

# alphaland

CORPORATION

## ANNUAL REPORT 2015



NEWLY ACQUIRED ATR 72-500



AEGLE WELLNESS CENTER AT BALESIN ISLAND CLUB



VIEW FROM ALPHALAND BAGUIO MOUNTAIN LODGES







Alphaland Corporation, a Philippine property development company, is managed by the RVO Capital Ventures Group.

Alphaland's corporate philosophy states:

We are unique in that we are very selective in the property development projects that we undertake. We focus only on high-end and top-of-the-line projects.

We do not intend to be, and will never be, all things to all people.

# **ALPHALAND - UNIQUE!**

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**ROBERTO V. ONGPIN**  
CHAIRMAN AND CEO



**MARIO A. ORETA**  
VICE CHAIRMAN AND PRESIDENT



March 7, 2016

### **Dear Shareholders,**

The year 2015 marked the first full year in which Alphaland operated on its own (after the “divorce” from the Ashmore Group), and as a private company. We are delighted to report to our shareholders that, despite some adversity from various quarters, your company delivered sterling performance for 2015, and set record profits.

From a comprehensive net income of Php5.5 billion for 2014, the company’s audited financial statements for 2015 showed an increase of 30.9% to Php 7.2 billion. The company’s net worth increased by 19% from Php37.5 billion in 2014 to Php44.7 billion in 2015. On a per-share basis, the company’s earnings per share was Php4.50 and the net book value per share was Php35, an increase of 120% and 32.8%, respectively.

The company’s balance sheet continues to be exceptionally strong, with its debt/equity ratio a very conservative Php5.1 billion debt vs. Php44.7 billion equity, or a 11/89 debt-to-equity ratio. This is the exact opposite of most property companies, where the equity is typically much lower than the debt

component. Thus, the borrowing capacity of your company remains strong and we have the ability to finance several very interesting projects that we have lined up for 2016 and beyond.

We are also pleased to report that our operations continue to run smoothly.

Balesin Island Club, our flagship project and unanimously acclaimed as a world-class resort not only as compared to other resorts in the Philippines but also internationally, continued its strong patronage which grew, for the third year in a row, at approximately a 50% rate. In 2015, we had a total of 67,000 members and guests enjoying the wonders of Balesin. We have added quite a few new attractions which have enhanced the enchantment of Balesin.

In order to alleviate the ever-worsening aircraft traffic at the NAIA, we have acquired our own ATR 72-500 (a 68-seater turbo-prop airplane). The capacity of this ATR, which will be in service by April 2016, will greatly facilitate the travel of our members

from NAIA to Balesin and will substantially diminish the charter fees that we now pay. We are also in the process of leasing facilities in Clark to improve our aviation services for the members who are residents in the Northern part of Metro Manila and in Central Luzon.

Our Alphaland Makati Place project, which includes The City Club and 494 apartment units, also did well. In 2015 and early 2016, we have delivered 98% of all sold residential units, and we plan to have a much more aggressive financing program for the rest of the units so that the project will be 100% sold within the year.

The City Club improved its performance by 60% over the previous year and will continue to grow as more and more tenants move into The Residences.

Our first project that put us on the map, the Alphaland Southgate Tower and Mall, continued its strong growth. As of this writing, the Tower is 100% rented out and the Mall is 98% leased. Net cash flow for 2015 was Php391 million and this year will be over Php500 million.

The new projects we embarked on in 2015 were spearheaded by the Aegle Wellness Center, a world-class, state-of-the-art facility that will have facilities in both The City Club

and Balesin. This project, in which we have invested Php350 million, has gotten off to a flying start, with The City Club facility operations beginning December 2015, and the Balesin facility before Holy Week of this year.

Probably the most significant project we embarked on in 2015 is the acquisition of almost a thousand hectares in Patnanungan Island, which is only 22 nautical miles north of Balesin. We intend to build an international airport facility with a runway of 2,500 meters, which can take even Boeing 747s, although we are targeting only the Airbus 320s that fly around the region. In this manner, our international members and guests will be able to bypass the congestion in NAIA and fly directly from Tokyo, Seoul, Taipei, Hong Kong, Bangkok, Singapore and Jakarta or even from Sydney, all of which will be the target of our aggressive international marketing of Balesin Island Club this year. Patnanungan Island is quite a mouthful and so we are calling the project the Balesin Gateway International Airport.

We also intend to build a hotel on the island, plus another residential community. Balesin Gateway will not be a part of Balesin Island Club although it will provide significant support facilities for Balesin, primarily the international airport, for which we have



already completed the initial technical plans and will be moving earth in a few months from now. From Balesin Island, Balesin Gateway is only 5 minutes by our Cessna aircraft, 10 minutes by our chopper, and 20 minutes by fast craft, which we are in the process of acquiring.

The other major project that we commenced in 2015 is the Alphaland Baguio Mountain Lodges, situated only eight kilometers from Baguio City proper. With a fully cemented road, it is reachable from the city in less than 15 minutes. As the TPLEX project is completed this year connecting the NLEX all the way to Rosario in La Union, which is where one accesses Baguio, the driving time from Manila will be reduced to just about three hours, and we expect our project to be a weekend destination.

Alphaland Baguio Mountain Lodges, which is on a 78-hectare property, is far enough from Baguio to escape the Baguio pollution and traffic and to enjoy the fresh and clean mountain air, but near enough so that driving to Baguio City is quick and convenient. The project will consist of a total of 300 log homes which we will build within a period of three years. Like all Alphaland projects, we have taken great care to ensure total security of the project, with a 7.4 kilometer impregnable perimeter fence, year-round

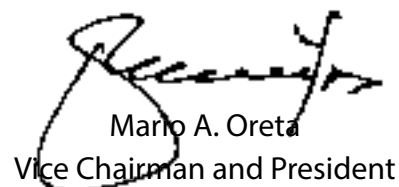
water supply, 100% generator back-up power, and our inimitable landscaping, to ensure incomparable mountain living.

In closing, we wish to say that we have been heartened by the continued support of our members, tenants and buyers of our residential units. We pledge to continue giving you what has become our trademark -- nothing but the best!

Sincerely yours,



Roberto V. Ongpin  
Chairman



Mario A. Oreta  
Vice Chairman and President









THE POOL AREA AT PHUKET VILLAGE



**With more than seven kilometers of white-sand beach, Balesin Island sits in the Pacific Ocean, 35 kilometers off the eastern coast of Luzon, and 20 minutes by plane from Manila.**

Balesin is an exclusive, world-class island resort off the east coast of the Philippines, for members only. It is the flagship project of Alphaland Corporation. Balesin Island sits on the Pacific Ocean, 35 kilometers off the eastern coast of Luzon. It is 20 minutes' flight time from Manila, on Alphaland's private fleet of airplanes, which are boarded at Alphaland's private terminal. Balesin Island is about 500 hectares in size, of which less than 40 hectares (about 8%) will ever be developed. The majority of the island is undisturbed, original tropical rainforest. The island is ringed by more than seven kilometers of white-sand beach.

The resort redefines the Asian luxury beach experience, which is characterized by excellent service, and provides a comprehensive array of facilities, for an endlessly varied and evolving lifetime experience for its members.

The accommodations consist of 7 villages, each inspired by world-renowned destinations: Balesin, Bali, Costa del Sol, Mykonos, Phuket, St. Tropez, and Toscana. Each village is a distinct experience, and effectively a resort in itself. Each is designed and executed authentically, from architecture and interiors to landscaping and cuisine. The emphasis



of the design is on privacy and exclusivity. Many of the accommodations are standalone villas, while the suites are also very private.

The Balesin Royal Villa is a majestic structure that is an ideal venue for large family and social gatherings, weddings, and corporate retreats. The Royal Villa's upper floor offers 4 spacious Maharlika suites, accessible via private elevator, with their own private decks and jacuzzis. On the ground floor are 10 villa-type suites with private entrances, as well as a luxuriously appointed Salon opening out onto a sweeping deck with two pools overlooking the sea.

In addition to the villages, there are extensive central facilities, including a main clubhouse larger than most country clubs, a Sports Center, an Aquatic Sports Center, the Aegle Wellness Center (opening 1st quarter of 2016), numerous restaurants, and many others.

Balesin Island Club offers a number of complimentary villa nights a year depending on the type of membership. Members and their guests can choose to use these



GUESTS CAN TRAVERSE THE ISLAND ON HORSEBACK



A CENTURY-OLD BALETE TREE -- HENCE, THE NAME "BALESIN"



AERIAL VIEW OF THE BALESIN ROYAL VILLA



THE BALESIN SPA



BALESIN SPA RECEPTION



BALESIN SPORTS BAR

complimentary nights at any of the villages or at the clubhouse suites, which are designed for larger families.

Balesin's E.L. Tordesillas Airport, named after the founder of the original resort, has a 1.5 kilometer-long concrete runway, built to international aviation standards, that can accommodate regional aircraft and private jets. The club regularly operates its own aircraft; charter aircraft with larger capacities are added during peak periods, and the club has operated a capacity of 1,000+ seats a day during these periods. A key aspect of the



RICO'S HIDEAWAY AT DUSK





INTERIOR OF THANASSIS TAVERNA IN MYKONOS



ATR 72-500 WITH BALESIN LIVERY



THE BALESIN ROYAL VILLA



COSTA DEL SOL CASA GRANDE



PHUKET SALATHIP



BALESIN VILLA



TOSCANA VILLAGE



ST. TROPEZ



NUSA DUA BAR



BADMINTON COURTS



HOBIE CAT SAILING IN BALESin'S CLEAR BLUE WATERS



BALESIN TLC CRAB CAUGHT AT BALESin SEAFOOD FARM

flight experience is our own private terminal at the Ninoy Aquino International Airport (NAIA), which is much more convenient—and luxurious—than the crowded public Domestic Terminal.

Alphaland utilized revolutionary technologies and concepts in developing Balesin Island Club. In any island development, the main challenge is water supply. The concrete runway serves as a rainwater catchment, collecting over 200 million liters per year into man-made lakes. The harvested water is processed into potable water via ultrafiltration, and is then distributed around the island. Used water is processed aerobically and anaerobically in modular sewage treatment plants, producing Class A greywater. This reclaimed greywater is used for the island's lush landscaping during the summer months. Balesin, is thus, uniquely among island resorts, self-sufficient in water.

The island also produces a lot of its own food, which is made possible by the abundant water. The original fishing community that continues to live on the island supplies the fish served in its restaurants, and also staffs the aquaculture facilities, which include fish and shellfish farms. The banana plantations on the island produce a surplus, which is sent to the mainland and marketed there. Compact, high-technology organic vegetable farms established near the airport have begun to yield much of the produce needed by the island's restaurants, although some items (like rice and meats) will always be brought in from the mainland, as we would rather not clear forest to accommodate these.

Location and ambiance are keys to Balesin Island's overall vision. In this regard, the resort's architectural design remains in harmony with its natural surroundings. This was achieved by partnering with one of the world's pre-eminent hospitality master planners, EcoPlan, of Florida,



USA. EcoPlan has ensured that each structure never overwhelms its environment in any way.

## SPORTS and RECREATION

### Outdoor Activities

- Archery - Archery Range near the Sports Center
- Basketball - Outdoor Basketball Court at the Sports Center
- Bicycling - Bicycles are available for use at the Main Clubhouse
- Bird Watching - The Aviary
- Boating - Speedboats and sailboats may be rented at the Aquatic Sports Center
- Fishing - Deep sea, on board one of our fleet of speedboats, or gallery fishing at Fish Fun or Family Picnic Grove
- Gardening - Balesin has an Organic Vegetable Garden, where guests may harvest their own salads
- Hiking - 400+ hectares of forest and banana fields (Nature Trail)
- Horseback Riding - Island Trail Ride, Bullring (equestrian), at the Stables
- Kayaking - Aquatic Sports Center
- Knockerball – Sports Center and soccer pitch
- Mountain Biking - The highest point of Balesin is just 10m above sea level, but we do have mountain bikes available for rent
- Paddle Boarding, Standup - Aquatic Sports Center
- Paintball/War Games - Sports Center
- Picnicking - Family Picnic Grove, which also offers fishing
- Sailing, Hobie Bravo - Aquatic Sports Center
- Sailing, Paraw (native boat) - Aquatic Sports Center
- Scuba Diving - Aquatic Sports Center
- Segway - Sports Center
- Snorkeling - Aquatic Sports Center
- Soccer – Soccer pitch, near the Sports Center
- Sunbathing - The main beach and all pool areas are provided with sun lounges.



PAINTBALL



THE AVIARY



NEWLY ARRIVED SEGWAYS



PRIVATE MESSAGE BY THE BEACH



THE INDOOR CLIMBING WALL  
AT THE SPORTS CENTER



FAMILY PICNIC GROVE

- Surfing - Available at certain seasons, off various beaches. Our Aquatic Sports Center will show you the different breaks.
- Swimming - Beach swimming with lifeguards is available at specified schedules. The Clubhouse has a Lagoon Pool, three (3) Outdoor Whirlpools, and a Kiddie pool; each village has one or more pools while Mykonos Cove Deck has five (5) Outdoor Whirlpools, and Poseidon has an indoor/outdoor pool; the Balesin Spa has a private pool
- Tennis - Outdoor Tennis Court, Sports Center
- Volleyball (beach) - Balesin Sala Beach Area
- Wakeboarding - Aquatic Sports Center
- Waterskiing - Aquatic Sports Center
- Windsurfing (sailboarding)- Aquatic Sports Center

### Indoor Activities

- Airsoft Target Shooting Range - Sports Center
- Badminton - Indoor Courts, Sports Center
- Basketball - Indoor Basketball Court, Sports Center
- Billiards - Game Room, Main Clubhouse
- Boxing, with trainer - Sports Center
- Children's Indoor Playroom - Main Clubhouse
- Dancing - Ballroom, Latin, and other styles at various events throughout the island
- Gym - Sports Center
- Karaoke - Babes', Mike's and Rannie's KTV Rooms, Main Clubhouse
- Mahjong - Mahjong Rooms, Main Clubhouse
- Mixed Martial Arts, with trainer - Sports Center
- Poker and other card games - Poker Rooms, Main Clubhouse
- Reading - E.L. Tordesillas Library, Main Clubhouse
- Rock Climbing Wall - Sports Center
- Smoking - Tabacalera Cigar Divan, Main Clubhouse



- Table Tennis (Ping Pong) - Game Room, Main Clubhouse
- Tennis - Indoor Tennis Court, Sports Center
- Wii© - Wii© Room, Main Clubhouse

## DINING

- Dining - Breakfast buffet, Main Clubhouse Lounge
- Dining - Filipino, Main Clubhouse Lounge, Balesin Dining Room, Verandah, Balesin Sala
- Dining - Fish "catch-it-yourself" at Fish Fun and Family Picnic Grove
- Dining - French, at St. Tropez Village
- Dining - Greek at Thanassis Taverna and Cove Deck, Mykonos Village, and Poseidon, Mykonos Beach Villas
- Dining - Indonesian at Bali Warung and Nusa Dua Bar
- Dining - Italian at Toscana Village
- Dining - Korean at Han Gang, Main Clubhouse
- Dining - Japanese at Sakura, Main Clubhouse
- Dining - Spanish at the Restaurante Español and Tapas Bar, Costa del Sol Village
- Dining - Thai at Salathip, Phuket Village
- Dining - Mongolian BBQ and mixed grill for lunch and cocktails for sunset at Rico's Hideaway
- Dining - Seafood at Balesin Seafood Shack and Fish Fun
- Dining, Private - Michelle's and Anna's at Main Clubhouse, Private Dining Rooms at Bali, Phuket, St. Tropez, Costa del Sol Village, Toscana, and Mykonos Village
- Cocktails - The Main Clubhouse has three (3) bars, the Pool bars serve the swimming pools and the beach, and the sala of each village has a bar with general cocktails and drinks and wines unique to its theme. The open-air Nusa Dua bar at Bali village sits on stilts on the water.

## SPA & WELLNESS

- Massage (various types) - Balesin Spa and Aegle Wellness Center
- Sauna and Steam Bath - Balesin Spa
- Aegle Wellness Center, Mykonos Beach Villas
- Thalassotherapy, Aegle Wellness Center

## AMENITIES

- Beauty treatment - Salon, Main Clubhouse
- Haircut and grooming - Barber Shop, Main Clubhouse
- Locker Rooms (Men's and Women's) - Main Clubhouse and Sports Center
- Meetings and Conference facilities - Function Rooms, Main Clubhouse
- Shopping - Sundries and souvenirs at Balesin Souvenir Shop, Main Clubhouse
- Worship - The Balesin Chapel offers regular Catholic masses on Sundays, and other days of Catholic observance. It is open all day for private prayer, and available for weddings and other occasions.

## TRANSPORTATION

- Golf cart rides - All over the island
- Jeepney rides - All over the island
- Bicycling - Bicycles are available for use at the Main Clubhouse



PIER FROM BALESIN FISH FUN









EXTERIOR PERSPECTIVE OF  
ALPHALAND MAKATI PLACE



Continued economic growth brings about the expansion of Makati's Central Business District. Alphaland Makati Place, located on a premium one-hectare property along Ayala Avenue Extension, near office buildings, schools, shopping centers, hospitals, and community areas, leads the charge.

Alphaland Makati Place is a uniquely intelligent, state-of-the-art residential and leisure complex that offers an integrated lifestyle solution in one dynamic complex. Every detail is planned for efficiency, sustainability, and enjoyment.

It consists of 3 towers on a six-storey podium. The first three floors of the podium contain an upscale public shopping center, high-end supermarket, world-class restaurants, and service hubs. The upper three floors of the podium house The City Club, an exclusive urban sport and leisure membership club and business haven. The City Club also houses Aegle Wellness Center, a center for longevity and holistic health. Atop the six-storey podium are the 494 units that compose The Residences at Alphaland Makati Place.

Alphaland Makati Place is the only complex in the Central Business District to present such a comprehensive living solution. It is designed by the well-established group of architectural and





THE SPACIOUS LIVING ROOM OF A TYPICAL 2-BEDROOM UNIT

engineering practice, Wong and Ouyang, and the leading architectural firm in the country, the Casas + Architects. This complete community is designed to cut down on commuting to enable residents to save time and energy, and minimize traffic, all in secure, private surroundings.

Alphaland Makati Place is designed from the ground up with state-of-the-art building management, automation, and security, as well as energy-efficient mechanical, electrical, and sanitary systems. The complex

will consume far less water and energy than comparable buildings, minimizing carbon emissions and unnecessary costs, while still achieving a high level of comfort. Moreover, the basement has five levels of parking, which provide approximately 1,000 parking spaces to reduce the urban "heat island effect". The project is registered under the United States Green Building Council (USGBC) rating system, which administers the Leadership in Energy and Environmental Design (LEED).



ALICE IN WINTER WONDERLAND AT ALPHALAND MAKATI PLACE









THE CITY CLUB ATRIUM



**All rolled into one, like no other! The City Club is a three-hectare lifestyle hub for leisure, entertainment and business options in the heart of Makati's Central Business District. No other club offers all these options in one place.**

The City Club is an integral component of Alphaland Makati Place. All unit owners at The Residences at Alphaland Makati Place are automatically members of The City Club, while non-residents may also purchase memberships. Located along Ayala Avenue, it occupies the top three floors of the six-storey podium of Alphaland Makati Place, with an area of 30,000 square meters. It is located within walking distance of many

major corporations, residential buildings, and commercial establishments in the Central Business District. This provides convenience from work, home, and everywhere in between.

The City Club houses 8 specialty restaurants where you can choose from a variety of international cuisines. Among them are A Taste of France (French), Balesin Islander (Filipino), Costa del Sol (Spanish), Hai Shin





SPECIALTY OF COSTA DEL SOL



SPECIALTY OF A TASTE OF FRANCE

Lou (Chinese), Mark's Prime Rib (Steak House), Sakura by Edo-san (Japanese), Salathip (Thai) and Toscana Ristorante Italiano (Italian). These are complemented by the Tabacalera Cigar Divan where members can enjoy the finest cigars and single-malt whiskies, and TWG Tea Lounge, the finest luxury tea brand in the world.

Doing business outside the office is never a problem at The City Club. The Club's Business Center includes meeting and conference rooms that provide an ideal working environment. The Club offers Wi-Fi and a state-of-the-art fiber optic network to ensure that members stay connected anywhere around the club's premises. Function rooms are also available for events, from corporate functions to weddings and banquets.



CLUB LOUNGE



BOARD ROOM



CONFERENCE ROOM



BANQUET HALL





GYM



MOVIE THEATER/AUDITORIUM



LIBRARY



PILATES STUDIO

No club is complete without a pool, and The City Club has its lagoon-style swimming pool with additional areas for laps. Children also get to enjoy The City Club's child-friendly facilities, which include a kids' swimming pool, indoor playground and activity area. Other facilities such as game rooms, KTV rooms, a screening room, and a Wii room provide recreational activities that the entire family can enjoy.

In addition, The City Club has an extensive array of amenities dedicated to your health and wellness needs. Apart from its swimming pools, spa, and a fully equipped gym, sports enthusiasts will enjoy the indoor courts for basketball, tennis, badminton, and squash, the indoor airsoft range, and the high-definition virtual golf simulator, which is exclusive to The City Club and is the only one of its kind in the Philippines. For those who want to revitalize their minds and bodies, studios for Pilates, aerobics and yoga can also be found in the Club. There is also a boxing ring and martial arts studio for those who enjoy more strenuous activities.

