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**SECURITIES AND EXCHANGE COMMISSION**

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SEC Registration Number

ALPHALAND CORPORATION

(Company's Full Name)

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

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

Maria Lourdes A. De Guzman

(Contact Person)

337-2031

(Company Telephone Number)

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Month

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(Calendar Year)

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(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

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Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

59

Total No. of Stockholders

₱5,076,131,360

Domestic

Not Applicable

Foreign

To be accomplished by SEC Personnel concerned

File Number

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the fiscal year ended September 30, 2015

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

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

The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, 1232  
Makati City

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
<b>Common</b>	<b>2,654,283,517</b>	<b>₱5,076,131,360</b>

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 September 30, 2015. 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, 2014.

#### **Basis of Preparation**

The accompanying consolidated financial statements have been prepared under the historical cost basis of accounting, except for AFS financial assets 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 consolidated interim financial statements have been prepared in compliance with Philippine Accounting Standards (PAS) 34.

#### **Adoption of New and Revised PFRS**

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2014, except for the adoption of new standards and interpretations enumerated below.

Effective for annual periods beginning on or after July 1, 2014:

- *Amendment to 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; or (b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.
- *Amendments to PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions* — 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.
- *Amendments to 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.

- Amendments to 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; or (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 PAS 38.
- Amendment to PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property* — The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination and investment property requires the separate application of PAS 40 and PFRS 3, *Business Combination*.
- Amendments to PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination and Scope Exceptions for Joint Ventures* — The amendments require that the contingent consideration that is classified as an asset or liability is measured at fair value at each reporting date and changes in fair value are recognized in profit or loss, including contingent considerations that are classified as financial instrument.

The amendments also clarify that the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself is excluded in the scope of PFRS 3.

- Amendments to 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.
- Amendments to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* — The amendments clarify that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

It also clarifies that the scope of the portfolio exception includes all contracts accounted for within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities.

Effective for annual periods beginning on or after January 1, 2016:

- PFRS 14, *Regulatory Deferral Accounts* — This standard specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

Effective for annual periods beginning on or after January 1, 2017:

- PFRS 15, *Revenue from Contracts with Customers* — This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, timing, and uncertainty revenue and cash flows arising from a contract with a customer.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments: Classification and Measurement* — This standard establishes principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the consolidated financial statements. 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 (ALPHA or the "Company"), 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 ALPHA and its subsidiaries (collectively referred to as the "Group") is real property development.

### **Nature of Business and Brief Historical Background**

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

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

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

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

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

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

#### Status of Operations

##### a. Transfer of Assets and Related Liabilities to a Major Shareholders' Group

On June 5, 2014, Alphaland Holdings (Singapore) Pte. Limited (AH) and Masrickstar Corporation (MC) (collectively, the "AH Group") on one hand, and another group affiliated with Mr. Roberto V. Ongpin (RVO) including ALPHA and ADI (collectively, the "RVO Group") entered into a Memorandum of Agreement (MOA) to settle a shareholder dispute. Pursuant to the MOA, ALPHA, through its 100%-owned subsidiary, ADI acquired the shares of stock of ALPHA owned by AH, MC and Credit Suisse (Singapore) Limited, another shareholder, and received ₱2.5 billion in cash in exchange for assets and liabilities mainly described below:

- 100% ownership of Alphaland Makati Tower, Inc. (AMTI), which owns The Alphaland Tower along Ayala Avenue, Makati City;
- 100% ownership of Alphaland Marina Corporation (AMC), which will develop the Alphaland Marina & Country Club (the "Marina Project") at the Manila Bay reclamation area in Parañaque City and will eventually be owned and operated by Alphaland Marina Club, Inc. (AMCI);
- 50% ownership of Alphaland Bay City Corporation (ABCC), the joint venture company formed by ADI and a group led by D.M.Wenceslao & Associates, Inc. (DMWAI) (the Wenceslao Group or "WG") to develop the 32-hectare Alphaland Bay City project at the Aseana Business Park, Parañaque City (the "Bay City Project"); and
- 60% interest in the unincorporated joint venture between the Group and Akean Resorts Corporation to develop the latter's approximately 500 hectares of land in Catiglan (Malay) and Nabas, Aklan ("the Boracay Gateway Project") and the additional parcels of land acquired by the Group with total area of approximately 10.81 hectares.

On October 17, 2014, these assets owned by the Group were transferred to Bedfordbury Development Corporation (BDC), a newly incorporated company owned by AH and MC. AH, MC and BDC will be collectively referred to as the "AH Group".

b. Delisting procedures initiated by the PSE

ALPHA committed delays in complying with its disclosure requirements with the PSE as a result of the dispute between the two major groups of stockholders. The delay in the disclosure was brought about by a good faith effort to arrive at an amicable settlement with the AH Group. On June 17, 2014, in a hearing conducted by the PSE, ALPHA formally informed the PSE of the settlement between both parties and supported voluntarily the delisting procedures initiated by the PSE. On September 8, 2014, the PSE issued a resolution delisting ALPHA for violation of the disclosure rules and mandated ALPHA to hold a tender offer to buy all the shares of its retail/non-strategic shareholders. The PSE also prohibited ALPHA from applying for relisting within a period of five years from the effective date of delisting.

c. Disputes with a joint venture (JV) partner

For the Bay City Project, the Group had a joint venture with WG that is subject to litigation because of WG's actions in causing a delay in ADI and AMC's construction and development of the Marina Club Project. With BDC's takeover of AMC and AMCI, BDC assumed the responsibility of handling the litigation with WG.

Moreover, for nonpayment of the full purchase price despite demand, the Board of Directors (BOD) of ALPHA, by resolution adopted on June 24, 2015, declared as delinquent DMWAI's subscription to 147,375,700 common shares of ALPHA at an issue price of ₱10 per share and set the delinquency sale on July 27, 2015. The notice of delinquency sale was published twice, on July 13, 2015 and July 20, 2015, in a newspaper of general circulation in the Philippines. Subsequently, due to the absence of bidders and of adequate unrestricted retained earnings to support the acquisition by the Corporation of the delinquent shares, the subscription of DMWAI was cancelled and the 147,375,700 common shares were returned as part of the unissued shares of ALPHA.

ALPHA's Significant Legal Subsidiaries as at September 30, 2015

- 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 in the Philippines 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 in the Philippines 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 acquire by exchange of shares, purchase, lease that specific property described as three storey building with basement of strong materials together with the warehouse, other land improvements and machinery and equipment as well as the leasehold rights on the land, which is situated at Ayala Avenue corner Malugay Street, Makati, Metro Manila.

AMPI entered into a joint venture with Boy Scouts of the Philippines (BSP) to develop the Malugay Property into a first class commercial development now known as Alphaland Makati Place. It is a mixed-use property development consisting of three (3) high end residential towers atop an upscale six-storey podium with a shopping center and a City Club, including a Boy Scout Convention Center.



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

- d. *Alphaland Reclamation Corporation (ARC)*, 100%-owned by ALPHA, was incorporated in the Philippines 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.
- e. *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.
- f. *Alphaland Aviation, Inc. (AAI)*, 100%-owned by ALPHA, was incorporated in the Philippines 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. AAI currently provides air transport service to ABICI.
- g. *Alphaland Holdings Company, Inc. (AHCI)*, 100%-owned by ALPHA, was incorporated in the Philippines 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.
- h. *2258 Blue Holdings, Inc. (Blue Holdings)*, 100%-owned by ADI, was incorporated in the Philippines and registered with the Philippine SEC on September 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.
- i. *Alphaland Southgate Restaurants, Inc. (ASRI)*, 100%-owned by ADI, was incorporated in the Philippines 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 existing shareholders for ₱3.3 million. Consequently, ASRI became a 100%-owned subsidiary effective September 2013.
- j. *Alphaland International, Inc. (AII)*, 100%-owned by ADI, was incorporated in the Philippines and registered with the Philippine SEC on January 29, 2014 and its primary purpose is to sell assets, including club shares and condominium units of the Group outside the Philippine market.
- k. *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.
- l. *Aegle Wellness Center, Inc.*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the SEC on September 28, 2015, and is primarily engaged to provide diagnostic, therapeutic and naturopathic services using formulated herbal supplements and natural health products and sale of such herbal supplements.

