COVER SHEET

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SEC Registration Number

MACROASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

7F Ricogen Building 112 Aguirre Street Legazpi Village, Makati City

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

Amador T. Sendin
(Contact Person)

0917-813-8958
(Company Telephone Number)

0 9 *Month* **3 0** *Day*
(Calendar Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

NA
(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

848
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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MACROASIA CORPORATION

MACROASIA CORPORATION
September 30, 2024

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

1. For the quarterly period ended **September 30, 2024**

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

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

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

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

7. **7th Floor Ricogen Building, 112 Aguirre Street Legazpi Village, Makati City** **1229**
Address of Issuer's Principal office — Postal Code

8. **(632) 0917-813-8958**
Issuer's telephone number including area code

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

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

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

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

Yes [**X**] No [ ]

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

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

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MACROASIA CORPORATION AND SUBSIDIARIES

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

For the Third Quarter and Period Ended September 30, 2024

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

The unaudited condensed consolidated financial statements for the third quarter ended September 30, 2024, have been prepared in accordance with Philippine Accounting Standard 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements which are filed as Annex 1 of this report, do not include all the information required by generally accepted accounting principles in the Philippines (Philippine GAAP) for complete financial statements as set forth in the Philippine Financial Reporting Standards (PFRS).

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

The main objective of this MD&A is to help the readers understand the dynamics of our Group’s businesses and the key underlying factors for our financial results. Hence, our MD&A is comprised of discussions about our core business units and our analysis of the results of their operations.

This section also focuses on key statistics from the unaudited condensed consolidated financial statements and discusses known risks and uncertainties relating to the core business units during the stated reporting period. However, our MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in general, economic, political and environmental conditions after the stated reporting period or after the date of this report.

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

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

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

BUSINESS OVERVIEW

A. MacroAsia Corporation: Parent Company as a Holding Company

MacroAsia Corporation (MAC) used to be Infanta Mineral & Industrial Corporation (IMIC) which was incorporated in the Philippines on February 16, 1970 to engage in the business of geological exploration and development.

IMIC operated the Infanta Nickel Mine in Brooke's Point, Palawan during the 1970's and exported nickel ore to Japan until it ceased commercial mining operations due to low nickel prices then. IMIC's Articles of Incorporation was amended on January 26, 1994 to change its primary purpose from geological exploration and development to that of engaging in the business of a holding company and to change its corporate name to Cobertson Holdings Corporation.

On November 6, 1995, the SEC approved the amendment to the Company's Articles of Incorporation to change its name from Cobertson Holdings Corporation to its present name, MacroAsia Corporation. With this amended charter, MacroAsia Corporation began commercial operations as a holding company in 1996.

MacroAsia Corporation now pursues its business interests mainly in aviation services, food services and water concessions and utilities through its various subsidiaries and associates. It provides aircraft maintenance, repairs and overhaul (MRO) services, in-flight catering services, airport ground handling services, aviation school, and operates a special economic zone at the Ninoy Aquino International Airport (NAIA). Non-airline sources of income for the group include catering for institutional clients, and water concessions and utilities.

For the last three years as of reporting date:

- Neither MAC nor any of its subsidiaries/associates has ever been the subject of any bankruptcy, receivership, or similar proceedings;

- During this period, MAC and its related entities also had no material reclassifications, mergers, consolidation or purchase of significant amount of assets not in the ordinary course of business;

- None of the companies issued debt securities like bonds or offered company securities to the investing public; and

- As a services provider, there were no material or major expenses for research and development.

B. Strategic Business Units

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

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

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Catering Services, Inc. (MACS)**: 67% owned by MAC; 33% owned by SATS, Singapore. This subsidiary was incorporated on October 25, 1996. This JV competes with a smaller inflight operator in NAIA.	Provides airline catering to majority of foreign airlines operating in NAIA, Philippines, and also services the catering requirements of institutional clients.	This inflight kitchen for foreign airlines remains to be the biggest and preferred caterer for foreign airlines in NAIA, with sales volume totaling 2.99 million meals in year-to-date September 2024, 2.81 million in 2023 & 1.40 million in 2022 (9 months comparable period). As of September 2024, this kitchen had 513 total staff.
b. **MacroAsia SATS Inflight Services Corp. (MSISC)**. This company is a wholly-owned subsidiary of MACS.* Its incorporation date is May 16, 2016.	Operates solely the PAL Inflight Kitchen near NAIA Terminal 2 since March 2019, and as such, depends only on the catering requirements of Philippine Airlines in its base in NAIA.	The PAL Inflight Kitchen had sales volume of 4.85 million meals as of year-to-date September 2024, 5.25 million in 2023 & 3.08 million in 2022 (9 months comparable period). As of September 2024, this kitchen had 732 total staff.
c. **MacroAsia SATS Food Industries Corporation (MSFI).** This company is a wholly-owned subsidiary of MACS.* This JV associate was incorporated on July 14, 2015.	This company operates a commissary or central kitchen in a MacroAsia-owned land in Muntinlupa City. It caters mostly to institutional or business accounts outside of the airport. It also performs food services management in several facilities (like banks, head office	Focusing on non-airport meal sales, its sales volumes year-to-date September 2024 is 9.29 million meals, 8.84 million in 2023 & 5.61 million in 2022 (9 months comparable period). As of September 2024, this kitchen had 541 total staff.

The market for this business is fragmented and MSFI is one of the bigger service providers, winning various tenders it has been joining.	buildings, etc.).	
d. **Cebu Pacific Catering Services, Inc. (CPCS).** This company is 40% owned by MAC, 40% by Cathay Pacific Catering Services of Hongkong and 20% by MGO Group of Cebu There is no inflight catering competitor for this JV in Mactan, Cebu Airport.	The JV operates an inflight kitchen in the Mactan Economic Processing Zone near Mactan, Cebu Intl Airport. It is the sole inflight kitchen in Mactan, Cebu and services domestic and foreign airlines operating out of the airport.	This inflight kitchen generated volumes of 299,639 meals year-to-date September 2024 and 118,170 in 2023. The inflight kitchen was under care & maintenance in 2021 and 2022 due to minimal airline passenger catering in the airport during those years as a result of pandemic-related travel restrictions. As of September 2024, this kitchen had 102 total staff.

* *On September 12, 2024, during the Special Stockholders' Meeting of MACS, 67% owned subsidiary of MAC and 33% owned by SATS Ltd., its stockholders approved the declaration of property dividends which consist of shares of stocks at cost of MACS' two subsidiaries MSISC and MSFI. The transfer of ownership shall be subject to the release of the electronic Certificate Authorizing Registration (eCAR) under the Bureau of Internal Revenue (BIR) rules. This transaction is part of the move to make MSFI (the Commissary) as the mother entity for the food group - under it shall be the 2 inflight kitchens (MACS and MSIS) as its subsidiaries.*

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

<u>Government Approval/Concessions:</u>
The facilities for the foreign airlines kitchen (MACS) and the PAL Kitchen (MSISC) are government properties in the airport and are covered by lease/sub-lease agreements that are being renewed from time to time. MACS, MSISC and CPCS also are accredited by the respective airport authorities where they operate.

Risks and Opportunities:

From Q2 2020 to 2022, the major risk faced by the food business units is related to the curtailment of mobility due to the measures implemented by governments to contain Covid-19. The restrictions on airline travel in 2020 to early part of 2023 constrained the available airline catering market such that topline pressure was felt by the three inflight kitchens. To address this concentration risk on airline catering, the MAC Food Group focused on growing its revenue portfolio base to include non-airline clients, specifically focusing on big institutional clients outside the airport.

On September 9, 2024, MIAA Revised Administrative Order ("AO") No. 1 (Series of 2024) was published and took effect 15 days later. This AO introduced updated fees and charges to apply for the use of the facilities, services, and properties within the Project Land under the management and control of the Airport Operator. Accordingly, the Airport Operator increased the lease rate to ₱710 per square meters for the airline catering facilities at NAIA, Manila, after the reporting period. Whatever lease rates being imputed though, such are taken up as factory input costs being passed on to the airline clients. The Group's airline catering units usually adopt open-book or activity-based costing models for catering price discussions with airlines, thus ensuring consistency in catering margins as agreed upon with clients. The airline catering units are also looking forward to the foreseen capacity growth in NAIA due to the forthcoming investments by the private operator of the airport. This would mean a bigger catering market for the main gateway to the Philippines.

2) Gateway Services (Groundhandling)

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **MacroAsia Airport Services Corporation (MASCORP)**: 80% owned by MAC; 20% owned by Konoike, Japan. This subsidiary was incorporated on September 12, 1997. This JV competes with several groundhandlers in the Philippines, but this JV has the largest presence in the country, as it operates in 23 airports in the Philippines.	Provides ground handling (pax services, ramp services, baggage and cargo handling, GSE maintenance, other terminal services) to local airline base clients (related parties) and foreign airlines operating in NAIA.	The groundhandling business depends on the number of flights handled in the airport. MASCORP handled 144,884 flights year-to-date September 2024, 134,750 in 2023 and 94,336 in 2022 (9 months comparable period). As of September 2024, the company had 8,591 total staff (regular, project & contractual).
b. **MacroAsia Air Taxi Services, Inc. (MAATS).** This is a wholly-owned	Represents the heavy base maintenance clients of Lufthansa Technik	Its business is dependent on the volume of LTP clients

subsidiary of MAC, that was incorporated on June 4, 1996. Its main business is to service the foreign airline clients of LTP by providing services similar to groundhandling for fixed-based operators.	Philippines with respect to government permits (CAAP, MIAA, BOC, Immigration, etc.).	that require the services of MAATS. As of September 2024, this business unit had 7 total staff.
c. **Japan Airport Service Co., Ltd. (JASCO).** This JV is owned 30% by MAC and 70% by Konoike Transport (Japan). It was founded on March 25, 1960. It operates solely in Narita, Japan and competes with other ground handlers in that airport.	Performs ground handling activities (flight operation management, baggage handling, pax assistance services, cabin cleaning, aircraft loading/unloading, cargo/mail handling, etc.) in Narita Airport, Japan. It services local Japanese airlines and foreign airlines.	Its business is dependent on the volume of flights of its clients in Narita Airport. JASCO handled 13,516 flights year-to-date September 2024, 9,103 in 2023 and 4,873 in 2022 (9 months comparable period).

Sources and Availability of Raw Materials:

Ground handling services have no substantial requirements for raw materials, compared to catering. It mainly needs fuel for its ground support equipment (GSE) which is readily available in the airport areas.

