

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Atty. Rodolfo Ma. A. Ponferrada

Contact Person

338-5599

Company Telephone Number

0	3		3	1
Month			Day	

Fiscal Year

17-1Q

FORM TYPE

August 28

Annual Meeting

Not applicable

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

P7,398,703,040

Domestic

Not applicable

Foreign

To be accomplished by SEC Personnel concerned

File Number									
Document I.D.									

LCU

Cashier

STAMPS

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 fiscal year ended March 31, 2014

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 6. SEC Use Only
Industry Classification Code

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

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	3,359,226,217	₱7,398,703,040

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

Attached herein are the unaudited consolidated interim financial statements of Alphaland Corporation (“ALPHA” or the “Parent Company”) and its subsidiaries (together with ALPHA, the “Group”) as of, and for the period ended March 31, 2014. The accompanying interim financial statements do not include all the information and disclosures required in the audited financial statements and should be read in conjunction with the audited financial statements as of, and for the year ended December 31, 2013.

Basis of Preparation

The accompanying 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 presentational currency, and all values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying 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).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PAS, PFRS and Philippine Interpretations effective January 1, 2013. Except as otherwise indicated, adoption of the new and amended PAS, PFRS, and Philippine Interpretations has no impact on the Group’s consolidated financial statements.

- *PFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)*

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or ‘similar agreement’, irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:

- i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*

PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addressed the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretations Committee (SIC) 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. Based on the reassessment of control following the provisions of PFRS 10, the Group determined that there is no change in the control of any of its subsidiaries.

- PFRS 11, *Joint Arrangements*

PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removed the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of PFRS 11 has an impact to the Group's accounting for its interest in ABCC, a joint venture. Prior to the transition to PFRS 11, ABCC was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of PFRS 11, the Group has determined that its interest in ABCC is classified as a joint venture to be accounted for using the equity method. The transition was applied retrospectively as required by PFRS 11 and the 2012 and 2011 comparative information were restated.

The adoption of the standard has no impact on the other comprehensive income and basic or diluted earnings per share computation.

- PFRS 12, *Disclosure of Interests in Other Entities*

PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). The Group has no subsidiaries with material noncontrolling interests and unconsolidated structured entities. PFRS 12 disclosures are provided in Notes 4 and 10.

- PFRS 13, *Fair Value Measurement*

PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides

guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

As a result of the guidance in PFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Group has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures are provided in Notes 11, 12 and 25.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)

The amendments to PAS 1 introduced a grouping of items presented in OCI. Items that will be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group’s financial position or performance. The amendments affected the presentation only and had no impact on the Group’s financial position and performance. The amendments were applied retrospectively and resulted to the modification of the presentation of items of OCI.

- PAS 19, *Employee Benefits* (Revised)

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

Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the Revised PAS 19, the Group changed its accounting policy to recognize all remeasurements in OCI, which will not be reclassified to profit or loss in subsequent periods, and all past service costs in profit or loss in the period they occur. Moving forward, the Group’s remeasurements will be recognized in OCI and subsequently transferred to retained earnings.

The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee’s entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

The Group reviewed its existing employee benefits and determined that the amended standard has impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the consolidated financial statements upon adoption of the standard.

Based on management's assessment of retirement and other employee benefits, the summary of the effects of the adoption of Revised PAS 19 which became effective on January 1, 2013 and retroactively adopted in the accompanying consolidated financial statements is shown below. For the accompanying financial statements, there were no transition adjustments as of January 1, 2011. OCI has been closed to retained earnings.

	Increase (Decrease)	
	December 31, 2013	December 31, 2012
Consolidated Statements of Financial Position		
Retirement benefits obligation	(P15,336,584)	(P2,965,789)
Retained earnings	15,336,584	2,965,789
	Increase (Decrease)	
	Years Ended December 31	
	2013	2012
Consolidated Statements of Comprehensive Income		
Net income	P-	P-
Other comprehensive income - Remeasurement gain on defined benefit plan	12,370,795	2,965,789
Total comprehensive income for the year	P12,370,795	P2,965,789

The adoption has no significant impact on the consolidated statements of cash flows and on the basic or diluted earnings per share computation.

- PAS 27, *Separate Financial Statements* (as revised in 2011)

As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 did not have a significant impact on the separate financial statements of the entities in the Group.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)

As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. Upon adoption of this standard, the Group changed the accounting for its investment in a joint venture from proportionate consolidation to equity method. The impact of the applying PAS 28 is discussed under PFRS 11.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting

for the benefit from the stripping activity. This new interpretation is not relevant to the Group's operations.

- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)

The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group's operations.

- Annual Improvements to PFRSs (2009-2011 cycle)

The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The Group adopted these amendments for the current year.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*

The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*

These amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*

The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment does not have any significant impact on the Group's financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*

The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment does not have any significant impact on the Group's financial position or performance.

- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Group's consolidated financial position or performance.

Future Changes in Accounting Policies

The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on its financial statements.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable

amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Amendments to PFRS 10, PFRS 12 and PAS 27, *Investment Entities*

These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.

- Philippine Interpretation IFRIC 21, *Levies*

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

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group has not novated any derivatives during the current period. However, these amendments would be considered for future novations.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)

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

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)

The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

- Annual Improvements to PFRSs (2010-2012 cycle)

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

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*

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

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments’ Assets to the Entity’s Assets*

The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief

description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*

The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*

The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

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

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

- PAS 24, *Related Party Disclosures - Key Management Personnel*

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

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*

The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

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

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

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

- PFRS Annual Improvements to PFRSs (2011-2013 cycle)

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

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*

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

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*

The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*

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

- PAS 40, *Investment Property*

The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment

property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PFRS 9, *Financial Instruments*

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

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

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is

recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation will result in the change in the Group's revenue and cost recognition from percentage of completion method to completed contract method.

The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations effective subsequent to December 31, 2013 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.

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

Alphaland Corporation is a holding company incorporated in the Philippines and registered with the SEC. The principal business of the Group is real property development.

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 (was executed between RVO Capital Ventures Corporation ("RVO Capital") and MCI. The transaction involves the acquisition by RVO Capital of MCI's 99,444,000 shares in the Company, which represents MCI's entire interest in the Company. Since MCI's interest represents approximately 66% of the Company's outstanding capital stock, the acquisition thereof triggered the application of the mandatory tender offer rule of the Securities

Regulation Code (“SRC”). After the conduct of the tender offer, RVO Capital acquired a total of 142,656,748 shares representing 95% of the Company’s then issued and outstanding capital stock.

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

On December 23, 2010, ALPHA signed a Memorandum of Understanding (“MOU”) with Macondray Philippines Co., Inc. (“MPCI”), where the latter is offering to buy ALPHA’s entire interest in MPPI upon completion of the Assignment and which ALPHA accepted for a reasonable consideration to be determined nearer to the Assignment.

On April 29, 2011, the SEC approved the increase in authorized capital stock of MPPI that completed the Assignment and total spinoff of MPPI. It paved the way for the Company’s eventual sale of MPPI to MPCI. A Deed of Absolute Sale was executed on October 28, 2011 for a consideration of ₱254.0 million.

Status of Operations

a. Agreement between two major stockholders

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

1. In exchange for the sale by ALPHA of certain assets and liabilities discussed below, AH and Masrickstar Corporation (“MC”), a shareholder, agree to sell, and ALPHA agrees to acquire all of the shares of stock of ALPHA owned by AH and MC (the “Alphaland Shares”). In addition to the Alphaland Shares, AH and MC also agree to pay ALPHA ₱2.5 billion in cash in two tranches.
2. ALPHA agrees to cause the sale of the following assets and their corresponding liabilities (currently owned by ALPHA’s subsidiaries and affiliates) to a newly incorporated company owned by AH and MC:
 - a. 100% of Alphaland Makati Tower (AMTI), which owns The Alphaland Tower along Ayala Avenue, Makati City;
 - b. 100% of each of Alphaland Marina Club, Inc. (AMCI) and of Alphaland Marina Corporation (AMC), which is currently developing the Alphaland Marina & Country Club project in the Manila Bay reclamation area in Parañaque City;

- c. 50% ownership of the Alphaland Group in Alphaland Bay City Corporation (ABCC), the joint venture company formed by the Alphaland Group and the Wenceslao Group to develop the 32-hectare Alphaland Bay City project at the Aseana Business Park, Parañaque City; and
- d. 60% interest by the Group on the Boracay Gateway project, the unincorporated joint venture between the Group and Akean Resorts Corporation to develop the latter's approximately 500 hectares of land in Caticlan (Malay) and Nabas, Aklan.

