1	8	3	8	3	5

SEC Registration Number

ALPHALAND CORPORATION

(Company's Full Name)

Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City

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

Rodolfo Ma. A. Ponferrada	**(632) 338-5599**
(Contact Person)	(Company Telephone Number)

06	**30**	**17-2Q**	**05**	**31**
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

Not Applicable

(Secondary License Type, If Applicable)

CFD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

40	**₱4,364,501,200**	**Not Applicable**
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-1Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE

1. For the period year ended **June 30, 2012**

2. SEC Identification No. **183835** 3. BIR Tax Identification No **000-001-746-612**

4. Exact Name of Issuer as specified in its charter **ALPHALAND CORPORATION**

Philippines
5. Province, Country or other jurisdiction of
Incorporation or Organization

6. SEC Use Only
Industry Classification Code

Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City 1232
7. Address of Principal Office Postal Code

(632) 337-2031
8. Issuer's telephone number, including area code

NA
9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt/ Liabilities Outstanding
Common	**1,984,322,351**	**–**

Are any of the securities listed on the Philippine Stock Exchange?
Yes ✓ No

12. Check whether the issuer

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

Yes ✓ No

has been subject to such filing requirements for the past ninety (90) days

Yes ✓ No

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Please find attached herein the unaudited consolidated financial statements of Alphaland Corporation ("ALPHA" or the "Parent Company") and its subsidiaries (together with ALPHA, the "Group" or the "Company") for the period ended June 30, 2012.

Description of Business

Alphaland Corporation, formerly Macondray Plastics, Inc. (MPI), is a holding company incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The principal business of the Group is real property development.

Nature of Business and Brief Historical Background

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, or MPI then, 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 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 change in corporate name from "Macondray Plastics, Inc," to "Alphaland Corporation", change in primary purpose from a plastics manufacturing interest to a holding company, change in principal place of business from Davao City to

Makati City, and increase in its authorized capital stock from P400.0 million to P5.0 billion, among others, which was 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, which ALPHA accepted for a reasonable consideration to be determined nearer to the Assignment. With the foregoing agreement, ALPHA presented the assets of MPPI as "Assets held for sale", and the liabilities as "Liabilities directly associated with assets held for sale" in the 2010 consolidated balance sheet, and reported the operations of the plastics manufacturing segment as "Income from discontinued operations" in the 2010 consolidated statement of comprehensive income.

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 to the Company's eventual sale of MPPI to MPCI. A Deed of Absolute Sale was executed on October 28, 2011 for a consideration of ₱254.0 million.

<u>ALPHA's Significant Subsidiaries as of June 30, 2012</u>

a. *Alphaland Balesin Island Resort Corporation (ABIRC), 100%-owned by ALPHA,* was incorporated in the Philippines and registered with the Philippine SEC on May 26, 2010. ABIRC's primary purpose is to invest in, purchase, or otherwise acquire and own, hold use, sell, assign, transfer, mortgage, pledge, and exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.

b. *ADI, 100%-owned by ALPHA*, was incorporated and registered with the Philippine SEC on May 29, 2007. After its incorporation, ADI became 40%-owned by Alphaland Holdings (Singapore) Pte. Limited, a company incorporated in Singapore, and 60%-owned by other companies incorporated in the Philippines [namely, Masrickstar Corporation (Masrickstar), Boerstar Corporation (Boerstar), and Azurestar Corporation (Azurestar)]. On April 7, 2010, ADI became a wholly owned subsidiary of ALPHA as an effect of the SSA. ADI's primary purpose is to engage in real property acquisition and development.

c. *Alphaland Makati Place, Inc. (AMPI), 100%-owned by ADI*, was incorporated and registered with the Philippine SEC on March 6, 1991 as Silvertown Property Development Corporation. In June 2008, ADI acquired from Sime Darby Pilipinas, Inc. its 100% stake in AMPI, the leasehold owner of a real property then owned by the Boy Scouts of the Philippines (BSP) located at the corner of Ayala Avenue and Malugay Street in Makati City (the "Malugay Property"). Subsequently, in August 2008, ADI's interest in AMPI was diluted to 94.12% with the subscription of new shares by Noble Care, representing 5.88% of the 34,531 total subscribed shares. On February 26, 2010, the Philippine SEC approved the change in corporate name from "Silvertown Property Development Corporation" to "Alphaland Makati Place, Inc.". On November 11, 2010, Noble Care's 5.88% interest in AMPI was sold to ADI, making AMPI a 100% subsidiary of ADI.

   AMPI's primary purpose is to lease and sublease the Malugay Property, a premium one hectare property. AMPI entered into a joint venture with BSP to develop the Malugay Property into a first class commercial development to be known as Alphaland Makati Place. It will be a mixed-use property development consisting of high end residential towers atop an upscale six-storey podium with a shopping center and a City Club, including a Boy Scout Convention Center.

d. *Alphaland Makati Tower, Inc. (AMTI), 100%-owned by ADI,* was incorporated and registered with the Philippine SEC on July 28, 2010, with primary purpose of developing, leasing and subleasing a property situated along Ayala Avenue, which is the center of the Makati Central District. The property measuring 2,400 square meters, more or less, was acquired by ADI from Sta. Lucia Land, Inc. in June 2008. This was conveyed by ADI to AMTI in exchange for shares of stock of AMTI in 2011. A 34-storey building is being constructed on the site to be called Alphaland Tower.

e. *Alphaland Marina Corporation (AMC), 100%-owned by ADI,* was incorporated and registered with the Philippine SEC on December 2, 2010, with primary purpose of dealing and engaging in the real estate business. AMC's plan is to develop (together with the Group) an ultra-modern marina and yacht club that will have various dining, sports, recreation, boating, yachting, sailing and other similar amenities exclusively to its members and their guests and dependents (the “Marina Club”). The Marina Club will be the centerpiece of the Alphaland Bay City, a joint venture project of the Group and D.M. Wenceslao & Associates, Inc. (DMWAI) and Wendel Holdings Co., Inc. (Wendel); DMWAI and Wendel collectively referred to as “Wenceslao”, to be located in 32-hectares, more or less, of reclaimed land at Aseana Business Park in Parañaque City. On December 10, 2010, AMC’s BOD authorized the application for incorporation of Alphaland Marina Club, Inc. (AMCI) to own and operate the Marina Club.

f. *Alphaland Reclamation Corporation (ARC), 100%-owned by ALPHA,* was incorporated and registered with the Philippine SEC on April 5, 2011, and primarily engaged in the construction of reclamation projects and to contract for and perform reclamation works.

Basis of Preparation

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

Statement of Compliance

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

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

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Projects

Alphaland Southgate Tower

The property with lot area of 9,497 square meters, more or less, located at the nexus of Metro Manila’s two main traffic arteries, EDSA and the South Superhighway is now a fully-developed and revenue-generating 20-story tower. The Tower houses a 3-level shopping mall, another level dedicated to an events place, two restaurants and a cigar divan, and the rest to office space.

Total rental and other revenues for Alphaland Southgate Tower for the second quarter ended June 30, 2012 amounted to ₱254.8 million. The Southgate Tower successfully reached 100% occupancy rate with the entry of several large tenants coming from the business process outsourcing (BPO) sector, which contributed to higher foot traffic and therefore, higher tenant sales for the Mall. This progress allowed the Mall to see steady growth in tenancy.

Alphaland Makati Place

Alphaland Makati Place will consist of three high-end residential towers atop an upscale six-storey podium with a shopping center and a City Club dedicated to urban sports and leisure. Alphaland Makati Place will rise on a premium one hectare property along Ayala Avenue Extension corner Malugay Street, Makati City. Featuring truly “smart homes”, the Alphaland Makati Place will be the first in the country with built-in concierge technology that will enable its residents and tenants to achieve lifestyle objectives on demand.

Comprising of almost 1.6 hectares of sports and leisure facilities, The City Club at Alphaland Makati Place, Inc. will fulfill the wellness, social, sports and business needs of its members. Facilities will include a spa, aerobics, dance and yoga rooms, formal and casual restaurants, cafes, a sports bar, children's activity center, coffee lounges, indoor tennis courts, indoor badminton courts, lap pool and children's pool, private business meeting rooms, and a business center.

Secondary sales of the City Club preferred shares started as early as December 2010 at an initial price of ₱0.5 million per share. A total of 359 shares have been sold as of June 30, 2012.