Government Approval/Concessions:

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

Risks and Opportunities:

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

Costs of operating in NAIA (airport passes, office leases and the like) will increase in last quarter of 2024 as new rates will be implemented by the airport authority (MIAA) and its private concessionaire-operator. Such costs will be factored in as inputs to ground handling rate discussions with airline clients. Based on news releases by airport authorities, the government foresees that forthcoming investments to improve the airport will increase the flights and passenger volumes in NAIA in the coming years. This volume growth will benefit groundhandling operators like MacroAsia.

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

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

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

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

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

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

Acquiring and retaining the right and qualified talents are key to success for LTP. The company's growth is supported by a 2,952-strong headcount – a combination of highly skilled English-speaking mechanics, engineers and support personnel. It partners with Lufthansa Technical Training Philippines, an EASA 147-approved Maintenance Training Organization, to assure that its people are equipped with world-class skills. Personnel transfers within the Lufthansa Technik network and LTP are a regular occurrence, assuring the right skills are effectively and regularly transferred to the local workforce.

Business Development
LTP's main service products are line maintenance and base maintenance. In September 2024, it serviced 44 aircraft fleet for line maintenance and booked 0.99 million engineering hours for base maintenance. In September 2023, base maintenance hours were at 0.88 million hours, while 0.82 million hours were recorded in 2022.

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

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

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

The lease of the ecozone where LTP is located will be subjected to renewal in 2025 and the expectation is that lease rates will increase. Although the costs may be passed on by LTP to its airline MRO clients, exorbitant lease increases may impact on some of LTP's clients which include airlines which that are not operating in the Philippines and thus, have no direct benefit from capacity changes or improvements in NAIA. As of now, MacroAsia and LTP are discussing with the authorities already about the key terms for the ecozone in NAIA that will be applied in 2025 under the new lease terms. In the meantime, due to the growing demand for MRO service, LTP is considering an expansion project in Clark, Pampanga, outside of NAIA since the MacroAsia ecozone in Manila is already fully-developed and space-constrained.

4) Property and Ecozone Development

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

In Mactan, Cebu, MAPDC also developed the MacroAsia Cebu Special Ecozone in 2018. Similar to the Manila ecozone, this is designated as a special ecozone for aviation-related services.

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

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

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

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

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

5) Pilot School

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

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

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

As of September 30, 2024, FAA had 84 pilot trainees and a workforce of 48 employees. FAA's operations are regulated and depend on certifications from the CAAP and related government bodies. There are no existing or probable government regulations that may have an adverse effect on FAA operations. FAA did not incur any research and development expenditures during the last three fiscal years.

6) Water Concessions and Utilities

Name of Company	*Products and Services*	*Business Development (Last 3 years)*
a. **Boracay Tubi System, Inc. (BTSI)** This JV operates as one of two water providers in Boracay Island. MAPDC owns 67% of this JV, which has been operating in the Island for more than 20 years. It holds three (3) water rights and has a Certificate of Public Convenience (CPC) from the National Water Resources Board (NWRB). BTSI is currently serving more than 40% of water demand in the island of Boracay. BTSI also has 80% ownership in Monad Water Sewerage Systems, Inc. (MONAD), a water and wastewater service provider exclusively serving Barangay Yapak, Boracay Island, and 100% ownership in New Earth Water System, Inc. (NEWS), a company that has secured water rights and Certificates of Public Convenience in Visayas and Mindanao.	The JV provides potable water to residents and commercial establishments, as well as manages the septage of commercial clients. It also provides raw and treated bulk water supply to some areas in Boracay Island. It extracts water through river sources near Caticlan, Aklan and transfers these through submarine pipelines for treatment in Boracay Island.	The KPI for this business is measured in terms of water sales in millions of liters per day (MLD). These were 6.6 MLD in September 2024, 6.0 MLD in 2023 and 4.4 in 2022 (9 months comparable period). As of September 2024, BTSI had 96 staff.
b. **Naic Water Supply Corp. (NWSC)** This is a wholly-owned subsidiary of MAPDC. It was	The company provides treated potable water drawn through deep wells to residents and commercial establishments	The KPI for this business is measured in terms of water sales in millions of liters per day (MLD)., which

incorporated on September 4, 2003 and services the town of Naic and nearby areas.	in Naic, Cavite and nearby subdivisions.	stands at 12.1 MLD in September 2024; 10.8 MLD in 2023 and 10.1 MLD in 2022 (9 months comparable period). As of September 2024, this business unit had 67 total staff.
c. **Summa Water Resources, Inc. (SWRI)**. This JV is owned 60% by Allied Water Services, Inc. (100% owned by MAC). It is an Original Equipment Manufacturer (OEM) supplying a full line of standard and fully customizable water and wastewater treatment systems, and also provides treated bulk water supply to several clients.	Supply of water treatment equipment and bulk water to private & government entities in the Philippines (Bulacan, Iloilo, Albay, Cavite, Bataan, etc.)	For its bulk water supply business, it has supplied 3.5 MLD in September 2024, 3.9 in 2023 and 3.5 in 2022 (9 months comparable period). The significant topline for this JV is in its equipment sales contracts, mostly with government entities. As of September 2024, the company had 47 staff.
d. **SNV Resources Devt Corporation (SNVRDC)** This is owned 100% by MAPDC. It started as a greenfield project to build and operate a complete water works system in Solano, Nueva Vizcaya. From 0 accounts in 2016, it had achieved 5,842 connections by end of September 2024.	Supply of potable water to households, commercial and government clients in Solano, using water extracted and treated from the Magat River.	Business development is measured in terms of millions of liters per day of water sold, which stands at 2.9 MLD in September 2024; 2.6 MLD in 2023 and 2.3 MLD in 2022 (9 months comparable period). As of September 2024, this business unit had 40 total staff.
e. **Aqualink Resources Devt Inc. (ARDI)** This is owned 51% by NWSC.	Supply of potable water to households and commercial using water extracted and treated from deep well sources.	Business development is measured in terms of millions of liters per day of water sold, which stands at 27.2

This operates the water system for Lancaster New City in Cavite, which spans the areas of Gen. Trias, Imus, Carmona, Bacoor, Kawit and Tanza. It had 42,775 accounts or connections by end of September 2024.		MLD in 2024; 25.4 MLD in 2023 and 24.8 MLD in 2022 (9 months comparable period). As of September 2024, this business unit had 85 total staff.
f. Cavite Business Resources, Inc. (CBRI) This is owned 73% by NWSC and 27% by Watergy Business Solutions, Inc. (100% MAPDC). It built the Maragondon Bulk Water Treatment Plant.	Supply of bulk water in Maragondon, through water extracted from Maragondon River.	By end of 2023, the Bulk Water Supply Agreement with the Water District was agreed upon. Water service has started in the current year 2024.
g. Cavite AlliedKonsult Services Corp. (CAKSC) This is owned 100% by Allied Konsult Eco-Solutions Corporation (51%-owned by Allied Water Services Corp. (100% MAC). It built Cavite's largest facility for septage treatment in Gen. Trias, Cavite.	Treatment of septage discharge from households and commercial establishments in Cavite.	By end of 2023, its treatment agreements with some water providers were finalized. Its commercial operations started in 2024.

Sources and Availability of Raw Materials:

The chemicals and supplies for water treatment are usually locally sourced. There were no supply disruptions noted in the last three years. As for equipment which are imported, no supply issues were also reported.

Government Approval/Concessions:

The supply of potable water, as well as treatment of septage is highly regulated and should comply with government regulations. Our water business units have permits with the LGUs, National Water Resources Board (NWRB), Laguna Lake Devt Authority, Dept of Health, DENR, etc. as the case may be. Tarriff-setting is set often with NWRB in line with investments made by the business unit.

Risks and Opportunities:

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

As of the reporting period, the Group is currently working on new water projects in Cebu, Bacolod, La Union and Pangasinan but such projects will have revenue impact only in 2025 onwards.

7) Mining

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

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

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

Bulawan Mining Corporation (BUMICO) and Management Development Corporation (MADECOR), former subsidiaries of Philippine National Bank (PNB), have already been transferred to MMC. The former was officially purchased from PNB on November 15, 2018 and is now known as MMC BUMICO. The latter, meanwhile, was acquired on March 2, 2020 and is now called MMC MADECOR. The move is part of a bigger program on the spinning-off of the mining segment of MacroAsia Corporation.

The acquisition of BUMICO included its right for their Exploration Permit Application (EXPA 103-VII) over a 506-hectare area in Basay, Negros Oriental. The area has a high potential for copper-gold molybdenum–silver mineralization. Several copper and gold mining companies have shown interest in the area. In addition, MMC BUMICO also inherited the Operating Agreement with Philex Mining Corporation (PMC) in relation to the Bulawan Mining Project. Furthermore, MLC MRD 510 and EP 008-2010-VI which are under an agreement with Philex Gold Philippines, Inc. (PGPI) are now likewise part of the MMC portfolio. The application for renewal of EP 08-2010-VI is still pending with the MGB, and this renewal application has been supported by Philex.

On the other hand, MMC MADECOR has acquired EXPA 000100-VI from PNB MADECOR. This EXPA is also covered by an agreement with PGPI. The said application has been granted clearance for issuance of the permit based on a July 4, 2019 memorandum from MGB Central Office but subject to several compliance conditions. The EXPA was eventually approved on February 9, 2024.

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

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

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

On July 29, 2021, MMC signed a memorandum of agreement with Calmia Nickel, Inc. (CNI) for the exploration and eventual mining operations of the Infanta Nickel Project (MPSA No. 220-2005-IVB). Confirmatory drilling activities commenced in early November 2021 as part of the due diligence work being conducted by CNI. Current work focused on perfecting the permits for eventual mine operations. It is foreseen that the remaining critical permits needed for operations will be completed by Q4 2024 and mine development phase will start by Q2 2025. Commercial nickel ore shipments are targeted to start by Q3 2025.

As of September 30, 2024, MMC has four (4) regular employees.
MMC's present operations do not require the intensive use of raw materials. Therefore, it does not have any major existing supply contracts.

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

8) IT Services, Connectivity and Radio Trunking

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

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

As of 2024, the company has a service contract for a data connectivity project in Lancaster New City.