## CLUB AMENITIES

- Indoor Tennis Court
- Indoor Basketball Court
- Badminton Courts
- Boxing Ring
- Squash Court
- Airsoft Range
- Gym
- Billiard Tables
- Table Tennis Room
- Aerobics & Yoga Studio
- Martial Arts Studio
- Pilates Studio
- Dance Studios
- Aegle Wellness Center
- Swimming Pool
- Pool Sunbathing Deck
- High Definition Virtual Golf Simulator
- Clinic
- Spa
- Health Bar
- Meeting and Conference Rooms
- Movie Theater/Auditorium
- Library
- Business Center
- Banquet Hall
- Private Function Rooms
- Chinese Function Rooms
- Private Dining Rooms
- Large Function Rooms
- Tabacalera Cigar Divan
- Outdoor Activity Area
- Banquets and Events
- Wii Room
- Game Station
- Club Lounge
- Barber Shop
- KTV Rooms
- Screening Room
- Poolside Restaurant & Al Fresco Bar
- Restaurants:
  - Sakura by Edo San
  - Salathip
  - Hai Shin Lou
  - A Taste of France
  - Costa del Sol
  - Toscana Ristorante Italiano
  - Mark's Prime Rib
  - Balesin Islander
- The TWG Tea Lounge
- Canadian American School
- Children's Indoor Play Area
- Pro Shop



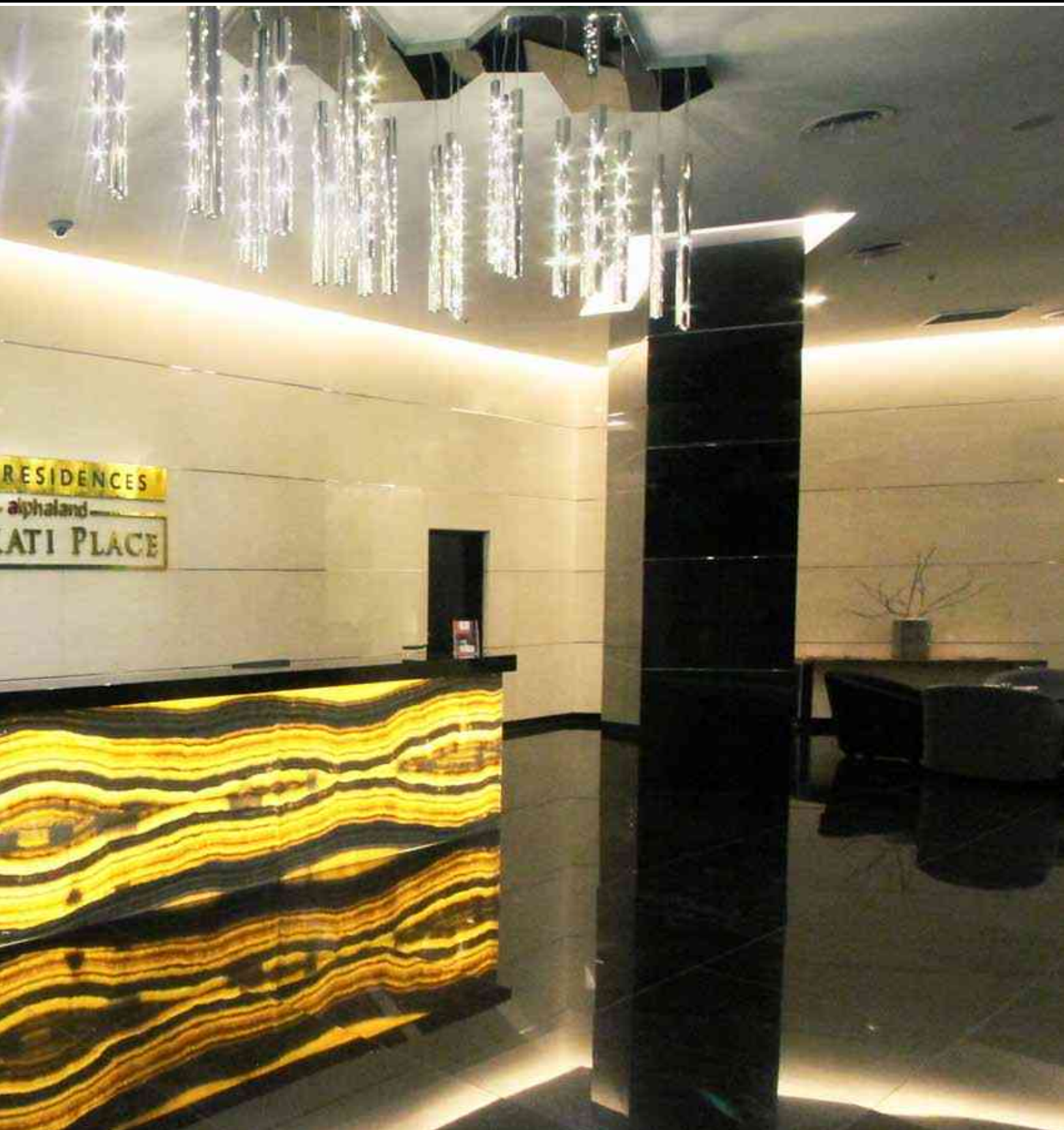
HAI SHIN LOU



SALATHIP









FULLY FURNISHED LIVING ROOM AT  
THE RESIDENCES AT ALPHALAND  
MAKATI PLACE



**Dubbed “the home of the future”, The Residences at Alphaland Makati Place incorporates the limitless possibilities of future-receptive technology into residents’ daily lives through the incorporation of fiber optic infrastructure.**

The Residences at Alphaland Makati Place, a meticulously designed complex that ensures a natural fusion of aesthetics and efficiency offers fully fitted and fully furnished, state-of-the-art Ayala Avenue apartments. The strategic location of the complex makes it a perfect home for dynamic executives, young families, and mobile singles.

The residential towers offer several different unit types: 1-Bedroom, Standard 2-bedroom, Premium 2-Bedroom, and 3-Bedroom units. Each unit is delivered in ready-to-move-in condition. Units offer open-plan kitchen, living, and dining areas, and maximized space through cleverly concealed built-in storage areas in hallways and under windows to allow freedom of movement around the unit.

All units come with premium bathroom fixtures and top-of-the-line appliances. All furniture, fixtures, and major appliances are included in the unit price, and are installed and tested. Each unit has a dishwasher, air conditioners, beds, sofas, an intelligent lighting system, bathroom and kitchen fixtures, refrigerator/freezer, laundry washer and dryer, televisions, minibar, and a safe. Premium units come with a wine chiller. Extensive storage is provided, with each unit containing ample shelves, closets and bins. Fixtures for the units were handpicked from leading global brands, such as Philippe Starck and Kuysen.



Moreover, units are fully automated at no extra cost to the buyer. With the use of a provided tablet or any Internet-enabled device, unit owners are given complete control of the home. The interface allows access and control of the lighting, blinds, and other utilities in the home even if they are away. Lights turn on and off with motion-sensor technology, the flat screen TV can be hidden in a built-in recess and the temperature of the air conditioner can be modified with a press of a button. Other applications on the tablet PC will connect to housekeeping, maintenance, security, billing, and other services. The complex incorporates high-speed fiber-optic infrastructure, ensuring that it will be technologically advanced for years to come.

As if that weren't enough, each unit in The Residences at Alphaland Makati Place comes with a resident membership in The City Club, whose top-of-the-line facilities are dedicated to fulfilling the most demanding lifestyle needs.

Turnover of units began in August 2015.



DESK AREA INSIDE A UNIT AT THE RESIDENCES AT ALPHALAND MAKATI PLACE



SPACIOUS LIVING ROOM AT THE RESIDENCES AT ALPHALAND MAKATI PLACE



SPACE-EFFICIENT HALLWAY AT THE RESIDENCES AT ALPHALAND MAKATI PLACE







## THE ALPHA SUITES

The Alpha Suites is the quintessence of a boutique hotel, with 5 luxurious suites that are comparable to rooms in 5-star hotels in the Makati area.

Located on the 3rd floor of Alphaland Makati Place, The Alpha Suites operates under the management of The City Club and is available to guests of Alphaland, members of Balesin Island Club and their guests, and members of The City Club and their guests.

The suites consist of the following:

- One 1-bedroom suite (63 sqm)
- Three 2-bedroom suites (90, 120, and 123 sqm)
- One 3-bedroom suite (153 sqm)





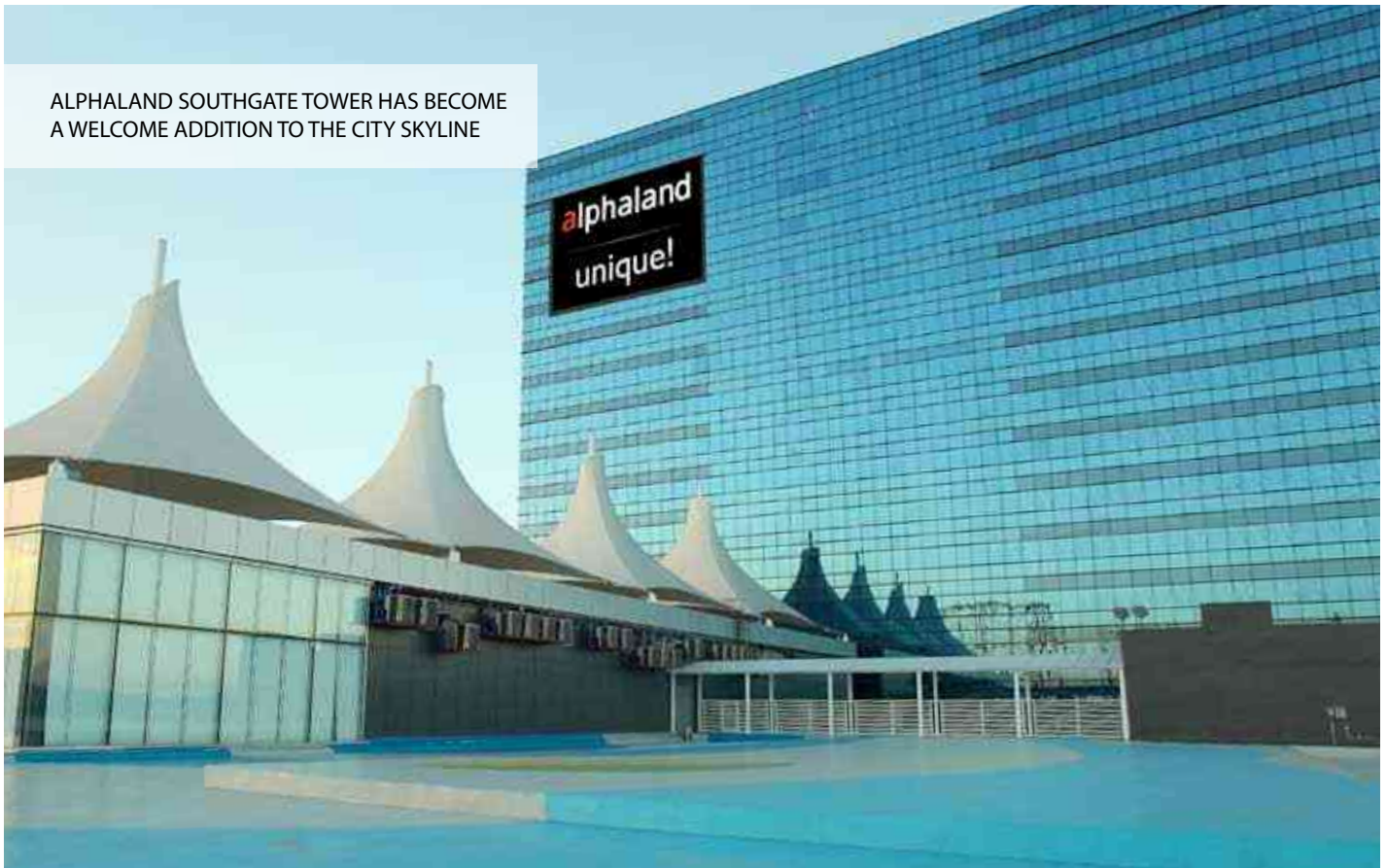








ALPHALAND SOUTHGATE TOWER HAS BECOME  
A WELCOME ADDITION TO THE CITY SKYLINE



## alphaland SOUTHGATE

The Southgate Tower is Alphaland's corporate headquarters and exemplifies the company's vision of superior value transformation.

### ALPHALAND SOUTHGATE TOWER

Alphaland Southgate Tower has become an iconic establishment and functions as the gateway to Makati. Its distinctive LED display, set in the building's blue glass facade, welcomes visitors to the metropolis' Central Business District.

The project began as an unfinished high-rise building that remained idle for nearly 30 years. The

Alphaland Corporation reinvented it as a modern glass office tower with a podium mall, transforming a former eyesore into one of the city's most recognizable and vibrant landmarks.

In 2010 Alphaland Southgate first opened its doors, with the initial batch of tenants composed of companies within the group, including Alphaland itself, PhilWeb Corporation, ISM Communications, and Atok-Big Wedge. Major BPO players such as



FUNCTION ROOM

Teleperformance, GHD Pty. Ltd., Genie Technologies, and Alorica Inc. soon followed. Later on, Anthem Solutions Inc., MRL Gold Phils., Jorge Yulo Architects, and Western Mindanao rounded out the rest of the building's occupants.

By the end of 2011, Alphaland Southgate Tower had reached its full occupancy.

The sixth floor is home to the Balesin, Boracay, Bali and Baguio function rooms. These rooms come fully equipped with ceiling-mounted LCD projectors, a

dropdown screen, banquet tables and chairs, and a podium with microphones, platforms, and Wi-Fi access.

For larger functions, there is the Alpha Tents. Found on the same level, this magnificent 600 sqm events venue is contained within an air-conditioned glass structure, allowing for views of Makati and Manila Bay. Because of its layout flexibility, the Alpha Tents allows event planners to conduct a variety of event formats such as conferences, seminars, social occasions, and corporate milestones.



RESTAURANTS



NEWLY OPENED STARBUCKS





GUESTS CAN HOLD AN EVENT AT THE ALPHA TENTS

The Alpha Tents includes a reception foyer, an al fresco area, and a dedicated scenic elevator from the ground floor of the mall.

## **ALPHALAND SOUTHGATE MALL**

**Convenience is the main driver of the Alphaland Southgate Mall.**

The Alphaland Southgate Mall is directly connected to the Southgate Tower. It offers about 18,340 sq.m. of floor area on three levels, with the third level providing commuters with direct access to the



EXTERIOR VIEW OF THE ALPHA TENTS

Magallanes MRT station. The building houses major bank branches like BDO and PBCOM, fast-food and casual dining establishments, food kiosks, computer shops, beauty and wellness shops, and fashion outlets. Mall events are regularly held during holidays on the ground floor and the third floor.

Alphaland's own property operations team addresses tenants' needs and requests. Supported by a professional staff and a 24/7

concierge service, the group deals with any of their construction, engineering, housekeeping, parking, and security concerns that may arise.

The Alphaland Southgate Mall is open from 10AM to 9PM, Mondays to Sundays, including holidays.



THE SIXTH ANNIVERSARY OF ALPHALAND SOUTHGATE



FUN FIESTA AT ALPHALAND SOUTHGATE MALL



ALPHALAND SOUTHGATE MALL INTERIOR













AEGLE WELLNESS CENTER AT  
THE CITY CLUB



Aegle Wellness Center is a state-of-the-art integrated health and wellness center purposely set in two complementary sites – a five-star city center facility and an exclusive island resort setting – to nurture and sustain our unique wellness programs.

## AEGLE WELLNESS CENTER

Named after the Greek goddess of radiant good health, what better way to illustrate this marriage between science and nature—Aegle being the daughter of Aesculapius, the god of medicine, and Epione, the goddess of soothing of pain. Aegle is the sister of Panacea, the goddess of medicines, and Hygeia, goddess of health.

Aegle is devoted to the maintenance of health through lifestyle modification based on cutting-edge technology from the basic sciences such as cell physiology, molecular biology, and human genomics. Protocols are hinged on the four foundations of wellness: natural detoxification, weight management, ageing medicine, and holistic health.

Complementing the limitations of Western medicine with the preventive health values of traditional healing, Aegle provides multi-faceted programs to address health concerns ranging from treatment of lifestyle diseases, to enhancing function and athletic performance, to providing support to terminal illness prevention.

Leading Aegle's acclaimed medical team are Dr. Claude Chauchard, world renowned Anti- Ageing and Preventive Medicine specialist and Dr. Ben Valdecañas, the country's leading authority in the field of Sports and Regenerative Medicine.

The city center facility of Aegle Wellness Center, which is located at The City Club, began operations on December 2, 2015. To be inaugurated within the first quarter of 2016 is its second center, located adjacent to the Mykonos Beach Villas on Balesin Island. The Aegle facility at Balesin will offer Thalassotherapy as a centerpiece of its wellness programs.

## SERVICES AND PROGRAMS

### Professional Assessment & Evaluation

- Professional Age Management Consults
- Exercise Instruction, Initiation, and Integration
- Nutritional Consults, Management, and Support
- Life Coaching
- Mind-Body-Spirit Coaching
- Thalassotherapy (Aegle Balesin only)
- Laboratory Assessment
  - Complete Blood Analysis and Serum Chemistry
  - Body Composition Analysis (BCA)
  - Metabolic Analysis Testing
  - Food Sensitivity Testing
  - Genomic Analysis
  - Hormonal Assay
  - Micronutrient Assay
  - Cancer Markers
  - Toxicology Scan

- Gut Micro Biome Analysis
- Oxidative Stress
- Neurotransmitter Assay
- Amino Acid Assay
- Cardiac Vascular
- Chronic Fatigue Syndrome
- Ancillary Assessment
  - Plethysmography
  - Live Blood Analysis

### Treatments

- Hyperbaric Oxygen Therapy (HBOT)
- Colon Hydrotherapy
- Intravenous Detoxification
- Intravenous Supplementation



HYPERBARIC OXYGEN THERAPY TREATMENT



A RELAXING MASSAGE AS PART OF AEGLE'S WELLNESS APPROACH











The Alphaland Baguio Mountain Lodges will be a master-planned development of 300 lodge-style log homes, situated on a 76-hectare property. The development is just 8 kilometers north of Baguio City on Ambuklao Road, which is now fully paved and is only a 15-minute drive from Baguio City proper.

It enjoys lush Benguet pine forest and totally pollution-free mountain air. There will be 5 designs and floor plans to choose from, and the homes will be sited to maximize the views of the surrounding pine-forested mountains. The entire property will be secured by a perimeter fence.

The master plan was completed by EcoPlan of Florida in the U.S., the same master planner for Balesin Island. The lodges will be sold individually as horizontal condominiums, where the land will be proportionately owned by all 300 homeowners. This will allow for the optimization of the locations and views of all of the home sites.

Each cluster will consist of five to six homes, and will have its own water cistern that collects rainwater from the roof of each building. The roofs will also have solar panels which will generate sufficient energy to supply each home with hot water. In addition, each cluster will have a complete genset that will serve as a backup source of power.



ENTRANCE TO ALPHALAND BAGUIO MOUNTAIN LODGES



VIEW FROM ALPHALAND BAGUIO MOUNTAIN LODGES



BAGUIO'S RUSTIC CHARM FLOURISHING IN ALPHALAND BAGUIO MOUNTAIN LODGES



"OLD BAGUIO" AMBIANCE AT A ALPHALAND BAGUIO MOUNTAIN LODGES









Alphaland has acquired almost 1,000 hectares in Patnanungan Island, which is only 22 nautical miles north of Balesin. Between Balesin and Patnanungan it takes only 10 minutes by helicopter, 5 minutes by our Cessnas, and half an hour by a fast ferry. We intend to build a full international airport facility with a runway of 2,500 meters, which will accommodate even Boeing 747s, although we are targeting only the Airbus 320s that fly around the region.

For the next several months, we will be working on the master plan for the island as well as the necessary permits and regulatory approvals, so that hopefully, by the Christmas holidays of 2016, we will have an international airport in operation.



AERIAL VIEW OF PATNANUNGAN ISLAND



LOW TIDE AT PATNANUNGAN ISLAND



PATNANUNGAN BEACH

We have always envisioned making Balesin directly accessible to international flights. With the establishment of the Balesin Gateway International Airport, our international members and guests will be able to bypass the congestion of NAIA in Manila and fly directly to

Balesin from Tokyo, Seoul, Taipei, Hong Kong, Bangkok, Singapore, and Jakarta, and even Sydney, all cities that will be the target of our aggressive international marketing of Balesin Island Club in 2016.







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## ATR 72-500 Aircraft

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Alphaland's newly acquired ATR 72-500 landed in NAIA on the afternoon of Tuesday, March 1, 2016 after a four-day ferry flight from Toulouse, France. The 68-seater ATR 72-500 is one of the most popular regional aircrafts worldwide.

After completing the necessary regulatory requirements, the plane will be in service for Balesin Island Club members and guests by April 2016. It will greatly facilitate the travel of our members from NAIA to Balesin and will substantially diminish the charter fees that we now pay.

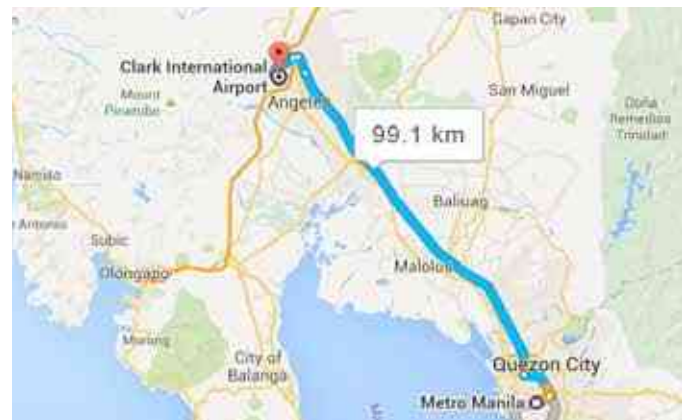






## Clark Hangar

We are in the process of leasing facilities in Clark Airport in Pampanga to improve our aviation services for the Balesin members who live in the northern part of Metro Manila and in Central Luzon. We will soon be able to schedule flights out of Clark to avoid the air traffic and runway congestion at NAIA.



**DISTANCE OF CLARK AIRPORT TO MANILA**





— **alphaLand** —  
— **BALESIN ISLAND CLUB** —



Redemption Period: March 16 to April 15, 2016  
Travel Period: April 16, 2016 to April 15, 2017

[LEARN MORE](#)





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## PAL Mabuhay Miles Partnership

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In March 2016, Alphaland announced the launch of its partnership with Philippine Airlines (PAL) wherein PAL's Mabuhay Miles Million Milers and Premier Elite Members can redeem their miles to enjoy a stay in Balesin Island Club resort as the "ultimate" frequent flyer reward.

PAL's Million Milers are those who have flown one million cumulative tier miles on PAL and PAL Express, earning the highest level of privileges in the Premier Elite level for life. These customers are given first-priority treatment and dedicated travel assistance.

Founded in March 1941, PAL is one of the legacy commercial carriers in Asia and the national carrier of the Philippines. PAL operates flights within the Philippine archipelago and throughout Asia, Oceania, the Middle East, North America and Europe.













