



C I R C U L A R

T h e P h i l i p p i n e S t o c k E x c h a n g e , I n c .

Company: Alphaland Corporation

Report Date: February 25, 2013

Further to Circular No. 1631-2013 dated February 19, 2013, Alphaland Corporation ("ALPHA") furnished the Exchange a copy of its SEC Form 20-IS (Preliminary Information Statement) in connection with its Annual Meeting of Stockholders, which will be held on 2 April 2013 at 4:00 p.m. at The Alpha Tents, 6th Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City.

As previously announced, "(f)or purposes of the meeting, only stockholders of record as of 05 March 2013 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders."

Attached is a copy of ALPHA's Preliminary Information Statement for your reference.

For the information and guidance of the investing public.

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S.E.C. Registration Number

A L P H A L A N D C O R P O R A T I O N (f o r m e r l y ,
M a c o n d r a y P l a s t i c s , I n c .)

(Company's Full Name)

A l p h a l a n d S o u t h g a t e T o w e r , 2 2 5 8 C
h i n o R o c e s A v e . C o r n e r E D S A , M a k a
t I C i t y

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

Rodolfo Ma. A
Ponferrada

Contact Person

(02) 337-2031

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

2 0 I S

Form Type

0 4 0 2

Month Day
Annual Meeting

Secondary License Type, If
Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

4 0

Total No. of Stockholders

Total Amount of Borrowings

₱6,447,736,381

Domestic

None

Foreign

To be accomplished by SEC Personnel Concerned

File
Number

LCU

Document I.D.

Cashier

STAMPS

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of **ALPHALAND CORPORATION** will be held on Friday, 02 April 2013 at 4:00 p.m. at The Alpha Tents, 6th Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City to discuss the following:

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Review and Approval of the Minutes of the Previous Meeting held on April 20, 2012
4. Annual Report of Management and Approval of the Audited Financial Statements for 2012
5. Ratification of Acts of the Board of Directors and Management Since the Last Annual Meeting of Stockholders
6. Election of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

For purposes of the meeting, only stockholders of record as of 05 March 2013 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Copies of the minutes of the Annual Meeting of Stockholders held on 20 April 2012 will be available upon request.

Registration starts at 3:00 p.m. For your convenience in registering your attendance, please have available some form of identification, such as your driver's license, passport or community tax certificate. For representatives of corporate stockholders, kindly bring a copy of the Board Resolution authorizing you to vote the shares of the company you represent.

Should you be unable to attend the meeting in person, you may want to execute a proxy in favor of a representative. The giving of such proxy will not affect your right to vote in person, should you decide to attend the Annual Meeting.

Copies of the following documents will be available upon request: (i) Minutes of the Annual Meeting of Stockholders held on 20 April 2012; (ii) Information Statement; (iii) Management Report; (iv) Consolidated Audited Financial Statements for the year 2012.

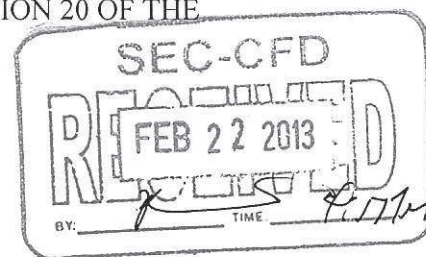
8 March 2013

RODOLFO MA. A. PONFERRADA
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE
SECURITIES REGULATION CODE



1. Check the Appropriate box

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter ALPHALAND CORPORATION (formerly Macondray Plastics, Inc.)

3. Province, country or other jurisdiction of incorporation or organization Philippines

4. SEC Identification Number 183835

5. BIR Tax Identification Number 001-746-612

6. Address of Principal Office PH, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City 1232

7. Registrant's telephone number, including area code (632) 337 - 2031

8. Date, time and place of meeting of security holders
Date **02 April 2013, Tuesday**
Time **4:00 p.m.**
Place **The Alpha Tents, 6th Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders
8 March 2013

10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA (information of the number of shares and amount of debt is applicable only to corporate registrants)

<u>Title of Each Class</u>	<u>Number of Common Stock Outstanding or Amount of Debt Outstanding</u>
Common Stock	1, 984,322,351 shares
Debt Outstanding	₱6,447,736,381

11. Are any or all of the registrant's securities listed on a Stock Exchange?
Yes No

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange Common Shares

INFORMATION STATEMENT

We are not asking you for a proxy and you are requested not to send us a proxy.

GENERAL INFORMATION

Date, Time and Place of Meeting of Stockholders

Date : 02 April 2013, Tuesday
Time : 4:00 p.m.
Place : The Alpha Tents, 6th Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City

Mailing Address of the Company

The complete mailing address of Alphaland Corporation (hereinafter, "ALPHA", the "Company" or the "Corporation") is:

ALPHALAND CORPORATION
9th Floor, Alphaland Southgate Tower
2258 Chino Roces Avenue corner EDSA
Makati City 1232, Philippines

Record Date

The record date for the purpose of determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of the Stockholders is 05 March 2013 (the "Record Date").

Approximate Date of First Release of Information Statement

The approximate date on which this Information Statement will be first sent out to the stockholders of the Company is on 08 March 2013.

Dissenter's Right of Appraisal

There are no matters or proposed actions as specified in the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar rights as provided in Title X of the Corporation Code of the Philippines.

Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Company may exercise their right of appraisal in the following instances:

- (i) any amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation;
- (iii) incurring, creating or increasing bonded indebtedness;
- (iv) increase or decrease of capital stock;
- (v) merger or consolidation of the corporation with another corporation or other corporations;

- (vi) dissolution of the corporation;
- (vii) declaration of stock dividends;
- (viii) removal of directors;
- (ix) extension or limitation of corporate term;
- (x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- (xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws.

Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

The election of directors may only be held at a meeting convened for that purpose at which stockholders representing a majority of the outstanding capital stock are present in person or by proxy. However, any vacancy in the board, other than by removal or expiration of term, may be filled by the majority of the remaining directors if still constituting a quorum.

A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Company within thirty (30) days after the date of the shareholders meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrender of the stock certificates representing his shareholdings in the Company based on the fair value thereof as of the day prior to the date of the shareholders meeting, excluding any appreciation or depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Company has unrestricted retained earnings to cause such payment.

If within a period of sixty (60) days from the date of the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Company within thirty (30) days after such award is made.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

There is no matter to be acted upon in which any director or executive officer is involved or had a direct, indirect or substantial interest (except the election of directors).

No director has informed the registrant, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- (a) **Total Number of Shares Outstanding as of 22 February 2013**: 1,984,322,351 common shares

Number of Votes per Share: One (1) vote per share.

(b) **Record Date:** All stockholders of record as of the close of business on 05 March 2013 are entitled to notice of, and to vote at, the Annual Meeting.

Security Ownership of Certain Record and Beneficial Owners – as of 22 February 2013

There are no delinquent stocks and the direct and indirect record of beneficial owners of more than five percent (5%) of common shares of the Company are:

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Ownership and relationship with Record Owner	Citizenship	No. of Shares	% Held
Common	Masrickstar Corporation ¹ (17/F Tower 1, Enterprise Center, 6766 Ayala Avenue, Makati City) Stockholder	Eric O. Recto – Vice Chairman and Controlling Stockholder	Filipino	709,472,340	35.75%
Common	PCD Nominee Corporation (37/F Tower 1, Enterprise Center, 6766 Ayala Avenue, Makati City) Stockholder	Alphaland Holdings (Singapore) Pte. Ltd. - Beneficial Owner of these shares lodged with the PDTC	Non-Filipino	463,246,416	23.35%
Common	Alphaland Holdings (Singapore) Pte. Ltd. ² (8 Cross St., 11-00 PWC Building, Singapore) Stockholder	Ashmore Investment Managed Limited (AIML) – Record Owner is owned by funds managed by AIML	Singaporean	254,211,433	12.81%
Common		Credit Suisse (Singapore) Ltd – Beneficial Owner ³	Singaporean	49,608,000	2.50%
Common	Boerstar Corporation ⁴ (17/F Tower 1, Enterprise Center, 6766 Ayala Avenue, Makati City) Stockholder	Roberto V. Ongpin and Eric O. Recto – Beneficial Owners	Filipino	167,788,430	8.45%
Common	D.M. Wenceslao and Associates, Inc. ⁵ (Aseana Business Park, Paranaque City) Stockholder	Beneficial Owner same as Record Owner	Filipino	147,375,700	7.43%
Common	RVO Capital Ventures Corporation ⁶ (17/F Tower 1, Enterprise Center, 6766 Ayala Avenue, Makati City) Stockholder	Roberto V. Ongpin – Chairman and Controlling Shareholder	Filipino	142,656,743	7.19%

¹The shareholdings of Masrickstar Corporation have been voted in past shareholders' meetings by Mr. Eric O. Recto.

²The shareholdings of Alphaland Holdings (Singapore) Pte. Ltd. have been voted in past shareholders' meetings by Mr. Roberto V. Ongpin.

³Last December 31, 2012, Alphaland Holdings (Singapore) Pte. Ltd. sold 49,608,000 of its ALPHA shares to Credit Suisse (Singapore) Ltd. As of the date of the information statement, the parties have already paid all the necessary taxes to the Bureau of Internal Revenue (BIR). However, the BIR has yet to issue the Certificate Authorizing Registration and Tax Clearance

Certificate for this sale. As soon as the Corporate Secretary receive these from the parties, it will immediately cancel the ownership of Alphaland Holdings (Singapore) Pte. Ltd. over these shares and record the ownership of Credit Suisse (Singapore) Ltd.

⁴The shareholdings of Boerstar Corporation have been voted in past shareholders' meetings by Mr. Eric O. Recto.

⁵The shareholdings of D.M. Wenceslao and Associates, Inc. have been voted in past shareholders' meetings by Mr. Edwin C. Wenceslao.

⁶The shareholdings of RVO Capital Ventures Corporation have been voted in past shareholders' meetings by Mr. Roberto V. Ongpin.

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as at Record Date, was indirectly or directly the beneficial owner of more than five percent of the Company's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent of the outstanding shares of common stock. There are no persons holding more than 5% of the Company's common stocks that are under a voting trust or similar agreement.

Security Ownership of Management

The following are the number of shares of common stock owned of record and beneficially by the directors and executive officers of the Company and the percentage of shareholdings of each, as at 1 March 2012:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent
Common	Roberto V. Ongpin	Direct	1	Filipino	0.00%
Common		Indirect	291,941,039		14.71%
Common	Eric O. Recto	Direct	1	Filipino	0.00%
Common		Indirect	756,039,117		38.10%
Common	Mario A. Oreta	Direct	1	Filipino	0.00%
		Indirect	10,000,000		0.50%
Common	Craig Webster	Direct	1	British	0.00%
Common	Peter Davies	Direct	1	British	0.00%
Common	Michelle S. Ongpin	Direct	100	Filipino	0.00%
Common	Fernando R. Santico, Jr.	Direct	100	Filipino	0.00%
Common	Dennis O. Valdes	Direct	1	Filipino	0.00%
Common	Delfin J. Wenceslao, Jr.	Direct	1	Filipino	0.00%
Common	Marriana H. Yulo	Direct	100	Filipino	0.00%
Common	Joanna O. Duarte	Direct	100	Filipino	0.00%
Common	Rodolfo Ma. A. Ponferrada	Direct	100	Filipino	0.00%
Common	Mario J. Loesin	Direct	100	Filipino	0.00%
Common	Margarito B. Teves	Direct	100	Filipino	0.00%
Common	Ramon S. Ang	Direct	100	Filipino	0.00%

Except as disclosed above, the Company has not received from any of the directors or executive officers of the Company any statement of ownership, whether of record or beneficially, of more than 5% of the Company's outstanding shares of common stock. As known by the Company, the aggregate number of common shares owned directly by all key officers and directors as a group as at 22 February 2013 was 1,057,981,161 common shares.

Changes in Control

There are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge. No change in control of the Company has occurred since the beginning of its last fiscal year.

Directors and Executive Officers

Pursuant to the Company By-Laws, the directors are elected at each annual meeting of stockholders by stockholders entitled to vote. Each director is elected for a term of one (1) year or until his successor is duly elected and qualified, unless he resigns, dies or is removed prior to such election.

The following names have been nominated to the Board of Directors for the ensuing year:

Roberto V. Ongpin
Eric O. Recto
Mario A. Oreta
Craig Webster
Peter Davies
Delfin J. Wenceslao, Jr.
Dennis O. Valdes
Marriana H. Yulo
Rodolfo Ma. A. Ponferrada
Joanna O. Duarte
Margarito B. Teves – Independent Director
Mario J. Locsin – Independent Director
Ramon S. Ang – Independent Director

The following names have been nominated as members of the Executive, Audit, Nominations and Compensation Committees for the ensuing year:

Executive Committee

- a. Roberto V. Ongpin (Chairman)
- b. Eric O. Recto
- c. Mario A. Oreta

Audit Committee

1. Margarito B. Teves (Chairman/Independent Director)
2. Eric O. Recto
3. Mario J. Locsin (Independent Director)

Nominations Committee

- a. Mario J. Locsin (Chairman/Independent Director)
- b. Roberto V. Ongpin
- c. Mario A. Oreta

Compensation Committee

- a. Mario J. Locsin (Chairman/Independent Director)
- b. Roberto V. Ongpin
- c. Eric O. Recto

The aforementioned nominees were nominated to the Nominations Committee by shareholders of the Company.

Pursuant to Section 38 of the Securities Regulation Code and Article III, Section 2 of the Corporation's By-Laws, the Corporation is required to elect at least two (2) independent directors, or such independent directors constituting at least twenty percent (20%) of the members of such board, whichever is less. Messrs. Mario J. Locsin, Ramon S. Ang and Maragrato B. Teves were all nominated by Mr. Eric O. Recto. The nominating shareholders are not related to any of the nominees, including that of the independent director.

A majority of the above named nominees are expected to attend the scheduled Annual Meeting.

The executive officers have been appointed by the Board of Directors to serve for a period of one (1) year or until their successors shall have been elected and qualified.

Names of Directors and Executive Officers

The following are the names, ages and periods of service of the incumbent directors (as well as that of the new nominees) and executive officers of the Company with a brief description of the business experience during the past five years of each of the directors and executive officers:

Board of Directors

ROBERTO V. ONGPIN, *Chairman of the Board, Chief Executive Officer and Director*

Mr. Ongpin, Filipino, 76, was elected Director and Chairman of the Board in November 11, 2009. He is also the Chairman of the following Philippine-listed Corporations: PhilWeb Corporation (WEB) (since 2000), ISM Communications Corporation (ISM) (since 2000), Atok-Big Wedge Co, Inc. (AB) (since 2009), and a Director of San Miguel Corporation (SMC), Ginebra San Miguel, Inc. (GSMI), PAL Holdings, Inc. (PAL) and Petron Corporation (PCOR). He is also the chairman of Alphaland Balesin Island Club, Inc., The City Club at Alphaland Makati Place, Inc. and Alphaland Marina Club, Inc. In Hong Kong, he is the Non-Executive Director of Shangri-La Asia and the Deputy Chairman of the South China Morning Post, both listed in the Hong Kong Stock Exchange. He is also the Chairman of Acentic GmbH (Germany) and a Non-Executive Director of Forum Energy PLC (London). Mr. Ongpin joined SGV & Co. in 1964 and was Chairman and Managing Partner of the firm from 1970 to 1979. He served as the Minister of Trade and Industry of the Republic of the Philippines from 1979 to 1986. Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant, and has an MBA from the Harvard Business School.

ERIC O. RECTO, *Vice-Chairman, Corporate Information Officer and Director*

Mr. Recto, Filipino, 49 years old, was elected Director on November 11, 2009, appointed Corporate Information Officer on November 18, 2009, and elected Vice Chairman on December 8, 2009. He is also the chairman of the Philippine Bank of Communications (PBC), vice chairman and director of Alphaland Balesin Island Club, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Marina Club, Inc., Atok-Big Wedge Co., Inc. Philweb Corporation, and of Petron Corporation, president and director of ISM Communications Corporation, a director of San Miguel Corporation and Manila Electric Company (MER), a member of the Board of Supervisors of Acentic GmbH and the President and Director of Top Frontier Investment Holdings, Inc., and Q-Tech Alliance Holdings, Inc. Prior to joining the Company, Mr. Recto served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both the International Finance Group and the Privatization Office. Before his stint with the government, he was chief finance officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University.

MARIO A. ORETA, *President and Director*

Mr. Oreta, Filipino, 66 years old, was elected Director on November 11, 2009 and President on

December 8, 2009. He is also currently the President and a Director of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., Alphaland Makati Tower, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., Alphaland Marina Corporation, Alphaland Marina Club, Inc., Aklan Boracay Properties, Inc. and Alphaland Property Management Corporation, the Vice Chairman and Director of Alphaland Heavy Equipment Corporation and Alphaland Reclamation Corporation, and Chief Operating Officer of Jet Eagle International Limited, Inc. He is the Chairman of Major Holdings, Inc., Major Properties, Inc., and Major Homes, Inc. He is also a Director of PhilWeb Corporation, ISM Communications Corporation, and Atok-Big Wedge Co., Inc. He was the founder and managing partner of TanjuatcoOreta and Factoran Law Offices.

MARRIANA H. YULO, *Chief Financial Officer and Director*

Ms. Yulo, Filipino, 29 years old, was elected Director last May 26, 2011. She is also currently the Head of Corporate Finance for PhilWeb Corporation, ISM Communications Corporation, and Atok- Big Wedge Inc. She graduated with a degree in Business Administration, major in Management at Palawan State University. She also holds an MBA from the University of St. La Salle and has successfully completed Level I of the Chartered Financial Analyst Program.

CRAIG WEBSTER, *Director*

Mr. Webster, British, 41 years old, was elected as Director on November 27, 2009. Mr. Webster is also currently a director of Alphaland Development, Inc. Mr. Webster is also Head of Legal and Transaction Management of Ashmore Investment Management Limited since June 2008. Prior to this, he was head of Corporate Finance Legal Team and Deputy Head of Legal Transaction and Management and joined Ashmore in 2005. Prior to joining Ashmore, Mr. Webster was a senior associate with Weil Gotshal's Corporate Finance Team in London from 1998 to 2003. He has a BA (hons) in Marketing from Stirling University and qualified as solicitor of the Supreme Court of England and Wales in 1998. Mr. Webster acts as a director on various Ashmore portfolio companies and is a member of Ashmore's Risk and Compliance Committee.

PETER DAVIES, *Director*

Mr. Davies, British, 50 years old, was elected Director on December 20, 2011. Mr. Davies is a British citizen and received an Honours degree from the University of London in 1985 (History) and subsequently studied to become a Chartered Surveyor receiving his professional qualifications (Member of the Royal Institution of Chartered Surveyors) in 1990. Prior to joining Ashmore, he has been employed in the real estate business since 1988 and has worked for a number of fund management businesses specializing in real estate including ING Real Estate and Goodman.