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

Key Performance Indicators

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

	September 30, 2024	**September 30, 2023**
Return on Net Sales (RNS)	**17.17%**	12.98%
Return on Investment (ROI)	**12.43%**	8.04%
Return on Equity (ROE)	**20.27%**	15.33%
Direct Cost Ratio	**74.11%**	76.34%
Operating Expense Ratio	**13.00%**	12.51%
Current Ratio	**1.53: 1**	1.29: 1
Debt-to-Equity Ratio	**12.01%**	17.94%
Interest Coverage Ratio	**15.49: 1**	8.62: 1
Asset-to-Equity Ratio	**1.80: 1**	2.00: 1

- Return on net sales increased from 12.98% for 2023 to 17.17% as of September 30, 2024. The positive improvement in the consolidated RNS is due to the revenue growth in our operating subsidiaries and share in net earnings of the associates in the current year compared to the same period last year.
- Movement from 8.04% to 12.43% in ROI ratio is parallel to that of the RNS due to the Group's financial performance as discussed above.
- The ROE of 20.27% in 2024 improved, compared to 15.33% for the same period of 2023. The increase is attributed to the significant growth in net income reported for the period.
- The direct cost ratio decreased from 76.34% to 74.11% for 2024 because of the improvement in business volumes of the Group.
- Operating expense ratio increased from 12.51% to 13.00% for 2024 in line with business volume growth. The Group has kept the ratio controlled.
- The Group has a healthy current ratio indicating the Group's solid ability to meet its current liabilities, with an adequate portion of current assets held as cash. Current ratio stands at 1.53: 1 compared to 1.29:1 last year.
- Debt to equity ratio stands at 12.01% for 2024 from 17.94% in the same period last year. The improvement in debt-to-equity ratio is due to the decline in loan balances which remained outstanding at period end, while the equity increased due to net income earned during the current year. The Group has been reducing the debt burden of its operating entities.
- As the Group continues to report positive operating results during the current reporting period, it will be able to cover interest payments arising from its debts. Interest coverage ratio increased from 8.62:1 to 15.49: 1 for September 30, 2024.

- The ratio between total assets and total equity indicates that the assets of the Group continue to be supported principally by shareholders' capital, rather than debt. Asset to equity ratio stands from 2.00:1 for 2023 to 1.80: 1 for the period ended September 30, 2024.

The indicators above are computed as follows:

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

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

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

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

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

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

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

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

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

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MacroAsia Corporation

Management's Discussion and Analysis (MD&A)
September 30, 2024 and September 30, 2023
Results of Operations (amounts in ₱ millions)

	Interim Unaudited		Horizontal Analysis		Vertical Analysis	
	9M 2024	9M 2023	Changes	%	9M 2024	9M 2023
REVENUE						
In-flight and other catering	**3,258.9**	2,943.6	315.3	11%	47%	51%
Ground handling and aviation	**3,094.5**	2,263.9	830.6	37%	44%	39%
Water distribution	**499.9**	456.2	43.7	10%	7%	8%
Connectivity and technology services	**43.6**	4.9	38.7	789%	1%	0%
Aviation training fee	**56.3**	44.2	12.0	27%	1%	1%
Administrative fees	**40.4**	31.1	9.3	30%	0%	0%
	6,993.6	5,744.0	1,249.6	22%	100%	100%
DIRECT COSTS AND EXPENSES						
In-flight and other catering	**2,213.2**	1,966.3	246.9	13%	32%	34%
Ground handling and aviation	**2,520.2**	2,032.8	487.4	24%	36%	35%
Water distribution	**289.8**	276.5	13.3	5%	4%	5%
Connectivity and technology services	**31.4**	3.2	28.2	891%	0%	0%
Aviation training cost	**76.7**	67.5	9.2	14%	1%	1%
Administrative fees	**51.4**	38.4	13.0	34%	1%	1%
	5,182.7	4,384.7	798.0	18%	74%	76%
GROSS PROFIT (LOSS)	**1,810.9**	1,359.3	451.6	33%	26%	24%
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	**578.3**	369.4	208.9	57%	8%	6%
	2,389.2	1,728.6	660.6	38%	34%	30%
OPERATING EXPENSES	**909.3**	718.5	190.8	27%	13%	13%
INCOME (LOSS) FROM OPERATIONS	**1,479.9**	1,010.1	469.8	47%	21%	18%
OTHER INCOME (CHARGES)						
Interest income	**23.7**	8.8	14.8	167%	0%	0%
Financing charges	**-100.5**	-122.1	21.6	-18%	-1%	-2%
Foreign exchange gain (loss) - net	**11.2**	5.6	5.6	99%	0%	0%
Others - net	**43.0**	28.8	14.2	49%	1%	1%
	-22.6	-78.9	56.2	-71%	0%	-1%
INCOME (LOSS) BEFORE INCOME TAX	**1,457.2**	931.3	526.0	56%	21%	16%
PROVISION FOR (BENEFIT FROM) INCOME TAX	**256.4**	185.5	70.9	38%	4%	3%
NET INCOME (LOSS)	**1,200.8**	745.7	455.1	61%	17%	13%
Net income (loss) attributable to:						
Equity holders of the Company	**975.9**	578.8	397.2	69%	14%	10%
Non-controlling interests	**224.9**	167.0	57.9	35%	3%	3%
	1,200.8	745.7	455.1	61%	17%	13%

Revenues

The 9-month consolidated revenues of ₱6.99 billion contrasts to ₱5.74 billion in same period last year, an increase of 22% or ₱1.25 billion. Revenue growth is noted in all business segments, with groundhandling and the food group as the biggest contributors in terms of peso amounts.

The 9-month revenues from in-flight catering and food services amounting to ₱3,258.9 million accounts for 47% of the total consolidated revenues. This year's food revenue is 11% higher than last year's comparable revenues of ₱2,943.6 million for 9 months. The revenue growth is due to higher volume of meal sales, from 17.02 million in 2023 to 17.42 million meals in 2024 (+2%) and better revenue yields.

Revenues from ground-handling & aviation services amounted to ₱3,094.5 million in 2024, an increase of ₱830.6 million (37%) from ₱2,263.9 million in 2023. Flights handled this year totaled 144,884 flights, an increase of 10,134 flights (7%) from 134,750 flights in 2023. Total revenues also increased due to repricing of ground-handling rates for certain accounts. Ground-handling revenues account for 44% of the consolidated revenues.

Revenues from water operations contributed 7% of the total revenues. The water segment revenue increased from ₱456.2 million to ₱499.9 million, a 10% increase compared to 2023. The revenues benefited from the increase in commercial water sales in Boracay, as the island saw more visitors, and the growth in revenue contribution of Naic Water Services Corporation and Aqualink. Billed volume increased by 0.9 million (7%) cubic meters (cu. m), from 13.50 million cu. m in 2023 to 14.45 million cu. m in 2024.

The connectivity and technology services company, Tera posted a revenue of ₱43.6 million from a service contract for data connectivity.

Aviation training fee revenue grew by ₱12.0 million, or 27%, driven by an increase in training hours. An increase in available aircraft allowed First Aviation Academy ("FAA") to hold more training sessions which in turn allowed for an increase in training hours.

Administrative fees from ecozone operations at ₱40.4 million reflect rate adjustments within the ecozone during the year.

Total Direct Costs

Total direct costs in 2024 amounted to ₱5,182.7 million, an increase of ₱798.0 million (18%) from 2023. The increase is attributable to the growth in business operations across all segments of the Group.

Operating Expenses

Consolidated operating expenses at ₱909.3 million shows an increase of ₱190.8 million (+27%), from ₱718.5 million in 2023, aligned with the business volume growth.

Share in Net Earnings (Losses) of Associates

Share in net income/losses of associates (LTP, CPCS and JASCO) amounted to ₱578.3 million, which increased by ₱208.9 million from ₱369.4 million from same period last year. Changes in equity shares from period to period are dependent upon the results of operations of the associated companies as follows:

- For the period ended September 30, 2024, our MRO business registered an income of ₱976.0 million from which we share 49% or ₱478.2 million. The reported increase in reported net income of LTP in 2024 is mainly attributable to improvement in revenue.
- CPCS, our catering associate in Cebu, continued to reflect positive results from operations starting the 2nd quarter of 2023 due to improvement in meal volumes. MAC booked its 40% net income share in CPCS at ₱22.1 million, compared to last year's ₱2.3 million share in net income.
- JASCO-our ground-handling associate in Japan, contributed a net income of ₱78.0 million, compared to the loss contribution of ₱9.9 million from same period last year, representing the 30% share of MAC.

Other Income (Charges)

The interest income of ₱23.7 million pertains to income earned from short-term investments and interests earnings accruing from deposits and placements.

Financing charges decreased from ₱122.1 million in 2023 to ₱100.5 million in 2024, reflecting the overall interest costs incurred from loans outstanding that continued to decline through the period as settlements were made.

Foreign exchange gain booked at ₱11.2 million against ₱5.6 million in 2023 is due to the favorable exchange rates of foreign-currency denominated transactions and accounts. Other income increased by ₱14.2 million mainly due to other fees earned by the water subsidiaries.

Income Tax

The Group posted a provision for income tax in the amount of ₱256.4 million in 2024, compared to ₱185.5 million in 2023.

Net Income

For the 9-month period of 2024, the Group's consolidated net income after tax of ₱1.20 billion is 61% higher than the consolidated net income after tax of ₱745.7 million reported during the same period in 2023. The significant improvement in net income was driven largely by business volume growth across all the Group's business units.

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MacroAsia Corporation

September 30, 2024 and December 31, 2023
Interim Unaudited Statement of Financial Position (amounts in ₱ millions)
(with comparison to Audited December 31, 2023 Statement of Financial Position)

