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S.E.C. Registration Number

ALPHALAND CORPORATION (formerly,
Macondray Plastics, Inc.)

(Company's Full Name)

Alphaland Southgate Tower, 2258 C
hino Roces Ave. Corner EDSA, Mak
tI City

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

(02) 337-2031

Rodolfo Ma. A
Ponferrada
Contact Person

Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

2 0 1 S
Form Type

1 2 0 3
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
P7,398,703,040 Not Applicable
Domestic Foreign

To be accomplished by SEC Personnel Concerned

File
Number

LCU

Document I.D.

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STAMPS

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of **ALPHALAND CORPORATION** will be held on Wednesday, December 3, 2014 at 2:00 p.m. at Bali and Baguio Function Rooms, 6th Floor Alphaland Southgate Tower, Chino Roces Avenue Extension corner EDSA, Makati City to discuss the following:

A G E N D A

1. Call to order
2. Certification of service of notice and quorum
3. Review and approval of the minutes of the previous meeting held on April 2, 2013
4. Annual report of management and approval of the audited financial statements for the fiscal year ended December 31, 2013 contained in the Company's Annual Report
5. Ratification and approval of the issuance of up to 1,374,903,866 shares of common stock of ALPHA, at the issue price of Php2.50 per share, as financing alternatives in order to augment funding of its *affiliates'* projects for the year 2014, consisting of the following:
 - 5.1 Issuance of up to 600,000,000 of common stock of ALPHA to RVO Capital Ventures Corporation;
 - 5.2 Issuance of up to 108,336,866 shares of common stock of ALPHA to minority shareholders;
 - 5.3 Issuance of up to 557,567,000 shares of common stock of ALPHA to pay for the acquisition of land located in Itogon, Benguet for the Alphaland Baguio Mountain Log Homes Project; and
 - 5.4 Issuance of up to 109,000,000 shares of common stock to new investors.
6. Amendment of the Articles of Incorporation to reflect the complete address of the principal office of the Company
7. Amendment of the By-laws to allow participation of directors in board meetings by conference call or similar means
8. Approval of the Company's Stock Option Plan
9. Ratification and approval of all acts of the Board of Directors (as well as committees) and Management since the Last Annual Meeting of Stockholders
10. Election of member of the Board of Directors (including Independent Directors)
11. Appointment of External Auditor
12. Other Matters
13. Adjournment

For purposes of the meeting, only stockholders of record as of November 12, 2014 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 2 April 2013 will be available upon request.

Registration starts at 1:30 p.m. For your convenience in registering your attendance, please have available some form of identification, such as your driver's license, passport or other form of identification issued by any agency of the government of the Philippines. 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 2 April 2013; (ii) Information Statement; (iii) Management Report; (iv) Consolidated Audited Financial Statements for the year ended December 31, 2013.

November 4, 2014.



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

SECURITIES AND EXCHANGE
COMMISSION
NOV 11 2014
MARKET REGULATION DEPT.
BY: *John J. J. J.*

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

**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 **December 3, 2014, Wednesday**

Time **2:00 p.m.**

Place **Bali and Baguio Function Rooms, 6th Floor, Alphaland Southgate Tower, Chino
Roces Avenue Extension cor. EDSA, Makati City**

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

November 12, 2014

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)

Title of Each Class

Number of Common Stock Outstanding or
Amount of Debt Outstanding as of March 31,

2014

Common Stock

3,359,226,217

Debt Outstanding

₱7,398,703,040

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.

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Stockholders

Date : December 3, 2014, Wednesday
Time : 2:00 p.m.
Place : Bali and Baguio Function Rooms, 6th Floor, Alphaland Southgate Tower, Chino Roces Avenue cor. 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
The Penthouse, 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 31 July 2014 (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 November 12, 2014.

Item 2. 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.

Item 3. 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.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) **Total Number of Shares Outstanding as of December 31, 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 November 12, 2014 are entitled to notice of, and to vote at, the Annual Meeting.

Security Ownership of Certain Record and Beneficial Owners – as of December 31, 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	21.12%
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	519,744,894	26.19%
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	209,564,233	10.56%
Common		Credit Suisse (Singapore) Ltd – Beneficial Owner	Singaporean	49,608,000	2.50%
Common	Boerstar Corporation	Roberto V. Ongpin and Eric O. Recto – Beneficial Owners	Filipino	167,788,430	8.46%
Common	D.M. Wenceslao and Associates, Inc.	Beneficial Owner same as Record Owner	Filipino	147,375,700	7.43%
Common	RVO Capital Ventures Corporation ³ (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.

³The 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 December 31, 2013:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent
Common	Roberto V. Ongpin	Direct	1	Filipino	0%
Common		Indirect	291,941,038		14.71%
Common	Eric O. Recto	Direct	1	Filipino	0.00%
Common		Indirect	756,039,117		22.51%
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	Cyrano A. Austria	Direct	2,000	Filipino	0.00%
Common	Dennis O. Valdes	Direct	100	Filipino	0.00%
Common	Michael Angelo Patrick M. Asperin	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	Margarito B. Teves	Direct	100	Filipino	0.00%
Common	Marriana H. Yulo	Direct	100	Filipino	0.00%
Common	Ramon S. Ang	Direct	100	Filipino	0.00%
Common	Jose P. Leviste, Jr.	Direct	6,200	Filipino	0.00%
Common	Mario J. Locsin	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 30 June 2014 was 2,989,015,508 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.

Item 5. 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:

1. Roberto V. Ongpin (incumbent)
2. Mario A. Oreta (incumbent)
3. Dennis O. Valdes (incumbent)
4. Michael Angelo Patrick A. Asperin (incumbent)
5. Cyrano A. Austria (incumbent)
6. Anna Bettina Ongpin (incumbent)
7. Rodolfo Ma. A. Ponferrada (incumbent)
8. Rafael G. Ongpin (new)
9. Margarito B. Teves – Independent (incumbent)

10. Victor C. Macalincag – Independent
11. Gregorio Ma. G. Araneta III – Independent
12. Edgardo J. Angara – Independent

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. Mario A. Oreta
- c. Anna Bettina Ongpin

Audit Committee

- a. Margarito B. Teves (Chairman/Independent Director)
- b. Rafael G. Ongpin
- c. Victor C. Macalincag (Independent)

Nominations Committee

- a. Roberto V. Ongpin
- b. Mario A. Oreta
- c. Gregorio Ma. G. Araneta III (Independent)

Compensation Committee

- a. Roberto V. Ongpin
- b. Anna Bettina Ongpin
- c. Gregorio M. Araneta (Independent)

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. Margarito B. Teves, Gregorio Ma. G. Araneta III, Edgardo J. Angara, and Victor C. Macalincag, were all nominated by shareholders of the Company. 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, 77, 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.

MARIO A. ORETA, *President and Director*

Mr. Oreta, Filipino, 68 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 Tanjuatco Oreta and Factoran Law Offices.

MICHAEL ANGELO PATRICK M. ASPERIN, *Director*

Mr. Asperin, Filipino, 55 years old, was elected Director on 2 April 2013. He handles various matters for the Group including the development of the Balesin Island Club project, as well as the operations of the aviation and security divisions of the Alphaland Group. Prior to joining ALPHA, he served as Senior Vice President for Security for WEB from 2009 to 2012, and as Enterprise Risk and Security Management Officer of PCOR from 2007-2009. He graduated from the Philippine Military Academy in 1981.

(MGen) CYRANO A. AUSTRIA (Ret.), *Director*

Mr. Austria, Filipino, 61, was elected Director on 2 April 2013. He is Senior Vice President for Project Development and Management of Alphaland Development, Inc. since the year 2012 up to the present. Before joining the Group, Mr. Austria was Head of Project Management & Government Agencies for South Luzon Tollway Corporation (2011); Operations Manager of Manila Toll Expressway Systems (2009-2011); Chief Engineer of the Armed Forces of the Philippines (2006-2008), Assistant Chief of Staff for Logistics, G4 of the Philippine Army, AFP (203-2005); and served the AFP in various capacities from 1999-2006.

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.

DENNIS O. VALDES, *Director*

Mr. Valdes, Filipino, 53 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, 37 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, 45, 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, 70 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.

New Nominees for Director

RAFAEL G. ONGPIN, *Executive Vice President*

Mr. Ongpin, Filipino, 49 years old, is currently the Executive Vice President of Alphaland Corporation. He is also the General Manager of The City Club at Alphaland Makati Place, Inc. Before joining the company, he was a reporter, news anchor, actor, host newspaperman, director and TV producer. After earning his MBA, he worked in the hotel, fastfood, travel, logistics, radio magazine publishing and gaming businesses. He was an Alumnus of La Salle Greenhills (1978), Philips Exeter Academy in the U.S.A. (1983 and Ateneo de Manila University major in AB Interdisciplinary Studies (1987). He took up his MBA in France (June 1997).