BENEFICIARIES OF BALESIN ANNUAL OUTREACH PROGRAM

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## Corporate Social Responsibility

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### COMMUNITY DEVELOPMENT PROGRAMS

Balesin Island Club supports the island's residents through various community development programs. One of the program's main thrusts is the hiring of locals to train and eventually become part of the island's workforce. The club employs its staff from a community of around 2,000 people. The children of these workers also become scholars of Balesin Island Club. Eventually, upon

reaching high school, they may choose to take their "on-the-job training" (OJT) in the club, effectively becoming skilled workers in the hospitality industry.

### BALESIN INTEGRATED SCHOOL

The Balesin Integrated School is an island based school that services the needs of the children of Balesin Island's local residents. Founded in 1999, it is a direct beneficiary of Alphaland Corporation. The company regularly donates materials and supplies during the Christmas holidays and other special occasions. Aside from supporting the school through charitable donations, Alphaland also grants scholarships to deserving students, many of whom continue their further education at top universities on the mainland.

## ANNUAL OUTREACH PROGRAMS

Every December, Alphaland Corporation shares its blessings with those less fortunate through a yearly outreach program. The beneficiaries of this annual event are the residents of the local Balesin island community. Members from various Alphaland departments were chosen to fly to the island for a day of fellowship and camaraderie. While on the island, they packed Christmas ham and fruit baskets, attended a thanksgiving mass, and shared a simple yet meaningful meal in celebration of the true meaning of the season. The children of the local residents were also given a treat in the form of a magic show, parlor games, and loot bags.



MAGIC SHOW FOR THE KIDS OF THE LOCAL  
BALESIN ISLAND COMMUNITY



BALESIN INTEGRATED SCHOOL REPRESENTATIVES  
RECEIVING SUPPLIES FROM ALPHALAND  
CORPORATION'S PRESIDENT MARIO ORETA



VOLUNTEERS AT BALESIN'S COASTAL CLEAN-UP DAY



**Roberto V. Ongpin**

Chairman & CEO

**Atty. Mario A. Oreta**

Vice Chairman & President

**Anna Bettina Ongpin**

Executive Vice President/ Chief Operating Officer

**Michael A.P.M. Asperin**

EVP for Operations & Balesin Island Club CEO

**Atty. Rodolfo Ma. A. Ponferrada**

Executive Vice President for Legal and Corporate Secretary

**Dennis O. Valdes**

Director

**Atty. Roy Joseph M. Rafols**

Director

**Margarito B. Teves**

Independent Director

**Gregorio Ma. Araneta III**

Independent Director

**Sen. Edgardo J. Angara**

Independent Director

**Victor C. Macalincag**

Independent Director

# **CONSOLIDATED FINANCIAL STATEMENTS**





March 7, 2016

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Alphaland Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements as at December 31, 2015 and 2014 in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls 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.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the period December 31, 2015 and 2014, have examined the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

A handwritten signature in black ink, appearing to read "Roberto V. Ongpin".

**ROBERTO V. ONGPIN**

Chairman and Chief Executive Officer

A handwritten signature in black ink, appearing to read "Mario A. Oreta".

**MARIO A. ORETA**

President and Vice Chairman

A handwritten signature in black ink, appearing to read "Cristina B. Zapanta".

**CRISTINA B. ZAPANTA**

Vice President - Finance



**REYES TACANDONG & Co.**  
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782  
December 29, 2015, valid until December 31, 2018  
SEC Accreditation No. 0207-FR-1 (Group A)  
September 6, 2013, valid until September 5, 2016

Citibank Tower  
8741 Paseo de Roxas  
Makati City 1226 Philippines  
**Phone** : +632 982 9100  
**Fax** : +632 982 9111  
**Website** : [www.reyestacandong.com](http://www.reyestacandong.com)

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Alphaland Corporation and Subsidiaries  
9th Floor, Alphaland Southgate Tower  
2258 Chino Roces Avenue corner EDSA  
Makati City

We have audited the accompanying consolidated financial statements of Alphaland Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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



- 2 -

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alphaland Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

*Other Matter*

The consolidated financial statements of Alphaland Corporation and Subsidiaries as at and for the year ended December 31, 2013 were audited by another auditor, whose report dated June 18, 2014 expressed an unmodified opinion on those statements.

**REYES TACANDONG & Co.**

**BELINDA B. FERNANDO**

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

Valid until October 2, 2016

BIR Accreditation No. 08-005144-4-2013

Valid until November 26, 2016

PTR No. 5321842

Issued January 5, 2016, Makati City

March 7, 2016

Makati City, Metro Manila

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2015	2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	P453,723,476	P603,166,902
Trade and other receivables	9	793,395,054	1,533,136,607
Land and development costs and parking lots for sale	10	4,533,017,164	3,609,291,533
Advances to related parties	20	1,994,185,348	1,668,957,354
Available-for-sale (AFS) financial assets	13	985,810,900	1,317,148,300
Other current assets	11	2,177,641,528	1,909,288,432
Total Current Assets		10,937,773,470	10,640,989,128
<b>Noncurrent Assets</b>			
Investments in and advances to associates	12	23,108,112	24,362,094
AFS financial assets - net of current portion	13	28,684,132,600	27,433,136,100
Investment properties	14	17,544,311,142	8,583,436,197
Property and equipment	15	904,420,019	510,668,647
Other noncurrent assets	16	359,472,495	617,752,210
Total Noncurrent Assets		47,515,444,368	37,169,355,248
		P58,453,217,838	P47,810,344,376
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	17	P1,435,110,564	P1,002,422,870
Current portion of:			
Long-term debt	18	1,592,525,229	823,733,150
Customers' deposits	21	56,556,944	23,125,760
Advances from related parties	20	2,855,970	256,876,780
Total Current Liabilities		3,072,663,201	2,106,158,560

(Forward)



		December 31	
	Note	2015	2014
<b>Noncurrent Liabilities</b>			
Long-term debt - net of current portion	18	<b>₱3,480,425,988</b>	₱3,693,033,643
Customers' deposits - net of current portion	21	<b>67,418,749</b>	87,357,031
Retirement liability	23	<b>22,575,988</b>	26,939,582
Deferred tax liabilities	24	<b>6,984,896,394</b>	4,233,751,297
Other noncurrent liabilities		<b>91,938,618</b>	111,073,118
Total Noncurrent Liabilities		<b>10,647,255,737</b>	8,152,154,671
<b>Equity Attributable to Equity Holders of the Parent</b>			
Capital stock	19	<b>2,655,707,417</b>	2,655,707,417
Additional paid-in capital	19	<b>10,739,039,485</b>	10,739,039,485
Unrealized valuation gains on AFS financial assets	13	<b>23,019,668,962</b>	21,979,608,386
Accumulated remeasurement gain on retirement liability		<b>24,191,433</b>	15,147,151
Retained earnings	19	<b>25,095,299,802</b>	18,976,799,436
		<b>61,533,907,099</b>	54,366,301,875
Less:			
Parent's shares held by a subsidiary	19	<b>16,817,972,390</b>	16,817,972,390
Cost of 423,900 shares in treasury	19	<b>1,213,526</b>	1,213,526
		<b>44,714,721,183</b>	37,547,115,959
Noncontrolling interests		<b>4,192,211</b>	4,915,186
Total Equity		<b>44,718,913,394</b>	37,552,031,145
		<b>₱58,453,217,838</b>	₱47,810,344,376
Book value per share	25	<b>₱35.072</b>	₱26.400

See accompanying Notes to Consolidated Financial Statements.

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(With Comparative Figures for 2013)**

	Note	2015	2014	2013
<b>REVENUES</b>				
Real estate sales		<b>₱1,417,878,987</b>	₱259,307,651	₱205,023,141
Rent	21	<b>662,816,830</b>	597,265,604	574,484,027
Transportation service		<b>88,011,000</b>	16,625,000	—
Others		<b>5,058,889</b>	7,940,692	4,445,202
		<b>2,173,765,706</b>	881,138,947	783,952,370
<b>COSTS AND EXPENSES</b>				
	22			
Cost of real estate sold		<b>1,207,386,222</b>	244,245,692	175,798,412
Cost of services		<b>202,884,181</b>	147,187,679	134,689,586
General and administrative		<b>559,724,241</b>	1,132,604,972	535,066,336
		<b>1,969,994,644</b>	1,524,038,343	845,554,334
<b>OTHER INCOME (EXPENSES)</b>				
Gain on fair value changes of investment properties	14	<b>8,578,761,163</b>	729,714,574	3,586,250,552
Gain on sale of AFS financial assets	13	<b>272,342,449</b>	283,179,926	729,653,162
Interest expense and other finance charges	18	<b>(251,302,872)</b>	(278,314,792)	(211,598,354)
Interest income	8	<b>13,508,632</b>	18,727,565	45,527,254
Equity in net income (loss) of a joint venture and associates	12	<b>(744,340)</b>	(22,389,024)	3,162,707,111
Foreign exchange gain (loss) - net		<b>799,568</b>	1,508,626	(33,919)
Gain on disposal of assets	6	<b>—</b>	3,928,806,929	—
		<b>8,613,364,600</b>	4,661,233,804	7,312,505,806
<b>INCOME BEFORE INCOME TAX</b>		<b>8,817,135,662</b>	4,018,334,408	7,250,903,842
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
	24			
Current		<b>63,900,947</b>	34,578,593	17,160,627
Deferred		<b>2,635,457,324</b>	(958,135,386)	1,080,622,340
		<b>2,699,358,271</b>	(923,556,793)	1,097,782,967
<b>NET INCOME</b>		<b>₱6,117,777,391</b>	₱4,941,891,201	₱6,153,120,875

(Forward)



	Note	2015	2014	2013
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>				
<i>To be reclassified to profit or loss in subsequent periods -</i>				
Net unrealized valuation gains on AFS financial assets	13	<b>₱1,155,622,862</b>	₱618,033,124	₱5,705,811,886
Income tax effect		<b>(115,562,286)</b>	(61,803,312)	(570,581,189)
		<b>1,040,060,576</b>	556,229,812	5,135,230,697
<i>Not to be reclassified to profit or loss in subsequent periods -</i>				
Remeasurement gains on retirement liability	23	<b>12,920,403</b>	3,966,223	17,672,564
Income tax effect		<b>(3,876,121)</b>	(1,189,867)	(5,301,769)
		<b>9,044,282</b>	2,776,356	12,370,795
		<b>1,049,104,858</b>	559,006,168	5,147,601,492
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱7,166,882,249</b>	₱5,500,897,369	₱11,300,722,367
Net income attributable to:				
Equity holders of the Parent		<b>₱6,118,500,366</b>	₱4,942,577,048	₱6,154,098,015
Noncontrolling interests		<b>(722,975)</b>	(685,847)	(977,140)
		<b>₱6,117,777,391</b>	₱4,941,891,201	₱6,153,120,875
Total comprehensive income attributable to:				
Equity holders of the Parent		<b>₱7,167,605,224</b>	₱5,501,583,216	₱11,301,699,507
Noncontrolling interests		<b>(722,975)</b>	(685,847)	(977,140)
		<b>₱7,166,882,249</b>	₱5,500,897,369	₱11,300,722,367
<b>Basic/Diluted Earnings Per Share</b>				
In accordance with Philippine Accounting Standard 33*				
	25	<b>₱4.495</b>	₱2.043	₱3.101
Based on outstanding shares at the end of the year**				
	25	<b>₱4.799</b>	₱3.475	₱3.101

See accompanying Notes to Consolidated Financial Statements.

\* Computed based on the weighted average number of shares outstanding for the year.

\*\* Computed based on the outstanding shares as at end of year. This information is intended for management's reporting purposes only.

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(With Comparative Figures for 2013)**

	Note	2015	2014	2013
<b>CAPITAL STOCK</b>	19			
Balance at beginning of year		<b>₱2,655,707,417</b>	₱1,838,370,551	₱1,838,370,551
Issuance of shares during the year		–	817,336,866	–
Balance at end of year		<b>2,655,707,417</b>	2,655,707,417	1,838,370,551
<b>ADDITIONAL PAID-IN CAPITAL</b>	19			
Balance at beginning of year		<b>10,739,039,485</b>	9,513,034,186	9,513,034,186
Issuance of shares during the year		–	1,226,005,299	–
Balance at end of year		<b>10,739,039,485</b>	10,739,039,485	9,513,034,186
<b>UNREALIZED VALUATION GAINS ON AFS FINANCIAL ASSETS</b>	13			
Balance at beginning of year		<b>21,979,608,386</b>	21,423,378,574	16,288,147,877
Net unrealized valuation gains on AFS financial assets		<b>1,040,060,576</b>	556,229,812	5,135,230,697
Balance at end of year		<b>23,019,668,962</b>	21,979,608,386	21,423,378,574
<b>ACCUMULATED REMEASUREMENT GAINS ON RETIREMENT LIABILITY</b>	23			
Balance at beginning of year		<b>15,147,151</b>	12,370,795	–
Remeasurement gains on retirement liability		<b>9,044,282</b>	2,776,356	12,370,795
Balance at end of year		<b>24,191,433</b>	15,147,151	12,370,795
<b>RETAINED EARNINGS</b>	19			
Balance at beginning of year		<b>18,976,799,436</b>	14,034,222,388	7,880,124,373
Net income during the year		<b>6,118,500,366</b>	4,942,577,048	6,154,098,015
Balance at end of year		<b>25,095,299,802</b>	18,976,799,436	14,034,222,388
<b>TREASURY SHARES</b>	19	<b>(1,213,526)</b>	(1,213,526)	(1,213,526)
<b>PARENT'S SHARES HELD BY A SUBSIDIARY</b>	19	<b>(16,817,972,390)</b>	(16,817,972,390)	–
<b>NON-CONTROLLING INTERESTS</b>				
Balance at beginning of year		<b>4,915,186</b>	5,601,033	5,828,173
Net loss		<b>(722,975)</b>	(685,847)	(977,140)
Increase during the year		–	–	750,000
Balance at end of year		<b>4,192,211</b>	4,915,186	5,601,033
		<b>₱44,718,913,394</b>	₱37,552,031,145	₱46,825,764,001

See accompanying Notes to Consolidated Financial Statements.

**ALPHALAND CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(With Comparative Figures for 2013)**

	Note	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>₱8,817,135,662</b>	₱4,018,334,408	₱7,250,903,842
Adjustments for:				
Gain on fair value changes of investment properties	14	<b>(8,578,761,163)</b>	(729,714,574)	(3,586,250,552)
Gain on sale of AFS financial assets	13	<b>(272,342,449)</b>	(283,179,926)	(729,653,162)
Interest expense and other finance charges	18	<b>251,302,872</b>	278,314,792	158,732,355
Depreciation and amortization	22	<b>104,465,936</b>	64,222,940	46,407,407
Interest income	8	<b>(13,508,632)</b>	(18,727,565)	(45,527,254)
Equity in net loss (income) of a joint venture and associates	12	<b>744,340</b>	22,389,024	(3,162,707,111)
Unrealized foreign exchange losses (gains)		<b>(799,568)</b>	(1,508,626)	33,919
Gain on disposal of assets	6	<b>–</b>	(3,928,806,929)	–
Operating income (loss) before working capital changes		<b>308,236,998</b>	(578,676,456)	(68,060,556)
Decrease (increase) in:				
Trade and other receivables		<b>(34,372,708)</b>	(459,958,340)	(175,643,701)
Land and development costs and parking lots for sale		<b>(874,891,723)</b>	208,999,855	(655,013,321)
Other current assets		<b>(55,114,250)</b>	(55,566,996)	(462,236,638)
Increase (decrease) in:				
Trade and other payables		<b>448,721,082</b>	(1,941,403,660)	(753,002,745)
Customers' deposits		<b>13,492,902</b>	10,347,563	11,693,972
Retirement liability	23	<b>4,680,688</b>	10,523,013	12,810,177
Net cash used for operations		<b>(189,247,011)</b>	(2,805,735,021)	(2,089,452,812)
Interest received		<b>13,508,632</b>	18,727,565	8,168,553
Income taxes paid		<b>(63,866,097)</b>	(858,155,989)	(1,594,448)
Net cash flows used in operating activities		<b>(239,604,476)</b>	(3,645,163,445)	(2,082,878,707)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of AFS financial assets	13	<b>508,306,210</b>	2,249,448,637	781,517,831
Decrease (increase) in:				
Investment properties	14	<b>(346,019,154)</b>	5,247,233,344	(420,105,614)
Investments in and advances to associates	12	<b>509,642</b>	982,971,562	862,660
Other noncurrent assets		<b>(58,267,581)</b>	321,199,670	541,005,039
Deconsolidation of subsidiaries, net of cash	6	<b>–</b>	(2,910,873,410)	–
Proceeds from sale of:				
Subsidiaries		<b>833,333,333</b>	1,666,666,667	–
Associates		<b>–</b>	720,533,776	–
Net additions to:				
Property and equipment	15	<b>(507,223,352)</b>	(345,073,317)	(62,844,151)
Software	16	<b>(129,464)</b>	(161,260)	–

(Forward)



	Note	2015	2014	2013
Payments of development costs for the construction of Clubs		P—	P—	(P983,618,842)
Acquisition of a subsidiary, net of cash acquired		—	—	750,000
Net cash provided by (used in) investing activities		<b>430,509,634</b>	7,931,945,669	(142,433,077)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availments of:				
Long-term debt	18	<b>3,310,943,860</b>	—	1,278,000,000
Payments of:				
Long-term debt	18	<b>(2,740,897,720)</b>	(2,891,848,640)	(357,576,621)
Interest and other finance charges		<b>(319,025,236)</b>	(277,096,273)	(140,576,104)
Finance lease	21	—	(1,054,831)	(1,287,172)
Net changes in accounts with related parties		<b>(346,513,309)</b>	(368,050,134)	(914,263,864)
Movement in other noncurrent liabilities		<b>(19,134,500)</b>	(720,476,600)	704,817,837
Deposits intended for equity subscription	19	—	—	1,500,000,000
Issuance of new shares		—	543,342,165	—
Parent Company shares held by a subsidiary		—	(24,206,484)	—
Net cash provided by (used in) financing activities		<b>(114,626,905)</b>	(3,739,390,797)	2,069,114,076
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
		<b>799,568</b>	1,508,626	(33,919)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		<b>77,077,821</b>	548,900,053	(156,231,627)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
Cash and cash equivalents	8	<b>603,166,902</b>	173,775,856	408,028,599
Restricted cash	11	<b>324,576,958</b>	205,067,951	127,046,835
		<b>927,743,860</b>	378,843,807	535,075,434
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
Cash and cash equivalents	8	<b>453,723,476</b>	603,166,902	173,775,856
Restricted cash	11	<b>551,098,205</b>	324,576,958	205,067,951
		<b>P1,004,821,681</b>	P927,743,860	P378,843,807

See accompanying Notes to Consolidated Financial Statements.

## ALPHALAND CORPORATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Corporate Matters

##### Corporate Information

Alphaland Corporation (ALPHA or Parent Company) is a holding company incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 19, 1990. The principal business of ALPHA and its subsidiaries (collectively referred to as the “Group”) is real property development.

The registered office address of ALPHA is 9th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City.

The consolidated financial statements as at and for the year ended December 31, 2015 were approved and authorized for issuance by the Executive Committee of the Board of Directors (BOD) on March 7, 2016.

##### ALPHA’s Significant Legal Subsidiaries as at December 31, 2015 and 2014

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

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

- b. *Alphaland Southgate Tower, Inc. (ASTI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on May 29, 2007 as Alphaland Development, Inc. On October 15, 2015, the Philippine SEC approved the change in corporate name from “Alphaland Development, Inc.” to Alphaland Southgate Tower, Inc.. ASTI’s primary purpose is to engage in real property acquisition and development. ASTI’s acquired property pertains to a 20-storey office tower building with a 6-storey podium shopping mall known as Alphaland Southgate Tower (see Note 14).
- c. *Alphaland Makati Place, Inc. (AMPI)*, 100%-owned by ASTI, was incorporated in the Philippines and registered with the Philippine SEC on March 6, 1991 as Silvertown Property Development Corporation. On February 26, 2010, the Philippine SEC approved the change in corporate name from “Silvertown Property Development Corporation” to “Alphaland Makati Place, Inc.”

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

AMPI entered into a joint venture with Boy Scouts of the Philippines (BSP) to develop the Malugay Property into a first class commercial development now known as Alphaland Makati Place (see Note 7). It is a mixed-use property development consisting of three (3) high end residential towers atop an upscale six-storey podium with a shopping center and a City Club, including a Boy Scout Convention Center.

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

- d. *Alphaland Reclamation Corporation (ARC)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on April 5, 2011, and primarily engaged in the construction of reclamation projects and to contract for and perform reclamation works.
- e. *Aklan Boracay Properties Inc. (ABPI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the SEC on May 19, 2010, and primarily engaged to invest in, purchase or otherwise acquire and own, hold use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose, as may be permitted by law, of real and personal property of every kind and description.
- f. *Alphaland Aviation, Inc. (AAI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on July 31, 2012 and is primarily engaged in the aviation industry and its related businesses, including but not limited to, the provision of hangarage and moorage, parking and landing operations, aircraft maintenance, supply of parts, oils, and lubricants and other related businesses.
- g. *Alphaland Holdings Company, Inc. (AHC)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the Philippine SEC on January 17, 2013 and its primary purpose is to purchase, own and hold the stock of other corporations, and to do every act and thing covered generally by the denomination of "holding corporation," especially to direct the operations of other corporations through the ownership of stock therein.
- h. *2258 Blue Holdings, Inc. (Blue Holdings)*, 100%-owned by ASTI, was incorporated in the Philippines and registered with the Philippine SEC on September 17, 2012 and its primary purpose is to purchase, own and hold the stock of other corporations, and to do every act and thing covered generally by the denomination of "holding corporation," especially to direct the operations of other corporations through the ownership of stock therein.
- i. *Alphaland Southgate Restaurants, Inc. (ASRI)*, 100%-owned by ASTI, was incorporated in the Philippines and registered with the Philippine SEC on March 28, 2011 as Alphaland Ukiyo, Inc. It was renamed as ASRI on June 27, 2013. Its primary purpose is to establish, maintain and operate restaurants, coffee shops, refreshment parlors and cocktail lounge. ASTI initially subscribed to 4,999,998 common shares of ASRI representing 50% of its outstanding shares in March 2011, which was then accounted for as an associate. In September 2013, ASTI purchased the other 50% from existing shareholders for ₱3.3 million. Consequently, ASRI became a 100%-owned subsidiary effective September 2013.
- j. *Choice Insurance Brokerage, Inc. (CIBI)*, 70%-owned by Blue Holdings, was incorporated in the Philippines and registered with the SEC on November 6, 2012, and is primarily engaged to, conduct, carry on and maintain insurance business, to act as a broker, and to do other related activities. In 2012, Blue Holdings subscribed to 70% of CIBI's shares of stock for a cash consideration of ₱14.0 million. In 2013, CIBI issued additional 2,500,000 shares of stock to its shareholders at par value to maintain the required capitalization needed for its application as an insurance broker.