## ALPHA's Significant Legal Subsidiaries Sold in 2014

- a. *AMTI, 100%-owned by ADI*, was incorporated in the Philippines 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 Central Business 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.
- b. *AMC, 100%-owned by ADI*, was incorporated in the Philippines 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) the Marina Club, 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 will be the centerpiece of the Bay City Project, 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.

## ***Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations***

### 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. This property is presently mortgaged with Banco de Oro Unibank, Inc. (BDO) for ADI's long-term loan facility of ₱1.2 billion. Amendment to this agreement dated January 30, 2015 was executed increasing the loan facility of up to ₱1.8 billion.

On August 3, 2015, ADI entered into a new Omnibus Loan and Security Agreement (OLSA) with Philippine Bank of Communications (PBCOM) for a loan facility of ₱2.5 billion for the purpose of refinancing the existing OLSA with BDO. On October 12, 2015, the said long-term loan with BDO was fully extinguished by the loan proceeds of the PBCOM OLSA.

### Alphaland Makati Place

Alphaland Makati Place consists of three high-end residential towers atop an upscale six-storey podium with a shopping center and a City Club dedicated to urban sports and leisure. Alphaland Makati Place 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. This property is presently mortgaged with Development Bank of the Philippines (DBP), Landbank of the Philippines (LBP), Bank of Commerce (BOC) and Maybank of the Philippines, Inc., the long-term loan syndicate of lenders, for a loan facility of ₱1.8 billion.

Comprising of almost 1.6 hectares of sports and leisure facilities, The City Club at Alphaland Makati Place caters 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 Balesin Island Property

ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. Additional 10 hectares were also acquired from existing Balesin Island landowners. This brings the total land ownership to approximately 404 hectares. Of this total, approximately 95 hectares were already conveyed to ABICI. The transfer of certificates of title from ABIRC to ABICI is currently being processed. This property is presently mortgaged with BOC, OLSA lender, for a loan facility of ₱3.0 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 will cover approximately 69 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

	For the			
	3rd Quarter Ended September 30, 2015 (Unaudited)	3rd Quarter Ended September 30, 2014 (Unaudited)	Nine Months Ended September 30, 2015 (Unaudited)	Nine Months Ended September 30, 2014 (Unaudited)
Revenues	443,908,571	185,552,998	1,073,156,944	562,381,622
Costs and Expenses	361,208,617	151,127,604	1,067,024,386	537,509,781
Other Income - net of Other Expenses	26,481,485	1,152,456	414,183,796	696,742,802
Net Income	133,252,232	33,620,639	356,964,064	709,613,875

#### For the Nine Months Ended September 30, 2015 versus September 30, 2014

The Group posted a lower consolidated net income of ₱358.0 million for the nine months ended September 30, 2015, compared to ₱709.6 million for the same period in 2014.

#### *₱510.8 million (91%) Increase in Revenues*

Consolidated total revenues amounted to ₱1,073.2 million and ₱562.4 million for the nine months ended September 30, 2015 and 2014, respectively. The increase is mainly attributed to combined effects of AMPI's higher sales of condominium units during the current year and increased percentage of completion of construction of Towers 1 and 2. Furthermore, there is an increasing trend in revenues from transport services provided by AAI to ABICI.

#### *₱529.5 million (99%) Increase in Costs and Expenses*

Increase from ₱537.5 million in prior period to ₱1,067.0 million in current period mainly represents cost of condominium units, corresponding to increased number of units sold.

#### *₱282.6 million (41%) Decrease in Other Income – net of Other Expenses*

In 2015, the Group recognized gain on fair value of investment property owned by ABIRC. In 2014, the Group recognized extraordinary gain on sale of investments in associates (Shang Global City Properties, Inc. (SGCPI) and Fort Bonifacio Shangri-la Hotel, Inc. (FBSHI)).

## **Financial Condition**

	As of September 30, 2015 (Unaudited)	As of December 31, 2014 (Audited)
Total Assets	49,906,395,116	47,810,344,376
Total Liabilities	11,507,692,322	10,258,313,231
Total Equity	38,398,702,794	37,552,031,145

### As of September 30, 2015 versus December 31, 2014

Total assets of the Group increased by ₱2,096.1 million or 4%, from ₱47,810.3 million as of December 31, 2014 to ₱49,906.4 million as of September 30, 2015.

#### *₱338.4 million (56%) Decrease in Cash and Cash Equivalents*

Decrease from ₱603.2 million to ₱264.7 million is caused by major outlays to support the completion of units for Towers 1 and 2 of Makati Place project with turnover of units targeted for 4<sup>th</sup> quarter of this year and day-to-day operational activities.

#### *₱495.9 million (31%) Decrease in Trade and Other Receivables*

Significant decrease from ₱1,592.4 million to ₱1,096.5 million is on account of collected receivables amounting to ₱833.3 million from AH Group related to the MOA dated June 5, 2014, which was offset by the additional receivables from sale of preferred shares, parking, condominium units and rent for the nine months ended September 30, 2015.

#### *₱1,255.4 million (35%) Increase in Land and Development Costs and Parking Lots for Sale*

Projects classified under this account pertain to the Group's proportionate interest in the three (3) residential towers of Alphaland Makati Place project, which are intended for sale. Increase from ₱3,609.3 million to ₱4,864.7 million is due to substantial progress in the construction and completion of the towers for turnover, Towers 1 and 2 in 2015 and Tower 3 in 2016.

#### *₱130.9 million (8%) Increase in Advances to Related Parties*

Movement in advances to related parties is attributable to the funding made to the Clubs to support its operations.

#### *₱518.3 million (27%) Increase in Other Current Assets*

Increase is primarily due to increased advances to contractors and Input VAT pertaining to on-going construction projects of AMPI and increase in restricted cash related to Debt Service Reserve Account (DSRA) required by existing OLSA with various banks.

#### *₱312.2 million (1%) Increase in AFS financial assets*

Net increase in AFS financial assets is primarily due to appreciation of fair market values of shares of Balesin Island Club 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.

#### *₱333.7 million (4%) Increase in Investment Properties*

This account represents both completed properties and properties under construction held to earn rentals or for capital appreciation, or both. Increase from ₱8,583.4 million to ₱8,917.1 million represents fair value appreciation of Balesin lots owned by ABIRC, which was taken up in June 2015 books.

#### *₱358.9 million (70%) Increase in Property and Equipment*

The significant increase is mainly attributable to AAI's acquisition of new aircraft in May 2015. The total acquisition cost of the newly acquired aircraft amounted to ₱462.9 million.

Total liabilities of the Group amounted to ₱11,507.7 million and ₱10,258.3 million as of September 30, 2015 and December 31, 2014, respectively.

*₱114.8 million (11%) Increase in Trade and Other Payables*

Increase is primarily due to increased trade and retention payables pertaining to on-going construction project of AMPI.

*₱412.3 million (161%) Increase in Advances from Related Parties*

Movement in advances from related parties is attributable to AAI's acquisition of new aircraft in May 2015. The total acquisition cost of the newly acquired aircraft amounted to ₱462.9 million. A related party advanced the payment for the said aircraft.

*₱502.4 million (11%) Increase in Long-term Debt - net of deferred financing costs*

The increase pertains to ADI's loan drawdowns during the second and third quarter of 2015 in total amount of ₱1,161.0 million. These loan drawdowns were partially offset by principal loan repayments of ADI, AMPI and ABIRC.

*₱109.8 million (3%) Increase in Deferred tax liabilities*

The increase is attributable to the recognition of deferred tax liability on the gain on fair value change of investment property of ABIRC.

Total equity of the Group jumped by 2% or by ₱846.7 million, from ₱37,552.0 million as of December 31, 2014 to ₱38,398.7 million as of September 30, 2015.