VICTOR C. MACALINCAG – Independent

Mr. Macalincag is an Independent Director of Philweb Corporation, Crown Equities, Inc., Semirara Mining Corporation, Republic Glass Holdings Corp., and SEM-Calaca Power Corporation. He was elected Board

Chairman of One Wealthy Nation (OWN) Fund, a balanced fund. In the latter part of 2013, he was elected Board Director of Asian Alliance Investment Corporation. He was the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHILEXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held in a concurrent capacity, the position of National Treasurer from 1981 to 1988. He was also the Chairman of Pilipinas Bank from 1984 to 1988 and the Executive Vice President of the Land Bank of the Philippines from 1980 to 1981. He was also a Board Director of PLDT from 1988 to 1995 and the National Power Corporation (NAPOCOR) from 1978 to 1986. He also served as member of the Advisory Board of First Metro Investment Corporation from 2004 to 2009. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Arts in Business Administration from the University of the East. He completed the academic requirements for a Masteral Degree in Economics from the same university. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C. U.S.A. in 1971.

GREGORIO MA. G. ARANETA III – Independent

Mr. Araneta III is an Independent Director of Philweb Corporation. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Properties, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics

EDGARDO J. ANGARA – Independent

Mr. Angara is an Independent Director of Philweb Corporation. A former Senator of the Republic of the Philippines, he holds the distinction of being the longest serving senator in the post-EDSA Senate. Except for a mandatory term break, he has been elected to four consecutive terms of six years each (1987-1998; 2001-2013). While in Senate, Mr. Angara authored or sponsored many laws including the Free High School Education Act, the Generics Act, the law which created Philhealth, the original Senior Citizens Act, the Renewable Energy Act, among several others. Mr. Angara graduated from the University of the Philippines in 1958 where he finished at the top of his law class. He passed the bar a year later and afterwards joined the law firm of Ponce-Enrile Siguion-Reyna Montecillo & Belo Law Offices. He then pursued further studies in law, having been granted a Columbia Law School scholarship but ultimately accepting the DeWitt Fellowship at the University of Michigan, where he obtained his Master of Laws degree majoring in labor and corporate laws. Mr. Angara is a founding member of the ACCRA Law Offices, one of the Philippines' top law firms. He also served as president of the Philippine Bar Association in 1975 and president of the Integrated Bar of the Philippines in 1979. While in corporate practice, Mr. Angara has served on the boards of many leading companies including San Miguel, RCBC, Insular Life and IBM.

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 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.

The Nominations Committee has taken into consideration the qualifications to be an independent director. Attached as **Annexes "A" "B", "C" and "D"** are the Certifications of the Qualification of the Nominees for Independent Directors namely Messrs. Teves, Araneta, Angara, and Macalincag.

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

ELIZABETH P. FERNANDEZ, Chief Financial Officer

Ms. Fernandez, Filipino, 58 years old, is the Chief Financial Officer of Alphaland Corporation and its affiliates. She was also the Controller and Treasurer of San Agustin Services, Inc. (SASI) from January 2012 to present. She also served as the Treasurer of Kingking Mining Corporation, Inc., an affiliate of SASI. Prior to joining ALPHA, she worked as Chief Business Development Officer of BPO International, Inc. (2007-2011); Director of SGV & Co. CPA's (Ernst & Young Philippines) from 1995 to 2002; Vice President for Finance of Philamcare Health Systems, Inc. (1989-1995); Chief Accountant of Phil. Fuji Xerox Corporation (1987-1989); Audit Manager of Sycip Gorres Velayo & Co. (1977-1987). She was awarded with distinction on Management Development Program of the Asian Institute of Management in 1996. She has a Bachelor of Science in Business Administration from University of the East where she graduated magna cum laude.

JESUSA LORETO A. ARELLANO-AGUDA, Senior Vice-President-Legal/Assistant General Counsel

Ms. Aguda, Filipino, 34 years old, is also Senior Vice-President-Legal and Assistant General Counsel Chief of Alphaland Corporation (ALPHA), The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc. and Atok-Big Wedge Co., Inc. (AB). She was previously Legal Counsel for the Office of the Vice Chairman of Alphaland Corporation (from October 2010 to July 2012). She is a Certified Public Accountant as well as a member of the Philippine Bar. She is a graduate of the University of the Philippines College of Law and Harvard Law School.

MA. LOURDES A. TORRES, Corporate Information Officer

Ms. Torres, Filipino, 60, was appointed Corporate Information Officer on 27 November 2013. Ms. Torres is presently connected with WEB, as Executive Secretary to the Chairman. Prior to joining WEB, she worked in various capacities with several companies in the private sector and served as Assistant to the Secretary of Trade and Industry from 1983 to 1993. She has a Bachelor of Science in Business Administration degree from St. Theresa's College, Manila.

JONAMEL G. ISRAEL-ORBE, Corporate Information Officer

Ms. Israel-Orbe, Filipino, 40 years old, replaced Mr. Recto as Corporate Information Officer on 13 December 2013. Ms. Orbe is also Legal Counsel for Alphaland Development, Inc. and Corporate Information Officer of Atok-Big Wedge Co., Inc. She is a member of the Philippine Bar.

CLIBURN ANTHONY A. ORBE, Assistant Corporate Secretary and Corporate Information Officer

Mr. Orbe was elected Assistant Corporate Secretary on 2 January 2014. He is also Director, Assistant Corporate Secretary and Corporate Information Officer of WEB. He has a Bachelor of Laws degree from Mindanao State University where he graduated cum laude and class valedictorian. He was formerly an associate of Rodrigo Berenguer & Guno law firm. He is a member of the Integrated Bar of the Philippines.

Directorships in Other Reporting Companies

Mr. Roberto V. Ongpin also serves as chairman of 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. 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 and Atok-Big Wedge Co. Inc.

Ms. Jesusa Loreto A. Arellano-Aguda is a director of Atok-Big Wedge Co., Inc.

Mr. Rodolfo Ma. A. Ponferrada is a director of 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. Cliburn Anthony A. Orbe is a director of WEB.

Shares of 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 SMCPI), 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

Messr. Dennis O. Valdes and Rafael G. Ongpin 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

1. *Development Bank of the Philippines vs. Reynaldo G. David, et al., OMB Case No. C-C-11-0492-H, Office of the Ombudsman.* This 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 certain loan and share purchase transactions Mr. Roberto V. Ongpin (RVO) had with the Development Bank of the Philippines (DBP) involving shares in Philex Mining Corporation (Philex). 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 and accordingly filed the corresponding Informations with the Sandiganbayan.
2. *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, Branch 158, Regional Trial Court of Pasig.* This involves a "derivative suit" filed on behalf of Philex against RVO and other companies beneficially owned by RVO in connection with Section 23.2 of the Securities Regulation Code and 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.*
3. *People vs. Reynaldo G. David, et al., S.B.-13-CRM-0105 and S.B.-13-CRIM-0106, Sandiganbayan (Third Division).* This case was filed against RVO and others in connection with two loans obtained by Deltaventure Resources, Inc. (DVRI) from DBP. The Informations in both cases, respectively, for violations of Section 3 (e) of R.A. No. 3019 were filed on 10 January 2013. There is a pending Motion to Quash filed by the accused.
4. *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, Court of Appeals (Fifth Division).* This is a petition filed by the Anti-Money Laundering Council for the freezing of the bank accounts of RVO and others in connection with two loans granted by DBP to DVRI in 2009. The freeze order has been lifted as of June 2013.
5. *Alphaland Holdings (Singapore) Pte. Ltd. v. Roberto V. Ongpin, Mario A. Oreta, Dennis O. Valdes, Margarito P. Teves, Rodolfo Ma. A. Ponferrada, et al.* (Civil Case No. M-7565, Makati City RTC Branch 66) - This is a complaint for Interim Measure of Protection in Aid of Arbitration. The petitioner's application for a temporary restraining order or a temporary order of protection was denied for lack of merit by the RTC in an Order dated 22 January 2014. On 14 February 2014, the RTC issued an Order denying the petitioner's Motion for the issuance of an Order Enforcing Award No. 19 issued by the Emergency Arbitrator. On 19 February 2014, the RTC likewise issued an Order declaring Petitioner's Motion to Refer to Arbitration to have been rendered moot. The petitioner brought the case to the Court of Appeals on Certiorari. On June 5, 2014, a definitive agreement was signed between Alphaland Holdings (Singapore) Pte Ltd. and affiliates and the group of Mr. Roberto V. Ongpin and Alphaland Corporation.
6. *NBI Technical Intelligence Division - Intelligence Service - Eduveges O. Batalan vs. Roberto V. Ongpin, et al., NPS Docket No. XVI-INV-14E-00168 (For: Serious Illegal Detention, Grave Coercion and Robbery)* - This is a complaint for alleged serious illegal detention, grave coercion and robbery filed against RVO, Michael Angelo Patrick M. Asperin, Josephine A. Manalo, Cliburn Anthony A. Orbe, et al. The case is presently pending before the Department of Justice.

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.