- k. *Alphaland International, Inc. (All)*, 100%-owned by ALPHA, was incorporated and registered with the Philippine SEC on January 29, 2014. All's primary purpose is to market assets, including club shares and condominium units of the Alphaland Group of Companies outside the Philippine market.
- l. *Aegle Wellness Center, Inc. (AWCI)*, 100%-owned by ALPHA, was incorporated in the Philippines and registered with the SEC on September 28, 2015, and is primarily engaged to provide diagnostic, therapeutic and naturopathic services using formulated herbal supplements and natural health products and sale of such herbal supplements.

#### Major Sources of Funds

The Group generates funds primarily from the pre-selling of condominium units and parking spaces at Alphaland Makati Place, Inc. Also, Alphaland Southgate Tower and Mall operations continue to provide recurring cash flows.

The Group also generates funds through secondary sale of membership shares of the completed Club projects, namely, Alphaland Balesin Island Club and The City Club at Alphaland Makati Place.

Moreover, on April 30, 2014, the Group sold its 20% investment in the Shangri-la Hotel at the Fort project for ₱1,700.0 million (see Note 6).

As discussed below, on June 5, 2014, the Group entered into a settlement agreement with "Major Shareholders" Group. The ₱2,500.0 million cash payment from the settlement agreement was received as follows: first payment of ₱1,666.7 million on October 17, 2014 and final payment of ₱833.3 million on February 4, 2015.

On August 3, 2015, ASTI entered into an Omnibus Loan and Security Agreement (OLSA) with Philippine Bank of Communications (PBCom) for a loan facility of ₱2,500.0 million for the purpose of refinancing an existing OLSA with BDO Unibank, Inc. (BDO) by way of loan take-out and for financing its general corporate business. Actual loan availment in 2015 amounted to ₱3,310.9 million (see Note 18).

These funds will allow the Group to support the development of its Alphaland Makati Place project and Alphaland Baguio Mountain Lodges project and the operations of its completed projects.

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

On June 5, 2014, Alphaland Holdings (Singapore) Pte. Limited (AH) and Masrickstar Corporation (MC) on one hand, and another group affiliated with Mr. Roberto V. Ongpin (RVO) including ALPHA and Alphaland Southgate Tower, Inc. (ASTI, formerly Alphaland Development, Inc.) (collectively, the "RVO Group") entered into a Memorandum of Agreement (MOA) to settle a shareholder dispute. Pursuant to the MOA, ALPHA, through its 100%-owned subsidiary, ASTI acquired the shares of stock of ALPHA owned by AH, MC and Credit Suisse (Singapore) Limited (Credit Suisse), another shareholder, and received ₱2,500.0 million in cash in exchange for assets and liabilities mainly comprising of 100% ownership of Alphaland Makati Tower, Inc. (AMTI); 100% ownership of Alphaland Marina Corporation (AMC) including AMC's investment in preferred shares of Alphaland Marina Club, Inc. (AMCI); 50% ownership of Alphaland Bay City

Corporation (ABCC), the joint venture company formed by ASTI and a group led by D.M.Wenceslao & Associates, Inc. (DMWAI) (the Wenceslao Group or “WG”); and 60% interest in the unincorporated joint venture between the Group and Akean Resorts Corporation and the additional parcels of land acquired by the Group with total area of approximately 10.81 hectares.

On October 17, 2014, these assets owned by the Group were sold to Bedfordbury Development Corporation (BDC), a newly incorporated company owned by AH and MC for ₱3,774.0 million. AH, MC and BDC will be collectively referred to as the “AH Group” (see Note 6).

The Group’s joint venture with WG is subject to litigation because of WG’s actions in causing a delay in ASTI and AMC’s construction and development of the Marina Club Project. With BDC’s takeover of AMC and AMCI, BDC assumed the responsibility of handling the litigation with WG.

#### Delisting procedures initiated by the Philippine Stock Exchange (PSE)

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

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## 2. Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS financial assets and investment properties which are stated at fair value. The consolidated financial statements are presented in Philippine Peso, the Group’s functional currency. All amounts are rounded to the nearest Peso unless otherwise stated.

Moreover, the consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), adopted by the SEC, including SEC pronouncements.

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## 3. Summary of Changes in PFRS

### Adoption of New and Revised PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2015:

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*, and PAS 38, *Intangible Assets - Revaluation Method -*

*Proportionate Restatement of Accumulated Amortization* - The amendment clarifies how the gross carrying amount and the accumulated depreciation / amortization are treated when an entity uses the revaluation model.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* - The amendments clarify the requirements on how contributions from employees or third parties that are linked to service should be attributed to periods of service. In particular, contributions that are independent of the number of years of service can be recognized as a reduction in the service cost in the period in which the related service is rendered (instead of attributing them to the periods of service).
- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel* - The amendment clarifies how payments to entities providing key management personnel services are to be disclosed.
- Amendment to PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination, and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property* - The amendment clarifies the application of PFRS 3 and PAS 40 in respect of acquisitions of investment property. PAS 40 distinguishes investment property from owner-occupied property and PFRS 3 determines whether the acquisition of an investment property is a business combination.
- Amendment to PFRS 3, *Business Combinations* - The amendment excludes from its scope the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself.
- Amendment to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* - The amendment requires the disclosure of management judgments in applying the aggregation criteria to operating segments, and requires reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly.
- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* - The amendment clarifies that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*.

The adoption of the foregoing new and revised PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.



#### New and Revised PFRS Not Yet Adopted

Relevant new and revised PFRS which are not yet effective for the year ending December 31, 2015 and have not been applied in preparing the consolidated financial statements are summarized below.

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

- Amendments to PAS 1, *Presentation of Financial Statements* - The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortization* - The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.
- Amendment to PAS 19, *Employee Benefit* - The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* - The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to PFRS 7, *Financial Instruments: Disclosures* - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* - The amendments address a current conflict between the two standards and clarify that the gain or loss from sale or contribution of assets between an investor and its associate or joint venture should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* - The amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in PFRS 3) to apply all of the business combinations accounting principles and disclosure in PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Effective for annual periods beginning on or after 1 January 2018

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through OCI), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the consolidated financial statements of the Group except for PFRS 9. Additional disclosures will be included in the financial statements, as applicable.

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#### 4. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Basis of Consolidation

*Subsidiaries* - Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. The Parent Company has control when it is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The following are the legal subsidiaries as at December 31, 2015 and 2014:

Company	Place of Incorporation	Nature of Business	Percentage of Ownership	
			2015	2014
ASTI	Philippines	Real property development	<b>100</b>	100
ABIRC	Philippines	Real property development	<b>100</b>	100
AMPI <sup>(a)</sup>	Philippines	Real property development	<b>100</b>	100
ARC	Philippines	Real property development	<b>100</b>	100
ABPI	Philippines	Real property development	<b>100</b>	100
Blue Holdings <sup>(a)</sup>	Philippines	Holding company	<b>100</b>	100
AAI	Philippines	Aviation	<b>100</b>	100
AHCI	Philippines	Holding company	<b>100</b>	100
ASRI <sup>(a)</sup>	Philippines	Restaurant operations	<b>100</b>	100
CIBI <sup>(b)</sup>	Philippines	Insurance brokerage	<b>70</b>	70
Digital Excel Development Ltd.	Hong Kong	Holding company	<b>100</b>	100
AI	Philippines	Holding company	<b>100</b>	100
AWCI <sup>(c)</sup>	Philippines	Wellness center	<b>100</b>	—

(a) Through ASTI

(b) Through Blue Holdings

(c) Incorporated in 2015

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions and presented as “Excess of acquisition price over acquired interest.”

When the Parent Company has less than a majority of the voting or similar rights of an investee it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the Parent Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Parent Company’s voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to elements evidencing control.

Non-controlling interests (NCI) represent the portion of net results and net assets not held by the Parent Company. They are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the parent and are separately disclosed in the consolidated statements of comprehensive income. NCI pertains to the equity interest in CIBI as at December 31, 2015 and 2014.

Losses within a subsidiary are attributed to the NCI even if that results in a deficit balance.



If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position
- Recognizes any investment retained in the former subsidiary when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That retained interest is remeasured and the remeasured value is regarded as the fair value on initial recognition of a financial asset in accordance with PAS 39 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture
- Recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

*Business Combinations and Goodwill* - Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PAS 39, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the

fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### Financial Assets and Financial Liabilities

*Date of Recognition.* The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position 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 settlement date accounting.

*Initial Recognition.* 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 fair value through profit and loss (FVPL), includes transaction cost.

*"Day 1" Differences.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

*Classification of Financial Instruments.* The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) AFS financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments are acquired or incurred and whether they are quoted in an active market.

As at December 31, 2015 and 2014, the Group does not have financial assets and liabilities at FVPL and HTM investments.

*AFS Financial Assets.* AFS financial assets are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. After initial recognition, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported in the

consolidated statements of comprehensive income and in the equity section of the consolidated statements of financial position. These changes in fair values are recognized in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in profit or loss.

Classified under this category are investment in shares of stock of ABICI (Island Club), TCCAMPI (City Club) and Wack Wack Golf and Country Club (Wack Wack).

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market.

Subsequent to initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

Included in this category are cash in banks, cash equivalents, trade and other receivables and advances to related parties, restricted cash, refundable deposits and advances to associates.

*Other Financial Liabilities at Amortized Cost.* Financial liabilities are classified in this category if these are not held for trading or are not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowings.

Other financial liabilities are recognized initially at fair value less any direct transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

This category includes trade and other payables, long term debt, customer's deposits, advances from related parties and other noncurrent liabilities.

#### Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



*Loans and Receivables.* The Group assesses at each reporting date whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the financial assets in a portfolio with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the excess of financial asset's carrying amount over its net realizable value (NRV), normally based on the present value of the estimated future cash flows from the financial asset. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Any impairment loss determined is recognized in profit or loss.

The carrying amount of an impaired financial asset is reduced to its NRV through the use of an allowance account. For an impaired financial asset, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*AFS Financial Assets.* In the case of equity investments, evidence of impairment would include a significant or prolonged decline in fair value of investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in OCI.

#### Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Group 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 Group has transferred its right 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.

When the Group has transferred its right 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 Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or 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. The difference in the respective carrying amounts is recognized in profit or loss.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy 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.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### Fair Value Measurement

The Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27.

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

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and NRV.

Cost includes:

- Cost of the land;
- Construction and development costs; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell.

#### Other Current Assets

This account consists of the excess of input Value Added Tax (VAT) over output VAT, restricted cash, advances to contractors and suppliers, creditable withholding taxes (CWT), supplies, deferred rent and prepayments.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax 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 tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets" in the consolidated statements of financial position.

*Restricted Cash.* Restricted cash includes cash in banks under trust and to be used for interest and principal loan payments and escrow funds to be used for the sale of preferred shares and condominium units and development of the clubs. This is classified as current asset if the expected release is within 12 months from the financial reporting date. Otherwise, this is classified as a noncurrent asset.



*Advances to Contractors and Suppliers.* Advances to contractors and suppliers represent advance payments on services to be incurred in connection with the Group's operations. These are charged to expense or capitalized to projects in the consolidated statement of financial position, upon actual receipt of services or supplies, which is normally within 12 months or within the normal operating cycle. These are considered as nonfinancial instruments as these will be applied against future billings from contractors and suppliers normally within one year. Advance payments to contractors and suppliers, relating to the portion of the project that is classified as investment property and advance payments that will be applied against future billings beyond 12 months from the reporting date, are presented as part of "Other noncurrent assets" account in the consolidated statement of financial position.

*CWT.* CWT represents the amount withheld by the Group's customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

*Prepayments.* Prepayments are not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as noncurrent asset.

#### Interests in Joint Venture and Joint Operations

The Group has joint arrangements classified as joint venture and joint operations.

*Joint Venture.* A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share in net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The consolidated statements of comprehensive income reflect the Group's share of the results of operations of the joint venture. Any change in the OCI of the joint venture is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is presented in the consolidated statements of comprehensive income outside operating profit and represents share in income or loss after tax in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the former joint venture upon loss of joint control and the fair value of the retained investment and proceeds from

disposal is recognized in profit or loss. When the remaining investment in a joint venture constitutes significant influence, it is accounted for as an investment in an associate.

*Joint Operations.* A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

#### Investments in Associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, investments in associates are carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflects the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The share in net income of the associates is shown as "Equity in net income (loss) of associates" account in the consolidated statements of comprehensive income.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

#### Investment Properties

Investment properties comprise of completed properties and land for future development held by the Group to earn rentals or for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred and if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date

as determined by independent appraisers. Gains and losses arising from changes in the fair values of investment properties are included in the profit or loss 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 Group 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 properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

#### Property and Equipment

Property and equipment, except for land, is stated at cost less accumulated depreciation, amortization and impairment in value, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets (except for land). The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Buildings and structures	20 to 35
Transportation equipment	2 to 25
Machinery, equipment and tools	2 to 15
Office furniture and equipment	2 to 5
Leasehold improvements	2 to 10 or lease term, whichever is shorter

The estimated useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.



An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated items are retained as property and equipment until these are no longer in use.

#### Intangible Assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any impairment loss.

Amortization of intangible assets is computed on a straight-line basis over the estimated useful life of the assets. The amortization periods for intangible assets, based on the above policies, are as follows:

Asset Type	Number of Years
Leasehold right	25
Software	5

The amortization period and method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits from the intangible assets.

#### Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group 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 Group 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 groups 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 assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge 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.

*Goodwill.* The Group assesses whether there are any indicators that goodwill is impaired at each financial reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

*Investments in Joint Venture and Associates.* After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in its joint venture and associates. The Group determines at each financial reporting date whether there is any objective evidence that the investments in joint venture and associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying values and recognizes the amount in profit or loss under the "Equity in net income (loss) of joint venture and associates" account.

#### Deposits Intended for Equity Subscription

Deposit intended for equity subscription represents funds received by the Group from existing stockholders to be applied as payment for subscriptions of unissued shares or shares from the increase in authorized capital stock.

Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met. Otherwise, the deposit is recognized as liability.

#### Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

#### Retained Earnings

Retained earnings represent the cumulative balance of the Group's results of operations and dividend distributions.

#### Treasury Stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

#### Parent's Shares Held by a Subsidiary

Parent's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional paid-in capital.

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria must also be met before revenue is recognized.

*Real Estate Sales.* Revenue from sales of completed projects is accounted for using the full accrual method. The percentage of completion method will be used to recognize income from sales of projects where the Group has material obligations under the sales contracts to complete the project after the property is sold. Under this method, sales is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical portion of the contract work. Costs that relate to the acquisition, development, improvement and construction of the real estate projects are capitalized and are charged to operations when the related revenues are recognized.

The Group accounts for any cash received from buyers as deposits from sale of condominium units when the construction is not beyond a preliminary stage. Construction is not beyond a preliminary stage if engineering and design work, execution of construction contracts, site clearance and preparation, excavation, and completion of the building foundation are incomplete. Proceeds shall be accounted for as deposits until the criteria for percentage of completion method are met. Excess of collections over the recognized receivables are included in the "Trade and other payables" account in the consolidated statements of financial position, if expected to be applied within 12 months from the financial reporting date. Otherwise, these are classified as noncurrent liability under "Other noncurrent liabilities" account in the consolidated statements of financial position.

For sale of condominium units and preferred shares under a single contract to sell, the selling price is allocated to each component using the residual method. Collections received are initially applied to the selling price of the preferred share and the remainder to the selling price of the condominium unit.

Revenue on the sale of parking lots is recognized using the full accrual method.

*Rent.* Rent income from operating leases is recognized on a straight-line basis over the term of the lease. Contingent rent income is recognized when it arises. This also includes common utilities, services and maintenance charges, as well as other incidental income in providing the service.

*Transportation Service.* Transportation service is recognized when the related service has been rendered.

*Gain on Sale of AFS Financial Assets.* Gain on sale of AFS financial assets are recognized upon transfer of risks and rewards to the buyer.

*Interest.* Income is recognized as the interest accrues taking into account the effective yield on the assets.

*Other Revenue.* Other revenue includes revenue from restaurant operations. Revenue is recognized when sale of air transportation service and services are rendered.



#### Cost and Expense Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

*Cost of Real Estate Sales.* Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of condominium units sold before the completion of the project is determined based on actual costs and project estimates of building contractors and technical staff.

Contract costs include all direct materials and labor costs and those direct costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

*Cost of services.* Cost of services is recognized as expense when services are rendered.

*General and Administrative Expenses.* General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

#### Retirement Benefit Costs

The Group has an unfunded, non-contributory defined benefit plan covering all qualified employees. Retirement benefit costs are actuarially determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and nonroutine settlements; and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Group recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are closed to retained earnings every reporting period.

The defined retirement benefits obligation is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

### Leases

*Group as a Lessee - Finance Lease.* Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to current operations. Capitalized leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease terms.

*Group as a Lessee - Operating Lease.* Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term.

*Group as a Lessor.* Leases in which the Group does not transfer substantially all the risks and benefits 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 asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which they are earned.

### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recorded. All other borrowing costs are expensed in the period they occur.

### Foreign Currency Denominated Transactions

Transactions denominated in foreign currencies are initially recorded in Philippine peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

### Income Taxes

*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 rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the end of the reporting period 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, including asset revaluations. Deferred tax liability is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss. However, deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in OCI income or directly in equity.

#### Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

#### Provisions

Provisions are recognized when the Group 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.



Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

#### Contingencies

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

#### Events after the Reporting Date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

#### Earnings per Share Attributable to the Equity Holders of the Parent Company

The Group presents basic and diluted earnings per share data for its common shares.

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, excluding common shares purchased by the Parent Company or its subsidiaries and held as treasury shares.

Diluted earnings per share amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares.

The Parent Company has no dilutive potential common shares.

#### Book Value per Share

The Group presents book value per common shares outstanding.

Book value per share is computed by dividing the total equity by the outstanding number of common shares, excluding common shares purchased by the Parent Company or its subsidiaries and held as treasury shares.

#### Segment Reporting

Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

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## 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

### Judgments

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

*Recognizing Revenue from Sale of Real Estate.* The recognition of revenue requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development. The buyers' commitment is evaluated based on collections and credit standing of the buyers. The Group's revenue from sale of real estate is recognized using the percentage-of-completion method. Completion of development is determined based on engineer's judgment and estimates on the physical portion of contract work done and that the development is beyond the preliminary stage.

Real estate sales recognized amounted to ₱1,417.9 million and ₱259.3 million in 2015 and 2014, respectively (₱205.0 million in 2013).

*Determining Functional Currency.* Based on the economic substance of the underlying circumstances relevant to the Group, functional currency has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates.

*Determination of Operating Segments.* Determination of operating segments is based on the information about components of the Group that management uses to make decisions about operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Parent Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment. The Group does not have other reportable operating segments as at December 31, 2015 and 2014 other than real property development.

*Operating Lease Commitments.* The Group entered into a number of operating lease agreements as a lessor. As a lessor, the Group has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

The Group recognized rent income amounting to ₱662.8 million and ₱597.3 million in 2015 and 2014, respectively (₱574.5 million in 2013) (see Note 21).

*Classification of Financial Instruments.* The Group exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

*Determination of Control or Joint Control over an Investee Company.* Control is presumed to exist when an investor has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has assessed it has control over its subsidiaries and joint control in all joint arrangements.

*Classification of Joint Arrangements.* The Group's investment in ABCC is accounted for as an investment in a joint venture since it has the rights to the net assets of the joint arrangement. The joint venture agreements with BSP and Akean Resorts Corporation are accounted for as joint operations since the parties that have joint control of the arrangements, have rights to the assets, and obligations for the liabilities, relating to the arrangements.

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

*Investments in Associates.* The Group has a 50% interest in Alphaland Heavy Equipment Corporation (AHEC) and 40% interest in Alphaforce Security Agency, Inc. (ASAI). The Group accounts for these investments as associates since management has assessed that there is no joint control between the parties.



*Distinction between Investment Properties and Owner-Occupied Properties.* The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

#### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting 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.

*Revenue and Cost Recognition.* The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. Revenue and cost from sale of real estate recognized based on the percentage of completion are measured principally on the basis of the estimated completion of physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Revenue from sale of condominium units and preferred shares under a single contract to sell is allocated to each component using the residual method. The fair value of the preferred share is measured at its current cash selling price to third parties on a stand-alone basis and the fair value of the condominium unit is the residual amount of the transaction price.

Revenue recognized based on percentage of completion amounted to ₱1,417.9 million and ₱259.3 million in 2015 and 2014, respectively (₱205.0 million in 2013). Cost recognized based on percentage of completion amounted to ₱1,207.4 million and ₱244.2 million in 2015 and 2014, respectively (₱175.8 million in 2013).

*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 Group 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 Group's financial assets and liabilities are disclosed in Note 27.

*Estimating Impairment Losses of Trade and Other Receivables and Advances to Associates and Related Parties.* The Group estimates the allowance for impairment losses related to receivables and advances to associates and related parties based on specific evaluation of accounts and collectively for receivables that are not individually significant, and where the Group has information that certain customers are unable to meet their financial obligations. In these cases, the use of estimate is based on the best available facts and circumstances, including but not limited to, the length of relationship with the customers and known market factors, to record

specific reserves against amounts due from debtors to reduce the receivable amount that is expected to be collected.

No impairment loss on receivables was recognized in 2015 and 2014. The carrying amount of receivables amounted to ₱793.4 million and ₱1,533.2 million as at December 31, 2015 and 2014, respectively (see Note 9).

*Determining NRV of Land and Development Costs and Parking Lots for Sale.* The Group writes down the carrying value of land and development costs and parking lots for sale whenever the NRV becomes lower than cost due to changes in market prices or other causes. The NRV of projects under construction is assessed with reference to market price at reporting date for similar completed property, less estimated costs to complete the construction and estimated costs to sell. The carrying value is reviewed regularly for any decline in value.