Alphaland Balesin Island Club

33 kilometers off the eastern coast of Luzon and only a mere 23 minutes by plane from Manila's Ninoy Aquino Domestic Airport sits Balesin Island: an untouched, lush tropical getaway with roughly 7.3 kilometers of white sand beaches. Alphaland Balesin Island Club is a 430-hectare island resort which will have uniquely designed accommodations and amenities in each of the major sites of the island.

With the clubhouse as the island's centerpiece, Alphaland Balesin Island Club will be subdivided into six villages which will take inspiration from the most luxurious beachside destinations around the world: St. Tropez (Cote d'Azur, France), Phuket (Thailand), Costa Smeralda (Sardinia, Italy), Bali (Indonesia), Mykonos (Greece), and Balesin (Philippines). The Spa Reception and Villa, and Equestrian have been completed while the Clubhouse and Balesin Village are now operational. Construction for the 5 other villages are simultaneously ongoing, with Bali next in line to finish.

Last September 2011, the Balesin Island Club shares were offered for secondary sale at an initial price of ₱1.0 million each. As of June 30, 2012, a total of 381 club shares have been sold.

On March 30, 2012, ABIRC recently secured a ₱2 billion credit line from Bank of Commerce to finance the completion of the Balesin Island Club project.

Alphaland Tower

Rising at the heart of the Makati Central Business District, Alphaland Tower will be a new landmark building to service the growing demand for high-end corporate offices in the Philippines. Designed by world renowned Wong and Ouyang Ltd. of Hong Kong and certified by Aromin & Sy and its associates, Alphaland Tower will be the most modern of only six existing premium-grade office buildings in the district. It is envisioned to have a superimposing lobby with a two-storey high ceiling clad in glass to allow natural lighting in. Each level will have a large floor template of up to 1,500-1,600 square meters. The penthouse will have its own swimming pool and al fresco lounge, making it the most desirable office in the country. The 34-storey tower will rise on a 2,400 square meter property along Ayala Avenue which is now under construction and will be operational by January 2013.

Alphaland Boracay Gateway Country Club

Alphaland Boracay Gateway is a joint venture between Alphaland Corporation and Akean Resorts Corporation. Situated in a sprawling 500-hectare property in the northern tip of Nabas, Aklan on Panay Island, the property faces the world-famous Boracay Island. With the proposed Caticlan International Airport and the Boracay Jetty only a five minute drive away, Alphaland can truly build a gateway development to Boracay and a spectacular destination in itself.

The Alphaland Boracay Gateway Country Club is designed for an exclusive market in search of an escape in an idyllic setting. Luxurious water villas on the beachfront aid in creating your very own private haven, to be enjoyed in splendid isolation while on white sand beaches. Alphaland also aims to transform this prime property into a high-end, mixed-use resort complex anchored by a Polo and Country Club that also features water recreational activities. Furthermore, members of the Gateway Club will enjoy direct access to and from Boracay Island via a direct ferry service.

Alphaland Bay City

Alphaland Bay City is a 32-hectare planned premium seaside residential, commercial and business community located along Manila Bay beside the Mall of Asia compound. Alphaland Bay City's highlight is a magnificent marina with a shoreline containing a broad promenade lined by outdoor cafés, restaurants, boutiques, book-ended by two grand hotels. Directly behind the promenade are clusters of low-rise commercial buildings, backed by medium-rise apartment complexes, followed by high-rise business towers, carefully positioned to ensure unmatched views and generous breezes for all of the property's residents and workers.

Alphaland Bay City's centerpiece is a modern Marina Club that provides world-class yachting facilities for about 200 yachts, including super and mega yachts. It is the only marina in the country where members may use several exclusive yachts belonging to the club itself. For those who have only occasional use for a yacht, this fractional use frees them from the concerns of ownership, maintenance and crewing, as well as allows them to try different types of yachts and sailboats.

Silang Property

ADI's three parcels of land in Silang Cavite, measuring a total of 300,000 square meters, more or less, is reserved for future development.

Shangri-La at The Fort

Shangri-La at The Fort is located in a 1.5 hectare property in West Super Block of the Fort Bonifacio Global City at the corner of 5th Avenue and 30th Street. Slated for completion in 2014, Shangri-La at The Fort is a mixed-use business, hospitality, residential and retail tower with over 13 hectares of gross floor area. Shangri-La has named US-based Skidmore, Owings, and Merrill LLP as architect and Hirsch Bedner Associates to undertake the interior design for guestrooms and the main lobby. The tower will present a contemporary yet timeless design with the façade of the building tapering skyward, maximizing the ocean view.

Alphaland Corporation has a 20% stake in Shangri-La at the Fort. The complex is expected to cost close to ₱16.6 billion and will comprise of a 544-key hotel, exclusive serviced apartments and 89 premier residential condominiums including 2 penthouses that will be the most coveted residential address in the country.

Results of Operations

	For the Six Months Ended June 30, 2012 (Unaudited)	**For the Six Months Ended June 30, 2011** (Unaudited)	**For the Year Ended December 31, 2011** (Audited)
Revenues	255,251,443	165,780,800	413,024,287
Costs and Expenses	229,089,315	98,088,085	300,848,420
Other Income	2,286,932,387	66,504,693	2,546,647,690
Net Income	1,683,309,449	217,609,309	1,936,048,809
Retained Earnings	7,541,068,973	4,141,879,188	5,857,759,524

During the 1st half of 2012, the consolidated net income of the Group amounted to ₱1,683.3 million, while previous year's 1st half reported a consolidated net income of ₱217.6 million.

₱89.5 million (54%) Increase in Revenues
Consolidated total revenues relating to rental and other income from Alphaland Southgate Tower amounted to ₱254.8 million and ₱165.8 million for the six months ended June 30, 2012 and 2011, respectively.

₱131.0 million (134%) Increase in Costs and Expenses

Costs and expenses for the current period represent mainly the operating expenses of Alphaland Southgate Tower and marketing and selling expenses of the Group's real property projects.

₱2,220.4 million (3339%) Increase in Other Income (Expenses)

Significant increase in "Other income (expenses) account" is due to gain on fair value change of investment properties amounting to ₱2,070.7 million and nil for the six months ended June 30, 2012 and 2011, respectively. The increase in "Other income (expenses) account" is also attributable to the gain on sale of AFS investments amounting to ₱249.0 million and ₱70.5 million for the six months ended June 30, 2012 and 2011, respectively. 144 Balesin Island Club Shares and 31 City Club shares were sold during the first half of 2012, while 281 City Club shares were sold during the first half of 2011.

<u>Financial Condition</u>

	As of June 30, 2012 (Unaudited)	As of December 31, 2011 (Audited)
Total Assets	38,709,539,146	33,855,586,145
Total Liabilities	10,922,720,248	9,517,800,478
Total Equity	27,786,818,898	24,337,785,667

Total assets increased by ₱4,854.0 million (14%), from ₱33,855.6 million as of December 31, 2011 to ₱38,709.5 million as of June 30, 2012.

₱483.8 million (50%) Decrease in Cash and Cash Equivalents

Decrease in cash and cash equivalent is brought about by extensive project development expenditures of the Group.

₱455.5 million (25%) Increase in Other Current Assets

Increase in other current assets is due to increase in restricted cash account and input VAT.

₱1,878.8 million (17%) Increase in AFS Investments

Increase in AFS investments is due to increase in fair market value of unquoted club preferred shares.

₱2,788.7 million (15%) Increase in Land and Development Costs and Investment Properties

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

Total liabilities increased by ₱1,404.9 million (15%), from ₱9,517.8 million as of December 31, 2011 to ₱10,922.7 million as of June 30, 2012.

₱347.8 million (15%) Decrease in Trade and Other Payables

Trade and other payables decreased in 2012 on account of payment to payables related to the construction of the projects.

₱793.0 million (100%) Increase in Loans Payable

On March 30 and May 31, 2012, ABIRC availed its short term loan from Bank of Commerce (BOC) in the amount of ₱190.0 million and ₱603.0 million, respectively, to partly finance the ongoing construction of the Balesin Island Club.

₱471.7 million (16%) Increase in Long-term Debt

On March 30, 2012, AMTI made its third loan drawdown in the amount of ₱164.0 million against its ₱2.4 billion syndicated loan facility for the construction of the Alphaland Tower. On April 26, 2012, AMPI also made its fourth loan drawdown in the amount of ₱350.0 million against its ₱1,750.0 billion loan facility. These were offset by ADI's 5th principal loan repayment amounting to ₱43.8 million.

