alphaland CORPORATION

The alphaland Makati Tower

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alphaland CORPORATION

Executives

(L - R) **MARIO A. ORETA - President, ROBERTO V. ONGPIN - Chairman, ERIC O. RECTO - Vice Chairman**

alphaland Corporation is a company engaged in real estate acquisition and development.

Roberto V. Ongpin
Chairman
Alphaland Corporation

Seumas James S. Dawes
Senior Fund Manager and Member,
Investment Committee
Ashmore Investment Management Limited

It was established in May 2007 as a partnership among Roberto V. Ongpin, Eric O. Recto and the Ashmore Group. In November 2009, alphaland was backdoor listed in the Philippine Stock Exchange where its shares are traded under the trading symbol: ALPHA

Its Vision is to be the developer known for superior value enhancement. Its Mission is to revitalize prime but underdeveloped sites to further increase their value and appeal to the middle and high end business and residential markets.

To achieve the Vision, alphaland will draw from three key strengths:

The first is centred on its design philosophies that focus on location, functionality and sustainability.

Location - Development from the center: Almost all project locations are in the city as opposed to other developers that have moved their projects outside the Metro. The advantage that this brings is the quick access to business, commercial and residential areas and the prerequisite infrastructure needed to service these markets.

Functionality - Within-reach facilities and amenities: All business and residential projects will have a service-podium that will carter to the immediate needs of the tenants. These amenities will be available within the location or can be accessed on-demand via web or wireless mediums. This enhances business productivity and lifestyle.

Sustainability - Green from the ground up: All alphaland projects will have intelligence and sustainability. The advantages that these will bring are convenience, work efficiency, lower cost and better utilization of resources. These principles will also be very visible in our hospitality and membership destinations.

The second strength is its visionary leadership and management team comprising of renowned and proven leaders from the real estate, manufacturing, financial, legal, IT and telecommunication sectors. Their combined expertise and experience will serve to effectively guide and accelerate the growth of alphaland.

The third strength is a strong backing from The Ashmore Group who is the company's international investment partner. The Ashmore Group is one of the world's leading investment managers dedicated to emerging markets with a history of consistently outperforming the market. It can provide alphaland access to capital markets for financing sources as well as technical and management expertise.

To date, alphaland Corporation has an authorized capital stock of Php 5.0 Billion consisting of five (5) billion shares with a par value of Php1.00 per share. alphaland's paid-up capital is almost Php 9.9 billion including more than Php 8.4 billion in additional paid-in capital. The corporation now also has a substantial portfolio of business and residential projects that are already operating or under construction.

While alphaland is a new entrant in the market, its mission of value creation and site revitalization will draw customer interest as well as investor participation. It's precise and strategic choice of locations; the range of amenities and services it offers; its effective leadership and management team and the strong international financial backing, will enable it to rise above competition and carve out a significant and profitable share in the Philippine real estate market.

"alphaland now also has a substantial portfolio of business and residential projects that are already operating or under construction."

alphaland SOUTHGATE TOWER

alphaland Southgate Tower is the first undertaking of alphaland Corporation and is a clear example of the company's vision of "superior value transformation" by revitalizing prime but underdeveloped sites to increase their value and appeal to the middle to high-end business and residential markets.

The company saw the potential but unused site at the corner of the Magallanes Interchange. It acquired the property and built an office tower complete with a mall at its base that has a supermarket, branded retail and service shops, key restaurants and cafés, bazaars and even halls for events, conferences and conventions. To leverage on its unique location at the nexus of two of the Philippines major traffic arteries, EDSA and the South Super Highway, the tower also boasts having installed two of the biggest electronic billboards in the Philippines.

alphaland Corporation has completely modernized and kitted out the building, creating an eye-catching and grand structure unique to Makati's impressive skyline. It is an aesthetically impressive business-productive and community-gathering complex that houses well known business and retail establishments.

The entire development is designed with business-productivity in mind. It is a beautiful 20-storey structure clad in glass, arising from a five-storey mall that serves as its base. The tower has a total of 36,000 square meters of leasable space ranging from 300 to 5,500 square meters on a per floor template while the mall has 8,445 square meters of leasable space of varied sizes.

The structure is certified by Aromin & Sy Associates and designed by international architects Wong & Ouyang Ltd. of Hong




Kong. Energy efficient air-conditioning, a card access system, conference rooms, and stand-by generators support the entire complex. It also features, triple redundant broadband access and a PEZA accreditation making Southgate an Information Technology Eco-zone and ideal for Business Process Outsourcing (BPO) companies.

alphaland Southgate Mall is designed to support the business establishments in the tower as well as the surrounding offices, institutions and communities. It caters to their dining, shopping, repair, wellness, health, leisure and family support services.

alphaland MAKATI PLACE

alphaland Makati Place's strategic location is perfect for dynamic young executives and entrepreneurs seeking an efficient and convenient lifestyle solution.

alphaland Makati Place will rise on a premium one (1) hectare property along Ayala Avenue Extension corner Malugay Street, Makati City. The Property is situated across The Columns (an Ayala Land Residential Condominium) and the Makati Central Fire Station along Ayala Avenue Extension). The Property has a market value of Php 120,000 per sqm or a total of Php1.2 Billion as determined by Intech Property Appraisal, Inc. in their Appraisal Report dated September 16, 2009. The Project site is along the main thoroughfare of the central business district and within the business and residential strip of Makati City characterized by high-end developments.

The Project will consist of several high-end residential towers atop an upscale six-storey podium with a shopping centre and a city club dedicated to urban sports and leisure.

The retail area will have shops for fashion, casual & formal dining, entertainment and other services, calibrated to the neighboring office population and residents. The city club fulfils the wellness, social, sports and business needs of its members. The facilities will include a spa, aerobics, dance & yoga rooms, formal & casual restaurants, cafes, a sports bar, children's activity center, coffee lounges, indoor tennis courts, indoor badminton courts, lap pool & children's pool, private business meeting rooms, function rooms and a business centre.

The complex has been designed from the ground up as an intelligent development with the state of the art building management and automations, security systems, as well as energy efficient mechanical, electrical, and sanitary systems architecture. Compared to current buildings, Makati Place will consume far less water and energy, minimize pollution and unnecessary cost, while achieving a high level of comfort.

of alphaland Corporation. The Property is registered under the name of the Boy Scouts of the Philippines ("BSP"). Pursuant to the Joint Venture Agreement between BSP and alphaland Makati Place, Inc., BSP shall contribute the land while alphaland Makati Place, Inc. shall act as the developer. Total completed and disposable units in the Project will then be shared between BSP (15%) and alphaland Makati Place, Inc. (85%). Under the JVA, the BSP has also agreed to use the Property as collateral in relation to the financing needs of the Project. In April 2010






Services and utilities will be multiply-redundant to ensure no interruptions.

Makati Place will be the first in the country with a built-in concierge technology that will enable its residents and tenants to achieve lifestyle objectives on demand, making the units at Makati Place true "smart homes". Residents will have an in-house network to access housekeeping, the building concierge, security officers, and the capability to select, order, pay and have delivered a wide variety of goods & services such as groceries, food & beverage, as well as order for maintenance and repair.

The Project will be implemented by alphaland Makati Place, Inc. (formerly, Silvertown Property Development Corporation), a subsidiary

alphaland Corporation signed an Omnibus Loan and Security Agreement with a consortium of banks namely The Development Bank of the Philippines, Land Bank of the Philippines, Bank of Commerce and Maybank Philippines all of whom committed a total of P1,750,000,000 in financing for alphaland Makati Place. The total project cost for Phase 1 of the development which includes the basement levels and the six-storey podium is P2,754,829,176 inclusive of interest expense during the course of the construction period.

Demolition of existing improvements on the Project site has already been completed while excavation is well underway. Phase 1 is scheduled to be completed by December 2011.

alphaland MAKATI TOWER

Rising at the heart of the Makati Central Business District, **alphaland** Makati Tower will be a new landmark building to service the growing demand for high end corporate offices in the Philippines.

It will be the most modern of only six existing premium-grade office buildings in the district. The 35-storey tower with a gross floor area of Forty-Eight Thousand (48,000) square meters sheathed in glass will house the corporate headquarters of alphaland Corporation and The Ashmore Group in the Philippines. Designed by world renowned Wong and Ouyang of Hong Kong while the structure has been certified by the Aromin & Sy and associates.

alphaland Makati Tower will rise on a Two Thousand Four Hundred (2,400) square meter property in the center of the Makati Central Business District. The premier property located along Ayala Avenue is bounded by the KPMG Center on the right and the Vicente Madrigal Building on the left. Intech Property Appraisal on their recent Appraisal Report dated September 2009 has appraised the total value of the land, improvements and air rights at One Billion Two Hundred Thirty-Two Million Pesos (Php1,232,000,000).

alphaland Makati Tower is envisioned to have a super imposing lobby with a two-storey height ceiling clad in glass to allow natural lighting to flow in. Each level will have a large floor template of up to One Thousand Five Hundred (1,500) to One Thousand Six Hundred (1,600) square meters. The crowning glory of the tower will be a three-storey penthouse which will be

sold to only one entity, preferably an embassy. The penthouse will have its own swimming pool and al fresco lounge, making it the most desirable offices in the country. The first two floors of prime commercial space along Ayala Avenue will be sold to a large financial institution.

The five level basement will include Four Hundred Eighty (480) parking slots to accommodate the high level executives we expect to occupy the building. The building will have state-of-the art security and facilities to include a shared conference center and meeting rooms.

alphaland BAY CITY

alphaland Bay City is envisioned to be a self-contained mixed use development project with a world class Marina and Yacht Club as its centre piece. It will be surrounded by high-end residential, hotel, commercial and retail establishments.

alphaland Bay City will feature a curvilinear port with a magnificent sail-inspired marina clubhouse at its centre. From above, it looks like an oyster containing a pearl within. The marina complex will be surrounded by a sweeping boardwalk lined by lively outdoor cafés, high-end boutiques and by five-star hotels. These are then circumvented by clusters of low-rise commercial buildings, medium-rise residential buildings followed by high-rise skyscrapers carefully arranged to ensure unmatched views and generous air circulation for all of the property's residents and workers. Tree lined and shaded walkways along with the main park and mini-gardens allow everyone green spaces while places of dining, recreation, and wellness are just a short walk from almost anywhere within the City.

The project's master planned development will not only enable all residents and employees to work, live, and play in the same area with the highest quality of facilities and services but will






also guarantee their stay as a long term and sound investment.

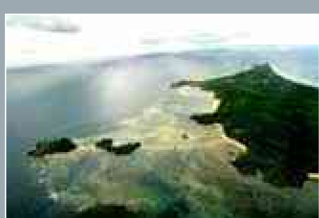
alphaland Bay City will have built-in intelligence and automated systems to cost-effectively manage energy, mechanical, sanitary, communication, security and leisure services. Concierge Services and amenities will be available within the location or can be accessed on-demand via state of the art web and wireless mediums which are multiply redundant to ensure reliability and constant availability. The advantages that these will bring are convenience and work efficiency at a lower cost and with better utilization of water and energy resources. This attention to intelligent functionality and sustainability further improves the appeal and value of the location, support business productivity and a convenient prestigious lifestyle.

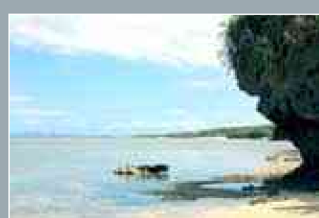
Bay City's centerpiece is the ultra-modern Marina Club that provides world-class facilities for yachting enthusiasts. It is large enough to accommodate over 70 large yachts and one super yacht. It is also the only marina in the country where club members can enjoy the use of several yachts owned by the Marina Club along with the other exclusive facilities and services. With this privilege, club members who do not yet own a yacht, can enjoy the experience of traditional sailing and the thrill of modern speed crafts for cruising the bay, island hopping and even exclusively catered yacht-parties.

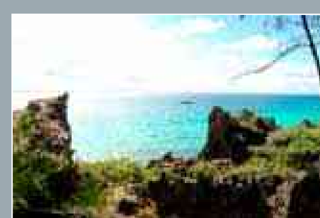
Immediately around the Marina is a promenade of high-end retail boutiques, fine dining restaurants, and a luxury hotel. The Waterfront Promenade runs along the curvilinear seawall up to an open area for concerts, street parties and other grand bay side events. The two anchor hotels situated at each end of the Waterfront Promenade offer a superior experience of hospitality services and spectacular views of the city and the bay.