DELFIN J. WENCESLAO, JR., *Director*

Mr. Wenceslao, Filipino, 68 years old, was elected Director of the Company on May 26, 2011. He is presently the Chairman and President of D.M. Wenceslao & Associates, Inc., Aseana Holdings Inc., the President and Director of Bay Dredging, Inc. and Bay Resources and Development Corporation, the Managing Director of R-I Consortium and a Director of Private Infrastructures Development Corp. (PIDC), PhilWeb Corporation, and Atok- Big Wedge Co., Inc. He is also the Chairman of the Capitol Jaycee Senate foundation and the Katipunan ng Mamamayan ng Bagong Parañaque. Mr. Wenceslao graduated from the Ateneo de Manila University with a Bachelor of Science Degree in Economics (1964) and earned his MBA and DBA from the Pamantasan ng Lungsod ng Maynila.

DENNIS O. VALDES, *Director*

Mr. Valdes, Filipino, 51 years old, is presently the president of Philweb Corporation and a director of ISM Communications Corporation and Atok-Big Wedge Co., Inc. and a member of the Board of Supervisors of Acentic GmbH. He worked in various capacities for the Inquirer Group of Companies from 1996 to 2006 as a director of Philippine Daily Inquirer, Inc., founding president of Inq7 Interactive, Inc. and president of Inquirer Publications, Inc. Simultaneously, he worked for the Print Town Group of companies as executive vice president and chairman of the executive

committee of FEP Printing Corp., president of Lexmedia Digital Corp. and founding president of Newspaper Paraphernalia, Inc. He is a certified public accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines and has an MBA degree from the Kellogg School of Management, Northwestern University.

RODOLFO MA. A. PONFERRADA, *Director and Corporate Secretary*

Mr. Ponferrada, Filipino, 36 years old, was elected as director of the Company in April 20, 2012. He is currently the Corporate Secretary and Corporate Information Officer of the Company. He is also the Corporate Secretary and a Corporate Information Officer of ISM Communications Corporation, Atok- Big Wedge Co., Inc., Philweb Corporation and the Philippine Bank of Communications, and a Member (representing the private sector) of the Board of Directors of the Social Housing Finance Corporation. Mr. Ponferrada is a Member of the Philippine Bar.

JOANNA O. DUARTE, *Director and Head of Sales and Marketing*

Ms. Duarte, Filipino, 42, is was elected as director of the Company in April 20, 2012. She is also currently the Director for Sales and Marketing for Alphaland Balesin Island Club, Inc., The City Club at Alphaland Makati Place, Inc. and Alphaland Marina Club, Inc. She is an entrepreneur with ventures in the retail industry. She is the president of Big & Small Marketing Co., Inc., a company she started in 1989 with the popular local clothing brands Big & Small Co., H.A.B. Maternity, and More and Spin; and a Director of Bearwear Inc., owner of local clothing brand Orange Juice. She has a degree in Interdisciplinary Studies from the Ateneo de Manila University and has attended an MA in Entrepreneurship from the Asian Institute of Management.

MARGARITO B. TEVES, *Independent Director*

Mr. Teves, Filipino, 68 years old, was elected Independent Director on May 26, 2011 and assumed this position on July 1, 2011. Mr. Teves is currently the Chairman of Think Tank, Inc., Member of the Board of Advisers of Metro Bank and Trust Company and Member of the Board of Directors of Landbank Countryside Development Foundation. He was formerly Secretary of the Department of Finance, Landbank President and CEO and a Member of the House of Representatives (representing the 3rd District of Negros Oriental). He obtained a Higher National Diploma (HND) in Business Studies, equivalent to a BSC in Business Economics from the City of London College and a Master of Arts (MA) in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA. He was recently conferred an Honorary Degree, Doctor of Laws, by Williams College, and named Senior Adviser to the China- Asean Economic and Culture Research Center and Visiting Professor at the Guilin University of Electronic Technology in China.

MARIO J. LOCSIN, *Independent Director*

Mr. Locsin, Filipino, 60 years old, was elected Independent Director on November 11, 2009. Mr. Locsin is currently President of Inpilcom, Inc. He is also a director of Atok-Big Wedge Co., Inc., Philippine Bank of Communications, ISM Communications Corporation and Philweb Corporation. He holds a Master's degree in Business Administration from the University of San Francisco (1980), and a degree in Lia-Honors Math from De La Salle University (1973).

RAMON S. ANG, *Independent Director*

Mr. Ang He is also currently Vice Chairman, President and COO of San Miguel Corporation, the Chairman and CEO of Petron Corporation and the Vice Chairman of the Manila Electric Company. He is also a Director of PhilWeb Corporation. He holds the positions of Chairman, President or Director of over 35 companies related to or subsidiaries of San Miguel Corporation, and is also the Chairman of Liberty Telecoms Holdings, Purefoods-Hormel Company, Inc., Philippine Diamond Hotel & Resort, Inc., Magnolia, Inc., and Cyber Bay Corporation. He was previously the CEO of Paper Industries Corporation of the Philippines and the Executive Managing Director of Northern Cement Corporation, among others. He has a BS degree in Mechanical Engineering from Far Eastern University.

Independent Director

As approved by the Board of Directors, the procedure for the nomination of independent directors shall be as follows:

The nomination of independent directors shall be conducted by the Nominations Committee prior to the Annual Meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the nominees for election. The Nominations Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.

After the nomination, the Nominations Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required by existing and applicable rules, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the information statement, or in such other reports the Company is required to submit the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relation with the nominee.

Only nominees whose names appear on the final list of candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

All nominees, Messrs. Mario J. Locsin, Margarito B. Teves, and Ramon S. Ang, do not have a relationship with the Company which would interfere with the exercise of independent judgment in carrying out responsibilities of a director. None of them are related to any of the directors or officers of the Company.

Mr. Eric O. Recto has recommended the nomination of Messrs. Locsin, Teves, and Ang as independent directors for the ensuing year. Mr. Recto is not related to any of the mentioned nominees. The Nominations Committee has taken into consideration the qualifications to be an independent director. Attached as **Annexes "A" "B" and "C"** are the Certifications of the Qualification of the Nominees for Independent Directors of Messrs. Locsin, Teves and Ang.

In approving the nomination for Independent Director, the Nomination Committee took into consideration the guidelines on the nomination of Independent Directors prescribed in SEC Memorandum Circular No. 16, Series of 2002. All the nominees for election to the Board of Directors have at least one (1) share registered in their names.

OFFICERS

JOSEPHINE A. MANALO, *Corporate Information Officer*

Ms. Manalo, Filipino, 68 years old, was appointed Corporate Information Officer on November 18, 2009. Ms. Manalo is presently connected with PhilWeb Corporation as Executive Assistant to the Chairman. She is also working in various capacities for Mr. Roberto V. Ongpin's Group of Companies. She has a Bachelor of Science in Business Administration degree from St. Theresa's College, Manila.

JOVITA D.S. LARRAZABAL, *Assistant Corporate Secretary and Corporate Information Officer*

Ms. Larrazabal, Filipino, 31 years old, was elected Assistant Corporate Secretary and Corporate Information Officer on May 26, 2011. She is also currently the Assistant Corporate Secretary,

Corporate Information Officer, and Legal Counsel of ISM Communications Corporation and the Assistant Corporate Secretary of Atok-Big Wedge Co., Inc. and the Philippine Bank of Communications. Ms. Larrazabal holds a Juris Doctor degree from the Ateneo De Manila University - Law School and a Bachelor of Arts degree major in Management Economics from the Ateneo De Manila University - College of Arts and Sciences. She is a Member of the Philippine Bar.

Directorships in Other Reporting Companies

Mr. Roberto V. Ongpin also serves as chairman of ISM Communications Corporation, Philweb Corporation, Atok-Big Wedge Co. Inc., The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc. and a director of Petron Corporation, San Miguel Corporation, PAL Holdings, Inc. and Ginebra San Miguel, Inc.

Mr. Eric O. Recto is also the chairman of Philippine Bank of Communications, the president of ISM Communications Corporation as well as vice chairman of Philweb Corporation, Atok-Big Wedge Co. Inc., Petron Corporation, The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc. He is also a director of Manila Electric Company and San Miguel Corporation.

Mr. Mario A. Oreta is president of The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc., a director of Philweb Corporation, ISM Communications Corporation and Atok-Big Wedge Co. Inc.

Mr. Mario J. Locsin is vice chairman of Philippine Bank of Communications, a director of Atok-Big Wedge Co., Inc., ISM Communications Corporation and Philweb Corporation, as well as independent director of The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc.

Ms. Marriana H. Yulo is a director of Atok-Big Wedge Co., Inc.

Mr. Rodolfo Ma. A. Ponferrada is a director of Atok- Big Wedge Co., Inc.

Mr. Delfin J. Wenceslao, Jr. is a director of PhilWeb Corporation and Atok- Big Wedge Co., Inc.

Mr. Dennis O. Valdes is a director and president of Philweb Corporation and a director of ISM Communications Corporation and Atok-Big Wedge Co., Inc.

Mr. Ramon S. Ang is the President of San Miguel Corporation, the Chairman of Petron Corporation and PAL Holdings, Inc., and the Vice Chairman of the Manila Electric Company. He is also a Director of PhilWeb Corporation.

Shares of ISM Communications Corporation (ISM), Philweb Corporation (WEB), Atok-Big Wedge Co., Inc. (AB), Philippine Bank of Communications (PBC and PBCP), Petron Corporation (PCOR and PPREF), Manila Electric Company (MER), San Miguel Corporation (SMC and SMCP1), PAL Holdings, Inc. (PAL) and Ginebra San Miguel, Inc. (GSMI) are all listed in the Philippine Stock Exchange, Inc. Shares of The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc. are covered by Registration Statements filed with the SEC.

Significant Employee

The Company considers its entire manpower complement (including that of its subsidiaries) as significant employees, expected to contribute positively to the Company's goals and objectives in line with the Company's mission, vision and objectives through the implementation of its core and foundational values.

Family Relationships

Messrs. Eric O. Recto and Dennis O. Valdes are nephews of Mr. Roberto V. Ongpin. Ms. Joanna O. Duarte is a niece of Mr. Ongpin. Other than the foregoing, the persons nominated or chosen by the Company to become directors or executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

Mr. Ongpin and Ms. Manalo are involved in the following legal proceedings:

1. *Roberto V. Ongpin vs. Nestor A. Espenilla, Jr.*, OMB Case No. IC-OC-13-0044, pending before the Office of the Ombudsman, which is a criminal complaint for violation of Section 3 (e) of R.A. No. 3019;
2. *Roberto V. Ongpin vs. Vicente S. Aquino*, OMB Case No. IC-OC-13-0044, pending before the Office of the Ombudsman, which is a criminal complaint for violation of Section 3 (e) of R.A. No. 3019 and perjury under Article 183 of the Revised Penal Code;
3. *Atty. Zenaida Ongkiko-Acorda, as attorney in fact of Atty. Mario E. Ongkiko and in behalf of Philex Mining Corporation vs. Roberto V. Ongpin, et al.*, SEC Case No. 11-166, pending before the Regional Trial Court of Pasig City, Branch 158, which involves a purported derivative suit filed on behalf of Philex Mining Corporation (Philex) in order to recover the “short-swing profits” which were allegedly realized from supposed transactions involving Philex shares. This case is in the discovery stage. A related Petition for Review on *Certiorari* is also pending before the Supreme Court in G.R. No. 204166, entitled *Roberto V. Ongpin, et al. vs. Acorda, et al.*;
4. *Development Bank of the Philippines vs. Reynaldo G. David, et al.*, OMB Case No. C-C-11-0492-H, which is a criminal complaint for violations of R.A. No. 3019, and banking laws, rules and regulations, pending with the Office of the Ombudsman, in connection with transactions with the Development Bank of the Philippines also involving Philex shares. In an Order dated 26 November 2012 and approved on 8 January 2013, the Office of the Ombudsman denied all motions for reconsideration of its 24 September 2012 Review Resolution;
5. *People vs. Reynaldo G. David, et al.*, S.B.-13-CRM-0105 and S.B.-13-CRIM-0106, pending before the Third Division of the Sandiganbayan in connection with two loans obtained by Deltaventure Resources, Inc. from the Development Bank of the Philippines. The Informations in both cases, respectively, for violations of Section 3 (e) of R.A. No. 3019 were filed on 10 January 2013; and
6. *In Re: Ex-Parte Petition for the Issuance of Freeze Order Against the Bank Accounts of Roberto V. Ongpin, et al.*, CA-G.R. AMLC No. 00066 pending before the Fifth Division of the Court of Appeals, which is a petition filed by the Anti-Money Laundering Council for the freezing of the bank accounts of some 30 persons all in connection with two loans granted by DBP to DVRI in 2009.

Other than the foregoing, no director or senior corporate officer of the Issuer during the past five (5) years has been subject to:

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

The Company is not aware of any transaction in the last two (2) years, or proposed transaction to which the registrant is a party, in which the following persons have direct or indirect material interest, that were out of the ordinary course of business:

1. any director or executive officer
2. any nominee for election as director
3. any security holder named above
4. any member of the immediate family of the above-named persons

Except as disclosed in the Company's notes to financial statements contained in the Company's audited financial statements, there has been no material transaction to which the Company was or is to be a party in which any of the incumbent directors or nominee director or executive officer of the Company or owners of more than ten percent of the Company's voting shares has or is to have a direct or indirect material interest. In the ordinary course of business, the Company has transactions with other companies in which some of such persons may have an interest. Such transactions are negotiated on an arm's length basis comparable or better than that which can be provided by independent third parties.

The transactions with related parties/affiliates are carried out under commercial terms and conditions. Pricing for the sales of products are market driven. For purchases and other services, the Company's practice is to solicit competitive quotes from third parties. Transactions from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider. The Company also receives/grants cash advances and other financial support from/to affiliated companies and stockholders. These cash advances to and from affiliates bear interest rate based on current bank rates and with no definite repayment period.

Compensation of Directors and Executive Officers**

The aggregate compensation (including bonuses) paid or accrued during the last three (3) years and the ensuing year to the Company's Chief Executive Officers and the key officers named below, as a group are:

Name and Principal Position	Year	Salary (PhP)	Bonus (PhP)	Aggregate Compensation
-				

Executive Officers	2010			
Roberto V. Ongpin, Chairman				
Eric O. Recto, Vice Chairman				
Mario A. Oreta, President				
Fernando R. Santico, Chief Operating Officer				
Raul C. Pagdanganan, Chief Finance Officer				
All Directors and Officers as a Group Unnamed		₱	₱-	₱
Chief Executive Officer and Top 4 Highest Paid Executives	2011			
Roberto V. Ongpin, Chairman				
Eric O. Recto, Vice Chairman				
Mario A. Oreta, President				
Fernando R. Santico, Jr., Chief Operating Officer				
Marriana H. Yulo, Chief Finance Officer				₱
				31,850,000.00
Chief Executive Officer and Top 4 Highest Paid Executives	2012			
Roberto V. Ongpin, Chairman				
Eric O. Recto, Vice Chairman				
Mario A. Oreta, President				
Fernando R. Santico, Jr. Chief Operating Officer				
Marriana H. Yulo, Chief Finance Officer				
				₱31,850,000.00
All Directors and Officers as a Group Unnamed		₱	₱-	₱
				49,311,613.00

The above executive officers, aside from their compensation and bonus, are entitled to reimburse certain expenses which they incur as part of the ordinary course of business (i.e. gasoline, representation and travel expenses). There are no special terms or compensatory plans or arrangements with respect to the resignation, termination of employment of such executive officers between the Company and any of its executive officers. Likewise, there are no warrants or options held by the Company's officers or directors either singly or collectively.

The non-executive members of the Board of Directors do not receive any direct compensation from the Company. None of the directors, in their personal capacity, has been contracted and compensated by the Company for services other than those provided as a director. The Board of Directors, upon attendance at each Board Meeting, is authorized under the Company's Articles of Incorporation to receive a per diem of ₱10,000.00.

The Company is being managed by the management team of ADI.

Independent Public Accountant

In 2012, the Company engaged SGV & Co. as its external auditor. There were no changes in or disagreements with accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the past fiscal year.

The Company paid its external auditor the following fees for the last three (3) years for professional services rendered:

Type of Service	Aggregate Fee Amounts (in Php)			Nature of Services
	2012	2011	2010	
External audit	1,430,000	1,200,000	1,480,192	Audit of Financial Statements
Retainer	200,000	140,000	-	Tax advisory services
Total fees	1,630,000	1,340,000	1,480,192	

The Audit Committee is directly responsible in selecting and appointing the independent public accountants. Annually, the Committee recommends that the Board request shareholder ratification of the appointment of the independent public accountants. The Committee is also responsible for setting the compensation of the independent public accountants and periodically reviews the fees charged for all permitted audit-related expenses and other services. The Committee performs oversight functions over the Company's external auditors. It ensures that the auditors act independently from management and that it is given access to all records, properties and personnel of the Company to enable it to perform its functions properly. It is also their responsibility to evaluate and, when appropriate, to remove the independent public accountants. The Audit Committee makes recommendations to the Board of Directors concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Committee reviews the financial reports before these are submitted to the Board, with particular focus on (i) any changes in accounting policies and practices, (ii) Major judgmental areas, (iii) significant adjustments resulting from audit, (iv) going concern assumptions, (v) compliance with accounting standards, and (vi) compliance with tax, legal and regulatory requirements. The Audit Committee has approved the audit conducted by SGV & Co.

There were no other professional services rendered by SGV & Co during the period.

The reappointment of SGV & Co. as the Company's external auditor was approved by the Stockholders in the Annual Stockholders Meeting held last 20 April 2012.

There were no disagreements with respect to the transfer of the account, nor was there any accounting/auditing issue raised in this connection.

The reappointment of the said auditing firm as Independent Public Accountant for the year 2012 will be submitted to the stockholders by the Company's Audit Committee for their confirmation and approval during the regular annual stockholders meeting.

Pursuant to Rule 68 of the Securities Regulation Code on the 5 year rotation requirement for the external auditor, the Audit Committee shall require the appointment of a new partner to handle and oversee the external audit of the Company's financial statements. The appointment of the duly qualified and SEC registered Independent Public Accountant shall be announced in the shareholders meeting for consideration and approval of the stockholders.

Duly authorized representatives of SGV & Co are expected to be present at the meeting where they will have the opportunity to respond to appropriate questions.

Compensation Plans

No action pertaining to any plan involving the payment or distribution of cash or non-cash compensation will be taken during the Annual Meeting.

Issuance of Securities

Each common share entitles the holder to one vote. At each meeting of the stockholders, each stockholder entitled to vote on a particular question or matter involved shall be entitled to vote for each share of stock standing in his name in the books of the Company as of record date. Voting shall be in accordance with the voting procedure described below.