₱823.0 million (26%) Increase in Deferred Tax Liability

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

₱367.9 million (83%) Decrease in Other Noncurrent Liability
Decrease in Other Noncurrent liability is due to decrease in the Group's liability related to acquisition of AFS investments as the construction of the City Club and Balesin Island Club progresses.

Total Equity increased by ₱3,449.0 million (14%), from ₱24,337.8 million as of December 31, 2011 to ₱27,786.8 million as of June 30, 2012.

₱1,765.7 million (25%) Increase in Unrealized Gains on AFS Investments
The significant increase is brought about by increase in fair value of unquoted club preferred shares.

₱1,683.3 million (29%) Increase in Retained Earnings
This increase is brought about by the net income of the Group during the current period.

Discussion and Analysis of Material Events and Uncertainties

As of reporting date:

There are no material events and uncertainties known to management that would have impact or change in the reported financial information and condition of the Group.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increases or decreases in the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

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

The Group has no unusual nature of transactions or events affecting assets, liabilities, equity, net income or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2011.

The accounting policies and methods of computation adopted in preparation of the Group's unaudited interim consolidated financial statements are the same with the most recent annual consolidated financial statements for the year ended December 31, 2011.

There were no material events subsequent to the end of the year that have not been reflected in the Group's consolidated financial statement for the second quarter of 2012.

There were no changes in estimates of amount reported in the current financial period or changes in estimates of amounts reported in prior financial years.

Comparative Key Performance Indicators

Key Performance Indicator	Manner of Calculation	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.15 :1.00	0.12 : 1.00
Net debt to equity ratio	Interest-bearing debt less cash and cash equivalents over shareholders' equity	0.14 :1.00	0.08 : 1.00
Return on assets	Net income over average total assets during the period	4.64%	7.47%
Return on equity	Net income over average stockholders' equity during the period	6.46%	10.28%

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, liquidity and funding risks, related processes and policies are overseen by management. 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.

Others

PFRS 9, Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after January 1, 2015)

PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012.

The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The Group also continues to assess the impact of the above new, amended and improved accounting standards and interpretations effective subsequent to June 30, 2012 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

PART II - OTHER INFORMATION

There are no disclosures not reported under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on August 13, 2012.

Issuer: **ALPHALAND CORPORATION**

Mario A. Oreta
President

Marriana H. Yulo
Chief Finance Officer

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2012 (Unaudited)	June 30, 2011 (Unaudited)	December 31, 2011 (Audited)
Current Assets			
Cash and cash equivalents	491,247,150	1,407,486,416	975,055,018
Trade and other receivables	276,535,097	138,707,179	167,723,644
Land and development	834,799,663	337,369,804	685,887,592
Advances to related parties	76,793,722	211,518,858	24,929,300
Other current assets	2,255,770,528	826,077,886	1,800,262,928
	3,935,146,160	2,921,160,143	3,653,858,482
Assets held for sale	-	617,099,649	-
	3,935,146,160	3,538,259,792	3,653,858,482
Noncurrent Assets			
Investments in and advances to associates	1,084,046,045	921,615,712	928,511,430
Available-for-sale (AFS) investments	12,626,225,000	3,797,526,900	10,747,425,000
Investment in common shares held for sale	-	2,249,400	-
Investment properties	20,685,967,248	15,991,705,511	18,046,169,798
Property and equipment	299,047,439	43,545,714	351,201,224
Other noncurrent assets	79,107,254	41,865,075	128,420,211
	34,774,392,986	20,798,508,312	30,201,727,663
TOTAL ASSETS	**38,709,539,146**	**24,336,768,104**	**33,855,586,145**
Current Liabilities			
Trade and other payables	1,961,530,677	1,270,401,762	2,309,283,083
Loans payable	793,000,000	-	-
Current portion of long-term debt	212,500,200	162,499,700	193,750,100
Current portion of customers' deposits	17,153,694	6,776,198	19,551,074
Advances from related parties	26,328,173	11,323,299	9,297,589
Subscriptions payable	523,549,500	523,549,500	523,549,500
	3,534,062,244	1,974,550,459	3,055,431,346
Liabilities directly associated with assets held for sale	-	332,542,460	-
	3,534,062,244	2,307,092,919	3,055,431,346
Noncurrent Liabilities			
Long-term debt - net of current portion and deferred financing costs	3,286,682,116	1,643,219,300	2,833,716,202
Customer's deposits - net of current portion	74,342,406	67,206,190	57,995,948
Retirement benefit obligation	12,588,459	7,379,700	10,032,206
Deferred tax liabilities	3,938,122,972	1,778,585,958	3,115,165,012
Obligation under finance lease - net of current portion	3,164,351	4,377,123	3,790,556
Other noncurrent liability	73,757,700	630,845,579	441,669,208
	7,388,658,004	4,131,613,850	6,462,369,132
Total Liabilities	**10,922,720,248**	**6,438,706,769**	**9,517,800,478**
Equity attributable to equity holders of the Parent			
Capital stock - P1 par value			
Authorized- 1,984,322,352 shares			
Issued and outstanding	1,838,370,551	1,838,370,551	1,838,370,551
Additional paid-in capital	9,672,052,401	9,672,052,401	9,672,052,401
Unrealized gains on AFS investments	8,895,558,714	2,405,990,936	7,129,834,932
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)	(159,018,215)
Retained earnings	7,541,068,973	4,141,879,188	5,857,759,524
	27,788,032,424	17,899,274,861	24,338,999,193
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)	(1,213,526)
	27,786,818,898	17,898,061,335	24,337,785,667
Non-controlling interest	-	-	-
Total Equity	**27,786,818,898**	**17,898,061,335**	**24,337,785,667**
TOTAL LIABILITIES AND EQUITY	**38,709,539,146**	**24,336,768,104**	**33,855,586,145**

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Six Months Ended		For the Year Ended
	June 30, 2012 (Unaudited)	June 30, 2011 (Unaudited)	December 31, 2011 (Audited)
REVENUES			
Rent	**147,880,162**	128,027,262	257,730,242
Others	**107,371,281**	37,753,538	155,294,045
	255,251,443	165,780,800	413,024,287
COSTS AND EXPENSES	**229,089,315**	98,088,085	300,848,420
OTHER INCOME (EXPENSES)			
Gain on fair value change of investment properties	**2,070,702,960**	-	2,356,792,867
Gain on sale of AFS investments	**249,004,687**	70,473,685	208,631,416
Interest expense and other finance charges	**(46,930,596)**	(34,379,960)	(71,406,981)
Interest income	**12,192,479**	25,892,465	44,887,264
Equity in net income of associates	**1,984,210**	1,536,729	48,567
Foreign exchange gain (loss) - net	**(21,353)**	47,756	53,223
Gain on loss of control	**-**	2,934,018	8,939,415
Loss on sale of an investment	**-**	-	(1,298,081)
	2,286,932,387	66,504,693	2,546,647,690
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**2,313,094,515**	134,197,408	2,658,823,557
PROVISION FOR INCOME TAX			
Current	**3,157,526**	12,560,735	5,220,444
Deferred	**626,627,540**	(90,460,164)	730,461,376
	629,785,066	(77,899,429)	735,681,820
NET INCOME FROM CONTINUING OPERATIONS	**1,683,309,449**	212,096,837	1,923,141,737
INCOME FROM DISCONTINUED OPERATIONS	**-**	5,512,472	12,907,072
NET INCOME	**1,683,309,449**	217,609,309	1,936,048,809
OTHER COMPREHENSIVE INCOME			
Unrealized valuation gains on AFS investments	**1,961,915,313**	2,672,212,151	6,416,346,189
Income tax effect	**(196,191,531)**	(267,221,215)	(641,634,619)
	1,765,723,782	2,404,990,936	5,774,711,570
TOTAL COMPREHENSIVE INCOME	**3,449,033,231**	2,622,600,245	7,710,760,379
Net income attributable to:			
Equity holders of the Parent	**1,683,309,449**	217,609,309	1,936,048,809
Non-controlling interests	**-**	-	-
	1,683,309,449	217,609,309	1,936,048,809
Total comprehensive income attributable to:			
Equity holders of the Parent	**3,449,033,231**	2,622,600,245	7,710,760,379
Non-controlling interests	**-**	-	-
	3,449,033,231	2,622,600,245	7,710,760,379
Basic/Diluted Earnings Per Share			
Income from continuing operations attributable to equity holders of the Parent	**0.959**	0.135	1.096
Net income attributable to equity holders of the Parent	**0.959**	0.139	1.103