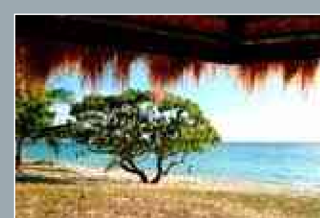
Adjacent to the main road and situated on a peninsula is a cluster of serviced apartments that offer guests the convenience of marina and waterfront amenities as well as the privacy of a secluded, high-end residential enclave. The apartment towers are designed to maximize their close proximity to the water's edge via a private terraced boardwalk that lead to a floating pool with unique views of a sparkling Marina and the Waterfront Promenade.

alphaland BALESIN ISLAND CLUB









alphaland Balesin Island Club is a 424 hectare island resort located on Lamon Bay, 33 kilometers off the eastern coast of Luzon and 30 minutes by plane from Manila's Ninoy Aquino Domestic Airport. Its size; close to half the size of Boracay Island's 1,028 hectares, its island type; a generally flat & lush tropical island with about 7.3 kilometers of white sand beaches, its location; a mere 115 kilometers from the Philippine capital, and the availability of the 1.5 kilometer airfield that can accommodate regional aircraft make Balesin Island the ideal spot for a environmentally sustainable beach paradise development.

alphaland Balesin Island Club's unique offering are its designed accommodations and amenities that are located in each of the major sites on the island. With the clubhouse as the island's centerpiece, alphaland Balesin Island Club will be subdivided into 6 areas; each with 12 hospitality villas. Each of these areas will contain a cluster of units whose international architects will take inspiration from internationally famous beachside destinations such as Saint Tropez, Phuket, Costa Smeralda, Bali, Mykonos and Morocco. Members and their guests can choose to spend their stay in any of the six hospitality resorts within the Clusters where the themes are carefully carried out from landscaping, structural and interior design, as well as their culinary and beverage offerings. Close to the Clubhouse is the Zen-Spa Villa that will offer specialty treatment suites, outdoor bathing, relaxation lounges, a library, and a yoga studio that will cater to all the health, body, and relaxation needs of our guests. Guests may choose to spend almost their entire holiday at the Zen-Spa Villa which will have nutritionists and trainers guiding the guests through their activities aimed at achieving a long-term balanced lifestyle.

alphaland Balesin Island Club's membership model will appeal to weekend travelers who seek a bit more privacy with their friends and families. Membership affords you free flights yearly to Balesin Island as well as multiple complimentary nights in the hospitality rooms and villas situated in each Cluster. Members and their guests can travel to the island through various means; via flights from the dedicated members' lounge in Manila's airport or the ferry service from Real port in Quezon Province. Once on the island, members will use the club's electric carts, bicycles and even horses to go around its themed beach clusters, spa, leisure areas, sport facilities, entertainment venues and scenic viewpoints.

The island development will make use of ecologically sensitive alternatives for power generation, water desalination, water harvesting & recycling. The construction of the clubhouse and its core engineering systems will have utilities management and utility savings measures as key

elements of the design development. alphaland Balesin Island Club's architectural design will ensure that the entire site remains in harmony with the tropical island setting and will make use of the services of some of the world's most eminent hospitality master planners, architects, and engineers. A part of the island, covered in dense forest will be set aside, allowing for the island to maintain its eco-diversity and tropical allure.

alphaland BORACAY GATEWAY

alphaland Boracay Gateway is a sprawling 500 Hectare property in the northern tip of Nabas, Aklan on Panay Island. The property faces Boracay Island, one of the world's best beach resort islands and is close to Kalibo where the historic "Ati-Atihan" Festival is celebrated. To date, the area serves as the gateway to Boracay with the Caticlan airport and Boracay Jetty within 5 minutes driving. The alphaland development will truly build what the project promises; to be the Gateway development to Boracay and a spectacular destination in itself.

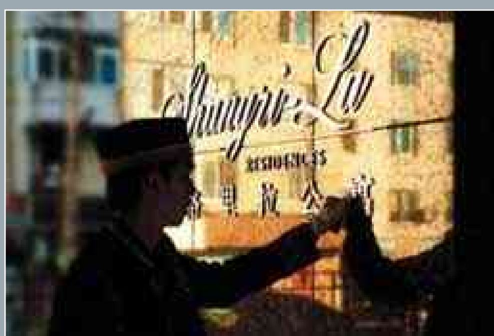
alphaland aims to transform this prime property into a high-end mixed use resort complex anchored by a Polo and Country Club as well as water recreational activities. alphaland Boracay Gateway is designed to cater to an exclusive market in search for a quiet getaway in an idyllic setting. It will benefit from its connection to Boracay Island via a direct ferry service. It has 1.7 kilometers of powder white sand with spectacularly clear & blue waters, a rich marine ecology, panoramic views atop mountain ranges and a beautiful tropical beachfront that serves as a centerpiece attraction. Along the reef which is about 300 meter long from the beachfront would stand luxurious water villas that provide a private haven in splendid isolation on a white sand beach.

The property will be a fully integrated leisure township development project – a master planned community; geared to be an eco-resort destination with a wide range of components in the hotel, sports, recreation, residential, and retail/commercial areas.

alphaland Boracay Gateway in Aklan; a master planned community with preserved natural wonders: a lengthy stretch of beach with powdery white sand, a monolith "Single Stone" landmark, abundant marine life, and diverse natural attractions that will include mountains and hills, lakes, spring water, waterfalls, and a richly diverse offering of flora and fauna. It will be a world-class resort town that gives everything for one to live a cosmopolitan beach lifestyle.

alphaland Boracay Gateway is a joint venture between alphaland Corporation and Akean Resorts Corporation. Akean Resorts Corporation is an affiliate of the Prudentialife Group of Companies, headed by Ambassador Francisco A. Alba, which has a range of services in the areas of pre-need, memorialisation, healthcare, financial services, non-life insurance, real estate, and travel and leisure. Prudentialife continues to provide excellent services for a better quality of life since 1978.

alphaland SHANGRI-LA AT THE FORT



Shangri-La at the Fort will consist of mixed-use business, hospitality, residential and retail tower which will be located on the corner of 5th Ave. and 30th St. Envisioned as the new flagship luxury development in the Shangri-La portfolio, "Shangri-La at the Fort" is a premier hospitality property cited within the West Super Block of the Fort Bonifacio Global City development in Taguig City, Metro Manila

Shangri-La has named US-based Skidmore, Owings and Merrill LLP as architect and Hirsch Bedner Associates to undertake the interior design for guestrooms and the main lobby. The tower will present a contemporary yet timeless design with the facade of the building tapering skyward, maximizing the ocean view.

The Shangri-La at the Fort project will consist of the following developments:

1. The Horizon Club & Lounge which will be located on the top floor providing stunning views and outdoor rooftop facilities. Only Guests of the Horizon floor Hotel and Horizon Home owners will have accessibility to the Club Lounge

2. The Horizon Homes which will be benchmarked against some of the more luxurious buildings in the Fort: Essensa, Pacific Plaza and One Roxas Place.

3. A 500-key Hotel dubbed "Shangri-La at the Fort" which will be benchmarked against the Makati Shangri-La, Raffles and the Grand Hyatt.

4. The Residences which will provide longer staying guest with serviced apartments.

5. The Sports Club which will serve as a selling feature to all occupants of Shangri-la at the Fort and will be a separate brand entity from the Hotel, Homes and Residences with state of the art work out facilities totaling 10,300sqm.

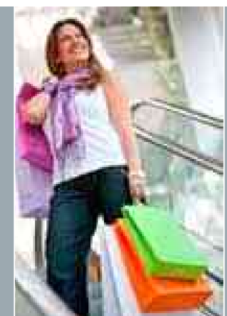
6. Luxury retail outlets

alphaland has a twenty percent (20%) stake in Shangri-La at the Fort. In May 2008, alphaland subscribed to 250,000 common shares each of Shang Global City Properties (SGCPI) and Fort Bonifacio Shangri-La Hotel Inc. (FBSHI) representing twenty percent (20%) of the outstanding shares. The remaining eighty percent (80%) was subscribed by the Shangri-La Group.

As of end October 2009, advances to SGCPI and SPDC has amounted to Six Hundred Seventy-Two Million Pesos (Php672,000,000) which is intended for future equity conversion.

Designed to achieve a market leader status in all categories, it will redefine the horizon of expectations and re-establish a new standard for luxury hospitality and services in Manila.

Shangri-La at the Fort is slated to open in 2014.



alphaland HEAVY EQUIPMENT

alphaland Heavy Equipment Corporation (AHEC) is a joint venture company between the alphaland Development Inc. and Fabricom – XCMG Philippines Inc. It was incorporated in January 13, 2010 for the purpose of creating a pool of equipment which can be leased or sold to local government units, government departments, or private entities, to construct and repair damaged infrastructure.

The authorized capital of alphaland Heavy Equipment Corporation is Php 1,000,000,000 the initial subscribed capital is Php 250,000,000 with paid-in capital at Php 100,000,000 contributed equally by alphaland Development Inc. and Fabricom – XCMG Philippines Inc.

The equipment will be supplied by Xuzhou Construction Machinery Group (XCMG), the largest construction machinery manufacturer and exporter in China. Founded in March 1989 with a total annual turnover of almost US$3 Billion.

The exclusive distributor of XCMG is Fabricom XCMG Philippines, Inc. They will provide the operators and maintenance personnel training and guarantee that the necessary spare parts will be available to cover the warranty of the said equipment. Fabricom XCMG Philippines, Inc.

will also provide AHEC with sample models of the equipment at the latter's sales office with no expense to the AHEC.

The equipment will be leased or sold to local government units, government departments, or private entities. AHEC will lease the equipment with an accompanying operator to ensure the safety and maintenance of the equipment. The equipment will be delivered and stored in a leased location in Bataan Economic Zone. The servicing of the equipment will also be done in the same location.

A sales and display office will be established by AHEC in Metro Manila, preferable in Aseana Business Park Parañaque, Bay City. AHEC will initially operate in Metro Manila with planned expansion to major cities in Visayas and Mindanao.

In the aftermath of natural calamities such as Typhoons "Ondoy" and "Pepeng", there is an urgent need to construct and repair damaged infrastructure. As of late last year the NDCC has reported P38 billion worth of infrastructure and agriculture damage caused by Ondoy and Pepeng.

In April 2009, the National Irrigation Administration (NIA) canceled the bidding for the procurement of P1.4 Billion worth of heavy equipment. Due to the recent damage of irrigation facilities it is likely that this procurement will be revived.

Strong government-sponsored activity in the power (and transport) sectors, together with popular support by doling out funds for infrastructure and social projects to cushion the economy and keep job losses at bay, should ensure that the Philippines register strong construction sector growth in 2010. Overall, construction sector growth should remain positive during the remainder of our forecast period given the country's low base of infrastructure development and strong potential economic growth.

alphaland CORPORATION

2007

May

Alphaland was incorporated to engage in real estate acquisition and development.

September

Alphaland acquired from Wendel Holdings, Inc. 10.25 hectares located at Aseana Business Park, Parañaque City. Alphaland intends to contribute this 10-hectare property into a 50-50 joint venture with D.M. Wenceslao & Associates, Inc. for the development of Alphaland Bay City.

November

Alphaland acquired 30 hectares situated in Silang, Cavite from Noblehouse Construction, Inc.

2008

January

Alphaland acquired unfinished structure on 9,497sqm property at the corner of EDSA and Chino Roces Avenue in Makati City from South China Resources, Inc. and the Puyat family. The property was developed into Alphaland Southgate Tower and Mall.

The Securities and Exchange Commission (SEC) approved Alphaland's increase in additional capital stock from P10,000, divided into 10,000 shares with the par value of P1.00 each to P1,000,000,000.00, divided into 1,000,000,000 shares with the par value of P1.00 each.

May

Alphaland subscribed to 250,000 common shares each of Shang Global City Properties, Inc. (SGCPI) and Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI) representing 20% of the outstanding shares of each of the said companies. SGCPI and FBSHI entered into an unincorporated joint venture agreement to construct a five-star hotel and high-end development dubbed "Shangri-La at the Fort" at SGCPI's land property in Bonifacio Global City, Taguig.

June

Alphaland acquired Sime Darby's 100% stake in Silvertown Property Development Corporation (SPDC), the leasehold owner of a 1 hectare property along Ayala Ave. Extension under the name of Boy Scouts of the Philippines (BSP). SPDC entered into a Joint Venture Agreement with the BSP to develop the property into Alphaland Makati Place.

Alphaland acquired 2,400 square meters along Ayala Avenue, Makati City from Sta. Lucia Land, Inc. Due to current zoning height restrictions, Alphaland also acquired "air rights" from the owner of the adjacent property, which increased the gross floor area of the property from 38,400 square meters to 48,000 square meters. The property will be developed into Alphaland Makati Tower, a 35-storey premiere office building.

2009

January

The Philippine Economic Zone Authority (PEZA) approved the registration of Alphaland pursuant to Presidential Proclamation No. 1692 dated 22 December 2008 declaring the proposed Alphaland Southgate building an Information Technology Ecozone.

August

Alphaland launched the Alphaland Southgate Tower and Mall. It is comprised of the Alphaland Southgate Tower, a 20-storey modern structure clad in a glass curtain wall and the Alphaland Southgate Mall, a six-storey podium which will house retail and casual dining establishments.

2010

January

Incorporation of Alphaland Heavy Equipment Corporation (AHEC) for the purpose of creating a pool of equipment which can be leased or sold to local government units, government departments, or private entities, to construct and repair damaged infrastructure. The authorized capital of AHEC is Php 1,000,000,000 the initial subscribed capital is Php 250,000,000 with paid-in capital at Php 100,000,000 contributed equally by the 50-50 joint venture partners Alphaland Development Inc. and Fabricom – XCMG Philippines Inc.

March

Groundbreaking of Alphaland Makati Place.

Alphaland signs a Memorandum of Agreement with Akean Resorts, Inc. for the development of a 500-hectare property located in Nabas, Aklan on Panay Island, into a resort community comprising of vacation residential estates, beachfront commercial properties, clubhouse amenities and other components as may be integrated to achieve a fully integrated and sustainable resort development to be known as Alphaland Boracay Gateway.

April

Alphaland signs a Memorandum of Agreement with Balesin Corporation to acquire 380 hectares of beach property located in Balesin Island, Pollillo, Quezon intended for development of a resort community to be known as the Alphaland Balesin Island Resort.

Alphaland signs Omnibus Loan and Security Agreement with Development Bank of the Philippines, Land Bank of the Philippines, Bank of Commerce and Maybank Philippines securing P1.75Bn in financing for the development of the proposed Alphaland Makati Place Project.

16 April 2010

Amendment of By-Laws

Board of Directors approve a resolution to amend the Company's By-Laws to reflect the following changes:

a. To designate the Chairman of the Board of Directors as the Chief Executive Officer of the Company;

b. To provide for the Office of a Vice-Chairman, who will serve as the Chief Executive Officer, in the absence of the Chairman; and

c. To designate the President as the Chief Operating Officer.