	September 30, 2024	December 31, 2023	Horizontal Analysis Changes	%	Vertical Analysis 2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	**1,379.9**	1,062.6	317.4	30%	10%	8%
Receivables and contract assets	**2,224.8**	2,092.3	132.5	6%	17%	16%
Inventories	**143.0**	161.0	-18.0	-11%	1%	1%
Other current assets	**1,059.9**	871.6	188.3	22%	8%	7%
Total Current Assets	**4,807.6**	4,187.4	620.2	15%	36%	33%
Noncurrent Assets					0%	0%
Investments in associates	**2,329.2**	2,299.5	29.7	1%	17%	18%
Property, plant and equipment	**2,395.2**	2,293.2	102.0	4%	18%	18%
Net investment in lease	**1,178.8**	1,175.9	2.9	0%	9%	9%
Right-of-use assets	**791.9**	799.2	-7.3	-1%	6%	6%
Investment property	**143.9**	143.9	0.0	0%	1%	1%
Service concession rights	**415.9**	408.5	7.4	2%	3%	3%
Intangible assets and goodwill	**366.4**	365.5	1.0	0%	3%	3%
Deferred income tax assets - net	**123.3**	170.6	-47.3	-28%	1%	1%
Other noncurrent assets	**847.7**	851.3	-3.6	0%	6%	7%
Total Noncurrent Assets	**8,592.1**	8,507.5	84.6	1%	64%	67%
TOTAL ASSETS	**13,399.8**	12,694.9	704.8	6%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Notes payable	**140.3**	244.5	-104.3	-43%	1%	2%
Accounts payable and accrued liabilities	**2,365.7**	2,646.1	-280.3	-11%	18%	21%
Income tax payable	**140.6**	63.2	77.4	123%	1%	0%
Dividends payable	**96.4**	9.7	86.7	891%	1%	0%
Current portion of long-term debts	**348.6**	314.1	34.4	11%	3%	2%
Current portion of lease liabilities	**44.9**	44.9	-0.0	0%	0%	0%
Total Current Liabilities	**3,136.4**	3,322.4	-186.0	-6%	23%	26%
Noncurrent Liabilities						
Long-term debts - net of current portion	**404.0**	485.9	-81.8	-17%	3%	4%
Lease liabilities - net of current portion	**2,056.3**	2,042.2	14.1	1%	15%	16%
Accrued retirement and other employee benefits payable	**166.9**	190.0	-23.1	-12%	1%	1%
Deferred income tax liabilities - net	**96.1**	92.9	3.2	3%	1%	1%
Other noncurrent liabilities	**107.6**	76.1	31.5	41%	1%	1%
Total Noncurrent Liabilities	**2,830.9**	2,887.2	-56.2	-2%	21%	23%
Total Liabilities	**5,967.3**	6,209.6	-242.3	-4%	45%	49%
Equity attributable to equity holders of the Company						
Capital stock - 1 par value	**1,933.3**	1,933.3	0.0	0%	14%	15%
Additional paid-in capital	**281.4**	281.4	0.0	0%	2%	2%
Retained earnings						
Appropriated	**960.0**	960.0	0.0	0%	7%	8%
Unappropriated	**3,209.9**	2,423.1	786.8	32%	24%	19%
Other comprehensive income	**28.4**	-16.3	44.8	-274%	0%	0%
Other reserves	**1,003.0**	1,003.0	0.0	0%	7%	8%
Treasury shares	**-459.4**	-459.4	0.0	0%	-3%	-4%
	6,956.7	6,125.1	831.6	14%	52%	48%
Non-controlling interests	**475.7**	360.2	115.5	32%	4%	3%
Total Equity	**7,432.4**	6,485.3	947.1	15%	55%	51%
TOTAL LIABILITIES AND EQUITY	**13,399.8**	12,694.9	704.8	6%	100%	100%

Assets

As of September 30, 2024, consolidated *total assets* stood at ₱13,399.8 million, a ₱704.8 million increase from last year-end's level of ₱12,694.9 million.

Cash and cash equivalents of ₱1,379.9 million increased by ₱317.4 million (30%), which is caused by net cashflows from operations and dividend payments received from LTP and the food companies. The Group sees no liquidity issues in 2024, as the cash balances of the operating subsidiaries are sufficient to meet their currently maturing obligations and working capital requirements.

Receivables increased by ₱132.5 million or 6% due to business volume growth.

Inventories of ₱143.0 million were maintained in line with forecasted inventory level requirements.

Other current assets of ₱1,059.9 million represent input taxes, creditable withholding and prepaid taxes, advances to suppliers and unamortized prepayments for insurance covers, rent, utilities and unconsumed supplies as of September 30, 2024.

Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. Movements in the account are contributed by the share in cumulative translation adjustments for LTP and JASCO due to foreign exchange fluctuations, share in re-measurement gains and losses on defined benefit plans due to the revised PAS19 policies, share in cash dividends declared and received during the current period, and the incremental equity share in net earnings/loss of the associated companies. The Group noted an increase of ₱29.7 million (1%) in investment in associate, from ₱2,299.5 million in 2023 year-end to ₱2,329.2 million as of September 30, 2024 as a result of the share in dividends declared by LTP amounting to ₱547.3 million and CPCS amounting to ₱ 12.0 million, offset by the share in translation adjustments amounting to ₱10.8 million and the share of aggregate income contribution from associates.

The Group's *property and equipment* of ₱2,395.2 million increased from last year's ₱2,293.2 million due to new acquisitions made by our catering, ground handling and water companies, and is offset by the recognition of depreciation.

The amount of *deferred income tax assets* of ₱123.3 million as of September 30, 2024 pertain to taxes deemed recoverable in future periods. Decrease in deferred tax assets pertain to utilization of income tax benefit from NOLCO.

Other noncurrent assets decreased by ₱3.6 million mainly due to utilization of input vat and is offset by change in fair value of equity investment designated at Fair Value through Other Comprehensive Income (FVTOCI) and advances to suppliers for deliveries of equipment.

Liabilities

As of September 30, 2024, the *total current liabilities* are at ₱3,136.4 million, posting a decrease of ₱186.0 million (6%) from ₱3,322.4 million on December 31, 2023.

Accounts payable and accrued liabilities decreased by ₱280.3 million (11%) to ₱2,365.7 million as of September 30, 2024. The net decrease in the amount pertains to the settlement of amount owed to suppliers and service providers.

Notes payable decreased from ₱244.5 million to ₱140.3 million, by ₱104.3 million (43%). Settlement of notes payable that have matured resulted in a decrease in notes payable.

Income Tax payable increased by 123% or ₱77.4 million from ₱63.2 million to ₱140.6 million as of September 2024, due to increase in taxable income.

Dividends payable increased by ₱86.7 million (891%) from ₱9.7 million to ₱96.4 million is attributable to the property dividends declared by MACS to its shareholder SATS, owning non-controlling interest amounting to ₱86.3 million which remain outstanding. This property dividends relates to the restructuring of the Food Group. The Company has paid cash dividends in the amount of ten centavos (₱0.10) per share on May 16, 2024.

Current portion of long-term debts increased by ₱34.4 million (11%) from ₱314.1 million in 2023 to ₱348.6 million on September 30, 2024 which represents the current portion of long-term loan after settlements of currently maturing debts.

Long-term debts – net of current portion decreased by ₱81.8 million (17%) to ₱404.0 million in 2024 from ₱485.9. Decrease pertains by loan settlements.

Other noncurrent liabilities increased by ₱31.5 million (41%) from ₱76.1 million in 2023 to ₱ 107.6 million in 2024 due to increase in customer deposits.

Equity

Equity attributable to equity holders of the company increased by ₱831.6 million (14%), from last year's ₱6,125.1 million to this year's ₱6,956.7 million.

Retained Earnings

Unappropriated retained earnings increased by ₱786.8 million (32%). The increase pertains to the net income attributable to equity holder of the company booked in retained earnings amounting to ₱975.9 million, offset by dividends declared amounting to ₱189.1 million.

Other comprehensive income increased by ₱44.8 million to ₱28.4 million for 2024. The increase pertains to the share in foreign currency translation adjustments income of LTP and JASCO at ₱10.8 million in aggregate which changes in accordance with US$ and JPY exchange rate fluctuations during the period covered, respectively and change in fair value of equity investment designated at FVTOCI.

Movement in the "non-controlling interests" depends on the results of operations of MACS, MASCORP, subsidiaries of AWSI, FAA, and subsidiaries of MAPDC with JV partners. This account reflects the 33% equity share of SATS (JV Partner of MAC) in the catering JV, 40% share of minority shareholders in SWRI, 33% share of minority shareholders in BTSI, 49% share of PTC Holding, Inc. ("PTC") in FAA, 20% share of Konoike in MASCORP and 49% share of minority shareholders in Allied Konsult. As of September 30, 2024, non-controlling interests amounted to ₱475.7 million.

NUMBER OF STOCKHOLDERS

There are 848 and 845 stockholders as of September 30, 2024 and December 31, 2023, respectively.

OTHER MATTERS

1. Passenger loads and flight frequencies of airlines are the two most important factors that affect the revenue levels of the Group's operating units that are involved in aviation services. The privatization of the operations of NAIA will ultimately result to more flights and passengers for the main hub as the airport facilities are foreseen to expand and become more efficient. While the costs of doing business in the airport will go up under a new management setup and MIAA Administrative Order on leases and fees, such costs are often passed on to clients.

2. The move to grow the revenue portfolio for the Food Group adjacent to aviation-related catering showed good results as major accounts were secured and are now being served. Plans are underway to grow the geographical presence of the Food Group outside of Manila and expand the capacity of the commissary in Muntinlupa City. Contracts are being secured to start construction of the commissary expansion in Muntinlupa City within the land owned by MacroAsia.

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

4. There are no material commitments for capital expenditures created during the reporting period, apart from the Seawater Desalination Plant Project in Lapu-Lapu City to be undertaken by CSWater Lapu-Lapu, Inc. (CSWLL), a wholly owned subsidiary of Summa Water Resources, Inc., which is 60% owned by MacroAsia Corporation through its wholly-owned subsidiary Allied Water Services, Inc. The project funding for this project shall be sourced through a partner bank and no capital inflow shall be expected from MAC shareholders.

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

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

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

SIGNATURES

Pursuant to the requirement of Sec 17 of the Code and Sec 141 of the Corporation Code of the Philippines, this report has been reviewed and endorsed by the Audit Committee of MacroAsia Corporation on November 13, 2024, and subsequently approved by the Board of Directors MacroAsia Corporation, and herein signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on November 13, 2024.

MACROASIA CORPORATION
Registrant

By:

EDUARDO LUIS T. LUY
President

AMADOR T. SENDIN
Chief Financial Officer

MACROASIA CORPORATION AND SUBSIDIARIES

Interim Unaudited Condensed Consolidated Financial Statements

September 30, 2024 and 2023 (Unaudited)

and

December 31, 2023 (Audited)

GENERAL INFORMATION

Directors (as of September 30, 2024):

Lucio C. Tan	(Chairman and CEO)
Carmen K. Tan	
Lucio C. Tan III	
Vivienne K. Tan	
Michael G. Tan	
Eduardo Luis T. Luy	(President and COO)
Kyle Ellis C. Tan	(Treasurer)
Johnip G. Cua	
Ramon Pancratio D. Dizon	(Lead Independent Director)
Samuel C. Uy	(Independent Director)
Diwa C. Guinigundo	(Independent Director)

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

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

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

Vice-President – Commercial/ Chief Sustainability Officer
Rhodel C. Esteban

Chief Audit Executive
Rubi Ann C. Pioquinto

Corporate Secretary
Atty. Florentino M. Herrera III

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

Banks

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

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

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

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

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

Bank of China
8/F The Finance Centre, 26th Street corner
9th Avenue, Bonifacio Global City,
Taguig City, Philippines

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

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

Auditors

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

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MacroAsia Corporation

MACROASIA CORPORATION AND SUBSIDIARIES

Interim Unaudited Consolidated Statement of Financial Position
(with comparison to Audited December 31, 2023 Statement of Financial Position)