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended	
	June 30, 2012 (Unaudited)	**June 30, 2011** (Unaudited)
REVENUES		
Rent	**77,992,925**	70,874,044
Others	**58,225,346**	22,311,275
	136,218,271	93,185,319
COSTS AND EXPENSES	**127,655,016**	45,578,616
OTHER INCOME (EXPENSES)		
Gain on fair value change of investment properties	**1,710,093,943**	-
Gain on sale of AFS investments	**128,060,587**	70,473,685
Interest expense and other finance charges	**(30,855,454)**	(15,768,437)
Interest income	**6,291,390**	14,372,958
Equity in net income of associates	**2,553,030**	1,485,679
Foreign exchange gain (loss) - net	**(20,846)**	49,146
Gain on loss of control	**-**	2,934,018
Loss on sale of an investment	**-**	-
Gain on bargain purchase	**-**	-
Others - net	**-**	-
	1,816,122,650	73,547,049
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**1,824,685,905**	121,153,752
PROVISION FOR INCOME TAX		
Current	**1,740,863**	11,108,625
Deferred	**514,705,982**	(95,498,317)
	516,446,845	(84,389,692)
NET INCOME FROM CONTINUING OPERATIONS	**1,308,239,060**	205,543,444
INCOME FROM DISCONTINUED OPERATIONS	**-**	2,694,777
NET INCOME	**1,308,239,060**	208,238,221
OTHER COMPREHENSIVE INCOME		
Unrealized valuation gains on AFS investments	**927,698,790**	2,672,212,151
Income tax effect	**(92,769,879)**	(267,221,215)
	834,928,911	2,404,990,936
TOTAL COMPREHENSIVE INCOME	**2,143,167,971**	2,613,229,157
Net income attributable to:		
Equity holders of the Parent	**1,308,239,060**	208,238,221
Non-controlling interests	**-**	-
	1,308,239,060	208,238,221
Total comprehensive income attributable to:		
Equity holders of the Parent	**2,143,167,971**	2,613,229,157
Non-controlling interests	**-**	-
	2,143,167,971	2,613,229,157

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30, 2012 and 2011 (Unaudited) and for the year ended December 31, 2011 (Audited)

	Capital Stock	Additional Paid-in Capital	Deposit for Future Stock Subscriptions	Gain on sale of Preferred Shares of a Subsidiary	Unrealized valuation gains on AFS investments	Excess of acquisition price over carrying value of Minority Interest	Retained Earnings	Treasury Shares	TOTAL	Non-controlling Interests	TOTAL EQUITY
Balances at December 31, 2010	**1,429,220,287**	**5,998,700,015**	**2,147,819,426**	**2,559,163**	**1,000,000**	**(159,018,215)**	**3,921,710,715**	**(1,213,526)**	**13,340,777,865**	**3,891,238**	**13,344,669,103**
Subscription - net of subscriptions receivable of 1,472.8 million	1,000,000	-	-	-	-	-	-	-	**1,000,000**	-	**1,000,000**
Conversion of deposits for future stock subscriptions into common stock	408,150,264	3,673,352,386	(4,081,502,650)	-	-	-	-	-	**-**	-	**-**
Deposits for future stock subscriptions	-	-	1,933,683,224	-	-	-	-	-	**1,933,683,224**	-	**1,933,683,224**
Sale of preferred shares of a subsidiary	-	-	-	58,238,758	-	-	-	-	**58,238,758**		**58,238,758**
Effect of deconsolidation	-	-	-	(60,797,921)	1,354,123,362	-	2,559,163	-	**1,295,884,604**	(85,588,318)	**1,210,296,286**
Increase in non-controlling interest	-	-	-	-	-	-	-	-	**-**	81,697,080	**81,697,080**
Total comprehensive income	-	-	-	-	1,050,867,574	-	217,609,309	-	**1,268,476,883**	-	**1,268,476,883**
Balances at June 30, 2011	**1,838,370,551**	**9,672,052,401**	**-**	**-**	**2,405,990,936**	**(159,018,215)**	**4,141,879,187**	**(1,213,526)**	**17,898,061,334**	**-**	**17,898,061,334**
Total comprehensive income	-	-	-	-	4,723,843,996	-	1,715,880,337	-	**6,439,724,333**	-	**6,439,724,333**
Balances at December 31, 2011	**1,838,370,551**	**9,672,052,401**	**-**	**-**	**7,129,834,932**	**(159,018,215)**	**5,857,759,524**	**(1,213,526)**	**24,337,785,667**	**-**	**24,337,785,667**
Total comprehensive income	-	-	-	-	1,765,723,782	-	1,683,309,449	-	**3,449,033,231**	-	**3,449,033,231**
Balances at June 30, 2012	**1,838,370,551**	**9,672,052,401**	**-**	**-**	**8,895,558,714**	**(159,018,215)**	**7,541,068,973**	**(1,213,526)**	**27,786,818,898**	**-**	**27,786,818,898**

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended		Year Ended
	June 30, 2012 (Unaudited)	**June 30, 2011** (Unaudited)	**December 31, 2011** (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	2,313,094,515	134,197,408	2,658,823,557
Income associated with assets held for sale	-	5,512,472	-
Income from discontinued opdations	-	-	18,409,725
Income before income tax	**2,313,094,515**	**139,709,880**	**2,677,233,282**
Adjustments for:			
Gain on fair value change of investment properties	(2,070,702,960)	-	(2,356,792,867)
Gain on sale of AFS investments	(249,004,687)	(70,473,685)	(208,631,416)
Interest expense and other financing charges	46,930,596	34,379,960	71,406,981
Depreciation and amortization	22,209,429	5,150,015	15,477,187
Interest income	(12,192,479)	(25,892,465)	(44,887,264)
Provision for losses- TCC	11,267,037	-	-
Equity in net earnings of associates - net	(1,984,210)	1,536,729	(48,567)
Marketing expense	324,469	-	-
Unrealized foreign exchange gains	21,353	(47,756)	(53,223)
Loss on sale of an investment	-	-	1,298,081
Gain on loss of control	-	2,934,018	(8,939,415)
Amortization of customers' deposit	-	-	(2,496,539)
Operating income before working capital changes	**59,963,063**	**87,296,696**	**143,566,240**
Decrease (increase) in:			
Trade and other receivables	(225,750,031)	(78,668,665)	22,149,584
Land and development	(146,008,783)	-	-
Other current assets	(469,586,023)	(407,502,205)	(1,383,594,328)
Increase (decrease) in:			
Trade and other payables	(353,100,589)	273,597,605	(787,480,962)
Retirement benefit obligation	2,556,253	2,460,000	5,112,506
Customers' deposits	13,949,078	24,317,726	25,030,807
Net cash used for operating activities	**(1,117,977,032)**	**(98,498,843)**	**(1,975,216,153)**
Interest received	13,649,302	25,892,465	44,887,264
Net cash flows used in operating activities	**(1,104,327,730)**	**(72,606,378)**	**(1,930,328,889)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(46,065,208)	(2,712,133)	(137,796,827)
Decrease (increase) in:			
Investment properties	(428,558,012)	(990,957,616)	(972,890,166)
Investments in and advances to associates	(153,550,405)	-	(170,991,997)
Other noncurrent assets	48,061,167	(1,051,034,467)	(85,692,111)
Proceeds from sale of AFS investments	449,197,468	77,293,821	419,833,367
Proceeds from sale of an investment	-	-	124,157,782
Cash of subsidiaries disposed, net of proceeds from sale	-	(14,142,500)	(14,142,500)
Net cash flows used in investing activities	**(130,914,990)**	**(1,981,552,895)**	**(837,522,452)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Loans payable	793,000,000	460,790,287	-
Long-term debt	514,000,000	-	1,568,297,885
Payments of :			
Interest and other finance charges	(108,492,780)	(34,379,960)	(99,611,636)
Loans payable	-	-	(128,000,000)
Long-term debt	(43,750,000)	(379,738,804)	(137,499,100)
Finance lease	(555,666)	(615,341)	(1,016,537)
Deposits for future stock subscriptions	-	1,000,000	1,000,000
Net changes in accounts with related parties	(34,833,841)	(276,393,692)	(37,265,669)
Movement in other noncurrent liabilities	(367,911,508)	1,190,609,298	76,622,048
Subscription of capital stock	-	1,933,683,224	1,933,683,224
Net cash flows from financing activities	**751,456,205**	**2,894,955,012**	**3,176,210,215**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(21,353)	47,756	53,223
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(483,807,868)	840,843,495	408,412,097
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**975,055,018**	**566,642,921**	**566,642,921**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**491,247,150**	**1,407,486,416**	**975,055,018**

Notes to Consolidated Financial Statements

1. **Cash and Cash Equivalents**

	June 30, 2012	December 31, 2011
Cash on hand and with banks	145,200,027	226,147,173
Short-term placements	346,047,123	748,907,845
	491,247,150	975,055,018

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

Interest income earned related to cash and cash equivalents amounted to ₱12.2 million and ₱25.9 million for the six months ended June 30, 2012 and 2011, respectively.