Each holder of common stock shall be entitled to such dividends as may be declared by the Board and on the basis of outstanding stock held by them. The Board is authorized to declare dividends which shall be declared and paid out of the Company's unrestricted retained earnings. A cash dividend declaration does not require any further approval from the stockholders. A stock dividend

approval shall require the further approval of the stockholders representing at least two-thirds of the Company's outstanding capital stock.

Under the Company's amended articles of incorporation, holders of common stock have waived their pre-emptive right. There is no provision in the Company's amended articles of incorporation or by-laws that would delay, defer or prevent a change in control of the Corporation.

Action with Respect to Reports

The approval of the following will be considered and acted upon at the meeting:

1. Review and Approval of the Minutes of the Previous Meeting held on April 20, 2012
2. Annual Report of Management and Approval of the Audited Financial Statements for 2012
3. Ratification of Acts of the Board of Directors and Management Since the Last Annual Stockholders' Meeting
4. Election of Directors
5. Appointment of External Auditor

Minutes of the Annual Meeting held on 20 April 2012 and resolutions of the Board of Directors and those of its Executive Committee since the date of the said Annual Stockholders Meeting will be made available for examination during office hours by the Corporate Secretary.

There are no other items submitted for approval or consideration, other than those required in the ordinary course of business that requires approval or presentation to the shareholders of the Corporation.

Below is a summary of the acts of directors and management done in 2012 for ratification:

1. Executive Committee on March 6, 2012
 - a. Approval of the corporate guaranty in favor of Alphaland Balesin Island Resort Corporation ("ABIRC") for the latter's loan with the Bank of Commerce
2. Executive Committee on August 10, 2012
 - a. Approval of the amendment of its Deed of Subscription dated November 10, 2010 with Alphaland Development, Inc. ("ADI") to reflect the change in the subscription price and the subscription by the Company of an additional 2,453,125 common shares of ADI
 - b. Approval of the additional subscription by the Company of the conversion of the deposits for future subscription of the Company in ABIRC into 750,000 common shares of ABIRC
3. Executive Committee on October 1, 2012
 - a. Approval of the corporate guaranty in favor of Alphaland Heavy Equipment Corporation for the latter's loan with the Land Bank of the Philippines
4. Executive Committee Meeting on 19 February 2013
 - a. Approval to set the Annual Meeting of the Stockholders on 2 April 2013 at 4:00 p.m. at The Tents, 6th Floor, Alphaland Southgate Mall, 2258 Chino Roces Avenue corner EDSA, Makati City. The record date for stockholders who will be eligible and entitled to vote at the said meeting has been set to 5 March 2013.

Other Matters

Voting Procedures

The vote required for acts requiring stockholders approval is at least a majority of the outstanding capital stock.

In the election of directors, the fifteen (15) nominees with the greatest number of votes will be elected directors.

Every stockholder entitled is entitled to one vote. However, with respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Corporation Code of the Philippines. Method of voting shall be conducted by show of hands unless a shareholder requires a poll to be made on any action. In such case, the method of counting votes shall be done by secret. Counting of votes shall be supervised by the Corporate Secretary and/or Assistant Corporate Secretary with the supervision and assistance of representatives from Sycip, Gorres Velayo and Co.

FINANCIAL AND OTHER INFORMATION

Financial Statements

The Unaudited Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2012 is hereby attached for reference. Copies of the audited consolidated financial statements for the period ended December 31, 2012 shall be made available to the stockholders during the Annual Stockholders' Meeting on April 2, 2013. The consolidated financial statements reflect that of Alphaland Corporation (formerly Macondray Plastics, Inc. or MPI; hereinafter referred to as ALPHA or Parent Company) and its subsidiaries: Alphaland Development, Inc. (ADI), Alphaland Reclamation Corporation (ARC), Alphaland Balesin Island Resort Corporation (ABIRC), Alphaland Aviation, Inc. (AAI) and Alphaland Boracay Properties, Inc. (ABPI) (collectively referred to as the Group).

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

Organization and Business

ALPHA's primary purpose was amended from a plastics manufacturing interest to a holding company upon the approval of the Philippine Securities and Exchange Commission (SEC) on April 7, 2010. The Company spun off the operation and maintenance of its plastics manufacturing business to its then wholly-owned subsidiary, Macondray Plastics Products, Inc. ("MPPI") through a deed of conveyance on October 13, 2009 where ALPHA transferred and conveyed in favor of MPPI all of its rights, titles and interests in, and obligations to, its net assets in consideration of, and solely in exchange for shares of stock of MPPI (the "Assignment"). The transfer of properties and obligations to MPPI from ALPHA became effective upon the approval by the SEC of the increase in the authorized capital stock of MPPI on April 7, 2010.

Further to the spinoff of MPPI, ALPHA signed a Memorandum of Understanding (“MOU”) on December 23, 2010 with Macondray Philippines Co., Inc. (“MPCI”), where the latter is offering to buy ALPHA’s entire interest in MPPI upon completion of the Assignment, which ALPHA accepted for a reasonable consideration to be determined nearer to the Assignment. With the foregoing agreement, ALPHA presented the assets of MPPI as “Assets held for sale”, and the liabilities as “Liabilities directly associated with assets held for sale” in the 2010 consolidated balance sheet, and reported the operations of the plastics manufacturing segment as “Income from discontinued operations” in the 2010 consolidated statement of comprehensive income. Consequently, the sale of MPPI was consummated with the execution of a Deed of Absolute Sale between ALPHA and MPCI on October 28, 2011 for a consideration of ₱254.0 million, which resulted to a loss on sale of ₱1.3 million.

Basis of Consolidation

On April 7, 2010, ALPHA completed the legal acquisition of ADI and its subsidiary through the share-for-share swap. ADI was deemed to be the accounting acquirer for accounting purposes under the principles of Philippine Financial Reporting Standards (PFRS) 3, *Business Combinations*. Therefore, the share-for-share swap transaction was accounted for as a reverse acquisition under PFRS 3. Accordingly, the consolidated financial statements of ALPHA in 2012, 2011 and 2010 have been prepared as a continuation of the consolidated financial statements of ADI.

Following is a list of the legal subsidiaries as of December 31, 2012, 2011, and 2010:

Company	Nature of Business	Percentage of Effective Ownership		
		2012	2011	2010
ADI	Real property development	100	100	100
Alphaland Makati Place, Inc. (AMPI) ^(a)	Real property development	100	100	100
Alphaland Makati Tower Inc. (AMTI) ^{(a) (d)}	Real property development	100	100	100
Alphaland Marina Corporation (AMC) ^{(a) (d)}	Real property development	100	100	100
ABIRC ^(d)	Real property development	100	100	100
ARC ^(e)	Real property development	100	100	–
AAI ^(f)	Real property development	100	–	–
ABPI ^(f)	Real property development	100	–	–
2258 Blue Holdings ^{(a) (f)}	Real property development	100	–	–
Choice Insurance Brokerage, Inc. ^{(f) (g)}	Real property development	70	–	–
MPPI	Plastics manufacturing	–	–	100
The City Club at Alphaland Makati Place, Inc. (TCCAMPI; the “City Club”) ^{(b) (d) (h)}	City club operation	–	–	99
Alphaland Balesin Island Club Inc. (ABICI; the “Island Club”) ^{(c) (d) (h)}	Island club operation	–	–	100

^(a) Through ADI

^(b) Through AMPI

^(c) Through ABIRC

^(d) Incorporated in 2010

^(e) Incorporated in 2011

^(f) Incorporated in 2012

^(g) Through 2258 Blue Holdings

^(h) Ownership of TCCAMPI and ABICI was transferred to Alphaland Property Management Corporation (APMC), a related party, as a result of the Deed of Assignment dated August 12, 2011.

Results of Operations

	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
<i>(amount in million)</i>			
Total Assets	51,080.2	33,855.6	17,984.7
Total Liabilities	15,556.1	9,517.8	4,640.0
Stockholders' Equity	35,524.1	24,337.8	13,344.7

	For the year ended December 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010
<i>(amount in million)</i>			
Income	3,347.1	2,959.7	1,835.2
Costs and Expenses	556.3	300.8	298.7
Net Income	2,022.0	1,936.0	1,249.9
Total Comprehensive income	11,180.3	7,710.8	1,250.9
Retained Earnings	7,879.9	5,857.8	3,921.7

2012 vs. 2011

SELECTED ANNUAL INFORMATION

	Years Ended December 31		Variance	
	2012	2011	AMOUNT	PERCENTAGE
<i>(amounts in million)</i>				
REVENUES	529,528,522.00	413,024,287.00	116,504,235.00	28%
Utilities and rent	160,181,872.00	123,827,293.00	36,354,579.00	29%
Service and professional fees	50,944,099.00	36,660,639.00	14,283,460.00	39%
Listing and filing fees	25,149,080.00	30,426,771.00	(5,277,691.00)	-17%
Sales and marketing	14,391,137.00	29,481,774.00	(15,090,637.00)	-51%
Taxes and licenses	84,381,500.00	28,520,473.00	55,861,027.00	196%
Salaries and employees' benefits	16,473,982.00	19,192,190.00	(2,718,208.00)	-14%
Others	73,653,739.00	32,739,280.00	40,914,459.00	125%
COST AND EXPENSES	425,175,409.00	300,848,420.00	124,326,989.00	41%
Gain on fair value change in investment properties	2,454,298,860.00	2,356,792,867.00	97,505,993.00	4%
Gain on sale of AFS investments	330,647,538.00	208,631,416.00	122,016,122.00	58%
Interest expense and other finance charges	(123,392,834.00)	(71,406,981.00)	(51,985,853.00)	73%
Interest income	31,522,356.00	44,887,264.00	(13,364,908.00)	-30%
Gain on loss of control	-	8,939,415.00	(8,939,415.00)	-100%
Loss on sale of an investment	-	(1,298,081.00)	1,298,081.00	-100%
Gain on assignment of shares	1,107,177.00	-	1,107,177.00	100%
Others	(7,685,950.00)	101,790.00	(7,787,740.00)	-7651%
OTHER INCOME (EXPENSES)	2,686,497,147.00	2,546,647,690.00	139,849,457.00	5%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,790,850,260.00	2,658,823,557.00	132,026,703.00	5%
PROVISION FOR INCOME TAX	768,890,519.00	735,681,820.00	33,208,699.00	5%
NET INCOME FROM CONTINUING OPERATIONS	2,021,959,741.00	1,923,141,737.00	98,818,004.00	5%
INCOME FROM DISCONTINUED OPERATIONS	-	12,907,072.00	(12,907,072.00)	-100%
NET INCOME	2,021,959,741.00	1,936,048,809.00	85,910,932.00	4%
OTHER COMPREHENSIVE INCOME	9,158,312,945.00	5,774,711,570.00	3,383,601,375.00	59%
TOTAL COMPREHENSIVE INCOME	11,180,272,686.00	7,710,760,379.00	3,469,512,307.00	45%

The Group posted a remarkable consolidated net income amounting to ₱2,022.0 million for the year ended December 31, 2012, compared to ₱1936.0 million in 2011.

28% Increase in Revenues

Consolidated total revenues relating to rental and other income from Alphaland Southgate Tower amounted to ₱529.5 million and ₱413.0 million for the year ended December 31, 2012 and 2011, respectively. The jump in revenues is on account of higher occupancy of the leasable areas during the current period.

41% increase in Costs and Expenses

Increase from ₱300.8 million in prior period to ₱323.7 million in current period is mainly due to higher operating expenses (largely utilities, security and janitorial expenses) of Alphaland Southgate Tower associated with increased tenancy, and higher taxes paid on recognized gains on sale of AFS investments, which are subject to the payment of capital gains tax.

5% Increase in Other Income

The net increase is due to gain on fair value change of investment properties amounting to ₱2,454.3 million and ₱2,356.8 for the year ended December 31, 2012 and 2011, respectively. The net increase is also attributable to the gain on sale of AFS investments amounting to ₱330.6 million

December 31, 2012 compared to ₱208.6 million in 2011. 194 Balesin Island Club shares were sold for the year ended December 31, 2012 in higher prices versus 237 in the same period last year. While 51 City Club shares were sold for the year ended December 31, 2012 in higher prices versus 315 in the same period last year. The increase is then offset by higher interest expense and other finance charges as compared to 2011 that is related to the loan of ABIRC.

SELECTED ANNUAL INFORMATION	December 31, 2012		December 31, 2011		VARIANCE	
	(Unaudited)	(Audited)	AMOUNT	PERCENTAGE		
Current Assets						
Cash and cash equivalents	392,416,319	975,055,018	(582,638,699)	-60%		
Trade and other receivables	267,960,032	167,723,644	100,236,388	60%		
Land and development	1,171,426,541	685,887,592	485,538,949	71%		
Advances to related parties	118,962,565	24,929,300	94,033,265	377%		
Current portion of available-for-sale (AFS) investments	1,111,159,416	-	1,111,159,416	100%		
Other current assets	1,954,630,253	1,800,262,928	154,367,325	9%		
	5,016,555,126	3,653,858,482	1,362,696,644	37%		
Noncurrent Assets						
Investments in and advances to associates	1,065,653,645	928,511,430	137,142,215	15%		
AFS investments- net of current portion	22,516,522,779	10,747,425,000	11,769,097,779	110%		
Investment properties	21,815,229,788	18,046,169,798	3,769,059,990	21%		
Property and equipment	296,861,321	351,201,224	(54,319,903)	-15%		
Other noncurrent assets	369,353,958	128,420,211	240,933,747	188%		
	46,063,641,491	30,201,727,663	15,861,913,828	53%		
TOTAL ASSETS	51,080,196,617	33,855,586,145	17,224,610,472	51%		
Current Liabilities						
Trade and other payables	3,022,773,337	2,309,283,083	713,490,254	31%		
Loans payable	2,000,000,000	-	2,000,000,000	100%		
Current portion of long-term debt	229,978,734	193,750,100	36,228,634	19%		
Current portion of customers' deposits	13,745,480	19,551,074	(5,805,594)	-30%		
Advances from related parties	30,214,227	9,297,589	20,916,638	225%		
Subscriptions payable	523,549,500	523,549,500	-	0%		
	5,820,261,278	3,055,431,346	2,764,829,932	90%		
Noncurrent Liabilities						
Long-term debt - net of current portion and deferred financing costs	4,148,994,373	2,833,716,202	1,315,278,171	46%		
Customer's deposits - net of current portion	77,839,279	57,995,948	19,843,331	34%		
Retirement benefit obligation	21,719,332	10,032,206	11,687,126	116%		
Deferred tax liabilities	4,892,960,620	3,115,165,012	1,777,795,608	57%		
Obligation under finance lease - net of current portion	2,503,384	3,790,556	(1,287,172)	-34%		
Other noncurrent liability	591,859,998	441,869,208	150,190,790	34%		
	9,735,876,966	6,462,369,132	3,273,507,834	51%		
Total Liabilities	15,556,138,264	9,517,800,478	6,038,337,786	63%		
Equity attributable to equity holders of the Parent						
Capital stock - P1 par value						
Authorized- 1,984,322,351 shares						
Issued and outstanding	1,838,370,551	1,838,370,551	-	0%		
Additional paid-in capital	9,672,052,401	9,672,052,401	-	0%		
Unrealized gains on AFS investments	16,288,147,877	7,129,834,932	9,158,312,945	128%		
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)	-	0%		
Retained earnings	7,879,875,149	5,857,759,524	2,022,115,625	35%		
	35,519,427,763	24,338,999,193	11,180,428,570	46%		
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)	-	0%		
	35,518,214,237	24,337,785,667	11,180,428,570	46%		
Non-controlling interest	5,844,116	-	5,844,116	100%		
Total Equity	35,524,058,353	24,337,785,667	11,186,272,686	46%		
TOTAL LIABILITIES AND EQUITY	51,080,196,617	33,855,586,145	17,224,610,472	51%		

Total assets of the Group amounted to ₱51,080.2 million and ₱33,855.6 million as of December 31, 2012 and 2011, respectively.

60% Decrease in Cash and Cash Equivalents

Decrease from ₱975.1 million as of December 31, 2011 to ₱392.4 million as of December 31, 2012 is brought about by extensive project development expenditures of the Group.

60% Increase in Trade and Other Receivables

Increase from ₱167.7 million in December 2011 to ₱268.0 million in December 31, 2012 came primarily from installment sales of AFS investments comprised of Balesin Island Club and City Club shares during the period.

71% Increase in Land and Development

Projects classified under this account pertain to the Group's proportionate interest in Alphaland Makati Place and Alphaland Tower projects, which are intended for sale. Increase from ₱685.9 million as of December 31, 2011 to ₱1,171.4 million as of December 31, 2012 is on account of substantial progress in their construction and development.

9% Increase in Other Current Assets

Increase from ₱1,800.3 million as December 31, 2011 to ₱1,954.6 million as of December 31, 2012 is largely due to accumulation of restricted cash, advances to contractors, and input VAT. The sales proceeds of AFS investments and condominium units are held in designated escrow accounts with an agent bank. The former is a requirement of the Securities and Exchange Commission (SEC) to ensure the completion of the Balesin Island Club's and City Club's facilities for the benefit of their members. The latter is a requirement of the Housing and Land Use Regulatory Board (HLURB) to keep the sales proceeds of the Makati Place condominium units intact pending the issuance of AMPI's Certificate of Registration and permanent License to Sell.

120% Increase in AFS Investments

Increase from ₱10,747.4 million as of December 31, 2011 to ₱23,627.7 million as of December 31, 2012 is primarily due to increase in fair market value of the Group's total AFS investments, ABIRC's additional subscription to 3,090 Balesin Island Club shares and increase in cost of Marina club shares related to the development agreement entered on December 3, 2012. On December 3, 2012, ABCC, the AMC and AMCI entered into a DA for the development and construction of the Marina Club. It is agreed that ABCC and/or AMC will develop and construct the Marina Club with AMC extending any financing required for the completion of the Marina Club and its amenities. The DA indicates that AMC has the primary obligation to develop and construct the Marina Club. Moreover, in consideration for the Marina Club's construction, AMCI agrees to convert any and all advances provided by ABCC and AMC to additional paid-in capital as the Company constructs the Marina Club. Furthermore, the ownership of the Marina Club, its facilities and amenities will be transferred to AMCI as costs are incurred.

21% Increase in Investment Properties

Under this account are completed properties and properties under construction held to earn rentals or for capital appreciation, or both. Increase from ₱18,046.2 million as of December 31, 2011 to ₱21,815.2 million as of December 31, 2012 represents actual project development expenditures and fair value appreciation of investment properties during the period.

Total liabilities of the Group amounted to ₱15,556.1 million and ₱9,517.8 million as of December 31, 2012 and 2011, respectively.

31% Increase in Trade and Other Payables

Increase from ₱2,309.3 million as of December 31, 2011 to ₱3,022.8 million as of December 31, 2012 is primarily on account of unbilled charges related to the construction of the Group's projects as of year-end.