*₱489.7 million (2%) Increase in Unrealized Gains on AFS Financial Assets*

The significant increase is brought about by the increase in fair market value of the ABICI tranche 2 preferred shares that are currently for sale in the international market. The revaluation adjustment is on account of higher dollar to peso exchange rate as of September 30, 2015 versus December 31, 2014.

*₱358.5 million (2%) Increase in Retained Earnings*

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

**Discussion and Analysis of Material Events and Uncertainties**

As of reporting date:

There are no material events and uncertainties known to management that would have impact 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 have a material effect on the financial condition or results of operations of the Group.

There were no material events subsequent to December 31, 2014 that have not been reflected in the Group's consolidated financial statements for the nine months ended September 30, 2015.

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

### **Comparative Key Performance Indicators**

Key Performance Indicator	Manner of Calculation	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
<b>Liquidity ratios</b>			
Acid test/ Quick ratio	Cash plus marketable securities plus accounts receivable over current liabilities	0.43 :1.00	1.04 :1.00
Current ratio	Current assets over current liabilities	3.83 :1.00	5.08 :1.00
Cash ratio	Cash and cash equivalents plus marketable securities over current liabilities	0.08 :1.00	0.29 :1.00
<b>Financial leverage ratios</b>			
Debt to assets ratio	Total liability over total assets	0.23 :1.00	0.21 :1.00
Capitalization ratio	Long-term debt over long-term debt plus shareholders' equity	0.22 :1.00	0.22 :1.00
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.13 :1.00	0.12 :1.00
Asset-to-equity ratio	Total assets over shareholders' equity	1.30 :1.00	1.27 :1.00
Long-term Debt to Net Working Capital	Long-term debt over current assets-current liabilities	0.93 :1.00	0.95 :1.00

Key Performance Indicator	Manner of Calculation	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)
<b>Profitability ratio</b>			
Net profit margin ratio/ return on sales	Net income over net sales	0.33 :1.00	1.79 :1.00
Return on assets ratio	Net income over average total assets during the period	0.01 :1.00	0.01 :1.00
Return on investment	Net income over long-term liabilities plus equity	0.01 :1.00	0.01 :1.00
Gross profit margin	Gross profit over net sales	0.94 :1.00	0.75 :1.00

### **Financial Risk Management Objectives and Policies**

The 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, receivables 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 Management.



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 November 13, 2015.

Issuer: **ALPHALAND CORPORATION**

  
**MARIO A. OREFA**  
President

  
**MARIA LOURDES A. DE GUZMAN**  
Senior Vice President for Finance

	September 30, 2015 (Unaudited)	December 30, 2014 (Audited)
<b>Current Assets</b>		
Cash and cash equivalents	264,735,321	603,166,902
Trade and other receivables	1,096,475,914	1,592,355,679
Land and development costs and parking lots for sale	4,864,686,412	3,609,291,533
Advances to related parties	1,799,848,073	1,668,957,354
Current portion of available-for-sale (AFS) financial assets	1,713,651,425	1,317,148,300
Other current assets	2,427,572,802	1,909,288,432
	<b>12,166,969,947</b>	<b>10,700,208,200</b>
<b>Noncurrent Assets</b>		
Investments in and advances to associates	25,460,078	24,362,094
AFS financial assets- net of current portion	27,348,873,950	27,433,136,100
Investment properties	8,917,093,481	8,583,436,197
Property and equipment	869,570,255	510,668,647
Other noncurrent assets	578,427,405	558,533,138
	<b>37,739,425,169</b>	<b>37,110,136,176</b>
<b>TOTAL ASSETS</b>	<b>49,906,395,116</b>	<b>47,810,344,376</b>
<b>Current Liabilities</b>		
Trade and other payables	1,117,258,362	1,002,422,870
Current portion of long-term debt	1,365,410,261	823,733,150
Current portion of customers' deposits	23,125,760	23,125,760
Advances from related parties	669,211,546	256,876,780
	<b>3,175,005,929</b>	<b>2,106,158,560</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion and deferred financing costs	3,653,711,814	3,693,033,643
Customer's deposits - net of current portion	101,104,359	87,357,031
Retirement benefit obligation	34,831,842	26,939,582
Deferred tax liabilities	4,343,517,063	4,233,751,297
Other noncurrent liability	199,521,315	111,073,118
	<b>8,332,686,393</b>	<b>8,152,154,671</b>
<b>Total Liabilities</b>	<b>11,507,692,322</b>	<b>10,258,313,231</b>
<b>Equity attributable to equity holders of the Parent</b>		
Capital stock - P1 par value	2,655,707,417	2,655,707,417
Additional paid-in capital	10,739,039,485	10,739,039,485
Unrealized gains on AFS financial assets	22,469,315,970	21,979,608,386
Accumulated remeasurement gain on retirement obligation	2,776,356	2,776,356
Retained earnings	19,346,654,798	18,989,170,231
	<b>55,213,494,026</b>	<b>54,366,301,875</b>
Less parent's shares held by a subsidiary	(16,817,972,390)	(16,817,972,390)
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)
	<b>38,394,308,110</b>	<b>37,547,115,959</b>
Non-controlling interest	4,394,684	4,915,186
<b>Total Equity</b>	<b>38,398,702,794</b>	<b>37,552,031,145</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>49,906,395,116</b>	<b>47,810,344,376</b>

ALPHALAND CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the 3rd Quarter Ended		For the Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
<b>REVENUES</b>				
Rent	172,437,174	150,256,421	481,109,493	443,712,577
Real estate sales	258,792,647	32,598,403	514,475,323	94,105,603
Air transportation service	12,411,000	5,215,000.00	73,836,000	5,215,000
Others	267,750	(2,516,826)	3,736,128	19,348,442
	443,908,571	185,552,998	1,073,156,944	562,381,622
<b>COSTS AND EXPENSES</b>	361,208,617	151,127,604	1,067,024,386	537,509,781
<b>OTHER INCOME (EXPENSES)</b>				
Gain on fair value change of investment properties	-	-	309,401,300	-
Gain on sale of AFS financial assets	80,924,451	73,338,248	240,877,651	233,024,894
Interest expense and other finance charges	(57,067,531)	(78,295,275)	(149,023,921)	(229,581,235)
Interest income	3,022,184	5,149,786	9,938,895	10,130,354
Equity in net earnings of associates and a joint venture- net	244,960	(129,861)	1,607,626	(781,029)
Foreign exchange gain (loss) - net	(642,579)	1,089,558	1,382,245	1,068,580
Gain on sale of investments in associates	-	-	-	682,881,238
	26,481,485	1,152,456	414,183,796	696,742,802
<b>NET INCOME BEFORE INCOME TAX</b>	109,181,439	35,577,850	420,316,354	721,614,643
<b>PROVISION FOR INCOME TAX</b>				
Current	2,584,405	2,062,062	7,983,765	5,995,710
Deferred	(26,655,198)	(104,851)	55,368,525	6,005,058
	(24,070,793)	1,957,211	63,352,290	12,000,768
<b>NET INCOME</b>	133,252,232	33,620,639	356,964,064	709,613,875
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized valuation gains on AFS financial assets	391,151,322	(89,063,249)	544,119,538	409,800,154
Income tax effect	(39,115,132)	8,906,325	(54,411,954)	(40,980,015)
	352,036,190	(80,156,924)	489,707,584	368,820,139
<b>TOTAL COMPREHENSIVE INCOME</b>	485,288,422	(46,536,286)	846,671,648	1,078,434,014
Net income attributable to:				
Equity holders of the Parent	133,422,032	33,855,493	357,484,567	710,530,977
Non-controlling interests	(169,799)	(234,854)	(520,502)	(917,102)
	133,252,233	33,620,639	356,964,065	709,613,875
Total comprehensive income attributable to:				
Equity holders of the Parent	485,458,221	(46,301,432)	847,192,150	1,079,351,116
Non-controlling interests	(169,799)	(234,854)	(520,502)	(917,102)
	485,288,422	(46,536,286)	846,671,648	1,078,434,014