2. **Trade and Other Receivables**

	June 30, 2012	December 31, 2011
Trade receivables from:		
Tenants	57,977,572	50,530,600
Sale of club shares- net of noncurrent portion	186,922,316	78,486,851
Officers and employees	32,523,626	40,014,884
Others	3,816,598	3,396,324
	281,240,112	172,428,659
Less allowance for impairment losses	(4,705,015)	(4,705,015)
	276,535,097	167,723,644

Receivables from tenants are noninterest-bearing and are generally on 30 to 90 days term. Receivables from sale of club shares are noninterest-bearing with terms ranging from one to three years. Noncurrent portion of trade receivables from sale of club shares is presented under “Other noncurrent assets” account in the consolidated balance sheets.

Receivables from officers and employees and other receivables are noninterest-bearing and will be settled within one year.

Provision for impairment losses pertains to receivables from several lessees of that are 90 days past due and impaired.

3. **Land and Development Costs**

The details of the account are as follows:

	June 30, 2012	December 31, 2011
Alphaland Makati Place	648,735,058	533,644,509
Alphaland Tower	186,064,605	152,243,083
	834,799,663	685,887,592

Alphaland Makati Place

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

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

Alphaland Tower

Based on current development plans, the Group has determined that upon completion of the project, 6,014 square meters and 61,895 square meters are to be sold and leased out, respectively.

Interest and other financing costs amounting to ₱8.5 million and ₱11.0 million were capitalized as part of land and development costs in 2012 and 2011, respectively.

4. Other Current Assets

	June 30, 2012	December 31, 2011
Advances to contractors	643,793,753	583,051,437
Restricted cash - net of noncurrent portion	610,626,239	384,854,045
Input VAT - net	570,795,515	424,082,236
Receivable from a third party	288,466,311	289,525,857
Deferred rent	60,500,905	48,856,092
Prepayments	37,303,167	22,012,065
CWT	29,205,848	23,909,859
TCCs	-	11,267,037
Others	15,078,790	12,704,300
	2,255,770,528	1,800,262,928

Advances to Contractors

Advances to contractors are considered as nonfinancial instruments as these will be applied against future billings from contractors normally within one year.

Input VAT

Input VAT arises from the acquisition of land and payments to suppliers and contractors for the acquisition of goods and development of the Group's projects. This can be claimed as credit against the Group's output VAT payable. The portion of input VAT which is required to be amortized over the life of the related asset or a maximum period of 60 months is recognized as part of "Other noncurrent assets" account.

Restricted Cash

Debt Service Reserve Account (DSRA) (₱127.3 million). Under the Omnibus Loan and Security Agreement (OLSA), ADI, AMPI and AMTI (collectively, the Borrowers) are required to maintain a DSRA for the security of interest and/or principal repayments to the lenders. The Borrowers are required to deposit cash to the DSRA equivalent to the upcoming interest and/or principal repayment.

Escrow Funds - Preferred Shares (₱371.4 million). These represent funds with an escrow agent, Philippine Bank of Communications (PBCom), in compliance with Section 8E of Rule 12.1 of the Amended Implementing Rules and Regulations of the Securities Regulation Code and in connection with AMPI and ABIRC's public offering of the preferred shares, classified under "AFS investments" account in the consolidated balance sheets. The proceeds from the sale of preferred shares shall only be disbursed in portions upon written instructions of AMPI and ABIRC for the purpose of paying direct costs incurred to sell the preferred shares. The release shall be in accordance with the percentage of completion of the City Club and Balesin Island Club. The escrow account shall be closed upon completion of the construction of the City Club and Balesin Island Club by AMPI and ABIRC, respectively.

Escrow Funds - Condominium Units (₱110.8 million). In 2011, AMPI designated PBCom as an escrow agent in compliance with Presidential Decree No. 957, as amended, in connection with the Company's application for a Certificate of Registration and License to Sell with the HLURB. The proceeds from the pre-selling of residential units of the Project, received from the date of issuance of the temporary License to Sell by HLURB, are temporarily restricted until receipt by the Company of its Certificate of Registration and permanent License to Sell. The escrow account shall only be disbursed for purposes of payment of refunds to buyers, cancellation charges to the developer, fees, charges and other expenses incurred in the management and administration of the escrow agent. The permanent license to sell is expected to be issued to AMPI in 2012.

Environmental Guarantee Fund (EGF) and Environmental Monitoring Fund (EMF) (₱1.2 million). ABIRC has been issued an Environmental Compliance Certificate (ECC) on February 17, 2011 pursuant to Presidential Decree No. 1586 for its project. The ECC requires the formation of a Multi-partite Monitoring Team and the establishment of an EGF, as a fund source for the indemnification of damages caused by its project and immediate rehabilition and restoration of affected ecosystems, and EMF to cover the expenses of environmental monitoring and surveillance activities.

Receivable from a Third Party

This account pertains to a noninterest-bearing receivable which is secured by certain assets of the third party.

Prepayments

Prepayments include prepaid rent, insurance and commissioning fees.

5. Investments in and Advances to Associates

	June 30, 2012	December 31, 2011
Investments in associates	96,788,835	94,804,625
Advances to associates	987,257,210	833,706,805
	1,084,046,045	928,511,430

Details of investments in associates are as follows:

	June 30, 2012	December 31, 2011
Acquisition costs:		
Balances at beginning of period	60,533,729	50,533,779
Additions	-	9,999,950
Balances at end of period	60,533,729	60,533,729
Accumulated equity in net income:		
Balances at beginning of period	34,270,896	34,222,329
Equity in net income during the period	1,984,210	48,567
Balances at end of period	36,255,106	34,270,896
	96,788,835	94,804,625

The following are the associates of the Group:

Company	Principal Activities	Percentage of Ownership June 30, 2012	Percentage of Ownership December 31, 2011
Shang Global City Properties Inc. (SGCPI)	Real property development	20%	20%
Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI)	Real property development	20%	20%
Alphaland Heavy Equipment Corporation (AHEC)	Sale and lease of heavy equipment	50%	50%
Alphaland Ukiyo Inc. (AUI)	Restaurant	50%	50%
Alphaforce Security Agency Inc. (ASAI)	Security Agency	40%	40%

All associates are incorporated in the Philippines.

SGCPI

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

FBSHI

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

SGCPI and FBSHI entered into an unincorporated joint venture agreement for the construction of a six-star hotel and high-end development at SGCPI's land property in Bonifacio Global City, Taguig, Metro Manila, to be known as Shangri-La at the Fort. It will be a mixed-use business, hospitality, residential and retail tower, envisioned as the new flagship luxury development in the Shangri-La portfolio. Shangri-La at the Fort is planned to commence operations by year 2014.

AHEC

In January 2010, ADI subscribed to 125,000 common shares of AHEC representing 50% of the outstanding shares of AHEC. AHEC is 50% owned by ADI and 50% owned by Fabricom-XCMG Phils., Inc. Its purpose is to purchase, import, or otherwise acquire, as well as to lease (except financial leasing), sell, distribute, market, convey, or otherwise dispose heavy equipment, machinery and related implements. AHEC's target markets are the local government units and private entities, among them are ADI and ABIRC, with big infrastructure projects and construction requirements. In 2012 and 2011, AHEC sold several units of heavy equipment to ADI and ABIRC for their development projects in Caticlan and Balesin, respectively.