100% Increase in Loans Payable

In the first quarter of 2012, ABIRC obtained a ₱2.0 billion credit line from Bank of Commerce (BOC) to finance the construction of the Balesin Island Club, of which ₱1,593.0 million has been drawn and outstanding as of December 31, 2012.

45% Increase in Long-term Debt - net of deferred financing costs

On 2012, AMTI made loan drawdown in the total amount of ₱602.0 million, against its ₱2,400.0 million syndicated loan facility for the construction of the Alphaland Tower, while AMPI also made its loan drawdown in the total amount of ₱900.0 million against its ₱1,750.0 million loan facility. These were offset by ADI's principal loan repayments totaling to ₱155.5 million during the current year.

57% Increase in Deferred Tax Liabilities

Increase from ₱3,115.2 million as of December 31, 2011 to ₱4,893.0 million as of December 31, 2012 is substantially due to tax provisions related to gain on fair value of investment properties and unrealized gain on AFS investments.

34% increase in Other Noncurrent Liability

Increase from ₱441.7 million as of December 31, 2011 to ₱591.9 million as of December 31, 2012 is on account of the increase in liability related to AMC's acquisition of AFS investments, offset by the transfer of the remaining liability related to the AMPI and ABIRC's acquisition of AFS investments from noncurrent to current liability. The Balesin Island Club and The City Club are both expected to be completed by the first quarter of 2013.

Total equity of the Group amounted to ₱ 35,524.1 million and ₱ 24,337.8 million as of December 31, 2012 and 2011, respectively.

128% Increase in Unrealized Gains on AFS Investments

The significant increase is brought about mainly by the increase in number of Balesin Island Club preferred shares available for sale as well as the increase in fair market value of the Group's total AFS investments which consist of club shares in The City Club and Balesin Island Club.

35% Increase in Retained Earnings

This increase is brought about by the net income of the Group during the current period.

2011 vs. 2010

SELECTED ANNUAL INFORMATION

	Years Ended December 31		VARIANCE	
	2011	2010	AMOUNT	PERCENTAGE
REVENUES	413,024,287	184,264,310	228,759,977	124%
Utilities and rent	123,827,293	65,281,966	58,545,327	90%
Service and professional fees	36,660,639	49,622,955	(12,962,316)	-26%
Listing and filing fees	30,426,771	37,683,721	(7,256,950)	-19%
Sales and marketing	29,481,774	5,977,745	23,504,029	393%
Taxes and licenses	28,520,473	61,922,051	(33,401,578)	-54%
Salaries and employees' benefits	19,192,190	43,694,877	(24,502,687)	-56%
Others	32,739,280	34,487,590	(1,748,310)	-5%
COSTS AND EXPENSES	300,848,420	298,670,905	2,177,515	1%
Gain on fair value change of investment properties	2,356,792,867	958,615,184	1,398,177,683	146%
Gain on sale of AFS investments	208,631,416	-	208,631,416	100%
Interest expense and other finance charges	(71,406,981)	(93,676,292)	22,269,311	-24%
Interest income	44,887,264	7,810,466	37,076,798	475%
Gain on loss of control	8,939,415	-	8,939,415	100%
Loss on sale of an investment	(1,298,081)	-	(1,298,081)	100%
Others	101,790	778,180,754	(778,078,964)	-100%
OTHER INCOME (EXPENSES)	2,546,647,690	1,650,930,112	895,717,578	54%
	101,790	778,180,754	(778,078,964)	
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,658,823,557	1,536,523,517	1,122,300,040	-100%
PROVISION FOR INCOME TAX	735,681,820	312,998,438	422,683,382	135%
NET INCOME FROM CONTINUING OPERATIONS	1,923,141,737	1,223,525,079	699,616,658	57%
INCOME FROM DISCONTINUED OPERATIONS	12,907,072	26,336,041	(13,428,969)	-51%
NET INCOME	1,936,048,809	1,249,861,120	686,187,689	55%
OTHER COMPREHENSIVE INCOME	5,774,711,570	1,000,000	5,773,711,570	577371%
TOTAL COMPREHENSIVE INCOME	7,710,760,379	1,250,861,120	6,459,899,259	516%

The Group delivered a remarkable performance with 516% growth in total comprehensive income to ₱7,710.8 million in 2011 from ₱1,250.9 million in 2010. Accounting for the huge increase in the bottom line for the current period were higher revenues from property leasing, gain on fair value change of investment properties, gain on sale of AFS investments and interest income.

124% Increase in Revenues

Revenues were derived from the leasing operations of Alphaland Southgate. The Southgate Tower successfully reached 100% occupancy rate in 2011 with the entry of several large tenants coming from the business process outsourcing (BPO) sector. This contributed to higher foot traffic for the Mall translating to higher tenant sales in 2011 compared to previous years. Consequently, is the influx of more retailers in the Mall bringing up the occupancy rate to 87% as of year-end 2011.

1% Increase in Costs and Expenses

Corporate cost control has also been improving with the continued drop in the ratio of costs and expenses to revenues, from 162% in 2010 to 73% in 2011. With total revenues growing faster than total expenses, gross profit margin improved to 27% in 2011 from -62% the previous year. Utilities and rent significantly increased by ₱58.5 million (90%) due to full tenant occupancy of Alphaland Southgate Tower and wider mall activities. Sales and marketing expenses climbed to ₱29.5 million in 2011 from only ₱6.0 million in 2010 due to pre-selling drive of the Group's club shares and condominium units. They were however, offset by decreases in service and professional fees, listing and filing fees, taxes and licenses, salaries and employees' benefits as substantial portions were appropriately allocated to project development costs.

146% Increase in Gain on Fair Value Change of Investment Properties

Effective January 1, 2009, the Group changed its accounting for investment properties from cost to fair value method. The fair values of investment properties as of December 31, 2011 and 2010 were based on the valuation performed by an independent appraiser.

100% Increase in Gain on Sale of AFS Investments

Gain on AFS investments in 2011 were from the secondary sale of the Group's preferred stock shareholdings in the City Club and in Island Club. The City Club is a 3-storey sports and leisure club to be situated underneath the 3 towers of the Alphaland Makati Place, while the Island Club is an island resort situated in Polillo, Quezon whose main attraction is the six villages, themed after the world's top luxurious destinations. Sales activities for the City Club shares started as early as December 2010 at an initial price of ₱0.5 million each that went up to ₱1.0 million as of December 31, 2011. Utilizing a personal approach, which was then followed by full-swing marketing, the secondary sale of City Club shares generated a total of 344 shares sold in 2011. Beginning September 2011, the Island Club shares were also offered for secondary sale at an initial price of ₱1.0 million each, which closed to ₱2.0 million as of December 31, 2011. A total of 354 shares were sold only four months after it started selling.

475% Increase in Interest Income and 24% Decrease in Interest Expense

Interest income earned is higher in 2011 as compared to 2010 due to higher cash levels coming from revenues, loan proceeds, and equity infusions. Likewise, interest expense and other finance charges is lower in 2011 than in 2010 due to settlement of loans payable and partial payment of long-term debt of ADI.

577,371% Increase in Other Comprehensive Income

Unrealized valuation gain on AFS investments, net of deferred income tax, recognized in other comprehensive income in investment in TCCAMPI, ABICI and Wack Wack shares amounted to ₱1,810.7, ₱4,368.2 and ₱0.3 million, respectively.

SELECTED ANNUAL INFORMATION

	December 31, 2011	December 31, 2010	VARIANCE	
	(Audited)	(Audited)	AMOUNT	PERCENTAGE
Cash and cash equivalents	975,055,018	566,642,921	408,412,097	72%
Trade and other receivables	167,723,644	60,031,010	107,692,634	179%
Land and development	685,887,592	-	685,887,592	100%
Other current assets	1,800,262,928	421,889,044	1,378,373,884	327%
Available-for-sale (AFS) investments	10,747,425,000	11,600,000	10,735,825,000	92550%
Investment properties	18,046,169,798	15,337,579,953	2,708,589,845	18%
Property and equipment	351,201,224	110,925,870	240,275,354	217%
Other assets	1,081,860,941	1,476,044,338	(394,183,397)	-27%
TOTAL ASSETS	33,855,586,145	17,984,713,136	15,870,873,009	88%
Trade and other payables	2,309,283,083	437,002,691	1,872,280,392	428%
Loans payable	-	128,000,000	(128,000,000)	-100%
Long-term debt - net of deferred financing costs	3,027,466,302	1,596,667,517	1,430,798,785	90%
Customers' deposits	77,547,022	49,664,662	27,882,360	56%
Retirement benefit obligation	10,032,206	4,919,700	5,112,506	104%
Deferred tax liabilities	3,115,165,012	1,592,577,535	1,522,587,477	96%
Other liabilities	978,306,853	831,211,928	147,094,925	18%
Total Liabilities	9,517,800,478	4,640,044,033	4,877,756,445	105%
Capital stock - P1 par value	1,838,370,551	1,429,220,287	409,150,264	29%
Additional paid-in Capital	9,672,052,401	5,998,700,015	3,673,352,386	61%
Deposits for future stock subscriptions	-	2,147,819,426	(2,147,819,426)	-100%
Gain on sale of AFS investments	-	2,559,163	(2,559,163)	-100%
Unrealized gains on AFS investments	7,129,834,932	1,000,000	7,128,834,932	712883%
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)	-	0%
Retained earnings	5,857,759,524	3,921,710,715	1,936,048,809	49%
Less cost of 423,900 shares in treasury	24,338,999,193	13,341,991,391	10,997,007,802	82%
	(1,213,526)	(1,213,526)	-	0%
	24,337,785,667	13,340,777,865	10,997,007,802	82%
Non-controlling interest	-	3,891,238	(3,891,238)	-100%
Total Equity	24,337,785,667	13,344,669,103	10,993,116,564	82%
TOTAL LIABILITIES AND EQUITY	33,855,586,145	17,984,713,136	15,870,873,009	88%

Total assets of the Group amounted to ₱33,855.6 million and ₱17,984.7 million as of December 31, 2011 and 2010, respectively.

72% Increase in Cash and Cash Equivalents

Significant increase in cash and cash equivalents is brought about by shareholder's infusion in January 2011 (₱1,933.7 million), proceeds from additional long-term loan drawdown of AMPI (₱600.0 million) and AMTI (₱1,020.0 million).

179% Increase in Trade and Other Receivables

Increase in trade and other receivables is due to increase in receivables from sale of City Club and Island Club shares.

100% Increase in Land and Development Costs and 18% Increase in Investment Properties

Increase in investment properties and land and development costs are due to extensive project construction and appreciation of fair value of investment properties.

92,550% Increase in AFS Investments

AFS investments in 2011 consists of investments in unquoted club preferred shares of TCCAMPI, ABICI, Alphaland Marina Club, Inc. (AMCI) and investment in quoted shares of Wack Wack Golf and Country Club, Inc. (Wack Wack) amounting to ₱4,172.0 million, ₱6,564.0 million, ₱0.1 and ₱11.3 million, respectively, as of December 31, 2011, while AFS investments in 2010 only consists of investment in quoted shares of Wack Wack amounting to ₱11.6 million.

327% Increase in Other Current Assets

Increases in other current assets are primarily due to advances to contractors and accumulated input vat on purchases of goods and services.

217% Increase in Property and Equipment

Property and equipment significantly increased due to the massive construction and development of the Group's realty projects in Balesin Island and Caticlan that necessitated the purchase of a number of heavy equipment and machinery for use in the projects.

Total liabilities of the Group amounted to ₱9,517.8 million and ₱4,640.0 million as of December 31, 2011 and 2010, respectively.

428% Increase in Trade and Other Payables

Trade and other payables increased significantly in 2011 on account of the recognized ₱1,871.3 million liability related to the acquisition of AFS investments with commitment to construct and develop the City Club and Island Club.

100% Decrease in Loans Payable

Loans payable of ADI amounting to ₱128.0 in 2010 were fully settled in May 2011.

90% Increase in Long-term debt

Proceeds of the outstanding long-term debt were used to finance the Group's projects in Makati City: the completed Alphaland Southgate Tower at EDSA corner Chino Roces Avenue, the on-going construction of Alphaland Makati Place project at Ayala Avenue Extension corner Malugay Street and Alphaland Tower project along Ayala Avenue.

56% Increase in Customers' Deposits

Increase in customers' deposits is mostly attributable to outstanding lease contracts of Southgate.

104% Increase in Retirement Benefit Obligation

Starting 2010, ADI has an unfunded defined benefit plan covering all its regular employees. Retirement benefits obligation recognized in the consolidated balance sheets as of December 31, 2011 and 2010 pertains to present value of the defined benefit obligation of ₱10.0 million and ₱4.9 million, respectively.

96% Increase in Deferred Tax Liability

Increase in deferred tax liability is mainly due to tax provisions related to gain on fair value of investment properties and unrealized gain on AFS investments.

Total equity of the Group amounted to ₱24,337.8 million and ₱13,344.7 million as of December 31, 2011 and 2010, respectively.

Increase in Capital Stock, Additional Paid-in Capital and Deposits for Future Stock Subscription

Comprising the significant increase in 2011 is the additional shareholder's infusions in January 2011 in the amount of ₱1,933.7 million. Deposits for future subscriptions of ₱2,147.8 million as of December 31, 2010 were all converted to capital stock and additional paid-in capital as of December 31, 2011.

712883% Increase in Unrealized Gains on AFS Investments

Unrealized gains on AFS investments as of December 31, 2011 consist of investments in unquoted club preferred shares of TCCAMPI and ABICI and investment in quoted shares of Wack Wack amounting to ₱2,761.0 million, ₱4,368.2 million and ₱0.7 million.

2010 vs. 2009

SELECTED ANNUAL INFORMATION				
Years Ended December 31				
	2010	2009	VARIANCE AMOUNT	PERCENTAG
REVENUES	184,264,310	39,496,306	144,768,004	367%
Utilities and rent	65,281,966	20,785,769	44,496,197	214%
Service and professional fees	49,622,955	33,175,682	16,447,273	50%
Listing and filing fees	37,683,721	-	37,683,721	100%
Taxes and licenses	61,922,051	3,243,244	58,678,807	1809%
Salaries and employees' benefits	43,694,877	18,599,273	25,095,604	135%
Repairs and maintenance	2,640,136	13,839,165	(11,199,029)	-81%
Others	37,825,199	41,277,396	(3,452,197)	-8%
COSTS AND EXPENSES	298,670,905	130,920,529	167,750,376	128%
Gain on fair value change of investment properties	958,615,184	298,902,598	659,712,586	221%
Equity in net income of associates	27,044,818	3,486,918	23,557,900	676%
Gain on bargain purchase	761,886,845	-	761,886,845	100%
Others	(96,616,735)	(22,420,385)	(74,196,350)	331%
OTHER INCOME (EXPENSES)	1,650,930,112	279,969,131	1,370,960,981	490%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,536,523,517	188,544,908	1,347,978,609	715%
PROVISION FOR INCOME TAX	312,998,438	114,624,491	198,373,947	173%
NET INCOME FROM CONTINUING OPERATIONS	1,223,525,079	73,920,417	1,149,604,662	1555%
INCOME FROM DISCONTINUED OPERATIONS	26,336,041	-	26,336,041	100%
NET INCOME	1,249,861,120	73,920,417	1,175,940,703	1591%
OTHER COMPREHENSIVE INCOME	1,000,000	-	1,000,000	100%
TOTAL COMPREHENSIVE INCOME	1,250,861,120	73,920,417	1,176,940,703	1592%

The Group reported a total comprehensive income of ₱1,250.9 million and ₱73.9 million as of December 31, 2010 and 2009, respectively. Accounting for the huge increase in bottom line for the period are gain on fair value change of investment properties, gain on bargain purchase of an investment, higher revenues from property leasing and increased equity in net income of associates.

367% Increase in Revenues

Revenues were derived from the lease of Alphaland Southgate Tower that commenced in August 2009. Rental income in 2010 is higher compared to 2009 because of the full year operation in 2010 and higher occupancy rate of the Tower and Mall of 84% and 41%, respectively.

128% Increase in Costs and Expenses

Costs and expenses increased in 2010 mainly due to listing and filing expenses of the new companies within the Group, taxes and licenses which were largely real property taxes, higher utilities and rent, service and professional fees and increased administrative overhead associated with simultaneous project developments and the fully operational Alphaland Southgate Tower leasing. Repairs and maintenance decreased by ₱11.2 million (81%), from ₱13.8 million in 2009 to ₱2.6 million in 2010. Ondoy flooding in 2009 damaged several office and mechanical equipment in Southgate that warranted repairs.

221% Increase in Gain on Fair Value Change of Investment Properties

The fair values of investment properties were based on the valuation performed by an independent appraiser.

100% Increase in Gain on Bargain Purchase

Gain on bargain purchase of ₱761.9 million pertains to the Group's proportionate share in the net assets of a joint venture company over its investment cost. Through various Deeds of Exchange dated October 14, 2010, DMWAI, Wendel Holdings Co., Inc. (Wendel) and ADI conveyed a total of 28 hectares of land they respectively own in Aseana Business Park to A. A. Land Properties Developers Corporation (the "Joint Venture Company"). The properties will be developed by the Joint Venture Company into a high-end, mixed-use property project to be known as Alphaland Bay City, with the Marina Club as its centerpiece. ADI's total investment cost in the Joint Venture Company of ₱7,979.5 million represents 10 hectares of land, more or less, with fair value of ₱6,456.0 million, cash of ₱1,000.0 million and subscriptions payable of ₱523.5 million. ADI's proportionate share in the net assets of the Joint Venture Company amounted to ₱8,741.4 million as of December 31, 2010. The excess of ADI's share in the Joint Venture Company over its investment cost amounting to ₱761.9 million was recognized as "Gain on bargain purchase" in the 2010 consolidated statement of comprehensive income.

676% Increase in Equity in Net Income of Associates

Equitized net earnings in 2010 were from the 20%-owned Shang Global City Properties, Inc. that posted a net income of P141.6 million in 2010, offset by net losses in same year from the 20%-owned Fort Bonifacio Shangri-La Hotel, Inc. and 50%-owned Alphaland Heavy Equipment Corporation (AHEC) of ₱0.1 million and ₱2.5 million, respectively.

100% Increase in Other Comprehensive Income

Under other comprehensive income is the unrealized valuation gain on AFS investments in shares of stock of WackWack Golf and Country Club, Inc.