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

Account	March 31, 2014 Assets (Liabilities)	December 31, 2013 Assets (Liabilities)
Current assets	944,531,779	₱843,499,950
Investment properties	5,954,212,374	5,928,791,776
Investment in a joint venture	13,344,395,606	13,344,395,606
AFS investments	1,909,364,390	1,909,364,390
Other noncurrent assets	168,656,538	152,321,010
Current liabilities	(1,776,782,771)	(1,681,143,355)
Long-term debt	(2,343,141,670)	(2,354,046,392)
Deferred tax liabilities	(823,668,032)	(763,800,323)
Other noncurrent liabilities	670,677,406	(670,677,406)

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

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

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

b. Delisting procedures initiated by the PSE

On April 2, 2014, the PSE initiated delisting procedures against ALPHA for alleged disclosure violations, which have been substantively admitted by ALPHA. However, the delay in the disclosure was brought about by a good faith effort to arrive at an amicable settlement with the AH Group. The delisting procedure is currently undergoing the hearing stage at the PSE. During the hearing conducted in May 2014, the PSE hearing panel directed ALPHA to inform the PSE as soon as a definitive settlement agreement is reached between the AH Group and the RVO Group. On June 17, 2014, another hearing was conducted by the PSE where ALPHA formally informed the PSE of the settlement between ALPHA and the AH Group and that both parties support a voluntary delisting. The PSE hearing panel then informed ALPHA that it will deliberate to determine its recommendation to the PSE Board of Directors or if there would be a need for another hearing. As of June 30, 2014, the PSE has not yet made a decision on the matter. However, with the signing of that definitive agreement (which contains, among others, both parties' commitment to pursue voluntary delisting), management expects that the PSE will eventually grant ALPHA's application for voluntary delisting.

c. Disputes with joint venture (JV) partner

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

d. Moving forward

Alphaland Southgate Tower continues to provide recurring cash flows; the Group has substantially completed its major Club projects, namely, Alphaland Balesin Island Club and The City Club at Alphaland Makati Place. On April 30, 2014, the Group has sold its 20% investment in the Shangri-la at the Fort project for ₱1.7 billion. Currently, the Group is negotiating for an additional loan of at least ₱1.0 billion to finance the completion of the Alphaland Makati Place project. These funds (together with the proceeds from the settlement with AH Group) will allow the Group to continue its current and future projects. After the implementation of the definitive agreement, the Group will focus on the development and completion of its Alphaland Makati Place project and Alphaland Baguio Mountain Lodges project and the operation of its completed projects.

ALPHA’s Significant Legal Subsidiaries as of March 31, 2014

- 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.

ABIRC has investment in preferred shares of Alphaland Balesin Island Club, Inc. (ABICI).

- b. *ADI* 100%-owned by ALPHA, was incorporated and registered with the Philippine SEC on May 29, 2007. ADI’s primary purpose is to engage in real property acquisition and development. ADI’s acquired property pertains to a 20-storey office tower building with a 6-storey podium shopping mall known as Alphaland Southgate Tower.

- 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. On February 26, 2010, the Philippine SEC approved the change in corporate name from “Silvertown Property Development Corporation” to “Alphaland Makati Place, Inc.”.

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

AMPI has investment in preferred shares of The City Club at Alphaland Makati Place, Inc. (TCCAMPI).

- d. *AMTI, 100%-owned by ADI*, was incorporated and registered with the Philippine SEC on July 28, 2010, with the 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. The project of AMTI is a 34-storey premier high-end corporate office, known as “The Alphaland Tower,” located along Ayala Avenue in Makati City. As of March 31, 2014, the building is substantially completed.

As discussed above, the Alphaland Tower will be sold pursuant to the definitive agreement signed by the major shareholder groups on June 5, 2014.

- e. *AMC, 100%-owned by ADI*, was incorporated and registered with the Philippine SEC on December 2, 2010, with the 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 DMWAI and Wendel Holdings Co., Inc. (Wendel) (DMWAI and Wendel collectively referred to as “Wenceslao”), to be located in a 32-hectare, 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 AMCI to own and operate the Marina Club.

AMC has investment in preferred shares of AMCI.

By virtue of the definitive agreement signed on June 5, 2014 as discussed above, the incoming management and owner of the Company will make its own evaluation of the project.

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

As discussed above, the Boracay Project will be sold pursuant to the definitive agreement signed by the major shareholder groups on June 5, 2014.

- h. *Alphaland Aviation, Inc. (AAI), 100%-owned by ALPHA*, was incorporated and registered with the Philippine SEC on July 31, 2012 and is primarily engaged in the aviation industry and its related businesses, including but not limited to, the provision of hangarage and moorage, parking and landing operations, aircraft maintenance, supply of parts, oils, and lubricants and other related businesses.
- i. *Alphaland Holdings Company, Inc. (AHCI), 100%-owned by ALPHA*, was incorporated and registered with the Philippine SEC on January 17, 2013 and its primary purpose is to purchase, own and hold the stock of other corporations, and to do every act and thing covered generally by the denomination of “holding corporation”, especially to direct the operations of other corporations through the ownership of stock therein.

- j. *2258 Blue Holdings, Inc. (Blue Holdings)*, 100%-owned by ADI, was incorporated and registered with the Philippine SEC on November 17, 2012 and its primary purpose is to purchase, own and hold the stock of other corporations, and to do every act and thing covered generally by the denomination of “holding corporation”, especially to direct the operations of other corporations through the ownership of stock therein.
- k. *Alphaland Southgate Restaurants, Inc. (ASRI)*, 100%-owned by ADI, was incorporated and registered with the Philippine SEC on March 28, 2011 as Alphaland Ukiyo, Inc. It was renamed as ASRI on June 27, 2013. Its primary purpose is to establish, maintain and operate restaurants, coffee shops, refreshment parlors and cocktail lounge. ADI initially subscribed to 4,999,998 common shares of ASRI representing 50% of its outstanding shares in March 2011, which was then accounted for as an associate. In September 2013, ADI purchased the other 50% from an existing shareholder for ₱3.3 million. Consequently, ASRI became a 100%-owned subsidiary effective September 2013.
- l. *Choice Insurance Brokerage, Inc. (CIBI)*, 70%-owned by Blue Holdings, was incorporated in the Philippines and registered with the SEC on November 6, 2012, and is primarily engaged to, conduct, carry on and maintain insurance business, to act as a broker, and to do other related activities. In 2012, Blue Holdings subscribed to 70% of CIBI’s shares of stock for a cash consideration of ₱14.0 million. In 2013, CIBI issued additional 2,500,000 shares of stock to its shareholders at par value to maintain the required capitalization needed for its application as an insurance broker.

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-storey office tower building with a six-storey podium of ample parking and a shopping mall.

Alphaland Tower

Located at the heart of Makati Central Business District, Alphaland Tower is the 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, Alphaland Tower is the most modern of only six existing premium-grade office buildings in the district. It has a superimposing lobby with a two-storey high ceiling clad in glass to allow natural lighting in. Each level has a large floor template of up to 1,500-1,600 square meters. The penthouse has its own swimming pool and al fresco lounge, making it the most desirable office in the country. The 34-storey Alphaland Tower built on a 2,400 square meter property along Ayala Avenue is now a fully developed property.

Alphaland Tower will be sold pursuant to the definitive agreement signed by the major shareholder groups on June 5, 2014.

Alphaland Makati Place

Alphaland Makati Place consists of two high-end residential towers and one hotel atop an upscale six-storey podium with a shopping center and a City Club dedicated to urban sports and leisure. Alphaland Makati Place is located on a premium one-hectare property along Ayala Avenue Extension corner Malugay Street, Makati City. Featuring truly “smart homes,” Alphaland Makati Place is 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 fulfills the wellness, social, sports and business needs of its members. Facilities include a spa, aerobics, dance and yoga rooms, formal and specialty restaurants, cafes, a sports bar, virtual golf, air soft range, screening room, boxing ring, gym, 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.

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 cafes, 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.

The definitive agreement signed by the major shareholders of ALPHA discussed above includes the transfer of the Group's interest in ABCC and the settlement of the dispute with the Wenceslao Group.

Alphaland Boracay Gateway Country Club

Alphaland Boracay Gateway is a joint venture between Alpha and Akean Resorts Corporation. Situated in a sprawling 500-hectare property in the northern tip of Nabas and Malay, 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.

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 as interior designer for guestrooms and the main lobby.

The Company has a 20% stake in the Shangri-La at the Fort project. The complex is expected to cost close to ₱20.0 billion and will have 60 floors comprising 577 hotel guestrooms, 97 hotel residences and 96 exclusive Horizon Homes. The building is destined to become a Manila landmark. The new hotel will complement the company's five existing properties in the Philippines.

On April 21, 2014, the BOD approved the disposition of the Group's 20% stake in SGCPI and FBSHI. On April 30, 2014, the Group sold the 20% stake for ₱1.7 billion.

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.