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>CAPITAL STOCK</b>		
Balance at beginning of period	2,655,707,417	1,838,370,551
Issuance of shares during the period	-	1,374,903,866
Balance at end of period	2,655,707,417	3,213,274,417
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at beginning of year	10,739,039,485	9,513,034,186
Issuance of shares during the period	-	2,062,355,799
Balance at end of period	10,739,039,485	11,575,389,985
<b>UNREALIZED VALUATION GAINS ON AFS FINANCIAL ASSETS</b>		
Balance at beginning of period	21,979,608,386	21,423,378,574
Other comprehensive income	489,707,584	368,820,139
Balance at end of period	22,469,315,970	21,792,198,713
<b>ACCUMULATED REMEASUREMENT GAINS ON RETIREMENT OBLIGATION</b>		
	2,776,356	-
<b>RETAINED EARNINGS</b>		
Balance at beginning of period	18,989,170,231	14,046,593,183
Net income during the period	357,484,567	710,530,977
Balance at end of period	19,346,654,798	14,757,124,160
<b>TREASURY SHARES</b>		
Balance at beginning of period	(1,213,526)	(1,213,526)
Reacquisition during the period	-	-
	(1,213,526)	(1,213,526)
<b>PARENT'S SHARES HELD BY A SUBSIDIARY</b>		
	(16,817,972,390)	-
<b>NON-CONTROLLING INTEREST</b>		
Balance at beginning of period	4,915,186	5,601,033
Net loss	(520,502)	(917,102)
Balance at end of period	4,394,684	4,683,931
	<b>38,398,702,794</b>	<b>51,341,457,680</b>

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	420,316,354	721,614,643
Adjustments for:		
Gain on sale of AFS financial assets	(240,877,651)	(233,024,894)
Gain on fair value change of investment properties	(309,401,300)	-
Interest expense and other financing charges	149,023,921	222,537,949
Depreciation and amortization	108,408,630	37,612,251
Interest income	(9,938,895)	(10,130,354)
Equity in net losses (earnings) of associates - net	(1,607,626)	781,029
Unrealized foreign exchange gains	(1,382,245)	(1,068,580)
Gain on sale of associates	-	(682,881,238)
<b>Operating income before working capital changes</b>	<b>114,541,188</b>	<b>55,440,806</b>
Decrease (increase) in:		
Trade and other receivables	(250,339,944)	(130,855,852)
Land and development costs and parking lots for sale	(1,249,920,991)	(358,388,384)
Other current assets	(526,246,309)	(770,360,783)
Increase (decrease) in:		
Trade and other payables	49,836,560	(182,114,441)
Retirement benefit obligation	7,892,260	1,047,232
Customers' deposits	13,747,328	9,607,475
<b>Net cash used for operating activities</b>	<b>(1,840,489,908)</b>	<b>(1,375,623,947)</b>
Interest received	10,206,918	10,222,353
<b>Net cash flows used in operating activities</b>	<b>(1,830,282,990)</b>	<b>(1,365,401,594)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(473,738,791)	(921,012)
Decrease (increase) in:		
Investment properties	(24,255,984)	(180,482,578)
Other noncurrent assets	(19,894,267)	185,921,798
Investments in and advances to associates	509,642	952,456,718
Proceeds from sale of AFS financial assets	438,194,963	350,608,906
Payments of development costs of Clubs	-	(519,087,529)
<b>Net cash flows from (used in) investing activities</b>	<b>(79,184,437)</b>	<b>788,496,303</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Loan availment	1,161,002,080	-
Sale of subsidiaries	833,333,333	-
Sale of associates	-	720,500,000
Issuance of common shares	-	543,342,165
Payments of :		
Long-term debt	(620,643,440)	(358,008,197)
Interest and other finance charges	(178,732,232)	(285,364,108)
Finance lease	(1,448,553)	(1,070,637)
Net changes in accounts with related parties	287,694,216	60,174,440
Movement in other noncurrent liabilities	88,448,197	51,199,718
<b>Net cash flows from financing activities</b>	<b>1,569,653,601</b>	<b>730,773,381</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		
<b>    ON CASH AND CASH EQUIVALENTS</b>	<b>1,382,245</b>	<b>1,068,580</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(338,431,581)</b>	<b>154,936,670</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>603,166,902</b>	<b>173,775,856</b>
	<b>603,166,902</b>	<b>173,775,856</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>264,735,321</b>	<b>328,712,526</b>
	<b>264,735,321</b>	<b>328,712,526</b>

## Notes to Consolidated Financial Statements

### 1. Disposal of Assets and Deconsolidation

#### a. Disposal of Subsidiaries in 2014

As discussed in Part 1, ADI entered into a Deed of Sale of Shares with BDC for the sale of its 100% ownership interest in AMTI and AMC for an aggregate amount of ₱3,774.0 million. On October 17, 2014, the disposal of AMTI and AMC resulted in its deconsolidation from the Group's consolidated financial statements. The assets and liabilities are summarized below:

<b>Account</b>	<b>AMTI</b>	<b>AMC</b>
Current assets	301,670,169	158,135,846
Investment properties	5,774,291,725	—
AFS financial assets	—	1,909,364,390
Other noncurrent assets	1,922,323	24,480,338
Current liabilities	226,569,676	1,439,721,951
Long-term debt	2,321,332,225	—
Deferred tax liabilities	823,668,032	—
Other noncurrent liabilities	—	637,577,352

#### b. Disposal of Joint Arrangements in 2014

##### ABCC (Joint Venture)

ABCC was incorporated and registered with the Philippine SEC on July 11, 2007, with purpose of owning, using, improving, developing, subdividing, leasing, and holding of investments or otherwise, real estate of all kinds, including buildings, houses, apartments, and structures.

On July 14, 2010, ADI, WG and ABCC entered into an Investment Agreement for the transfer of a total of 32 hectares of land respectively owned by WG and ADI to ABCC in exchange for the latter's shares of stock. ABCC will develop the property into a high-end, mixed-use property project to be known as Alphaland Bay City.

On December 23, 2010, ABCC, WG and ADI executed a Deed of Assignment and Memorandum of Agreement to form ABCC as a joint venture company, that is, 50-50 owned by WG and ADI. By virtue of these agreements, ABCC is in substance, a 50-50 owned entity of WG and ADI as of December 31, 2013 and 2012.

Through various Deeds of Exchange and Memorandum of Agreement dated October 14, 2010, WG and ADI conveyed a total of 28 hectares of land in Aseana Business Park to ABCC in exchange for the latter's shares of stock. WG and ADI have filed with the Bureau of Internal Revenue (BIR) a request for a confirmation that the mentioned transfer is tax-free. On April 13, 2012, the SEC approved ABCC's amendment of its Articles of Incorporation and increase in its authorized capital stock and corresponding issuance of shares to WG and ADI.

As at reporting date, the confirmatory ruling has not yet been issued by the BIR and WG still has to transfer a portion of the said ABCC shares to ADI to effect the economic ownership interest stipulated in their Agreements.

The Group's total initial investment cost in ABCC of ₱7,979.5 million represents 10 hectares of land, more or less, with fair value of ₱6,456.0 million, cash of ₱1,000.0 million and subscription payable of ₱523.5 million.

The definitive agreement signed by the major shareholders of ALPHA as discussed in Part 1 includes the transfer of the Group's 50% interest in ABCC as of October 17, 2014 and the assumption by BDC of the dispute with the WG.

Details of investment in ABCC are as follows:

	October 17, 2014	December 31, 2013
Acquisition cost -		
Balance at beginning and end of year	7,485,034,883	7,485,034,883
Accumulated equity in net income:		
Balance at beginning of year	5,859,360,723	2,690,160,598
Equity in net income during the year	—	3,169,200,125
Balance at end of year	5,859,360,723	5,859,360,723
	13,344,395,606	13,344,395,606

The Group's accounting policy on investment properties is different from that of the joint venture. An adjustment was made to bring the accounting policy in line with that of the Group.