SELECTED ANNUAL INFORMATION

	December 31, 2010	December 31, 2009	VARIANCE	
	(Audited)	(Audited)	AMOUNT	PERCENTAGE
Cash and cash equivalents	566,642,921	55,151,107	511,491,814	927%
Trade and other receivables	60,031,010	39,173,601	20,857,409	53%
Other current assets	421,889,044	274,670,844	147,218,200	54%
Advances to related parties	102,674,638	197,047,000	(94,372,362)	-48%
Investments in and advances to associates	757,470,866	679,211,290	78,259,576	12%
Available-for-sale (AFS) investments	11,600,000	-	11,600,000	100%
Investment properties	15,337,579,953	11,447,118,738	3,890,461,215	34%
Property and equipment	110,925,870	6,901,444	104,024,426	1507%
Assets held for sale	571,427,261	-	571,427,261	100%
Other assets	44,471,573	8,167,429	36,304,144	444%
TOTAL ASSETS	17,984,713,136	12,707,441,453	5,277,271,683	42%
Trade and other payables	437,002,691	248,460,252	188,542,439	76%
Loans payable	128,000,000	-	128,000,000	100%
Long-term debt - net of deferred financing costs	1,596,667,517	1,400,000,000	196,667,517	14%
Subscriptions payable	437,002,688	-	437,002,688	100%
Customers' deposits	49,664,662	31,447,754	18,216,908	58%
Deferred tax liabilities	1,592,577,535	1,281,546,805	311,030,730	24%
Retirement benefit obligation	4,919,700	-	4,919,700	100%
Liabilities directly associated with assets held for sale	292,382,542	-	292,382,542	100%
Other liabilities	101,826,698	2,039,934	99,786,764	4892%
Total Liabilities	4,640,044,033	2,963,494,745	1,676,549,288	57%
Capital stock - P1 par value	1,429,220,287	150,588,900	1,278,631,387	849%
Additional paid-in Capital	5,998,700,015	-	5,998,700,015	100%
Equity reserves	-	6,892,686,762	(6,892,686,762)	100%
Deposits for future stock subscriptions	2,147,819,426	-	2,147,819,426	100%
Gain on sale of AFS investments	2,559,163	-	2,559,163	100%
Unrealized gains on AFS investments	1,000,000	-	1,000,000	100%
Excess of acquisition price over acquired interest	(159,018,215)	-	(159,018,215)	100%
Retained earnings	3,921,710,715	2,674,954,393	1,246,756,322	47%
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)	-	0%
Non-controlling interest	13,340,777,865	9,717,016,529	3,623,761,336	37%
Total Equity	13,344,669,103	9,743,946,708	3,600,722,395	37%
TOTAL LIABILITIES AND EQUITY	17,984,713,136	12,707,441,453	5,277,271,683	42%

Total assets amounted to ₱17,984.7 million and ₱12,707.4 million as of December 31, 2010 and 2009, respectively.

927% Increase in Cash and Cash Equivalents

Cash and cash equivalents increased mainly from deposits for future subscriptions from certain shareholders of ALPHA, proceeds of loan availments, and revenues from Southgate.

53% Increase in Trade and Other Receivables

Trade and other receivables increased predominantly from the growing Tenants of Southgate.

34 Increase in Investment Properties

The substantial upward movement is due to continuous project construction and development, appreciation of fair value of investment properties, and recognition of the Group's proportionate share in the investment properties of a Joint Venture Company as well as the acquisition of Balesin Island.

54% Increase in Other Current Assets

Increase in other current assets is mostly input vat on purchases of goods and services during the year.

48% Decrease in Advances to Related Parties

Advances to related parties decreased as of end 2010 on account of ADI's cancellation of the outstanding obligation of Noble Care Management Corporation (Noble Care) in partial

consideration for the latter's conveyance of its 5.88% interest in AMPI. With the foregoing, AMPI became a 100%-owned subsidiary of ADI.

12% Increase in Investments in and Advances to Associates

Increase in investments in and advances to associates is attributable to ADI's ₱50.0 million investment in AHEC and ₱27.0 million equitized net earnings of associates.

100% Increase in AFS Investments

ALPHA has AFS investments in listed ordinary shares of stock of Wack Wack Golf and Country Club, Inc. with fair value of ₱11.6 million as of December 31, 2010.

1507% Increase in Property and Equipment

Property and equipment significantly increased due to massive construction and development of the Group's projects in approximately 394 hectares of land in Balesin Island, Polillo, Quezon and in a 500-hectare property in Nabas, Aklan necessitated the purchase of several heavy equipment from AHEC.

100% Increase in Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

Following ALPHA's intent to sell its plastics manufacturing business to MPCI, the assets of MPPI in the total amount of ₱571.4 million was presented as "Assets held for sale" as of December 31, 2010. Total liabilities amounting to ₱292.4 million was presented as "Liabilities directly associated with assets held for sale".

Total liabilities of the Group amounted to ₱4,640.0 million and ₱2,963.5 million as of December 31, 2010 and 2009, respectively.

76% Increase in Trade and Other Payables

Increase in trade and other payables corresponds to increased project construction requirements.

100% Increase in Loans Payable

Loans payable of ₱128.0 million was obtained during the current year for working capital requirements, with ADI's property in Silang, Cavite as collateral.

14% Increase in Long-term debt

Proceeds of the outstanding long-term debt were used to finance the completed Southgate Tower and Mall, and the on-going construction of AMPI's Alphaland Makati Place project. As of December 31, 2010, the demolition of existing improvements on the property has been completed and excavation is 87% completed.

100% Increase in Subscriptions Payable

ADI's subscriptions payable of ₱523.5 million as of December 31, 2010 relates to its total investment cost in the Joint Venture Company.

58% Increase in Customers' Deposits

Increase in customers' deposits is due to new lease contracts of Southgate.

24% Increase in Deferred Tax Liability

Increase in deferred tax liabilities are chiefly tax provisions on unrealized fair value gain on investment properties.

100% Increase in Retirement Benefit Obligation

Retirement benefits obligation recognized in the consolidated balance sheets as of December 31, 2010 pertains to present value of the defined benefit obligation of ₱4.9 million.

Total equity of the Group amounted to ₱13,344.7 million and ₱9,743.9 million as of December 31, 2010 and 2009, respectively.

Increase in Capital Stock, Additional Paid-in Capital and Equity Reserves

Comprising the increase were the issuance by ALPHA of 1,269,734,041 shares of stock to ADI shareholders in relation to the share-for-share swap.

100% Increase in Deposits for Future Stock Subscription

In 2010, ALPHA received deposits for future stock subscriptions from its major shareholders in the total amount of ₱2,147.8 million.

100% Increase in Gain on Sale of AFS Investments

As of December 31, 2010, AMPI's sale of 13 preferred shares at ₱450,000 per share on cash sales, and at ₱500,000 per share on installment sales, provided a gain of ₱2.6 million.

100% Increase in Excess of Acquisition Price over Acquired Interest

On November 11, 2010, ADI acquired 2,031 common shares of AMPI from Noble Care for a total consideration of ₱189.9 million. The purchase of Noble Care's 5.88% interest increased ADI's interest in AMPI from 94.12% to 100.00%. ADI excess of acquisition price over its acquired interest in AMPI amounted to ₱159.0 million in 2010.

Below are the comparative key performance indicators of the Group:

Key Performance Indicator	Manner of Calculation	December 31, 2012 (Unaudited)	December 31, 2011 (Audited)	December 31, 2010 (Audited)
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.18 : 1.00	0.12 : 1.00	0.12 : 1.00
Net debt to equity ratio	Interest-bearing debt less cash and cash equivalents over shareholders' equity	0.17 : 1.00	0.08 : 1.00	0.08 : 1.00
Return on assets	total assets during the period	4.76%	7.47%	8.14%
Return on equity	Net income over average stockholders' equity during the period	6.76%	10.28%	10.83%

The Group does not foresee any cash flow or liquidity problems over the next 12 months. It continuously derives cash from Southgate Tower and Mall rentals, sale of AFS investments to the public consisting of the preferred shares of the City Club and Island Club, and pre-selling of its Alphaland Makati Place Tower 1 condominium units. The planned opening of the City Club and Mall at Makati Place and completion of Alphaland Tower in the first half of 2013 are also expected to generate cash for the Company.

The Group is in compliance with all of its debt obligations.

No material off-balance sheet transactions, arrangements, obligations, and other relationships of the Group with unconsolidated entities were created during the year.

As of December 31, 2012, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;

- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's results of operations; and
- Material changes in the financial statements of the Group from the year ended December 31, 2010 to December 31, 2012.

Changes in Disagreements with Accountants on Accounting and Financial Disclosures

In 2011, the Company engaged SGV & Co as its external auditor. There were no changes in or disagreements with accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the past fiscal year. Duly authorized representatives of SGV & Co are expected to be present at the meeting where they will have the opportunity to respond to appropriate questions.

Submission of Matters to a Vote of Security Holders

During the last Annual Stockholders' Meeting on 20 April 2012, the security holders present and represented approved the appointment of SGV & Co. as the Company's external auditor

The foregoing matter was approved by the security holders present and entitled to vote during the said meeting.

Securities of the Company

The Company's common shares were listed on the Philippine Stock Exchange on November 23, 2000. The trading record of the company's shares since it has been listed is as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010- high	P61.50	P52.00	P51.80	P73.50
- low	P47.50	P44.50	P23.25	P44.40
2011- high	P54.40	P50.00	P42.00	P34.25
- low	P53.50	P45.00	P37.95	P34.20
2012- high	P28.95	P28.60	P30.00	P26.50
- low	P28.95	P28.50	P30.00	P19.50

- The Company declared a 155% stock dividend to all shareholders of record as of 06 October 2001, equivalent to 76,322,000 common shares

The closing price of the Company's common shares as of 28 December 2012 (the last trading date) is P19.50 per share.

The total number of shareholders of common shares, as of 22 February 2013 is 40 and shares outstanding are 1,984,322,351 of which 1,429,220,287 shares are listed with the Exchange.

The top 20 registered stockholders of the Company as of 22 February 2012 are as follows:

Name of Shareholder	No. of Shares	%
Masrickstar Corporation	709,472,340	35.75%
PCD Nominee Corporation:	519,744,894	26.19%
Alphaland Holdings (Singapore) Pte. Ltd. (S)	259,172,233	13.06%

Boerstar Corporation	167,788,430	8.45%
D. M. Wenceslao and Associates, Inc.	147,375,700	7.43%
RVO Capital Ventures Corporation	142,656,743	7.19%
Azurestar Corporation	28,062,636	1.41%
Major Holdings Corporation	5,495,050	0.28%
Major Properties, Inc.	4,504,950	0.23%
Alphaland Corporation (treasury)	423,900	0.02%
Eviota, Fidel &/or Lilia	12,200	0.00%
Ang, Jason Te	5,000	0.00%
Castro, Maria Rita	3,050	0.00%
De Ocampo, Rosalinda	3,050	0.00%
De Ocampo, Rosalinda R.	3,050	0.00%
De Pio, Annaive Ezra	3,050	0.00%
Dumandan, Marcos M.	3,050	0.00%
Santos, Manuel M.	3,050	0.00%
Siasat, Marianito Enrique P.	3,050	0.00%
Sucgang, Ruel	3,050	0.00%
Salingay, Henry	2,550	0.00%
De Ocampo, Rosalinda &/or Leonard	1,000	0.00%
Mercado, Zenaida A.	1,000	0.00%
Sacuan, Jesus	1,000	0.00%
Vicente, Jennifer S.	1,000	0.00%

Dividends

There has been no proposed action or resolution relating to the declaration of dividends for the ensuing year. The Company has not declared dividends in the past two fiscal years.

There are no restrictions on the Corporation that limit the payment of dividends on Common shares. The Company has re-invested its retained earnings for working capital requirements as well as the expansion of its operations and facilities.

Recent Sale of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

There were no recent sales of unregistered or exempt securities including recent issuances of securities constituting an exempt Transaction.

Compliance with Leading Practices on Good Governance

The Board of Directors and Management of the Company recognize that good corporate governance is key to achieving the Company's objective of maximizing shareholder value. The institution of the Code on Corporate Governance seeks to provide the process and structure by which the business and affairs of the Company are directed and managed, in order to enhance long-term shareholder value through the enhancement of corporate performance and accountability.

Compliance with the Code of Corporate Governance is ensured by the Corporate Compliance Officer in coordination with the Chairman and President of the Company. Regular meetings are made between Management and the Board of Directors, to review and evaluate the Company's performance and address key policy matters. The Board is provided with timely and complete

information for each meeting. Each director has direct access to the advice and services of management and the corporate secretary, and in appropriate circumstances, seek independent professional advice concerning the Company's affairs.

All directors are required to submit themselves for re-election every year. In consideration for their re-election, the nomination committee reviews and presents attendance and participation in meetings of the Company.

All directors are briefed by Management on the Company's business operations as well as a regular tour of the Company's manufacturing operations.

The audit committee first reviews the Company's audited financials, who then recommends approval from the board of directors before they are presented to the stockholders of the Company. It is also the audit committee, which ensures independence and objectivity of the external auditors.

The Company is continually seeking measures of improving its corporate governance to further enhance corporate performance and accountability. The Directors and Management have been encouraged to regularly attend corporate governance seminars and corporate governance consultants on methods by which it can enhance its corporate performance and accountability.

No deviation from the Company's Manual Code of Corporate Governance has been noted. The Company's Manual on Corporate Governance was amended on February 21, 2011.

The Company will furnish the stockholders a copy of SEC Form 17A upon written request to

The Corporate Secretary
The Penthouse, Alphaland Southgate Tower
2258 Chino Roces Avenue corner EDSA
Makati City

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on February 22, 2013.

ALPHALAND CORPORATION
(formerly Macondray Plastics, Inc.)

Issuer



By: RODOLFO M. A. PONFERRADA
Corporate Secretary

1 8 3 8 3 5

SEC Registration Number

ALPHALAND CORPORATION

(Company's Full Name)

Alphaland Southgate Tower, 2258 C
hino Roces Avenue corner EDSA, Ma
kati City

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

Rodolfo Ma. A. Ponferrada
(Contact Person)

(632) 338-5599
(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

(Form Type)

0 4 0 2
Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

40
Total No. of Stockholders

Total Amount of Borrowings
P6,447,736,381 Domestic Not Applicable Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2012 (Unaudited)	December 31, 2011 (Audited)
Current Assets		
Cash and cash equivalents (Note 1)	392,416,319	975,055,018
Trade and other receivables (Note 2)	267,960,032	167,723,644
Land and development (Notes 3 and 12)	1,171,426,541	685,887,592
Advances to related parties	118,962,565	24,929,300
Current portion of available-for-sale (AFS) investments (Notes 6 and 10)	1,111,159,416	-
Other current assets (Notes 4 and 9)	1,954,630,253	1,800,262,928
	5,016,555,126	3,653,858,482
Assets held for sale	-	-
	5,016,555,126	3,653,858,482
Noncurrent Assets		
Investments in and advances to associates (Note 5)	1,065,653,645	928,511,430
AFS investments- net of current portion (Notes 6 and 10)	22,516,522,779	10,747,425,000
Investment in common shares held for sale	-	-
Investment properties (Notes 7 and 12)	21,815,229,788	18,046,169,798
Property and equipment (Note 8)	296,881,321	351,201,224
Other noncurrent assets (Notes 2, 4 and 9)	369,353,958	128,420,211
	46,063,641,491	30,201,727,663
TOTAL ASSETS	51,080,196,617	33,855,586,145
Current Liabilities		
Trade and other payables (Notes 6 and 10)	3,022,773,337	2,309,283,083
Loans payable (Note 11)	2,000,000,000	-
Current portion of long-term debt (Note 12)	229,978,734	193,750,100
Current portion of customers' deposits	13,745,480	19,551,074
Advances from related parties	30,214,227	9,297,589
Subscriptions payable	523,549,500	523,549,500
	5,820,261,278	3,055,431,346
Liabilities directly associated with assets held for sale	-	-
	5,820,261,278	3,055,431,346
Noncurrent Liabilities		
Long-term debt - net of current portion and deferred financing costs (Note 12)	4,148,994,373	2,833,716,202
Customer's deposits - net of current portion	77,839,279	57,995,948
Retirement benefit obligation	21,719,332	10,032,206
Deferred tax liabilities	4,892,960,620	3,115,165,012
Obligation under finance lease - net of current portion	2,503,384	3,790,556
Other noncurrent liability	591,859,998	441,669,208
	9,735,876,986	6,462,369,132
Total Liabilities	15,556,138,264	9,517,800,478
Equity attributable to equity holders of the Parent		
Capital stock - P1 par value (Note 13)		
Authorized- 1,984,322,351 shares		
Issued and outstanding	1,838,370,551	1,838,370,551
Additional paid-in capital (Note 13)	9,672,052,401	9,672,052,401
Unrealized gains on AFS investments (Notes 6 and 13)	16,288,147,877	7,129,834,932
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)
Retained earnings (Note 13)	7,879,875,149	5,857,759,524
	35,519,427,763	24,338,999,193
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)
	35,518,214,237	24,337,785,667
Non-controlling interest	5,844,116	-
Total Equity	35,524,058,353	24,337,785,667
TOTAL LIABILITIES AND EQUITY	51,080,196,617	33,855,586,145

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year Ended		
	December 31, 2012 (Unaudited)	December 31, 2011 (Audited)	December 31, 2010 (Audited)
REVENUES			
Rent (Note 7)	306,663,723	257,730,242	110,045,959
Others (Note 7)	222,864,799	155,294,045	74,218,351
	529,528,522	413,024,287	184,264,310
COSTS AND EXPENSES	425,175,409	300,848,420	298,670,905
OTHER INCOME (EXPENSES)			
Gain on fair value change of investment properties (Note 7)	2,454,298,860	2,356,792,867	958,615,184
Gain on sale of AFS investments (Note 6)	330,647,538	208,631,416	-
Interest expense and other finance charges (Notes 11 and 12)	(123,392,834)	(71,406,981)	(93,676,292)
Interest income (Notes 1 and 4)	31,522,356	44,887,264	7,810,466
Equity in net income of associates (Note 5)	(7,456,960)	48,567	27,044,818
Gain on assignment of shares	1,107,177	-	-
Foreign exchange gain (loss) - net	(228,990)	53,223	(5,720,557)
Gain on loss of control	-	8,939,415	-
Loss on financial measurement of liability	-	-	-
Loss on sale of an investment	-	(1,298,081)	-
	2,686,497,147	2,546,647,690	1,650,930,112
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,790,850,260	2,658,823,557	1,536,523,517
PROVISION FOR INCOME TAX			
Current	8,757,459	5,220,444	1,967,708
Deferred	760,133,060	730,461,376	311,030,730
	768,890,519	735,681,820	312,998,438
NET INCOME FROM CONTINUING OPERATIONS	2,021,959,741	1,923,141,737	1,223,525,079
INCOME FROM DISCONTINUED OPERATIONS	-	12,907,072	26,336,041
NET INCOME	2,021,959,741	1,936,048,809	1,249,861,120
OTHER COMPREHENSIVE INCOME			
Unrealized valuation gains on AFS investments (Note 6)	10,175,903,272	6,416,346,189	1,000,000
Income tax effect	(1,017,590,327)	(641,634,619)	-
	9,158,312,945	5,774,711,570	1,000,000
TOTAL COMPREHENSIVE INCOME	11,180,272,686	7,710,760,379	1,250,861,120
Net income attributable to:			
Equity holders of the Parent	2,022,115,625	1,936,048,809	1,246,756,322
Non-controlling interests	(155,884)	-	3,104,798
	2,021,959,741	1,936,048,809	1,249,861,120
Total comprehensive income attributable to:			
Equity holders of the Parent	11,180,428,570	7,710,760,379	1,247,756,322
Non-controlling interests	(155,884)	-	3,104,798
	11,180,272,686	7,710,760,379	1,250,861,120
Basic/Diluted Earnings Per Share			
Income from continuing operations attributable to equity holders of the Parent	1.019	1.096	0.882
Net income attributable to equity holders of the Parent	1.019	1.103	0.901