AUI

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

ASAI

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

6. **AFS Investments**

	June 30, 2012	December 31, 2011
Unquoted Clubs' preferred shares:		
ABICI	8,472,600,000	6,564,000,000
TCCAMPI	4,141,000,000	4,172,000,000
AMCI	125,000	125,000
Quoted -		
WackWack Golf and Country Club, Inc. (WackWack)	12,500,000	11,300,000
	12,626,225,000	10,747,425,000

Balance at beginning of year	10,747,425,000	11,600,000
Effect of deconsolidation	-	4,530,680,762
Sale of AFS investments	(83,254,203)	(211,201,951)
Fair value adjustments	1,962,054,203	6,416,346,189
Balance at end of year	12,626,225,000	10,747,425,000

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

Liability Related to Acquisition of AFS Investments

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

a. ABICI

On February 10, 2011, ALPHA, ABIRC and ABICI entered into a Development Agreement (DA) for the development and construction of a resort club (the "Balesin Island Club"). It is agreed that ABIRC will develop and construct the Balesin Island Club with ALPHA extending any financing required for the completion of the Balesin Island Club and its amenities in exchange for the ABICI shares.

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

The initial liability related to acquisition of AFS investments amounting to ₱1,834.0 million is allocated for luxury villa clusters (75%), clubhouse (11%) and utilities and other facilities (14%). As of June 30, 2012, this amounted to ₱310.2 million and is shown as part of "Trade and other payables" account in the consolidated balance sheet.

b. TCCAMPI

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

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

The initial liability related to acquisition of AFS investments amounting to ₱1,190.6 million is allocated for the construction of podium and club equipment (88%) and land (12%). As of June 30, 2012, this amounted to ₱1,060.9 million and is shown as part of "Trade and other payables" account in the consolidated balance sheet.

Unrealized Valuation Gain on AFS Investments

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

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

	June 30, 2012	December 31, 2011
Balance at beginning of year	7,129,834,932	1,000,000
Unrealized valuation gains on AFS investments	1,765,723,782	5,774,711,570
Effect of deconsolidation	-	1,354,123,362
Balance at end of year	8,895,558,714	7,129,834,932

Receivable arising from the sale of AFS investments amounted to ₱199.8 million and ₱82.9 million as of June 30, 2012 and December 31, 2011, respectively. Customers' deposits from sale of preferred shares amounting to ₱83.6 million and ₱10.2 million as of June 30, 2012 and December 31, 2011, respectively, was recorded under "Deposits from sale of preferred shares" under "Trade and other payables" account in the consolidated balance sheet.

7. **Investment Properties**

INVESTMENT PROPERTY	June 30, 2012	December 31, 2011
Balances at beginning of period	18,046,169,798	15,337,579,953
Additions:		
Capital expenditures/ development costs	551,467,728	1,009,260,453
Capitalized borrowing costs	45,171,991	28,424,117
Reclassification to land and development costs	-	(685,887,592)
Reclassification to property and equipment	(27,545,229)	-
Fair value change	2,070,702,960	2,356,792,867
Balances at end of period	**20,685,967,248**	**18,046,169,798**

Investment properties carried at fair value consist of:

	June 30, 2012	December 31, 2011
Alphaland Bay City	10,447,912,500	9,751,385,000
Alphaland Southgate Tower	3,275,650,903	3,247,177,567
Alphaland Tower	2,368,721,879	1,645,265,975
Alphaland Balesin Island Club	2,014,022,414	1,601,011,149
Alphaland Makati Place	1,962,696,679	1,393,137,986
Silang Property	458,802,794	247,925,855
Caticlan Property	157,133,759	159,784,266
Alphaland Marina Club	1,026,320	482,000
	20,685,967,248	**18,046,169,798**

Alphaland Bay City

This represents ADI's 50% proportionate share in the landholdings of A.A. Land, the Joint Venture Company, which comprised 28 hectares of land in Aseana Business Park, Parañaque, Bay City, Metro Manila. A.A. Land will develop the property into a high-end, mixed-use property project to be known as Alphaland Bay City.

Alphaland Southgate Tower

In January 2008, ADI acquired from South China Resources, Inc. and the Puyat family two parcels of land measuring a total of 9,497 square meters, more or less, at the corner of EDSA and Chino Roces Avenue in Makati City together with the existing improvements thereon. The property is now a fully developed and operational 20-storey office tower building with a 6-storey podium shopping mall known as Alphaland Southgate Tower. It was declared an Information Technology Zone on January 12, 2009 by the Philippine Economic Zone Authority, pursuant to Presidential Proclamation No. 1692 dated December 22, 2008. The property currently secures the long-term debt obtained by ADI in 2008 for its development.

Alphaland Tower

In June 2008, ADI acquired from Sta. Lucia Land, Inc., two parcels of land measuring a total of 2,400 square meters, more or less, along Ayala Avenue, Makati City. Due to current zoning height restrictions, ADI also acquired air rights from the owner of the adjacent property for a consideration of ₱95.0 million as it plans to build a 34-storey building to be known as Alphaland Tower. Total capitalized borrowing cost amounted to ₱31.3 and ₱6.3 million in 2012 and 2011, respectively. The property, including the project cost classified as land and development costs, currently secures the long-term debt obtained by AMTI.

Alphaland Balesin Island Club

ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. ABIRC is in the process of acquiring additional parcels of land in the island for development into a premier tourism resort facility.

Alphaland Makati Place

This represents the Group's proportionate interest in Podium and Tower Three of Alphaland Makati Place which is intended for lease to third parties. Total capitalized borrowing costs amounted to ₱13.6 million and ₱16.7 million in 2012 and 2011, respectively. The property, including the project cost classified as land and development costs, currently secures the long-term debt obtained by AMPI.

Silang Property

ADI's three parcels of land in Silang Cavite, measuring a total of 300,000 square meters, more or less, is reserved for future development.

Caticlan Property

On December 3, 2010, ADI entered into a DA with Akean Resorts Corporation to develop a 500-hectare property in the northern tip of Nabas, Aklan, which faces Boracay Island, one of the world's best beach resort islands. ADI aims to transform this prime property into a high-end mixed-use resort complex anchored by a Polo and Country Club as well as water recreational activities, which will later be called Alphaland Boracay Gateway Country Club.

Alphaland Marina Club

Alphaland Marina Club is the centerpiece of the Alphaland Bay City. The Club is envisioned to provide world-class facilities for about 200 yachts, including several megayachts.

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

8. **Property and Equipment**

June 30, 2012						
	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture and Equipment	Total
Cost:						
Balances at beginning of period	4,498,300	36,110,449	366,976,182	19,671,755	13,075,934	440,332,620
Additions	-	102,725	45,105,294	10,000	847,189	46,065,208
Transfer to Island Club	-	(19,013,393)	(66,541,689)	-	(1,591,071)	(87,146,153)
Reclassifications	-	-	-	29,559,483	54,500	29,613,983
Balances at end of period	4,498,300	17,199,781	345,539,787	49,241,238	12,386,552	428,865,658
Accumulated depreciation and amortization:						
Balances at beginning of period	4,498,300	1,874,954	67,842,252	10,198,106	4,717,784	89,131,396
Depreciation and amortization	-	962,249	31,896,774	8,794,922	2,041,078	43,695,023
Transfer to Island Club	-	(879,291)	(4,052,167)	-	(145,496)	(5,076,954)
Reclassifications	-	-	-	2,058,157	10,597	2,068,754
Balances at end of period	4,498,300	1,957,912	95,686,859	21,051,185	6,623,963	129,818,219
Net book values	-	15,241,869	249,852,928	28,190,053	5,762,589	299,047,439

In 2012, the Group capitalized a portion of the depreciation expense amounting to ₱20.2 million, which is related to machinery and equipment being used for the construction of the Caticlan Project and Balesin Island Club.

December 31, 2010						
	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture and Equipment	Total
Cost:						
Balances at beginning of year	4,498,300	328,900	86,784,977	25,131,402	8,769,438	125,513,017
Additions	-	35,781,549	96,299,237	770,000	4,946,041	137,796,827
Reclassifications	-	-	183,891,968	(6,229,647)	(639,545)	177,022,776
Balances at end of year	4,498,300	36,110,449	366,976,182	19,671,755	13,075,934	440,332,620
Accumulated depreciation and amortization:						
Balances at beginning of year	4,498,300	109,633	3,742,239	4,233,601	2,003,374	14,587,147
Depreciation and amortization	-	1,765,321	35,535,010	3,908,687	3,353,955	44,562,973
Reclassifications	-	-	28,565,003	2,055,818	(639,545)	29,981,276
Balances at end of year	4,498,300	1,874,954	67,842,252	10,198,106	4,717,784	89,131,396
Net book values	-	34,235,495	299,133,930	9,473,649	8,358,150	351,201,224

In 2011, the Group capitalized a portion of the depreciation expense amounting to ₱30.8 million, which is related to machinery and equipment being used for the construction of the Caticlan Project and Balesin Island Club.

