183835
S.E.C. Registration Number

ALPHALAND CORPORATION

(Company's Full Name)

Alphaland Southgate Tower, 2258 Chino Roces Ave. corner EDSA, Makati City

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

Rodolfo Ma. A. Ponferrada
Contact Person

(632) 338-5599
Company Telephone Number

06 30	17-Q	05
Month Day	Form Type	Month Day
Fiscal Year		Annual Meeting

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

42	₱1,805,719,000	Not Applicable
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-2Q

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

1. For the fiscal year ended **30 June 2011**

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

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

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

6. SEC Use Only
Industry Classification Code

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

(632) 338-5599
8. Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt/ Liabilities Outstanding
Common	**1,984,322,351**	**₱0**

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

12. Check whether the issuer

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

Yes ✓ No

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

Yes ✓ No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Please find attached herein the unaudited consolidated financial statements of Alphaland Corporation ("ALPHA" or the "Parent Company") and its subsidiaries (together with ALPHA, the "Group" or the "Company") for the period ended June 30, 2011. The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS also include Philippine Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee.

ALPHA applied for the amendment of its primary purpose from a plastics manufacturing interest to a holding company, which was approved by the Philippine Securiities and Exchange Commission (SEC) on April 7, 2010. The plastics manufacturing interests of ALPHA shall continue to be carried out by its wholly-owned subsidiary, Macondray Plastics Products, Inc, ("MPPI"). This is following the spin off by ALPHA of the operation and maintenance of its plastic manufacturing business to MPPI.

ALPHA and MPPI entered into a deed of conveyance on October 13, 2009 where ALPHA shall transfer and convey in favor of MPPI all of its rights, titles and interests in, and obligations to, its net assets in consideration of, and solely in exchange for shares of stock of MPPI (the "Assignment"). MPPI has secured a ruling from the BIR confirming that the transfer of the specific assets and liabilities of ALPHA to MPPI is tax free. The transfer of properties and obligations to MPPI from ALPHA became effective upon the approval by the SEC of the increase in the authorized capital stock of MPPI on April 7, 2010.

Effective December 1, 2009, MPPI assumed the management of ALPHA's plastic products manufacturing operations. On the same date, all the employees of ALPHA at that time (all of whom were connected to the plastics manufacturing business) were transferred to MPPI.

Further to the spinoff of MPPI, ALPHA signed a Memorandum of Understanding ("MOU") on December 23, 2010 with Macondray Philippines Co., Inc. ("MPCI"), where the latter is offering to buy ALPHA's entire interest in MPPI upon completion of the Assignment, which ALPHA accepted for a reasonable consideration to be determined nearer to the Assignment. With the agreement to sell MPPI shares to MPCI upon completion of the Assignment, MPPI was classified as a disposal group held for sale and as a discontinued operation as of December 31, 2010. From thereon, the assets of MPPI is presented as "Assets held for sale", and liabilities as "Liabilities directly associated with assets held for sale" in the consolidated balance sheet, and reported the operations of the plastics manufacturing segment as "Income associated with assets held for sale" in the consolidated statement of comprehensive income. In view of the foregoing, the discussion that follows excludes the plastics manufacturing business of the Group.

On March 30, 2011, an assignment of voting rights were executed by Alphaland Makati Place, Inc. (AMPI), Alphaland Balesin Island Resort Corporation (ABIRC), and Alphland Marina Corporation (AMC) in The City Club at Alphaland Makati Place, Inc.(TCCAMPI), Alphaland Balesin Island Club Inc. (ABICI), and Alphaland Marina Club Inc. (AMCI), respectively, which appoints their proxies to represent and vote all of its shares of stock standing in the name of its shareholders and that of their nominees in any and all meetings of the stockholders of the company, and any adjournments or postponements thereof, as fully and for all intents and purposes as if the Shareholders were present and acting thereat. On August 12, 2011, AMPI, ABIRC and AMC each entered into a Deed of Assignment with Alphaland Property Management Corporation, a related party, for the assignment of all of their respective common shareholdings in TCCAMPI, ABICI and AMCI. One of the conditions for the assignment of their common shareholdings under the Deed of Assignment is the waiver by the assignors of their economic rights over the common shares effective March 31, 2011. By virtue of the proxy and the assignment of the common shares, TCCAMPI, ABICI and AMCI were deconsolidated as of March 31, 2011, as these were no longer considered subsidiaries of the Parent Company. The investments in preferred shares and common shares are presented as "Available for Sale (AFS) investments" and "Investments in common shares held for sale", respectively, in the consolidated balance sheet. Gain on sale of AFS investments is reflected in consolidated profit and loss and in retained earnings of the consolidated balance sheet. Unrealized gain on fair value of AFS investments is presented under consolidated other comprehensive income and in equity of the consolidated balance sheet.