ALPHALAND CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the year ended December 31, 2012 (Unaudited) and 2011 (Audited)

	Capital Stock (Note 13)	Additional Paid-in Capital (Note 13)	Deposit for Future Stock Subscriptions (Note 13)	Gain on sale of Preferred Shares of a Subsidiary (Note 13)	Unrealized valuation gains on AFS investments (Note 13)	Excess of acquisition price over carrying value of Minority Interest (Note 13)	Retained Earnings (Note 13)	Treasury Shares (Note 13)	TOTAL	Non- controlling interests (Note 13)	TOTAL EQUITY
Balances at December 31, 2010	1,479,220,287	5,998,700,015	2,147,819,426	2,559,163	1,000,000	(159,018,215)	3,921,710,715	(1,213,526)	13,340,777,855	3,891,238	13,344,669,103
Subscription - net of subscriptions receivable of 1,472.8 million	1,000,000	-	-	-	-	-	-	-	1,000,000	-	1,000,000
Conversion of deposits for future stock subscriptions into common stock	408,150,204	3,673,352,380	(4,081,502,050)	-	-	-	-	-	1,933,683,224	-	1,933,683,224
Deposits for future stock subscriptions	-	-	1,933,683,224	(2,559,163)	1,354,123,367	-	-	-	1,351,564,199	(3,891,238)	1,347,672,961
Effect of deconsolidation	-	-	-	-	5,714,711,570	-	1,935,048,809	-	7,710,760,379	-	7,710,760,379
Total comprehensive income	-	-	-	-	7,129,834,832	(159,018,215)	5,857,759,524	(1,213,526)	24,337,785,667	6,000,000	24,337,785,667
Balances at December 31, 2011	1,838,370,551	9,672,052,401	-	-	9,158,312,945	-	2,022,115,625	-	11,180,428,570	(155,884)	11,180,272,686
Issuance of O/R shares	-	-	-	-	16,288,147,877	(159,018,215)	7,879,875,149	(1,213,526)	35,518,214,237	5,844,116	35,524,058,353
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Balances at December 31, 2012	1,838,370,551	9,672,052,401	-	-	16,288,147,877	(159,018,215)	7,879,875,149	(1,213,526)	35,518,214,237	5,844,116	35,524,058,353

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended	
	December 31, 2012 (Unaudited)	December 31, 2011 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	2,790,850,260	2,858,823,557
Income from discontinued operations	-	18,409,725
Income before income tax	<u>2,790,850,260</u>	<u>2,677,233,282</u>
Adjustments for:		
Gain on fair value change of investment properties (Note 7)	(2,454,298,860)	(2,356,792,867)
Gain on sale of AFS investments (Note 6)	(330,647,538)	(208,631,416)
Interest expense and other financing charges	123,392,834	71,406,981
Depreciation and amortization	41,790,751	15,477,187
Interest income (Notes 1 and 4)	(31,522,356)	(44,887,264)
Provision for losses- TCC	11,267,037	-
Equity in net earnings of associates - net (Note 5)	7,456,960	(48,567)
Marketing expense	648,939	-
Unrealized foreign exchange gains	228,990	(53,223)
Loss on sale of an investment	-	1,298,081
Gain on loss of control	-	(8,939,415)
Amortization of customers' deposit	-	(2,496,539)
Operating income before working capital changes	159,167,017	143,566,240
Decrease (increase) in:		
Trade and other receivables	4,257,221	22,149,584
Land and development	(457,231,342)	-
Other current assets	(175,583,003)	(1,383,594,328)
Increase (decrease) in:		
Trade and other payables	(420,339,782)	(787,480,962)
Retirement benefit obligation	11,687,126	5,112,506
Customers' deposits	14,037,737	25,030,807
Net cash used for operating activities	(864,005,026)	(1,975,216,153)
Interest received	36,020,985	44,887,264
Income taxes paid	-	-
Net cash flows used in operating activities	(827,984,041)	(1,930,328,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(97,397,024)	(137,796,827)
Decrease (increase) in:		
Investment properties	(1,084,781,509)	(972,890,166)
Investments in and advances to associates	(144,599,175)	(170,991,997)
Other noncurrent assets	(243,443,715)	(85,692,111)
Issuance of shares of CFSI	6,000,000	-
Proceeds from sale of AFS investments	(1,348,941,622)	419,833,367
Proceeds from sale of an investment	-	124,157,782
Cash of subsidiaries disposed, net of proceeds from sale	-	(14,142,500)
Net cash flows used in investing activities	(2,913,163,045)	(837,522,452)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable	2,000,000,000	-
Long-term debt	1,502,000,000	1,568,297,885
Payments of:		
Interest and other finance charges	(263,679,732)	(99,611,636)
Loans payable	-	(128,000,000)
Long-term debt (Note 12)	(155,514,819)	(137,499,100)
Finance lease	(1,142,232)	(1,016,537)
Deposits for future stock subscriptions (Note 13)	-	1,000,000
Net changes in accounts with related parties	(73,116,630)	(37,265,669)
Movement in other noncurrent liabilities	150,190,790	76,622,048
Subscription of capital stock (Note 13)	-	1,933,693,224
Net cash flows from financing activities	3,158,737,377	3,176,210,215
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(228,990)	53,223
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(582,638,699)	408,412,097
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	975,055,018	566,642,921
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 1)	392,416,319	975,055,018

Notes to Consolidated Financial Statements

Corporate Information of the Parent Company

Alphaland Corporation (ALPHA or Parent Company) is a holding company incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The principal business of ALPHA and its subsidiaries (collectively referred to as the "Group") is real property development.

ALPHA's Significant Legal Subsidiaries as of December 31, 2012

- a. *Alphaland Balesin Island Resort Corporation (ABIRC)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on May 26, 2010. ABIRC's primary purpose is to invest in, purchase, or otherwise acquire and own, hold use, sell, assign, transfer, mortgage, pledge, and exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.
- b. *Alphaland Development Inc. (ADI)*, 100%-owned by ALPHA, was incorporated and registered with the Philippine SEC on May 29, 2007. After its incorporation, ADI became 40%-owned by Alphaland Holdings (Singapore) Pte. Limited, a company incorporated in Singapore, and 60%-owned by other companies incorporated in the Philippines [namely, Masrickstar Corporation (Masrickstar), Boerstar Corporation (Boerstar), and Azurestar Corporation (Azurestar)]. On April 7, 2010, ADI became a wholly owned subsidiary of ALPHA as an effect of the SSA. ADI's primary purpose is to engage in real property acquisition and development.
- c. *Alphaland Makati Place, Inc. (AMPI)*, 100%-owned by ADI, was incorporated and registered with the Philippine SEC on March 6, 1991 as Silvertown Property Development Corporation. In June 2008, ADI acquired from Sime Darby Pilipinas, Inc. its 100% stake in AMPI, the leasehold owner of a real property then owned by the Boy Scouts of the Philippines (BSP) located at the corner of Ayala Avenue and Malugay Street in Makati City (the "Malugay Property"). Subsequently, in August 2008, ADI's interest in AMPI was diluted to 94.12% with the subscription of new shares by Noble Care, representing 5.88% of the 34,531 total subscribed shares. On February 26, 2010, the Philippine SEC approved the change in corporate name from "Silvertown Property Development Corporation" to "Alphaland Makati Place, Inc.". On November 11, 2010, Noble Care's 5.88% interest in AMPI was transferred to ADI, making AMPI a 100% subsidiary of ADI.

AMPI's primary purpose is to lease and sublease the Malugay Property, a premium one hectare property. AMPI entered into a joint venture with BSP to develop the Malugay Property into a first class commercial development to be known as Alphaland Makati Place. It will be a mixed-use property development consisting of high end residential towers atop an upscale six-storey podium with a shopping center and a City Club, including a Boy Scout Convention Center.
- d. *Alphaland Makati Tower, Inc. (AMTI)*, 100%-owned by ADI, was incorporated and registered with the Philippine SEC on July 28, 2010, with primary purpose of developing, leasing and subleasing a property situated along Ayala Avenue, which is the center of the Makati Central District. The property measuring 2,400 square meters, more or less, was acquired by ADI from Sta. Lucia Land, Inc. in June 2008. This was conveyed by ADI to AMTI in exchange for shares of stock of AMTI in 2011. A 34-storey building is being constructed on the site to be called Alphaland Tower.
- e. *Alphaland Marina Corporation (AMC)*, 100%-owned by ADI in 2011, was incorporated and registered with the Philippine SEC on December 2, 2010, with primary purpose of dealing and engaging in the real estate business. AMC's plan is to develop (together with the Group) an ultra-modern marina and yacht club that will have various dining, sports, recreation, boating, yachting, sailing and other similar amenities exclusively to its members and their guests and dependents (the "Marina Club"). The Marina Club will be the centerpiece of the Alphaland Bay City, a joint venture project of the Group and D.M. Wenceslao & Associates, Inc. (DMWAI) and

Wendel Holdings Co., Inc. (Wendel) (DMWAI and Wendel collectively referred to as "Wenceslao"), to be located in 32-hectares, more or less, of reclaimed land at Aseana Business Park in Parañaque City. On December 10, 2010, AMC's BOD authorized the application for incorporation of Alphaland Marina Club, Inc. (AMCI) to own and operate the Marina Club.

On September 18, 2012, ADI's BOD approved the assignment of its total shareholdings in AMC in favor of Alphaland Bay City Corporation (ABCC, formerly A.A. Land Properties Developers Corporation), a jointly controlled entity.

- f. *Alphaland Reclamation Corporation (ARC)*, 100%-owned by ALPHA, was incorporated and registered with the Philippine SEC on April 5, 2011, and primarily engaged in the construction of reclamation projects and to contract for and perform reclamation works.
- g. *Aklan Boracay Properties Inc. (ABPI)* 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on May 19, 2010, and primarily engaged to invest in, purchase or otherwise acquire and own, hold use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis, except for AFS investments and investment properties, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, the Parent Company's functional currency and presentation currency, and all values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS also include Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

This following Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements of the Group.

1. Cash and Cash Equivalents

	December 31, 2012	December 31, 2011
Cash on hand and with banks	306,374,874	226,147,173
Short-term placements	86,041,445	748,907,845
	392,416,319	975,055,018

Cash with banks earn interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term placement rates.

Interest income earned related to cash and cash equivalents amounted to ₱24.9 million and ₱39.3 million for the year ended December 31, 2012 and 2011, respectively.

2. Trade and Other Receivables

	December 31, 2012	December 31, 2011
Trade receivables from:		
Sale of club shares- net of noncurrent portion	174,477,347	78,486,851
Tenants	52,467,075	50,530,600
Officers and employees	43,640,972	40,014,884
Others	3,226,723	3,396,324
	273,812,117	172,428,659
Less allowance for impairment losses	(5,852,085)	(4,705,015)
	267,960,032	167,723,644

Receivables from tenants are noninterest-bearing and are generally on 30 to 90 days term. Receivables from sale of club shares are interest-bearing with terms ranging from one to five years. Installment schemes offered generally include a 9% per annum interest charge based on the diminishing balance. Noncurrent portion of trade receivables from sale of club shares is presented under "Other noncurrent assets" account in the consolidated balance sheets.

Receivables from officers and employees and other receivables are noninterest-bearing and will be settled within one year. Most of these receivables are due to advances made for payment to suppliers and other entities in behalf of the Company and are related to the normal course of business.

Provision for impairment losses pertains to receivables from a lessee of ADI that are 90 days past due and impaired.

3. Land and Development Costs

The details of the account are as follows:

	December 31, 2012	December 31, 2011
Alphaland Makati Place	913,880,042	533,644,509
Alphaland Tower	257,546,499	152,243,083
	1,171,426,541	685,887,592

Project cost classified as land and development costs pertains to the Group's proportionate interest in the two residential towers of Alphaland Makati Place which are intended for sale as residential units.

In December 2011, the Group started the pre-selling of condominium units in Tower One of Alphaland Makati Place. The terms and conditions of the Contract to Sell (CTS) involve the sale of one condominium unit and one City Club share, i.e., a preferred share of The City Club at Alphaland Makati Place, Inc. (TCCAMPI), in which ownership of the unit and the City Club share are inseparable. Under the CTS, the components are sold under a single selling price with downpayment payable upon signing of the CTS and the unpaid balance payable in monthly installments for a period of three years from date of CTS. Ownership of the City Club share will allow the buyer to enjoy the amenities and facilities of The City Club. On December 5, 2011, the HLURB issued a temporary License to Sell to AMPI for the sale of condominium units in Tower One of Alphaland Makati Place.

Alphaland Tower

Based on current development plans, the Group has determined that upon completion of the project, 6,014 square meters and 61,895 square meters are to be sold and leased out, respectively. An application for a license to sell has already been filed with the HLURB.

Interest and other financing costs amounting to ₱28.6 million and ₱11.0 were capitalized as part of land and development costs in December 31, 2012 and December 31, 2011, respectively.

4. Other Current Assets

	December 31, 2012	December 31, 2011
Restricted cash - net of noncurrent portion	630,927,266	384,854,045
Input VAT - net	780,469,327	424,082,236
Advances to contractors	404,393,293	583,051,437
Deferred rent	55,801,505	48,856,092
CWT	34,312,363	23,909,859
Prepayments	33,820,644	22,012,065
Receivable from a third party	-	289,525,857
TCCs	-	11,267,037
Others	14,905,855	12,704,300
	1,954,630,253	1,800,262,928

Advances to Contractors

Advances to contractors are considered as nonfinancial instruments as these will be applied against future billings from contractors normally within one year. Downpayments generally within 20 to 30 percent of total contract price are paid to contractors at the start of each project while the balance is paid through progress billings.

Input VAT

Input VAT arises from the acquisition of land and payments to suppliers and contractors for the acquisition of goods and development of the Group's projects. This can be claimed as credit against the Group's output VAT payable.

The portion of input VAT which is required to be amortized over the life of the related asset or a maximum period of 60 months is recognized as part of "Other noncurrent assets" account.

Restricted Cash

Debt Service Reserve Account (DSRA) (P127.0 million and P90.4 million as of December 31, 2012 and 2011, respectively). Under the Omnibus Loan and Security Agreement (OLSA), AMPI and AMTI (collectively, the Borrowers) are required to maintain a DSRA for the security of interest and/or principal repayments to the lenders. The Borrowers are required to deposit cash to the DSRA equivalent to the upcoming interest and/or principal repayment.

Escrow Funds - Preferred Shares (P502.7 million and P331.6 million as of December 31, 2012 and 2011, respectively). These represent funds with an escrow agent, Philippine Bank of Communications (PBCom), in compliance with Section 8E of Rule 12.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code and in connection with AMPI and ABIRC's public offering of the preferred shares, classified under "AFS investments" account in the consolidated balance sheets. The proceeds from the sale of preferred shares shall only be disbursed in portions upon written instructions of AMPI and ABIRC for the purpose of developing the club facilities committed for delivery to the club members. The release shall be in accordance with the percentage of completion of the City Club and Balesin Island Club. The escrow account shall be closed upon completion of the construction of the City Club and Balesin Island Club by AMPI and ABIRC, respectively.

Escrow Funds - Condominium Units (nil and P18.9 million as of December 31, 2012 and 2011, respectively). In 2011, AMPI designated PBCom as an escrow agent in compliance with Presidential Decree No. 957, as amended, in connection with the Company's application for a Certificate of Registration and License to Sell with the HLURB. The proceeds from the pre-selling of residential units of the Project, received from the date of issuance of the temporary License to

Sell by HLURB, are temporarily restricted until receipt by the Company of its Certificate of Registration and permanent License to Sell. The escrow account shall only be disbursed for purposes of payment of refunds to buyers, cancellation charges to the developer, fees, charges and other expenses incurred in the management and administration of the escrow agent. The permanent license to sell is expected to be issued to AMPI within the year.

Environmental Guarantee Fund (EGF) and Environmental Monitoring Fund (EMF) (P1.2 million and nil as of December 31, 2012 and 2011, respectively). ABIRC was issued an Environmental Compliance Certificate (ECC) on February 17, 2011 pursuant to Presidential Decree No. 1586 for its project. The ECC requires the formation of a Multi-partite Monitoring Team and the establishment of an EGF, as a fund source for the indemnification of damages caused by its project and immediate rehabilitation and restoration of affected ecosystems, and EMF to cover the expenses of environmental monitoring and surveillance activities.

Receivable from a Third Party

This account pertains to a noninterest-bearing receivable, which was secured by certain assets of a third party. In June 2012, the said receivable was extinguished by way of confirmation of economic ownership of the Group over the three aircrafts meant to ferry club members and other officers to and from its island projects

Prepayments

Prepayments include prepaid rent, insurance and commissioning fees.

5. Investments in and Advances to Associates

	December 31, 2012	December 31, 2011
Investments in associates	1,066,847,665	94,804,625
Advances to associates	(1,194,020)	833,706,805
	1,065,653,645	928,511,430

Details of investments in associates are as follows:

	December 31, 2012	December 31, 2011
Acquisition costs:		
Balances at beginning of period	60,533,729	50,533,779
Additions	979,500,000	9,999,950
Balances at end of period	1,040,033,729	60,533,729
Accumulated equity in net income:		
Balances at beginning of period	34,270,896	34,222,329
Equity in net income during the period	(7,456,960)	48,567
Balances at end of period	26,813,936	34,270,896
	1,066,847,665	94,804,625

The following are the associates of the Group:

Company	Principal Activities	Percentage of Ownership	
		December 31, 2012	December 31, 2011
Shang Global City Properties Inc. (SGCPI)	Real property development	20%	20%
Fort Bonifacio Shangri-La Hotel, Inc. (FBSHL)	Real property development	20%	20%
Alphaland Heavy Equipment Corporation (AHEC)	Sale and lease of heavy equipment	50%	50%
Alphaland Ukiyo Inc. (AUI)	Restaurant	50%	50%
Alphaforce Security Agency Inc. (ASAI)	Security Agency	40%	40%

All associates are incorporated in the Philippines.