The Board also approved the amendment to the Company's Articles of Incorporation to increase the number of directors from seven (7) to fifteen (15).

All of the amendments will be subject to stockholders' ratification at the annual meeting to be held on May 28,2010.

29 March 2010

Annual Stockholders'

Meeting The Board of Directors set the Annual Stockholders' meeting on May 28, 2010 (Friday) at 2:00 p.m. at the 6th Floor, Alphaland Southgate Mall, 2258 Chino Rocs Avenue corner EDSA, Makati City. All stockholders of the company as of record date (April 15, 2010) are eligible to attend.

16 March 2010

Change in Trading Symbol to "ALPHA"

At a board meeting held on March 16,2010, the Board of Directors approved the change of the stock trading symbol of the Company from "MRAY" to "ALPHA".

21 January 2010

New Assistant Corporate Secretary

In a special meeting of the Board of Directors Atty. Jonamel G. Israel-Orbe was appointed Assistant Corporate Secretary effective immediately to replace Atty. Gwyneth S. Ong.

11 January 2010

Clarification on Alphaland News Article

Clarification of the news article entitled "Alphaland sets up new company" which was posted on the January 11, 2010 issue of the BusinessMirror (Internet Edition). Alphaland confirms the report; however, the Company wishes to clarify that the incorporating stockholder will be the real estate development company, Alphaland Development Inc. (formerly, Alphaland

Corporation) and not the listed company, Macondray Plastics, Inc. (which will be renamed Alphaland Corporation).

4 January 2010

Clarification of News Articles

Clarification of the Manila Standard Today article dated 4 January 2010. The Company confirms that Atty. Mario A. Oreta, President of Alphaland Corporation talked with reporters during the Company's special stockholders meeting held last 23 December 2009 where he discussed the Company's upcoming plans and projects. However, we would like to make the following clarifications:

- The Company's soon to be wholly-owned subsidiary, Alphaland Development, Inc. has five major property development projects: Shangri-la at the Fort, Alphaland Southgate Tower and Mall, Alphaland Makati Place, Alphaland Bay City and The Alphaland Makati Tower.

- Shangri-la at the Fort, where Alphaland has a 20% stake, is an ongoing development led by the Shangri-la Group.

- Alphaland Southgate Tower and Mall, is 100% owned by Alphaland and was completed in August of 2009. Alphaland Southgate Tower will be inaugurated this month.

- Alphaland Makati Place and Alphaland Bay City are the two real estate projects being lined up by the Company for this year.

- Alphaland Makati Place is an 85:15 joint venture between Silvertown Property Development Corporation and the Boy Scouts of the Philippines to develop a one hectare property located at the corner of Ayala Avenue and Malugay Street in Makati City. It will be a mixed-use development with a shopping mall and a city club as well as three residential towers. Silvertown is a 94%-owned subsidiary of Alphaland.

- Alphaland Bay City is a 50:50 joint venture between Alphaland and the D.M. Wenceslao group to develop around 32 hectares of reclaimed land in Parañaque City, located in between the SM Mall of Asia and the PAGCOR Entertainment City. The development will include a world class yacht club as well as hotels, retail establishments and residential towers.

- For 2010, the Company intends to first build the shopping mall and the city club for the Alphaland Makati Place project and the marina for the Alphaland Bay City project. Hence the estimate of at least P3 billion in capital expenditure for 2010. Since the Company is also looking at other projects for the year, an estimate ceiling of P5 billion in capital expenditure was also mentioned.

- For The Alphaland Makati Tower project, the Company plans to start construction sometime in 2011(not 2012 as stated in the article) just in time for the country's projected economic recovery.

EXECUTIVE OFFICERS

ROBERTO V. ONGPIN
Chairman

ERIC O. RECTO
Vice Chairman

MARIO A. ORETA
President

DENNIS O. VALDES
Treasurer

RODOLFO MA. A. PONFERRADA
Corporate Secretary/Corporate Information Officer

JONAMEL G. ISRAEL-ORBE
Assistant Corporate Secretary

JOSEPHINE A. MANALO
Corporate Information Officer

BOARD OF DIRECTORS

ROBERTO V. ONGPIN

ERIC O. RECTO

MARIO A. ORETA

CRAIG WEBSTER

JULES GREEN

MARIO J. LOCSIN
Independent Director

ALBERT L. TUASON
Independent Director

ROBERTO V. ONGPIN was elected as Director and Chairman of the Board on November 11, 2009. Mr. Ongpin is presently also the chairman the board of ISM Communications Corporation, PhilWeb Corporation, Atok-Big Wedge Co. Inc., Alphaland Development, Inc., Developing Countries Investment Corporation, and Eastern Telecommunications Philippines, Inc., the deputy chairman of the South China Morning Post (HKSE:0583), a director of Shangri-La Asia (HKSE:0069), Petron Corporation, San Miguel Corporation and Araneta Properties, Inc. He was formerly the managing partner of SyCip Gorres Velayo & Co. and previously served as Minister of Trade and Industry of the Republic of the Philippines from 1979 to 1986. Mr. Ongpin is a certified public accountant and has an MBA from Harvard Business School.

ERIC O. RECTO was elected as Director on November 11, 2009 and Vice Chairman on December 8, 2009 and appointed as Corporate Information Officer on November 18, 2009. Mr. Recto is also currently the president of Petron Corporation and ISM Communications Corporation, vice chairman of Atok-Big Wedge Co., Inc., PhilWeb Corporation and Alphaland Development, Inc., as well as director and chief executive officer of Eastern Telecommunications Philippines, Inc. He is also an independent director of Philippine National Bank. He also served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both the International Finance Group and the Privatization Office. Before his stint with the government, he was chief finance officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University.

MARIO A. ORETA was elected as Director on November 11, 2009 and President on December 8, 2009. He is also currently the President of Alphaland Development, Inc. and Alphaland Heavy Equipment Corporation. He is Chairman of Major Holdings Corporation, Major Properties Inc., Major Homes, Inc. and La Finca Farm and Country Resort. He is also a Director of PhilWeb Corporation, ISM Communications Corporation and Atok-Big Wedge Co., Inc. He was the Founder and Managing Partner of Tanjuatco Oreta and Factoran Law Offices.

JULES GREEN was elected as Director on November 20, 2009. Mr. Green joined Grindlays Bank plc from the London School of Economics in 1985 and has been a member of Ashmore's Investment Committee since inception. Previously he worked as an originator/ distributor in the ANZ Emerging Markets Group and as a financial engineer involved with currency swaps and options. He holds a degree in Management Sciences from London School of Economics.

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

MARIO J. LOCSIN was elected as Independent Director on November 11, 2009. Mr. Locsin is currently President of Aeropartners Inc. as well as President and COO of Eastern Telecommunications Philippines, Inc. He is also an independent director Atok-Big Wedge Co., Inc. as well as director of ISM Communications Corporation and PhilWeb Corporation. Likewise, he is Treasurer and Director of Hermes Diversified Holdings Inc. and Hideco Sugar Milling Co. Inc. He holds a Master's degree in Business Administration from the University of San Francisco (1980), and a degree in Lia-Honors Math from De La Salle University (1973).

ALBERT L. TUASON was elected as Independent Director on November 18, 2009. Mr. Tuason has over 25 years of telecommunications experience in the international and domestic voice, data, and internet markets. He joined Eastern Telecommunications Philippines, Inc. (ETPI) as a Data Communications Engineer in 1982, has risen from the ranks, and is currently its Senior Vice President for Operations. He is currently a Director of the Philippine Chamber of Telecommunication Operators (PCTO), and ETPI's Alternate Director in the ASEAN Cableship Pte., Ltd (ACPL) and its subsidiary companies.

DENNIS O. VALDES was elected as Treasurer on November 11, 2009. Mr. Valdes is presently the president and a director of PhilWeb Corporation and a director of ISM Communications Corporation. He also serves as director and treasurer of Atok-Big Wedge Co., Inc. He worked in various capacities for the Inquirer Group of Companies from 1996 to 2006 as a director of Philippine Daily Inquirer, Inc., founding president of Inq7 Interactive, Inc. and president of Inquirer Publications, Inc. Simultaneously, he worked for the Print Town Group of companies as executive vice president and chairman of the executive committee of FEP Printing Corp., president of Lexmedia Digital Corp. and founding president of Newspaper Paraphernalia, Inc. He is a certified public accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines and has an MBA degree from the Kellogg School of Management, Northwestern University.

RODOLFO MA. A. PONFERRADA was elected as Corporate Secretary on November 11, 2009 and appointed Corporate Information Officer on November 18, 2009. Mr. Ponferrada is currently vice president, assistant corporate secretary and chief legal counsel of Eastern Telecommunications Philippines, Inc.; assistant corporate secretary and general counsel of ISM Communications Corporation; general counsel of Alphaland Development, Inc.; corporate secretary of Atok-Big Wedge Co., Inc. and director (representing the private sector) of the Social Housing Finance Corporation. He was previously the assistant chief of staff of Vice President Noli "Kabayan" de Castro. Mr. Ponferrada is a member of the Philippine Bar.

JONAMEL G. ISRAEL-ORBE was appointed as Assistant Corporate Secretary on January 21, 2010. Ms. Orbe is also Legal Counsel for Alphaland Development, Inc. She is a member of the Philippine Bar.

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

ROBERTO V. ONGPIN
Chairman

ERIC O. RECTO
Vice Chairman

MARIO A. ORETA
President

FERNANDO R. SANTICO, JR.
Executive Vice President

RAUL C. PAGDANGANAN
Executive Vice President/Chief Finance Officer

BELINDA L. HERRERA
Executive Vice President for Sales, Marketing and Leasing
(Effective June 1, 2010" - Not in photo)

KENNETH ARANETA GO
Vice President Planning and Development

Fernando R. Santico, Jr. Mario A. Oreta Roberto V. Ongpin Eric O. Recto Raul C. Pagdanganan Kenneth Araneta Go

SGV & Co
Ernst & Young

SyCip Gorres Velayo & Co.
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www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

The Stockholders and Board of Directors
Alphaland Corporation

We have reviewed the pro-forma adjustments reflecting the transaction described in Note 2 and the application of those adjustments to the historical amounts in the accompanying pro-forma consolidated balance sheet of Alphaland Corporation and Subsidiaries as of December 31, 2009, and the pro-forma consolidated statement of comprehensive income and pro-forma consolidated statement of cash flows for the year then ended. The historical financial statements are derived from the historical financial statements of Alphaland Corporation, Alphaland Development, Inc. and Alphaland Makati Place, Inc., which were audited by us. Such pro-forma adjustments are based on management's assumptions described in Note 3. Alphaland Corporation's management is responsible for the pro-forma consolidated financial statements.

Our review was conducted in accordance with Philippine Standard on Assurance Engagement 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and Securities and Exchange Commission Memorandum Circular No. 2, Series of 2008 and accordingly, included such procedures as we considered necessary in the circumstances. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro-forma adjustments and the application of those adjustments to historical financial information. Accordingly, we do not express an opinion.

The objective of this pro-forma consolidated financial statements is to show what the significant effect on the historical financial information might have been had the transaction described in Note 2 occurred at an earlier date. However, the pro-forma consolidated financial statements are not necessarily indicative of the results of operations or related effects on the financial position that would have been attained had the above-mentioned transaction actually occurred earlier.

Based on the review, nothing came to our attention to cause us to believe that management's assumptions do not provide a reasonable basis for presenting the significant effects directly attributable to the transaction described in Note 2, that the related pro-forma adjustments do not give appropriate effect to those assumptions, or that the related pro-forma columns do not reflect the proper application of those adjustments to the historical financial statements in the pro-forma consolidated balance sheet as of December 31, 2009 and the pro-forma consolidated statement of comprehensive income and pro-forma consolidated statement of cash flows for the year ended December 31, 2009.

SYCIP GORRES VELAYO & CO.

John Nai Peng C. Ong

John Nai Peng C. Ong
Partner
CPA Certificate No. 85588
SEC Accreditation No. 0327-AR-1
Tax Identification No. 103-093-301
PTR No. 2087559, January 4, 2010, Makati City

May 20, 2010

ALPHALAND CORPORATION AND SUBSIDIARIES
PRO-FORMA CONSOLIDATED BALANCE SHEET
As of December 31, 2009

	Alphaland Corporation and Subsidiary		Alphaland Development, Inc. and Subsidiary					
	December 31, 2009 (Audited; Note 3)	**Fair Value at Acquisition Date** [Unaudited; Note 4.2(b)]	**Alphaland Development, Inc.** (Audited; Note 3)	**Alphaland Makati Place, Inc.** (Audited; Note 3)	**Pro-forma Adjustments** (Unaudited; Note 4.1)	**Pro-Forma Consolidated** (Unaudited; Note 4.1)	**Pro-forma Adjustments** (Unaudited; Note 4.2)	**Pro-forma Consolidated** (Unaudited)
		A				**B**	**C**	**D***
ASSETS								
Current Assets								
Cash and cash equivalents	₱13,995,258	₱11,526,934	₱54,809,294	₱341,813	₱–	₱55,151,107	₱–	₱66,678,041
Trade and other receivables	155,351,714	140,334,825	47,173,507	376	–	47,173,883	–	187,508,708
Inventories	94,136,600	91,566,535	–	–	–	–	–	91,566,535
Prepaid expenses and other current assets	28,597,140	20,117,149	274,212,939	616,574	–	274,829,513	–	294,946,662
Total Current Assets	292,080,712	263,545,443	376,195,740	958,763	–	377,154,503	–	640,699,946
Noncurrent Assets								
Investments in and advances to a subsidiary and associates	–	–	1,108,072,848	–	(428,861,557)	679,211,291	–	679,211,291
Amounts owed by related parties	–	–	197,047,000	–	–	197,047,000	–	197,047,000
Property, plant and equipment	247,142,873	245,342,422	6,901,444	–	–	6,901,444	–	252,243,866
Investment properties	–	–	10,943,690,619	23,428,119	410,082,142	11,377,200,880	–	11,377,200,880
Goodwill	–	23,229,684	–	–	–	–	–	23,229,684
Deferred tax assets	3,974,476	18,332,145	–	–	–	–	–	18,332,145
Other noncurrent assets	5,925,014	–	–	8,478	–	8,478	–	8,478
Total Noncurrent Assets	257,042,363	286,904,251	12,255,711,911	23,436,597	(18,779,415)	12,260,369,093	–	12,547,273,344
	₱549,123,075	₱550,449,694	₱12,631,907,651	₱24,395,360	(₱18,779,415)	₱12,637,523,596	₱–	₱13,187,973,290

*Sum of A, B and C.