Alphaland Baguio Mountain Lodges

Alphaland Baguio Mountain Lodges Project covers approximately 70 hectares of rolling terrain in Itogon, Benguet. The Company aims to transform the property into high-end log cabin homes, prefabricated and imported from the United States of America. Each log homes will have a full panoramic view of Baguio or the northern -mountains beyond.

Results of Operations

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

The Group posted a lower consolidated net income of ₱32.4 million for the three months ended March 31, 2014, compared to ₱435.0 million for the same period in 2013.

₱14.0 million (35%) Increase in Revenues

Consolidated total revenues amounted to ₱156.7 million and ₱142.7 million for the three months ended March 31, 2014 and 2013, respectively. The increase is mainly due to increase in other income from Alphaland Southgate Tower. This is complemented by revenues from AMPI's lease of mall operation and parking slots and sales on restaurant operation of ASRI.

₱9.8 million (7 %) Decrease in Costs and Expenses

Decrease from ₱146.2 million in prior period to ₱136.5 million, in current period is mainly due to not providing subsidy for the Clubs and decrease in salaries and employee benefits due to lesser number of employees.

₱426.3 million (97.2 %) Decrease in Other Income

Decrease from ₱438.6 million in prior period to ₱12.2 million, in current period is mainly due to not recognizing gain on fair value of investment properties of subsidiaries and equity pick-up in the gain on fair value of the Joint Venture's investment property in Bay City.

Financial Condition

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

Total assets of the Group grew by ₱2,972.6 million or 4%, from ₱66,195.1 million as of December 31, 2013 to ₱69,167.7 million as of March 31, 2014.

₱1,173.2 million (675%) Increase in Cash and Cash Equivalents

Significant increase from ₱173.8 million to ₱1,347.0 million is due to receipt from collection of advances to associates, SGCP and FBSHI amounting to ₱979.5 million.

₱111.3 million (5%) Increase in Land and Development Costs

Projects classified under this account pertain to the Group's proportionate interest in Alphaland Makati Place and Alphaland Tower projects, which are intended for sale. Increase from ₱2,286.8

million to ₱2,398.1 million is on account of substantial progress in their construction and development of AMPI.

₱206.0 million (17%) Increase in Advances to Related Parties

Increase in advances to related parties is mainly attributable to the expansion projects of the Island Club facilities that were funded by ABIRC in behalf of Alphaland Balesin Island Club, Inc. (ABICI). ABIRC has completed its commitment for the construction of the Island Club and its facilities under the Development Agreement. Further construction costs for additional villas and enhancement of the club facilities shall be for the account of ABICI.

₱176.1 million (10%) Increase in Other Current Assets

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

₱917.3 million (3%) Increase in AFS Investments

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

₱1,415.3 million (10%) Increase in Investment Properties

Increase from ₱14,590.0 million to ₱16,118.9 million is attributable to the issuance of 557,567,000 common shares of ALPHA at an issuance price of ₱2.5 per share to the registered owners of parcels of land in connection with Alphaland Baguio Mountain Log Homes Project.

Total liabilities of the Group amounted to ₱18,036.0 million and ₱19,369.3 million as of March 31, 2014 and December 31, 2013, respectively.

₱87.2 million (1%) Decrease in Long-term Debt - net of deferred financing costs

The decrease of ₱87.2 million pertains to principal payments made by ADI, AMTI and AMPI during the first quarter.

₱1,500.0 million (100%) Decrease in Deposits Intended for Equity Subscription

The 100% decrease is attributable to the conversion of the ₱1,500.0 million deposits intended for equity subscription to equity. A stockholder subscribed 600,000,000 common shares at ₱2.50 per share in January 2014.

₱96.5 million (2%) Increase in Deferred tax liabilities

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

Total equity of the Group jumped by 9% or by ₱4,305.9 million, from ₱46,825.8 million as of December 31, 2013 to ₱51,131.7 million as of March 31, 2014.

₱1,374.9 million (75%) Increase in Capital Stock and ₱2,062.4 million (21%)

On January 2014, ALPHA issued 557,567,000 common shares to the registered owners of parcels of land and 600,000,000 common shares to a stockholder. On February 7, 2014, ALPHA completed its minority offering of 108,336,866 common shares and on February 19, 2014, ALPHA issued a total of 109,000,000 new common shares to three separate investors through private placement. The common shares sold during the first quarter were issued at ₱2.50 per share.

₱841.2 million (4%) Increase in Unrealized Gains on AFS Investments

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

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.

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 three months ended March 31, 2014.

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

Financial Risk Management Objectives and Policies

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

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

Equity Price Risk

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

Credit Risk

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

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

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

Interest Rate Risk

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

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

Liquidity Risk

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

The Group also maintains a balance between continuity of funding and flexibility. The policy of the Group is to first exhaust lines available from affiliated companies before local bank lines are availed of. The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It

also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Also, the Group only places funds in the money market, which are exceeding the Group requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.


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 4, 2014.

Issuer: **ALPHALAND CORPORATION**



Atty. Jesusa Loreto A. Arellano-Aguda
Chief Finance Officer

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Current Assets		
Cash and cash equivalents	1,347,006,555	173,775,856
Trade and other receivables	276,385,417	299,064,006
Land and development	2,398,065,984	2,286,808,564
Parking lots for sale	234,240,310	236,300,618
Advances to related parties	1,419,459,893	1,213,433,370
Current portion of available-for-sale (AFS) investments	785,555,507	785,555,507
Other current assets	1,905,119,486	1,729,023,197
	8,365,833,152	6,723,959,118
Noncurrent Assets		
Investments in and advances to associates	95,088,222	1,067,375,221
Investment in a joint venture	13,344,395,606	13,344,395,606
AFS investments - net of current portion	30,233,757,683	29,316,478,408
Investment properties	16,005,341,802	14,590,077,559
Property and equipment	251,637,988	272,376,854
Other noncurrent assets	871,642,817	880,412,994
	60,801,864,118	59,471,116,642
TOTAL ASSETS	69,167,697,270	66,195,075,760
Current Liabilities		
Trade and other payables	3,694,848,217	3,455,688,409
Current portion of long-term debt	629,446,110	597,629,987
Current portion of customers' deposits	26,366,314	26,366,314
Advances from related parties	120,307,911	99,323,812
	4,470,968,552	4,179,008,522
Noncurrent Liabilities		
Long-term debt - net of current portion and deferred financing costs	6,692,012,547	6,810,985,446
Customer's deposits - net of current portion	78,090,953	73,768,914
Retirement benefit obligation	22,395,469	19,192,925
Deferred tax liabilities	6,050,277,522	5,953,751,403
Obligation under finance lease - net of current portion	827,994	1,054,831
Deposits intended for equity subscription	2,000,000	1,500,000,000
Other noncurrent liability	719,469,769	831,549,718
	13,565,074,254	15,190,303,237
Total Liabilities	18,036,042,806	19,369,311,759
Equity attributable to equity holders of the Parent		
Capital stock - P1 par value	3,213,274,417	1,838,370,551
Additional paid-in capital	11,734,408,200	9,672,052,401
Unrealized gains on AFS investments	22,264,574,128	21,423,378,574
Excess of acquisition price over acquired interest	(159,018,215)	(159,018,215)
Retained earnings	14,074,468,439	14,046,593,183
	51,127,706,969	46,821,376,494
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)
	51,126,493,443	46,820,162,968
Non-controlling interest	5,161,021	5,601,033
Total Equity	51,131,654,464	46,825,764,001
TOTAL LIABILITIES AND EQUITY	69,167,697,270	66,195,075,760