Item 6. Compensation of Directors and Executive Officers

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

Name and Principal Position	Year	Salary (PhP)	Bonus (PhP)	Aggregate Compensation
CEO and Top 4 Highest Paid Executives	2012			
Roberto V. Ongpin, Chairman				
Mario A. Oreta, President				
Fernando R. Santico, Jr., Chief Operating Officer (CFO)				
Marriana H. Yulo, CFO				
Rodolfo Ma. A. Ponferrada, Corporate Secretary				P37,905,455
All Directors and Officers as a Group Unnamed				P49,317,215
CEO and Top 4 Highest Paid Executives	2013			
Roberto V. Ongpin, Chairman				
Mario A. Oreta, President				
Marriana H. Yulo, CFO				
Rodolfo Ma. A. Ponferrada, Corporate Secretary				

Michael Angelo Patrick M. Asperin, Senior Vice President		P47,031,643
All Directors and Officers as a Group Unnamed		P57,357,459
CEO and Top 4 Highest Paid Executives	2014	
Roberto V. Ongpin, Chairman, CEO and Director		
Mario A. Oreta, President and Director		
Ongpin, Anna Bettina, Executive Vice President and Director		
Michael Angelo Patrick M. Asperin, Executive Vice President and Director		*P74,829,924
Jesusa Loreto A. Arellano-Aguda, CFO		
All Directors and Officers as a Group Unnamed		*P89,167,624

*Estimated aggregate compensation for whole year of 2014

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 P 10,000.00.

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

Item 7. Independent Public Accountant

In 2013, 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
	2013	2012	2011	
External Audit	1,665,000	1,430,000	1,200,000	Audit of Financial Statements
Retainer	300,000	200,000	140,000	Tax advisory services
Total fees	1,965,000	1,630,000	1,340,000	

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 2 April 2013.

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 2013 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.

Item 8. Compensation Plans

On 5 June 2013, the Board of Directors of the Company approved a Stock Option Plan, with the following salient features:

- a. Allocates no more than 5% of the authorized capital (i.e., 100 million common shares) for the plan.
- b. A stock option committee will make the grants.
- c. Each grant is for 3 years and will vest 1/3 each for each of the succeeding years.
- d. Strike price shall not be less than 80% of the market value at the time of the grant.

(1) The title and amount of securities underlying such options: not more than five percent (5%) of the Company's authorized capital stock or 100 million common shares of the Company;

(2) The prices, expiration dates and other material conditions upon which the options may be exercised: will be determined by the Stock Option Committee;

(3) The consideration received or to be received by the registrant or subsidiary for the granting or extension of the options: will be determined by the Stock Option Committee;

(4) The market value of the securities underlying the option as of the latest practicable date: PhP9.03 as of October 17, 2014; and

(5) The amount of such options received or to be received by the following persons - will be determined by the Stock Option Committee:

- (A) the chief executive officer;
- (B) the four highest paid executive officers, other than the chief executive officer, who were serving as executive officers at the end of the last completed fiscal year;
- (C) all current executive officers as a group;
- (D) each nominee for election as a director;
- (E) each other person who received or is to receive five percent of such options, warrants or rights;

- (F) all current directors as a group who are not executive officers; and
- (G) all other employees, as a group.

This plan is being submitted for the approval of the shareholders.

C. ISSUANCE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

On January 2, 2014, the Board of Directors of the Company approved the following:

- (a) issuance of 557,567,000 common shares of the Company to registered landowners, which includes Mr. Roberto V. Ongpin, in exchange for parcels of land in connection with the Alphaland Baguio Mountain Log Homes Project at an issue price of P2.50 per share; and
- (b) capital call, initially from its major shareholders via a private placement and eventually also from its minority shareholders at an issue price of P2.50 per share.

On January 20, 2014, the Company issued 557,567,000 common shares to the registered landowners of parcels of land and 600,000,000 common shares to RVO Capital Ventures Corporation.

On February 7, 2014, the Company completed its minority offering of 108,336,866 common shares which yielded gross proceeds of P270.8 million.

On February 19, 2014, the Company issued a total of 109,000,000 new common shares to three separate foreign investors, as follows:

- Citadel Investments Limited (subscribed for 10 million shares for P25 million);
- Mr. Derek Arculli (subscribed for 10 million shares for P25 million); and
- Fine Land Limited (subscribed for 89 million shares for US\$5 million).

The foregoing are being submitted for the ratification of the shareholders.

Item 8 (Compensation Plans) above sets forth the adoption of the Company's stock option plan.

There are no provisions in the Company's Article of Incorporation or By-Laws that would delay, defer or prevent a change in control of the Company.

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 preemptive 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.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The audited financial statements as of December 31, 2013, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto.

Financial Statements

The audited consolidated financial statements of the Company for the year ended December 31, 2013 is hereby attached for reference. Copies of the interim unaudited consolidated financial statements for the period ended March 31, 2014 shall be made available to the stockholders during the Annual Stockholders' Meeting on August 28, 2014.

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

Organization and Business

On November, 19, 1990, the Company was incorporated as Agro Plastics, Inc under Securities and Exchange Commission No. 18385 with Pioneer Ventures, Inc. as the controlling shareholder. Until 1994, the Company's sole business was to supply the requirements of the Lapanday Group's banana plantations.

Sometime in March 1995, the Company was sold to Macondray & Co., Inc. ("MCI") and was subsequently renamed Macondray Plastics, Inc. (MPI). In 1997, the Company embarked on a program to reduce its total dependence on the banana industry by further expanding its customer base to commercial/industrial accounts. In November 2000, the Company braved the sluggish stock market and became the first Davao-based, Davao-oriented company to list in the Philippine Stock Exchange ("PSE" or the "Exchange"). The proceeds of the initial public offering were used to expand the Company's production capacity and capabilities. In September 2009, the Company decided to spin off the operations and maintenance of its plastics manufacturing interest to a separate juridical entity. Thus, Macondray Plastics Products, Inc. (MPPI) was then incorporated and registered with the SEC on September 25, 2009 and became a wholly owned subsidiary of the Company. Immediately thereafter, a deed of conveyance was executed on October 13, 2009 where the Company shall transfer all of its assets and liabilities relating to the plastics manufacturing interest to MPPI with effect upon the approval by the SEC of MPPI's application for increase in authorized capital stock (the "Assignment"). Accordingly, MPPI assumed the management of the Company's plastic products manufacturing operations and absorbed all the employees of the Company who were all connected to the plastics manufacturing business at that time.

On October 1, 2009, a Share Purchase Agreement (the "SPA") was executed between RVO Capital Ventures Corporation ("RVO Capital") and MCI. The transaction involves the acquisition by RVO Capital of MCI's 99,444,000 shares in the Company which represents MCI's entire interest in the Company. Since MCI's interest represents approximately 66% of the Company's outstanding capital stock, the acquisition thereof triggered the application of the mandatory tender offer rule of the Securities Regulation Code ("SRC"). After the conduct of the tender offer, RVO Capital acquired a total of 142,656,748 shares representing 95% of the Company's then issued and outstanding capital stock.

On November 18, 2009, the Company and all the stockholders of Alphaland Development, Inc. (ADI) entered into a Share Swap Agreement (SSA) for a share-for-share swap of all of ADI's issued and outstanding shares (as well as existing shareholders' advances/deposits for future stock subscriptions) in exchange for new shares to be issued by ALPHA. Each ADI share was exchanged for approximately 5.08 ALPHA shares, or a total of 1,269,734,041 shares of ALPHA. After the share-for-share swap, ADI became a wholly owned subsidiary of ALPHA thereby allowing the diversification into the property development sector. In view of the foregoing, the Company applied for the amendment of its Articles of Incorporation involving the (a) change in corporate name from "Macondray Plastics, Inc." to "Alphaland Corporation", (b) change in primary purpose from plastics manufacturing to that of a holding company, (c) change in principal place of business from Davao City to Makati City, and (d) increase in its authorized capital stock from P400.0 million to P5.0 billion, among others. These amendments were approved by the SEC on April 7, 2010.

On December 23, 2010, ALPHA signed a Memorandum of Understanding ("MOU") with Macondray Philippines Co., Inc. ("MPCI"), where the latter is offering to buy ALPHA's entire interest in MPPI upon

completion of the Assignment and which ALPHA accepted for a reasonable consideration to be determined nearer to the Assignment.

On April 29, 2011, the SEC approved the increase in authorized capital stock of MPPI that completed the Assignment and total spinoff of MPPI. It paved the way for the Company's eventual sale of MPPI to MPCl. A Deed of Absolute Sale was executed on October 28, 2011 for a consideration of P254.0 million.

Status of Operations

a. Agreement between two major stockholders

In January 2014, litigation (both in the Philippines and abroad) ensued between the two major shareholder groups of ALPHA, namely: the group affiliated with Alphaland Holdings (Singapore) Pte. Limited (the "AH Group") and the group affiliated with Mr. Roberto V. Ongpin (the "RVO Group"). In April 2014, the AH Group and the RVO Group signed detailed terms of reference leading to an amicable settlement (subject to the execution of definitive agreements). On June 5, 2014, a definitive agreement was signed between the AH Group and the RVO Group as well as ALPHA. Under that agreement:

1. In exchange for the sale by ALPHA of certain assets and liabilities discussed below, AH and Masrickstar Corporation ("MC"), a shareholder, agree to sell, and ALPHA agrees to acquire all of the shares of stock of ALPHA owned by AH and MC (the "Alphaland Shares"). In addition to the Alphaland Shares, AH and MC also agree to pay ALPHA P2.5 billion in cash in two tranches.
2. ALPHA agrees to cause the sale of the following assets and their corresponding liabilities (currently owned by ALPHA's subsidiaries and affiliates) to a newly incorporated company owned by AH and MC:
 - a. 100% of Alphaland Makati Tower (AMTI), which owns The Alphaland Tower along Ayala Avenue, Makati City;
 - b. 100% of each of Alphaland Marina Club, Inc. (AMCI) and of Alphaland Marina Corporation (AMC), which is currently developing the Alphaland Marina & Country Club project in the Manila Bay reclamation area in Parañaque City;
 - c. 50% ownership of the Alphaland Group in Alphaland Bay City Corporation (ABCC), the joint venture company formed by the Alphaland Group and the Wenceslao Group to develop the 32-hectare Alphaland Bay City project at the Aseana Business Park, Parañaque City; and
 - d. 60% interest by the Group on the Boracay Gateway project, the unincorporated joint venture between the Group and Akean Resorts Corporation to develop the latter's approximately 500 hectares of land in Caticlan (Malay) and Nabas, Aklan.