See accompanying Notes to Pro-forma Consolidated Financial Statements.

	Alphaland Corporation and Subsidiary		Alphaland Development, Inc. and Subsidiary					
	December 31, 2009 (Audited; Note 3)	**Fair Value at Acquisition Date** [Unaudited; Note 4.2(b)]	**Alphaland Development, Inc.** (Audited; Note 3)	**Alphaland Makati Place, Inc.** (Audited; Note 3)	**Pro-forma Adjustments** (Unaudited; Note 4.1)	**Pro-forma Consolidated** (Unaudited; Note 4.1)	**Pro-forma Adjustments** (Unaudited; Note 4.2)	**Pro-forma Consolidated** (Unaudited)
		A				**B**	**C**	**D***
LIABILITIES AND EQUITY								
Current Liabilities								
Notes payable	₱149,000,000	₱143,000,000	₱–	₱–	₱–	₱–	₱–	₱143,000,000
Trade and other payables	29,361,638	22,545,237	250,306,165	194,021	–	250,500,186	–	273,045,423
Liabilities under trust receipts and acceptances	99,800,248	81,033,196	–	–	–	–	–	81,033,196
Current portion of long-term debt	–	–	31,249,400	–	–	31,249,400	–	31,249,400
Current portion of customers' deposits	–	–	5,101,710	–	–	5,101,710	–	5,101,710
Amounts owed to related parties	30,000	–	–	25,346,496	(25,346,496)	–	–	–
Income tax payable	634,207	4,058,833	–	–	–	–	–	4,058,833
Total Current Liabilities	278,826,093	250,637,266	286,657,275	25,540,517	(25,346,496)	286,851,296	–	537,488,562
Noncurrent Liabilities								
Long-term debt - net of current portion	–	–	1,368,750,600	–	–	1,368,750,600	–	1,368,750,600
Retirement benefits obligation	2,552,672	4,141,248	–	–	–	–	–	4,141,248
Customers' deposits - net of current portion	–	–	26,346,044	–	–	26,346,044	–	26,346,044
Deferred tax liabilities	–	–	1,260,571,448	–	–	1,260,571,448	–	1,260,571,448
Total Noncurrent Liabilities	2,552,672	4,141,248	2,655,668,092	–	–	2,655,668,092	–	2,659,809,340
Equity Attributable to Equity Holders of the Parent								
Paid-up capital	150,588,900	295,671,180	250,007,500	345,310	(345,310)	250,007,500	6,793,268,162	7,338,946,842
Deposits for future stock subscriptions	–	–	6,792,054,636	–	–	6,792,054,636	(6,792,054,636)	–
Treasury shares (423,900 shares)	(1,213,526)	–	–	–	–	–	(1,213,526)	(1,213,526)
Retained earnings (deficit)	118,368,936	–	2,647,520,148	(1,490,467)	(9,488,935)	2,636,540,746	–	2,636,540,746
	267,744,310	295,671,180	9,689,582,284	(1,145,157)	(9,834,245)	9,678,602,882	–	9,974,274,062
Non-controlling interest	–	–	–	–	16,401,326	16,401,326	–	16,401,326
Total Equity	267,744,310	295,671,180	9,689,582,284	(1,145,157)	6,567,081	9,695,004,208	–	9,990,675,388
	₱549,123,075	₱550,449,694	₱12,631,907,651	₱24,395,360	(₱18,779,415)	₱12,637,523,596	₱–	₱13,187,973,290

*Sum of A, B and C.

See accompanying Notes to Pro-forma Consolidated Financial Statements.

ALPHALAND CORPORATION AND SUBSIDIARIES
PRO-FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2009

	Alphaland Corporation and Subsidiary (Audited; Note 3)	Alphaland Development, Inc. and Subsidiary: Alphaland Development, Inc. (Audited; Note 3)	Alphaland Development, Inc. and Subsidiary: Alphaland Makati Place, Inc. (Unaudited; Note 3)	Alphaland Development, Inc. and Subsidiary: Pro-forma Adjustments (Unaudited; Note 4.1)	Alphaland Development, Inc. and Subsidiary: Pro-forma Consolidated (Unaudited; Note 4.1)	Pro-forma Consolidated (Unaudited)
	A				B	C*
REVENUES						
Sales	₱556,178,892	₱–	₱–	₱–	₱–	₱556,178,892
Rental	–	32,434,478	300,000	–	32,734,478	32,734,478
Others	–	6,761,828	–	–	6,761,828	6,761,828
	556,178,892	39,196,306	300,000	–	39,496,306	595,675,198
COSTS AND EXPENSES	492,476,817	128,822,093	2,098,436	–	130,920,529	623,397,346
OTHER INCOME (EXPENSES)						
Gain on fair value change of investment properties	–	228,984,740	–	–	228,984,740	228,984,740
Interest expense and other finance charges	(17,027,645)	(28,873,000)	–	–	(28,873,000)	(45,900,645)
Interest income	52,835	6,212,714	853	–	6,213,567	6,266,402
Equity in net earnings of associates - net	–	–	–	3,486,918	3,486,918	3,486,918
Foreign exchange loss	(839,282)	(2,201)	–	–	(2,201)	(841,483)
Others - net	(3,808,409)	213,000	28,251	–	241,251	(3,567,158)
	(21,622,501)	206,535,253	29,104	3,486,918	210,051,275	188,428,774
INCOME BEFORE INCOME TAX	42,079,574	116,909,466	(1,769,332)	3,486,918	118,627,052	160,706,626
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	13,330,326	–	6,565	–	6,565	13,336,891
Deferred	(701,547)	93,642,569	–	–	93,642,569	92,941,022
	12,628,779	93,642,569	6,565	–	93,649,134	106,277,913
NET INCOME	29,450,795	23,266,897	(1,775,897)	3,486,918	24,977,918	54,428,713
OTHER COMPREHENSIVE INCOME	–	–	–	–	–	–
	₱29,450,795	₱23,266,897	(₱1,775,897)	₱3,486,918	₱24,977,918	₱54,428,713
Attributable to:						
Equity holders of the Parent	₱29,450,795	₱23,266,897	(₱1,775,897)	₱3,382,466	₱24,873,466	₱54,324,261
Non-controlling interest	–	–	–	104,452	104,452	104,452
	₱29,450,795	₱23,266,897	(₱1,775,897)	₱3,486,918	₱24,977,918	₱54,428,713
Basic/Diluted Earnings Per Share (Note 5)	₱0.20				₱0.02	₱0.04

*Sum of A and B.

See accompanying Notes to Pro-forma Consolidated Financial Statements.

ALPHALAND CORPORATION AND SUBSIDIARIES
PRO-FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009

	Alphaland Corporation and Subsidiary (Audited; Note 3)	Alphaland Development, Inc. and Subsidiary: Alphaland Development, Inc. (Audited; Note 3)	Alphaland Makati Place, Inc. (Unaudited; Note 3)	Pro-forma Adjustments (Unaudited; Note 4.1)	Pro-forma Consolidated (Unaudited; Note 4.1)	Pro-forma Adjustments (Unaudited; Note 4.2)	Pro-forma Consolidated (Unaudited)
	A				B	C	D*
CASH FLOWS FROM OPERATING ACTIVITIES							
Income (loss) before income tax	₱42,079,574	₱116,909,466	(₱1,769,332)	₱3,486,918	₱118,627,052	₱–	₱160,706,626
Adjustments for:							
Gain on fair value change of investment properties	–	(228,984,740)	–	–	(228,984,740)	–	(228,984,740)
Interest expense and other finance charges	17,027,645	28,873,000	–	–	28,873,000	–	45,900,645
Interest income	(52,835)	(6,212,714)	(853)	–	(6,213,567)	–	(6,266,402)
Depreciation and amortization	29,523,380	2,128,862	–	–	2,128,862	–	31,652,242
Provision for impairment losses on trade receivables	3,446,874	–	–	–	–	–	3,446,874
Gain on disposal of transportation equipment	(96,018)	–	–	–	–	–	(96,018)
Equity in net earnings of associates	–	–	–	(3,486,918)	(3,486,918)	–	(3,486,918)
Unrealized foreign exchange loss	889,448	2,201	–	–	2,201	–	891,649
Operating income (loss) before working capital changes	92,818,068	(87,283,925)	(1,770,185)	–	(89,054,110)	–	3,763,958
Decrease (increase) in:							
Trade and other receivables	12,306,609	(29,104,151)	(376)	–	(29,104,527)	–	(16,797,918)
Inventories	(1,852,571)	–	–	–	–	–	(1,852,571)
Prepaid expenses and other current assets	6,778,326	(42,133,893)	45,664	–	(42,088,229)	–	(35,309,903)
Increase (decrease) in:							
Trade and other payables	2,094,572	(410,879,482)	96,996	–	(410,782,486)	–	(408,687,914)
Amounts owed to a related party	–	–	24,546,458	(24,546,458)	–	–	–
Liabilities under trust receipts and acceptances	(60,581,296)	–	–	–	–	–	(60,581,296)
Retirement benefits obligation	(2,792,000)	–	–	–	–	–	(2,792,000)
Customers' deposits	–	28,230,915	–	–	28,230,915	–	28,230,915
Net cash generated from (used for) operations	48,771,708	(541,170,536)	22,918,557	(24,546,458)	(542,798,437)	–	(494,026,729)
Interest received	52,835	6,865,544	853	–	6,866,397	–	6,919,232
Interest and other finance charges paid	(17,027,645)	(25,855,493)	–	–	(25,855,493)	–	(42,883,138)
Income taxes paid	(14,496,838)	–	(6,565)	–	(6,565)	–	(14,503,403)
Net cash flows provided by (used in) operating activities	17,300,060	(560,160,485)	22,912,845	(24,546,458)	(561,794,098)	–	(544,494,038)

(Forward)

*Sum of A, B and C.

See accompanying Notes to Pro-forma Consolidated Financial Statements.

	Alphaland Corporation and Subsidiary (Audited; Note 3)	Alphaland Development, Inc. and Subsidiary: Alphaland Development, Inc. (Audited; Note 3)	Alphaland Makati Place, Inc. (Unaudited; Note 3)	Pro-forma Adjustments (Unaudited; Note 4.1)	Pro-forma Consolidated (Unaudited; Note 4.1)	Pro-forma Adjustments (Unaudited; Note 4.2)	Pro-forma Consolidated (Unaudited)
	A				**B**	**C**	**D***
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisitions of:							
Investment properties	₱–	(₱309,092,303)	(₱22,628,079)	₱–	(₱331,720,382)	₱–	(₱331,720,382)
Property, plant and equipment	(55,295,352)	(651,249)	–	–	(651,249)	–	(55,946,601)
Decrease (increase) in:							
Investments in and advances to a subsidiary and associates	–	(24,546,458)	–	24,546,458	–	–	–
Other noncurrent assets	(2,535,866)	–	6,572	–	6,572	–	(2,529,294)
Net changes in accounts with related parties	(8,014,502)	(96,642,000)	–	–	(96,642,000)	–	(104,656,502)
Proceeds from disposal of transportation equipment	96,018	–	–	–	–	–	96,018
Cash of subsidiary acquired	–	–	–	–	–	13,663,975	13,663,975
Net cash provided by (used in) investing activities	(65,749,702)	(430,932,010)	(22,621,507)	24,546,458	(429,007,059)	13,663,975	(481,092,786)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from availments of:							
Long-term debt	–	740,000,000	–	–	740,000,000	–	740,000,000
Notes payable	149,000,000	–	–	–	–	–	149,000,000
Payments of:							
Notes payable	(97,000,000)	–	–	–	–	–	(97,000,000)
Cash dividends	(5,022,480)	–	–	–	–	–	(5,022,480)
Purchase of own shares	(656,198)	–	–	–	–	–	(656,198)
Net cash provided by financing activities	46,321,322	740,000,000	–	–	740,000,000	–	786,321,322
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(8,721)	(2,201)	–	–	(2,201)	–	(10,922)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,137,041)	(251,094,696)	291,338	–	(250,803,358)	13,663,975	(239,276,424)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,132,299	305,903,990	50,475	–	305,954,465	(16,132,299)	305,954,465
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱13,995,258	₱54,809,294	₱341,813	₱–	₱55,151,107	(₱2,468,324)	₱66,678,041

*Sum of A, B and C.

See accompanying Notes to Pro-forma Consolidated Financial Statements.

1. CORPORATE INFORMATION OF THE PARENT COMPANY

Alphaland Corporation (formerly Macondray Plastics, Inc., hereinafter referred to as the "Company") is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Company currently has two principal businesses: real property development and manufacturing plastics. Its wholly-owned subsidiary, Macondray Plastics Products, Inc. (MPPI), is engaged in manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail, any and all kinds of goods, including bags, containers, agricultural products, insecticide bags and other goods of similar nature, and any and all equipment, materials, supplies used or employed in or related to the manufacture of such finished products.

The Company's shares of stocks are publicly traded in the Philippine Stock Exchange (PSE).

The registered office address of the Company is Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City.