The summarized financial information of ABCC as at December 31, 2013, aligned with the accounting policies of the Group, is as follows:

Current assets (including cash of 10,650)	198,488
Noncurrent assets	30,647,210,000
Current liabilities	(30,202,176)
Noncurrent liabilities	(3,928,415,100)
Net assets	26,688,791,212

Below is the reconciliation of the summarized financial information of ABCC to the carrying amount of the Group's investments therein as at disposal date on October 17, 2014:

Net assets of ABCC	₱26,688,791,212
Interest of the Group in the net assets of ABCC	50%
Carrying amount of investment in a joint venture	₱13,344,395,606

c. Caticlan Property (Joint Operation).

As discussed in Part 1, this pertains to an unincorporated JV between ADI and Akean Resorts Corporation. The Group's investment in the JV was recorded and accounted for as an investment property. Carrying amount of the Caticlan property amounted to ₱197.5 million as at October 17, 2014 (₱189.9 million as at December 31, 2013).

d. Disposal of Associates

On April 21, 2014, the BOD approved the disposition of the Group's ownership interest in SGCPI and FBSHI, the project companies of the Shangri-la Hotel at the Fort project. On April 30, 2014, ADI sold its 20% stake and collected its advances for future stock subscription in both these companies for a total consideration of ₱1,700.0 million.

### Gain on Disposal of Assets in 2014

The resulting gain on the above disposal of assets is as follows:

Total considerations	20,419,180,806
Less total investment cost	9,512,553,044
Total excess of consideration over investment cost	10,906,627,762
Accumulated equity in net income of JV and associates	5,372,929,984
Excess of carrying amount of net assets over investment cost of subsidiaries	1,604,890,849
	3,928,806,929

The outstanding amount of receivable from BDC amounted to ₱964.5 million as of December 31, 2014.

Full payment from BDC of its outstanding payable was received by the Group in February 2015. .

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## **2. Joint Arrangement**

### **AMPI and BSP (Joint Operation)**

On June 30, 2008, AMPI and BSP entered into a Joint Venture Agreement to develop the Malugay Property into a first class commercial development to be known as Alphaland Makati Place (the "Project") whereby BSP shall contribute the Malugay Property while AMPI shall contribute the improvements (the "Development Costs") and its exclusive right(the "Leasehold Rights") over the Malugay Property, as well as to provide all necessary funds, equipment, materials, construction works, expertise and related undertakings for the development of the Project.

The Project 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. The Project also includes a proposed Boy Scout Convention Center as provided in the Joint Venture Agreement.

AMPI and BSP agreed to share at 85% and 15%, respectively, of the total gross floor area of completed and disposable units in the Project. The 85% share of AMPI shall include The City Club and the 15% share of BSP shall include the proposed Boy Scout Convention Center. As provided in the Joint Venture Agreement, AMPI shall submit progress reports of the development works in the Project on a regular basis to BSP.

On June 2, 2011, BSP sold the Malugay Property to AMPI for a total consideration of ₱600.0 million. The amount of consideration paid to BSP was then contributed by BSP to the development of the Project. The Leasehold Right was effectively terminated when AMPI acquired the land from BSP in June 2011. Despite the sale, the Joint Venture remained and the partners continued the 85:15 Sharing Scheme. The partners have amended the Joint Venture Agreement accordingly.

Pursuant to the Joint Venture Agreement, ALPHA has issued a corporate guaranty in favor of BSP whereby, in the event AMPI is unable to complete the Project (for reasons attributable to the fault of AMPI), ALPHA shall pay BSP the amount of ₱600.0 million in exchange for BSP's 15% share in the sharing scheme as defined in the Joint Venture Agreement.



The Group accounts for the joint venture arrangement as a joint operation. As at September 30, 2015 and December 31, 2014, the Group recognized its share in the development costs of the Project (excluding the costs related to the City Club) in the following accounts:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Land and development costs and parking lots for sale	4,864,686,412	3,609,291,533
Investment properties	1,094,913,503	1,064,859,151
	<b>5,959,599,915</b>	<b>4,674,150,684</b>

Prior to November 2014, the Group intended to develop the third tower of the Project as a hotel-type of operation (i.e., for lease). In November 2014, the Group decided that it would be more profitable if the third tower was developed into residential units for sale.

### 3. Cash and Cash Equivalents

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

Interest income earned related to cash and cash equivalents amounted to ₱4.1 million and ₱5.6 million for the nine months ended September 30, 2015 and September 30, 2014, respectively.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand and in banks	262,793,126	172,939,531
Short-term placements	1,942,195	430,227,371
	<b>264,735,321</b>	<b>603,166,902</b>

### 4. Trade and Other Receivables

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade receivables from:		
Sale of club shares	137,418,142	218,152,750
Tenants	216,136,244	99,001,029
Sale of real estate	709,879,471	300,938,988
Officers and employees	28,829,660	6,658,185
Receivable from BDC	-	964,468,193
Others	10,064,482	8,988,619
	<b>1,102,327,999</b>	<b>1,598,207,764</b>
Less allowance for impairment losses	<b>(5,852,085)</b>	<b>(5,852,085)</b>
	<b>1,096,475,914</b>	<b>1,592,355,679</b>

Receivables from sale of real estate, air transport service and tenants are non-interest-bearing. Receivables from sale of club shares are interest-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. Other receivables are 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.

## 5. Land and Development Costs and Parking Lots for Sale

This account consists of the following:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Land and development costs	4,693,647,033	3,409,031,970
Parking lots for sale	171,039,379	200,259,563
	<b>4,864,686,412</b>	<b>3,609,291,533</b>

### Land and Development Costs

Movements in land and development costs are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	3,409,031,970	2,286,806,564
Additions:		
Development costs	1,256,080,326	746,834,726
Capitalized borrowing costs	28,534,737	21,996,521
Transfers from investment property	15,232,988	1,295,184,206
Effect of deconsolidation	-	(501,322,434)
Effect of revised allocation	-	(232,262,976)
Cost of real estate sold	-	(208,204,637)
Balance at end of period	<b>4,693,647,033</b>	<b>3,409,031,970</b>

### 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 September 30, 2015, the project is 79.5% completed (54.0% as of December 31, 2014).

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

In October 2011, the Group started the pre-selling of condominium units in Tower One and in November 2013 for Tower 2. 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 three years from date of CTS. Ownership of the City Club share will allow the buyer to enjoy the amenities and facilities of the City Club.

On December 5, 2011, the 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 temporary 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. On May 27, 2014, the permanent LTS was obtained that paved the way for the closing of the escrow account with PBCom.

Based on current plans, BSP's 15% share on the Project consists of a proposed BSP convention center to be located at the entire third floor of the Podium and a portion of the three residential towers and parking spaces.

Total estimated cost to complete this portion of the Project amounted to ₱2,746.0 million and ₱4,417.1 million as of September 30, 2015 and December 31, 2014, respectively. Borrowing costs capitalized as part of land and development costs amounted to ₱28.5 million and ₱22.0 million in September 30, 2015 and December 31, 2014, respectively.

a. Parking Lots for Sale

Movements in parking lots for sale are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	200,259,563	236,300,618
Adjustment in cost of sold parking slot	10,844,580	-
Cost of real estate sold	(40,064,764)	(36,041,055)
Balance at end of period	171,039,379	200,259,563

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

## 6. Other Current Assets

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Input VAT - net	1,216,755,738	996,097,931
Advances to contractors and suppliers	517,468,250	441,483,053
Restricted cash	565,103,331	324,576,958
Creditable withholding taxes	45,832,996	37,170,084
Prepayments	35,721,596	51,443,082
Supplies	28,186,792	26,801,248
Deferred rent	14,258,194	28,326,117
Others	4,245,905	3,389,959
	2,427,572,802	1,909,288,432

### 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

*DSRA (2015: ₱563.6 million; 2014: ₱323.1 million).* Under the Omnibus Loan and Security Agreement (OLSA), ADI, AMPI, and ABIRC (and AMTI up to October 17, 2014) (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 (2015: ₱1.2 million; 2014: ₱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.