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Period Ended		For the Year Ended	
	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2013 (Audited)	December 31, 2012 (Audited & As Restated)
REVENUES				
Real Estate Sales	10,184,751	-	209,468,343	-
Rent	77,691,938	80,745,708	325,116,372	306,663,723
Others	68,826,365	61,909,897	249,367,655	224,253,158
	156,703,054	142,655,605	783,952,370	530,916,881
COSTS AND EXPENSES	136,507,949	148,262,424	845,554,334	425,247,908
OTHER INCOME (EXPENSES)				
Gain on sale of AFS investments	80,271,425	144,702,539	729,653,182	329,259,178
Interest expense and other finance charges	(68,938,112)	(31,448,148)	(211,598,354)	(123,392,861)
Interest income	1,897,596	3,378,058	45,527,254	31,549,489
Equity in net earnings of associates and a joint venture - net	(1,144,720)	243,787,293	3,162,737,111	722,316,933
Foreign exchange gain (loss) - net	153,685	67,371	(33,919)	(228,945)
Gain on fair value change of investment properties	-	78,116,704	3,588,250,652	1,409,507,610
	12,239,874	438,585,619	7,312,505,806	2,369,011,404
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	32,434,979	434,979,000	7,250,903,842	2,474,680,377
PROVISION FOR INCOME TAX				
Current	1,939,787	1,921,289	17,160,827	6,757,459
Deferred	3,059,948	30,619,091	1,080,622,340	446,695,685
	4,999,735	32,540,380	1,097,782,967	453,453,144
NET INCOME FROM CONTINUING OPERATIONS	27,435,244	402,438,670	6,153,120,875	2,019,227,233
INCOME FROM DISCONTINUED OPERATIONS	-	-	-	-
NET INCOME	27,435,244	402,438,670	6,153,120,875	2,019,227,233
OTHER COMPREHENSIVE INCOME				
Unrealized valuation gains on AFS investments	934,661,726	465,397,482	5,705,811,886	10,175,903,272
Income tax effect	(93,466,173)	(46,539,748)	(570,561,189)	(1,017,590,327)
Remeasurement Gain on Retirement Plans	-	-	12,370,795	2,965,769
	841,195,553	418,857,734	5,147,621,492	9,161,278,714
TOTAL COMPREHENSIVE INCOME	868,630,797	821,296,386	11,300,722,367	11,180,505,967
Net income attributable to:				
Equity holders of the Parent	27,875,256	402,540,391	6,093,397,629	2,019,399,060
Non-controlling interests	(440,012)	(101,721)	(977,140)	(171,827)
	27,435,244	402,438,670	6,092,420,489	2,019,227,233
Total comprehensive income attributable to:				
Equity holders of the Parent	869,070,809	821,398,106	11,301,699,507	11,180,677,794
Non-controlling interests	(440,012)	(101,721)	(977,140)	(171,827)
	868,630,797	821,296,385	11,300,722,367	11,180,505,967

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2014 and March 31, 2013 (Unaudited)

	Capital Stock	Additional Paid-in Capital	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, 2013	1,838,370,551	9,672,052,401	21,423,378,574	(159,018,215)	14,046,593,183	(1,213,526)	46,820,182,988	5,801,033	48,825,764,001
Land for share swap	557,587,000	836,350,500					1,393,917,500		1,393,917,500
Minority Offering	817,336,896	1,226,005,289					2,043,342,185		2,043,342,185
Total comprehensive income			841,195,554		27,875,256		869,070,810	(440,012)	868,630,798
Balances at March 31, 2014	3,213,274,417	11,734,408,200	22,264,574,128	(159,018,215)	14,074,468,439	(1,213,526)	51,126,493,443	5,161,021	51,131,654,464
	Capital Stock	Additional Paid-in Capital	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, 2012	1,838,370,551	9,672,062,401	16,288,147,877	(159,018,215)	7,860,124,373	(1,213,526)	35,518,463,481	5,828,173	35,524,291,634
Total comprehensive income			418,857,715		402,540,391		821,398,106	(101,721)	821,296,385
Balances at March 31, 2013	1,838,370,551	9,672,062,401	16,707,005,592	(159,018,215)	8,282,664,764	(1,213,526)	36,339,861,567	6,726,452	36,346,588,019

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended	
	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	32,434,979	434,979,000
Income from discontinued operations	-	-
Income before income tax	32,434,979	434,979,000
Adjustments for:		
Gain on sale of AFS investments	(80,271,425)	(144,702,539)
Interest expense and other financing charges	68,938,111	31,446,146
Depreciation and amortization	10,203,088	10,921,131
Interest income	(1,897,596)	(3,378,058)
Equity in net earnings of associates and a joint venture - net	1,144,720	(243,767,293)
Unrealized foreign exchange gains	(153,685)	(67,371)
Gain on fair value change of investment properties	-	(78,116,704)
Operating income before working capital changes	2,073,740,357	7,314,312
Decrease (increase) in:		
Trade and other receivables	(18,963,279)	10,534,715
Parking lots for sale	2,060,308	-
Land and development	(110,098,224)	(42,412,365)
Other current assets	(182,581,767)	(144,179,219)
Increase (decrease) in:		
Trade and other payables	196,806,983	(60,779,473)
Retirement benefit obligation	3,202,544	2,921,782
Customers deposits	4,322,039	390,874
Net cash from (used for) operating activities	1,968,488,961	(226,209,374)
Interest received	1,783,846	3,980,836
Net cash flows from (used in) operating activities	1,970,272,807	(222,228,536)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(3,570,207)	(1,690,251)
Decrease (increase) in:		
Investment properties	(5,914,709)	(387,927,976)
Investments in and advances to associates	971,142,279	2,964,683
Other noncurrent assets	8,166,890	23,920,521
Proceeds from sale of AFS investments	139,295,745	82,060,938
Payments of development costs for the construction of the:		
Island Club	(209,741,430)	(273,177,673)
City Club	(55,526,896)	(31,891,864)
Marina Club	(18,382,520)	(14,444,767)
Net cash flows from (used in) investing activities	825,469,152	(600,186,389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Subscription of capital stock	543,342,165	-
Proceeds from availment of long-term debt	-	676,000,000
Payments of:		
Interest and other finance charges	(68,096,793)	(75,863,817)
Long-term debt	(88,739,329)	(55,882,409)
Finance lease	(347,131)	(309,090)
Deposits for future stock subscriptions	-	-
Net changes in accounts with related parties	(2,018,643,159)	100,551,499
Movement in other noncurrent liabilities	5,159,861	(13,194,164)
Net cash flows from financing activities	(1,627,324,386)	631,302,019
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		
ON CASH AND CASH EQUIVALENTS	153,685	67,371
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,168,571,258	(191,045,535)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and cash equivalents	173,775,856	408,028,599
Restricted cash	203,868,940	127,046,835
	377,644,796	535,075,434
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and cash equivalents	1,347,006,555	225,230,971
Restricted cash	199,209,498	118,798,928
	1,546,216,053	344,029,899

Notes to Consolidated Financial Statements

1. Cash and Cash Equivalents

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Cash on hand and in banks	367 002 158	173 771 459
Short-term placements	980 004 397	4 397
	<u>1 347 006 555</u>	<u>173 775 856</u>

Cash in 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 ₱0.2 million and ₱1.9 million for the three months ended March 31, 2014 and March 31, 2013, respectively.

2. Trade and Other Receivables

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Trade receivables from		
Sale of club shares- net of noncurrent portion	183 803 365	225 445 233
Tenants	51 719 814	46 324 322
Sale of real estate	9 101 479	8 098 085
Officers and employees	29 724 503	17 710 503
Others	7 858 340	7 337 948
	<u>282 207 501</u>	<u>304 916 091</u>
Less allowance for impairment losses	(5 822 085)	(5 852 085)
	<u>276 385 416</u>	<u>299 064 006</u>

Receivables from tenants are non-interest-bearing and are generally on a 30 to 90 day 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 arise in relation to the Group's operations and are noninterest-bearing. Receivables from officers and employees are only in the normal course of business and are subject to liquidation and other receivables will be settled within one year.

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

3. Land and Development Costs and Parking Lots for Sale

a. Land and Development Costs

Movements in land and development costs are as follows:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of year	2 286 806 564	1 171 426 541
Additions		
Development costs	110 098 224	846 094 334
Capitalized borrowing costs	1 161 196	61 150 885
Effect of revised allocation	-	297 448 552
Cost of real estate sold	-	(89 313 748)
Balance at end of year	2 398 065 984	2 286 806 564

The details of the account are as follows:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Alphaland Makati Place	1 896 743 550	1 786 169 791
Alphaland Tower	501 322 434	500 636 773
	2 398 065 984	2 286 806 564

Alphaland Makati Place

The Group's project, named Alphaland Makati Place, which is a joint venture with BSP, is located on a one-hectare premium property along Ayala Avenue Extension corner Malugay Street, Makati City. Alphaland Makati Place consists of three high-end residential towers atop an upscale six-storey podium, the bottom half of which is a shopping center and the top half, a City Club for urban sports and leisure. As of March 31, 2014, the project is 47% completed.

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.

In October 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 two to five years from date of CTS. Ownership of the City Club share will allow the buyer to enjoy the amenities and facilities of the City Club.

On December 5, 2011, the Housing and Land Use Regulatory Board (HLURB) issued a temporary License to Sell (LTS) to AMPI for the sale of condominium units in Tower One of Alphaland Makati Place. The permanent LTS was issued on October 9, 2012.

On November 4, 2013, the HLURB issued a LTS to AMPI for the sale of condominium units in Tower Two. In 2013, the Company designated PBCom as escrow agent in compliance with Presidential Decree No. 957, as amended, in connection with AMPI's application for a Certificate of Registration and a LTS with the HLURB.

In 2013, based on current plans, AMPI revised the planned allocation in determining the 15% share of BSP on the Project. BSP's share now consists of the BSP convention center located at the third floor of the Podium and a portion of Tower Three and parking spaces. Prior to 2013, BSP's share consists of the BSP convention center and a portion of Tower One and Two.

The condominium units are expected to be turned over to the buyers by October 2015.