SGCPI

SGCPI, 20%-owned by ADI, was incorporated and registered with the Philippine SEC on December 13, 2007, primarily to acquire by purchase and to own, use, improve, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds, whether to improve, manage, or otherwise dispose of said properties together with their appurtenances.

FBSHI

FBSHI, 20%-owned by ADI, was incorporated and registered with the Philippine SEC on February 15, 2008, primarily to own, carry, operate conduct and engage in hotel business, high and low residential condominium/apartment development and related business and, for this purpose, to purchase or own any interest in real property (except land) and personal property of all kinds.

SGCPI and FBSHI entered into an unincorporated joint venture agreement for the construction of a six-star hotel and high-end development at SGCPI's land property in Bonifacio Global City, Taguig, Metro Manila known as Shangri-La at the Fort. Shangri-La at the Fort is planned to commence operations by year 2014.

AHEC

In January 2010, ADI subscribed to 125,000 common shares of AHEC representing 50% of the outstanding shares of AHEC. AHEC is 50% owned by ADI and 50% owned by Fabricom-XCMG Phils., Inc. Its purpose is to purchase, import, or otherwise acquire, as well as to lease (except financial leasing), sell, distribute, market, convey, or otherwise dispose heavy equipment, machinery and related implements.

AHEC's target markets are the local government units and private entities, among them are ADI and ABIRC, with big infrastructure projects and construction requirements. In 2012 and 2011, AHEC sold several units of heavy equipment to ADI and ABIRC for their development projects in Caticlan and Balesin, respectively.

AUI

On March 15, 2011, ADI subscribed to 4,999,988 common shares of AUI representing 50% of the outstanding shares of AUI. Its purpose is to establish, maintain and operate restaurants, coffee shops, refreshment parlors and cocktail lounge.

ASAI

ASAI is 40%-owned by ALPHA and was incorporated and registered with the Philippine SEC on March 18, 2011 primarily engaged in the business of providing security and investigation services to private institutions and government organizations for the purpose of protecting lives and properties.

6. AFS Investments

	December 31, 2012	December 31, 2011
Unquoted Clubs' preferred shares:		
Alphaland Balesin Island Club Inc. (ABICI)	18,534,000,000	6,564,000,000
TCCAMPI	4,121,000,000	4,172,000,000
AMCI	954,682,195	125,000
Quoted -		
WackWack Golf and Country Club. Inc. (WackWack)	18,000,000	11,300,000
	<u>23,627,682,195</u>	<u>10,747,425,000</u>
Balance at beginning of year	10,747,425,000	11,600,000
Effect of deconsolidation	-	4,526,365,779
Sale of AFS investments	853,869,111	(415,518,383)
Fair value adjustments	10,506,550,810	6,624,977,604
Additional Subscriptions	1,519,837,274	-
Balance at end of year	<u>23,627,682,195</u>	<u>10,747,425,000</u>

The preferred shares held by the Group are not required to gain control of the Clubs and are intended to be disposed over time to third parties, the proceeds of which will be used to raise funding for the construction of the club facilities which AMPI, ABIRC and AMC committed to deliver to TCCAMPI, ABICI and AMCI, respectively. The preferred shareholders are entitled to name one nominee per share to become a member and avail of the amenities and facilities of the Clubs. They are not entitled to vote and be voted for in all meetings of the shareholders of the Clubs. The preferred shares have preference over the issuer's common shares in the distribution of assets in case of dissolution and liquidation.

Liability Related to Acquisition of AFS Investments

The cost of the Group's investments in the preferred shares of TCCAMPI and ABICI includes the cash consideration and the cost of the obligation to deliver and complete the Clubs' facilities.

a. ABICI

On February 10, 2011, ALPHA, ABIRC and ABICI entered into a DA for the development and construction of a resort club (the "Balesin Island Club").

It is agreed that ABIRC will develop and construct the Balesin Island Club with ALPHA extending any financing required for the completion of the Balesin Island Club and its amenities in exchange for the ABICI shares.

It was clarified that, in consideration for the Balesin Island Club's construction, ABICI agrees that the excess of the construction costs over the par value of the shares issued by ABICI shall be treated as additional paid-in capital after the completion of the Balesin Island Club. Furthermore, it was clarified that the ownership of the Balesin Island Club, its facilities and amenities will be transferred to ABICI after its completion, which is expected by the second quarter of 2013.

In June 2012, the ABIRC subscribed to an additional 3,090 preferred shares of ABICI ("second tranche") which includes a cash consideration and an obligation to transfer a portion of its investment properties valued at ₱453.3 million and to construct additional Island Club facilities amounting to ₱465.4 million (shown as part of "Trade and other payables" account in the consolidated balance sheet).

The initial liability related to acquisition of first tranche of the ABICI AFS investments amounting to ₱1,834.0 million is allocated for luxury villa clusters (75%), clubhouse (11%) and utilities and other facilities (14%).

In June 2012, the DA previously signed on October 2010 was amended to include the second tranche of preferred shares of ABICI and to reflect the additional development, from six-themed villa clusters with 150 villa-suites and a maximum of 3,910 Club Members to seven-themed villa clusters with 280 villa-suites.

b. TCCAMPI

In October 2010, ADI, AMPI and TCCAMPI entered into a DA for the development and construction of a City Club in Alphaland Makati Place. It is agreed that ADI and/or AMPI will develop and construct the City Club with AMPI extending any financing required for its completion and amenities in exchange for the TCCAMPI shares.

In December 2010, ADI, AMPI and TCCAMPI entered into a supplemental DA to clarify that under the DA, it is AMPI who has the primary obligation to develop and construct the City Club. Moreover, it was clarified that, in consideration for the City Club's construction, TCCAMPI agrees to convert any and all advances related to the construction of the committed club facilities provided by ADI and AMPI to additional paid-in capital after the completion of the City Club. Furthermore, it was clarified that the ownership of the City Club, its facilities and amenities will be transferred to TCCAMPI after its completion, which is expected by the second quarter of 2013.

The initial liability related to acquisition of TCCAMPI AFS investments amounting to ₱1,190.6 million is allocated for the construction of podium and club equipment (88%) and land (12%).

c. AMCI

On December 3, 2012, ABCC, the Company and AMCI entered into a Development Agreement (DA) for the development and construction of the Marina Club. It is agreed that ABCC and/or the Company will develop and construct the Marina Club with AMCI extending any financing required for the completion of the Marina Club and its amenities.

The DA indicates that the Company has the primary obligation to develop and construct the Marina Club. Moreover, in consideration for the Marina Club's construction, AMCI agrees to convert any and all advances provided by ABCC and the Company to additional paid-in capital as the Company constructs the Marina Club. Furthermore, the ownership of the Marina Club, its facilities and amenities will be transferred to AMCI as costs are incurred.

The Company's liability related to acquisition of AFS investments is allocated for the clubhouse (49%), piers (24%), charter yachts (24%) and service fleet and equipment (3%). The liability related to acquisition of AFS investments has been developed in consultation with the Company's executives and project managers.

As of December 31, 2012, the current and noncurrent portions of the liability related to the acquisition amounted to ₱876,453,621 and ₱1,025,844,680, presented under "Trade and other payables" and "Liability related to acquisition of AFS investments - net of current portion" accounts, respectively, in the 2012 balance sheet.

Unrealized Valuation Gain on AFS Investments

The Group's AFS investments is marked to market using the fair value equivalent to the selling price of a recent sale to the public for the unquoted preferred shares and published price quotations in an active market for the quoted ordinary shares.

Movements in the unrealized gain on AFS investments, net of related tax effect, are as follows:

	December 31, 2012	December 31, 2011
Balance at beginning of year	7,129,834,932	1,000,000
Unrealized valuation gains on AFS investments	10,506,550,810	6,624,977,604
Realized mark-to-market gain	(330,647,538)	(208,631,416)
Unrealized valuation gains on AFS investments	10,175,903,272	6,416,346,188
Income tax effect	(1,017,590,327)	(641,634,618)
	9,158,312,945	5,774,711,570
Effect of deconsolidation	-	1,354,123,362
Balance at end of year	16,288,147,877	7,129,834,932

Receivable arising from the sale of AFS investments amounted to ₱187.3 million and ₱82.9 million as of December 31, 2012 and December 31, 2011, respectively. Customers' deposits from sale of preferred shares amounting to ₱214.2 million and ₱10.2 million as of December 31, 2012 and December 31, 2011, respectively, was recorded under "Deposits from sale of preferred shares" under "Trade and other payables" account in the consolidated balance sheet.

7. Investment Properties

	December 31, 2012	December 31, 2011
Balances at beginning of period	18,046,169,798	15,337,579,953
Additions:		
Capital expenditures/ development costs	1,681,574,743	1,009,260,453
Capitalized borrowing costs	106,107,416	28,424,117
Reclassification to land and development costs	-	(685,887,592)
Reclassification to property and equipment	(27,545,229)	-
Reclass from receivable to investment property	8,365,200	-
Transfer of land to ABICI	(453,259,000)	-
Transfer of development costs to AMCI	(482,000)	-
Fair value change	2,454,298,860	2,356,792,867
Balances at end of period	21,815,229,788	18,046,169,798

Investment properties carried at fair value consist of:

	December 31, 2012	December 31, 2011
Alphaland Bay City	10,796,176,250	9,751,385,000
Alphaland Southgate Tower	3,266,428,393	3,247,177,567
Alphaland Tower	3,233,610,968	1,645,265,975
Alphaland Balesin Island Club	1,548,179,962	1,601,011,149
Alphaland Makati Place	2,332,536,420	1,393,137,986
Silang Property	460,149,368	247,925,855
Caticlan Property	178,148,427	159,784,266
Alphaland Marina Club	-	482,000
	21,815,229,788	18,046,169,798

Alphaland Bay City

This represents ADI's 50% proportionate share in the landholdings of Alphaland Bay City Corporation (ABCC) (formerly A.A. Land Properties Developers Corporation), the Joint Venture Company, which comprised the first 28 hectares of land in Aseana Business Park, Parañaque, Bay City, Metro Manila. ABCC will develop the property into a high-end, mixed-use property

project to be known as Alphaland Bay City. The total land area of the project once consolidated will reach 32 hectares, more or less.

Alphaland Southgate Tower

In January 2008, ADI acquired from South China Resources, Inc. and the Puyat family two parcels of land measuring a total of 9,497 square meters, more or less, at the corner of EDSA and Chino Roces Avenue in Makati City together with the existing improvements thereon.

The property is now a fully developed and operational 20-storey office tower building with a 6-storey podium shopping mall known as Alphaland Southgate Tower. It was declared an Information Technology Zone on January 12, 2009 by the Philippine Economic Zone Authority, pursuant to Presidential Proclamation No. 1692 dated December 22, 2008. The property currently secures a bi-lateral loan obtained in June 2012 through BDO Unibank, Inc.

Rent income from Alphaland Southgate Tower amounted to ₱305.8 million and ₱257.5 million for the year ended December 31, 2012 and 2011, respectively.

Alphaland Tower

In June 2008, ADI acquired from Sta. Lucia Land, Inc., two parcels of land measuring a total of 2,400 square meters, more or less, along Ayala Avenue, Makati City. Due to current zoning floor-to-area (FAR) restrictions, ADI also acquired air rights from the owner of the adjacent property for a consideration of ₱95.0 million in order to increase the project's FAR from FAR 16 to FAR 20. Total capitalized borrowing cost amounted to ₱71.2 million and ₱6.3 million in December 31, 2012 and 2011, respectively. The property, including the project cost classified as land and development costs, currently secures the long-term debt obtained by AMTI through a syndication of banks.

Alphaland Balesin Island Club

This represents the value of approximately 394 hectares of land acquired by ABIRC in Balesin Island, Polillo, Quezon. ABIRC is in the process of acquiring additional parcels of land in the island for development into a premier tourism resort facility. As of December 31, 2012, a total of 906,518 square meters, out of the said 394 hectares of land, were transferred to ABICI as part of ABIRC's commitment under the DA.

Alphaland Makati Place

This represents the Group's proportionate interest in podium, basement and the third tower of Alphaland Makati Place which is intended for lease to third parties. Total capitalized borrowing costs amounted to ₱34.9 million and ₱16.7 million in December 31, 2012 and 2011, respectively. The property, including the project cost classified as land and development costs, currently secures the long-term debt obtained by AMPI.

Silang Property

This represents the value of ADI's three parcels of land in Silang Cavite, measuring a total of 300,000 square meters, more or less, which has been reserved for future development.

Caticlan Property

On December 3, 2010, ADI entered into a DA with Akean Resorts Corporation to develop a 500-hectare property in the northern tip of Nabas, Aklan, which faces Boracay Island, one of the world's best beach resort islands.

ADI aims to transform this prime property into a high-end mixed-use resort complex anchored by a Polo and Country Club as well as water recreational activities, which will later be called

Alphaland Boracay Gateway Country Club. This amount represents running development costs of the project and includes some land acquired for consolidation purposes.

Alphaland Marina Club

Alphaland Marina Club is the centerpiece of the Alphaland Bay City. The Club is envisioned to provide world-class facilities for about 300 yachts, including several megayachts.

The fair values of the investment properties, including properties held for lease, as of December 31, 2012 and December 31, 2011 were based on the valuation performed by an independent appraiser using Market Data Approach for the land and Cost Approach for the improvements. Market Data Approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. The comparison is based on the location, size, shape, utility, desirability and time element. Cost Approach involves the estimate of the reproduction cost of the improvements based on prevailing cost of labor, materials, contractor's fee and other costs necessary to build the improvements. Depreciation brought about by physical wear and tear, functional obsolescence and economic obsolescence are deducted to arrive at the market value of improvements.

8. Property and Equipment

	December 31, 2012						
	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools		Office Furniture and Equipment		Total
			Equipment	and Tools	Transportation Equipment	Furniture and Equipment	
Cost:							
Balances at beginning of period	4,498,300	36,110,449	366,976,182	19,671,755	13,075,934	440,332,620	
Additions	-	102,725	94,351,874	714,196	2,228,229	97,397,024	
Transfer to Island Club	-	(19,013,393)	(79,535,796)	-	(1,591,071)	(100,140,260)	
Reclassifications	-	-	-	29,559,483	54,500	29,613,983	
Balances at end of period	4,498,300	17,199,781	381,792,260	49,945,434	13,767,592	467,203,367	
Accumulated depreciation and amortization:							
Balances at beginning of period	4,498,300	1,874,954	67,842,252	10,198,106	4,717,784	89,131,396	
Depreciation and amortization	-	1,607,620	64,260,989	17,544,492	4,152,892	87,565,993	
Transfer to Island Club	-	(879,291)	(7,419,310)	-	(145,496)	(8,444,097)	
Reclassifications	-	-	-	2,058,157	10,597	2,068,754	
Balances at end of period	4,498,300	2,603,283	124,683,931	29,800,755	8,735,777	170,322,046	
Net book values	-	14,596,498	257,108,329	20,144,679	5,031,815	296,881,321	

The Group capitalized a portion of the depreciation expense amounting to ₱43.3 million as of December 31, 2012, which is related to machinery and equipment being used for the construction of the Catican Project and Balesin Island Club.

December 31, 2011

	Machinery,			Office			Total
	Leasehold Improvements	Buildings and Structures	Equipment and Tools	Transportation Equipment	Furniture and Equipment	Aircraft	
Cost:							
Balances at beginning of year	4,498,300	328,900	86,784,977	25,131,402	8,769,438	-	125,513,017
Additions	-	35,781,549	96,299,237	770,000	4,946,041	-	137,796,827
Reclassifications	-	-	183,891,968	(6,229,647)	(639,545)	-	177,022,776
Balances at end of year	4,498,300	36,110,449	366,976,182	19,671,755	13,075,934	-	440,332,620
Accumulated depreciation and amortization							
Balances at beginning of year	4,498,300	109,633	3,742,239	4,233,601	2,003,374	-	14,587,147
Depreciation and amortization	-	1,765,321	35,535,010	3,908,687	3,353,955	-	44,562,973
Reclassifications	-	-	28,565,003	2,055,818	(639,545)	-	29,981,276
Balances at end of year	4,498,300	1,874,954	67,842,252	10,198,106	4,717,784	-	89,131,396
Net book values	-	34,235,495	299,133,930	9,473,649	8,358,150	-	351,201,224

In 2011, the Group capitalized a portion of the depreciation expense amounting to P30.8 million, which is related to machinery and equipment being used for the construction of the Caticlan Project and Balesin Island Club.

Reclassifications in 2011 include machinery and equipment acquired from MPP1 which was transferred from asset held for sale.

9. Other Noncurrent Assets

	December 31, 2012	December 31, 2011
Advances to a third party- jet eagle	288,466,311	-
Input VAT	27,279,241	28,880,554
Goodwill	23,229,684	23,229,684
Accounts receivable	12,868,485	4,365,372
Refundable deposits	11,384,288	8,227,573
Software costs - net	2,840,549	5,266,053
Restricted cash	-	55,993,931
Security deposits	-	1,000,000
Others	3,285,400	1,457,044
	<u>369,353,958</u>	<u>128,420,211</u>

Refundable deposits include billing and meter deposits from Manila Electric Company (Meralco). These are refundable upon termination of the contract with Meralco.

ADI purchased computer software license amounting to ₱0.08 million and ₱3.6 million in 2012 and 2011, respectively. Corresponding amortization amounted to ₱2.5 million and ₱1.7 million for the year ended December 31, 2012 and 2011.

10. Trade and Other Payables

	December 31, 2012	December 31, 2011
Liability related to acquisition of AFS investment	1,723,055,515	1,871,330,969
Trade	506,818,731	279,957,597
Accrued expenses	343,526,675	70,415,007
Deposit from sale of club shares	214,172,311	10,150,000
Retention payable	191,730,753	46,942,654
Accrued interest	11,077,060	5,880,251
Unearned rent income	4,305,717	3,385,264
Current portion of obligation under finance lease	1,287,172	1,142,232
Construction Bond Payable	561,333	-
Income Tax Payable	329,277	-
Others	25,908,793	20,079,109
	<u>3,022,773,337</u>	<u>2,309,283,083</u>

Trade payables are noninterest-bearing and are due for payment within 30 to 120 days.

Accrued expenses mainly pertain to accruals for development costs and general and administrative expenses. Other payables consist of government payables and nontrade payables. Accrued expenses and other payables are generally settled within one year.

11. Loans Payable

On March 29, 2012, ABIRC entered into a credit line agreement (the loan facility or facility) with Bank of Commerce (BOC) amounting to ₱2,000.0 million to finance the former's capital expenditures for its Balesin Island project. Each drawdown is payable through promissory notes issued on the same date, with maturity of up to 180 days. Interest depending on the bank's prevailing rate on the date of each tranche, is payable quarterly in arrears. BOC and ABIRC agreed to secure the facility with a Continuing Suretyship Agreement of ALPHA. The outstanding principal balance of the loan facility as at December 31, 2012 amounted to ₱2,000.0 million.