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

9. **Other Noncurrent Assets**

	June 30, 2012	December 31, 2011
Input VAT	25,017,541	28,880,554
Goodwill	23,229,684	23,229,684
Accoounts receivable	12,868,485	4,365,372
Refundable deposits	10,018,323	8,227,573
Software costs - net	4,014,263	5,266,053
Restricted cash	-	55,993,931
Security deposits	-	1,000,000
Others	3,958,958	1,457,044
	79,107,254	128,420,211

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

ADI purchased computer software license amounting to nil and ₱3.6 million in 2012 and 2011, respectively. Corresponding amortization amounted to ₱1.3 million for the six months ended June 2012 and 2011.

10. **Trade and Other Payables**

	June 30, 2012	December 31, 2011
Trade	313,167,810	279,957,597
Liability related to acquisition of AFS investment	1,371,045,985	1,871,330,969
Retention payable	110,680,591	46,942,654
Deposit from sale of club shares	83,582,477	10,150,000
Accrued expenses	48,553,523	70,415,007
Accrued interest	11,732,604	5,880,251
Unearned rent income	4,343,207	3,385,264
Current portion of obligation under finance lease	1,212,771	1,142,232
Others	17,211,709	20,079,109
	1,961,530,677	2,309,283,083

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

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

11. **Loans Payable**

On March 29, 2012, ABIRC entered into a credit line agreement (the loan facility or facility) with BOC amounting to ₱2,000.0 million to finance former's capital expenditures for its island project. Each drawdown is payable through promissory notes issued on the same date, with maturity of up to 180 days. The first and second drawdown amounting to ₱190.0 million and ₱603.0 million was made on March 30, 2012 and May 31, 2012, respectively. Interest depending on the bank's prevailing rate on the date of each tranche, is payable quarterly in arrears. The bank and ABIRC agreed to secure the facility with the following: (a) Real Estate Mortgage over various lots located at Balesin Island, Polilio Quezon; (b) Continuing Suretyship Agreement of AC; and (c) a Deed of Pledge covering 1,000 of ABIRC's Class "B" preferred shares of ABICI. The outstanding principal balance of the loan facility as at June 30, 2012 amounted to ₱793.0 million.

12. **Long-term Debt**

	June 30, 2012			December 31, 2010		
Borrower	Current	Noncurrent	Total	Current	Noncurrent	Total
ADI	212,500,200	975,001,000	1,187,501,200	193,750,100	1,037,501,100	1,231,251,200
AMPI	-	1,176,892,160	1,176,892,160	-	824,372,687	824,372,687
AMTI	-	1,134,788,956	1,134,788,956	-	971,842,415	971,842,415
	212,500,200	**3,286,682,116**	**3,499,182,316**	**193,750,100**	**2,833,716,202**	**3,027,466,302**

ADI

On September 11, 2008, ADI entered into an OLSA with the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and Bank of the Philippine Islands (BPI), collectively referred to as the “Lenders,” for a loan facility of ₱1,400.0 million for the purpose of funding the development of Alphaland Southgate Tower. On September 18, 2008, ADI made the first drawdown amounting to ₱660.0 million. The second and third drawdown amounting to ₱380.0 million and ₱360.0 million, respectively, were made on February 24, 2009 and May 25, 2009, respectively.

The loan has a term of seven years from initial drawdown date, payable in 20 consecutive quarterly installments commencing at the end of the ninth quarter from the initial drawdown date. Interest, which is based on floating rate equivalent to applicable three-month PDEx rate plus 1.75% spread per annum, is payable quarterly. Further, ADI’s Alphaland Southgate Tower was used as collateral for the loan.

The scheduled maturities of ADI’s outstanding long-term debt are as follows:

2012	150,000,100
2013	250,000,400
2014	337,500,400
2015	450,000,300
Total	1,187,501,200
Less current portion	212,500,200
Noncurrent portion	975,001,000

AMPI

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

On June 10, 2010, March 16, 2011 and July 6, 2011, AMPI made its first, second and third drawdowns amounting to ₱250.0 million, ₱270.0 million and ₱330.0 million, respectively. On April 26, 2012, AMPI made its fourth drawdown in the amount of ₱350.0 million.

The scheduled maturities of AMPI’s outstanding loan are as follows:

	DBP	LBP	BOC	MAYBANK	TOTAL
2013	6,429,000	4,285,500	3,429,000	856,500	**15,000,000**
2014	57,861,000	38,569,500	30,861,000	7,708,500	**135,000,000**
2015	147,867,000	98,566,500	78,867,000	19,699,500	**345,000,000**
2016	199,299,000	132,850,500	106,299,000	26,551,500	**465,000,000**
2017	102,864,000	68,568,000	54,864,000	13,704,000	**240,000,000**
TOTAL	**514,320,000**	**342,840,000**	**274,320,000**	**68,520,000**	**1,200,000,000**

AMPI shall fully pay and liquidate the principal amount of the loan within seven years from and after the date of the initial borrowing. Payments are to be made in 16 quarterly installments beginning at the end of the 39th month from the date of initial borrowing. Interest, which is based on a floating rate equivalent to applicable three-month PDEx rate plus 3.50% spread per annum, is payable quarterly.

AMTI

On October 13, 2010, AMTI, the borrower, and ADI, the co-borrower, entered into an OLSA with DBP, LBP, BOC and Maybank for a loan facility of ₱2,400.0 million exclusively for the purpose of partially financing the development, construction and operation of the 34-storey premium-grade office building named Alphaland Tower. On September 22, 2011, December 22, 2011 and March 30, 2012, AMTI made its first, second and third drawdown amounting to ₱360.0 million, ₱660.0 million and ₱164.0 million, respectively. Interest, which is based on a floating rate equivalent to applicable three-month PDEx rate plus 3.5% spread per annum, is payable quarterly.

The scheduled maturities of AMTI's outstanding loan are as follows:

	DBP	LBP	BOC	MAYBANK	TOTAL
2013	1,850,000	1,233,136	2,466,864	370,000	**5,920,000**
2014	10,175,000	6,782,248	13,567,752	2,035,000	**32,560,000**
2015	23,125,000	15,414,200	30,835,800	4,625,000	**74,000,000**
2016	39,775,000	26,512,424	53,037,576	7,955,000	**127,280,000**
2017	49,950,000	33,294,672	66,605,328	9,990,000	**159,840,000**
After 2017	245,125,000	163,390,520	326,859,480	49,025,000	**784,400,000**
TOTAL	**370,000,000**	**246,627,200**	**493,372,800**	**74,000,000**	**1,184,000,000**

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

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

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

As of June 30, 2012 and December 31, 2011, the Group is in compliance with all the requirements of the loan agreements.

13. **Equity**

a. Capital Stock

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

	June 30, 2012	December 31, 2011
Authorized	5,000,000,000	5,000,000,000
Issued and subscribed	1,984,746,251	1,984,746,251
Treasury	(423,900)	(423,900)
Outstanding	1,984,322,351	1,984,322,351

The rollforward of issued and subscribed common shares follows:

	June 30, 2012	December 31, 2011
At beginning of year	1,984,746,251	1,429,220,287
Issuances during the year:		
Conversion of deposits for future stock subscriptions	-	408,150,264
Subscription of DMWAI	-	147,375,700
At end of year	1,984,746,251	1,984,746,251

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

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

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

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

Below is a summary of the capital stock movement of the Company:

Corporate Name	Date of Approval	Increase in Authorized Capital Stock	New Subscriptions/ Issuances	Issue/ Offer Price
Agro Plastics, Inc.	November 19, 1990	10,000,000	2,500,000	₱1.00
Macondray Plastics, Inc.	June 1, 2000	90,000,000	30,000,000	1.00
Macondray Plastics, Inc.	November 23, 2000	–	16,740,000	5.38
Macondray Plastics, Inc.	September 1, 2001	300,000,000	76,322,000*	1.00
Macondray Plastics, Inc.	May 27, 2009	–	25,026,900*	1.00
Alphaland Corporation	April 7, 2010	4,500,000,000	1,269,734,041**	10.00
Alphaland Corporation	November 11, 2010	–	8,897,346	10.00
Alphaland Corporation	March 3, 2011	–	147,375,700***	10.00
Alphaland Corporation	June 27, 2011	–	408,150,264	10.00

** This represents 155% and 20% stock dividend, respectively.*
*** Share-for-share swap with shareholders of ADI.*
**** Partially paid, with subscription receivable of ₱1,472.8 million.*

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

b. Deposits for Future Stock Subscriptions

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

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

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

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

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

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

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

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

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

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

As of June 30, 2012, there was no conveyance yet of the Joint Venture Company's shares of stock from DMWAI to ADI nor has DMWAI conveyed the additional four hectares of land to the Joint Venture Company. Consequently, ADI has not issued its common shares to ALPHA in payment of the Joint Venture Company's shares it will receive from DMWAI. The related subscription receivable of ₱1,472.8 million was recognized as deduction from the subscribed capital stock in the equity section of the consolidated balance sheets.

c. Retained Earnings

Accumulated equity in net income of associates and subsidiaries not available for dividend declaration amounted to ₱7,452.6 million and ₱5,729.0 million as of June 30, 2012 and December 31, 2011, respectively.

d. Treasury Shares

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

Total cost of 423,900 treasury shares amounted to ₱1.2 million as of June 30, 2012 and December 31, 2011.