		SEPTEMBER 30, 2024 (UNAUDITED)		DECEMBER 31, 2023 (AUDITED)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**1,379,941,906**	₱	1,062,560,838
Receivables and contract asset		**2,224,783,434**		2,092,256,231
Inventories		**142,974,276**		160,996,293
Input taxes and other current assets		**1,059,934,315**		871,627,299
Total Current Assets		**4,807,633,932**		4,187,440,661
Noncurrent Assets				
Investments in associates		**2,329,170,021**		2,299,475,062
Property, plant and equipment		**2,395,194,443**		2,293,221,048
Investment property		**143,852,303**		143,852,303
Service concession right		**415,867,659**		408,475,136
Input taxes -net		**67,576,505**		178,196,827
Deferred income tax assets		**123,293,527**		170,611,630
Goodwill and intangible assets		**366,433,266**		365,468,946
Net Investment in the lease		**1,178,764,462**		1,175,894,680
Right of Use Asset		**791,896,705**		799,224,610
Other noncurrent assets		**780,099,805**		673,081,212
Total Noncurrent Assets		**8,592,148,693**		8,507,501,454
TOTAL ASSETS `	₱	**13,399,782,625**	₱	12,694,942,115
LIABILITIES AND EQUITY				
Current Liabilities				
Current loans payable	₱	**488,809,839**	₱	558,614,902
Accounts payable and accrued liabilities		**2,365,713,599**		2,646,051,600
Income tax payable		**140,612,426**		63,181,364
Dividends payable		**96,402,629**		9,725,208
Lease Liabilities Right of use Asset		**44,867,304**		44,867,304
Total Current Liabilities		**3,136,405,796**		3,322,440,378
Noncurrent Liabilities				
Loans payable- net of current portion		**404,047,551**		485,893,921
Accrued retirement and other employee benefits payable		**166,887,999**		190,022,871
Deferred income tax liabilities		**96,105,569**		92,893,628
Lease Liabilities Right of use Asset - net of current portion		**2,056,300,921**		2,042,208,073
Other noncurrent liabilities		**107,594,818**		76,144,495
Total Noncurrent Liabilities		**2,830,936,858**		2,887,162,988
Total Liabilities		**5,967,342,654**		6,209,603,366

Equity				
Capital stock - ₱ 1 par value				
Authorized - 2,000,000,000 shares				
Issued and fully paid - 1,933,305,923 shares		**1,933,305,923**		1,933,305,923
Additional paid-in capital		**281,437,118**		281,437,118
Other Reserves		**1,003,041,257**		1,003,041,257
Other components of equity		**28,428,034**		(16,327,184)
Retained earnings				
Appropriated		**960,000,000**		960,000,000
Unappropriated		**3,209,901,901**		2,423,052,276
Treasury shares		**(459,418,212)**		(459,418,212)
Total equity attributable to equity holders of the parent company		**6,956,696,021**		6,125,091,178
Non-controlling interests		**475,743,950**		360,247,571
Total Equity		**7,432,439,971**		6,485,338,749
TOTAL LIABILITIES AND EQUITY	**₱**	**13,399,782,625**	₱	12,694,942,115

The notes are integral part of the Interim Unaudited Consolidated Financial Statements

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MacroAsia Corporation

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the period ended September 30

		JULY - SEPTEMBER			JANUARY - SEPTEMBER	
		2024	2023		**2024**	2023
NET SERVICE REVENUE						
In-flight and other catering	₱	**1,112,090,230**	1,062,496,621	₱	**3,258,888,790**	2,943,633,589
Ground handling and aviation		**901,638,692**	778,819,874		**3,094,543,704**	2,263,906,517
Rental and administrative		**13,535,413**	11,059,055		**40,400,267**	31,068,442
Aviation training fee		**20,014,981**	5,760,532		**56,271,945**	44,243,030
Water		**172,758,378**	169,812,584		**499,892,542**	456,233,564
Connectivity and technology services		**-**	4,911,498		**43,646,105**	4,911,498
		2,220,037,694	2,032,860,165		**6,993,643,353**	5,743,996,639
DIRECT COSTS						
In-flight and other catering		**754,523,265**	689,489,806		**2,213,208,360**	1,966,331,559
Ground handling and aviation		**836,956,597**	730,851,027		**2,520,200,002**	2,032,804,719
Rental and administrative		**17,785,207**	13,399,860		**51,422,002**	38,400,507
Aviation training cost		**23,901,634**	17,832,454		**76,687,530**	67,536,484
Water related expenses		**105,285,409**	99,378,676		**289,811,508**	276,498,837
Connectivity and technology services		**-**	3,168,747		**31,409,036**	3,168,747
		1,738,452,111	1,554,120,570		**5,182,738,437**	4,384,740,853
GROSS PROFIT	₱	**481,585,582**	478,739,596	₱	**1,810,904,915**	1,359,255,786
SHARE IN NET INCOME OF ASSOCIATES		**228,602,524**	233,462,249		**578,289,319**	369,352,141
		710,188,106	712,201,844		**2,389,194,235**	1,728,607,927
OPERATING EXPENSES		**(310,631,426)**	(250,671,348)		**(909,305,697)**	(718,481,578)
INTEREST INCOME		**6,955,881**	6,474,083		**23,664,356**	8,848,109
FINANCING CHARGES		**(31,326,570)**	(40,976,514)		**(100,535,361)**	(122,138,812)
OTHER INCOME - net		**14,026,391**	9,740,339		**54,231,131**	34,434,284
INCOME BEFORE INCOME TAX	₱	**389,212,382**	436,768,404	₱	**1,457,248,664**	931,269,931
PROVISION FOR INCOME TAX		**37,472,602**	73,227,188		**256,410,444**	185,526,703
NET INCOME	₱	**351,739,780**	363,541,216	₱	**1,200,838,220**	745,743,228
Attributable to:						
Equity holders of the parent		**284,357,629**	292,995,914		**975,945,457**	578,770,264
Non-controlling interests		**67,382,151**	70,545,302		**224,892,763**	166,972,964
	₱	**351,739,780**	363,541,216	₱	**1,200,838,220**	745,743,228
Basic/Diluted Earnings Per Share	₱	**0.15**	0.15	₱	**0.51**	0.31

***The notes are integral part of the Interim Unaudited Consolidated Financial Statements**

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MACROASIA CORPORATION

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended September 30

		JANUARY - SEPTEMBER		
		2024		2023
NET INCOME	₱	**1,200,838,220**	₱	745,743,228
OTHER COMPREHENSIVE INCOME (LOSS) - Net				
Net foreign currency translation adjustments		**10,755,219**		23,662,193
Changes in fair value of equity instruments held at FVTOCI		**34,000,000**		-
		44,755,219		23,662,193
Total Comprehensive Income		**1,245,593,439**		769,405,421
Attributable to:				
Equity holders of the parent	₱	**1,020,700,676**	₱	602,432,457
Non-controlling interests		**224,892,763**		166,972,964
	₱	**1,245,593,439**	₱	769,405,421

The notes are integral part of the Interim Unaudited Consolidated Financial Statements

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MacroAsia Corporation

MACROASIA CORPORATION AND SUBSIDIARIES
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended September 30

		JANUARY - SEPTEMBER		
		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱	1,457,248,663	₱	931,269,931
Adjustments for:				
Equity in net (income) loss of associates		(578,289,319)		(369,352,141)
Depreciation and amortization		226,081,647		195,697,623
Depreciation and amortization - Right of Use Asset		43,509,493		42,808,281
Interest on Lease Liabilities on Right Of Use Asset		38,188,841		37,592,088
Interest income		(23,664,356)		(8,848,109)
Loss (Gain) on disposal of property and equipment		2,795,921		-
Unrealized foreign exchange (gain) loss - net		11,209,559		(5,632,569)
Retirement benefit cost		27,057,566		18,177,062
Provision for (reversal of) other long-term benefits		(192,438)		-
Financing charges		62,346,520		84,546,724
Operating income before working capital changes		1,266,292,097		926,258,890
Decrease (increase) in:				
Receivables		(135,396,985)		(431,619,175)
Inventories		18,022,017		18,681,520
Other current assets		(241,595,909)		(365,203,265)
Increase (decrease) in:				
Accounts payable and accrued liabilities		(107,120,223)		543,980,305
Other noncurrent liabilities		31,450,323		(4,216,971)
Cash generated from (used in) operations		831,651,320		687,881,304
Interest received		23,664,356		8,848,109
Financing charges paid		(60,411,074)		(84,546,724)
Contributions to retirement fund		(50,000,000)		(13,500,000)
Income taxes paid , including creditable witholding taxes		(134,449,339)		(42,168,574)
Net cash from (used in) operating activities	₱	610,455,264	₱	556,514,115
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		96,613		-
Acquisitions of property and equipment		(322,092,761)		(186,455,471)
Acquisitions of intangible assets		(6,747,958)		(635,543)
Dividends received		559,349,600		539,098,000
Decrease (Increase) in refundable deposits and other noncurrent assets		(88,726,321)		(8,736,066)
Net cash from (used in) investing activities	₱	141,879,174	₱	343,270,920
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(211,814,797)		(94,350,728)
Proceeds from availment of notes payable		305,000,000		150,000,000
Payments of notes payable		(456,651,435)		(280,086,968)
Payment of Lease Liabilities on Right Of Use Asset		(60,277,581)		(60,742,441)
Net cash from (used in) financing activities	₱	(423,743,814)	₱	(285,180,137)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(11,209,556)		5,632,568
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	₱	317,381,068	₱	**620,237,467**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,062,560,838		468,018,733
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₱	1,379,941,906	₱	1,088,256,200

****The notes are integral part of the Interim Unaudited Consolidated Financial Statements***

MACROASIA CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousand Pesos)

(with comparison to Audited December 31, 2023 and 2022 Statement of Changes in Equity)

	Attributable to the Equity Holders of the Parent								Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Share in Foreign Currency Translation Adjusment of an Associate	Remeasurements on Defined Benefit Plan	Share in Remeasurements on Defined Benefit Plan of Associates	Other Reserves	Reserve for fair value changes of financial assets investments	Treasury Shares	Appropriated	Unappropriated	Subtotal	Non-controlling Interest	Total
BALANCES AT DECEMBER 31, 2022	1,933,306	281,437	93,678	14,045	(8,122)	1,003,041	69,720	(459,418)	850,000	1,776,463	5,554,150	114,457	5,668,608
Dividend declaration	-	-	-	-	-	-	-	-	-	(94,548)	(94,548)	-	(94,548)
Total comprehensive income (loss)	-	-	23,662	-	-	-	-	-	-	578,770	602,432	166,973	769,405
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT SEPTEMBER 30, 2023	₱ 1,933,306	281,437	117,340	14,045	(8,122)	1,003,041	69,720	(459,418)	850,000	2,260,686	6,062,035	281,430	₱ 6,343,465
BALANCES AT DECEMBER 31, 2023	1,933,306	281,437	77,740	(43,075)	(133,461)	1,003,041	82,470	(459,418)	960,000	2,423,052	6,125,091	360,248	6,485,339
Dividend declaration	-	-	-	-	-	-	-	-	-	(189,096)	(189,096)	(109,396)	(298,492)
Total comprehensive income (loss)	-	-	10,755	-	-	-	34,000	-	-	975,945	1,020,701	224,893	1,245,593
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT SEPTEMBER 30, 2024	₱ 1,933,306	281,437	88,495	(43,075)	(133,461)	1,003,041	116,470	(459,418)	960,000	3,209,902	6,956,696	475,744	₱ 7,432,440

The notes are integral part of the Interim Unaudited Consolidated Financial Statements

1. Corporate Information and Business Operations

Corporate Information

MacroAsia Corporation (the Company or MAC), a publicly-listed corporation, was incorporated in the Philippines on February 16, 1970 under the name Infanta Mineral & Industrial Corporation to engage in the business of geological exploration and development. On January 26, 1994, its Articles of Incorporation was amended to change its primary purpose from exploration and development to that of engaging in the business of a holding company, and changed its corporate name to Cobertson Holdings Corporation. On November 6, 1995, the Company's Articles of Incorporation was again amended to change its corporate name to its present name. On August 7, 2018, the Company's Articles of Incorporation was further amended for the extension of the Company's corporate life for another 50 years, from and after February 15, 2020. However, under the Revised Corporation Code of the Philippines, MAC shall have perpetual corporate life. Its registered office address is at 7th Floor, Floor Ricogen Building, 112 Aguirre Street Legazpi Village, Makati City.