12. Long-term Debt

Borrower	December 31, 2012			December 31, 2011		
	Current	Noncurrent	Total	Current	Noncurrent	Total
ADI	202,573,734	873,162,647	1,075,736,381	193,750,100	1,037,501,100	1,231,251,200
AMPI	19,295,000	1,709,150,134	1,728,445,134	-	824,372,687	824,372,687
AMTI	8,110,000	1,566,681,592	1,574,791,592	-	971,842,415	971,842,415
	<u>229,978,734</u>	<u>4,148,994,373</u>	<u>4,378,973,107</u>	<u>193,750,100</u>	<u>2,833,716,202</u>	<u>3,027,466,302</u>

ADI

On September 11, 2008, ADI entered into an OLSA with the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and Bank of the Philippine Islands (BPI), collectively referred to as the "Lenders," for a loan facility of ₱1,400.0 million for the purpose of funding the development of Alphaland Southgate Tower. The OLSA was fully drawn as of May 25, 2009.

On May 18, 2012, ADI entered into an OLSA with BDO Unibank, Inc. for a loan facility of ₱1,187.5 million for the purpose of refinancing the existing OLSA with the Lenders by way of a loan take-out. ADI's Alphaland Southgate Tower was used as collateral for the new long-term loan with BDO Unibank, Inc.

Interest expense and other finance charges recognized in the consolidated statements of comprehensive income amounted to ₱60.3 million and ₱63.8 million for the year ended December 31, 2012 and 2011, respectively.

AMPI

On April 22, 2010, AMPI entered into an OLSA with DBP, LBP, BOC and Maybank Philippines, Inc. (Maybank) for a loan facility of ₱1,750.0 million exclusively for the purpose of partially financing the development, construction and operation of the Phase I of Alphaland Makati Place consisting of a six-storey podium mall, City Club and basement parking.

On June 10, 2010, March 16, 2011 and July 6, 2011, AMPI made its first, second and third drawdowns amounting to ₱250.0 million, ₱270.0 million and ₱330.0 million, respectively.

On April 26, 2012 and December 4, 2012, AMPI made its fourth and fifth drawdown in the amount of ₱350.0 million and ₱550.0 million, respectively. Interest expense and other finance charges on the loan amounting to ₱71.74 million and ₱27.1 million were capitalized as part of investment properties and land and development costs for the year ended December 31, 2012 and 2011, respectively.

AMPI shall fully pay and liquidate the principal amount of the loan within seven years from and after the date of the initial borrowing. Payments are to be made in 16 quarterly installments beginning at the end of the 39th month from the date of initial borrowing. Interest, which is based on a floating rate equivalent to applicable three-month PDEX rate plus 3.50% spread per annum, is payable quarterly. The loan is secured by Alphaland Makati Place, which includes the land and buildings, structures and improvements to be constructed thereon.

AMTI

On October 13, 2010, AMTI, the borrower, and ADI, the co-borrower, entered into an OLSA with DBP, LBP, BOC and Maybank for a loan facility of ₱2,400.0 million exclusively for the purpose of partially financing the development, construction and operation of the 34-storey premium-grade office building named Alphaland Tower. On September 22, 2011, December 22, 2011, March 30, 2012, July 23, 2012 and November 12, 2012, AMTI made its first, second, third, fourth and fifth drawdown amounting to ₱360.0 million, ₱660.0 million, ₱164.0 million, ₱300.0 million and ₱138.0 million, respectively. Interest, which is based on a floating rate equivalent to applicable three-month PDEX rate plus 3.5% spread per annum, is payable quarterly. Mortgage collaterals for the loan are the land where Alphaland Tower is being constructed and property under construction. Interest expense and other finance charges on the loan amounting to ₱78.1 million and ₱5.8 million were capitalized as part of investment properties and land and development costs as of December 31, 2012 and 2011, respectively.

Amortization of deferred financing costs was included in the interest and other financing costs capitalized as part of investment properties and land and development costs.

The loan agreements of the Group contain provisions regarding establishment of debt service reserve account, maintenance of debt service coverage ratio and collateral coverage ratio, change in business, liquidation or sale of assets, material change in ownership, declaration and payment of dividends, additional indebtedness and guarantees, negative pledge, purchase, redemption or retirement of capital stock and extension of loans, advances or subsidies to investees, directors, officers and stockholders.

The agreements also contain cross default provisions triggered by failure of the Group to comply with any term, obligation or covenant contained in any loan agreement.

As of December 31, 2012 and December 31, 2011, the Group is in compliance with all the requirements of the loan agreements.

13. Equity

a. Capital Stock

The composition of ALPHA's capital stock as consisting of all common shares is as follows:

	December 31, 2012	December 31, 2011
Authorized - 1 par value	5,000,000,000	5,000,000,000
Issued and subscribed	1,984,746,251	1,984,746,251
Treasury	(423,900)	(423,900)
Outstanding	1,984,322,351	1,984,322,351

The rollforward of issued and subscribed common shares follows:

	December 31, 2012	December 31, 2011
At beginning of year	1,984,746,251	1,429,220,287
Issuances during the year:		
Conversion of deposits for future stock subscriptions	-	408,150,264
Subscription of DMWAI	-	147,375,700
At end of year	1,984,746,251	1,984,746,251

Common shareholders are entitled to vote and be voted for in all meetings of the shareholders of ALPHA.

All common shares shall be entitled to a pro rata share, on a per share basis, in the profits of ALPHA in the event it declares any dividends in accordance with the By-Laws or applicable law and not have any pre-emptive or similar right with respect to any issuance or disposition of any shares of stock by or of ALPHA.

On March 3, 2011, the Executive Committee of the BOD approved a follow-on public offering to ensure that ALPHA will comply with the minimum public ownership requirement.

ALPHA was incorporated on November 19, 1990 as "Agro Plastics, Inc.". On March 15, 1995, it changed its corporate name to "Macondray Plastics, Inc.". On November 23, 2000, it had its initial public offering. On April 7, 2010, it changed its corporate name to "Alphaland Corporation".

From the initial public offering on November 23, 2000, all shares were listed except for the shares issued on November 11, 2010, March 3, 2011 and June 27, 2011. Beginning April 7, 2010, the resulting outstanding shares do not include 423,900 shares held in treasury, which are listed and currently lodged with PCD Nominee Corporation.

b. Deposits for Future Stock Subscriptions

In 2010, ALPHA received deposits for future stock subscriptions from its major stockholders amounting to ₱2,147.8 million. Additional deposits for future stock subscriptions of ₱1,933.7 million received by ALPHA on January 28, 2011.

On March 3, 2011, the Executive Committee of the BOD authorized the issuance of 408,150,264 shares in favor of some of the existing shareholders of ALPHA at the same subscription price of ₱10 per share payable by previously paid deposits in 2011 and 2010 as follows:

Shareholders	Deposits for Future Stock Subscriptions	New Shares Issued
Alphaland Holdings	2,591,722,322	259,172,233
Masrickstar Corporation (Masrickstar)	1,000,000,000	100,000,000
Boerstar Corporation	408,150,265	40,815,026
Azurestar Corporation	81,630,053	8,163,005
Total	4,081,502,640	408,150,264

Masrickstar agreed to assume the ₱1,000.0 million deposits for future stock subscriptions of AH.

The additional deposits for future stock subscriptions of ₱1,933.7 million received by ALPHA on January 28, 2011 and deposits for future stock subscriptions as of December 31, 2010 of ₱2,147.8 million were converted to 408,150,264 common shares.

During the annual stockholders' meeting of ALPHA held in May 2011, all deposits for future stock subscriptions as of the said date were approved for conversion into common stock of ALPHA.

On March 3, 2011, the Executive Committee of the BOD of ALPHA authorized the issuance to DMWAI of 147,375,700 common shares from the unissued portion of its authorized capital stock at an issue price of ₱10 per share. This resulted in an increase in the issued and subscribed shares of ALPHA from 1,428,796,387 shares to 1,576,172,087 as of February 28, 2011. The shares issued to DMWAI represent approximately 9.35% of the resulting outstanding capital stock of ALPHA.

Out of the total subscription made by DMWAI, ₱1.0 million was paid in cash with the balance of ₱1,472.8 million will be paid by conveyance to ADI of shares of stock of the Joint Venture Company. The conveyance of shares of stock to ADI will be effected immediately after DMWAI has conveyed the additional four hectares of land to the Joint Venture Company to bring the total development area of the Alphaland Bay City project to at least 32 hectares. ADI will then issue common shares to ALPHA in payment of the Joint Venture Company's shares it received from DMWAI.

The resulting shareholder structure of ALPHA, after the equity conversion and issuance of stocks mentioned above, is as follows:

Shareholders	Number of Shares	Percentage
Alphaland Holdings	767,065,849	38.66%
Masrickstar Corporation	709,472,340	35.75%
Boerstar Corporation	167,788,430	8.46%
DMWAI	147,375,700	7.43%
RVO Capital Ventures Corporation	142,656,748	7.19%
Azurestar Corporation	33,557,686	1.69%
Public	16,405,599	0.82%
Total issued and outstanding capital stock	1,984,322,352	100.00%

As of December 31, 2012, there was no conveyance yet of the Joint Venture Company's shares of stock from DMWAI to ADI nor has DMWAI conveyed the additional four hectares of land to the Joint Venture Company. Consequently, ADI has not issued its common shares to ALPHA in payment of the Joint Venture Company's shares it will receive from DMWAI. The related subscription receivable of ₱1,472.8 million was recognized as deduction from the subscribed capital stock in the equity section of the consolidated balance sheets.

c. Retained Earnings

Accumulated equity in net income of associates and subsidiaries not available for dividend declaration amounted to ₱7,810.4 million and ₱5,857.8 million as of December 31, 2012 and December 31, 2011, respectively.

d. Treasury Shares

In accordance with the buy-back of ₱10.0 million worth of ALPHA's shares as approved by the BOD on February 12, 2001, ALPHA bought 217,000 shares in 2009 and 4,000 shares in 2008 amounting to ₱0.7 million and ₱0.01 million, respectively.

Total cost of 423,900 treasury shares amounted to ₱1.2 million as of December 31, 2012 and December 31, 2011.

14. Earnings per Share Computations

Basic/diluted earnings per share on income before income from discontinued operations attributable to equity holders of the parent:

	December 31, 2012	December 31, 2011
Net income attributable to equity holders of the Parent	2,022,115,625.00	1,936,048,809
Less income from discontinued operations	-	12,907,072
(a) Income from continuing operations attributable to equity holders of the Parent	2,022,115,625.00	1,923,141,737
(b) Weighted average number of shares outstanding		
At beginning of year	1,984,746,251.00	461,386,202
Conversion of deposits for future stock subscriptions	-	1,194,872,581
Subscription of DMWAI	-	98,250,467
At end of year	1,984,746,251.00	1,754,509,250
Basic/diluted earnings per share (a/b)	1.019	1.096

Basic/diluted earnings per share on net income attributable to equity holders of the Parent:

	December 31, 2012	December 31, 2011
(a) Net income attributable to equity holders of the Parent	2,022,115,625	1,936,048,809
(b) Weighted average number of shares outstanding		
At beginning of year	1,984,746,251	461,386,202
Conversion of deposits for future stock subscriptions	-	1,194,872,581
Subscription of DMWAI	-	98,250,467
At end of year	1,984,746,251	1,754,509,250
Basic/diluted earnings per share (a/b)	1.019	1.103

The Group has no dilutive potential common shares outstanding, therefore basic earnings per share is the same as diluted earnings per share.

ALPHALAND CORPORATION AND SUBSIDIARIES
Aging of Accounts Receivable
December 31, 2012

	Neither Past Due nor Impaired		Past Due but not Impaired			Total
	1-30 days	31-60 days	61-90 days	Over 90 days	Impaired	
Trade	215,379,974	1,251,904	839,705	7,332,931	(5,852,085)	221,092,337
Officers & Employee	43,640,972	-	-	-	-	43,640,972
Others	3,226,723	-	-	-	-	3,226,723
TOTAL	262,247,669	1,251,904	839,705	7,332,931	(5,852,085)	267,960,032

ALPHALAND CORPORATION AND SUBSIDIARIES
 SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
The Group has no FVPL as of December 31, 2012.				

- (i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.
- (ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective balance sheet caption or captions.
- (iii) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Non Current	Balance at end of period
The Group has no receivables from directors, officers, employees, related parties and principal stockholders that did not arise from ordinary course of business.							

- (i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
- (ii) If collection was other than in cash, explain.
- (iii) Give reasons for write off

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

	Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Non Current	Balance at end of period
1	Alphaland Development Inc. (ADI)	-	230,010,662	-	-	-	230,010,662	230,010,662
2	Alphaland Makati Tower Inc. (AMTI)	-	27,694,260	-	-	-	27,694,260	27,694,260
3	Alphaland Balesin Island Resort Corporation (ABIRC)	-	457,978,696	-	-	-	457,978,696	457,978,696
4	Alphaland Marina Corporation (AMC)	-	753,794	-	-	-	753,794	753,794
5	Alphaland Reclamation Corporation (ARC)	-	60	-	-	-	60	60
6	A.A. Land Properties Developers Corporation (A.A. Land)	17,030,564	421,979	-	-	-	17,452,563	17,452,563
7	Digital Excel Developments Limited (DEDL)	79,751	61,367	-	-	-	141,118	141,118
8	Alphaland Aviation, Inc. (AAI)	-	12,875	-	-	-	12,875	12,875
9	Alphaland Makati Place Inc. (AMPI)	28,811,667	-	(23,677,821)	-	-	5,134,046	5,134,046
10	Choice Insurance Brokerage, Inc. (CIB)	-	576,885	-	-	-	576,885	576,885
11	Akian Boracay Properties, Inc. (ABPI)	-	121,960	-	-	-	121,960	121,960
12	2258 Blue Holdings, Inc. (2258)	-	13,985,741	-	-	-	13,985,741	13,985,741
	TOTAL	45,922,202	731,618,279	(23,677,821)	-	-	753,862,660	753,862,660

(i) If collection was other than in cash, explain

(ii) Give reasons for write off

Schedule D. Intangible Assets- Other Assets

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
1 Computer Software	5,266,053	84,464	2,509,968	-	-	2,840,549
2 Goodwill	23,229,684	-	-	-	-	23,229,684
TOTAL	28,495,737	84,464	2,509,968	-	-	26,070,233

(i) The information required shall be grouped into (a) intangible shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications

(ii) For each change representing anything other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.

(iii) If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

Schedule E. Long Term Debt

	Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Details
1	Omnibus Loan and Security Agreement (Alpha and Development Inc.)	1,187,501,200	202,573,734	873,162,547	Interest is based on floating rate equivalent to applicable three-month PDEX rate plus 75% spread per annum, is payable quarterly
2	Omnibus Loan and Security Agreement (Alpha and Makati Place Inc.)	1,750,000,000	19,295,000	1,709,150,134	Interest is based on floating rate equivalent to applicable three-month PDEX rate plus 3.50% spread per annum, is payable quarterly
3	Omnibus Loan and Security Agreement (Alpha and Makati Tower Inc.)	2,400,000,000	8,110,000	1,566,581,592	Interest is based on a floating rate equivalent to applicable three-month PDEX rate plus 3.50% spread per annum, is payable quarterly
	TOTAL	5,337,501,200	229,978,734	4,148,894,373	

(i) Include in this column each type of obligation authorized.

(ii) This column is to be totaled to correspond to the related balance sheet caption

(iii) Include in this column details as to interest rates, amounts or number of periodic installments, and maturity dates

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)

The Group has no non current indebtedness to related parties.

- (i) The related parties named shall be grouped as in Schedule D. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.
- (ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
The Group has no guarantees of securities of other issuing entities.				

(i) Indicate in a note any significant changes since the date of the last balance sheet filed. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.

(ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of interest", or "Guarantee of dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

Schedule H. Capital Stock

	Number of shares authorized	Number of shares issued and outstanding shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
1 Common Shares	5,000,000	1,984,322,351	-	1,775,437,005	1,057,981,161 *	-
TOTAL	5,000,000	1,984,322,351	-	1,775,437,005	1,057,981,161	-

(i) Include in this column each type of issue authorized.

(ii) Related parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.

* Out of 1,057,980,663 shares beneficially owned by directors, officers and employees, only 1,105 is directly owned by the directors, officers and employees.

ALPHALAND CORPORATION
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC MEMORANDUM CIRCULAR NO.11

<u>Retained earnings as of December 31, 2011, as adjusted to available for dividend distribution</u>	<u>128,783,359</u>
<u>Add: Net income (loss) actually earned/realized during the period</u>	
<u>Net income (loss) during the period closed to retained earnings</u>	<u>(59,349,279)</u>
Less: Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - net except those attributable to cash and cash equivalents	-
Unrealized actuarial gain	-
Fair value adjustment (mark-to-market gains)	-
Fair value adjustment of investment property resulting to gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Subtotal	-
Add: Non-actual losses	-
Depreciation on revaluation increment (after tax)	-
Unrealized actuarial loss	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property	-
Subtotal	-
Net income actually earned during the period	(59,349,279)
Add (Less):	-
Dividend declarations during the period	-
Appropriations of retained earnings during the period	-
Reversals of appropriations	-
Effects of prior period adjustments	-
Treasury shares	-
Subtotal	-
Retained earnings as of December 31, 2012 available for dividend	69,434,080

ALPHALAND CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS

Key Performance Indicator	Manner of Calculation	December 31, 2012 (Unaudited)	December 31, 2011 (Audited)
Liquidity ratios			
Acid test/ Quick ratio	Cash plus marketable securities plus accounts receivable over current liabilities	0.11 : 1.00	0.37 : 1.00
Current ratio	Current assets over current liabilities	0.86 : 1.00	1.20 : 1.00
Cash ratio	Cash and cash equivalents plus marketable securities over current liabilities	0.07 : 1.00	0.32 : 1.00
Financial leverage ratios			
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.18 : 1.00	0.12 : 1.00
Asset-to-equity ratio	Total assets over shareholders' equity	1.44 : 1.00	1.39 : 1.00
Interest rate coverage ratio (Times interest earned)	Earnings before interest and taxes over interest expenses of the same period	26.09 : 1.00	38.66 : 1.00
Profitability ratio			
Net profit margin ratio/ return on sales	Net income over net sales	3.82 : 1.00	4.69 : 1.00
Return on assets ratio	Net income over average total assets during the period	0.05 : 1.00	0.07 : 1.00
Return on investment	Net income over long-term liabilities plus equity	0.04 : 1.00	0.06 : 1.00
Gross profit margin	Gross profit over net sales	0.77 : 1.00	0.82 : 1.00

SIGNATURE

Certified true and correct:



Cristina B. Zapanta
VP-Finance
ALPHALAND CORPORATION
FEBRUARY 22, 2013