Total estimated cost to complete this portion of the Project amounted to ₱2,913.5 million and ₱3,024.1 million as of March 31, 2014 and December 31, 2013, respectively. Borrowing costs capitalized as part of land and development costs amounted to ₱10.4 million and ₱43.9 million in March 31, 2014 and December 31, 2013, respectively.

Alphaland Tower

Alphaland Tower is a 34-storey building and with gross floor area of 67,909 square meters. This is located along Ayala Avenue and will be a premier high-end corporate office, known as "The Alphaland Tower". About 86% of the net saleable area (36,270 square meters) is intended for lease; while the remaining 14% (6,014 square meters) is intended for sale. As of March 31, 2014, the building is substantially completed.

As of December 31, 2013, the interests and amortization of deferred financing costs of the loan amounting to ₱17.2 million were capitalized as part of land and development costs.

The Alphaland Tower will be sold pursuant to the definitive agreement signed by the major shareholder groups on June 5, 2014.

b. Parking Lots for Sale

In 2013, movements in parking lots for sale of the Alphaland Makati Place Project are as follows:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of year	236,300,618	-
Transfer from investment properties	-	322,785,282
Cost of real estate sold	(2,060,308)	(86,484,664)
Balance at end of year	234,240,310	236,300,618

These parking lots were fully completed as of December 31, 2013.

4. Other Current Assets

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Input VAT - net	1,124,911,789	1,093,699,226
Advances to contractors and suppliers	365,361,898	261,818,688
Restricted cash - net of noncurrent portion	234,577,589	205,067,951
Prepayments	51,832,117	43,769,898
Deferred rent	50,679,762	50,718,983
Creditable withholding taxes	55,523,558	52,334,726
Inventories	542,010	538,467
Others	21,690,763	21,075,258
	1,905,119,486	1,729,023,197

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

Escrow Funds - Preferred Shares (2014: ₱34.2 million; 2013: nil). These represent funds with an escrow agent, PBCom, a related party (see Note 19), 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 Island Club. The escrow account shall be closed upon completion of the construction of the City Club and Island Club by AMPI and ABIRC, respectively. The remaining escrow fund amounting to ₱34.2 million as of March 31, 2014 pertains to AMPI.

Debt Service Reserve Account (DSRA) (2014: ₱199.2 million; 2013: ₱203.9 million). Under the Omnibus Loan and Security Agreement (OLSA), ADI, AMPI, AMTI and ABIRC (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 - Environmental Funds (2013: ₱1.2 million; 2012: ₱1.2 million). These represent environmental funds deposited with PBCom, a related party, in compliance with the Environmental Compliance Certificate issued to ABIRC relating to the rehabilitation of the Project-affected area throughout the construction and maintenance of the Island Club. The funds shall be replenished annually.

Advances to Contractors and Suppliers

Advances to contractors and suppliers are considered as nonfinancial instruments as these will be applied against future billings from contractors normally within one year. Advances to contractors and suppliers, relating to the portion of the project that is classified as investment property and to advance payments that will be applied against future billings beyond 12 months from the reporting date are presented under "Other noncurrent assets" account in the consolidated balance sheet.

Prepayments

Prepayments include prepaid rent, insurance and commissioning fees.

5. **Investments in and Advances to Associates**

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Investments in associates	80 733 018	81 877 738
Advances to associates	14 355 204	985 497 483
	<u>95 088 222</u>	<u>1 067 375 221</u>

Details of investments in associates are as follows:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Acquisition costs		
Balances at beginning of period	62 439 803	60 533 730
Additions	-	4 000 000
Reclassification	-	(2 093 927)
Balances at end of period	62 439 803	62 439 803
Accumulated equity in net income		
Balances at beginning of period	19 437 935	25 930 949
Equity in net losses during the period	(1 144 720)	(6 493 014)
Balances at end of period	18 293 215	19 437 935
	80 733 018	81 877 738

Details of investments in and advances to associates are as follows:

	March 31, 2014 (Unaudited)		December 31, 2013 (Audited)	
	Investments	Advances	Investments	Advances
Shang Global City Properties Inc. (SGCPI)	34 085 291	-	34 756 025	494 121 776
Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI)	3 567 251	-	3 748 531	485 378 224
Alphaland Heavy Equipment Corporation (AHEC)	34 888 008	5 430 418	35 167 492	5 052 905
Alphaforce Security Agency Inc. (ASAI)	8 192 468	8 924 786	8 205 690	944 578
	80 733 018	14 355 204	81 877 738	985 497 483

The following are the associates of the Group:

Company	Principal Activities	Percentage of Ownership	
		March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
SGCPI	Real property development	20%	20%
FBSHI	Real property development	20%	20%
AHEC	Sale and lease of heavy equipment	50%	50%
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.

On April 21, 2014, the BOD approved the disposition of the Group's 20% stake in SGCPI and FBSHI. On April 30, 2014, the Group sold the 20% stake for ₱1.7billion.

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 2013 and 2012, AHEC sold several units of heavy equipment to ADI and ABIRC for their development projects in Caticlan and Balesin, respectively.

On April 5, 2013, the BOD approved a resolution to shorten the corporate life of the Company to four years. As of June 30, 2014, AHEC's liquidation is still in progress. The remaining carrying value represents the Group's share in residual net assets of AHEC.

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

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Unquoted Clubs' preferred shares		
Alphaland Balesin Island Club Inc. (ABICI)	23 785 248 800	22 839 969 525
TCCAMPI	5 308 200 000	5 335 200 000
AMCI	1 909 364 390	1 909 364 390
Quoted -		
WackWack Golf and Country Club Inc. (WackWack)	16 500 000	17 500 000
	<u>31 019 313 190</u>	<u>30 102 033 915</u>

The roll-forward analysis of the account is as follows:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of year	30 102 033 915	24 582 364 390
Sale of AFS investments	(1 617 491 150)	(2 435 632 797)
Fair value adjustments	1 014 933 151	6 435 465 048
Additional Subscriptions	1 519 837 274	1 519 837 274
Balance at end of year	<u>31 019 313 190</u>	<u>30 102 033 915</u>

The preferred shares held by the Group are not required to gain control of the Clubs and are intended to be disposed of 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, ABICI and AMCI includes the cash consideration and the cost of the obligation to deliver as incurred and to 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 "Island Club"). It is agreed that ABIRC will develop and construct the Island Club with ALPHA extending any financing required for the completion of the Island Club and its amenities in exchange for the ABICI shares.

It was clarified that, in consideration for the 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 as cost is incurred. Furthermore, it was clarified that the ownership of the Island Club, its facilities and amenities will be transferred to ABICI as cost is incurred.

On February 24, 2011, the Philippine SEC approved ABICI's Registration Statement on the Island Club Offer Shares for the primary offering of 391 of its Class "B" preferred shares and secondary offering of its Class "B" preferred shares (Offer Shares or Tranche 1). In 2013, the SEC approved ABICI's Amended Registration Statement to increase its offer price to ₱3,000,000. ABICI has filed in 2013 a Second Amended Registration Statement to further increase its offer price to ₱5,000,000, which is still subject for approval by the SEC as of March 31, 2014.

In 2012, ABIRC has subscribed to additional Class "B" preferred shares of ABICI totaling 3,090 shares. As a consideration for the additional acquisitions of ABICI preferred shares, ABIRC entered into a Supplemental DA with ABICI in June 2012 increasing its obligation to complete the Island Club's facilities. By virtue of these additional subscriptions, ABIRC transferred investment properties to ABICI amounting to ₱453.3 million and the liability related to the acquisition of ABICI shares increased by ₱1,414.0 million. As of December 31, 2012, the original 180 villas as committed in the Registration Statement were then completed and were operational. Expansion projects to increase the number of villas were substantially completed in December 2013. The Club is fully operational in January 2014.

On November 12, 2012, the shareholders of ABICI approved an amendment to ABICI's shareholder structure whereby 3,090 shares with par value of ₱100 were split into 6,180 shares with a par value of ₱50 per share. As a result, ABIRC's subscription to the above 3,090 ABICI shares will be converted to 6,180 shares. On January 31, 2013, the stock split was approved by the SEC.

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 March 31, 2014 and December 31, 2013, there are 2,822 and 2,841 unsold shares from Tranche 1, respectively. As of March 31, 2014 and December 31, 2013, there are 6,166 and 6,171 unsold shares from Tranche 2, respectively.

ABICI's Tranche 1 and Tranche 2 preferred shares entitle the holder for 14 and 7 free nights stay in the Island Club, respectively. Tranche 2 is specifically offered to foreign nationals only. As of March 31, 2014, the fair value of Tranche 1 and 2 amounted to ₱4.0 million and ₱2.0 million, respectively. As of December 31, 2013, the fair value of Tranche 1 and 2 amounted to ₱3.7 million and ₱2.0 million, respectively.