14. **Earnings per Share Computations**

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

	June 30, 2012	December 31, 2011
Net income attributable to equity holders of the Parent	1,683,309,449.00	1,936,048,809
Less income from discontinued operations	-	12,907,072
(a) Income from continuing operations attributable to equity holders of the Parent	1,683,309,449.00	1,923,141,737
(b) Weighted average number of shares outstanding		
At beginning of year	1,754,509,250.00	461,386,202
Conversion of deposits for future stock subscriptions	-	1,194,872,581
Subscription of DMWAI	-	98,250,467
At end of year	1,754,509,250.00	1,754,509,250
Basic/diluted earnings per share (a/b)	0.959	1.096

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

	June 30, 2012	December 31, 2011
(a) Net income attributable to equity holders of the Parent	1,683,309,449	1,936,048,809
(b) Weighted average number of shares outstanding		
At beginning of year	1,754,509,250	461,386,202
Conversion of deposits for future stock subscriptions	-	1,194,872,581
Subscription of DMWAI	-	98,250,467
At end of year	1,754,509,250	1,754,509,250
Basic/diluted earnings per share (a/b)	0.959	1.103

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

ALPHALAND CORPORATION AND SUBSIDIARIES
Aging of Accounts Receivable
June 30, 2012

	Neither Past Due	Past Due but not Impaired					
	nor Impaired	1-30 days	31-60 days	61-90 days	Over 90 days	Impaired	Total
Trade	235,778,854	1,734,019	353,444	378,176	6,655,395	(4,705,015)	240,194,873
Officers & Employee	32,523,626	-	-	-	-	-	32,523,626
Others	3,816,598	-	-	-	-	-	3,816,598
TOTAL	**272,119,078**	**1,734,019**	**353,444**	**378,176**	**6,655,395**	**(4,705,015)**	**276,535,097**

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

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
The Group has no FVPL as of June 30, 2012.				

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

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

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

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

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

	Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Non Current	Balance at end of period
1	Alphaland Corporation (AC)	-	-	-	-	-	-	-
3	Alphaland Development Inc. (ADI)	-	192,690,662	-	-	-	192,690,662	192,690,662
4	Alphaland Makati Tower Inc. (AMTI)	-	-	-	-	-	-	-
5	Alphaland Balesin Island Resort Corporation (ABIRC)	-	277,965,488	-	-	-	277,965,488	277,965,488
7	Alphaland Marina Corporation (AMC)	-	658,513	-	-	-	658,513	658,513
8	Alphaland Reclamation Corporation (ARC)	-	106,508	-	-	-	106,508	106,508
9	A.A. Land Properties Developers Corporation (A.A. Land)	17,030,584	-	-	-	-	17,030,584	17,030,584
10	Digital Excel Developments Limited (DEDL)	79,751	-	-	-	-	79,751	79,751
11	Alphaland Makati Place Inc. (AMPI)	28,811,867	51,208,398	-	-	-	80,020,265	80,020,265
	TOTAL	**45,922,202**	**522,629,569**	-	-	-	**568,551,771**	**568,551,771**

(i) If collection was other than in cash, explain.
(ii) Give reasons for write off.

Schedule D. Intangible Assets- Other Assets

	Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
1	Computer Software	5,266,053	-	1,251,790	-	-	4,014,263
2	Goodwill	23,229,684	-	-	-	-	23,229,684
	TOTAL	**28,495,737**	-	**1,251,790**	-	-	**27,243,947**

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

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

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

Schedule E. Long Term Debt

	Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Details
1	Omnibus Loan and Security Agreement (Alphaland Development Inc.)	1,400,000,000	212,500,200	975,001,000	Interest is based on floating rate equivalent to applicable three-month PDEx rate plus 1.75% spread per annum, is payable quarterly.
2	Omnibus Loan and Security Agreement (Alphaland Makati Place Inc.)	1,750,000,000	-	1,176,892,160	Interest is based on floating rate equivalent to applicable three-month PDEx rate plus 3.50% spread per annum, is payable quarterly.
3	Omnibus Loan and Security Agreement (Alphaland Makati Tower Inc.)	2,400,000,000	-	1,134,788,956	Interest is based on a floating rate equivalent to applicable three-month PDEx rate plus 3.50% spread per annum, is payable quarterly
	TOTAL	**5,550,000,000**	**212,500,200**	**3,286,682,116**	

(i) Include in this column each type of obligation authorized.
(ii) This column is to be totaled to correspond to the related balance sheet caption.
(iii) Include in this column details as to interest rates, amounts or number of periodic installements and maturity dates.

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

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
The Group has no non current indebtedness to related parties.		
		-
		-

(i) The related parties named shall be grouped as in Schedule D. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.

(ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

Schedule G. Guarantees of Securities of Other Issuers

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

(i) Indicate in a note any significant changes since the date of the last balance sheet filed. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
(ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

Schedule H. Capital Stock

	Title of issue (i)	Number of shares authorized	Number of shares issued and outstanding shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
1	Common Shares	5,000,000	1,984,322,351	-	1,825,046,003	1,057,980,663 *	-
	TOTAL	**5,000,000**	**1,984,322,351**	-	**1,825,046,003**	**1,057,980,663**	-

(i) Include in this column each type of issue authorized.
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.
(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.

* Out of 1,057,980,663 shares beneficially owned by direcors, officers and employees, only 507 is directly owned by the directors, officers and employees.

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

Retained earnings as of December 31, 2011, as adjusted to available for dividend distribution		**128,783,359**
Add: Net income (loss) actually earned/realized during the period		
Net income (loss) during the period closed to retained earnings	**(40,261,035)**	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net except those attributable to cash and cash equivalents	-	
Unrealized actuarial gain	-	
Fair value adjustment (mark-to-market gains)	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Subtotal	-	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Unrealized actuarial loss	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property	-	
Subtotal	-	
Net income actually earned during the period		**(40,261,035)**
Add (Less):		
Dividend declarations during the period	-	
Appropriations of retained earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Subtotal		-
Retained earnings as of June 30, 2012 available for dividend		**88,522,324**

ALPHALAND CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS

Key Performance Indicator	Manner of Calculation	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
Liquidity ratios			
Acid test/ Quick ratio	Cash plus marketable securities plus accounts receivable over current liabilities	0.22 :1.00	0.37 : 1.00
Current ratio	Current assets over current liabilities	1.11 :1.00	1.20 : 1.00
Cash ratio	Cash and cash equivalents plus marketable securities over current liabilities	0.14 :1.00	0.32 : 1.00
Financial leverage ratios			
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.15 :1.00	0.12 : 1.00
Asset-to-equity ratio	Total assets over shareholders' equity	1.39 :1.00	1.39: 1:00
Interest rate coverage ratio (Times interest earned)	Earnings before interest and taxes over interest expenses of the same period	66.91 :1.00	38.66: 1.00
Profitability ratio			
Net profit margin ratio/ return on sales	Net income over net sales	6.59 :1.00	4.69: 1:00
Return on assets ratio	Net income over average total assets during the period	0.05 :1.00	0.07: 1.00
Return on investment	Net income over long-term liabilities plus equity	0.05 :1.00	0.06: 1.00
Gross profit margin	Gross profit over net sales	0.77 :1.00	0.82: 1.00