2. NATURE OF TRANSACTIONS AND BUSINESS ACQUIRED

Alphaland Development, Inc. (ADI)
ADI was incorporated in the Philippines and was registered with the SEC on May 29, 2007. ADI's primary purpose is to engage in real property acquisition and development. At its incorporation and as of December 31, 2009, ADI is 40%-owned by Alphaland Holdings (Singapore) Pte. Limited (Alphaland Holdings), a company incorporated in Singapore, and 60%-owned by other companies incorporated in the Philippines.

ADI has a 94% ownership interest in Aphaland Makati Place, Inc. (AMPI), formerly Silvertown Property Development Corporation. AMPI was incorporated in the Philippines and was registered with the SEC on March 6, 1991. AMPI's primary purpose is to lease and sublease a property situated in Ayala Avenue corner Malugay Street, Makati City. ADI also has a 20% ownership interest in Shang Global City Properties, Inc. (SGCPI) and Fort Bonifacio Shangri-La Hotel, Inc. (FBSHI).

Share Swap Agreement between the Company and stockholders of ADI
On November 18, 2009, the Company and all the stockholders of ADI entered into a Share Swap Agreement (SSA) for a share-for-share swap of all of ADI's issued and outstanding shares in exchange for new shares to be issued by the Company. Each ADI share shall be exchanged for approximately 5.08 shares (or a total of 1,269,734,041 shares) of the Company. After the share-for-share swap, ADI becomes a wholly-owned subsidiary of the Company thereby allowing the Company to diversify into the property development sector.

In view of the foregoing, the Company's stockholders approved various amendments to the Company's Articles of Incorporation and By-laws in a special stockholders' meeting held on December 23, 2009. Among the amendments include the change in the primary purpose of the Company from manufacturing to that of a holding company and the increase in the authorized capital stock from ₱400 million to ₱5,000 million to accommodate the share-for-share swap contemplated under the SSA. The Company's stockholders also approved the application for additional listing with the PSE of the 1,269,734,041 shares to be issued by the Company under the SSA.

On April 7, 2010, the SEC approved the increase in capitalization of the Company for purposes of the SSA and the amendments to the Company's Articles of Incorporation and By-laws. The Company, ADI and ADI's stockholders are currently in the process of completing the implementation of the SSA.

3. **BASIS OF PREPARING THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

The pro-forma consolidated financial statements have been prepared in accordance with Paragraph 9 of Rule 68.1 of the SEC's Implementing Rules and Regulations of the Securities Regulation Code, as amended in 2005.

The pro-forma consolidated financial statements should be read together with the following financial historical statements used as the bases for preparation of the pro-forma consolidated financial statements:

- Audited consolidated financial statements of the Company and MPPI as of and for the year ended December 31, 2009;
- Audited financial statements of ADI as of and for the year ended December 31, 2009; and
- Audited financial statements of AMPI:

  a. as of and for the year ended June 30, 2009; and
  b. as of and for the six-month period ended December 31, 2009.

The pro-forma consolidated balance sheet as of December 31, 2009 is based on the abovementioned historical financial statements, adjusted to give effect to the share-for-share swap transaction discussed in Note 2 as if it happened on December 31, 2009.

The pro-forma consolidated statement of comprehensive income for the year ended December 31, 2009 is based on the abovementioned historical financial statements, adjusted to give effect to the share-for-share swap transaction discussed in Note 2 as if it happened on January 1, 2009, thereby showing the consolidated financial performance of the Company, MPPI, ADI and AMPI for the year ended December 31, 2009.

The pro-forma consolidated statement of cash flows for the year ended December 31, 2009 is based on the abovementioned historical financial statements, adjusted to give effect to the share-for-share swap transaction discussed in Note 2 as if it happened on January 1, 2009.

The pro-forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The pro-forma consolidated statement of comprehensive income and consolidated statement of cash flows do not purport to represent what the consolidated financial performance and the consolidated cash flows would actually have been had the share-for-share swap in fact occurred on January 1, 2009 nor do these purport to project the consolidated financial performance or consolidated cash flows of the Company for any future period or date. The pro-forma consolidated balance sheet also does not purport to represent what the consolidated financial position would actually have been had the share-for-share swap in fact occurred on December 31, 2009.

The pro-forma financial information is not intended to be considered in isolation from, or as a substitute for, financial position or financial performance prepared in accordance with Philippine Financial Reporting Standards (PFRS).

4. PRO-FORMA ADJUSTMENTS

4.1 Consolidation of ADI and AMPI

ADI, as of December 31, 2009, has ownership interest in the following companies:

a. AMPI as a subsidiary with 94% ownership interest;

b. SGCPI and FBSHI as associates (as defined under Philippine Accounting Standards (PAS) 28, *Investments in Associates*)

However, under the exemption provided for under PAS 27, *Consolidated and Separate Financial Statements* and Philippine Interpretations Committee Question and Answer (PIC Q&A) 2006-2, ADI elected not to prepare consolidated financial statements as of and for the year ended December 31, 2009. Alphaland Holdings prepares the group's consolidated financial statements in accordance with Singapore Financial Reporting Standards, which are converged with the International Financial Reporting Standards.

PAS 28 also provides exemptions for investors from application of the equity method similar to those provided for parent companies under PAS 27 as discussed above. Following similar exemption from application of equity method, ADI accounted for its investments in SGCPI and FBSHI at cost with dividends received recognized as dividend income in the statement of comprehensive income.

For purposes of the Company's pro-forma consolidated financial statements, the following adjustments have been effected to consolidate ADI with AMPI and to apply equity method of accounting for ADI's investments in SGCPI and FBSHI:

a. Elimination of ADI's investments in AMPI, including recognition of fair value adjustment on investment properties at business combination date;

b. Adjustments to investments in SGCPI and FBSHI to effect the equity method of accounting;

c. Elimination of intercompany transactions such as payables, receivables and advances;

d. Recognition of non-controlling interests in the net assets and net loss of AMPI;

e. Profit and loss effect of items a, b and c;

f. Presentation of equity in net earnings of associates as noncash item under "cash flow from operating activities" in the pro-forma consolidated statement of cash flows; and

g. AMPI's unaudited statement of comprehensive income for the year ended December 31, 2009 has been derived from AMPI's audited financial statements as of and for the year ended June 30, 2009 and the audited financial statements as of and for the six-month period ended December 31, 2009.

4.2 Business Combination of the Company and ADI

In accounting for the share-for-share swap transaction discussed in Note 2, the Company is required to apply PFRS 3 (Revised), *Business Combinations*, which is effective for the Company beginning January 1, 2010. In applying PFRS 3 (Revised), the share-for-share swap is accounted for as a reverse acquisition. In a reverse acquisition, the entity that issues securities (the legal parent) is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiary is adjudged to be the entity that gained control over the legal parent.

Because the pro-forma consolidated financial statements of the Company represent a continuation of the financial statements of ADI, as the legal subsidiary (accounting acquirer), except for its capital structure, the pro-forma consolidated balance sheet as of December 31, 2009 reflects:

a) the consolidated assets and liabilities of ADI (the legal subsidiary and accounting acquirer) and AMPI recognized and measured at carrying amounts as if the business combination occurred on December 31, 2009;

b) the assets and liabilities of the Company (the legal parent and accounting acquiree) recognized and measured at their acquisition-date fair values in accordance with PFRS 3 (Revised);

c) the retained earnings of ADI as of December 31, 2009;

d) the non-controlling interest in AMPI;

e) the equity structure reflects the equity structure of the Company, including the equity instruments issued by the Company to effect the share-for-share swap;

f) the total pro-forma consolidated equity of the Company is the sum of the (1) consolidated equity of ADI and (2) the fair value of the consideration assumed to have been transferred by ADI (as accounting acquirer) to acquire the Company (as an accounting acquiree) [see Note 4.2(a)].

4.2(a) Fair Value of the Consideration Transferred

In a reverse acquisition, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition.

The consideration assumed to have been transferred by ADI for its interest in the Company is the fair value of the additional shares of 29,567,118 assumed to have been issued by ADI to give the owners of the legal parent the same percentage of equity ownership in the combined entity. The fair value of such additional shares is at ₱295,671,180.

4.2(b) Provisional Purchase Price Allocation

In applying PFRS 3 (Revised), acquisition date is determined to be April 7, 2010 (which is the date the SEC approved the increase in the Company's capitalization (see Note 2). For purposes of the pro-forma consolidated balance sheet of the Company, the following are the fair values of the consolidated assets and liabilities of the Company (as accounting acquiree) as of acquisition date:

	Fair Value Recognized on Acquisition Date
Cash and cash equivalents	₱11,526,934
Trade and other receivables	140,334,825
Inventories	91,566,535
Prepaid expenses and other current assets	20,117,149
Property plant and equipment - net	245,342,422
Other assets	18,332,145
Notes payable	(143,000,000)
Trade and other payables	(22,545,237)
Liabilities under trust receipts and acceptances	(81,033,196)
Income tax payable	(4,058,833)
Retirement benefits obligation	(4,141,248)
Net assets acquired	272,441,496
Goodwill	23,229,684
Fair value of the consideration transferred [see Note 4.2(a)]	₱295,671,180

The purchase price allocation has been determined provisionally pending completion of an independent valuation and as such, is still subject to change.

5. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF ALPHALAND CORPORATION

For purposes of the calculation of the pro-forma basic/diluted earnings per share for the year ended December 31, 2009, a total of 1,269,734,041 common shares are assumed to have been issued to the shareholders of ADI on January 1, 2009.

The calculation of earnings per share for purposes of the pro-forma consolidated statement of comprehensive income for the year ended December 31, 2009 follows:

	Alphaland Corporation and Subsidiary Audited (Note 3)	Pro-forma Adjustments	Pro-forma
Net income attributable to equity holders of the Parent	₱29,450,795	₱24,873,466	₱54,324,261
Weighted average number of shares outstanding	150,211,624	–	150,211,624
Effect of issuance of common shares through share-for-share swap	–	1,269,734,041	1,269,734,041
Weighted average number of shares outstanding	150,211,624	1,269,734,041	1,419,945,665
Basic/diluted earnings per share	₱0.20	₱0.02	₱0.04

6. HOMOGENIZATION OF ACCOUNTING POLICIES

Based on management's preliminary analysis, there are no necessary pro-forma adjustments to conform the accounting policies of ADI and AMPI with that of the Company. However, the analysis to homogenize the accounting policies of ADI and AMPI with that of the Company is still ongoing. Consequently, adjustments may be necessary upon completion of this work.

Dear Alphaland Stockholder,

We will be presenting to you the financial performance of your company for the period ended December 31 , 2009. However, in order for you to better appreciate the company's performance moving forward, what we will actually be presenting to you is the financial performance of Alphaland Development, Inc. (formerly called Alphaland Corporation) and not of Alphaland Corporation (formerly called Macondray Plastics, Inc.). Just for this purpose, let us refer to Alphaland Development, Inc. as Alphaland and to the former Macondray Plastics, Inc. as Macondray.

The financial performance of Macondray as of end 2009 is no longer relevant for us as it merely comprises the plastics manufacturing business. What is relevant for us is the property development arm of the company which is represented by the financial performance of Alphaland. As you may be aware, upon the fully completion of the backdoor listing of Alphaland and the complete implementation of the share swap agreement between Alphaland's shareholders and Macondray, Alphaland (the entity whose main purpose is to engage in real property acquisition and development) will become a wholly-owned subsidiary of your company. Alphaland is the same company which positions itself as a selective property investor and operator focusing on a very large and premium projects.

Thus, for all practical intents and purposes, when we speak of your company, we should refer to Alphaland. For the reasons mentioned, the more appropriate financial performance is the original Alphaland Corporation which is now known as Alphaland Development, Inc. In any event, Macondray's financial performance in 2009 was sent to you in the Definitive Information Statement for the 2010 Annual Meeting.

Sincerely,

Alphaland Management

Alphaland Development Inc.

(Formerly Alphaland Corporation)

The management of Alphaland Development Inc. is responsible for all information and representation contained in the financial statements for the year ended December 31, 2009. The financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines for non-publicly accountable entities and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directions reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the financial statement of the Company in accordance with generally accepted auditing standards in the Philippines and has expressed its pinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

ERIC O. RECTO
Vice Chairman

MARIO A. ORETA
President & COO

CRISTINA B. ZAPANTA
Finance Head

Alphaland Development Inc.

(Formerly Alphaland Corporation)

Subscribed and Sworn to before this ______________ day of ________________ 2010. affiants exhibiting to me their Community Tax Certificates, as follows:

NAME	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Eric O. Recto	28591053	January 20, 2010	Makati, City
Mario A. Oreta	28627725	January 20, 2010	Makati, City
Cristina B. Zapanta	29671452	April 14, 2010	Cainta, Rizal

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Book No. 2
Series of 2010

LIAM S. PAGDANGANAN
Notary Public for Makati City
8th Floor Telecoms Plaza Bldg.
316 Sen. Gil Puyat Ave., Makati City
Appointment [illegible] until 31 December 2010
[illegible] Attorney No. 10213
IBP [illegible] / Bulacan
PTR No. [illegible] / Makati City
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BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

The Stockholders and the Board of Directors
Alphaland Development, Inc.