## **7. Investments in and Advances to Associates**

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

	September 30, 2015		December 31, 2014	
	(Unaudited)		Audited	
	Investments	Advances	Investments	Advances
Alphaland Heavy Equipment Corporation (AHEC)	13,914,997	955,960	12,639,473	1,466,003
Alphaforce Security Agency Inc. (ASAI)	9,528,805	1,060,316	9,196,700	1,059,918
	23,443,802	2,016,276	21,836,173	2,525,921

Details of investments in associates are as follows:

	September 30, 2015	December 31, 2014
	(Unaudited)	(Audited)
Acquisition costs:		
Balances at beginning of period	57,999,950	58,533,730
Sale of investments in associates	-	(500,000)
Reclassification	-	(33,780)
Balances at end of period	57,999,950	57,999,950
Accumulated equity in net income:		
Balances at beginning of period	(36,163,777)	23,344,008
Disposal	-	(37,118,761)
Equity in net losses during the period	1,607,629	(22,389,024)
Balances at end of period	(34,556,148)	(36,163,777)
	23,443,802	21,836,173

The following are the associates of the Group:

Company	Principal Activities	Percentage of Ownership	
		September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
AHEC	Sale and lease of heavy equipment	50%	50%
ASAI	Security Agency	40%	40%

All associates are incorporated in the Philippines.

#### 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 September 30, 2015, 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.

### **8. AFS Financial Assets**

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Unquoted Clubs' preferred shares:		
Alphaland Balesin Island Club Inc. (ABICI)	23,922,275,375	23,516,334,400
TCCAMPI	5,123,250,000	5,217,750,000
Quoted -		
WackWack Golf and Country Club, Inc. (WackWack)	17,000,000	16,200,000
	<b>29,062,525,375</b>	<b>28,750,284,400</b>

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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	28,750,284,400	30,102,033,915
Sale of AFS financial assets	(259,712,400)	(2,275,081,015)
Fair value adjustments	571,953,375	923,331,500
Balance at end of period	<b>29,062,525,375</b>	<b>28,750,284,400</b>

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 and ABIRC committed to deliver to TCCAMPI and ABICI 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 Financial Assets

The cost of the Group's investments in the preferred shares of TCCAMPI and ABICI includes the cash consideration and the cost of the obligation to deliver 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 September 30, 2015.

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 were undertaken to increase the number of villas. At present, the Club has 314 villas/rooms.

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 (Tranche 2) ABICI shares will be converted to 6,180 shares. On January 31, 2013, the stock split was approved by the SEC.

On December 3, 2014, the shareholders of ABICI approved the increase in the authorized capital stock from ₱2.1 million (divided into 14,000 Class "A" common shares, with par value of ₱100 per share, and 10,090 Class "B" preferred shares divided further into 3,910 Class "B-1" preferred shares with par value of ₱100 per share and 6,180 Class "B-2" preferred shares with par value of ₱50 per share) to ₱3.0 million (divided into 20,000 Class "A" common shares with par value of ₱100 per share and 15,000 Class "B" preferred shares divided further into 2,000 Class "B-1" preferred shares with par value of ₱100 per share, 12,000 Class "B-2" preferred shares with par value of ₱50.00 per share, and 1,000 Class "B-3" preferred shares with par value of ₱200 per share. Of the increase of ₱0.9 million in Authorized Capital Stock, the amount of ₱0.6 million Class "A" common shares has been subscribed and paid in full by Alphaland Property Management Corporation. Amendment to

ABICI's Articles of Incorporation to reflect the increase in authorized capital stock and reclassification of shares is pending approval by the SEC.

As of September 30, 2015 and December 31, 2014, there are 2,741 and 2,782 unsold shares from Tranche 1, respectively. As of September 30, 2015 and December 31, 2014, there are 6,155 unsold shares from Tranche 2. 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 September 30, 2015, the fair value of 2,741 and 6,155 unsold shares from Tranche 1 and Tranche 2 amounted to ₱10,964.0 million and ₱12,958.3 million, respectively. As of December 31, 2014, the fair value of 2,782 and 6,156 unsold shares from Tranche 1 and Tranche 2 amounted to ₱11,128.0 million and ₱12,388.3 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.

As of September 30, 2015 and December 31, 2014, the fair value of 3,795 and 3,865 unsold shares amounted to ₱5,123.3 million and ₱5,217.8 million, respectively.

Unrealized Valuation Gain on AFS Financial Assets

The Group's AFS financial assets 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 financial assets, net of related tax effect, are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	21,979,608,386	21,423,378,574
Unrealized valuation gains on AFS financial assets	571,953,375	923,331,500
Realized mark-to-market gain	(27,833,838)	(305,298,375)
Unrealized valuation gains on AFS financial assets	544,119,537	618,033,125
Income tax effect	(54,411,953)	(61,803,313)
	489,707,584	556,229,812
Balance at end of period	22,469,315,970	21,979,608,386

Receivable arising from the sale of AFS financial assets amounted to ₱137.4 million and ₱271.0 million as of September 30, 2015 and December 31, 2014, respectively.

## 9. Investment Properties

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	8,583,436,197	14,590,077,559
Additions:		
Capital expenditures/development costs	293,549,402	245,352,088
Capitalized borrowing costs	40,107,882	52,957,247
Effect of revised allocation	-	232,262,976
Reclassification to land and development costs	-	(1,295,184,206)
Disposal	-	(197,452,316)
Effect of deconsolidation	-	(5,774,291,725)
Fair value change	-	729,714,574
<b>Balances at end of period</b>	<b>8,917,093,481</b>	<b>8,583,436,197</b>

Investment properties carried at fair value consist of:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Alphaland Southgate Tower	4,186,260,887	4,184,942,424
Alphaland Makati Place	1,094,913,503	1,064,859,151
Alphaland Balesin Island Club	2,938,965,134	2,642,514,050
Silang Property	661,311,854	660,326,045
Baguio Property	35,642,103	30,794,527
	<b>8,917,093,481</b>	<b>8,583,436,197</b>

### 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.

Rent income from Alphaland Southgate Tower including common utilities, services and maintenance charges amounted to ₱406.5 million in September 30, 2015 (₱423.0 million in September 30, 2014). Direct costs related to rent income amounted to ₱92.9 million in September 30, 2015 (₱106.6 million in September 30, 2014), which mainly comprised of utilities and commissary costs.

### Alphaland Balesin Island Club

ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. Additional 12 hectares were also acquired from existing Balesin Island landowners. This brings the total land ownership to approximately 406 hectares. Of this total, approximately 98 hectares were already conveyed to ABICI. The transfer of certificates of title from ABIRC to ABICI is currently being processed. This property is presently mortgaged with BOC, OLSA lender, for a loan facility of ₱3.0 billion.

### Alphaland Makati Place

This represents the Podium at the Alphaland Makati Place and is currently operated as a mall and is for lease to third parties. In 2015, the Group changed its intention to sell the condominium units in Tower 3 instead of leasing it to third parties. Accordingly, this portion was reclassified to "Land and Development Costs and Parking Lots for Sale" account.



Total capitalized borrowing costs amounted to ₱40.1 million and ₱53.0 million as of September 30, 2015 and December 31, 2014, 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.

Baguio Property

This consists of parcels of land and related transaction costs. These parcels of land will form part of the Alphaland Baguio Mountain Log Homes Project, which covers approximately 69 hectares of rolling terrain in Itogon, Benguet. As at September 30, 2015, management believes that the fair value of the investment property approximates its carrying amount which is based on current costs of acquisition.