As of March 31, 2014 and December 31, 2013, the carrying values of the assets and liabilities related to the above sale are as follows:

Account	March 31, 2014 Assets (Liabilities)	December 31, 2013 Assets (Liabilities)
Current assets	944,531,779	P843,499,950
Investment properties	5,954,212,374	5,928,791,776
Investment in a joint venture	13,344,395,606	13,344,395,606
AFS investments	1,909,364,390	1,909,364,390
Other noncurrent assets	168,656,538	152,321,010
Current liabilities	(1,776,782,771)	(1,681,143,355)
Long-term debt	(2,343,141,670)	(2,354,046,392)
Deferred tax liabilities	(823,668,032)	(763,800,323)
Other noncurrent liabilities	670,677,406	(670,677,406)

As of June 18, 2014, ALPHA is already in the process of preparing the necessary documents to implement the definitive agreement.

After the implementation of these transactions, the AH Group will no longer be a shareholder of ALPHA. ALPHA will remain majority-owned and controlled by the RVO Group. Among the assets that will remain with the Group are:

1. Alphaland Southgate Tower
2. Alphaland Makati Place (including the investment in "The City Club")
3. Alphaland Balesin Island Club
4. Alphaland Baguio Mountain Lodge Homes

b. Delisting procedures initiated by the PSE

On April 2, 2014, the PSE initiated delisting procedures against ALPHA for alleged disclosure violations, which have been substantively admitted by ALPHA. However, the delay in the disclosure was brought about by a good faith effort to arrive at an amicable settlement with the AH Group. The delisting procedure is currently undergoing the hearing stage at the PSE. During the hearing conducted in May 2014, the PSE hearing panel directed ALPHA to inform the PSE as soon as a definitive settlement agreement is reached between the AH Group and the RVO Group. On June 17, 2014, another hearing was conducted by the PSE where ALPHA formally informed the PSE of the settlement between ALPHA and the AH Group and that both parties support a voluntary delisting. The PSE hearing panel then informed ALPHA that it will deliberate to determine its recommendation to the PSE Board of Directors or if there would be a need for another hearing. As of June 18, 2014, the PSE has not yet made a decision on the matter. However, with the signing of that definitive agreement (which contains, among others, both parties' commitment to pursue voluntary delisting), management expects that the PSE will eventually grant ALPHA's application for voluntary delisting.

c. Disputes with joint venture (JV) partner

For the Alphaland Bay City Project, the Group has a joint venture with a group led by D.M. Wenceslao & Associates, Inc. (DMWAI) (the "Wenceslao Group"). In 2013, litigation ensued between the Group and the Wenceslao Group because of the Wenceslao Group's attempts to delay the construction and development of the Group's Marina Club project. The settlement of this dispute is also among the matters covered by the definitive agreement signed on June 5, 2014 by the RVO Group and AH Group. Dealing with the Wenceslao Group (in order to, among others, settle the dispute between the Wenceslao Group and the Group) will be the sole responsibility of the AH Group as provided for in the settlement agreement.

Alphaland Southgate Tower continues to provide recurring cash flows; the Group has substantially completed its major Club projects, namely, Alphaland Balesin Island Club and The City Club at Alphaland Makati Place. On April 30, 2014, the Group has sold its 20% investment in the Shangri-la at the Fort project for P1.7 billion. Currently, the Group is negotiating with a bank for an additional loan of at least P1.0 billion to finance the completion of the Alphaland Makati Place project. These funds (together with the proceeds from the settlement with AH Group) will allow the Group to continue its current and future projects. After the implementation of the definitive agreement, the Group will focus on the development and completion of its Alphaland Makati Place project and Alphaland Baguio Mountain Lodges project and the operation of its completed projects.

Following is the list of the significant legal subsidiaries of ALPHA as of March 31, 2014, December 31, 2013 and December 31, 2012 (collectively referred to as the Group):

Company	Nature of Business	Percentage of Effective Ownership		
		2014	2013	2012
Alphaland Development, Inc. (ADI)	Real property development	100	100	100
Alphaland Balesin Island Resort Corp.	Real property development	100	100	100
Alphaland Makati Place, Inc. ^(a)	Real property development	100	100	100
AMTI ^(a)	Real property development	100	100	100
AMC ^(a)	Real property development	100	100	100
Alphaland Reclamation Corp.	Real property development	100	100	100
Aklan Boracay Properties, Inc.	Real property development	100	100	100
2258 Blue Holdings ^{(a) (b)}	Holding company	100	100	100
Alphaland Aviation, Inc. ^(b)	Aviation	100	100	100
Alphaland Holdings Company, Inc. ^(c)	Holding company	100	100	—
Alphaland Southgate Restaurants, Inc. ^{(a) (d)}	Restaurant operations	100	100	—
Choice Insurance Brokerage, Inc. ^{(b) (e)}	Insurance brokerage	70	70	70

^(a) Through ADI

^(b) Incorporated in 2012

^(c) Incorporated in 2013

^(d) Associate in 2012 and 2011

^(e) Through Blue Holdings

Results of Operations Results of Operations

	Years Ended			
	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2013 (Audited)	December 31, 2012 (Audited and As Restated)
Revenues	156,703,054	142,655,605	783,952,370	530,916,881
Costs and Expenses	136,507,949	146,262,424	845,554,334	425,247,908
Other Income	12,239,874	438,585,819	7,312,505,806	2,369,011,404
Net Income	32,434,979	434,979,000	7,250,903,842	2,474,680,377

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Period Ended		Variance	
	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	Amount	Percentage
REVENUES				
Real Estate Sales	10,184,751	-	10,184,751	100%
Rent	77,691,938	80,745,708	(3,053,770)	.4%
Others	68,826,365	61,909,897	6,916,468	11%
	156,703,054	142,655,605	14,047,449	10%
COSTS AND EXPENSES	136,507,949	146,262,424	(9,754,475)	-7%
OTHER INCOME (EXPENSES)				
Gain on sale of AFS investments	80,271,425	144,702,639	(64,431,114)	-45%
Interest expense and other finance charges	(68,938,112)	(31,446,146)	(37,491,966)	119%
Interest income	1,897,596	3,378,058	(1,480,462)	-44%
Equity in net earnings of associates and a joint venture - net	(1,144,720)	243,787,293	(244,912,013)	-100%
Foreign exchange gain (loss) - net	153,685	67,371	86,314	128%
Gain on fair value change of investment properties	-	78,116,704	(78,116,704)	-100%
	12,239,874	438,585,819	(426,345,945)	-97%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	32,434,979	434,979,000	(402,544,021)	-93%
PROVISION FOR INCOME TAX				
Current	1,939,787	1,921,269	18,518	1%
Deferred	3,059,948	30,619,061	(27,559,113)	-90%
	4,999,735	32,540,330	(27,540,595)	-85%
NET INCOME FROM CONTINUING OPERATIONS	27,435,244	402,438,670	(375,003,426)	-93%
INCOME FROM DISCONTINUED OPERATIONS				
NET INCOME	27,435,244	402,438,670	(375,003,426)	-93%
OTHER COMPREHENSIVE INCOME				
Unrealized valuation gains on AFS investments	934,661,726	465,397,462	469,264,264	101%
Income tax effect	(93,466,173)	(46,539,746)	(46,926,426)	101%
	841,195,553	418,857,716	422,337,837	101%
TOTAL COMPREHENSIVE INCOME	868,630,797	821,296,386	47,334,411	6%
Net income attributable to:				
Equity holders of the Parent	27,875,256	402,540,391	(374,665,135)	-93%
Non-controlling interests	(440,012)	(101,721)	(338,291)	333%
	27,435,244	402,438,670	(375,003,426)	-93%
Total comprehensive income attributable to:				
Equity holders of the Parent	869,070,809	821,398,106	47,672,703	6%
Non-controlling interests	(440,012)	(101,721)	(338,291)	333%
	868,630,797	821,296,385	47,334,412	6%

The Group posted a lower consolidated net income of P32.4 million for the three months ended March 31, 2014, compared to P435.0 million for the same period in 2014.

P14.0 million (35%) Increase in Revenues

Consolidated total revenues amounted to P156.7 million and P142.7 million for the three months ended March 31, 2014 and 2013, respectively. The increase is mainly due to increase in other income from Alphaland Southgate Tower. This is complemented by revenues from AMPI's lease of mall operation and parking slots and sales on restaurant operation of ASRI.

P9.8 million (7 %) Decrease in Costs and Expenses

Decrease from P146.2 million in prior period to P136.5 million, in current period is mainly due to not providing subsidy for the Clubs and decrease in salaries and employee benefits due to lesser number of employees.