As of March 31, 2014, the fair value of 2,822 and 6,166 unsold shares from Tranche 1 and Tranche 2 amounted to ₱11,288.0 million and ₱12,497.2 million, respectively. As of December 31, 2013, the fair value of 2,841 and 6,171 unsold shares from Tranche 1 and Tranche 2 amounted to ₱10,511.7 million and ₱12,328.3 million, respectively.

b. TCCAMPI

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

In December 2010, ADI, AMPI and TCCAMPI entered into a Supplemental DA to clarify that under the DA, it is AMPI who has the primary obligation to develop and construct the City Club. Moreover, it was clarified that, in consideration for the City Club's construction, TCCAMPI agrees to convert any and all advances provided by ADI and AMPI to additional paid-in capital as cost is incurred. Furthermore, it was clarified that the ownership of the City Club, its facilities and amenities will be transferred to TCCAMPI as cost is incurred. The City Club was fully completed in January 2014.

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 March 31, 2014 and December 31, 2013, this amounted to ₱273.5 million and ₱329.0 million, respectively, and is shown as part of "Trade and other payables" account in the consolidated balance sheets.

As of March 31, 2014 and December 31, 2013, the fair value of 3,932 and 3,952 unsold shares amounted to ₱5,308.2 million and ₱5,335.2 million, respectively.

c. AMCI

On December 3, 2012, AMC subscribed to additional 3,250 preferred shares of AMCI for a cash consideration amounting to ₱0.3 million and an obligation to develop and construct the Marina Club amounting to ₱1,908.9 million. On the same date, AMC and AMCI entered into a DA for the development and construction of the Marina Club. It is agreed that AMC will develop and construct the Marina Club with AMC extending any financing required for the completion of the Marina Club and its amenities in exchange for the AMCI shares.

On the same date, AMCI filed for approval with SEC a Registration Statement on the Marina Club Offer Shares for the primary offering of 500 Class "B" preferred shares and secondary offering of 4,500 Class "B" preferred shares at an offer price of up to ₱5.0 million per share. The DA indicates that AMC has the primary obligation to develop and construct the Marina Club. Moreover, in consideration for the Marina Club's construction, AMCI agrees to convert any and all advances provided by AMC to additional paid-in capital as AMC constructs the Marina Club. Furthermore, the ownership of the Marina Club, its facilities and

amenities will be transferred to AMCI as costs are incurred. As at March 31, 2014, the application is still pending approval of the SEC.

AMC's initial liability related to acquisition of AFS investments amounting to ₱1,908.9 million is allocated for the clubhouse (49%), piers (24%), charter yachts (24%) and service fleet and equipment (3%). Percentage of completion of the Marina Club as of March 31, 2014 is estimated at about 6%.

The fair value of AMCI preferred shares cannot be measured reliably due to lack of reliable estimates of fair value, thus carried at cost. As of March 31, 2014 and December 31, 2013, the fair value of 4,500 unsold shares amounted to ₱1,909.4 million.

Marina Club Project pursuant to the definitive agreement signed by the major shareholders of the Group on June 5, 2014 will be sold. Accordingly, the incoming management and owner of the Marina Club Project will make its own evaluation of the project.

As of March 31, 2014 and December 31, 2013, the Group's current portion of the liability related to the acquisition of AFS investments amounted to ₱1,421.2 million and ₱1,495.1 million, respectively, presented under "Trade and other payables" account while the noncurrent portion of the said liability amounting to ₱637.6 million as of March 31, 2014 and December 31, 2013, was presented under "Other noncurrent liabilities" account in the consolidated balance sheets.

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:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of year	21 423 378 574	16 288 147 877
Unrealized valuation gains on AFS investments	1 014 933 151	6 435 465 048
Realized mark-to-market gain	(80 271 425)	(729 653 162)
Unrealized valuation gains on AFS investments	934 661 726	5 705 811 886
Income tax effect	(93 466 173)	(570 581 189)
	841 195 553	5 135 230 697
Balance at end of year	22 264 574 128	21 423 378 574

Receivable arising from the sale of AFS investments amounted to ₱458.2 million and ₱499.8 million as of March 31, 2014 and December 31, 2013, respectively.

7. Investment Properties

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Balances at beginning of period	14,590,077,559	10,958,040,624
Additions		
Capital expenditures/development costs	1,434,470,528	520,734,862
Capitalized borrowing costs	5,983,242	145,285,355
Effect of revised allocation	(25,189,527)	(297,448,552)
Transfer to parking lots for sale	-	(322,785,282)
Fair value change	-	3,586,250,552
Balances at end of period	16,005,341,802	14,590,077,559

Investment properties carried at fair value consist of:

	March 31, 2014 (Unaudited)	December 31, 2013 (Unaudited)
Alphaland Tower	5,757,948,274	5,738,930,600
Alphaland Southgate Tower	4,159,244,700	4,087,682,438
Alphaland Balesin Island Club	2,332,121,332	2,331,612,750
Alphaland Makati Place	1,595,713,730	1,673,143,182
Baguio Property	1,423,586,925	28,846,413,00
Silang Property	540,462,737	540,001,000
Caticlan Property	196,264,104	189,861,176
	16,005,341,802	14,590,077,559

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 costs for the three months ended March 31, 2014 and twelve months ended December 31, 2013 amounted to nil and ₱104.0 million, respectively. The property, including the project cost classified as land and development costs, currently secures the long-term debt obtained by AMTI.

The Alphaland Tower will be sold pursuant to the definitive agreement signed by the major shareholder groups on June 5, 2014.

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 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 secures the long-term debt of ADI.

Alphaland Balesin Island Club

ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. As of December 31, 2012, the lots in Balesin Island secure the loans payable obtained by ABIRC on May 21, 2013 and March 29, 2012. Additional 12 hectares were also acquired via land-for-share swaps with existing Balesin Island landowners. This brings the total land ownership to 406 hectares. Of this total, approximately 91 hectares was committed for transfer to ABICI. The transfer of certificates of title is currently being processed.

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 cost for the three months ended March 31, 2014 and twelve months ended December 31, 2013 amounted to ₱ 5.9 million and ₱41.3 million, 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 the municipalities of Malay and Nabas, both in 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. ADI will develop the property in time for the opening of the proposed Caticlan International Airport. As of March 31, 2014, ADI completed the master plan including the site development of the first phase of the project. Costs capitalized as investment properties represent land acquisition costs and other related transaction costs incurred directly in carrying-out the project. In addition, management believes that the fair value of the investment property approximates its carrying amount which is based on costs directly attributable to the maintenance of the property.

The Boracay Project will be sold pursuant to the definitive agreement signed by the major shareholder groups on June 5, 2014.

Baguio Property

This consists of parcels of land and related transaction costs as of March 31, 2014. In January 20, 2014, ALPHA issued common shares to registered landowners in exchange for parcels of land. These parcels of land will form part of the Alphaland Baguio Mountain Lodges Project, which covers approximately 70 hectares of rolling terrain in Itogon, Benguet. As of March 31, 2014, management believes that the fair value of the investment property approximates its carrying amount, which is based on current costs of acquisition.

8. Property and Equipment

March 31, 2014
(Unaudited)

	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools			Transportation Equipment	Office Furniture and Equipment		Total
			Equipment and Tools	Equipment	Tools		Equipment	Equipment	
Cost:									
Balances at beginning of period	20,710,311	33,136,038	405,984,471	52,563,741	17,652,957			530,047,518	
Additions	504,329	-	924,306	1,040,000	1,416,663			3,885,298	
Balances at end of period	21,214,640	33,136,038	406,908,778	53,603,741	19,069,620			533,932,817	
Accumulated depreciation and amortization:									
Balances at beginning of period	4,839,665	5,878,915	190,112,544	44,354,831	12,484,709			257,670,664	
Depreciation and amortization	1,563,423	225,183	15,610,316	2,220,808	5,004,435			24,624,165	
Balances at end of period	6,403,088	6,104,098	205,722,860	46,575,639	17,489,144			282,294,829	
Net book values	14,811,552	27,031,940	201,185,918	7,028,102	1,580,476			251,637,988	

The Group capitalized a portion of the depreciation expense amounting to P10.2 million as of March 31, 2014, which is related to machinery and equipment being used for the construction.

December 31, 2013
(Audited)

Cost	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools		Transportation Equipment	Office Furniture and Equipment	Total
			Equipment	and Tools			
Balances at beginning of year	4,498,300	17,199,781	381,792,260	49,945,434	13,767,592	467,203,367	
Additions	10,197,328	15,936,257	25,116,518	1,694,000	2,916,902	55,861,005	
Effect of business combination	6,014,683	-	-	-	968,463	6,983,146	
Reclassifications	-	-	(924,307)	924,307	-	-	
Balances at end of period	20,710,311	33,136,038	405,984,471	52,563,741	17,652,957	530,047,518	
Accumulated depreciation and amortization:							
Balances at beginning of period	4,498,300	2,603,283	124,683,931	29,800,755	8,735,777	170,322,046	
Depreciation and amortization	341,365	3,275,632	65,153,355	14,829,334	3,748,932	87,348,618	
Reclassifications	-	-	275,258	(275,258)	-	-	
Balances at end of period	4,839,665	5,878,915	190,112,544	44,354,831	12,484,709	257,670,664	
Net book values	15,870,646	27,257,123	215,871,927	8,208,910	5,168,248	272,376,854	

In 2013, the Group capitalized a portion of the depreciation expense amounting to P43.0 million, which is related to machinery and equipment being used for the construction.