The carrying value of land and developments costs amounted to ₱4,360.1 million and ₱3,409.0 million as at December 31, 2015 and 2014, respectively. Parking lots for sale amounted to ₱172.9 million and ₱200.3 million as at December 31, 2015 and 2014, respectively (see Note 10).

*Fair Value of Investments in Clubs' Preferred Shares.* The Group establishes fair value by using recent arm's length market transactions between knowledgeable, willing parties. The fair value of investments in preferred shares of the Clubs is determined based on the current cash selling price to third parties.

The carrying value of investments in preferred shares amounted to ₱29,652.9 million and ₱28,734.1 million as at December 31, 2015 and 2014, respectively (see Note 13).

*Impairment of AFS Financial Assets.* The Group assesses AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or whether other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged' as period more than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and future cash flows and the discount factors for unquoted equities.

The Group's AFS financial assets amounted to ₱29,669.9 million and ₱28,750.3 million as at December 31, 2015 and 2014, respectively (see Note 13).

*Estimating Useful Lives of Property and Equipment and Intangible Assets.* The Group estimates the useful lives of the property and equipment and intangible assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are 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 these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There is no change in the estimated useful lives of property and equipment and intangible assets in 2015 and 2014. The carrying amount of property and equipment amounted to ₱904.4 million and ₱510.7 million as at December 31, 2015 and 2014, respectively (see Note 15). The carrying amount of intangible assets amounted to ₱0.1 million and ₱257.5 million as at December 31, 2015 and 2014, respectively (see Note 16).

*Estimating Impairment of Nonfinancial Assets.* The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

No impairment loss on nonfinancial assets was recognized in 2015 and 2014. The carrying amounts of nonfinancial assets are as follows:

	Note	2015	2014
Other current assets*	11	<b>₱1,626,543,323</b>	₱1,584,711,474
Investments in associates	12	<b>21,091,833</b>	21,836,173
Property and equipment	15	<b>904,420,019</b>	510,668,647
Other noncurrent assets**	16	<b>230,928,719</b>	436,131,711

\*Excluding restricted cash

\*\*Excluding noncurrent portion of trade receivables and refundable deposits

*Revaluation of Investment Properties.* The Group engaged an independent appraiser to determine the fair value of its investment properties. Fair values of investment properties were based on the valuation performed in 2015 and 2014. Management evaluated that the fair values of investment properties determined in 2015 and 2014 approximate the fair values as of reporting date since there were no significant changes in the condition of these properties and economic environment between those dates. The fair values of investment properties were determined using the Market Data Approach for the land. Market Data Approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element. The fair value of properties held for lease, was determined using the discounted cash flow method which involves estimating the present value of the expected future cash flows based on current market conditions in rentals occupancy rates and expected growth rate of the Group and direct income capitalization method



which uses simple projections of cash flow or single year's net income and assumes that expectations for future income are similar for the subject and comparables.

Further information about the assumptions made in measuring fair values of investment properties are discussed in Note 14.

Gain on fair value changes which was recognized in the consolidated statement of comprehensive income amounted to ₱8,578.8 million and ₱729.7 million in 2015 and 2014, respectively (₱3,586.3 million in 2013). Carrying values of investment properties amounted to ₱17,544.3 million and ₱8,583.4 million as at December 31, 2015 and 2014, respectively (see Note 14).

*Determining Liability Related to Acquisition of AFS Financial Assets.* Management has assessed that the Group has the primary obligation to develop and construct the City Club and Island Club facilities in exchange for these AFS financial assets. The liability related to acquisition of AFS financial assets has been developed in consultation with the Group's executives and project managers.

Liability related to acquisition of AFS financial assets amounted to ₱223.0 million as at December 31, 2014 (see Note 17).

*Determination of Retirement Benefits.* The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 to the consolidated financial statements.

Retirement expense amounted to ₱9.4 million and ₱10.5 million in 2015 and 2014, respectively (₱12.8 million in 2013). Retirement liability amounted to ₱22.6 million and ₱26.9 million as at December 31, 2015 and 2014, respectively (see Note 23).

*Assessing Realizability of Deferred Tax Assets.* The Group reviews its deferred tax asset at each reporting date and reduces the carrying amount 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. There is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax asset to be utilized.

Unrecognized deferred tax assets amounted to ₱210.0 million and ₱163.6 million as at December 31, 2015 and 2014, respectively (see Note 24). Management believes that it is not probable that sufficient taxable income will be available to allow all of the deferred tax assets to be utilized.

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## 6. Disposal of Assets and Deconsolidation

### a. Disposal of Subsidiaries

As discussed in Note 1, ASTI transferred to BDC of its 100% ownership interest in AMTI and AMC for an aggregate amount of ₱3,774.0 million. The disposal resulted in the consolidation of AMTI and AMC from the Group's consolidated financial statements.

b. Disposal of Joint Arrangements

ABCC (Joint Venture)

The definitive agreement signed by the major shareholders of ALPHA as discussed in Note 1 includes the transfer of the Group's 50% interest in ABCC as at October 17, 2014.

Details of investment in ABCC as at date of disposal are as follows:

Acquisition cost	₱7,485,034,883
Accumulated equity in net income	5,859,360,723
	<u>₱13,344,395,606</u>

c. Disposal of Caticlan Property (Joint Operation)

As discussed in Note 1, the Group's 60% interest in the unincorporated joint venture with Akean Resorts Corporation, including 10.81 hectares of land was conveyed to BDC on October 17, 2014 pursuant to the MOA signed by the major shareholders of ALPHA on June 5, 2014. As at disposal date, the carrying amount of the Caticlan property which was previously recorded as investment property by the Group amounted to ₱197.5 million.

d. Disposal of Associates

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

The carrying amount of SGCPI and FBSHI at disposal date amounted to ₱37.6 million (see Note 12).

Gain on Disposal of Assets

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

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

As at December 31, 2015 and 2014, outstanding carrying amount of receivable from BDC amounted to nil and ₱964.5 million, respectively (see Note 9).

## 7. Joint Arrangement

### AMPI and BSP (Joint Operation)

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

The Project consists of three high-end residential towers atop an upscale six-storey podium, the bottom half of which is a shopping center and the top half a City Club for urban sports and leisure. The Project also includes a Boy Scout Convention Center as provided in the Joint Venture Agreement.

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

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

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

The Group accounts for the joint venture arrangement as a joint operation. As at December 31, 2015 and 2014, the Group recognized its share in the development costs of the Project (excluding the costs related to the City Club - see Note 13) in the following accounts:

	Note	2015	2014
Land and development costs and parking lots for sale	10	<b>₱4,533,017,164</b>	₱3,609,291,533
Investment properties	14	<b>3,534,975,549</b>	1,064,859,151
		<b>₱8,067,992,713</b>	₱4,674,150,684

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



On September 8, 2015, the Parties executed a Supplement to the Joint Venture Agreement. The Supplement expressly enumerates the specific units in the Project that constitute the BSP Share with respect to the Podium, Tower 1, Tower 2 and Parking Slots. The Supplement further provides that the BSP Share in Tower 3 shall be determined in another Supplement to be entered into by the Parties after the plans for Tower 3 shall have been finalized and completed.

## 8. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand and in banks	<b>₱450,570,917</b>	₱172,939,531
Short-term placements	<b>3,152,559</b>	430,227,371
	<b>₱453,723,476</b>	₱603,166,902

Cash in banks earn interest at the prevailing bank deposit rates.

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

Interest income recognized by the Group amounted to:

	Note	2015	2014	2013
Cash and cash equivalents		<b>₱5,229,103</b>	₱5,152,307	₱2,965,863
Receivables	9	<b>6,525,287</b>	11,866,079	37,030,667
Other current assets	11	<b>1,754,242</b>	1,709,179	5,530,724
		<b>₱13,508,632</b>	₱18,727,565	₱45,527,254

## 9. Trade and Other Receivables

This account consists of:

	Note	2015	2014
Trade receivables from:			
Sale of real estate		<b>₱535,766,867</b>	₱300,938,988
Transportation service		<b>98,572,320</b>	18,620,200
Tenants	21	<b>66,218,954</b>	80,380,829
Sale of club shares	13	<b>77,671,326</b>	158,933,678
Advances to officers and employees	20	<b>8,571,968</b>	6,658,185
Receivable from BDC	6	–	964,468,193
Others		<b>12,445,704</b>	8,988,619
		<b>799,247,139</b>	1,538,988,692
Less allowance for impairment losses		<b>5,852,085</b>	5,852,085
		<b>₱793,395,054</b>	₱1,533,136,607

Receivables from sale of club shares and real estate have terms ranging from one to three years. Noncurrent portion of these receivables are presented under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 16). Amortization of interest on these receivables amounting ₱6.5 million and ₱11.9 million in 2015 and 2014, respectively (₱37.0 million in 2013) was recorded as part of "Interest income" account in the consolidated statements of comprehensive income (see Note 8).

Receivable from transportation service are unsecured, noninterest-bearing and are due and demandable.

Receivables from tenants are noninterest-bearing and are generally on a 30 day term.

Advances to officers and employees are non-interest bearing and are subject to liquidation.

Receivable from BDC in 2014 arises from the sale of investments to AH Group. This was subsequently collected in 2015 (see Note 1 and 6).

Other receivables mainly consist of accrued interest income, SSS claims and others receivables.

Allowance for impairment losses pertains to receivables from several lessees of ASTI that are 90 days past due.

No provision for impairment loss was recognized in 2015, 2014 and 2013.

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

This account consists of the following:

	2015	2014
Land and development costs	<b>₱4,360,126,045</b>	₱3,409,031,970
Parking lots for sale	<b>172,891,119</b>	200,259,563
	<b>₱4,533,017,164</b>	₱3,609,291,533

#### Land and Development Costs

Movements in land and development costs are as follows:

	Note	2015	2014
Balance at beginning of year		<b>₱3,409,031,970</b>	₱2,286,806,564
Additions:			
Development costs		<b>2,082,277,945</b>	746,834,726
Capitalized borrowing costs	18	<b>48,833,908</b>	21,996,521
Cost of real estate sold	22	<b>(1,180,017,778)</b>	(208,204,637)
Reclassification from investment property	14	—	1,295,184,206
Effect of deconsolidation	6	—	(501,322,434)
Effect of revised allocation	14	—	(232,262,976)
Balance at end of year		<b>₱4,360,126,045</b>	₱3,409,031,970

Land and development costs pertain to the Alphaland Makati Place project. This project, which is a joint venture with BSP (see Note 7), is located on a one-hectare lot along Ayala Avenue Extension corner Malugay Street, Makati City. Alphaland Makati Place consists of three residential towers atop a six-storey podium comprising of a shopping center and the City Club for sports and leisure (see Note 14). As at December 31, 2015 and 2014, the project is 64.0% and 36.0% completed, respectively.

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

In October 2011, the Group started the pre-selling of condominium units in Tower 1 and in November 2013 for Tower 2. The terms and conditions of the Contract to Sell (CTS) involve the sale of one condominium unit and one City Club share, i.e., a preferred share of TCCAMPI, in which ownership of the condominium unit and the City Club share are inseparable. Under the CTS, the components are sold under a single selling price with downpayment payable upon signing of the CTS and the unpaid balance payable in monthly installments for a period of three years from date of CTS. Ownership of the City Club share will allow the buyer to enjoy the amenities and facilities of the City Club.

The Housing and Land Use Regulatory Board issued the permanent License to Sell (LTS) to AMPI for the sale of condominium units in Tower 1 of Alphaland Makati Place on October 9, 2012 and for the sale of condominium units in Tower 2 on May 27, 2014.

As discussed in Note 7, on September 8, 2015, the Parties executed a Supplement to the Joint Venture Agreement enumerating the specific units in the Project that constitute the BSP Share with respect to the Podium, Tower 1, Tower 2 and Parking Slots.

Total estimated cost to complete this portion of the project amounted to ₱2,459.5 million and ₱4,424.0 million as at December 31, 2015 and 2014, respectively. Some of the condominium units of Towers 1 and 2 were turned over to the buyers in 2015. Other units will be turned over upon full payment of the selling price.

As at December 31, 2015 and 2014, total borrowing costs that were capitalized as part of land and development costs amounted to ₱48.8 million and ₱22.0 million, respectively.

AMPI received deposits from the sale of real estate. As at December 31, 2015 and 2014, the current portion amounting to ₱33.4 million and ₱34.8 million, respectively, were presented under "Trade and other payables" account (see Note 17) and the noncurrent portion amounting to ₱9.8 million and ₱39.3 million as at December 31, 2015 and 2014, respectively, were presented under "Other noncurrent liabilities" account in the consolidated statements of financial position.

#### Parking Lots for Sale

Movements in parking lots for sale are as follows:

	Note	2015	2014
Balance at beginning of year		<b>₱200,259,563</b>	₱236,300,618
Cost of real estate sold	22	<b>(27,368,444)</b>	(36,041,055)
Balance at end of year		<b>₱172,891,119</b>	₱200,259,563



## 11. Other Current Assets

This account consists of:

	Note	2015	2014
Input VAT		<b>₱1,093,020,163</b>	₱996,097,931
Restricted cash		<b>551,098,205</b>	324,576,958
Advances to contractors and suppliers		<b>377,435,284</b>	441,483,053
CWT		<b>71,251,752</b>	37,170,084
Supplies		<b>34,204,053</b>	26,801,248
Deferred rent	21	<b>26,630,537</b>	28,326,117
Prepayments		<b>24,001,534</b>	51,443,082
Others		—	3,389,959
		<b>₱2,177,641,528</b>	₱1,909,288,432

### Input VAT

Input VAT arises from the acquisition of land and payments to suppliers and contractors for the acquisition of goods and development of the Group's projects.

### Restricted Cash

Details of restricted cash are as follows:

	2015	2014
Debt Service Reserve Account (DSRA)	<b>₱549,894,579</b>	₱323,377,946
Escrow - Environmental Funds	<b>1,203,626</b>	1,199,012
	<b>₱551,098,205</b>	₱324,576,958

Under the OLSA, ASTI, AMPI, ABIRC (and AMTI up to October 17, 2014) (collectively, the Borrowers) are required to maintain a DSRA for the security of interest and/or principal repayments to the lenders. The Borrowers are required to deposit cash to the DSRA equivalent to the upcoming interest and/or principal repayment (see Note 18).

Escrow - Environmental Funds represent cash deposited with PBCOM, pursuant to the Environmental Compliance Certificate issued to ABIRC relating to the rehabilitation of the Project-affected area throughout the construction and maintenance of the Island Club. The funds shall be replenished annually or whenever the amount goes below 50% of the initial deposit.

Interest income earned from restricted cash amounted to ₱1.8 million and ₱1.7 million in 2015 and 2014 (₱5.5 million in 2013) (see Note 8).

### Advances to Contractors and Suppliers

Advances to contractors and suppliers represent advance payments to contractors for the construction and development of the Group's projects and are recouped upon every progress billing payments depending on the percentage of accomplishment. Advances to contractors and suppliers, relating to the portion of the project that is classified as investment property and to advance payments that will be applied against future billings beyond 12 months from the reporting date, amounting to ₱138.4 million as at December 31, 2015 and 2014, respectively, are presented under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 16).

### Prepayments

Prepayments include prepaid rent, insurance and commissioning fees.

## 12. Investments in and Advances to Associates

This account consists of:

	Note	2015	2014
Investments in associates		<b>₱21,091,833</b>	₱21,836,173
Advances to associates	20	<b>2,016,279</b>	2,525,921
		<b>₱23,108,112</b>	₱24,362,094

Details of investments in associates are as follows:

	Note	2015	2014
Acquisition costs:			
Balance at beginning of year		<b>₱57,999,950</b>	₱58,533,730
Disposal	6	–	(500,000)
Reclassification		–	(33,780)
Balance at end of year		<b>57,999,950</b>	57,999,950
Accumulated equity in net income (loss):			
Balance at beginning of year		<b>(36,163,777)</b>	23,344,008
Equity in net losses during the year		<b>(744,340)</b>	(22,389,024)
Disposal	6	–	(37,118,761)
Balance at end of year		<b>(36,908,117)</b>	(36,163,777)
		<b>₱21,091,833</b>	₱21,836,173

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

	2015		2014	
	Investments	Advances	Investments	Advances
AHEC	<b>₱11,354,683</b>	<b>₱639,288</b>	₱12,639,473	₱1,466,003
ASAI	<b>9,737,150</b>	<b>1,376,991</b>	9,196,700	1,059,918
	<b>₱21,091,833</b>	<b>₱2,016,279</b>	₱21,836,173	₱2,525,921

The following are the associates of the Group as at December 31, 2015 and 2014:

Associates	Principal Activities	Percentage of Ownership	
		2015	2014
AHEC	Sale and lease of heavy equipment	<b>50%</b>	50%
ASAI	Security agency	<b>40%</b>	40%

### AHEC

On April 5, 2013, the BOD of AHEC approved a resolution to shorten the corporate life of AHEC to four years. As at December 31, 2015, AHEC's liquidation is still in progress. The remaining carrying amount represents the Group's share in the residual net assets of AHEC.

### ASAI

ASAI was incorporated and registered with the Philippine SEC on March 18, 2011 primarily to engage in the business of providing security and investigation services to private institutions and government organizations.

Condensed financial information of the associates prepared on the historical basis of accounting are as follows:

	2015	2014
Current assets	<b>₱83,916,369</b>	₱81,397,350
Noncurrent assets	<b>3,954,244</b>	3,356,124
Current liabilities	<b>34,162,334</b>	23,715,741
Noncurrent liabilities	<b>9,681,710</b>	13,939,368
Net equity	<b>44,026,569</b>	47,098,365

	2015	2014	2013
Revenue	<b>₱10,170,530</b>	₱13,324,453	₱49,197,143
Costs and expenses	<b>9,178,056</b>	55,902,527	59,856,025
Net income (loss)	<b>₱992,474</b>	(₱42,578,074)	(₱10,658,882)

In April 2014, the Group disposed its 20% stake in two of its associates, namely, SGCPI and FBSHI (see Note 6).

The Group has not incurred any contingent liabilities in relation to its investment in associates nor do the associates themselves have any contingent liabilities for which the Group is contingently liable as at December 31, 2015 and 2014.

The Group has not entered into any capital commitments in relation to its investment in associates and did not receive any dividends from the associates as at December 31, 2015 and 2014.

### 13. AFS Financial Assets

This account consists of:

	2015	2014
Unquoted Clubs' preferred shares:		
ABICI	<b>₱23,978,443,500</b>	₱23,516,334,400
TCCAMPI	<b>5,674,500,000</b>	5,217,750,000
Quoted -		
Wack Wack	<b>17,000,000</b>	16,200,000
	<b>₱29,669,943,500</b>	₱28,750,284,400



The rollforward analysis of the account as at December 31 is as follows:

	2015	2014
Balance at beginning of year	<b>₱28,750,284,400</b>	₱30,102,033,915
Fair value adjustments	<b>1,216,371,500</b>	923,331,500
Sale of AFS financial assets	<b>(296,712,400)</b>	(2,275,081,015)
Balance at end of year	<b>₱29,669,943,500</b>	₱28,750,284,400
Current	<b>₱985,810,900</b>	₱1,317,148,300
Noncurrent	<b>28,684,132,600</b>	27,433,136,100
	<b>₱29,669,943,500</b>	₱28,750,284,400

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

#### Liability Related to Acquisition of AFS Financial Assets

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

##### a. ABICI

On February 10, 2011, ALPHA, ABIRC and ABICI entered into a DA for the development and construction of a resort club (the "Island Club"). It is agreed that ABIRC will develop and construct the Island Club with ALPHA extending any financing required for the completion of the Island Club and its amenities in exchange for the ABICI shares. It was clarified that, in consideration for the Island Club's construction, ABICI agrees that the excess of the construction costs over the par value of the shares issued by ABICI shall be treated as additional paid-in capital as cost is incurred. Furthermore, it was clarified that the ownership of the Island Club, its facilities and amenities will be transferred to ABICI as cost is incurred.

On February 24, 2011, the Philippine SEC approved ABICI's Registration Statement on the Island Club Offer Shares for the primary offering of 391 of its Class "B" preferred shares and secondary offering of its 3,519 Class "B" preferred shares (Offer Shares or Tranche 1). In 2013, the SEC approved ABICI's Amended Registration Statement to increase its offer price from ₱2,000,000 per share to ₱3,000,000 per share. ABICI filed in 2013 a Second Amended Registration Statement to further increase its offer price to ₱5,000,000, which is still subject for approval by the SEC as at December 31, 2015.

In 2012, ABIRC subscribed to additional Class "B" preferred shares of ABICI totaling 3,090 shares. As a consideration for the additional acquisitions of ABICI preferred shares, ABIRC entered into a Supplemental DA with ABICI in June 2012 increasing its obligation to complete the Island Club's facilities. By virtue of these additional subscriptions, ABIRC transferred investment properties to ABICI amounting to ₱453.3 million and the liability related to the acquisition of ABICI shares increased by ₱1,414.0 million (see Note 14). As at December 31, 2012, the original 180 villas as

committed in the Registration Statement were already then complete and operational. Expansion projects were undertaken to increase the number of villas. At present, the Club has 314 villas/rooms.

On November 12, 2012, the shareholders of ABICI approved an amendment to the ABICI's shareholder structure whereby the additional 3,090 shares with par value of ₱100 were split into 6,180 shares (Tranche 2) with a par value of ₱50 per share. As a result, ABIRC's subscription to the above 3,090 shares was converted to 6,180 shares. On January 31, 2013, the stock split was approved by the SEC.

The initial liability related to acquisition of AFS financial assets amounting to ₱1,834.0 million is allocated for luxury villa clusters (75%), clubhouse (11%) and utilities and other facilities (14%). As at December 31, 2015 and 2014, no liability related to the acquisition was outstanding since the Island Club was fully completed in December 2014.

In April 2013, ABICI and ABIRC executed a Letter Agreement wherein the parties agreed that the difference between the budget under the Supplementary DA and the actual construction costs incurred will be treated as advances to ABICI. Advances to ABICI related to this agreement amounted to ₱1,575.5 million as at December 31, 2014 (see Note 20). In 2015, ABICI finances its own constructions in the Island Club.

ABICI's Tranche 1 and Tranche 2 preferred shares entitle the holder for 14 and 7 free villa night's stay in the Island Club, respectively. Tranche 2 is specifically offered to foreign nationals only.