P426.3 million (97.2 %) Decrease in Other Income

Decrease from P438.6 million in prior period to P12.2 million, in current period is mainly due to not recognizing gain on fair value of investment properties of subsidiaries and equity pick-up in the gain on fair value of the Joint Venture's investment property in Bay City.

2013 vs. 2012

ALPHALAND CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	December 31, 2013 (Audited)	December 31, 2012 (Audited and As Restated)	Variance	
			Amount	Percentage
REVENUES				
Rent	574,484,027	530,916,881	43,567,146	8%
Real estate sales	205,023,141	-	205,023,141	100%
Others	4,445,202	-	4,445,202	100%
	783,952,370	530,916,881	253,035,489	48%
COSTS AND EXPENSES				
Cost of real estate sold	175,798,412	-	175,798,412	100%
Cost of services	134,689,586	121,054,677	13,634,909	11%
General and administrative	535,066,336	304,193,231	230,873,105	76%
	845,554,334	425,247,908	420,306,426	99%
OTHER INCOME (EXPENSES)				
Gain on fair value change of investment properties	3,586,250,552	1,409,507,610	2,176,742,942	154%
Equity in net income of a joint venture and associates	3,162,707,111	722,316,933	2,440,390,178	338%
Gain on sale of AFS investments	729,653,162	329,259,178	400,393,984	122%
Interest expense and other finance charges	(211,598,354)	(123,392,861)	(88,205,493)	71%
Interest income	45,527,254	31,549,489	13,977,765	44%
Foreign exchange gain (loss) - net	(33,919)	(228,945)	195,026	-85%
	7,312,505,806	2,369,011,404	4,943,494,402	209%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	7,250,903,842	2,474,680,377	4,776,223,465	193%
PROVISION FOR INCOME TAX				
Current	17,160,627	8,757,459	8,403,168	96%
Deferred	1,080,622,340	446,695,685	633,926,655	142%
	1,097,782,967	455,453,144	642,329,823	141%
NET INCOME FROM CONTINUING OPERATION	6,153,120,875	2,019,227,233	4,133,893,642	205%
INCOME FROM DISCONTINUED OPERATIONS	-	-	-	-
NET INCOME	6,153,120,875	2,019,227,233	4,133,893,642	205%
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit and in subsequent periods:				
Net gains on AFS investments	5,705,811,886	10,175,975,493	(4,470,163,607)	-44%
Income tax effect	(570,581,189)	(1,017,662,548)	447,081,359	-44%
	5,135,230,697	9,158,312,945	(4,023,082,248)	-44%
Other comprehensive income not to be reclassified to profit and loss in subsequent periods -				
Remeasurement gain on defined benefit plan	12,370,795	2,965,789	9,405,006	317%
	5,147,601,492	9,161,278,734	(4,013,677,242)	-44%
TOTAL COMPREHENSIVE INCOME	11,300,722,367	11,180,505,967	120,216,400	1%
Net income attributable to:				
Equity holders of the Parent	6,154,098,015	2,019,399,060	4,134,698,955	205%
Non-controlling interests	(977,140)	(171,827)	(805,313)	469%
	6,153,120,875	2,019,227,233	4,133,893,642	205%
Total comprehensive income attributable to:				
Equity holders of the Parent	11,301,699,507	11,180,677,794	121,021,713	1%
Non-controlling interests	(977,140)	(171,827)	(805,313)	469%
	11,300,722,367	11,180,505,967	120,216,400	1%

The Group reached a record of P6,153.1 million consolidated net income in 2013, which is a remarkable climb from 2012 net income of P2,019.2 million. Total comprehensive income of the Group is P11,300.7 million in 2013 and P11,180.5 million in 2012.

P253.0 million (48%) Increase in Revenues

The Group reached consolidated total revenues amounting to P784.0 million and P530.9 million for the year ended December 31, 2013 and 2012, respectively. The favorable growth is on account of the recognition of revenue from sale of condominium units and parking slots of AMPI using the percentage of completion method.

P420.3 million 99% increase in Costs and Expenses

Increase from P425.2 million in prior period to P845.6 million in current period is due to recognition of cost from sale of condominium units and parking slots of AMPI and to higher operating expenses (largely utilities, security and janitorial expenses) of Alphaland Southgate Tower associated with increased tenancy, and higher taxes paid on recognized gain on sale of AFS investments reflecting strong take up of the Group's secondary sale of City Club and Balesin Island Club preferred shares.

P4,943.5 million 209% Increase in Other Income

The significant net increase in other income of P4,943.5 million, from P2,369.0 million in 2012 to P7,312.5 million in 2013 came mainly from the 122% growth in gain on sale of AFS investments, 154% higher gain on fair value change of investment properties and 338% increase in equity in net earnings due to equity pick-up in the gain on fair value of Alphaland Bay City during the year. These were partially offset by higher interest expense in 2013 brought about by increased borrowings to finance the Group's projects.

2012 vs. 2011

**ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	December 31, 2012 (Audited and As Restated)	December 31, 2011 (Audited and As Restated)	Variance	
			Amount	Percentage
REVENUE				
Rent	530,916,881	413,024,287	117,892,594	29%
	530,916,881	413,024,287	117,892,594	29%
COSTS AND EXPENSES				
Cost of services	121,054,677	75,219,621	45,835,056	61%
General and administrative	304,193,231	217,099,221	87,094,010	40%
	425,247,908	292,318,842	132,929,066	45%
OTHER INCOME (EXPENSES)				
Gain on fair value change of investment properties	1,409,507,610	1,381,654,367	27,853,243	2%
Equity in net income of a joint venture and associates	722,316,933	674,115,939	48,200,994	7%
Gain on sale of AFS investments	329,259,178	208,631,416	120,627,762	58%
Interest expense and other finance charges	(113,392,861)	(71,406,981)	(51,985,880)	73%
Interest income	31,549,489	44,887,264	(13,337,775)	-30%
Foreign exchange gain (loss) - net	(228,945)	53,223	(282,168)	-530%
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%
	2,369,011,404	2,245,576,562	123,434,842	5%
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,474,680,377	2,366,282,007	108,398,370	5%
PROVISION FOR INCOME TAX				
Current	8,757,459	5,220,444	3,537,015	68%
Deferred	446,695,685	437,919,826	8,775,859	2%
	455,453,144	443,140,270	12,312,874	3%
NET INCOME FROM CONTINUING OPERATIONS	2,019,227,233	1,923,141,737	96,085,496	5%
INCOME FROM DISCONTINUED OPERATIONS	-	12,907,072	(12,907,072)	-100%
NET INCOME	2,019,227,233	1,936,048,809	83,178,424	4%
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Net gains on AFS investments	10,175,975,493	6,416,346,188	-	0%
Income tax effect	(1,017,662,548)	(641,634,618)	-	0%
	9,158,312,945	5,774,711,570	-	0%
Other comprehensive income not to be reclassified to profit and loss in subsequent periods -				
Remeasurement gain on defined benefit plan	2,965,789	-	-	100%
	9,161,278,734	5,774,711,570	-	0%
TOTAL COMPREHENSIVE INCOME	11,180,505,967	7,710,760,379	3,469,745,588	45%

The Group reached a record of P2,019.2 million consolidated net income in 2012, which is a further improvement in 2011 net income of P1,936.0 million. More remarkable is the P3,469.7 million climb in total comprehensive income, from P7,710.8 million in 2011 to P11,180.5 million in 2012.

P117.9 million (29%) Increase in Revenues

Consolidated total revenues amounting to P530.9 million and P413.0 million for the year ended December 31, 2012 and 2011, respectively, mostly relates to rental and other income from Alphaland Southgate. The favorable growth in revenues is on account of higher occupancy rate coupled by fixed escalation of rental fees during the current period.

P133.0 million (45%) Increase in Costs and Expenses

Increase from P292.3 million in prior period to P425.2 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 gain on sale of AFS investments reflecting strong take up of the Group's secondary sale of City Club and Balesin Island Club preferred shares.

P123.4 million (5%) Increase in Other Income

The net increase in other income of P123.4 million, from P2,245.6 million in 2011 to P2,369.0 million in 2012 came mainly from the 58% growth in gain on sale of AFS investments and 2% higher gain on fair value change of investment properties. These were partially offset by higher interest expense in 2012 brought about by increased borrowings to finance the Group's projects, most of which are for delivery in 2013. Interest income is down by P13.3 million in the current year due to higher utilization of cash to fund the huge capital expenditures of the different construction projects.