9. Other Noncurrent Assets

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Advances to contractors and suppliers	475 943 626	475 943 626
Noncurrent portion of trade receivables from sale of		
Club shares	274 355 543	274 355 543
Real Estate	53 808 168	53 808 168
Goodwill	24 081 618	24 081 618
Input VAT	18 404 302	21 499 409
Refundable deposits	20 574 631	26 816 996
Software costs - net	683 066	810 001
Others	3 791 863	3 097 633
	871 642 817	880 412 994

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

In 2014, ADI purchased payroll software amounting to ₱0.2 million. Corresponding amortization amounted to ₱0.3 million and ₱0.6 million for the three months ended March 31, 2014 and March 31, 2013.

10. Trade and Other Payables

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Trade	679 580 864	387 958 882
Liability related to acquisition of AFS investment	1 421 211 499	1 495 120 916
Subscription payable	523 549 500	523 549 500
Accrued expenses	189 721 988	310 133 271
Customers' deposits	469 855 819	458 576 033
Retention payable	342 229 775	215 434 357
Accrued interest	25 336 804	24 339 808
Unearned rent income	17 504 760	10 708 245
Current portion of obligation under finance lease	1 328 259	1 448 553
Others	24 528 959	28 418 844
	3 694 848 217	3 455 688 409

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 with BOC amounting to ₱2,000.0 million to finance the former's capital expenditures for its Island Club project. Each drawdown is payable through promissory notes issued on the same date, with maturity of up to 180 days. Interest, depending on the bank's prevailing rate on the date of each drawdown, is payable quarterly in arrears. The outstanding balance of ₱2,000.0 million was refinanced through availment of long-term OLSA with BOC on May 24, 2013.

12. Long-term Debt

Borrower	March 31, 2014 (Unaudited)			December 31, 2013 (Audited)		
	Current	Noncurrent	Total	Current	Noncurrent	Total
ADI	226,323,758	597,941,782	824,265,540	218,639,927	654,522,720	873,162,647
AMPI	190,872,352	1,513,179,095	1,704,051,447	19,295,000	1,693,609,831	1,712,904,831
AMTI	84,000,000	2,259,141,670	2,343,141,670	(3,899,000)	2,357,936,392	2,354,046,392
ABIRC	128,250,000	2,321,750,000	2,450,000,000	75,000,000	2,406,250,000	2,481,250,000
	<u>629,446,110</u>	<u>6,692,012,547</u>	<u>7,321,458,657</u>	<u>309,044,927</u>	<u>7,112,318,943</u>	<u>7,421,363,870</u>

ADI

On September 11, 2008, ADI entered into an OLSA with the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and Bank of the Philippine Islands (BPI) 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 is repriced and paid quarterly.

On May 18, 2012, ADI entered into an OLSA with BDO Unibank, Inc. for a loan facility of ₱1,187.5 million for the purpose of refinancing the existing OLSA with DBP, LBP and BPI by way of a loan take-out. The loan was drawn on June 8, 2012. The relevant terms under the refinanced loan are the same with the existing OLSA except for the term of five years.

The scheduled maturities of ADI's outstanding long-term debt as of March 31, 2014 are as follows:

2014	169,742,819
2015	251,470,842
2016	288,073,821
2017	114,978,057
<u>Total</u>	<u>824,265,539</u>
<u>Less current portion</u>	<u>226,323,758</u>
<u>Noncurrent portion</u>	<u>597,941,781</u>

AMPI

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

On June 10, 2010, AMPI made the first drawdown amounting to ₱250.0 million. On March 16, 2011 and July 6, 2011, AMPI made its second and third drawdown of ₱270.0 million and ₱330.0 million, respectively. In 2012, AMPI made its fourth and final drawdown amounting to ₱350.0 million and ₱550.0 million, respectively.

The scheduled maturities of AMPI's outstanding loan as of March 31, 2014 are as follows:

	DBP	LBP	BOC	MAYBANK	TOTAL
2014	79,687,500	53,125,000	42,500,000	10,625,000	185,937,500
2015	215,625,000	143,750,000	115,000,000	28,750,000	503,125,000
2016	290,625,000	193,750,000	155,000,000	38,750,000	678,125,000
2017	150,000,000	100,000,000	80,000,000	20,000,000	350,000,000
TOTAL	735,937,500	490,625,000	392,500,000	98,125,000	1,717,187,500

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 floating rate is repriced and paid quarterly. The loan is secured by Alphaland Makati Place, which includes the land and buildings, structures and improvements to be constructed thereon.

AMTI

On October 13, 2010, AMTI, as the borrower, and ADI, as 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 and December 22, 2011, AMTI made its first and second drawdown amounting to ₱360.0 million and ₱660.0 million, respectively. In 2012, AMTI made its third, fourth and fifth loan drawdown amounting to ₱164.0 million, ₱300.0 million and ₱138.0 million, respectively. In 2013, AMTI made its sixth, seventh and eighth loan drawdown amounting to ₱406.0 million, ₱270.0 million and ₱102.0 million. Mortgaged collaterals for the loan are the land where Alphaland Tower rises and property under construction.

The scheduled maturities of AMTI's outstanding loan as of March 31, 2014 are as follows:

	DBP	LBP	BOC	MAYBANK	TOTAL
2014	17,821,875	13,043,300	23,760,585	3,684,375	58,310,135
2015	47,671,875	33,543,300	63,560,585	9,534,375	154,310,135
2016	81,103,125	55,125,980	108,136,351	16,220,625	260,586,081
2017	101,568,750	68,417,320	135,424,234	20,313,750	325,724,054
After 2017	494,484,375	324,370,100	659,318,245	98,896,875	1,577,069,595
TOTAL	742,650,000	494,500,000	990,200,000	148,650,000	2,376,000,000

ABIRC

On May 21, 2013, ABIRC entered into an OLSA with BOC for a loan facility of ₱3,000.0 million exclusively for the purpose of partially refinancing ABIRC's outstanding obligations with BOC in the aggregate principal amount of ₱2,000.0 million, under the credit line agreement; and partially funding the capital expenditures and other general corporate expenses of ABIRC. On May 2013, ABIRC made its first drawdown amounting to ₱500.0 million. The loan facility is secured by the following: a) real estate mortgage over the lots in Balesin Island; b) Continuing Suretyship Agreement with ALPHA; and c) Pledge of shares.

ABIRC shall fully pay and liquidate the principal amount within five years from and after the date of initial borrowing. Payments are to be made in nineteen quarterly installments beginning at the end of second quarter from the date of initial borrowing. Interest, which is based on a floating rate is repriced and paid quarterly.

The scheduled maturities of ABIRC's outstanding long-term debt as of March 31, 2014 are as follows:

2014	112 500 000
2015	381 250 000
2016	687 500 000
2017	812 500 000
2018	468 750 000
Total	2 462 500 000
Less current portion	131 250 000
Noncurrent portion	2 331 250 000

Details of deferred financing costs, presented as deduction from the Group's long-term debt are as follows:

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Balance at beginning of period	61 922 214	68 763 274
Additions	(12 769 089)	16 057 517
Amortization	(3 158 742)	(22 898 577)
Balance at end of period	45 994 383	61 922 214

The loan agreements of the Group contain provisions regarding establishment of debt service reserve account, maintenance of debt service coverage ratio, collateral coverage ratio and debt to equity 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.

13. Equity

a. Capital Stock

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

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Authorized - 1 par value	5 000 000 000	5 000 000 000
Issued and subscribed	3 359 650 117	1 984 746 251
Treasury	(423 900)	(423 900)
Outstanding	3 359 226 217	1 984 322 351

On January 2, 2014, the BOD approved the conversion of advances amounting to ₱1,500.0 million into equity. On January 20, 2014, the Parent Company and RVO Capital Ventures Corporation (RVO Capital) entered into a Deed of Subscription for the subscription of 600,000,000 shares at ₱2.50 per share or for an aggregate subscription price of

₱1,500.0 million from the Parent Company's unissued capital stock. The issuance of the shares is still subject for approval by the SEC.

On January 2, 2014, the BOD approved the following: (a) issuance of 557,567,000 common shares of the Parent Company to registered landowners in exchange for parcels of land in connection with the Alphaland Baguio Mountain Log Homes Project at an issue price of ₱ 2.50 per share; and (b) capital call, initially from its major shareholders via a private placement and eventually also from its minority shareholders at an issue price of ₱2.50 per share.