We have audited the accompanying financial statements of Alphaland Development, Inc. (formerly Alphaland Corporation), which comprise the balance sheets as at December 31, 2009 and 2008, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alphaland Development, Inc. as of December 31, 2009 and 2008, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

John Nai Peng C. Ong

John Nai Peng C. Ong
Partner
CPA Certificate No. 85588
SEC Accreditation No. 0327-AR-1
Tax Identification No. 103-093-301
PTR No. 2087559, January 4, 2010, Makati City

March 16, 2010

	December 31	
	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 17 and 18)	**₱54,809,294**	₱305,903,990
Receivables (Notes 5, 14, 17 and 18)	**47,173,507**	18,722,186
Other current assets (Notes 6, 17 and 18)	**274,212,939**	157,007,164
Total Current Assets	**376,195,740**	481,633,340
Noncurrent Assets		
Advances to related parties (Notes 14, 17 and 18)	**197,047,000**	100,405,000
Investments in and advances to a subsidiary and associates (Notes 7 and 14)	**1,108,072,848**	1,083,526,390
Investment properties (Notes 8 and 11)	**10,943,690,619**	6,635,836,893
Property and equipment - net (Note 9)	**6,901,444**	8,379,057
Total Noncurrent Assets	**12,255,711,911**	7,828,147,340
	₱12,631,907,651	₱8,309,780,680
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 17 and 18)	**₱250,306,165**	₱658,168,140
Current portion of long-term debt (Notes 8, 11, 17 and 18)	**31,249,400**	–
Current portion of customers' deposits (Notes 15, 17 and 18)	**5,101,710**	–
Total Current Liabilities	**286,657,275**	658,168,140
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 8, 11, 17 and 18)	**1,368,750,600**	660,000,000
Customers' deposits - net of current portion (Notes 15, 17 and 18)	**26,346,044**	3,216,839
Deferred tax liabilities (Note 16)	**1,260,571,448**	13,474,309
Total Noncurrent Liabilities	**2,655,668,092**	676,691,148
Equity		
Capital stock (Note 12)	**250,007,500**	250,007,500
Deposits for future stock subscriptions (Notes 12 and 14)	**6,792,054,636**	6,792,054,636
Retained earnings (deficit)	**2,647,520,148**	(67,140,744)
Total Equity	**9,689,582,284**	6,974,921,392
	₱12,631,907,651	₱8,309,780,680

See accompanying Notes to Financial Statements.

	Years Ended December 31	
	2009	2008
REVENUES		
Rental (Notes 8 and 15)	**₱32,434,478**	₱–
Others	**6,761,828**	–
	39,196,306	–
COSTS AND EXPENSES (Notes 9, 13, 14 and 15)	**128,822,093**	54,478,755
	(89,625,787)	(54,478,755)
OTHER INCOME (EXPENSES)		
Gain on fair value change of investment properties (Note 8)	**228,984,740**	–
Interest expense and other finance charges (Note 11)	**(28,873,000)**	(1,126,751)
Interest income (Note 4)	**6,212,714**	12,777,612
Foreign exchange gain (loss)	**(2,201)**	3,862
Others	**213,000**	–
	206,535,253	11,654,723
INCOME (LOSS) BEFORE INCOME TAX	**116,909,466**	(42,824,032)
PROVISION FOR DEFERRED INCOME TAX (Note 16)	**93,642,569**	13,474,309
NET INCOME (LOSS)	**23,266,897**	(56,298,341)
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱23,266,897**	(₱56,298,341)

See accompanying Notes to Financial Statements.

	Years Ended December 31	
	2009	2008
CAPITAL STOCK - ₱1 par value (Note 12)		
Balance at beginning of year	**₱250,007,500**	₱10,000
Issuances during the year	**–**	249,997,500
Balance at end of year	**250,007,500**	250,007,500
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS (Note 12)		
Balance at beginning of year	**6,792,054,636**	249,990,000
Application for issuance of shares	**–**	(249,990,000)
Conversion of advances from stockholders (Note 14)	**–**	6,792,054,636
Balance at end of year	**6,792,054,636**	6,792,054,636
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of year, as previously reported	**(67,140,744)**	(10,842,403)
Effect of change in accounting policy for investment properties, net of related tax effect (Note 2)	**2,691,393,995**	–
Balance at beginning of year, as restated	**2,624,253,251**	(10,842,403)
Net income (loss) during the year	**23,266,897**	(56,298,341)
Balance at end of year	**2,647,520,148**	(67,140,744)
	₱9,689,582,284	₱6,974,921,392

See accompanying Notes to Financial Statements.

	Years Ended December 31	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱116,909,466**	(₱42,824,032)
Adjustments for:		
Gain on fair value change of investment properties (Note 8)	**(228,984,740)**	–
Interest expense and other finance charges (Note 11)	**28,873,000**	1,126,751
Interest income (Note 4)	**(6,212,714)**	(12,777,612)
Depreciation and amortization (Note 9)	**2,128,862**	6,198,297
Unrealized foreign exchange loss (gain)	**2,201**	(3,862)
Operating loss before working capital changes	**(87,283,925)**	(48,280,458)
Increase in:		
Receivables	**(29,104,151)**	(17,236,497)
Other current assets	**(42,133,893)**	(156,975,223)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(410,879,482)**	657,637,676
Customers' deposits	**28,230,915**	3,216,839
Net cash provided by (used in) operating activities	**(541,170,536)**	438,362,337
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment properties (Note 8)	**(309,092,303)**	(3,315,892,147)
Property and equipment (Note 9)	**(651,249)**	(11,311,552)
Increase in:		
Advances to related parties	**(96,642,000)**	(100,405,000)
Investments in and advances to a subsidiary and associates	**(24,546,458)**	(1,083,526,390)
Interest received	**6,865,544**	12,086,363
Net cash used in investing activities	**(424,066,466)**	(4,499,048,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of long-term debt (Note 11)	**740,000,000**	660,000,000
Interest and other finance charges paid	**(25,855,493)**	(1,126,751)
Deposits for future stock subscriptions	**–**	3,536,305,682
Proceeds from issuance of capital stock	**–**	7,500
Net cash provided by financing activities	**714,144,507**	4,195,186,431
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(2,201)**	3,862
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(251,094,696)**	134,503,904
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**305,903,990**	171,400,086
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱54,809,294**	₱305,903,990

See accompanying Notes to Financial Statements.

1. Corporate Information

Alphaland Development, Inc. (the Company), formerly Alphaland Corporation, was incorporated in the Philippines and was registered with the Philippines Securities and Exchange Commission (SEC) on May 29, 2007. The Company's primary purpose is to engage in real property acquisition and development.

The Company is 40%-owned by Alphaland Holdings (Singapore) Pte., Ltd. (Alphaland Holdings), a company incorporated in Singapore, and 60%-owned by other companies incorporated in the Philippines.

On December 28, 2009, the SEC approved the change of the Company's name to Alphaland Development, Inc. and its registered address to Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City 1232.

On November 18, 2009, the Company's stockholders entered into a Share Swap Agreement with Macondray Plastics, Inc. (Macondray) for a share-for-share swap of all of the Company's issued and outstanding shares with new shares to be issued by Macondray. The shares of Macondray are listed in the Philippine Stock Exchange. To accommodate the issuance, Macondray will increase its authorized capital stock from ₱400.0 million to ₱5,000.0 million. Macondray will issue shares to the stockholders of the Company in proportion to their current respective shareholdings in the Company. The increase in Macondray's authorized capital stock, as well as the terms of the share-for-share swap, were approved by the stockholders of Macondray on December 23, 2009. The increase in authorized capital stock of Macondray is still pending approval by the SEC as of March 16, 2010.

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on March 16, 2010.

Status of Operations

The Company positions itself as a selective property investor and operator focusing on very large and premium projects. After the completion of the Alphaland Southgate Tower and Mall, the Company aims to start construction on its next major project, the Alphaland Makati Place, which is a mixed use development consisting of a mall, city club and residential towers which will start pre-selling before the end of 2010. After this, the Company will develop the Alphaland Makati Tower, a premium office development along Ayala Avenue at the heart of the Makati Central Business District. Simultaneously, the Company plans to develop Alphaland Bay City, which includes a world-class yacht club fronting Manila Bay. The Company is also looking to jointly develop a beach property into premium estates anchored on a country club.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements of the Company have been prepared under the historical cost basis, except for investment properties which are carried at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso unit, except when otherwise indicated.

The Company elected not to prepare consolidated financial statements under the exemption provided under Philippine Accounting Standards (PAS) 27, *Consolidated and Separate Financial Statements*. Alphaland Holdings prepares the group's consolidated financial statements in accordance with Singapore Financial Reporting Standards which are converged with International Financial Reporting Standards. The consolidated financial statements may be obtained at its principal office at No. 8 Cross Street # 11-00 PWC Building, Singapore 048424.

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations that became effective during the year.

- PAS 1, *Presentation of Financial Statements*
- PFRS 8, *Operating Segments*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
- Philippine Interpretation IFRIC 18, *Transfers of Assets to Customers*
- Amendments to PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, and PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendment to PFRS 2, *Share-based Payment - Vesting Conditions and Cancellations*
- Amendments to PFRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
- Improvements to PFRS (2008)
- Improvements to PFRS (2009), with respect to the amendments to the Appendix to PAS 18, *Revenue*

Standards or interpretations that have been adopted and that are deemed to have an impact on the financial position or performance of the Company are described below.

- PAS 1, *Presentation of Financial Statements*, separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income.' The amendment specifies what is included in other comprehensive income. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. The Company elected to present a single statement.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*, require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and financial assets used for liquidity management. The fair value measurement disclosures are presented in Note 17. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 18.

Voluntary Change in Accounting for Investment Properties. In 2009, the Company changed its accounting for investment properties from cost to fair value method. This method requires the Company to value its investment properties at fair value at balance sheet date and changes in the market value of the properties were recognized in the statement of comprehensive income. The Company believes that using the fair value method will improve the presentation of the assets in the balance sheet. The change increased the investment properties, retained earnings and deferred tax liabilities as of January 1, 2009 by ₱3,844.8 million, ₱2,691.4 million and ₱1,153.4 million, respectively.

Future Changes in Accounting Policies

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

- Amendments to Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, and PAS 39, *Financial Instruments: Recognition and Measurement* (effective for financial years beginning on or after June 30, 2009), requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss (FVPL) category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. PAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at FVPL.

- Amendments to PFRS 3, *Business Combinations*, and PAS 27, *Consolidated and Separate Financial Statements* (effective for financial years beginning on or after July 1, 2009). The amended PFRS 3 introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. The amended PAS 27, on the other hand, requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by the amended PFRS 3 and PAS 27 will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* (effective for financial years beginning on or after July 1, 2009), clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners* (effective for financial years beginning on or after July 1, 2009), provides guidance on how to account for non-cash distributions to owners, clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability.

- Amendment to PFRS 2, *Share-based Payment - Group Cash-settled Share-based Payment Transactions* (effective for financial years beginning on or after January 1, 2010), clarifies the scope and the accounting for group cash-settled share-based payment transactions.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* (effective for financial years beginning on or after January 1, 2012), covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services, in which case, revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

<u>Improvements to PFRS (2009)</u>
The omnibus amendments to PFRSs issued in 2009 were issued primarily with a view to removing inconsistencies and clarifying wording. The amendments are effective for financial years beginning on or after January 1, 2010, except otherwise stated. The Company has not yet adopted the following amendments and anticipates that these changes will have no material effect on its financial statements.

- PFRS 2, *Share-based Payment* (effective for financial years beginning on or after July 1, 2009), clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, *Business Combinations*.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRSs only apply if specifically required for such non-current assets or discontinued operations.

- PFRS 8, *Operating Segments*, clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- PAS 1, *Presentation of Financial Statements*, clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- PAS 7, *Statement of Cash Flows*, explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*, removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either ‘finance’ or ‘operating’ in accordance with the general principles of PAS 17.

- PAS 36, *Impairment of Assets*, clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.

- PAS 38, *Intangible Assets*, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. It also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

- PAS 39, *Financial Instruments: Recognition and Measurement*, clarifies the following:

  - that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract;
  - that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken; and
  - that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*, states that in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction costs.

Determination of Fair Value. The fair value for financial instruments traded in active markets at balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Classification of Financial Instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets are further classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial liabilities are classified as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

The Company has no financial assets or liabilities at FVPL, HTM investments and AFS financial assets as of December 31, 2009 and 2008.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are the Company's cash and cash equivalents (see Note 4), receivables (see Note 5), refundable deposits (see Note 6) and advances to related parties (see Note 14).

Other Financial Liabilities. Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

This category includes loans and borrowings which are initially recognized at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains or losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

Classified as other financial liabilities are the Company's accounts payable and other current liabilities (see Note 10), customers' deposits and long-term debt (see Note 11).

Impairment of Financial Assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of comprehensive income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individual assessed financial assets, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account and the amount of the loss shall be recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

<u>Offsetting Financial Instruments</u>
Financial assets and liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

<u>Investments in a Subsidiary and Associates</u>
Investments in a subsidiary (entity over which the Company controls) and associates (entities over which the Company has significant influence and which are neither subsidiaries nor joint ventures) are accounted for under the cost method of accounting in the financial statements. The investments are carried in the balance sheet at cost less any impairment in value. The Company recognizes income from the investments only to the extent that the Company receives distributions from accumulated profits of the subsidiaries and associates arising after the date of acquisition.

Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

<u>Investment Properties</u>
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred and if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains and losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy on property, plant and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gains or losses on the retirement of disposal of an investment property are recognized in the statement of comprehensive income in the year of retirement or disposal.

Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Depreciation and amortization is calculated on a straight-line basis over the useful lives of the assets or term of the lease, whichever is shorter, for leasehold improvements.

The property and equipment's residual values, useful lives and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each financial year-end.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income. After such a reversal, the depreciation and amortization is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Capital Stock
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Retained Earnings
The amount included in retained earnings includes profit attributable to the Company's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Company's stockholders. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue
Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

Rental Income. Revenue is recognized on a straight-line basis over the term of the lease agreement.

Other Income. This includes common utilities, services and maintenance charges, as well as other incidental income in providing the service. Revenue is recognized when services are rendered.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective interest yield on the asset.