Financial Condition

	As of March 31, 2014 (Unaudited)	As of December 31, 2013 (Audited)	As of December 31, 2012 (Audited and As Restated)
Total Assets	69,167,697,270	66,195,075,760	51,440,575,175
Total Liabilities	18,036,042,806	19,369,311,759	15,916,283,541
Total Equity	51,131,654,464	46,825,764,001	35,524,291,634

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)	Variance Amount	Percentage
Current Assets				
Cash and cash equivalents	1,347,006,555	173,775,856	1,173,230,699	675%
Trade and other receivables	276,385,417	299,064,006	(22,678,589)	-8%
Land and development	2,398,065,984	2,286,806,564	111,259,420	5%
Parking lots for sale	234,240,310	236,300,618	(2,060,308)	-1%
Advances to related parties	1,419,459,893	1,213,433,370	206,026,523	17%
Current portion of available-for-sale (AFS) investments	785,555,507	785,555,507	-	0%
Other current assets	1,905,119,486	1,729,023,197	176,096,289	10%
	8,365,833,152	6,723,959,118	1,641,874,034	24%
Noncurrent Assets				
Investments in and advances to associates	95,088,222	1,067,375,221	(972,286,999)	-91%
Investment in a joint venture	13,344,395,606	13,344,395,606	-	0%
AFS investments- net of current portion	30,233,757,683	29,316,478,408	917,279,275	3%
Investment properties	16,005,341,802	14,590,077,559	1,415,264,243	10%
Property and equipment	251,637,988	272,376,854	(20,738,866)	-8%
Other noncurrent assets	871,642,817	880,412,994	(8,770,177)	-1%
	60,801,864,118	59,471,116,642	1,330,747,476	2%
TOTAL ASSETS	69,167,697,270	66,195,075,760	2,972,621,510	4%
Current Liabilities				
Trade and other payables	3,694,848,217	3,455,688,409	239,159,808	7%
Current portion of long-term debt	629,446,110	597,629,987	31,816,123	5%
Current portion of customers' deposits	26,366,314	26,366,314	-	0%
Advances from related parties	120,307,911	99,323,812	20,984,099	21%
	4,470,968,552	4,179,008,522	291,960,030	7%
Noncurrent Liabilities				
Long-term debt - net of current portion and deferred financing cc	6,692,012,547	6,810,985,446	(118,972,899)	-2%
Customer's deposits - net of current portion	78,090,953	73,768,914	4,322,039	6%
Retirement benefit obligation	22,395,469	19,192,925	3,202,544	17%
Deferred tax liabilities	6,050,277,522	5,953,751,403	96,526,119	2%
Obligation under finance lease - net of current portion	827,994	1,054,831	(226,837)	-22%
Deposits intended for equity subscription	2,000,000	1,500,000,000	(1,498,000,000)	-100%
Other noncurrent liability	719,469,769	831,549,718	(112,079,949)	-13%
	13,565,074,254	15,190,303,237	(1,625,228,983)	-11%
Total Liabilities	18,036,042,806	19,369,311,759	(1,333,268,953)	-7%
Equity attributable to equity holders of the Parent				
Capital stock - P1 par value	3,213,274,417	1,838,370,551	1,374,903,866	75%
Additional paid-in capital	11,734,408,200	9,672,052,401	2,062,355,799	21%
Unrealized gains on AFS investments	22,264,574,128	21,423,378,574	841,195,554	4%
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)	-	0%
Retained earnings	14,074,460,439	14,046,593,183	27,867,256	0%
	51,127,706,969	46,821,376,494	4,306,330,475	9%
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)	-	0%
	51,126,493,443	46,820,162,968	4,306,330,475	9%
Non-controlling interest	5,161,021	5,601,033	(440,012)	-8%
Total Equity	51,131,654,464	46,825,764,001	4,305,890,463	9%
TOTAL LIABILITIES AND EQUITY	69,167,697,270	66,195,075,760	2,972,621,510	4%

Total assets of the Group grew by P 2,972.6 million or 4%, from P 66,195.1 million as of December 31, 2013 to P69,167.7 million as of March 31, 2014.

P1,173.2 million (675%) Increase in Cash and Cash Equivalents

Significant increase from P173.8 million to P1,347.0 million is due to receipt from collection of advances to associates, SGCPI and FBSHI amounting to P979.5 million.

P111.3 million (5%) Increase in Land and Development Costs

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 P2,286.8 million to P2,398.1 million is on account of substantial progress in their construction and development of AMPI.

P206.0 million (17%) Increase in Advances to Related Parties

Increase in advances to related parties is mainly attributable to the expansion projects of the Island Club facilities that were funded by ABIRC in behalf of Alphaland Balesin Island Club, Inc. (ABICI). ABIRC has completed its commitment for the construction of the Island Club and its facilities under the Development

Agreement. Further construction costs for additional villas and enhancement of the club facilities shall be for the account of ABICI.

P176.1 million (10%) Increase in Other Current Assets

Increase in other current assets is primarily due to increase in advances to contractors and Input VAT pertaining to on-going construction projects of AMPI.

P917.3 million (3%) Increase in AFS Investments

Net increase in AFS Investments is primarily due to appreciation of fair market values of shares of Balesin preferred shares. The Group establishes the fair value of the preferred shares in inventory using the recent arm's length market transactions, which is the Group's transacted selling price to third parties.

P1,415.3 million (10%) Increase in Investment Properties

Increase from P14,590.0 million to P16,118.9 million is attributable to the issuance of 557,567,000 common shares of ALPHA at an issuance price of P2.5 per share to the registered owners of parcels of land in connection with Alphaland Baguio Mountain Log Homes Project.

Total liabilities of the Group amounted to P18,036.0 million and P19,369.3 million as of March 31, 2014 and December 31, 2013, respectively.

P87.2 million (1%) Decrease in Long-term Debt - net of deferred financing costs

The decrease of P87.2 million pertains to principal payments made by ADI, AMTI and AMPI during the first quarter.

P1,500.0 million (100%) Decrease in Deposits Intended for Equity Subscription

The 100% decrease is attributable to the conversion of the P1,500.0 million deposits intended for equity subscription to equity. A stockholder subscribed 600,000,000 common shares at P2.5 per share in January 2014.

P96.5 million (2%) Increase in Deferred tax liabilities

The increase pertains to the increase in fair value of the Balesin Island Club preferred share.

Total equity of the Group jumped by 9% or by P4,305.9 million, from P46,825.8 million as of December 31, 2013 to P51,131.7 million as of March 31, 2014.

P1,374.9 million (75%) Increase in Capital Stock and P2,062.4 million (21%)

On January 2014, ALPHA issued 557,567,000 common shares to the registered owners of parcels of land and 600,000,000 common shares to a stockholder. On February 7, 2014, ALPHA completed its minority offering of 108,336,866 common shares and on February 19, 2014, ALPHA issued a total of 109,000,000 new common shares to three separate investors through private placement. The common shares sold during the first quarter were issued at P2.50 per share.

P841.2 million (4%) Increase in Unrealized Gains on AFS Investments

The significant increase is brought about by the increase in fair market value of the Balesin Island Club preferred shares.

2013 vs. 2012

ALPHALAND CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	December 31, 2013 (Audited)	December 31, 2012 (Audited and As Restated)	Variance Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	173,775,856	408,028,599	(234,252,743)	-57%
Trade and other receivables	299,064,006	216,976,956	82,087,050	38%
Land and development costs	2,286,806,564	1,171,426,541	1,115,380,023	95%
Parking lots for sale	236,300,618	-	236,300,618	100%
Advances to related parties	1,213,433,370	209,839,072	1,003,594,298	478%
Available-for-sale (AFS) investments	785,555,507	1,166,318,831	(380,763,324)	-33%
Other current assets	1,729,023,197	1,663,510,058	65,513,139	4%
Total Current Assets	6,723,959,118	4,836,100,057	1,887,859,061	39%
Noncurrent Assets				
Investment in a joint venture	13,344,395,606	10,175,195,481	3,169,200,125	31%
Investments in and advances to associates	1,067,375,221	1,074,730,895	(7,355,674)	-1%
AFS investments	29,316,478,408	23,416,045,559	5,900,432,849	25%
Investment properties	14,590,077,559	10,958,040,624	3,632,036,935	33%
Property and equipment	272,376,854	296,881,321	(24,504,467)	-8%
Other noncurrent assets	880,412,994	683,581,238	196,831,756	29%
Total Noncurrent Assets	59,471,116,642	46,604,475,118	12,866,641,524	28%
	66,195,075,760	51,440,575,175	14,754,500,585	29%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	3,455,688,409	3,973,060,617	(522,372,208)	-13%
Current portion of long-term debt	597,629,987	229,978,734	367,651,253	160%
Current portion of customers' deposits	26,366,314	13,745,480	12,620,834	92%
Advances from related parties	99,323,812	9,993,378	89,330,434	894%
Loans payable	-	2,000,000,000	(2,000,000,000)	-100%
Total Current Liabilities	4,179,008,522	6,231,778,209	(2,052,769,687)	-33%
Noncurrent Liabilities				
Long-term debt - net of current portion	6,810,985,446	4,148,994,373	2,661,991,073	64%
Customers' deposits - net of current portion	73,768,914	77,839,279	(4,070,365)	-5%
Retirement benefits obligation	19,192,925	18,753,543	439,382	2%
Deferred tax liabilities	5,953,751,403	4,286,981,695	1,666,769,708	39%
Obligation under finance lease - net of current portion	1,054,831	2,503,384	(1,448,553)	-58%
Deposits intended for equity subscription	1,500,000,000	-	1,500,000,000	100%
Other noncurrent liabilities	831,549,718	1,149,433,058	(317,883,340)	-28%
Total Noncurrent Liabilities	15,190,303,237	9,684,505,332	5,505,797,905	57%
Equity Attributable to Equity Holders of the Parent				
Capital stock	1,838,370,551	1,838,370,551	-	0%
Additional paid-in capital	9,672,052,401	9,672,052,401	-	0%
Unrealized valuation gains on AFS investments	21,423,378,574	16,288,147,877	5,135,230,697	32%
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)	-	0%
Retained earnings	14,046,593,183	7,880,124,373	6,166,468,810	78%
	46,821,376,494	35,519,676,987	11,301,699,507	32%
Less cost of 423,900 shares in treasury	1,213,526	1,213,526	-	0%
	46,820,162,968	35,518,463,461	11,301,699,507	32%
Non-controlling Interests				
	5,601,033	5,828,173	(227,140)	-4%
Total Equity	46,825,764,001	35,524,291,634	11,301,472,367	32%
	66,195,075,760	51,440,575,175	14,754,500,585	29%

Total assets of the Group grew by P 14,754.5 million or 29%, from P 51,440.6 million as of December 31, 2012 to P66,195.1 million as of December 31, 2013.