On February 7, 2014, the Parent Company completed its minority offering of 108,336,866 common shares which yielded gross proceeds of ₱270.8 million.

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

- Citadel Investments Limited (subscribed to 10 million shares for ₱25 million);
- Mr. Derek Arculli (subscribed to 10 million shares for ₱25 million); and
- Fine Land Limited (subscribed to 89 million shares for US\$5 million).

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.

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
Alphaland Corporation	January 2 2014	-	557 567 000	2 50
Alphaland Corporation	February 7 2014	-	108 336 866	2 50
Alphaland Corporation	February 19 2014	-	109 000 000	2 50

* 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.

All of the foregoing shares are listed in the PSE, except for the shares issued on 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.

The total number of shareholders, which includes PCD Nominee Corporation, as of March 31, 2014 is 68.

b. Retained Earnings

Accumulated equity in net income of associates, subsidiaries and joint ventures not available for dividend declaration amounted to ₱14,213.8 million and ₱14,168.1 million as of March 31, 2014 and December 31, 2013, respectively.

c. 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 March 31, 2014 and December 31, 2013.

14. Earnings per Share Computations

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

	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2013 (Audited)	December 31, 2012 (Audited and As Restated)
Net income attributable to equity holders of the Parent	27,875,256	402,540,391	6,154,098,015	2,019,399,060
Less: income from discontinued operations	-	-	-	-
(a) Income from continuing operations attributable to equity holders of the Parent	27,875,256	402,540,391	6,154,098,015	2,019,399,060
(b) Weighted average number of shares outstanding				
At beginning of year	3,359,650,117	1,984,746,251	1,984,746,251	1,984,746,251
At end of year	3,359,650,117	1,984,746,251	1,984,746,251	1,984,746,251
Basic earnings per share	0.008	0.203	3.101	1.017
Diluted earnings per share	0.008	0.203	3.101	1.017

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

	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2013 (Audited)	December 31, 2012 (Audited and As Restated)
(a) Net income attributable to equity holders of the Parent	27,875,256	402,540,391	6,154,098,015	2,019,399,060
(b) Weighted average number of shares outstanding				
At beginning of year	3,359,650,117	1,984,746,251	1,984,746,251	1,984,746,251
At end of year	3,359,650,117	1,984,746,251	1,984,746,251	1,984,746,251
Basic/diluted earnings per share	0.008	0.203	3.101	1.017

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

March 31, 2014

	Neither Past Due nor Impaired	Past Due but not Impaired				Total
		1-30 days	31-60 days	61-90 days	Over 90 days	
Trade	565,272,482	800,091	86,429	128,915	6,500,452	566,936,284
Officers & Employee	29,724,503	-	-	-	-	29,724,503
Others	7,888,340	-	-	-	-	7,888,340
TOTAL	602,885,325	800,091	86,429	128,915	6,500,452	604,549,127

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 March 31, 2014				

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

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

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

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

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

	Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Non Current	Balance at end of period
1	Alphaland Development Inc (ADI)	111,259,462	73,049,839	-	-	-	184,309,301	184,309,301
2	Alphaland Makati Tower Inc (AMTI)	-	-	-	-	-	-	-
3	Alphaland Balesin Island Resort Corporation (ABIRC)	696,124,540	68,944,471	-	-	-	765,069,011	765,069,011
4	Alphaland Marina Corporation (AMC)	-	-	-	-	-	-	-
5	Alphaland Reclamation Corporation (ARC)	62,982	26,348	-	-	-	89,330	89,330
6	Alphaland Southgate Restaurants, Inc (ASRI)	4,505,477	1,442,380	(4,282,433)	-	-	5,947,857	5,947,857
7	Digital Excel Developments Limited (DEDL)	223,044	-	-	-	-	223,044	223,044
8	Alphaland Aviation, Inc (AAI)	11,900,989	-	(16,539,929)	-	-	(4,638,940)	(4,638,940)
9	Alphaland Makati Place Inc (AMPI)	1,304,554,227	200,698,550	-	-	-	1,505,252,777	1,505,252,777
10	Choice Insurance Brokerage, Inc (CIBI)	2,143,451	627,800	-	-	-	2,771,251	2,771,251
11	Alphaland Holdings Company, Inc (AHC)	22,041	9,803	-	-	-	31,844	31,844
12	Axlan Boracay Properties, Inc (ABPI)	176,181	17,949	-	-	-	194,130	194,130
13	2258 Blue Holdings, Inc (2258)	15,806,825	9,688	-	-	-	15,816,513	15,816,513
14	Alphaland International, Inc (AI)	-	330,330	-	-	-	330,330	330,330
	TOTAL	2,146,779,219	183,947,857	(20,822,362)	-	-	2,314,187,147	2,314,187,147

(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	2,840,549	-	1,698,326	-	-	1,142,223
2	Goodwill	23,229,684	-	-	-	-	23,229,684
	TOTAL	26,070,233	-	1,698,326	-	-	24,371,907

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

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

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

Schedule E. Long Term Debt

	Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Details
1	Omibus Loan and Security Agreement (Alphaland Development Inc.)	1,187,501,200	226,323,758	597,941,782	Interest based on floating rate is repriced and paid quarterly
2	Omibus Loan and Security Agreement (Alphaland Makati Place Inc.)	1,750,000,000	190,872,352	1,513,179,095	Interest based on floating rate is repriced and paid quarterly
3	Omibus Loan and Security Agreement (Alphaland Makati Tower Inc.)	2,400,000,000	84,000,000	2,259,141,670	Interest based on floating rate is repriced and paid quarterly
4	Omibus Loan and Security Agreement (Alphaland Balesin Island Resort Corp.)	2,500,000,000	128,250,000	2,321,750,000	Interest based on floating rate is repriced and paid quarterly
	TOTAL	7,837,501,200	629,446,110	6,692,012,547	

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

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

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

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

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

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

Schedule G. Guarantees of Securities of Other Issuers

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

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

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

Schedule H. Capital Stock

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	3,359,226,217	-	2,989,015,509	2,321,949,758*	-
TOTAL	5,000,000	3,359,226,217	-	2,989,015,509	2,321,949,758	-

(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 2,321,949,758 shares beneficially owned by directors, officers and employees, only 66,111,405 is directly owned by the directors, officers and employees.

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

<u>Unappropriated Retained Earnings as of December 31, 2013</u>	<u>(121,458,075)</u>
Adjustments	-
<u>Unappropriated Retained Earnings as of December 31, 2013, as adjusted to available for dividend distribution</u>	<u>(121,458,075)</u>
<u>Net income (loss) during the period closed to retained earnings</u>	<u>(17,896,040)</u>
Less: Non-actual/unrealized income net of tax	-
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - net except those attributable to cash and cash equivalents	-
Unrealized actuarial gain	-
Fair value adjustment (mark-to-market gains)	-
Fair value adjustment of investment property resulting to gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Subtotal	<u>-</u>
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	<u>-</u>
Net income actually earned during the period	<u>(17,896,040)</u>
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	<u>-</u>
Retained earnings as of March 31, 2014 available for dividend	<u>(139,354,115)</u>

Key Performance Indicator	Manner of Calculation	March 31, 2014 (Unaudited)	March 31, 2013 (Unaudited)
Liquidity ratios			
Acid test/ Quick ratio	Cash plus marketable securities plus accounts receivable over current liabilities	0.36 : 1.00	0.09 : 1.00
Current ratio	Current assets over current liabilities	1.87 : 1.00	0.82 : 1.00
Cash ratio	Cash and cash equivalents plus marketable securities over current liabilities	0.30 : 1.00	0.04 : 1.00
Financial leverage ratios			
Debt to assets ratio	Total liability over total assets	0.26 : 1.00	0.31 : 1.00
Capitalization ratio	Long-term debt over long-term debt plus shareholders' equity	0.27 : 1.00	0.29 : 1.00
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.14 : 1.00	0.19 : 1.00
Asset-to-equity ratio	Total assets over shareholders' equity	1.35 : 1.00	1.45 : 1.00
Long-term Debt to Net Working Capital	Long-term debt over current assets-current liabilities	3.48 : 1.00	-9.86 : 1.00
Interest rate coverage ratio (Times interest earned)	Earnings before interest and taxes over interest expenses of the same period	1.45 : 1.00	15.14 : 1.00
Profitability ratio			
Net profit margin ratio/ return on sales	Net income over net sales	0.18 : 1.00	2.82 : 1.00
Return on assets ratio	Net income over average total assets during the period	0.00 : 1.00	0.01 : 1.00
Return on investment	Net income over long-term liabilities plus equity	0.00 : 1.00	0.01 : 1.00
Gross profit margin	Gross profit over net sales	0.75 : 1.00	0.79 : 1.00