As at December 31, 2015 and 2014, the fair value per share of Tranche 1 amounted to ₱4.0 million, and Tranche 2 amounted to ₱2.1 million and ₱2.0 million, respectively.

The fair value of unsold shares as at December 31 is as follows:

	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Tranche 1	2,738	₱10,944,000,000	2,782	₱11,128,000,000
Tranche 2	6,155	13,034,443,500	6,156	12,388,334,400
		<b>23,978,443,500</b>		<b>23,516,334,400</b>

b. TCCAMPI

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

On December 9, 2010, the SEC approved the Company's registration of an aggregate of 5,000 preferred shares, with issue price of ₱100 per share, comprising of 500 shares to be offered by way of primary offering and 4,500 shares by way of secondary offering.

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

The initial liability related to acquisition of AFS financial assets amounting to ₱1,190.6 million is allocated for the construction of podium and club equipment (88%) and land (12%). The City Club was fully completed in January 2014, thus, no liability related to acquisition of AFS financial assets was recorded as December 31, 2015. As at December 31, 2014, this amounted to ₱223.0 million, and is shown as part of "Trade and other payables" account in the consolidated statements of financial position (see Note 17).

AMPI's AFS financial assets are marked to market using the fair value of ₱1.5 million and ₱1.4 million per share as at December 31, 2015 and 2014, respectively.

There are 3,783 and 3,865 unsold shares as at December 31, 2015 and 2014, respectively. As at December 31, 2015 and 2014, the fair value of unsold shares amounted to ₱5,674.5 million and ₱5,217.8 million, respectively.

#### Unrealized Valuation Gains on AFS Financial Assets

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

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

	2015	2014
Balance at beginning of year	<b>₱21,979,608,386</b>	₱21,423,378,576
Unrealized valuation gains on AFS financial assets	<b>1,267,912,393</b>	830,998,350
Realized gain	<b>(227,851,817)</b>	(274,768,540)
Balance at end of year	<b>₱23,019,668,962</b>	₱21,979,608,386

Receivable arising from the sale of AFS financial assets amounted to ₱133.9 million and ₱224.7 million as at December 31, 2015 and 2014, respectively (see Notes 9 and 16). Gain on sale of AFS financial assets amounted to ₱272.3 million and ₱283.2 million in 2015 and 2014, respectively (₱729.7 million in 2013).

As at December 31, 2015 and 2014, deposits received from buyers of club shares amounting to ₱99.0 million and ₱119.6 million, respectively, were presented under "Trade and other payables" account in the consolidated statements of financial position (see Note 17).



#### 14. Investment Properties

Movements in this account are as follows:

	Note	2015	2014
Balance at beginning of year		<b>₱8,583,436,197</b>	₱14,590,077,559
Fair value change		<b>8,578,761,163</b>	729,714,574
Additions:			
Capital expenditures		<b>346,019,154</b>	245,352,088
Capitalized borrowing costs	18	<b>36,094,628</b>	52,957,247
Disposal		–	(197,452,316)
Effect of deconsolidation	6	–	(5,774,291,725)
Reclassification to land and development costs	10	–	(1,295,184,206)
Effect of revised allocation	10	–	232,262,976
Balance at end of year		<b>₱17,544,311,142</b>	₱8,583,436,197

Investments carried at fair value consist of the following:

	Note	2015	2014
Alphaland Southgate Tower	18	<b>₱6,564,343,631</b>	₱4,184,942,424
Alphaland Balesin Island Property	18	<b>4,118,786,600</b>	2,629,911,050
Alphaland Makati Place	18	<b>3,534,975,549</b>	1,064,859,151
Baguio Property		<b>2,201,397,000</b>	30,794,527
Silang Property		<b>840,000,000</b>	660,326,045
PAGCOR City Property		<b>198,900,000</b>	–
Patnangunan Property		<b>71,204,862</b>	–
Atimonan Property		<b>14,703,500</b>	12,603,000
		<b>₱17,544,311,142</b>	₱8,583,436,197

##### Alphaland Southgate Tower

In January 2008, ASTI acquired from South China Resources, Inc. and the Puyat family two parcels of land measuring a total of 9,497 square meters, more or less, at the corner of EDSA and Chino Roces Avenue in Makati City together with the existing improvements thereon. The property is now a fully developed and operational 20-storey office tower building with a 6-storey podium known as Alphaland Southgate Tower. It was declared an Information Technology Zone on January 12, 2009 by the Philippine Economic Zone Authority, pursuant to Presidential Proclamation No. 1692 dated December 22, 2008. The property secures the long-term debt of ASTI (see Note 18).

Rent income from Alphaland Southgate Tower including common utilities, services and maintenance charges amounted to ₱586.0 million and ₱571.1 million in 2015 and 2014, respectively (₱568.1 million 2013) (see Note 21). Direct costs related to rent income amounted to ₱121.2 million and ₱138.5 million in 2015 and 2014, respectively (₱126.7 million in 2013) (see Note 21), which mainly comprised of utilities and commissary costs.

##### Alphaland Balesin Island Property

ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. The lots in Balesin Island secure the loans payable obtained by ABIRC on May 21, 2013 and March 29, 2012 (see Note 18). Additional 12 hectares were also acquired via land-for-share swaps with existing Balesin Island landowners. This brings the total land ownership to 406 hectares. Of this total, approximately 98 hectares and 91 hectares in 2015 and 2014, respectively, was committed for

transfer to ABICI (see Note 13). The transfer of certificates of title is currently being processed.

#### Alphaland Makati Place

This represents the Podium at the Alphaland Makati Place and is currently operated as a mall and is for lease to third parties (see Notes 7 and 10). In 2015, the Group changed its intention to sell the condominium units in Tower 3 instead of leasing it to third parties. Accordingly, this portion was reclassified to “Land and Development Costs” account.

As at December 31, 2015 and 2014, total capitalized borrowing costs amounted to ₱84.9 million and ₱75.0 million, respectively. The property, including the project cost classified as land and development costs (see Note 10), currently secures the long-term debt obtained by AMPI (see Note 18).

Rent income earned from Alphaland Makati Place amounted to ₱75.8 million and ₱23.1 million in 2015 and 2014, respectively (₱0.7 million in 2013) (see Note 21).

#### Baguio Property

This consists of parcels of land and related transaction costs acquired by the Group (through a wholly-owned subsidiary) from various sellers in July 2015. The beneficial owner of the entire property is Roberto V. Ongpin, the majority shareholder and Chairman of ALPHA.

These parcels of land, measuring approximately 73.4 hectares as of the end of 2015, of rolling terrains are situated in Itogon, Benguet, just ten minutes from Baguio City by land. Mr. Ongpin likewise transferred to the Group rights to another 2.9 hectares of land to complete the total area at 76.3 hectares.

The fair value of the property based on Intech Appraisal report dated December 10, 2015 is at ₱3,500 per square meter or a total of ₱2.5 billion. At the time of acquisition, the appraised value of the property was ₱2,000 per square meter or a total of ₱1.3 billion.

The Group acquired the property at its zonal value or a total acquisition cost of ₱106.0 million, which is substantially below the appraised value.

#### Silang Property

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

#### PAGCOR City Property

In December 2015, the Group (through a wholly-owned subsidiary) acquired approximately 0.4 hectares of land along Diosdado Macapagal Avenue, Parañaque City. The beneficial owner of the property, Mr Roberto V. Ongpin, is the majority shareholder and Chairman of ALPHA.

The fair value of the property based on Intech Appraisal report dated August 4, 2015 is at ₱200,000 per square meter or a total of ₱795.6 million.

The property was acquired by the Group at its zonal value of ₱50,000 per square meter or a total of ₱198.9 million. In consideration of the foregoing, the Group granted Mr. Ongpin the right to buy back the property at the same ₱50,000 per square meter price.

#### Patnanungan Property

In October 2015, the Group acquired approximately 325.3 hectares of land in Patnanungan, Quezon, more or less, is reserved for future development.

#### Atimonan Property

ABIRC's land in Atimonan, Quezon Province, measuring a total of 21,000.5 square meters, more or less, is reserved for future development.

The fair values of the investment properties as at December 31, 2015 and 2014 are based on valuations performed by accredited independent appraisers.

The description of the valuation techniques used and key inputs to fair valuation are as follows.

#### Direct Income Capitalization Method

Significant Unobservable Inputs	2015	
	Alphaland Southgate Tower	Alphaland Makati Place
Stabilized net operating income (NOI)	₱447,536,824	₱67,740,029
Capitalization Rate	6.53%	2.00%

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the entity's portfolios of investment properties are:

- *Stabilized NOI*: calculation used to identify performance of an investment property that produces stable income.
- *Capitalization rate*: rate used to estimate the potential return of the investment property.

Direct capitalization method estimates the value of the investment property through the operating income it produces. It uses simple projections of cash flow or single year's net income and assumes that expectations for future income are similar for the subject and comparables. Using this method, fair value is estimated using a stable operating income capitalized by a market driven capitalization rate. Rates are based on the income the investment property is expected to generate and its current market value.

#### Sensitivity Analysis

Generally, an increase (decrease) in stabilized NOI will result in an increase (decrease) to the fair value of investment property. An increase (decrease) in the capitalization rate will result in a decrease (increase) to the fair value of an investment property. The capitalization rate magnifies the effect of a change in stabilized NOI, with a lower capitalization rate resulting in a greater impact of a change in stabilized NOI than a higher capitalization rate.

### Discounted Cash Flow Method

Significant Unobservable Inputs	2014	
	Alphaland Southgate Tower	Alphaland Makati Place
Discount rate	12.27%	5%
Stable occupancy rate	95%–100%	100%
Average lease rate (Mall)	₱610 - ₱15,750 per square meter	₱790 per square meter
Average lease rate (Tower)	₱650 per square meter	n/a
Lease growth per annum	5%–8%	5%
Other income growth per annum	10%	–
Rental gap	75%	0%
Cost of sales as percentage of passed-on costs	65%	48%
Capital expenditure growth per annum	5%	–
Expenses growth per annum	0%–5%	0%-5%

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the entity's portfolios of investment properties are:

- *Discount rate:* rate used to discount the net cash flows generated from rental activities during the period of analysis
- *Stable occupancy rate:* estimated occupancy rate for mall and tower leasable areas per annum
- *Average lease rate:* average lease rate per square meter paid by Alphaland Southgate tenants based on the lease contracts
- *Lease growth per annum:* estimated average annual increase in lease rates based on contractual indexations
- *Other income growth per annum:* estimated average annual increase in other income based on historical 2014 growth rates
- *Cost of sales as percentage of passed-on costs:* estimated proportion of cost of sales based on passed-on costs
- *Capital expenditure growth per annum:* estimated average annual increase in capital expenditure
- *Expenses growth per annum:* estimated average annual increase in expenses

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.



The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

#### *Sensitivity Analysis*

Significant increases (decreases) in average lease rates, lease growth per annum and long-term growth rate in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and cost of sales margin in isolation would result in a lower (higher) fair value measurement.

Generally, a change in the assumption made for estimated lease rate growth per annum is accompanied a directionally similar change in average lease rate (per square meter per annum).

#### Market Data Approach

Project	Class of Property	Significant Unobservable Inputs	Range	
			2015	2014
Alphaland Balesin Island	Land	Price per square meter	<b>₱850-₱870</b>	₱750-₱770
		Value adjustments (for development)	<b>275%-290%</b>	150%-165%
Silang	Land	Price per square meter	<b>₱2,500-₱3,500</b>	₱2,000-₱3,000
		Value adjustments	<b>10%-20%</b>	10%-30%
Baguio	Land	Price per square meter	<b>₱3,500-₱4,500</b>	n/a
		Value adjustments	<b>15%-40%</b>	n/a
Atimonan	Land	Price per square meter	<b>₱1,200-₱3,600</b>	₱-
		Value adjustments	<b>40%-80%</b>	-

The significant unobservable inputs to fair valuation are as follows:

*Price per square meter:* estimated value prevailing in the real estate market depending on the location, area, shape and time element

*Value adjustments:* adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Market Data Approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

#### *Sensitivity Analysis*

The following factors were considered in determining the market value of the subject property:

- location/neighborhood
- the subject property is a commercial/residential
- grid analysis (quantitative market value adjustments)
- highest and best use (commercial and residential building)

Significant increase (decrease) in value adjustments would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

Grid analysis is the process of listing the comparables, properties that was recently sold or available for sales which are substantially equivalent in terms of characteristics and are situated in a similar market as the subject property, and effect some adjustments considering the factors affecting land value such as the location, size or area, access and zoning. In the absence or lack of hard sales data, listings and offerings may also be considered. The comparison is based on such factors as location, size, shape, utility, desirability, and time element.

## 15. Property and Equipment

The composition and movements of this account are presented below:

2015							
Note	Leasehold Improvements	Buildings	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture, and Equipment	Construction in Progress	Total
<b>Cost</b>							
Balance at beginning of year	P20,793,449	P17,199,782	P405,984,471	P391,923,826	P39,184,029	P-	P875,085,557
Additions	-	10,254,630	4,520,020	471,981,642	14,753,722	13,687,984	515,197,998
Balance at end of year	20,793,449	27,454,412	410,504,491	863,905,468	53,937,751	13,687,984	1,390,283,555
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year	6,662,582	5,878,915	263,328,921	63,264,085	25,282,407	-	364,416,910
Depreciation and amortization	22 5,641,454	458,146	71,275,813	29,898,008	14,173,205	-	121,446,626
Balance at end of year	12,304,036	6,337,061	334,604,734	93,162,093	39,455,612	-	485,863,536
<b>Net Carrying Amount</b>	<b>P8,489,413</b>	<b>P21,117,351</b>	<b>P75,899,757</b>	<b>P770,743,375</b>	<b>P14,482,139</b>	<b>P13,687,984</b>	<b>P904,420,019</b>

2014							
Note	Leasehold Improvements	Buildings	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture, and Equipment		Total
<b>Cost</b>							
Balance at beginning of year		P20,710,311	P17,199,782	P405,984,471	P52,563,741	P33,589,213	P530,047,518
Additions		83,138	-	-	339,360,085	5,640,173	345,083,396
Effect of deconsolidation		-	-	-	-	(45,357)	(45,357)
Balance at end of year		20,793,449	17,199,782	405,984,471	391,923,826	39,184,029	875,085,557
<b>Accumulated Depreciation and Amortization</b>							
Balance at beginning of year		4,839,665	5,878,915	190,112,544	44,354,831	12,484,709	257,670,664
Depreciation and amortization	22	1,822,917	-	73,216,377	18,909,254	12,832,976	106,781,524
Effect of deconsolidation		-	-	-	-	(35,278)	(35,278)
Balance at end of year		6,662,582	5,878,915	263,328,921	63,264,085	25,282,407	364,416,910
<b>Net Carrying Amount</b>		<b>P14,130,867</b>	<b>P11,320,867</b>	<b>P142,655,550</b>	<b>P328,659,741</b>	<b>P13,901,622</b>	<b>P510,668,647</b>

### Dassault Falcon 900EX

In June 2015, the Group (through a wholly-owned subsidiary) acquired an aircraft (Falcon 900EX, RP-C9018) for corporate use as well as use by various VIP clients. Mr. Roberto V. Ongpin, the majority shareholder and Chairman of ALPHA, advanced the amount of 10.0 million U.S. dollars to enable the Group to acquire the aircraft.

This advance by Mr. Ongpin was offset against other receivables that the Group has from Mr. Ongpin.

In 2015 and 2014, the Group capitalized a portion of the depreciation expense amounting to ₱17.1 million and ₱43.4 million, respectively, which is related to machinery and equipment being used for the construction (see Note 14).

Depreciation and amortization recognized in consolidated statements of comprehensive income follow:

	Note	2015	2014	2013
Depreciation		<b>₱104,336,485</b>	₱63,381,494	₱43,733,960
Software	16	<b>129,451</b>	841,446	2,030,548
		<b>₱104,465,936</b>	₱64,222,940	₱45,764,508

## 16. Other Noncurrent Assets

This account consists of:

	Note	2015	2014
Noncurrent portion of trade receivables from sale of:			
Real estate	9	<b>₱47,043,147</b>	₱89,890,974
Club shares	13	<b>56,226,359</b>	65,782,898
Advances to contractors and suppliers - net of current portion	11	<b>138,412,567</b>	138,412,567
Input VAT	11	<b>68,304,705</b>	14,694,447
Refundable deposits		<b>25,274,270</b>	25,946,627
Software - net		<b>129,828</b>	129,815
Leasehold right		—	257,328,237
Others		<b>24,081,619</b>	25,566,645
		<b>₱359,472,495</b>	₱617,752,210

Leasehold right was obtained by the Group on December 29, 2014 over a certain aircraft for use in the Group's operations. This leasehold right was cancelled and replaced by the acquisition of a new aircraft in June 2015, with RVO Capital Ventures, Inc., a related party, advancing the funds. As at December 31, 2015, the said advances were fully settled by the Group.

Refundable deposits include billing and meter deposits to Manila Electric Company (Meralco). These are refundable upon termination of service of Meralco.

The movement in the software is as follows:

	Note	2015	2014
Cost:			
Balance at beginning of year		<b>₱7,756,420</b>	₱7,595,160
Additions		<b>129,464</b>	161,260
Balance at end of year		<b>7,885,884</b>	7,756,420
Accumulated amortization:			
Balance at beginning of year		<b>₱7,626,605</b>	6,785,159
Amortization	15	<b>129,451</b>	841,446
Balance at end of year		<b>7,756,056</b>	7,626,605
		<b>₱129,828</b>	₱129,815

## 17. Trade and Other Payables

This account consists of:

	Note	2015	2014
Trade		<b>₱488,504,055</b>	₱193,497,093
Retention payable	29	<b>401,659,061</b>	236,165,690
Liability on acquisition of properties		<b>168,701,365</b>	–
Accrued expenses:			
Interest		<b>43,343,814</b>	25,558,327
Construction costs		<b>10,055,007</b>	77,925,739
Others		<b>76,408,527</b>	58,364,950
Deposits from sale of:			
Preferred shares	13	<b>98,963,248</b>	119,620,260
Real estate	10	<b>33,386,201</b>	34,805,831
Unearned rent income	21	<b>50,470,491</b>	14,437,183
Current portion of obligation under finance lease	21	<b>23,776</b>	1,054,831
Liability related to acquisition of AFS financial assets	13	–	222,969,968
Others		<b>63,595,019</b>	18,022,998
		<b>₱1,435,110,564</b>	₱1,002,422,870

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

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

As at December 31, 2015, no liability related to acquisition of AFS financial assets was outstanding since both Island Club and City Club were fully completed (see Note 13).



## 18. Long-term Debt

Presented below are the details of this account:

Borrower	2015			2014		
	Current	Noncurrent	Total	Current	Noncurrent	Total
ASTI	<b>₱295,474,286</b>	<b>₱1,791,449,912</b>	<b>₱2,086,924,198</b>	₱251,470,842	₱403,051,878	₱654,522,720
AMPI	<b>675,050,943</b>	<b>349,476,076</b>	<b>1,024,527,019</b>	191,012,308	1,331,481,765	1,522,494,073
ABIRC	<b>622,000,000</b>	<b>1,339,500,000</b>	<b>1,961,500,000</b>	381,250,000	1,958,500,000	2,339,750,000
	<b>₱1,592,525,229</b>	<b>₱3,480,425,988</b>	<b>₱5,072,951,217</b>	₱823,733,150	₱3,693,033,643	₱4,516,766,793

### ASTI

On August 3, 2015, ASTI entered into an OLSA with PBCom for a loan facility of ₱2,500.0 million for the purpose of refinancing the existing OLSA with BDO Unibank up to ₱1,800.0 billion by way of loan take-out and for financing general corporate business. On October 16, 2015 and November 3, 2015, ASTI made the first and second drawdown amounting to ₱1,758.9 million and ₱350.0 million, respectively.

The loan has a term of seven years from initial drawdown date, payable in 20 consecutive quarterly installments commencing at the end of the ninth quarter from the initial drawdown date. Interest, which is based on floating rate equivalent to applicable three-month PDEX rate plus 1.75% spread per annum, is payable quarterly.

Interest rates of the long-term debt range from 4.0% to 6.0% and 3.5% to 4.0% in 2015 and 2014, respectively (3.5% to 4.0% in 2013). Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱90.0 million and ₱30.1 million in 2015 and 2014, respectively (₱38.4 million in 2013). Other finance charges recognized in the consolidated statements of comprehensive income amounted to ₱24.0 million and nil in 2015 and 2014, respectively (nil in 2013).

Alphaland Southgate Tower was used as collateral for the loan (see Note 14). The property has a fair value of ₱6,564.3 million and ₱4,184.9 million as at December 31, 2015 and 2014, respectively (see Note 14).

The scheduled maturities of ASTI's outstanding long-term debt as of December 31, 2015 are as follows:

2016	₱301,277,694
2017 and onwards	1,807,666,166
Total	2,108,943,860
Less deferred financing costs	22,019,662
	<b>₱2,086,924,198</b>

### AMPI

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

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

The scheduled maturities of AMPI's outstanding loan as of December 31, 2015 are as follows:

	DBP	LBP	BOC	Maybank	Total
2016	290,625,000	193,750,000	155,000,000	38,750,000	678,125,000
2017	150,000,000	100,000,000	80,000,000	20,000,000	350,000,000
	440,625,000	293,750,000	235,000,000	58,750,000	1,028,125,000
Less deferred financing costs	3,457,845	73,619	56,051	10,466	3,597,981
	<b>₱437,167,155</b>	<b>₱293,676,381</b>	<b>₱234,943,949</b>	<b>₱58,739,534</b>	<b>₱1,024,527,019</b>

AMPI shall fully pay and liquidate the principal amount of the loan within seven years from and after the date of the initial borrowing. Payments are to be made in 16 quarterly installments beginning at the end of the 39th month from the date of initial borrowing. Interest, which is based on a floating rate equivalent to applicable three-month PDEX rate plus 3.50% spread per annum, is payable quarterly. Interest rates of the long-term debt range from 5% to 6% in 2015 and 2014 (4.0% to 5.0% in 2013). The loan is secured by Alphaland Makati Place, which includes the land and buildings, structures and improvements to be constructed thereon (see Notes 10 and 14).