The Company's financial statements are presented in the functional currency of Philippine pesos.

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

Description of Business

ALPHA is a Philippine holding company. The Group has two principal businesses: real property development and manufacturing of plastics. Each of these businesses are managed through three wholly-owned subsidiaries: Alphaland Development, Inc. (ADI) and ABIRC for the property development, and MPPI for the manufacturing of plastics.

Results of Operations

	For the Second Quarter Ended June 30, 2011	For the Second Quarter Ended June 30, 2010
Revenues	266,665,453	65,516,423
Costs and Expenses	132,468,045	181,190,869
Net Income (Loss)	217,609,310	(124,871,483)
Retained Earnings	4,141,879,188	2,558,431,323

During the first semester of 2011, the consolidated net income of the Group amounted to ₱217.6 million, while previous year's first semester reported a consolidated net loss of ₱124.9 million. Consolidated total revenues in 2010 are composed of rental income from Alphaland Southgate Tower and other revenues, which commenced operations in August of 2009. In addition to the rental income and other revenues from Alphaland Southgate Tower, 2011 consolidated total revenues include gain on sale of AFS investments from March 31, 2011 to June 30, 2011. Tenant occupancy is higher in June 2011 at 85% for Mall and 82% for Tower, compared to June 30, 2010 at 77% for Mall and 10% for Tower. Costs and expenses for the current period represent mainly the operating expenses of Alphaland Southgate Tower, as well as selling expenses on the secondary sale of preferred shares of stock of TCCAMPI by AMPI.

Revenues of the Group are generated from the following projects:

Alphaland Southgate Tower

Total rental revenues for Alphaland Southgate Tower for the six months ended June 30, 2011 is ₱128.0 million. Currently, the office tower is 82% leased while the mall is 85% leased. Several large tenants such as Alorica/ACS have started to occupy their floors since the start of the year. Foot traffic has increased immensely by 45% year-on-year. Recorded mall tenant sales have also seen vast improvement.

The City Club at Alphaland Makati Place

Sales activities for The City Club at Alphaland Makati Place started last January 2011 utilizing a personal approach to the initial target market. Full-swing marketing has been done during the six months period, generating a total of 281 shares sold resulting to a gain of ₱70.5 million for AMPI as of June 30, 2011.

The following projects are under construction:

Alphaland Makati Place

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

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

The first phase of Alphaland Makati Place consisting of a 5-level basement, a mall and The City Club is slated for completion by December 2012.

Alphaland Makati Tower

Rising at the heart of the Makati Central Business District, Alphaland Makati Tower will be a new landmark building to service the growing demand for high-end corporate offices in the Philippines. Designed by world renowned Wong and Ouyang Ltd. of Hong Kong and certified by Aromin & Sy and its associates, Alphaland Makati Tower will be the most modern of only six existing premium-grade office buildings in the district. The 35-storey tower will rise on a 2,400 square meter property along Ayala Avenue and will have a gross floor area of 48,000 square meters. The land alone is valued at ₱1.3 billion, another ₱2.4 billion will be spent on constructing the tower which is slated for completion on 2013.

The Alphaland Makati Tower is envisioned to have a superimposing lobby with a two-storey high ceiling clad in glass to allow natural lighting in. Each level will have a large floor template of up to 1,500-1,600 square meters. The first two floors of prime commercial space along Ayala Avenue will be sold to a large financial institution but the crowning glory of the tower will be a three-storey penthouse which will be sold to only one entity. The penthouse will have its own swimming pool and al fresco lounge, making it the most desirable office in the country.

Alphaland Makati Tower is currently under construction and will be operational by January 2013.