# 10. Property and Equipment

As of September 30, 2015

	Leasehold Improvements	Software	Buildings	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture, and Equipment	Total
<b>Cost</b>							
Balance at beginning of year	20,793,449	-	17,199,782	405,984,471	391,923,826	39,184,029	875,085,557
Additions	-	129,464	973,995	82,165	471,468,724	1,084,443	473,738,791
Transfer	-	-	-	-	-	(178,385)	(178,385)
Balance at end of period	20,793,449	129,464	18,173,777	406,066,636	863,392,550	40,090,087	1,348,645,964
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	6,662,582	-	5,878,915	263,328,921	63,264,085	25,282,407	364,416,910
Depreciation and amortization	371,982	43,155	330,000	54,667,845	49,254,943	9,990,874	114,658,799
Balance at end of period	7,034,564	43,155	6,208,915	317,996,766	112,519,028	35,273,281	479,075,709
Net carrying amount	13,758,885	86,310	11,964,862	88,069,870	750,873,522	4,816,806	869,570,255

The Group capitalized a portion of the depreciation expense amounting to ₱6.3 million for the nine months ended September 30, 2015, which is related to machinery and equipment being used for the construction.

As of December 31, 2014						Total
	Leasehold Improvements	Buildings	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture, and Equipment	
Cost						
Balance at beginning of year	20,710,311	33,136,038	405,984,471	52,563,741	17,652,957	530,047,518
Additions	83,138	—	—	339,360,085	5,640,173	345,083,396
Effect of deconsolidation	—	—	—	—	(45,357)	(45,357)
Reclassifications	—	(15,936,256)	—	—	15,936,256	—
Balance at end of year	20,793,449	17,199,782	405,984,471	391,923,826	39,184,029	875,085,557
Accumulated Depreciation and Amortization						
Balance at beginning of year	4,839,665	5,878,915	190,112,544	44,354,831	12,484,709	257,670,664
Depreciation and amortization	1,822,917	—	73,216,377	18,909,254	12,832,976	106,781,524
Effect of deconsolidation	—	—	—	—	(35,278)	(35,278)
Balance at end of year	6,662,582	5,878,915	263,328,921	63,264,085	25,282,407	364,416,910
Net carrying amount	14,130,867	11,320,867	142,655,550	328,659,741	13,901,622	510,668,647

In 2014, the Group capitalized a portion of the depreciation expense amounting to ₱34.9 million, which is related to machinery and equipment being used for the construction.

## 11. Other Noncurrent Assets

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Leasehold right	257,328,237	257,328,237
Advances to contractors and suppliers	138,412,567	138,412,567
Noncurrent portion of trade receivables from sale of real estate	96,454,800	96,454,800
Refundable deposits	26,282,396	25,946,627
Input VAT	35,798,266	14,694,447
Software costs - net	69,521	129,815
Others	24,081,618	25,566,645
	<u>578,427,405</u>	<u>558,533,138</u>

Leasehold right was obtained by the Group on December 29, 2014 over a certain aircraft for use in the Group's operations.

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 ₱0.06 million and ₱0.8 million for the nine months ended September 30, 2015 and September 30, 2014.

## 12. Trade and Other Payables

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	332,683,014	193,497,093
Retention payable	379,375,458	236,165,690
Customers' deposits	120,899,472	154,426,091
Accrued expenses	120,642,826	136,290,689
Accrued interest	40,479,342	25,558,327
Unearned rent income	23,882,432	14,437,183
Current portion of obligation under finance lease	26,256	1,054,831
Liability related to acquisition of AFS financial assets	-	222,969,968
Others	99,269,563	18,022,998
	<u>1,117,258,362</u>	<u>1,002,422,870</u>

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

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

### 13. Long-term Debt

Borrower	As of September 30, 2015			As of December 31, 2014		
	Current	Noncurrent	Total	Current	Noncurrent	Total
ADI	244,955,772	1,469,734,632	1,714,690,404	251,470,842	403,051,878	654,522,720
AMPI	498,454,489	688,977,181	1,187,431,670	191,012,308	1,331,481,765	1,522,494,073
ABIRC	622,000,000	1,495,000,000	2,117,000,000	381,250,000	1,958,500,000	2,339,750,000
	1,365,410,261	3,653,711,813	5,019,122,074	823,733,150	3,693,033,643	4,516,766,793

#### ADI

In September 2008, ADI entered into an OLSA with a syndicate of Lenders consisting of DBP, 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. In September 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 in February 2009 and May 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.

In May 2012, ADI entered into an OLSA with BDO 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. Amendment to this agreement dated January 30, 2015 was executed increasing the loan facility of up to ₱1.8 billion.

On August 3, 2015, ADI entered into a new OLSA with PBCom for a loan facility of ₱2.5 billion for the purpose of refinancing the existing OLSA with BDO and finance the general corporate purposes of ADI. On October 12, 2015 the outstanding long-term loan under the BDO OLSA was fully extinguished by the loan proceeds of the PBCom OLSA.

ADI's Alphaland Southgate Tower secures the BDO OLSA until its extinguishment on October 12, 2015 and as of report date, secures the PBCom OLSA. Alphaland Southgate Tower has a fair value of ₱4,253.8 million as at September 30, 2015 (₱4,184.9 million as at December 31, 2014).

ADI's outstanding long-term debt as of September 30, 2015 (prior to prepayment on October 12, 2015) amounted to ₱1,758.9 million.

#### 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 September 30, 2015 are as follows:

	DBP	LBP	BOC	Maybank	Total
2015	70,312,500	46,875,000	37,500,000	9,375,000	164,062,500
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
	510,937,500	340,625,000	272,500,000	68,125,000	1,192,187,500
Less deferred financing costs	2,278,891	1,240,159	993,765	243,015	4,755,830
	508,658,609	339,384,841	271,506,235	67,881,985	1,187,431,670

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. AMPI paid the principal loan amounting to ₱339.1 million for the nine months ended September 30, 2015.

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.

#### 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. ABIRC paid the principal loan amounting to ₱225.0 million for the nine months ended September 30, 2015.

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 September 30, 2015 are as follows:

2015	156,250,000
2016	687,500,000
2017	812,500,000
2018	468,750,000
	2,125,000,000
Less deferred financing cost	8,000,000
	2,117,000,000

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.

## 14. Equity

### a. Capital Stock

The composition of ALPHA's capital stock as consisting of all common shares as of September 30, 2015 and December 31, 2014 is as follows:

	Number of Shares	Amount
Authorized capital stock	5,000,000,000	5,000,000,000
Issued and subscribed at beginning of year, net of subscriptions receivable of 146,375,700	1,984,746,251	1,838,370,551
Delinquent subscribed shares	(147,375,700)	-
Issuances during the period	817,336,866	817,336,866
Issued and subscribed at end of period	2,654,707,417	2,655,707,417
Treasury	(423,900)	(1,213,526)
	2,654,283,517	2,654,493,891
Parent's shares held by a subsidiary	(1,379,210,978)	(16,817,972,390)
	1,275,072,539	(14,163,478,499)

On January 2, 2014, the BOD approved the conversion of advances from amounting to ₱1,500.0 million into equity. On January 20, 2014, the 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 Company's unissued capital stock.

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

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

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

Additional paid-in capital from issuances of additional shares amounted to ₱1,226.0 million.

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.*	19-Nov-90	10,000,000	2,500,000	1.00
Macondray Plastics, Inc.	1-Jun-00	90,000,000	30,000,000	1.00
Macondray Plastics, Inc.	23-Nov-00	-	16,740,000	5.38
Macondray Plastics, Inc.**	1-Sep-01	300,000,000	76,322,000	1.00
Macondray Plastics, Inc.**	27-May-09	-	25,026,900	1.00
Alphaland Corporation***	7-Apr-10	4,500,000,000	1,269,734,041	10.00
Alphaland Corporation	11-Nov-10	-	8,897,346	10.00
Alphaland Corporation****	3-Mar-11	-	147,375,700	10.00
Alphaland Corporation	27-Jun-11	-	408,150,264	10.00
Alphaland Corporation	2-Jan-14	-	600,000,000	2.50
Alphaland Corporation	7-Feb-14	-	108,336,866	2.50
Alphaland Corporation	19-Feb-14	-	109,000,000	2.50

\* 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".