P234.3 million (57%) Decrease in Cash and Cash Equivalents

Decrease from P408.0 million to P173.8 million 2013 is brought about by project development and operating expenditures of the Group.

P82.1 million (38%) Increase in Trade and Other Receivables

Increase from P217.0 million to P299.1 million came primarily from installment sales of AFS investments comprised of Balesin Island Club and City Club preferred shares during the period.

P1,115.4 million (95%) Increase in Land and Development and Parking lots for sale

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 P1,171.4 million to P2,286.8 million is on account of substantial progress in their construction and development.

P1,003.6 million (478%) Increase in Advances to Related Parties

Increase in advances to related parties is attributable to the development costs relating to expansion of the Island Club facilities that were charged to ABICI. ABIRC has completed its commitment for the construction of the Island Club and its facilities under the Development Agreement. Further construction costs for additional villas and enhancement of the club facilities shall be for the account of ABICI.

P5,519.7 million (22%) Increase in AFS Investments

The increase in assets is attributable to the P5,519.7 million increase in AFS investments, from P24,582.4 million to P30,102.0 million due to increase in appreciation of fair market values of club shares held. The Group establishes the fair value of the preferred shares in inventory using the recent arm's length market transactions, which is the Group's transacted selling cash price to third parties.

P65.5 million (4%) Increase in Other Current Assets

Increase in other current assets is primarily due to increase in advances to contractors and Input VAT pertaining to on-going construction projects.

P3,169.2 million (31%) Increase in Investment in a Joint Venture

Increase is attributable to the 50% equity pick-up in the gain on fair value of the Joint Venture's property in Bay City.

P3,632.0 million (33%) 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 P10,958.0 million to P14,590.1 million represents actual project development expenditures and fair value appreciation of investment properties during the period.

Total liabilities of the Group amounted to P19,369.3 million and P15,916.3 million as of December 31, 2013 and 2012, respectively.

P522.4 million (13%) Decrease in Trade and Other Payables

Decrease in trade and other payables is attributable to the development costs relating to expansion of the City Club and the Island Club facilities that were transferred to AMPI and ABIRC, respectively and to payment of obligations related to the construction of the Group's project during the period.

P2,000.0 million (100%) Decrease in Loans Payable

On May 2013, ABIRC's P2,000.0 million outstanding loans payable with Bank of Commerce was refinanced by a long-term loan under the P3.0 Billion OLSA facility with the same bank.

P3,029.6 million (41%) Increase in Long-term Debt - net of deferred financing costs

In 2013, AMTI made additional loan drawdowns for the total amount of P778.0 million, against its P2,400.0 million syndicated loan facility for the construction of the Alphaland Tower. These loan drawdowns were partially offset by AMPI's and ADI's principal loan repayments amounting to P21.9 million and P202.6 million during the current year. ABIRC also made a drawdown amounting to P500.0 million in its new long-term loan facility of P3,000.0 million with BOC.

P1,666.8 million (39%) Increase in Deferred Tax Liabilities

Increase from P4,287.0 million to P5,953.8 million is substantially due to tax provisions related to gain on fair value of investment properties and unrealized gain on AFS investments.

P317.9 million (28%) Decrease in Other Noncurrent Liabilities

Decrease from P1,149.4 million to P831.5 million is primarily due to the transfer of the remaining liability related to AMC's acquisition of AFS investments from noncurrent to current liability.

Total equity of the Group jumped by 32% or by P11,301.5 million, from P35,524.3 million as of December 31, 2012 to P46,825.8 million as of December 31, 2013.

P5,135.2 million (32%) Increase in Unrealized Gains on AFS Investments

The significant increase is brought about by the increase in fair market value of the Group's total AFS investments comprised of City Club and Balesin Island Club preferred shares.

P6,166.5 million (78%) Increase in Retained Earnings

The increase is brought about by the net income of the Group during the current period in the amount of P6,153.1 million and the other comprehensive income related to remeasurement gain on retirement plan of ADI in 2013 and 2012 amounting to P12.4 million and P3.0 million, respectively.

2012 vs. 2011

**ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	December 31, 2012 (Audited and As Restated)	December 31, 2011 (Audited and As Restated)	Variance Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	408,028,599	975,049,793	(567,021,194)	-58%
Trade and other receivables	216,976,956	167,723,644	49,253,312	29%
Land and development costs	1,171,426,541	685,887,592	485,538,949	71%
Advances to related parties	209,839,072	58,990,468	150,848,604	256%
Available-for-sale (AFS) investments	1,166,318,831	-	1,166,318,831	100%
Other current assets	1,663,510,058	1,800,261,128	(136,751,070)	-8%
Total Current Assets	4,836,100,057	3,687,912,625	1,148,187,432	31%
Noncurrent Assets				
Investment in a joint venture	10,175,195,481	9,415,491,718	759,703,763	8%
Investments in and advances to associates	1,074,730,895	928,511,430	146,219,465	16%
AFS investments	23,416,045,559	10,747,425,000	12,668,620,559	118%
Investment properties	10,958,040,624	8,294,784,798	2,663,255,826	32%
Property and equipment	296,881,321	351,201,224	(54,319,903)	-15%
Other noncurrent assets	683,581,238	128,420,211	555,161,027	432%
Total Noncurrent Assets	46,604,475,118	29,865,834,381	16,738,640,737	56%
	51,440,575,175	33,553,747,006	17,886,828,169	53%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	3,978,060,617	2,832,832,583	1,145,228,034	40%
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	9,993,378	-	9,993,378	100%
Loans payable	2,000,000,000	-	2,000,000,000	100%
Total Current Liabilities	6,231,778,209	3,046,133,757	3,185,644,452	105%
Noncurrent Liabilities				
Long-term debt - net of current portion	4,148,094,373	2,833,716,202	1,315,278,171	46%
Customers' deposits - net of current portion	77,839,279	57,995,948	19,843,331	34%
Retirement benefits obligation	18,753,543	10,032,206	8,721,337	87%
Deferred tax liabilities	4,286,981,095	2,822,623,462	1,464,358,233	52%
Obligation under finance lease - net of current portion	2,503,384	3,790,556	(1,287,172)	-34%
Other noncurrent liabilities	1,149,433,058	441,669,208	707,763,850	160%
Total Noncurrent Liabilities	9,684,505,332	6,169,827,582	3,514,677,750	57%
Equity Attributable to Equity Holders of the Parent				
Capital stock	1,838,370,551	1,838,370,551	-	0%
Additional paid-in capital	9,672,052,401	9,672,052,401	-	0%
Unrealized valuation 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	7,880,124,373	5,857,759,524	2,022,364,849	35%
Total Equity	35,519,676,987	24,338,999,193	11,180,677,794	46%
Less cost of 423,900 shares in treasury	1,213,526	1,313,526	-	0%
	35,518,463,461	24,337,785,667	11,180,677,794	46%
Non-controlling Interests	5,828,173	-	5,828,173	100%
Total Equity	35,524,291,634	24,337,785,667	11,186,505,967	46%
	51,440,575,175	33,553,747,006	17,886,828,169	53%

Total assets of the Group grew by P17,886.8 million or 53%, from P33,553.7 million as of December 31, 2011 to P51,440.6 million as of December 31, 2012. This is even higher from the recorded P15,569.0 million asset growth in prior year.

P567.0 million (58%) Decrease in Cash and Cash Equivalents

Decrease from P975.0 million to P408.0 million 2012 is brought about by extensive project development expenditures of the Group.

P49.3 million (29%) Increase in Trade and Other Receivables

Increase from P167.8 million to P217.0 million came primarily from installment sales of AFS investments comprised of Balesin Island Club and City Club preferred shares during the period.

P485.5 million (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 P685.9 million to P1,171.4 million is on account of substantial progress in their construction and development.

P13,834.9 million (129%) Increase in AFS Investments

Bulk of the growth in assets is attributable to the P13,835.0 million increase in AFS investments, from P10,747.4 million to P24,582.4 million primarily due to increase in club shares held in inventory and in appreciation of their fair market values. The Group establishes the fair value of the preferred shares in inventory using the recent arm's length market transactions, which is the Group's transacted selling price to third parties.

P2,663.3 million (32%) 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 P8,294.8 million to P10,958.0 million represents actual project development expenditures and fair value appreciation of investment properties during the period.

Total liabilities of the Group amounted to P15,916.3 million and P9,216.0 million as of December 31, 2012 and 2011, respectively.

