
Makati City 1226, Philippines
Tel Nos.: +63 2 8402001
Fax Nos.: +63 2 8401892

Airport Specialists' Services Corporation (ASSC)
12th Floor, Allied Bank Center,
6754 Ayala Avenue,
Makati City 1226, Philippines
Tel Nos.: +63 2 8402001
Fax Nos.: +63 2 8401892

Lufthansa Technik Philippines