Costs and Expenses
Costs and expenses are recognized as incurred.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangements and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company as a Lessor. Leases where the Company does not transfer substantially all the risks and reward of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased assets and recognized over the lease term on the same basis as rental income.

The Company as a Lessee. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. For borrowing costs associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowings is used. The Company capitalizes borrowing costs for all eligible assets with a commencement date on or after January 1, 2008.

For income tax reporting purposes, borrowing costs are treated as deductible in the year these are incurred.

Income Tax

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at each balance sheet date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences at each balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other current assets" or "Accounts payable and other current liabilities" accounts, respectively, in the balance sheet.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when inflows of economic benefits are probable.

Events after Balance Sheet Date
Post year-end events that provide additional information on the Company's financial position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments
In the process of applying the Company's accounting policies, management has made certain judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Operating Leases. The Company entered into a number of operating lease agreements as a lessor and as a lessee. As a lessor, the Company has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements. As a lessee, the Company has determined that it does not retain the significant risks and rewards of ownership of these properties which are being leased out under operating lease arrangements.

Fair Value of Advances to Related Parties. In applying PAS 39 for purposes of establishing the fair value of advances to related parties using an alternative valuation technique, the Company has made a judgment that the timing and amounts of future cash flows relating to such advances are subject to certain conditions which cannot be reasonably and reliably estimated.

Advances to related parties amounted to ₱197.0 million and ₱100.4 million as of December 31, 2009 and 2008, respectively (see Note 14).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for Doubtful Accounts. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables. Accounts that are specifically identified to be potentially uncollectible are provided with adequate allowance. The allowance is established through charges against income in the form of provision for doubtful accounts.

No provision for doubtful accounts was recognized in 2009 and 2008. The carrying value of receivables amounted to ₱47.2 million and ₱18.7 million as of December 31, 2009 and 2008, respectively (see Note 5).

Useful Lives of Property and Equipment. The useful life of each of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease the noncurrent assets.

The carrying values of property and equipment as of December 31, 2009 and 2008 amounted to ₱6.9 million and ₱8.4 million, respectively (see Note 9).

Impairment of Nonfinancial Assets. An impairment review is performed when certain impairment indicators are present. Determining the value in use of investments and advances and property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that the investments and advances and property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and performance.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

No provision for impairment losses were recognized in 2009 and 2008. The carrying values of nonfinancial assets that are subjected to impairment testing are as follows:

	2009	2008
Investments in and advances to a subsidiary and associates (see Note 7)	**₱1,108,072,848**	₱1,083,526,390
Property and equipment (see Note 9)	**6,901,444**	8,379,057

Revaluation of Investment Properties. In 2009, the Company started carrying its investment properties at fair value, with changes in fair values recognized in profit or loss. The Company engaged an independent appraiser to determine the fair value of its investment properties as of January 2009 and September 2009. For the land, the valuer used the Market Data Approach, which involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. The comparison is based on the location, size, shape, utility, desirability and time element. For improvements, the valuer used the Cost Approach, which involves the estimate of the reproduction cost of the improvements based on prevailing cost of labor, materials, contractor's fee and other costs necessary to build the improvements. Depreciation brought about by physical wear and tear, functional obsolescence and economic obsolescence are deducted to arrive at the market value of improvements.

Fair value change in January 2009, which was recognized as an adjustment to the retained earnings as of January 1, 2009, amounted to ₱3,844.8 million. Fair value change in 2009, which was recognized in the statement of comprehensive income, amounted to ₱229.0 million. Carrying values of investment properties amounted to ₱10,943.7 million and ₱6,635.8 million as of December 31, 2009 and 2008, respectively (see Note 8).

Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Unrecognized deferred tax assets amounted to ₱92.9 million and ₱34.2 million as of December 31, 2009 and 2008, respectively (see Note 16).

Fair Value of Financial Instruments. PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Company's financial assets and liabilities are disclosed in Note 17.

4. Cash and Cash Equivalents

This account consists of:

	2009	2008
Cash on hand and in banks	**₱35,796,028**	₱23,290,182
Short-term placements	**19,013,266**	282,613,808
	₱54,809,294	₱305,903,990

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

Interest income earned related to cash and cash equivalents amounted to ₱6.2 million and ₱12.8 million in 2009 and 2008, respectively.

5. Receivables

This account consists of:

	2009	2008
Trade	**₱30,518,354**	₱5,434,843
Advances to contractors	**7,999,906**	10,166,936
Accrued interest income	**38,419**	691,249
Others (see Note 14)	**8,616,828**	2,429,158
	₱47,173,507	₱18,722,186

Trade and other receivables are due and demandable. Others include receivables from related parties amounting to ₱7.9 million and ₱2.3 million as of December 31, 2009 and 2008, respectively (see Note 14).

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

6. Other Current Assets

This account consists of:

	2009	2008
Input VAT - net	**₱262,295,710**	₱156,133,551
Refundable deposits from Manila Electric Company	**8,158,951**	873,613
Others	**3,758,278**	–
	₱274,212,939	₱157,007,164

7. Investments in and Advances to a Subsidiary and Associates

This account consists of:

	2009	2008
Investments in a subsidiary and associates	**₱411,226,352**	₱411,226,352
Advances to a subsidiary and an associate (see Note 14)	**696,846,496**	672,300,038
	₱1,108,072,848	₱1,083,526,390

In June 2008, the Company acquired from Sime Darby Pilipinas, Inc. its 100% stake in Silvertown Property Development Corporation (SPDC), the leasehold owner of a real property owned by Boy Scouts of the Philippines (BSP). SPDC entered in a Joint Venture Agreement with BSP to develop the 10,000 square meter land situated along Ayala Avenue Extension corner Malugay Street, Makati City, into a first class commercial development to be known as Alphaland Makati Place. This will be a mixed use property development consisting of a retail mall, city club, commercial spaces and residential towers, including a Boy Scouts Convention Center. Subsequently, in August 2008, the Company's interest in SPDC was diluted to 94.12% with Noble Care Management Corporation's subscription to 2,031 shares of SPDC, representing 5.88% of the 34,531 total subscribed shares. On February 26, 2010, the SEC approved the change of SPDC's name to Alphaland Makati Place, Inc.

In May 2008, the Company subscribed to 250,000 common shares each of Shang Global City Properties, Inc. (SGCPI) and Fort Bonifacio Shangri-La Hotel Inc. representing 20% of the outstanding shares of each of the companies. Both companies are to enter an unincorporated joint venture agreement to construct a six-star hotel and high-end development at SGCPI's land property in Bonifacio Global City, Taguig, Metro Manila, to be known as Shangri-La at the Fort. The remaining 80% was subscribed by the Shangri-la Group.

Advances to SGCPI amounting to ₱671.5 million as of December 31, 2009 and 2008 are intended for future equity conversion (see Note 14).

8. Investment Properties

The movements of this account are as follows:

	2009		
	Investment Properties	**Properties under Construction**	**Total**
Balance at beginning of year, as previously reported	**₱3,319,588,870**	**₱3,316,248,023**	**₱6,635,836,893**
Effect of change in accounting policy (see Note 2)	**3,073,284,892**	**771,563,673**	**3,844,848,565**
Balance at beginning of year, as restated	**6,392,873,762**	**4,087,811,696**	**10,480,685,458**
Additions:			
Development costs	**52,879,699**	**202,792,109**	**255,671,808**
Capitalized borrowing costs (see Note 11)	**–**	**53,420,495**	**53,420,495**
Reclassification of completed projects	**3,011,002,198**	**(3,011,002,198)**	**–**
Fair value change	**109,984,740**	**119,000,000**	**228,984,740**
Reclassification of deferred input tax	**–**	**(75,071,882)**	**(75,071,882)**
Balance at end of year	**₱9,566,740,399**	**₱1,376,950,220**	**₱10,943,690,619**

	2008		
	Investment Properties	**Properties under Construction**	**Total**
Balance at beginning of year	₱3,196,383,068	₱123,561,678	₱3,319,944,746
Additions:			
Development costs	123,205,802	3,147,771,983	3,270,977,785
Capitalized borrowing costs (see Note 11)	–	44,914,362	44,914,362
Balance at end of year	₱3,319,588,870	₱3,316,248,023	₱6,635,836,893

In June 2008, the Company acquired from Sta. Lucia Land, Inc., two parcels of land measuring a total of 2,400 square meters, more or less, along Ayala Avenue, Makati City. Due to current zoning height restrictions, the Company also acquired air rights from the owner of the adjacent property for a consideration of ₱95.0 million as the Company plans to build a 35-storey building to be known as Alphaland Makati Tower.

In January 2008, the Company 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 consists of a 20-storey office tower building with a 6-storey podium shopping mall known as Alphaland Southgate Tower and Mall, which is now substantially completed and operational. On January 12, 2009, the Philippine Economic Zone Authority approved the registration of the Company pursuant to Presidential Proclamation No. 1692 dated December 22, 2008 declaring the Alphaland Southgate Tower and Mall building an Information Technology Ecozone. Further, Alphaland Southgate Tower and Mall was used as collateral for the long-term debt obtained by the Company for its development (see Note 11).

In November 2007, the Company acquired from Noblehouse Construction, Inc., three parcels of land measuring a total of 300,000 square meters, more or less, situated in Silang, Cavite.

In September 2007, the Company acquired from Wendel Holdings, Inc., two parcels of land measuring a total of 102,476 square meters, more or less, located at the Aseana Business Park in the Reclamation Area at Parañaque City. The Company intends to contribute this 10-hectare property into a 50-50 joint venture with D. M. Wenceslao & Associates, Inc. for the development of an approximately 34-hectare property at the Aseana Business Park to be known as Alphaland Bay City.

The fair values of the investment properties as of December 31, 2009 and 2008 were determined based on the valuation performed by an independent appraiser in October 2009 and January 2009, respectively. The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation in accordance with International Valuation Standards. The fair value of the investment properties as of December 31, 2009 does not significantly differ from the fair value as of October 2009.

Rental income from investment properties amounted to ₱32.4 million in 2009 (see Note 15). Borrowing costs capitalized to investment properties amounted to ₱53.4 million and ₱44.9 million in 2009 and 2008, respectively (see Note 11).

9. Property and Equipment

The movements in this account are as follows:

		2009		
	Office Furniture and Fixtures	**Transportation Equipment**	**Leasehold Improvements**	**Total**
Cost:				
Balance at beginning of year	**₱252,000**	**₱9,827,054**	**₱4,498,300**	**₱14,577,354**
Additions	**651,249**	**–**	**–**	**651,249**
Balance at end of year	**903,249**	**9,827,054**	**4,498,300**	**15,228,603**
Accumulated depreciation and amortization:				
Balance at beginning of year	**68,000**	**1,631,997**	**4,498,300**	**6,198,297**
Depreciation and amortization	**163,451**	**1,965,411**	**–**	**2,128,862**
Balance at end of year	**231,451**	**3,597,408**	**4,498,300**	**8,327,159**
Net book value	**₱671,798**	**₱6,229,646**	**₱–**	**₱6,901,444**

	2008			
	Office Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Total
Cost:				
Balance at beginning of year	₱158,578	₱1,643,000	₱1,464,224	₱3,265,802
Additions	93,422	8,184,054	3,034,076	11,311,552
Balance at end of the year	252,000	9,827,054	4,498,300	14,577,354
Accumulated depreciation and amortization:				
Balance at beginning of year	–	–	–	–
Depreciation and amortization	68,000	1,631,997	4,498,300	6,198,297
Balance at end of the year	68,000	1,631,997	4,498,300	6,198,297
Net book value	₱184,000	₱8,195,057	₱–	₱8,379,057

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Office furniture and fixtures	3 years
Transportation equipment	5 years
Leasehold improvements	5 years or term of lease, whichever is shorter

10. Accounts Payable and Other Current Liabilities

This account consists of:

	2009	2008
Trade	**₱233,456,357**	₱656,219,371
Accrued interest (see Note 11)	**3,017,507**	–
Accrued expenses	**11,851,926**	1,890,083
Taxes payable	**1,980,375**	58,686
	₱250,306,165	₱658,168,140

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

11. Long-term Debt

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

The loan has a term of seven years from initial drawdown date, payable in 20 consecutive quarterly installments commencing at the end of the ninth quarter from the initial drawdown date. Interest, which is based on a floating rate equivalent to applicable three month Philippine Dealing System rate plus 1.75% spread per annum, is payable quarterly. Interest and other financing costs on the loan amounting to ₱53.4 million in 2009 and ₱44.9 million in 2008 were capitalized as part of the Alphaland Southgate project's cost (see Note 8). The rates used to determine the amount of borrowing costs eligible for capitalization ranged from 7.85% to 8.12% and 5.91% to 7.85%, which are the effective interest rates of the specific borrowing in 2009 and 2008, respectively. In September 2009, the Company ceased capitalizing borrowing costs as the activities necessary to prepare the qualifying asset for its intended use were substantially completed. Interest expense and other finance charges recognized amounted to ₱28.9 million in 2009. Further, the Company's Alphaland Southgate Tower and Mall was used as collateral for the loan (see Note 8).

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

2010	₱31,249,400
2011	137,498,200
2012	193,750,200
2013	250,000,800
2014	337,500,800
2015	450,000,600
	1,400,000,000
Less current portion	31,249,400
	₱1,368,750,600

12. **Equity**

a. Capital Stock

The composition of the Company's capital stock as of December 31, 2009 and 2008 is as follows:

Authorized	1,000,000,000
Issued	250,007,500

On January 22, 2008, the SEC approved the increase in the Company's authorized capital stock from ₱10,000 consisting of 10,000 common shares with a par value of ₱1 per share to ₱1,000.0 million consisting of 1,000,000,000 common shares at ₱1 per share.

b. Deposits for Future Stock Subscriptions

On December 10, 2008, the BOD approved the conversion of advances from stockholders amounting to ₱6,792.1 million to deposits for future stock subscriptions (see Note 14). Furthermore, any conversion by a stockholder of its deposits back into advances shall entitle the other stockholders to likewise convert their respective deposits back to advances. At the appropriate time, the Company will apply for an adequate increase in capitalization to effect the conversion of said deposits for future stock subscriptions into equity.