*\*\*This represents 155% and 20% stock dividend, respectively.*

*\*\*\*Share-for-share swap with shareholders of ADI.*

*\*\*\*\*Delinquent shares of DMWAI put to public auction on July 2015. Cancelled and returned to unissued shares on July 2015.*

As at September 30, 2015 and December 31, 2014, the total number of shareholders, which includes PCD Nominee Corporation is 59 and 54, respectively.

a. Delisting procedures initiated by the PSE

In order to comply with the required minimum public float of 10% as of December 31, 2012, AH sold 49,608,000 million of its shares in ALPHA to Credit Suisse (Singapore) Limited (Credit Suisse) on December 31, 2012. With the sale, the public float of ALPHA increased to 10.53%. However, as the date of sale was not a trading day at the PSE, the transaction had to be effected outside the facilities of the PSE and the appropriate capital gains tax and documentary stamp tax for the transaction (instead of the usual stock transaction tax for transactions effected through the PSE) were paid. Pending the issuance of the necessary tax clearance and certificate authorizing registration by the BIR for the registration of the sold shares in the name of Credit Suisse in the books of ALPHA, the PSE imposed a trading suspension on the shares of ALPHA. The trading suspension was lifted on March 1, 2013 immediately after ALPHA obtained the tax clearance and certificate authorizing registration for the said sale.

On January 20, 2014, ALPHA disclosed in good faith that it was not in compliance with the 10% minimum public ownership ("MPO") requirement of the PSE, as follows:

- Ostensibly and for its own selfish purposes, Ashmore simulated the Sale (and misrepresented the same to ALPHA) in order to ensure that ALPHA remains listed with the PSE;
- ALPHA is aware that as a result, it may no longer be deemed compliant with the 10% MPO requirement; and
- Pursuant to information knowingly and deliberately provided by Ashmore on January 2, 2013, ALPHA unwittingly misrepresented a fact to the PSE and the SEC on January 3, 2013. Having recognized the wrong done, ALPHA believes it should now make this disclosure to the PSE.

As a result thereof, the trading of ALPHA's shares was immediately halted on January 20, 2014 and then suspended on January 24, 2014 by the PSE.

Subsequently, on March 12, 2014, ALPHA was informed by the PSE of the penalties arising from its violations of the PSE's disclosure rules including the additional penalty of one month trading suspension.

On April 2, 2014, ALPHA received a letter from the PSE which reaffirmed the earlier imposed one-month trading suspension as follows: "For the 3rd violation of Sections 4.1, 1 and 2 of the Disclosure Rules, suspension of trading of ALPHA securities for a period of one month commencing on the trading day immediately following the ALPHA's receipt of this letter."

As discussed in Part 1, the PSE has initiated delisting procedures against ALPHA for alleged disclosure violations. On September 8, 2014, the PSE issued a resolution delisting ALPHA for violation of disclosure rules. It also mandated ALPHA to hold a tender offer to all its retail/non-strategic shareholders. On October 17, 2014, ALPHA completed its tender offer to 2,672,789 ALPHA shares, re-acquired thru ADI, equivalent to ₱24,206,485.

The PSE also prohibited ALPHA from applying for relisting within a period of five years from the effective date of delisting.



b. Authorization for Issuance of Additional Shares to DMWAI

On March 3, 2011, the Executive Committee of the BOD of ALPHA authorized the issuance to DMWAI of 147,375,700 common shares from the unissued portion of its authorized capital stock at an issue price of ₱10 per share. This resulted in an increase in the issued and subscribed shares of ALPHA, net of 423,900 treasury shares, from 1,428,796,387 shares to 1,576,172,087. The shares issued to DMWAI represent approximately 9.35% of the then resulting outstanding capital stock of ALPHA.

Out of the total subscription made by DMWAI, ₱1.0 million was paid in cash with the balance of ₱1,472.8 million to be paid by conveyance to ALPHA of shares of stock of ABCC. The conveyance of shares of stock to ALPHA will be effected immediately after DMWAI has conveyed the additional four hectares of land to ABCC to bring the total development area of the Alphaland Bay City project to at least 32 hectares.

As at September 30, 2015, there was no conveyance yet of ABCC's shares of stock from DMWAI to ALPHA nor has DMWAI conveyed the additional four hectares of land to ABCC. The related subscription receivable of ₱1,472.8 million was recognized as deduction from the subscribed capital stock in the equity section of the consolidated statement of financial position.

c. Delinquency Sale of Shares Previously Issued to DMWAI

For nonpayment of the full purchase price despite demand, the BOD of ALPHA, by resolution adopted on June 24, 2015, declared as delinquent DMWAI's subscription to 147,375,700 common shares of ALPHA at an issue price of ₱10 per share and set the delinquency sale on July 27, 2015. The notice of delinquency sale was published twice, on July 13, 2015 and July 20, 2015, in a newspaper of general circulation in the Philippines. Subsequently, due to the absence of bidders and of adequate unrestricted retained earnings to support the acquisition by the Corporation of the delinquent shares, the subscription of DMWAI was cancelled and the 147,375,700 common shares were returned as part of the unissued shares of ALPHA.

The resulting shareholder structure of ALPHA, after the equity conversion and issuance of stocks mentioned above, net of treasury shares and shares held by a subsidiary, is as follows:

Shareholders	Number of Shares
RVO Capital	842,656,748
Boerstar Corporation	167,788,430
Azurestar Corporation	28,062,636
Fine Land Limited	89,000,000
Citadel Investments Limited	10,000,000
Derek Arculli	10,000,000
Other minority	127,564,725
	<u>1,275,072,539</u>

Retained Earnings

Accumulated equity in net income of associates, subsidiaries and joint ventures not available for dividend declaration amounted to ₱19,656.2 million as at September 30, 2015 (₱19,213.5 million and ₱14,168.1 million as at December 31, 2014 and 2013, respectively).

### Parent's Shares Held By a Subsidiary

Pursuant to the Tender Offer mandated by the PSE as well as the implementation of the MOA discussed in Part 1, ADI acquired shares of stock of ALPHA owned by AH, MC and Credit Suisse amounting to ₱16,818.0 million.

### 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.

As of September 30, 2015 and December 31, 2014, ALPHA has 147,799,600 shares and 423,900 shares with total cost of ₱1,475.0 million and ₱1.2 million, respectively.

## **15. Cost and Expenses**

Cost and expenses are classified in the consolidated statements of comprehensive income as follows:

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2015</b>	<b>September 30, 2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of real estate sold	500,011,562	60,985,292
Cost of services	151,552,616	114,502,862
General and administrative:		
Depreciation and amortization	108,408,630	37,612,251
Service and professional fees	53,373,368	80,451,568
Utilities and rent	46,317,191	50,729,050
Taxes and licenses	41,191,953	131,339,550
Travel and transportation	25,230,936	1,325,812
Listing and filing fees	18,170,044	1,844,038
Commission	17,512,944	10,109,643
Repairs and maintenance	13,931,114	7,800,480
Sales and marketing	13,655,050	5,301,768
Insurance	6,696,010	6,230,433
Representation	5,869,573	1,011,500
Supplies	2,870,400	1,429,621
Communication	2,883,211	2,130,710
Others	17,107,762	7,655,017
	<b>1,067,024,386</b>	<b>537,509,781</b>

## 16. Earnings Per Share and Book Value Per Share Computation

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

	September 30, 2015 (Unaudited)	September 30, 2014	December 31, 2014 (Audited)	December 31, 2013
(a) Net income attributable to equity holders of the Parent	358,501,367	710,530,977	4,942,577,048	6,154,098,015
(b) Weighted average number of shares outstanding	1,361,041,697	2,706,353,073	2,419,017,452	1,984,322,351
Basic/diluted earnings per share (a/b)	0.263	0.263	2.043	3.101

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

The above computation is in accordance with PAS 33, *Earnings per Share*, which provides that the basic/diluted earnings per share should be computed based on the weighted average number of shares outstanding for the year.

Book value per share for the Group is computed as follows:

	September 30, 2015	December 31, 2014
(a) Total equity	38,398,702,794	37,552,031,145
(b) Total number of shares outstanding at end of period	1,275,072,539	1,422,448,239
Book value per share (a/b)	30.115	26.400