Business Operations

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

Through MacroAsia Catering Services, Inc. (MACS), the Parent Company, is now providing the food requirements of some passenger terminal lounges in NAIA. It has also ventured into the provision of the food service requirements of non-airline institutional clients outside the airport. Through MacroAsia Properties Development Corporation (MAPDC), the Parent Company started pursuing projects related to reclaimed water supply, bulk water supply using surface water sources, and water distribution in areas outside of Metro Manila.

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

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

2. *Summary of Material Accounting Policy Information*

Basis of Preparation

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

Statement of Compliance

The interim condensed consolidated financial statements for the period ended September 30, 2024 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2023.

Changes in Accounting Policies

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

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

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

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

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group, its direct subsidiaries, the subsidiaries of MACS, MAPDC, BTSI and the subsidiary of MMC, Watergy Business Solutions, Inc. (WBSI) and AWSI, which were all incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission (SEC) as of September 30, 2024 (unaudited) and December 31, 2023 (audited).

		Percentage of Ownership by MAC				Percentage of Direct Ownership by MACS/ MAPDC/ WBSI/BTSI/ MMC/AWSI/SWRI	
		2024		2023			
Entity	Nature of business	Direct	Indirect	Direct	Indirect	2024	2023
MacroAsia Airport Services Corporation (MASCORP) (9)	Ground handling aviation services	**80(9)**	**–**	80(9)	–	**–**	–
MacroAsia Catering Services Corporation (MACS)	In-flight and other catering services	**67**	**–**	67	–	**–**	–
MacroAsia SATS Food Industries (MSFI)(8)	Meal production and food processing	**–**	**67**	–	67	**100**	100
MacroAsia SATS Inflight Services Corporation (MSISC)(8)	Meal production and food processing	**–**	**67**	–	67	**100**	100
MacroAsia Air Taxi Services, Inc. (MAATS)	Helicopter chartering services	**100**	**–**	100	–	**–**	–
MacroAsia Properties Development Corporation (MAPDC)	Economic Zone (Ecozone) developer/operator and water supplier	**100**	**–**	100	–	**–**	–
Boracay Tubi System, Inc. (BTSI)(3)	Water treatment and distribution, and construction of sewage treatment plant	**–**	**67**	–	67	**67**	67
MONAD Water and Sewerage Systems, Inc. (MONAD)(3)	Water sewerage treatment	**–**	**53.6**	–	53.6	**80**	80
New Earth Water System, Inc. (NEWS)(3)	Water projects	**–**	**67**	–	67	**100**	100
Naic Water Supply Corporation (NAWASCOR)(4)	Water distribution	**–**	**100**	–	100	**100**	100
Aqualink Resources Development, Inc. (11)		**–**	**51**	–	51	**51**	51
Cavite Business Resources Inc. (CBRI) (14)	Water projects	**–**	**100**	–	–	**73**	–
Mabini Pangasinan Resources Development Corporation (MPRDC)(2)	Water projects	**–**	**100**	–	100	**100**	100
Panay Water Business Resources, Inc. (PWBRI)(2)	Water projects	**–**	**90**	–	90	**90**	90
Watergy Business Solutions, Inc. (WBSI)	Water projects	**–**	**100**	–	100	**100**	100
Cavite Business Resources Inc. (CBRI) (14)	Water projects	**–**	**100**	–	100	**27**	100
First Aviation Academy, Inc.(5)	Aviation school	**51**	**–**	51	–	**–**	–
Allied Water Services, Inc. (AWSI)(1)	Water projects	**100**	**–**	100	–	**–**	–
AlliedKonsult Eco Solutions Corporation (AKESC)(2)	Water treatment	**–**	**51**	–	51	**51**	51
Cavite AlliedKonsult Services Corporation(2)	Water treatment	**–**	**51**	–	51	**100**	100

Entity	Nature of business	Percentage of Ownership by MAC 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect	Percentage of Direct Ownership by MACS/ MAPDC/ WBSI/BTSI/ MMC/AWSI/SWRI 2024	2023
Summa Water Resources Inc. (SWRI)[(6)]	Water treatment and equipment lease	**–**	**60**	–	60	**60**	60
CSW Lapu-Lapu Inc.[(13)]	Bulk potable water supply and water treatment	–	**60**	–	**60**	**100**	**100**
MacroAsia Mining Corporation (MMC)	Mine exploration, development and operation	**100**	**–**	100	–	**–**	–
Bulawan Mining Corporation [(2),(7)]	Mine operation, development and utilization	**–**	**100**	–	100	**100**	100
MMC Management Development Corporation [(2),(7)]	Mine operation, development and utilization	**–**	**100**	–	100	**100**	100
Tera Information and Connectivity Solutions, Inc. (TERA) [(12)]	Information management and data connectivity	**100**	**–**	100	–	**–**	–

(1) Resumed operation as holding company of newly acquired water companies
(2) No commercial operations as of December 31, 2021
(3) Ownership interest effective December 2, 2016
(4) Ownership interest effective August 1, 2017
(5) Incorporated on December 5, 2017 and started commercial operations on May 19, 2019
(6) Ownership interest effective October 1, 2018
(7) Ownership interest effective November 15, 2018
(8) Started commercial operations on March 16, 2019
(9) Change in ownership interest starting December 5, 2019 (see Note 11)
(10) Ownership interest effective March 2, 2020
(11) Ownership interest effective March 9, 2021
(12) Ownership interest effective February 11, 2021
(13) Ownership interest effective March 28, 2023
(14) Ownership interest effective February 21, 2024

3. Significant Judgments and Accounting Estimates

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

Judgments

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

Determination of the Group's functional currency

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

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

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

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

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

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

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

renewed considering that the Group is providing one of the required services in the operations of its major customer.

Assessment of control or significant influence over the investee
The Group makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances which indicate that the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A reassessment is made if circumstances indicate that there are changes in these control elements. The Group has significant influence over an investee if it only has the power to participate in the financial and operating policy decisions, but not control or jointly control over the investee. As of September 30, 2024 and December 31, 2023, the Group still determined that it controls its subsidiaries and has significant influence over its associates.

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

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

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

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

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

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

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

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

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

The Group's lease liabilities amounted to ₱2,101.2 million and ₱2,087.1 million as of September 30, 2024 and December 31, 2023, respectively.

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

analyzed. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The assessment of the correlation between observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

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

The Group's receivables, net of allowance for the expected credit losses of ₱29.8 million, amounted to ₱2,224.8 million and ₱2,092.3 million as of September 30, 2024 and December 31, 2023, respectively.

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

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

The Group's inventories carried at cost as of September 30, 2024 and December 31, 2023 and amounted to ₱143.0 million and ₱161.0 million, respectively.

Estimating allowances for probable losses on input taxes and TCCs
The Group estimates the level of provision for probable losses on input taxes and TCCs based on the experience of the Group and assessment of counsels assisting the Group in processing the claims and negotiating the realization of TCCs. As of September 30, 2024 and December 31, 2023, the carrying value of input taxes and TCCs amounted to ₱584.4 million and ₱656.6 million, respectively. Allowance for probable losses amounted to ₱22.8 million and ₱29.6 million as of September 30, 2024 and December 31, 2023, respectively.

Estimation of useful lives of property and equipment
The Group estimates the useful lives of property, plant and equipment based on the internal technical evaluation and experience with similar assets. In cases where the use of property, plant and equipment is dependent on the grant of certain permits to conduct its business, management considers the probability of renewal of such permits based on past experience. In this situation, useful lives of property, plant and equipment are based on the

economic useful lives rather than the currently effective period of the permits. Estimated useful lives are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. There is no change in the estimated useful lives of property, plant and equipment in 2024 and 2023.

The carrying value of property and equipment subject to depreciation as of September 30, 2024 and December 31, 2023 amounted to ₱1,941.3 million and ₱1,847.3 million, respectively.

Estimation of useful life of service concession right
At the start of operation of the water work facilities, the service concession right is to be amortized over the concession period as provided in the agreements with relevant government units. The amortization period is reviewed when there are changes in the expected term of the contract or the expected pattern of consumption of future economic benefits embodied in the asset. In 2018, NAWASCOR was granted additional concession period of 15 years by the Municipality of Naic, Cavite. Accordingly, NAWASCOR changed the useful life of its service concession right from 25 years to 40 years. The carrying value of the service concession right amounts to ₱415.9 million and ₱408.5 million as of September 30, 2024 and December 31, 2023, respectively.

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

The total carrying value of the customer contract and relationships, water service contract, and the right-to-use of water permits amounted to ₱238.6 million and ₱237.6 million as of September 30, 2024 and December 31, 2023.

Determination of impairment indicators and impairment testing of nonfinancial assets

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

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

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

If such indication exists, the Group performs impairment testing to estimate the recoverable amount of the related asset. Management determined certain facts which indicate impairment of the service concession right which required impairment testing as of September 30, 2024.