P1,145.2 million 40% Increase in Trade and Other Payables

Increase from P2,832.8 million to P3,978.1 million is primarily on account of unbilled charges related to the construction of the Group's projects as of yearend.

P2,000.0 million 100% Increase in Loans Payable

In the first quarter of 2012, ABIRC obtained a P2.0 billion credit line from Bank of Commerce to further finance the construction of the Balesin Island Club, which was fully drawn and outstanding as of December 31, 2012.

P1,351.5 million (45%) Increase in Long-term Debt - net of deferred financing costs

In 2012, AMTI made additional loan drawdowns in the total amount of P602.0 million, against its P2,400.0 million syndicated loan facility for the construction of the Alphaland Tower, while AMPI also made a series of loan drawdowns in the total amount of P900.0 million against its own P1,750.0 million syndicated loan facility. These loan drawdowns were partially offset by ADI's principal loan repayments totaling to P155.5 million during the current year.

P1,464.4 million (52%) Increase in Deferred Tax Liabilities

Increase from P2,882.6 million to P4,287.0 million is substantially due to tax provisions related to gain on fair value of investment properties and unrealized gain on AFS investments.

P707.8 million (160%) increase in Other Noncurrent Liabilities

Increase from P441.7 million to P1,149.4 million 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 AMPI's and ABIRC's acquisition of AFS investments from noncurrent to current liability.

Total equity of the Group jumped by 46% or by P11,186.5 million, from P24,337.8 million as of December 31, 2011 to P35,524.3 million as of December 31, 2012.

P9,158.3 million (128%) Increase in Unrealized Gains on AFS Investments

The significant increase is brought about by the additional inventory of Balesin Island Club preferred shares, as well as increase in fair market value of the Group's total AFS investments comprised of City Club and Balesin Island Club preferred shares.

P2,022.4 million (35%) Increase in Retained Earnings

The increase is brought about by the net income of the Group during the current period in the amount of P2,019.2 million.

Commitments

a. Corporate Guaranty

i. AMPI, a wholly owned subsidiary through ADI, entered into a Joint Venture Agreement with BSP to develop the Alphaland Makati Place Project. Pursuant to the Joint Venture Agreement, ALPHA has issued a corporate guaranty in favor of BSP whereby, in the event AMPI is unable to complete the Project (for reasons attributable to the fault of AMPI), ALPHA shall pay BSP the amount of P600.0 million in exchange for BSP's 15% share in the sharing scheme as defined in the Joint Venture Agreement.

ii. On April 20, 2012, the BOD approved to constitute a corporate guaranty in the maximum amount of P2,000.0 million in connection with the P10,000.0 million term loan facility obtained by FBSHI, a 20%-owned associate, from Metropolitan Bank and Trust Company. The Group's guaranty is in favor of Shangri-la Properties, Inc. and Shangri-la Asia Limited, the majority owners of FBSHI.

On April 21, 2014, the BOD approved the disposition of the Group's 20% in SGCPI and FBSHI. On April 30, 2014, ADI sold its 20% stake. Accordingly, the guaranty has been cancelled.

b. Construction Contracts

The Group entered into various construction contracts for the development of its projects. Total contract value committed for the significant construction contracts as of December 31, 2012 amounted to P3,168.8 million. Total advances to contractors amounted to P841.3 million and P737.8 million as of March 31, 2014 and December 31, 2013, respectively. The significant construction contracts that gave rise to the advances are as follows:

ADI

Total advances to contractors amounted to P 106.4 million and P 105.8 million as of March 31, 2014 and December 31, 2013, respectively, for the supply of labor, materials and installation of pathways, exterior glass, and others for Alphaland Southgate Tower and supply of petroleum for the Caticlan Project.

AMPI

Total advances to contractors amounted to P 424.7 million and P 360.4 million as of March 31, 2014 and December 31, 2013, respectively, for the civil, structural, and masonry works and supply and installation of materials for Alphaland Makati Place.

ABIRC

Total advances to contractors amounted to P260.1 million and P17.6 as of March 31, 2014 and December 31, 2013, respectively, for the supply of labor, materials and equipment and all related construction works in various parts of Alphaland Balesin Island Club.

AMTI

Total advances to contractors amounted to P37.0 million and nil as of March 31, 2014 and December 31, 2013, respectively, for the mechanical, civil, structural, architectural, demolition and structural retrofitting works and supply of materials for Alphaland Tower.

Change in Accounting Policy

1. In 2013, PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removed the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of PFRS 11 has an impact to the Group's accounting for its interest in ABCC, a joint venture. Prior to the transition to PFRS 11, ABCC was classified as a jointly controlled entity and

the Group's share of the assets, liabilities, revenue, and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of PFRS 11, the Group has determined that its interest in ABCC is classified as a joint venture to be accounted for using the equity method. The transition was applied retrospectively as required by PFRS 11 and the 2012 and 2011 comparative information were restated. The impact of applying PFRS 11 on the Group's consolidated financial statements is as follows:

	Increase (Decrease)	
	December 31, 2012	January 1, 2012
Consolidated Balance Sheets		
Cash and other current assets	(P7,125)	(P7,025)
Investment in a joint venture	10,175,195,481	9,415,491,718
Investment properties	(10,825,223,134)	(9,751,385,000)
Trade and other payables	(44,055,852)	(43,358,757)
Other noncurrent liabilities	(605,978,925)	(292,541,550)
Equity	—	—
Consolidated Statements of Comprehensive Income		
Gain on fair value change of investment properties	(P1,044,791,250)	(P975,138,500)
Costs and expenses	(696,995)	(8,529,577)
Equity in net income of a joint venture and associates	730,656,880	674,067,373
Income before income tax	(313,437,375)	(292,541,550)
Provision for income tax	(313,437,375)	(292,541,550)
Net income	P—	P—
Consolidated Statements of Cash Flows		
Operating activities	(P5,325)	(P5,225)
Investing activities	—	—
Financing activities	—	—
Net increase in cash and cash equivalents	(P5,325)	(P5,225)

Comparative Key Performance Indicators

Key Performance Indicator	Manner of Calculation	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2013 (Audited)	December 31, 2012 (Audited and As Restated)
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.14 : 1.00	0.19 : 1.00	0.16 : 1.00	0.18 : 1.00
Net debt to equity ratio	Interest-bearing debt less cash and cash equivalents over shareholders' equity	0.12 : 1.00	0.19 : 1.00	0.15 : 1.00	0.17 : 1.00
Return on assets	Net income over average total assets during the period	0.04%	0.93%	10.46%	4.76%
Return on equity	Net income over average stockholders' equity during the period	0.06%	1.33%	14.94%	6.76%

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

As of March 31, 2014, 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, 2012 to March 31, 2014.

Financial Risk Management Objectives and Policies

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to equity price risk, credit risk, interest rate risk and liquidity risk from the use of its financial instruments. The Group's exposure to foreign currency risk is minimal as it does not normally enter into transactions in currencies other than its functional currency. The BOD reviews and approves the policies for managing each of these risks.

Equity Price Risk

The Group's exposure to equity price pertains to its investment in quoted ordinary shares, which is classified as AFS investment in the consolidated balance sheets. Equity price risk arises from the changes in the levels of equity indices and value of individual stocks traded in the stock exchange. The effect of possible change in equity indices on the Group's equity is minimal.

Credit Risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the Parent Company, the Group does not offer credit terms without the specific approval of the Chief Finance Officer.

With respect to credit risk arising from the other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades with recognized third parties and related parties, there is no requirement for collateral. There are no other concentrations of credit risk within the Group.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk relates primarily to its financial instruments with floating interest and/or fixed interest rates. Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every three to six months. Interest on fixed rate financial instruments is fixed until maturity of the instrument.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt subject to floating interest rates. The other financial instruments of the Group are noninterest-bearing and, therefore, not subject to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, management oversees liquidity and funding risks, and related processes and policies. The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The Group also maintains a balance between continuity of funding and flexibility. The policy of the Group is to first exhaust lines available from affiliated companies before local bank lines are availed of. The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Also, the Group only places funds in the money market, which are exceeding the Group requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.

Changes in Disagreements with Accountants on Accounting and Financial Disclosures

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. 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 2 April 2013, 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:

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th 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
2013- high	P29.25	P23.00	P48.00	P44.00
- low	P15.00	P14.64	P20.00	P23.00

- 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 20 January 2014 (the last trading date) is P17.48 per share.

The total number of shareholders of common shares, as of 30 June 2014 is 71 and shares outstanding are 3,359,226,217 of which 1,429,220,287 shares are listed with the Philippine Stock Exchange.

The resolutions of the Board and the Executive Committee involve –

- i) Approval of contracts, projects, investments, and other acts which have been covered by disclosures to the PSE and the SEC;
- ii) Treasury matters, including borrowings, opening of accounts and bank transactions; and
- iii) Housekeeping matters, including the appointment of signatories and amendments thereof.

(b) Election of the members of the Board, including the independent directors, for the ensuing year.

(c) Election of the external auditor.

(d) Adoption of the stock option plan.

Item 19. 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 twelve (12) 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 assistance of representatives from Sycip Gorres Velayo and Co.

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.

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 November 4, 2014.

ALPHALAND CORPORATION
(formerly Macondray Plastics, Inc.)
Issuer

By: **RODOLFO MA. A. PONFERRADA**
Corporate Secretary