Capitalized interest and other financing costs on the loan are as follow:

	Note	2015	2014	2013
Land and development costs	10	<b>₱48,833,908</b>	₱21,996,521	₱61,150,885
Investment properties	14	<b>36,094,628</b>	52,957,247	145,285,355
		<b>₱84,928,536</b>	₱74,953,768	₱206,436,240

The rate used to determine the amount of borrowing cost eligible for capitalization was 5.6% and 4.6% in 2015 and 2014, respectively, which is the effective interest rate of the specific borrowing.

#### ABIRC

On May 21, 2013, ABIRC entered into an OLSA with BOC for a loan facility of ₱3,000.0 million, exclusively for the purpose of partially refinancing the loan facility, and partially funding the capital expenditures and other general corporate expenses of ABIRC. The interest rate is the higher of five-year PDST- F at interest payment date plus 2% margin or floor rate of 5.5%. The principal and interest of the loan is payable within five years from and after the date of the initial borrowing. Principal repayments are to be made in 19 quarterly installments beginning at the end of the 2nd quarter from the date of initial borrowing. The OLSA is secured by the following: a) real estate mortgage over the lots in Balesin Island (see Note 14); b) Continuing Suretyship Agreement with the Parent Company; and c) Deed of Pledge covering 1,000 ABICI preferred shares held by ABIRC. As at December 31, 2015 and 2014, the total value of the collateral amounted to ₱12,408.8 million and ₱9,496.3 million, respectively.

On May 24, 2013, ABIRC made its first drawdown amounting to ₱2,500.0 million. The scheduled maturities of ABIRC's outstanding loan as at December 31, 2015 are as follows:

2016	₱687,500,000
2017	812,500,000
2018	468,750,000
	1,968,750,000
Less deferred financing cost	7,250,000
	<b>₱1,961,500,000</b>

Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱134.4 million and ₱150.9 million in 2015 and 2014, respectively (₱115.2 million in 2013).

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

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

As at December 31, 2015 and 2014, the Group is in compliance with all the requirements of the loan agreements.

Interest expense and other finance charges recognized in the consolidated statements of comprehensive income are as follows:

	Note	2015	2014	2013
Long-term debt		<b>₱221,424,948</b>	₱274,833,809	₱139,080,896
Mortgage and other financing charges		<b>26,589,775</b>	—	37,899,861
Accretion of customers' deposits	21	<b>3,261,331</b>	3,261,331	3,143,503
Obligation under finance lease	21	<b>26,818</b>	219,652	757,935
Loans payable		—	—	30,716,159
		<b>₱251,302,872</b>	₱278,314,792	₱211,598,354

Interest expense on loans payable pertain to loan facility obtained by ABIRC in 2012 with an aggregate amount of ₱2,000.0 million to finance the capital expenditures for its Island Club project. The loan has been fully settled in 2013.

## 19. Equity

### Capital Stock

- a. The composition of ALPHA's capital stock consisting of all common shares as at December 31, 2015 and 2014 is as follows:

	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - ₱1 Par Value	5,000,000,000	₱5,000,000,000	5,000,000,000	₱5,000,000,000
Issued and subscribed at beginning of year, net of subscriptions receivable of ₱146,375,700	2,802,083,117	2,655,707,417	1,984,746,251	₱1,838,370,551
Delinquent subscribed shares	(147,375,700)	—	—	—
Issuances during the year	—	—	817,336,866	817,336,866
Issued and subscribed at end of year	2,654,707,417	2,655,707,417	2,802,083,117	2,655,707,417
Treasury	(423,900)	(1,213,526)	(423,900)	(1,213,526)
	2,654,283,517	2,654,493,891	2,801,659,217	2,654,493,891
Parent's shares held by a subsidiary	(1,379,210,978)	(16,817,972,390)	(1,379,210,978)	(16,817,972,390)
Issued and Outstanding	1,275,072,539	(₱14,163,478,499)	1,422,448,239	(₱14,163,478,499)

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

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

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

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

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

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

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

(Forward)



Corporate Name	Date of Approval	Increase in Authorized Capital Stock	New Subscriptions/ Issuances	Issue/ Offer Price
Alphaland Corporation	January 2, 2014	–	600,000,000	₱2.50
Alphaland Corporation	February 7, 2014	–	108,336,866	2.50
Alphaland Corporation	February 19, 2014	–	109,000,000	2.50

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

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

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

\*\*\*\*Partially paid, with subscription receivable of ₱1,472.8 million in 2014. In June 24, 2015, ALPHA declared the subscribed shares as delinquent and subsequently cancelled and returned as unissued shares of ALPHA.

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

#### b. Delisting procedures initiated by the PSE

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

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

#### c. DMWAI Stock Subscription

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

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

As at December 31, 2014, there was no conveyance yet of ABCC’s shares of stock from DMWAI to ALPHA nor has DMWAI conveyed the additional four hectares of land to ABCC. The related subscription receivable of ₱1,472.8 million was recognized as deduction from the subscribed capital stock in the equity section of the consolidated statements of financial position.

For nonpayment of the full purchase price despite demand, the BOD of ALPHA, by resolution adopted on June 24, 2015, declared as delinquent DMWAI’s subscription to 147,375,700 common shares of ALPHA at an issue price of 10 per share and set the delinquency sale on July 27, 2015. The notice of delinquency sale was published twice, on July 13, 2015 and July 20,

2015, in a newspaper of general circulation in the Philippines. Subsequently, due to the absence of bidders and of adequate unrestricted retained earnings to support the acquisition by the Corporation of the delinquent shares, the subscription of DMWAI was cancelled and the 147,375,700 common shares were returned as part of the unissued shares of ALPHA.

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

Shareholders	Number of Shares
RVO Capital	842,656,745
Boerstar Corporation	167,788,430
Red Epoch Group Ltd.	96,113,413
Fine Land Limited	89,000,000
Azurestar Corporation	28,062,636
Citadel Investments Limited	10,000,000
Derek Arculli	10,000,000
Other minority	31,451,315
	<b>1,275,072,539</b>

#### Retained Earnings

Accumulated equity in net income of associates, subsidiaries and joint venture not available for dividend declaration amounted to ₱25,409.0 million and ₱19,213.5 million as at December 31, 2015 and 2014, respectively.

#### Parent's Shares Held by a Subsidiary

Pursuant to the tender offer mandated by the PSE as well as the implementation of the MOA discussed in Note 1, ASTI acquired shares of stock of ALPHA owned by AH, MC and Credit Suisse amounting to ₱16,818.0 million.

#### Treasury Shares

Total cost of 423,900 treasury shares amounted to ₱1.2 million as at December 31, 2015 and 2014.

## **20. Related Party Transactions**

The Group, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

	2015		2014	
	Purchases	Rental	Purchases	Rental
<i>Associates:</i>				
ASAI	<b>₱36,505,507</b>	<b>₱507,052</b>	₱30,842,482	₱583,720
AHEC	—	<b>11,693</b>	—	35,078
	<b>₱36,505,507</b>	<b>₱518,745</b>	₱30,842,482	₱618,798
<i>Related parties under common key management</i>	<b>₱180,000</b>	<b>₱47,634,156</b>	₱461,162	₱56,230,187

		2015		2014	
		Amount of Transactions	Outstanding Balances	Amount of Transactions	Outstanding Balances
<b>Trade and other receivables</b>					
<i>Associates:</i>					
ASAI		<b>₱45,336</b>	<b>₱45,336</b>	<b>₱—</b>	<b>₱—</b>
<i>Related parties under common key management</i>					
		<b>7,139,988</b>	<b>7,139,988</b>	33,627,684	35,706,200
			<b>₱7,185,324</b>		<b>₱35,706,200</b>
<b>Trade and other payables:</b>					
<i>Associates:</i>					
ASAI		<b>₱29,455,391</b>	<b>₱3,508,262</b>	₱3,254,081	₱6,284,066
<i>Related parties under common key management</i>					
		<b>26,488,582</b>	<b>23,415,365</b>	27,090,815	49,765,842
			<b>₱26,923,627</b>		<b>₱56,049,908</b>

		2015		2014	
		Amount of Transactions	Outstanding Balances	Amount of Transactions	Outstanding Balances
<b>Advances to:</b>					
<i>Associates</i>					
ASAI	Reimbursement of expenses	<b>₱855,569</b>	<b>₱1,376,991</b>	₱521,422	₱1,466,003
AHEC	Reimbursement of expenses	<b>3,353,696</b>	<b>639,288</b>	3,992,984	1,059,918
SGCPI	Cash advances	—	—	—	—
FBSHI	Cash advances	—	—	—	—
			<b>₱2,016,279</b>		<b>₱2,525,921</b>
<i>Related parties under common key management</i>					
	Reimbursement of expenses	<b>₱1,440,076,416</b>	<b>₱1,994,185,348</b>	₱455,523,984	₱1,668,957,354
<b>Advances from:</b>					
<i>Related parties under common key management</i>					
	Purchase of assets and reimbursement of expenses	<b>₱154,696,998</b>	<b>₱2,855,970</b>	₱157,552,968	₱256,876,780

Advances to associates amounting to ₱2.0 million and ₱2.5 million as at December 31, 2015 and 2014, respectively, are included under “Investments in and advances to associates” account in the consolidated statements of financial position (see Note 12).

Other transactions of the Group with its related parties are as follows:

- As discussed in Note 14 and Note 15, RVO is the beneficial owner of the investment properties (e.i. Baguio Property and PAGCOR City Property) acquired by the Group during 2015.
- AMPI, ABIRC and AMC entered into a Deed of Assignment with APMC for the assignment of all their respective shareholdings in the common shares of the Club. The Group and APMC have a common shareholder as at December 31, 2013; none as at December 31, 2015 and 2014.
- In April 2013, ABICI and the ABIRC executed a Letter Agreement wherein the parties agreed that the difference between the budget under the Supplementary DA and the actual construction costs incurred will be treated as advances to ABICI. Advances to ABICI related to this agreement amounting to ₱1,575.5 million as at December 31, 2014 is due and demandable (see Note 13).

- On August 5, 2012, ALPHA, ASTI and ABICI executed a Letter Agreement whereby ASTI, as the development arm of the Alphaland Group and on behalf of ALPHA, undertakes to perform ALPHA's obligations under the DA (as supplemented) entered into by ALPHA with ABIRC and ABICI over the Island Club, specifically to provide a subsidy to the Island Club's operations during ABICI's construction period.
- Advances to officers and employees amounted to ₱8.6 million and ₱6.7 million as at December 31, 2015 and 2014, respectively (see Note 9).
- In 2013, ALPHA obtained noninterest-bearing advances from RVO Capital to finance working capital requirements with total amount of ₱1,500.00 million (see Note 19).

#### Terms and Conditions of Transactions with Related Parties

Outstanding balances as of year-end are unsecured, interest-free and settlement occurs in cash or equity. The Group has not made any provision for impairment losses relating to the amounts owed by related parties.

#### Compensation of Key Management Personnel

The details of compensation of key management personnel, which include its senior vice presidents, follow:

	2015	2014	2013
Short-term employee benefits	<b>₱54,535,659</b>	₱59,319,538	₱57,357,459
Post-employment benefits	<b>16,908,907</b>	14,783,349	10,709,298
	<b>₱71,444,566</b>	₱74,102,887	₱68,066,757

## 21. Lease Commitments

### a. Operating Lease

ASTI entered into various operating lease agreements as a lessor covering mall and office spaces at Alphaland Southgate Tower 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. Tenants likewise pay either a fixed monthly rent, which is calculated with reference to a fixed sum per square meter of area leased, or pay rent on a percentage rental basis, which comprises a basic monthly amount and a percentage of gross sales or a minimum set amount, whichever is higher.

In 2012, AMPI entered into various operating lease agreements as a lessor covering mall spaces at Alphaland Makati Place for varying periods ranging from two to five 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 security deposits equivalent to three months of rent. Tenants likewise pay a fixed monthly rent subject to a 5% escalation rate beginning on the third year of the lease term, in which the monthly rent is calculated with reference to a fixed sum per square meter of leased area, and/or pay rent on a percentage rental basis, which comprises a percentage of gross sales. Commencement of the lease term started upon completion of construction of the mall spaces in November 2013.



The Group's customers' deposits on lease contracts are as follows:

	2015	2014
Current	<b>₱56,556,944</b>	₱23,125,760
Noncurrent	<b>67,418,749</b>	87,357,031
	<b>₱123,975,693</b>	<b>₱110,482,791</b>

Customers' deposits on lease contracts are generally equivalent to six months rental and refundable at the end of the lease term. Current portion pertains to one year operating lease agreements while noncurrent portion pertains to two to five years operating lease agreements.

The terms of the lease agreements also provide for an increase in the rent generally at the rate of 5% to 10% starting on the second year and annually thereafter, as applicable.

Rent income and common utilities, services and maintenance charges from Alphaland Southgate Tower amounted to ₱586.0 million and ₱571.1 million in 2015 and 2014, respectively (₱568.1 million in 2013) (see Note 14). Direct costs related to rent income amounted to ₱121.2 million and ₱138.5 million in 2015 and 2014, respectively (₱126.7 million in 2013) (see Note 14), which mainly comprised of utilities and commissary costs.

Rent income earned from Alphaland Makati Place amounted to ₱75.8 million and ₱23.1 million in 2015 and 2014, respectively (₱0.7 million in 2013) (see Note 14).

The Group recognizes the customers' deposits at fair value. The fair value of the deposit is determined based on the prevailing market rate of interest for a similar loan. The excess of the principal amount of the deposit over its fair value is accounted for as deferred lease income and amortized on a straight-line basis. The deferred lease income amounted to ₱5.4 million and ₱3.2 million as at December 31, 2015 and 2014, respectively, and is included under "Other noncurrent liabilities" account in the consolidated statements of financial position.

Aside from customers' deposits paid by tenants, advance rentals generally equivalent to two months rental are also paid and included in the initial billing to tenants, which shall be applied to the monthly rental at the end of the lease term. Advance rental amounted to ₱67.4 million and ₱63.4 million as at December 31, 2015 and 2014, respectively, and is included under "Other noncurrent liabilities" account in the consolidated statements of financial position.

Estimated minimum future rental receivable under the lease agreements are as follows as at December 31, 2015:

Within one year	₱193,894,318
After one year but not more than five years	340,336,752
	<b>₱534,231,070</b>

b. Finance Lease

The Group acquired various transportation equipment under finance lease arrangements. As at December 31, 2015 and 2014, the present value of future minimum lease payments within one year under the lease arrangements amounted to ₱23,776 and ₱1.1 million, respectively (see Note 17).

The carrying value of the transportation equipment amounted to ₱0.8 million and ₱1.0 million as at December 31, 2015 and 2014, respectively (see Note 15). Interest expense charged to operations under the agreements amounted to ₱26,818 and ₱0.2 million in 2015 and 2014 (₱0.8 million in 2013) (see Note 18).

## 22. Cost and Expenses

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

	Note	2015	2014	2013
Cost of real estate sold:				
Land and development cost	10	<b>₱1,180,017,778</b>	₱208,204,637	₱89,313,748
Parking lots for sale	10	<b>27,368,444</b>	36,041,055	86,484,664
		<b>₱1,207,386,222</b>	₱244,245,692	₱175,798,412
Cost of services:				
Utilities		<b>₱132,138,321</b>	₱132,556,471	₱118,943,387
Transportation		<b>69,477,748</b>	4,341,426	—
Others		<b>1,268,112</b>	10,289,782	15,746,199
		<b>₱202,884,181</b>	₱147,187,679	₱134,689,586
General and administrative:				
Depreciation and amortization	15	<b>₱104,465,936</b>	₱64,222,940	₱45,764,508
Service and professional fees		<b>71,330,874</b>	87,057,640	82,944,133
Utilities and rent		<b>59,540,181</b>	76,901,689	38,188,634
Salaries and employees' benefits		<b>58,169,716</b>	29,105,539	29,697,264
Taxes and licenses		<b>54,016,621</b>	66,439,775	112,271,170
Bad debts		<b>53,116,394</b>	—	—
Sales and marketing		<b>39,393,549</b>	13,498,520	17,040,322
Travel and transportation		<b>32,860,290</b>	4,744,993	2,453,977
Repairs and maintenance		<b>20,441,835</b>	16,412,061	10,533,042
Insurance		<b>9,414,332</b>	6,775,827	5,013,360
Representation		<b>7,940,573</b>	2,268,045	2,112,160
Listing and filing fees		<b>4,717,386</b>	57,319,970	143,883,692
Supplies		<b>4,120,767</b>	2,260,689	1,993,893
Communication		<b>3,322,576</b>	1,578,950	883,330
Transaction costs on sale of assets	6	—	660,990,700	—
Others		<b>36,873,211</b>	43,027,634	42,286,851
		<b>₱559,724,241</b>	₱1,132,604,972	₱535,066,336

## 23. Retirement Liability

The Group has an unfunded defined benefit plan covering all its regular employees. Benefits are computed using an amount equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year. The retirement liability is determined using the projected unit credit method.

The following tables summarize the components of retirement expense recognized in the consolidated statements of comprehensive income and retirement liability recognized in the consolidated statement of financial position.

	2015	2014	2013
Retirement benefit cost:			
Current service cost	<b>₱8,271,365</b>	₱9,419,420	₱11,613,701
Interest cost	<b>1,117,970</b>	1,103,593	1,196,476
	<b>₱9,389,335</b>	₱10,523,013	₱12,810,177

	2015	2014
Present value of defined benefit obligation:		
Balance at beginning of year	<b>₱26,939,582</b>	₱19,192,925
Actuarial gain on obligation	<b>(9,044,282)</b>	(2,776,356)
Current service cost	<b>8,271,365</b>	9,419,420
Transfer to ABICI and TCCAMPI	<b>(4,708,647)</b>	–
Interest cost	<b>1,117,970</b>	1,103,593
Balance at end of year	<b>₱22,575,988</b>	₱26,939,582

Principal actuarial assumptions used to determine retirement benefit obligations are as follows:

	2015	2014
Discount rate	<b>5.29% to 5.32%</b>	4.67%
Salary increase rate	<b>5.00%</b>	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2015
	Increase (Decrease)
Discount rate:	
Increase by 8.5% to 15.6%	<b>₱2,015,222</b>
Decrease by 6.9% to 12.8%	<b>(1,646,423)</b>
Salary increase rate:	
Increase by 7.9% to 14.4%	<b>1,867,683</b>
Decrease by 6.6% to 12.1%	<b>(1,564,950)</b>

	2014
	Increase (Decrease)
Discount rate:	
Increase by 12.3%	₱3,312,801
Decrease by 9.9%	(2,675,863)
Salary increase rate:	
Increase by 11.4%	3,061,965
Decrease by 9.4%	(2,540,100)

Shown below is the maturity analysis of the undiscounted benefit payments:

	December 31, 2015	December 31, 2014
2016	<b>₱1,718,596</b>	₱1,039,853
2017	<b>12,371,724</b>	1,368,340
2018	—	13,674,094
2019	—	1,327,636
2020	<b>576,778</b>	—
2021 to 2025	<b>18,106,472</b>	23,636,039

The average duration of the defined benefit obligation at the end of the period is 11.2 years to 17.0 years and 15.5 years in 2015 and 2014, respectively.

## 24. Income Taxes

In 2015 and 2014 (and 2013), the provision for current income tax represents MCIT for ABIRC and regular corporate income tax (RCIT) for other companies within the group.

For income tax purposes, full recognition is applied when more than 25% of the selling price of condominium units has been collected in the year of sale. Otherwise, the installment method is applied.

The following are the components of the Group's deferred tax liabilities:

	2015	2014
Gain on fair value change of investment properties	<b>₱4,252,247,022</b>	₱2,598,980,230
Unrealized valuation gains on AFS investments	<b>2,557,735,442</b>	2,442,173,154
Accumulated depreciation for tax purposes	<b>106,043,519</b>	82,167,842
Capitalized borrowing costs	<b>42,205,315</b>	48,427,759
Excess rent income under operating lease computed on a straight-line basis	<b>26,665,096</b>	8,470,356
Unrealized foreign exchange gain	—	224,629
Effect of deconsolidation	—	(946,692,673)
	<b>₱6,984,896,394</b>	₱4,233,751,297



No deferred tax assets were recognized for the following temporary differences, unused tax credits from excess MCIT and unused NOLCO of ALPHA and certain subsidiaries as it is not probable that sufficient taxable profit will be available to allow the benefit of the net deferred tax assets to be utilized in the future:

	2015	2014
NOLCO	<b>₱196,244,698</b>	₱148,886,904
Retirement liability	<b>7,766,969</b>	8,081,875
Unearned income	<b>1,148,960</b>	116,580
Excess gross profit on sale of real estate	—	3,340,944
Allowance for probable losses	<b>1,755,626</b>	1,755,626
MCIT	<b>3,052,760</b>	1,430,974
	<b>₱209,969,013</b>	₱163,612,903

The details of NOLCO and MCIT, which can be claimed as deduction from future taxable income and from RCIT due, respectively, within three years from the year the NOLCO and MCIT was incurred, is shown below.

#### NOLCO

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2015	₱—	₱241,557,944	₱—	₱241,557,944	2018
2014	320,776,136	—	—	320,776,136	2017
2013	91,814,913	—	—	91,814,913	2016
2012	70,748,068	—	(70,748,068)	—	2015
	<b>₱483,339,117</b>	<b>₱241,557,944</b>	<b>(₱70,748,068)</b>	<b>₱654,148,993</b>	

#### MCIT

Year	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2015	₱—	₱1,547,832	₱—	₱1,547,832	2018
2014	1,125,495	—	—	1,125,495	2017
2013	379,433	—	—	379,433	2016
2012	46,779	—	(46,779)	—	2015
	<b>₱1,551,707</b>	<b>₱1,547,832</b>	<b>(₱46,779)</b>	<b>₱3,052,760</b>	

The reconciliation of income tax computed at statutory tax rate to provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	2015	2014	2013
Income tax computed at statutory tax rate	<b>₱2,645,140,699</b>	₱1,205,500,322	₱2,175,271,153
Change in unrecognized deferred tax assets	<b>46,356,110</b>	54,904,818	(19,919,509)
Expired NOLCO	<b>21,224,420</b>	19,012,769	16,398,062
Additions to (reductions in) income tax resulting from:			
Income subjected to capital gains tax	<b>(81,702,735)</b>	(1,255,246,350)	(218,895,949)
Nondeductible expenses and others	<b>51,941,737</b>	272,857,764	119,461,772
Nontaxable income	<b>1,848,954</b>	(66,200,702)	(23,171,453)
Interest income subjected to final tax	<b>(2,095,004)</b>	(1,997,738)	(2,548,976)
Equity in net income of a joint venture and associates	–	6,716,707	(948,812,133)
Others	–	–	–
Derecognition of deferred tax liabilities	–	(1,096,203,950)	–
Effect of deconsolidation	–	(62,900,433)	–
	<b>₱2,682,714,181</b>	(₱923,556,793)	₱1,097,782,967

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

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

	2015	2014	2013
(a) Net income attributable to equity holders of the Parent	<b>₱6,118,500,366</b>	₱4,942,577,048	₱6,154,098,015
(b) Weighted average number of shares outstanding	<b>1,361,041,697</b>	2,419,017,452	1,984,322,351
Basic/diluted earnings per share (a/b)	<b>₱4.495</b>	₱2.043	₱3.101

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

The above computation is in accordance with PAS 33, *Earnings per Share*, which provides that the basic/diluted earnings per share should be computed based on the weighted average number of shares outstanding for the year. However, assuming that the basic/diluted earnings per share is computed based on the outstanding shares as at the end of the year, the result is presented below and is intended for management's reporting purposes only.