The carrying values of the nonfinancial assets are as follows:

	2024	2023
Investments in associates	**₱2,329,170,021**	₱2,304,807,044
Property, plant and equipment	**2,395,194,443**	2,240,806,164
Right-of-use assets	**791,896,705**	804,878,539
Investment property	**143,852,303**	143,852,303
Service concession right	**415,867,659**	403,438,532
Right-to-use of water permits	**120,784,848**	106,436,393
Water service contract	**72,264,350**	-
Customer contract and relationships	**45,541,836**	48,932,240
Deferred project costs	**42,783,267**	42,783,267
Deferred mine exploration costs	**238,513,440**	238,513,440

Service concession right

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

For the purpose of impairment testing of SNVRDC's service concession right, recoverable amount is determined based on the value-in-use using cash flow projections based on financial budgets as approved by management covering 14 years of projections, coterminous to the term of the concession agreement with the Municipality of Solano. The projected cash flows are based on expectations of future outcomes considering past experience, adjusted for anticipated revenue growth based on management's future plans. The discount rate is a pre-tax measure based on the weighted average cost of capital (WACC) of listed entities with similar assets or similar in terms of potential risk.

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

The carrying value of the service concession right subjected to impairment testing amounted to ₱206.3 million and ₱216.8 million as of September 30, 2024 and December 31, 2023, respectively.

Impairment of deferred mine exploration costs
The recovery of deferred mine exploration costs depends upon the success of exploration activities and future development of the mining properties, as well as the discovery of recoverable reserves in quantities that can be commercially produced. In prior years, and although the Group's nickel mine is a reactivation of an existing mine that was operational in the 1970s, the Group recognized impairment loss amounting to ₱217.1 million due to the issuance of DENR Administrative Order No. 2017-10 which puts a temporary ban on new projects for open-pit method of mining for ores. Annually though, the Group's MPSAs for its Infanta Nickel Project has been affirmed as valid and subsisting by DENR-MGB, and with the recent issuance of E.O. 130 lifting the nine-year moratorium on granting new mining permits in the Philippines, management reversed the previously recognized impairment loss amounting to ₱217.1 million by December 2021. Management believes that the amount of deferred mine exploration cost is recoverable based on the estimation of value-in-use.

The carrying value of deferred mine exploration cost amounted to ₱238.5 million as of September 30, 2024 and December 31, 2023, respectively.

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

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

The carrying value of goodwill subjected to impairment testing amounted to ₱127.8 million as of September 30, 2024 and December 31, 2023.

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

The carrying value of the right to use asset amounted to ₱120.8 million and ₱117.3 million as of September 30, 2024 and December 31, 2023, respectively.

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

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

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

Accrued retirement and other employee benefits payable amounted to ₱166.9 million and ₱190.0 million as of September 30, 2024 and December 31, 2023, respectively. Pension asset amounted to ₱1.0 million as of September 30, 2024 and December 31, 2023, respectively, and is included under "Other noncurrent assets" account.

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

Deferred income tax assets recognized, which relate primarily to operating subsidiaries, amounted to ₱123.3 million as of September 30, 2024 and ₱170.6 million December 31, 2023. The Group also has unrecognized deferred income taxes primarily on the non-operating subsidiaries' temporary differences, NOLCO and MCIT.

4. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the aviation-support service provided by its four subsidiaries, maintenance, repairs and overhaul, mining-related activities and water treatment and distribution. This is the basis on which the Group reports its primary segment information. The Group also monitors the revenue and operating results of its associates. Information with respect to these subsidiaries, as well as the Group's associates.

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

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

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

- Charter flights segment, which is handled by MAATS, provided international and domestic chartered flights from its base at the General Aviation Area, MDA to any point within the Philippines, through alliances with other helicopter owners. Beginning August 22, 2016, MAATS ceased operating its helicopter charter and is now focused on its Fixed Base Operations (FBO) revenue generating activities.

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

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

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

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

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

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

Financial information on the Group's business segments as of and for the period ended September 30, 2024 and 2023 are as follows:

(In Thousand Pesos)

	July - September		January to September	
REVENUE – External	**2024**	2023	**2024**	2023
In-flight and other catering	**1,112,090**	1,062,497	**3,258,889**	2,943,634
Ground handling and aviation	**901,639**	778,820	**3,094,544**	2,263,907
Rental and administrative	**13,535**	11,059	**40,400**	31,068
Aviation training fee	**20,015**	5,761	**56,272**	44,243
Water	**172,758**	169,813	**499,893**	456,234
Exploratory drilling fees	**-**	-	**-**	-
Connectivity and technology services	**-**	4,911	**43,646**	4,911
Total segment and consolidated revenue	**2,220,038**	2,032,860	**6,993,643**	**5,743,997**
RESULT – Segment result				
In-flight and other catering services	**204,727**	243,704	**639,270**	625,913
Ground handling and aviation	**16,771**	17,384	**422,763**	120,075
Rental and administrative services	**(17,283)**	(16,551)	**(55,561)**	(52,804)
Charter flights service	**1,449**	1,664	**863**	2,951
Aviation training	**(8,376)**	(18,795)	**(34,256)**	(37,452)
Water	**18,817**	17,496	**65,166**	36,202
Mining	**(2,954)**	(2,767)	**(18,545)**	(8,820)
Connectivity and technology services	**(2,386)**	(1,479)	**4,890**	(4,372)
Share in net income (loss) of associates	**228,603**	233,462	**578,289**	369,352
Total segment results	**439,368**	474,116	**1,602,879**	1,051,046
Unallocated corporate income (expenses) and eliminations	**(50,155)**	(37,349)	**(145,630)**	(119,776)
Provision for income tax	**(37,473)**	(73,227)	**(256,410)**	(185,527)
Consolidated net income (loss)	**351,740**	363,541	**1,200,838**	745,743

(In Thousand Pesos)

	Sep-24	Dec-23
OTHER INFORMATION		
Segment assets		
In-flight and other catering services	**2,948,257**	2,837,011
Ground handling and aviation	**1,560,182**	1,317,402
Rental and administrative services	**2,803,179**	2,828,231
Charter flights service	**33,427**	32,309
Investment in associates	**2,329,170**	2,299,475
Aviation training	**231,782**	229,486
Water	**2,891,181**	2,426,667
Mining	**240,242**	240,065
Total segment assets	**13,037,420**	12,210,646
Investment property	**143,852**	143,852
Deferred tax asset	**123,294**	170,612
Unallocated corporate assets and eliminations	**95,217**	169,832
Consolidated total assets	**13,399,783**	12,694,942
Segment liabilities		
In-flight and other catering services	**1,835,600**	1,940,782
Ground handling and aviation	**1,959,669**	1,940,360
Rental and administrative services	**2,947,139**	2,717,874
Aviation training	**417,248**	380,888
Charter flights service	**11,090**	10,198
Water	**2,185,817**	2,183,708
Mining	**68,250**	49,490
Total segment liabilities	**9,424,812**	9,223,299
Deferred tax liabilities	**96,106**	92,894
Unallocated corporate liabilities and eliminations	**(3,553,575)**	(3,106,589)
Consolidated total liabilities	**5,967,343**	6,209,603

Capital expenditures	July - September		January to September	
	2024	2023	**2024**	2023
In-flight catering services	**27,658**	73,572	**69,593**	84,929
Ground handling and aviation	**12,705**	14,844	**122,378**	28,393
Rental and administrative services	**762**	357	**1,044**	855
Charter flights service	**-**	-	**-**	45
Aviation training	**655**	2,363	**1,274**	2,920
Water	**45,485**	17,475	**104,971**	57,962
Mining	**-**	241	**-**	241
Unallocated corporate capital expenditures	**8,347**	5,742	**29,581**	11,746
Total	**95,611**	**114,595**	**328,841**	**187,091**
Depreciation & amortization				
In-flight catering services	**22,258**	18,343	**63,824**	53,038
Ground handling and aviation	**23,845**	18,475	**67,051**	57,944
Rental and administrative services	**5,641**	5,829	**17,635**	17,523
Charter flights service	**15**	15	**46**	38
Aviation training	**3,824**	4,104	**11,625**	12,201
Water-related projects	**31,210**	23,407	**78,896**	69,178
Mining	**13**	490	**39**	974
Unallocated corporate depreciation and amortization	**10,043**	9,707	**30,476**	27,610
Total	**96,848**	80,369	**269,591**	238,506
Non cash gains (losses) other than depreciation & amortization				
In-flight catering services	**1,616**	1,808	**8,980**	-2,638
Ground handling and aviation services	**-4,842**	3,078	**37**	3,326
	-3,227	4,885	**9,017**	688

Basic/Diluted Earnings per Share

Basic/diluted earnings per share are computed as follows:

(In thousand pesos except earnings per share)	**Sep-24**	Dec-23	Sep-23
Net income attributable to equity holders of the parent	**975,945**	851,137	578,770
Divided by weighted average number of common shares	**1,896,186**	1,896,186	1,896,186
	0.515	0.449	0.305

5. Equity

a. Restriction on retained earnings of the Group

The retained earnings as of September 30 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 ₱2,060.7 million and ₱1,180.7 million as of September 30, 2024 and December 31, 2023, respectively.
- Cost of treasury shares amounting to ₱459.4 million as of September 30, 2024 and December 31, 2023.
- Deferred income tax assets amounting to ₱123.3 million and ₱170.6 million as of September 30, 2024 and December 31, 2023, respectively.

b. Appropriation of retained earnings

Appropriated retained earnings as of September 30, 2024 and December 31, 2023 amounted to ₱960 million.

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

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

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

Date Approved	Per share	Stockholder of Record Date	Date of Payment
March 21, 2024	₱0.100	April 18, 2024	May 16, 2024
March 23, 2023	₱0.050	April 21, 2023	May 18, 2023
March 14, 2019	₱0.200	April 12, 2019	May 10, 2019

d. Treasury stock

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

On June 15 2017, the Board of Directors of MacroAsia Corporation approved to allot ₱210.0 million to buy back shares of MacroAsia Corporation at market price. The mechanics of which shall be similar to the ₱50.0 million buyback program implemented in 2010. The Program commenced on June 20, 2017 and will run until the ₱210.0 million authorized cash outlay is fully utilized, or until such time that the Board of Directors of MacroAsia may direct, subject to appropriate disclosures to the PSE and the SEC.