13. Costs and Expenses

	2009	2008
Professional fees	**₱25,614,749**	₱16,766,184
Utilities and rent (see Note 15)	**20,785,769**	4,252,734
Salaries and employee benefits (see Note 14)	**18,599,273**	9,313,604
Repairs and maintenance	**13,839,165**	318,572
Marketing and promotions	**9,701,078**	–
Insurance	**5,667,116**	147,026
Transportation and travel	**5,402,850**	4,051,062
Security services	**4,304,817**	–
Donation	**3,632,013**	5,000,000
Representation	**3,477,096**	2,799,056
Taxes and licenses	**3,243,244**	101,226
Office supplies	**2,803,982**	1,682,100
Janitorial services	**2,682,492**	–
Communications	**2,380,431**	1,446,824
Depreciation and amortization (see Note 9)	**2,128,862**	6,198,297
Software and licenses	**–**	1,077,625
Miscellaneous	**4,559,156**	1,324,445
	₱128,822,093	₱54,478,755

14. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Significant transactions of the Company with its related parties are as follows:

- Conversion of advances accumulating to ₱6,792.1 million into deposits for future stock subscriptions in 2008 (see Note 12).

- Advances to an associate amounting to ₱671.5 million as of December 31, 2009 and 2008 which are intended for future equity conversion (see Note 7).

- Advances to a subsidiary amounting to ₱25.3 and ₱0.8 million as of December 31, 2009 and 2008, respectively (see Note 7). In 2009, the Company granted advances to SPDC amounting to ₱24.5 million to finance the construction of Alphaland Makati Place.

- Advances to stockholders, which are included as part of "Other receivables" in the balance sheets, amounting to ₱1.3 million as of December 31, 2009 and 2008 (see Note 5).

- Advances to related parties under common key management amounting to ₱203.6 million and ₱101.4 million as of December 31, 2009 and 2008, respectively, broken down as follows:

	2009	2008
Receivables from related parties (see Note 5)	**₱6,529,837**	₱1,007,181
Advances to related parties	**197,047,000**	100,405,000
	₱203,576,837	₱101,412,181

Compensation of Key Management Personnel
Compensation of key management personnel of the Company, which comprised compensation and short-term employee benefits, amounted to ₱27.9 million and ₱3.5 million in 2009 and 2008, respectively.

15. **Lease Commitments**

The Company entered into various operating lease agreements as a lessor covering mall and office spaces at Alphaland Southgate Tower and Mall for a period of one to ten years, which may be renewed or extended under such new or additional terms or conditions agreed by the parties. Upon inception of the lease agreements, tenants are required to pay certain amounts of deposits. The terms of the lease agreements also provide for an increase in the rent generally at the rate of 5%, 7% and 10% starting on the second year and annually thereafter, as applicable. Rental income amounted to ₱32.4 million in 2009.

Estimated minimum future rental receivable under the lease agreements are as follows:

2010	₱79,836,186
2011	77,967,211
2012	68,929,599
2013	56,554,274
2014 and onwards	58,515,525
	₱341,802,795

The Company leases certain office spaces as a lessee for a period of five years until November 2012. In August 2008, the Company assigned the contract of lease to a related party. Rental expense amounted to ₱3.3 million in 2009 and ₱4.1 million in 2008.

16. **Income Tax**

There was no provision for current income tax in 2009 and 2008 because the Company is in a tax loss position.

The components of deferred tax liabilities pertain to the following:

	2009	2008
Gain on fair value change of investment properties	**₱1,222,149,991**	₱–
Capitalized borrowing costs	**29,500,457**	13,474,309
Accumulated depreciation for tax purposes	**5,068,501**	–
Excess rental income under operating lease computed on a straight-line basis	**3,852,499**	–
	₱1,260,571,448	₱13,474,309

Unrecognized deferred tax assets amounting to ₱92.9 million as of December 31, 2009 relate to the tax effects of NOLCO and unrealized foreign exchange loss and the unrecognized deferred tax assets as of December 31, 2008 amounting to ₱34.2 million relate to tax effects of NOLCO. Deferred tax assets were not recognized in the balance sheets since management believes that it is not probable that sufficient future taxable income will be available to allow the deferred tax assets to be utilized.

NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Year of Expiry	Amount
2007	2010	₱14,525,293
2008	2011	99,389,255
2009	2012	195,701,562
		₱309,616,110

A reconciliation of provision for (benefit from) income tax applicable to taxable income at statutory income tax rates to provision for income tax at effective income tax rates is as follows:

	2009	2008
Income tax expense (benefit) computed at statutory income tax rates	**₱35,072,840**	(₱14,988,411)
Change in unrecognized deferred tax assets	**58,711,129**	34,786,239
Income tax effect of:		
Interest income subjected to final tax	**(1,863,814)**	(4,472,164)
Nondeductible expenses	**1,722,414**	394,363
Effect of change in income tax rate	**–**	(2,245,718)
	₱93,642,569	₱13,474,309

Effective January 1, 2009, the rate of regular corporate income tax was reduced from 35% to 30% in accordance with Republic Act No. 9337.

17. Financial Instruments

Fair Values of Financial Instruments

Set out below is a comparison by category of the carrying amounts and fair values of all the Company’s financial instruments that are recognized in the financial statements as of December 31, 2009 and 2008, respectively.

	Carrying Amount		Fair Value	
	2009	2008	**2009**	2008
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱54,809,294**	₱305,903,990	**₱54,809,294**	₱305,903,990
Receivables	**47,173,507**	18,722,186	**47,173,507**	18,722,186
Refundable deposits (see Note 6)	**8,158,951**	873,613	**8,158,951**	873,613
Advances to related parties	**197,047,000**	100,405,000	**197,047,000**	100,405,000
	₱307,188,752	₱425,904,789	**₱307,188,752**	₱425,904,789

(Forward)

	Carrying Amount		Fair Value	
	2009	2008	**2009**	2008
Financial Liabilities				
Other financial liabilities:				
Accounts payable and other current liabilities*	**₱248,325,789**	₱658,109,454	**₱248,325,789**	₱658,109,454
Customers' deposits	**31,447,754**	3,216,839	**25,004,185**	2,462,403
Long-term debt	**1,400,000,000**	660,000,000	**1,400,000,000**	660,000,000
	₱1,679,773,543	₱1,321,326,293	**₱1,673,329,974**	₱1,320,571,857

* *Excluding statutory liabilities.*

Cash and Cash Equivalents, Receivables, Refundable Deposits and Accounts Payable and Other Current Liabilities. Due to the short-term nature of the transactions, the fair value approximates the carrying value at balance sheet date.

Advances to Related Parties. These are presented at cost since the timing and amounts of future cash flows related to the advances are linked to certain future conditions which cannot be reasonably and reliably estimated.

Customers' Deposits. The fair value of customers' deposits is the estimated future cash flows, discounted to present value using pre-tax discount rates ranged from 4.44% to 8.38% in 2009 and 6.45% to 6.82% in 2008. Discount rates are based on the treasury bonds/notes zero coupon bond yield. The fair value reflects the current market assessment of the time value of money and the risk specific to the asset.

Long-term Debt. The carrying value of the variable interest-bearing long-term debt approximates its fair value due to recent and regular re-pricing based on market conditions.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2009 and 2008, the Company has no financial instruments carried at fair value.

18. Financial Risk Management Objectives and Policies

The Company's principal financial instruments mainly comprise cash and cash equivalents and long-term debt. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as receivables, refundable deposits, advances to related parties, accounts payable and other current liabilities and customers' deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. The Company's exposure to foreign currency risk is minimal because most of its transactions are denominated in its functional currency. The Company's BOD and management review and approve the policies for managing each of these risks and they are summarized below.

Credit Risk

The Company only trades with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, receivables, refundable deposits and advances to related parties, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated below:

	2009	2008
Cash and cash equivalents*	**₱54,636,358**	₱305,843,990
Receivables:		
Trade	**30,518,354**	5,434,843
Advances to contractors	**7,999,906**	10,166,936
Accrued interest income	**38,419**	691,249
Others	**8,616,828**	2,429,158
Refundable deposits (see Note 6)	**8,158,951**	873,613
Advances to related parties	**197,047,000**	100,405,000
Total	**₱307,015,816**	₱425,844,789

** Excluding cash on hand.*

As of December 31, 2009 and 2008, cash and cash equivalents amounting to ₱54.6 million and ₱305.8 million, respectively, are considered as with high credit quality as these pertain to deposits in reputable banks. The Company's receivables, refundable deposits and advances to related parties are also considered as with high credit quality as these are due and demandable.

The aging analysis of the Company's financial assets as of December 31 is as follows:

	2009					
	Neither Past	**Past Due but not Impaired**				
	Due nor Impaired	**Less than 30 Days**	**31–60 Days**	**61–90 Days**	**More than 90 Days**	**Total**
Loans and receivables:						
Cash and cash equivalents	**₱54,809,294**	**₱–**	**₱–**	**₱–**	**₱–**	**₱54,809,294**
Receivables:						
Trade	**12,851,656**	**13,365,555**	**2,842,262**	**1,149,214**	**309,667**	**30,518,354**
Advances to contractors	**7,999,906**	–	–	–	–	**7,999,906**
Accrued interest income	**38,419**	–	–	–	–	**38,419**
Others	–	**5,843,501**	**132,037**	**2,641,290**	–	**8,616,828**
Advances to related parties	–	–	–	–	**197,047,000**	**197,047,000**
Refundable deposits (Note 6)	–	–	–	–	**8,158,951**	**8,158,951**
	₱75,699,275	**₱19,209,056**	**₱2,974,299**	**₱3,790,504**	**₱205,515,618**	**₱307,188,752**

2008						
	Neither Past Due nor Impaired	Past Due but not Impaired				Total
		Less than 30 Days	31–60 Days	61–90 Days	More than 90 Days	
Loans and receivables:						
Cash and cash equivalents	₱305,903,990	₱–	₱–	₱–	₱–	₱305,903,990
Receivables:						
Trade	2,288,679	2,380,197	506,163	204,657	55,147	5,434,843
Advances to contractors	10,166,936	–	–	–	–	10,166,936
Accrued interest income	691,249	–	–	–	–	691,249
Others	–	1,647,334	37,222	744,602	–	2,429,158
Advances to related parties	–	–	–	–	100,405,000	100,405,000
Refundable deposits (Note 6)	–	–	–	–	873,613	873,613
	₱319,050,854	₱4,027,531	₱543,385	₱949,259	₱101,333,760	₱425,904,789

There were no impaired financial assets as of December 31, 2009 and 2008.

Interest Rate Risk
The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt subject to floating interest rates as discussed in Note 11.

The other financial instruments of the Company are noninterest-bearing and, therefore, not subject to interest rate risk.

The following table demonstrates the sensitivity of the Company's profit before tax due to a reasonably possible change in interest rates in the next reporting period with all other variables held constant. There is no other impact on the Company's equity other than those already affecting profit and loss.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
2009	**+1.0%**	**(₱14,000,000)**
	–1.0%	**14,000,000**
2008	+1.0%	(6,600,000)
	–1.0%	6,600,000

Liquidity Risk
The Company's exposure to liquidity risk relates to raising funds to meet obligations associated with financial liabilities.

The Company manages its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and available credit facilities.

As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise.

The table below summarizes the maturity profile of the Company's financial liabilities as of December 31, 2009 and 2008 based on undiscounted payments:

	2009					
	On Demand	**1–30 Days**	**31–60 Days**	**61–90 Days**	**More than 90 Days**	**Total**
Accounts payable and other current liabilities:						
Trade	**₱154,373,280**	**₱2,455,445**	**₱5,538,325**	**₱16,464,912**	**₱54,624,395**	**₱233,456,357**
Accrued interest	–	–	–	**3,017,507**	–	**3,017,507**
Accrued expenses	–	**11,851,926**	–	–		**11,851,926**
Customers' deposits	–	–	–	–	**31,447,754**	**31,447,754**
Long-term debt:						
Principal	–	–	–	–	**1,400,000,000**	**1,400,000,000**
Interest	–	–	–	**20,683,600**	**323,964,498**	**344,648,098**
	₱154,373,280	**₱14,307,371**	**₱5,538,325**	**₱40,166,019**	**₱1,810,036,647**	**₱2,024,421,642**

	2008					
	On Demand	1–30 Days	31–60 Days	61–90 Days	More than 91 Days	Total
Accounts payable and other current liabilities:						
Trade	₱636,219,371	₱5,000,000	₱5,000,000	₱5,000,000	₱5,000,000	₱656,219,371
Accrued expenses	–	1,890,083	–	–	–	1,890,083
Customers' deposits	–	–	–	–	3,216,839	3,216,839
Long-term debt	–	–	–	–	660,000,000	660,000,000
	₱636,219,371	₱6,890,083	₱5,000,000	₱5,000,000	₱668,216,839	₱1,321,326,293

Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2009 and 2008.

19. Events after Balance Sheet Date

On January 13, 2010, the Company subscribed to 125.0 million common shares of Alphaland Heavy Equipment Corporation (AHEC) representing 50% interest in AHEC, which is engaged in purchasing, selling and leasing of heavy equipment.

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Banks
Bank of Commerce
Banco de Oro Unibank
Bank of the Philippine Islands
Development Bank of the Philippines
Land Bank of the Philippines
Maybank Philippines, Inc.
United Coconut Planters Bank

Stock Transfer Service Agent
Stock Transfer Service, Inc.

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