	2015	2014	2013
(a) Net income attributable to equity holders of the Parent	<b>₱6,118,500,366</b>	₱4,942,577,048	₱6,154,098,015
(b) Total number of shares outstanding at end of year	<b>1,275,072,539</b>	1,422,448,239	1,984,322,351
Basic/diluted earnings per share (a/b) (based on assumption)	<b>₱4.799</b>	₱3.475	₱3.101

Book value per share is computed as follows:

	Note	2015	2014
(a) Total equity		<b>₱44,719,048,751</b>	₱37,552,031,145
(b) Total number of shares outstanding at end of year	19	<b>1,275,072,539</b>	1,422,448,239
Book value per share (a/b)		<b>₱35.072</b>	₱26.400

## 26. Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, advances to related parties, loans payable and long-term debt. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has various financial instruments such as trade and other receivables, trade and other payables, customers' deposits and advances to and from related parties, which arise directly from its operations.

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

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

### Risk

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

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

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

*Credit Quality of Financial Assets.* The credit quality of financial assets is managed by the Group using internal credit ratings such as high grade and standard grade.

High Grade - pertains to deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers accounts of good paying customers, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Grade - other financial assets not belonging to high quality financial assets are included in this credit rating.

The table below shows the credit quality of the Group neither past due nor impaired financial assets as of December 31, 2015 and 2014 as follows:

	2015					
	Neither Past Due nor Impaired				Past Due but not Impaired	Past Due and Impaired
	Total	High Grade	Standard Grade	Total		
<b>Loans and Receivables</b>						
Cash and cash equivalents*	P453,184,123	P453,184,123	P—	P453,184,123	P—	P—
Trade and other receivables**:						
Trade	778,229,467	721,902,722	—	721,902,722	50,474,660	5,852,085
Others	12,445,704	11,474,809	—	11,474,809	970,895	—
Advances to related parties	1,996,201,627	1,996,201,627	—	1,996,201,627	—	—
Restricted cash	551,098,205	551,098,205	—	551,098,205	—	—
Refundable deposits	25,274,270	25,274,270	—	25,274,270	—	—
	3,816,433,396	3,759,135,756	—	3,759,135,756	51,445,555	5,852,085
<b>AFS Investments</b>						
Unquoted Clubs' preferred shares	29,652,943,500	29,652,943,500	—	29,652,943,500	—	—
Ordinary shares - quoted	17,000,000	17,000,000	—	17,000,000	—	—
	29,669,943,500	29,669,943,500	—	29,669,943,500	—	—
	P33,486,376,896	P33,429,079,256	P—	P33,429,079,256	P51,445,555	P5,852,085

\*Excluding cash on hand amounting to P539,353.

\*\*Excluding advances to officers and employees amounting to P8,571,968.

	2014					
	Neither Past Due nor Impaired				Past Due but not Impaired	Past Due and Impaired
	Total	High Grade	Standard Grade	Total		
<b>Loans and Receivables</b>						
Cash and cash equivalents*	P602,627,549	P602,627,549	P—	P602,627,549	P—	P—
Trade and other receivables**:						
Trade	558,873,695	513,011,841	—	513,011,841	40,009,769	5,852,085
Receivable from BDC	964,468,193	964,468,193	—	964,468,193	—	—
Others	8,988,619	8,287,413	—	8,287,413	701,206	—
Advances to related parties	1,671,483,275	1,671,483,275	—	1,671,483,275	—	—
Restricted cash	324,576,958	324,576,958	—	324,576,958	—	—
Refundable deposits	25,946,627	25,946,627	—	25,946,627	—	—
	4,156,964,916	4,110,401,856	—	4,110,401,856	40,710,975	5,852,085
<b>AFS Investments</b>						
Unquoted Clubs' preferred shares	28,734,084,400	28,734,084,400	—	28,734,084,400	—	—
Ordinary shares - quoted	16,200,000	16,200,000	—	16,200,000	—	—
	28,750,284,400	28,750,284,400	—	28,750,284,400	—	—
	P32,907,249,316	P32,860,686,256	P—	P32,860,686,256	P40,710,975	P5,852,085

\*Excluding cash on hand amounting to P539,353.

\*\*Excluding advances to officers and employees amounting to P6,658,185.



The following are the aging analyses of financial assets as of December 31, 2015 and 2014:

	2015						
	Total	Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due And Impaired
			1-30 Days	31-60 Days	61-90 Days	More than 90 Days	
<b>Loans and Receivables</b>							
Cash and cash equivalents*	P453,184,123	P453,184,123	P-	P-	P-	P-	P-
Trade and other receivables**	790,675,171	748,631,297	7,683,345	5,576,893	7,532,387	12,523,963	5,852,085
Advances to associates and related parties	1,996,201,627	1,996,201,627	-	-	-	-	-
Restricted cash	551,098,205	551,098,205	-	-	-	-	-
Refundable deposits	25,274,270	25,274,270	-	-	-	-	-
	3,816,433,396	3,774,389,522	7,683,345	5,576,893	7,532,387	12,523,963	5,852,085
<b>AFS Investments</b>							
Unquoted Clubs' preferred shares	29,652,943,500	29,032,419,500	-	-	-	-	-
Ordinary shares - quoted	17,000,000	17,000,000	-	-	-	-	-
	29,669,943,500	29,049,419,500	-	-	-	-	-
	P33,486,376,896	P32,823,809,022	P7,683,345	P5,576,893	P7,532,387	P12,523,963	P5,852,085

\*Excluding cash on hand amounting to P539,353.

\*\*Excluding advances to officers and employees amounting to P8,571,968.

	2014						
	Total	Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due And Impaired
			1-30 Days	31-60 Days	61-90 Days	More than 90 Days	
<b>Loans and Receivables</b>							
Cash and cash equivalents*	P602,627,549	P602,627,549	P-	P-	P-	P-	P-
Trade and other receivables**	1,538,182,592	1,453,354,645	15,523,830	11,267,846	15,218,827	25,304,067	5,852,085
Advances to associates and related parties	1,671,483,275	1,671,483,275	-	-	-	-	-
Restricted cash	324,576,958	324,576,958	-	-	-	-	-
Refundable deposits	25,946,627	25,946,627	-	-	-	-	-
	4,162,817,001	4,077,989,054	15,523,830	11,267,846	15,218,827	25,304,067	5,852,085
<b>AFS Investments</b>							
Unquoted Clubs' preferred shares	28,734,084,400	28,734,084,400	-	-	-	-	-
Ordinary shares - quoted	16,200,000	16,200,000	-	-	-	-	-
	28,750,284,400	28,750,284,400	-	-	-	-	-
	P32,913,101,401	P32,828,273,454	P15,523,830	P11,267,846	P15,218,827	P25,304,067	P5,852,085

\*Excluding cash on hand amounting to P539,353.

\*\*Excluding advances to officers and employees amounting to P6,658,185.

### Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk relates primarily to its financial instruments with floating interest and/or fixed interest rates. Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Re-pricing of floating rate financial instruments is done every three to six months. Interest on fixed rate financial instruments is fixed until maturity of the instrument. The details of financial instruments that are exposed to interest rate risk are disclosed in Note 18.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt subject to floating interest rates as discussed in Note 18.

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

The following table demonstrates the sensitivity of the Group'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 Group's equity other than those already affecting profit and loss.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
2015	+1.0%	(P43,789,731)
	-1.0%	43,789,731

2014	+1.0%	47,397,368
	-1.0%	(47,397,368)
2013	+1.0%	74,705,376
	-1.0%	(74,705,376)

### Liquidity Risk

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

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

The tables below summarize the maturity profile of the Group's financial assets use for liquidity management and the maturity profile of financial liabilities as of December 31, 2015 and 2014 based on undiscounted cash flows:

	2015					Total
	On Demand	1-30 Days	31-60 Days	61-90 Days	More than 90 Days	
<b>Financial Assets</b>						
Cash and cash equivalents	P453,184,123	P-	P-	P-	P-	P453,184,123
Trade and other receivables	515,747,836	44,576,413	16,314,608	87,780,853	126,255,461	790,675,171
Advances to associates and related parties	1,996,201,627	-	-	-	-	1,996,201,627
Restricted cash	551,098,205	-	-	-	-	551,098,205
Refundable deposits	25,274,270	-	-	-	-	25,274,270
AFS financial assets	1,750,256,695	-	-	-	27,919,686,805	29,669,943,500
	<b>P5,291,762,756</b>	<b>P44,576,413</b>	<b>P16,314,608</b>	<b>P87,780,853</b>	<b>P28,045,942,266</b>	<b>P33,486,376,896</b>
<b>Financial Liabilities</b>						
Trade and other payables:						
Trade	P351,155,175	P57,991,279	P4,646,639	P2,213,816	P72,497,146	P488,504,055
Accrued expenses	76,408,527	-	-	-	-	76,408,527
Retention payable	19,305,285	-	-	-	382,353,776	401,659,061
Accrued interest	-	23,028,477	17,169,748	3,145,589	-	43,343,814
Others	46,786,737	16,749,775	-	-	58,507	63,595,019
Long-term debt:						
Principal	-	75,319,424	156,250,000	678,125,000	4,196,124,436	5,105,818,860
Interest	-	27,956,687	30,299,555	43,338,037	531,816,964	633,411,242
Customers' deposits	123,975,693	-	-	-	-	123,975,693
Advances from related parties	2,855,970	-	-	-	-	2,855,970
	<b>P620,487,387</b>	<b>P205,794,603</b>	<b>P208,746,460</b>	<b>P727,003,733</b>	<b>P5,188,787,689</b>	<b>P6,939,572,241</b>
	2014					Total
	On Demand	1-30 Days	31-60 Days	61-90 Days	More than 90 Days	
<b>Financial Assets</b>						
Cash and cash equivalents	P602,627,549	P-	P-	P-	P-	602,627,549
Trade and other receivables	1,477,775,370	38,024,418	1,905,814	1,392,228	78,303,835	1,597,401,665
Advances to associates and related parties	1,671,483,275	-	-	-	-	1,671,483,275
Restricted cash	324,576,958	-	-	-	-	324,576,958
Refundable deposits	25,946,627	-	-	-	-	25,946,627
AFS financial assets	1,297,772,264	-	-	-	27,452,512,136	29,179,532,700
	<b>P5,400,182,043</b>	<b>P38,024,418</b>	<b>P1,905,814</b>	<b>P1,392,228</b>	<b>P27,530,815,971</b>	<b>P33,401,568,774</b>

	2014					Total
	On Demand	1-30 Days	31-60 Days	61-90 Days	More than 90 Days	
Financial Liabilities						
Trade and other payables:						
Trade	₱253,824,164	₱2,073,631	₱2,252,784	₱103,675	₱13,168,578	₱271,422,832
Accrued expenses	17,063,082	41,301,868	—	—	—	58,364,950
Retention payable	5,773,118	381,386	—	211,105	229,800,081	236,165,690
Accrued interest	18,529,541	—	2,138,108	4,890,678	—	25,558,327
Others	3,393,691	2,396	—	—	14,626,911	9,025,672
Long-term debt:						
Principal	—	—	—	—	4,535,772,721	4,535,772,721
Interest	—	—	—	—	—	460,231,831
Customers' deposits	54,880,950	—	—	—	55,601,841	110,482,791
Advances from related parties	256,876,780	—	—	—	—	256,876,780
	<b>₱969,929,518</b>	<b>₱44,141,867</b>	<b>₱4,390,892</b>	<b>₱5,205,458</b>	<b>₱4,848,970,132</b>	<b>₱5,963,901,594</b>

### Capital Management

The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To manage or adjust the capital structure, the Group may obtain additional advances from stockholders, adjust the return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2014 and 2013. The Group monitors capital using the monthly cash position report and financial statements. The Parent Company is not subject to externally imposed capital requirements. Certain subsidiaries, however, are required to maintain a debt to equity ratio as provided in the loan agreements (see Note 18).

The components of the Group's capital as at December 31, 2015 and 2014 are as follows:

	2015	2014
Layer I:		
Capital stock	<b>₱2,655,707,417</b>	₱2,655,707,417
Additional paid-in capital	<b>10,739,039,485</b>	10,739,039,485
	<b>13,394,746,902</b>	13,394,746,902
Layer II:		
Retained earnings - operating income	<b>₱7,015,958,325</b>	₱9,441,227,380
Treasury shares	<b>(1,213,526)</b>	(1,213,526)
Parent's shares held by a subsidiary	<b>(16,817,972,390)</b>	(16,817,972,390)
	<b>(9,803,227,591)</b>	(7,377,958,536)
Layer III:		
Unrealized valuation gains on AFS investments	<b>23,019,668,962</b>	21,979,608,386
Accumulated remeasurement gains on retirement obligation	<b>24,191,433</b>	15,147,151
Retained earnings - gain on fair value change of investment properties	<b>17,352,613,131</b>	8,773,685,211
Retained earnings - gain on bargain purchase	<b>761,886,845</b>	761,886,845
	<b>41,158,360,371</b>	31,530,327,593
Total capital	<b>₱44,749,879,682</b>	₱37,547,115,959

- Layer I is composed of the Group's contributed capital;
- Layer II is composed of income from operations, excess of acquisition price over acquired interest and treasury shares; and

- Layer III is composed of income from fair value changes of investment properties, gain on bargain purchase and unrealized valuation gains on AFS investments.

## 27. Fair Value Measurements

The following table provides the fair value hierarchy of assets and liabilities measured at fair value:

		2015					
		Note	Carrying Value	Fair Value	Quoted prices in active markets (Level 1)	Fair value measurement using	
						Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Measured at Fair Value</b>							
Financial Assets:							
AFS financial assets -	13						
AFS investments:							
Unquoted		₱29,652,943,500	₱29,652,943,500	₱29,652,943,500	₱—	₱—	
Quoted		17,000,000	17,000,000	17,000,000	—	—	
Non-financial Asset-							
Investment properties	14	8,997,905,276	8,997,905,276	—	—	8,997,905,276	
<b>Fair Values are Disclosed</b>							
Financial Asset:							
Loans and receivables -							
Noncurrent trade receivables		96,454,800	96,454,800	—	—	96,454,800	
Financial Liability -							
Customers' deposits		125,053,864	125,053,864	—	—	125,053,864	
		2014					
		Note	Carrying Value	Fair Value	Quoted prices in active markets (Level 1)	Fair value measurement using	
						Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Measured at Fair Value</b>							
Financial Assets:							
AFS financial assets -	13						
AFS investments:							
Unquoted		₱28,734,084,400	₱28,734,084,400	₱28,734,084,400	₱—	₱—	
Quoted		16,200,000	16,200,000	16,200,000	—	—	
Non-financial Asset-							
Investment properties	14	8,583,436,197	8,583,436,197	—	—	8,583,436,197	
<b>Fair Values are Disclosed</b>							
Financial Asset:							
Loans and receivables -							
Noncurrent trade receivables		96,454,800	96,454,800	—	—	96,454,800	
Financial Liability -							
Customers' deposits		154,426,091	154,426,091	—	—	154,426,091	

## 28. Segment Information

In 2015 and 2014, for purposes of segment reporting, the Group does not have other reportable segments other than real property development.



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## 29. Commitments and Contingencies

### Commitments

#### a. Corporate Guaranty

As discussed in Note 6, pursuant to the Joint Venture Agreement, ALPHA issued a corporate guaranty in favor of BSP whereby, in the event AMPI is unable to complete the Project (for reasons attributable to the fault of AMPI),

ALPHA shall pay BSP the amount of ₱600.0 million in exchange for BSP's 15% share in the sharing scheme as defined in the Joint Venture Agreement.

#### b. Construction Contracts

The Group entered into various construction contracts for the development of its projects (see Note 15). Total advances to contractors amounted to ₱631.7 million and ₱579.8 million as at December 31, 2015 and 2014, respectively (see Notes 12 and 15). The significant construction contracts that gave rise to the advances are as follows:

##### ASTI

Total advances to contractors amounted to ₱13.5 million and ₱9.2 million as at December 31, 2015 and 2014, respectively, for the supply of labor, materials and installation of pathways, exterior glass, escalator and LED spare parts and others for Alphaland Southgate Tower.

##### AMPI

Total advances to contractors amounted to ₱505.9 million and ₱568.4 million as at December 31, 2015 and 2014, respectively, for the civil, structural and masonry works and supply and installation of materials for Alphaland Makati Place.

##### ABIRC

Total advances to contractors amounted to ₱102.8 million and nil as at December 31, 2015 and 2014, respectively, for the supply of labor, materials and equipment and all related construction works in various parts of Alphaland Balesin Island Club.

### Retention Payable

Retention payable is based upon specifically identified construction contracts that stipulate the right of the Group to retain a portion of the progress billings of contractors. Depending on the terms of the contract, all retention payable shall be released to contractors upon 100% completion and acceptance of works normally within one year after completion. Total retention payable amounted to ₱401.7 million and ₱236.2 million as at December 31, 2015 and 2014, respectively (see Note 17). Significant contracts with retention clause are as follows:

#### a. ASTI

As at December 31, 2015 and 2014, total retention payable amounted to ₱4.9 million, respectively, for the contracts on structural and architectural works for the rehabilitation of Alphaland Southgate Tower and mechanical works of the Tabacalera and Executive Lounge at the 6th floor of Alphaland Southgate Tower.

b. AMPI

Total retention payable as of December 31, 2015 and 2014 amounting to ₱371.0 million and ₱213.8 million, respectively, for the civil, structural and masonry works for Towers 1 to 3 and the construction of the podium.

c. ABIRC

Total retention payable as of December 31, 2015 and 2014 amounting to ₱14.6 million and ₱17.5 million, respectively, for the construction of various infrastructures and villages of Balesin project.

Contingencies

As a result of the dispute between the Group and with the WG (see Note 6), the following cases have been filed against each other; together with their status as at reporting date:

- a. ASTI and AMC v. DMWAI, et al. [Civil Case No. 13-540 pending before the Regional Trial Court of Makati City, Branch 142 (the Court)] - a complaint for injunction filed on May 9, 2013 seeking to enjoin the defendants (the Wenceslao Group) from obstructing and/or delaying or from taking any other action/s that may impede/obstruct and/or delay the construction/development of the Alphaland Marina Project. On May 15, 2013, the Court issued a Temporary Restraining Order against the defendants. On June 3, 2013, the Court issued an Order granting the plaintiffs' application for preliminary injunction. The WG has elevated the case to the Court of Appeals by filing three separate petitions for certiorari. ASTI and AMC's motion for consolidation of the three petitions, filed with the Court of Appeals on April 4, 2014, was granted and the three petitions were consolidated and assigned to the Six (6th) Division, where the cases are presently pending.
- b. ABCC v. ASTI (DENR-NCR Case No. 2013-1226 - a complaint for cancellation of the Foreshore Lease Agreement executed between ASTI and the DENR filed on October 24, 2013. DENR denied the Protest on December 18, 2014. On 22 January 2015, ABCC filed A Motion for Reconsideration, which is presently pending resolution.
- c. ABPEA v. ASTI (Civil Case No. 13-0323 pending before the Regional Trial Court of Paranaque City, Branch 274) - a complaint for collection of alleged unpaid association dues filed on November 4, 2013. On December 4, 2013, ASTI filed its answer with affirmative defenses seeking the dismissal of the case. RTC Branch 274 denied the affirmative defense of lack of jurisdiction in the Order dated 12 November 2014, to which defendant ASTI filed its Motion for Reconsideration. The Motion for Reconsideration is now pending resolution.
- d. ASTI v. DMWAI (Civil Case No. 14 -056 pending before the Regional Trial Court of Makati City, Branch 137) - a complaint for specific performance filed by ASTI on January 21, 2014 seeking delivery of the additional lots that DMWAI is obliged to deliver pursuant to the FARIA. On March 4, 2014, DMWAI filed a Motion to Dismiss. On March 31, 2014, ASTI filed its Comment to defendant's Motion to Dismiss. DMWAI's Motion to Dismiss was granted on June 30, 2014. ASTI filed a Motion for Reconsideration of the Order granting the Motion to Dismiss, which is presently pending resolution.

The agreement signed by the major shareholders of the ALPHA as discussed in Note 1 includes the transfer of the Group's interest in ABCC and the settlement of the said disputes with the WG.

### 30. Notes to Consolidated Statement of Cash Flow

In 2015 and 2014, the Group's noncash investing and financing activities are as follows:

	Note	2015	2014	2013
Conversion of deposits intended for equity subscription	19	P= P1,500,000,000		P=
Transfer from investment properties to land and development costs	10	–	1,295,184,206	–
Partial loan refinancing of ABIRC	17	–	–	2,000,000,000
Transfer to parking lots for sale from investment properties	10, 14	–	–	322,785,282
Effect of revised allocation of development cost	10, 14	–	–	297,448,552





### **Legal Counsels**

Angara Abello Concepcion Regala & Cruz  
Ponferrada Orbe & Altubar

### **Independent Public Auditors**

Reyes Tacandong & Co.

### **Banks**

Banco De Oro Unibank, Inc.  
Bank of Commerce  
Development Bank of the Philippines  
East West Banking Corporation  
Landbank of the Philippines  
Maybank Philippines, Inc.  
Metropolitan Bank and Trust Company  
Philippine Bank of Communications  
Philippine National Bank  
Sterling Bank of Asia  
United Coconut Planters Bank

### **Stock Transfer Agent**

AB Stock Transfers Corporation



## **Annual Report 2015**

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