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

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

As of September 30, 2024 and December 31, 2023, the Parent Company's cost and number of shares held in treasury are as follows:

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

Movement in the Parent Company's outstanding shares follows:

	Issued	Treasury	Outstanding
As of December 31, 2009	1,250,000,000	–	1,250,000,000
Acquisition of treasury shares in 2010	–	(2,985,000)	(2,985,000)
As of December 31, 2010	1,250,000,000	(2,985,000)	1,247,015,000
Acquisition of treasury shares in 2011	–	(7,486,000)	(7,486,000)
As of December 31, 2011	1,250,000,000	(10,471,000)	1,239,529,000
Acquisition of treasury shares in 2012	–	(6,125,000)	(6,125,000)
As of December 31, 2014, 2015 and 2016	1,250,000,000	(16,596,000)	1,233,404,000
Acquisition of treasury shares in 2017	–	(6,249,600)	(6,249,600)
As of December 31, 2017	1,250,000,000	(22,845,600)	1,227,154,400
Stock dividend declaration	368,146,293	–	368,146,293
Acquisition of treasury shares in 2018	–	(3,949,100)	(3,949,100)
As of December 31, 2018	1,618,146,293	(26,794,700)	1,591,351,593
Acquisition of treasury shares in 2019	–	(12,845,600)	(12,845,600)
As of December 31, 2019	1,618,146,293	(39,640,300)	1,578,505,993
Acquisition of treasury shares in 2020	–	(2,707,300)	(2,707,300)
Stock dividend declaration	315,159,630	–	315,159,630
As of September 30, 2024 and December 31, 2023, 2022, 2021,2020	1,933,305,923	(42,347,600)	1,890,958,323

e. Track record of registration of securities

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

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

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

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

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

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

iv. All warrants expired in 2005.

MAC's shares are listed and traded at the Philippine Stock Exchange, Inc. and it has approximately 848 and 845 holders of its common equity as of September 30, 2024 and December 31, 2023, respectively.

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

Entity	Date Declared	Amount	Per share	Dividends attributable to non-controlling interest (SATS)
MACS	March 13, 2024	₱70,000,000	₱56.0	₱23,100,000
MACS	December 27, 2019	80,000,000	64.0	26,400,000
MACS	December 6, 2018	75,000,000	60.0	24,750,000
MACS	November 28, 2017	70,000,000	56.0	23,100,000
MACS	December 8, 2016	50,000,000	40.0	16,500,000

As of September 30, 2024 and December 31, 2023, nil remained outstanding and presented as "Dividends payable" in the consolidated balance sheets, respectively.

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

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

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

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

6. Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and repurchase or issue new shares. The Group is not subject to externally imposed capital requirements as of September 30, 2024 and December 31, 2023. Further, no changes were made in the objectives, policies or processes for the period ended December 31, 2023 and for the nine-month period ended September 30, 2024.

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

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

	30-Sep-24	31-Dec-23	30-Sep-23
Capital stock	**1,933,305,923**	1,933,305,923	1,933,305,923
Additional paid in capital	**281,437,118**	281,437,118	281,437,118
Treasury shares	**(459,418,212)**	(459,418,212)	(459,418,212)
Retained earnings	**4,169,901,901**	3,383,052,276	3,110,685,661
	5,925,226,730	5,138,377,105	4,866,010,490
Net income/(loss) after tax	**1,200,838,220**	1,071,184,611	745,743,228
Return on equity	**20.27%**	20.85%	15.33%

7. Financial Risk Management Objectives and Policies

Risk Management Structure

Audit Committee

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

Risk Management Committee

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

Board of Directors

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

Financial Risk Management

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

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

Foreign currency risk

The Group's transactional currency exposure arises from sales in currencies other than its functional currency and retaining its cash substantially in currency other than its functional currency. Approximately 78% of MACS' and 12% of MASCORP's revenue are denominated in US$ as of September 30, 2024. In addition, the Group closely monitors the foreign exchange rates fluctuations and regularly assesses the impact of future foreign exchange movements on its operations.

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

(in millions)	Movement in US$	Increase (decrease) on Income/Loss before Income Tax US$
2024	Increase of 5%	63.3
	Decrease of 5%	(63.3)
2023	Increase of 5%	53.2
	Decrease of 5%	(53.2)
2022	Increase of 5%	25.4
	Decrease of 5%	(25.4)

Credit and concentration risk

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

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

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

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

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

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

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

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

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

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

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

		Neither past due nor impaired					
September 30, 2024	Current	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	ECL	Total
Loans and receivable:							
Cash in bank and cash equivalents*	1,375,731,919	-	-	-	-	-	1,375,731,919
Receivables:							
Trade	1,043,367,277	231,670,700	198,101,488	150,937,249	392,290,660	- 29,755,267	1,986,612,108
Dividends receivable	-	-	-	-	-	-	-
Due from officers and employees	30,139,431		-	-	-	-	30,139,431
Interest receivable	5,131,100	-	-	-			5,131,100
Other receivables	103,818,100		-	-			103,818,100
Non-Trade	94,657,846	-	-	-	-	-	94,657,846
Deposits	62,419,924	-	-	-	-	-	62,419,924
Restricted cash investment	7,181,182	-	-	-	-	-	7,181,182
Contract Assets	8,549,174	-	-	-	-	-	8,549,174
Installment receivables	16,229,880	-	-	-	-	-	16,229,880
Finance lease receivable	14,798,025	-	-	-	-	-	14,798,025
	2,762,023,858	231,670,700	198,101,488	150,937,249	392,290,660	(29,755,267)	3,705,268,689

**Exclusive of cash on hand amounting to P4,209,987 as of September 30, 2024.*

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

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

Impairment assessment

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

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

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

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

Interest rate risk

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

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

The following table sets forth the estimated change in the Group's income before income tax (through the impact on the variable rate borrowings) due to parallel challenges in the interest rate curve in terms of basis points (bp) as of September 30, 2024, with all other variables held constant. There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

	Increase (decrease) in income before income tax	
	September 30, 2024	December 31, 2023
	(in millions)	(in millions)
100 bp rise	**(₱8.58)**	(₱10.06)
100 bp fall	**8.58**	10.06
50 bp rise	**(4.29)**	(5.03)
50 bp fall	**4.29**	5.03

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

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

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

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

As of September 30, 2024	< 1 year	>1-2 years	>2-3 years	>5 years	Total
Loans and receivables:					
Cash and cash equivalents	1,379,941,906	-	-	-	1,379,941,906
Receivables:					
Trade	1,986,612,108	-	-	-	1,986,612,108
Dividends receivable	-	-	-	-	-
Interest receivable	5,131,100	-	-	-	5,131,100
Installment receivable	14,898,121	43,470	65,409	1,222,880	16,229,880
Finance lease receivable	277,919	1,046,590	1,719,147	11,754,369	14,798,025
Deposits	-	-	-	62,419,924	62,419,924
	3,386,861,154	1,090,060	1,784,556	75,397,173	3,465,132,943
Other financial liabilities:					
Accounts payable and					
accrued liabilities	2,365,713,599	-	-	-	2,365,713,599
Notes Payable	348,809,840	171,022,326	80,435,110	152,340,113	752,607,389
Long-term debts	140,250,000	-	-	-	140,250,000
Dividends payable	96,402,629	-	-	-	96,402,629
Deposit	-	-	-	83,669,046	83,669,046
	2,951,176,068	171,022,326	80,435,110	236,009,158	3,438,642,662
Liquidity position	435,685,087	(169,932,266)	(78,650,555)	(160,611,985)	26,490,281

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

8. *Fair Value of Financial Instruments*

The following is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are reflected in the consolidated financial statements as of September 30, 2024 and December 31, 2023:

As at 30 September 2024			Fair value measurements using		
	Date of valuation	Carrying value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measures at fair value:					
Equity instruments designated at FVTOCI	September 30, 2024	**160,155,800**		**160,155,800**	**-**
Assets for which fair value is disclosed:					
Installment receivables	September 30, 2024	**16,229,880**	**-**	**-**	**16,229,880**
Finance lease receivable		**14,798,025**			**14,798,025**
Investment property		**143,852,303**	**-**	**-**	**490,544,000**
Deposits		**62,419,924**	**-**	**-**	**62,419,924**
Liabilities for which fair value is disclosed					**-**
Long term debts	September 30, 2024	**752,607,391**	**-**	**752,607,391**	**-**
Deposits		**83,669,046**	**-**	**-**	**83,669,046**

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

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

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

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

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

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

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

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

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

INDEX TO SUPPLEMENTARY SCHEDULES

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

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

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

		January to September		
		UNAUDITED 2024		UNAUDITED 2023
REVENUE				
Core Revenue	₱	8,160,650,439	₱	7,013,316,236
Subcon/Reimbursement		4,398,935,846		2,945,527,696
TOTAL REVENUE		12,559,586,285		9,958,843,932
LESS: COST OF SALES		5,961,239,022		4,418,483,450
GROSS PROFIT		6,598,347,263		5,540,360,482
LESS: OPERATING EXPENSES		5,476,499,613		4,566,986,934
INCOME FROM OPERATIONS		1,121,847,650		973,373,548
LESS/ (ADD): OTHER CHARGES/(INCOME)		(2,810,763)		106,271,024
INCOME BEFORE INCOME TAX		1,124,658,413		867,102,524
LESS: PROVISION FOR INCOME TAX		148,667,372		97,693,570
NET INCOME	₱	975,991,041	₱	769,408,954
EQUITY SHARE IN NET INCOME (49%)	₱	478,235,610	₱	377,010,387

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

CEBU PACIFIC CATERING SERVICES
SUMMARIZED STATEMENTS OF INCOME
In PHP

	January to September	
	UNAUDITED 2024	UNAUDITED 2023
REVENUE	₱ 153,468,731	₱ 54,203,784
LESS: COST OF SALES	82,240,032	39,359,299
GROSS PROFIT	71,228,699	14,844,485
LESS: OPERATING EXPENSES	11,427,607	7,870,305
INCOME FROM OPERATIONS	59,801,092	6,974,180
LESS/ (ADD): OTHER CHARGES/(INCOME)	796,271	742,056
INCOME BEFORE INCOME TAX	59,004,821	6,232,124
LESS: PROVISION FOR INCOME TAX	3,776,073	542,337
NET INCOME	₱ 55,228,748	₱ 5,689,787
EQUITY SHARE IN NET INCOME (40%)	₱ 22,091,499	₱ 2,275,915

SUMMARIZED INCOME STATEMENT INFORMATION FOR UNCONSOLIDATED SUBSIDIARY

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

		January to September		
		UNAUDITED 2024		UNAUDITED 2023
REVENUE	₱	1,316,156,231	₱	810,465,880
LESS: COST OF SALES		997,458,730		784,869,847
GROSS PROFIT		318,697,501		25,596,033
LESS: OPERATING EXPENSES		60,316,922		65,790,776
INCOME FROM OPERATIONS		258,380,579		(40,194,743)
LESS/ (ADD): OTHER CHARGES/(INCOME)		1,555,796		(7,140,917)
INCOME BEFORE INCOME TAX		259,936,375		(33,053,826)
LESS: PROVISION FOR INCOME TAX		62,342		60,045
NET INCOME	₱	259,874,033	₱	(33,113,871)
EQUITY SHARE IN NET INCOME (30%)	₱	77,962,210	₱	(9,934,161)