Alphaland Balesin Island Club

33 kilometers off the eastern coast of Luzon and only a mere 23 minutes by plane from Manila's Ninoy Aquino Domestic Airport sits Balesin Island: an untouched, lush tropical getaway with roughly 7.3 kilometers of white sand beaches. Alphaland Balesin Island Club is a 409-hectare island resort which will have uniquely designed accommodations and amenities in each of the major sites of the island.

With the clubhouse as the island's centerpiece, Alphaland Balesin Island Club will be subdivided into six villages which will take inspiration from the most luxurious beachside destinations around the world St. Tropez (Cote d'Azur), Phuket (Thailand), Costa Smeralda (Sardinia), Bali (Indonesia), Mykonos (Greece), and Balesin (Philippines).

Currently, the runway is under construction and the first village is slated for completion by the end of the year.

Alphaland Boracay Gateway Country Club

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

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

Alphaland Bay City

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

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

Shangri-La at The Fort

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

Alphaland Corporation has a 20% stake in Shangri-La at the Fort. The complex is expected to cost close to P13 Billion and will comprise of a 544-key hotel, exclusive serviced apartments and 89 premier residential condominiums including 2 penthouses that will be the most coveted residential address in the country. Pre-selling of the units will start in the first half of 2012.

Financial Condition

	As of Jun. 30, 2011	As of Dec. 31, 2010
Total Assets	24,340,214,240	17,984,713,136
Total Liabilities	6,442,152,905	4,640,044,033
Stockholders' Equity	17,898,061,335	13,344,669,103

Total assets increased by ₱6,355.5 million (35%), from ₱17,984.7 million as of December 31, 2010 to ₱24,340.2 million as of June 30, 2011. This increase is attributable to the upward movement in cash and cash equivalent by ₱840.8 million (148%) from ₱566.6 million as of December 31, 2010 to ₱1,407.5 million as of June 30, 2011 brought about by shareholder's cash infusion in January 28, 2011. Trade and other receivables likewise increased by as much as ₱77.7 million (131%) primarily, due to the influx of ADI's tower tenants and sale of AFS investments during the first two quarters. Advances to contractors which represent advance payments on services to be incurred in connection with the Group's operations predominantly causes the increase in prepaid expenses and other current assets as of June 30, 2011 to ₱826.1 million from ₱421.9 million as of December 31, 2010.

In addition to ADI's tower tenants coming in during the early quarter which correspondingly increases the security deposits by 39%, from ₱49.6 million to ₱74.0 million as of December 31, 2010 and June 30, 2011, respectively, estimated liability for project development of ₱1,190.6 million likewise causes the total liabilities to a ₱1,802.2 million or 39% rise from ₱4,640.0 million as of December 31, 2010 to ₱6,439.0 million as of June 30, 2011.

During the annual stockholders' meeting held last May 2011, the Company's stockholders approved the conversion of the deposit for future stock subscriptions to capital stock thereby causing the capital stock and additional paid in capital to increase with the corresponding decrease in deposits for future stock subscriptions. Unrealized gain on AFS investments amounted to ₱2,406.0 million as of June 30, 2011.

Discussion and Analysis of Material Events and Uncertainties

As of reporting date:

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

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

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

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

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the financial statements and should be read in conjunction with the Group's consolidated annual financial statements as of and for the year ended December 31, 2010.

The accounting policies and methods of computation adopted in preparation of the Group's unaudited interim consolidated financial statements are the same with the most recent annual financial statements for the year ended December 31, 2010.

There were no material events subsequent to the end of the year that have not been reflected in the Group's consolidated financial statement for the second quarter of 2011.

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

Below are the comparative key performance indicators of the Group.

Key Performance Indicator	Manner of Calculation	30-Jun-11 (unaudited)	31-Dec-10 (audited)
Debt to equity ratio	Interest-bearing debt over shareholders' equity	0.10 : 1.00	0.12 : 1.00
Net debt to equity ratio	Interest-bearing debt less cash and cash equivalents over shareholders' equity	0.02 1.00	0.06 : 1.00
Return on assets	Net income over average total assets during the period	1.01%	8.14%
Return on equity	Net income over average stockholders' equity during the period	1.37%	10.83%

Financial Risk Management Objectives and Policies

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

The Group has exposure to credit risk, interest rate risk, liquidity risk and foreign currency risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks.

Credit Risk

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

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

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

Interest Rate Risk

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

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

Liquidity Risk

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

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

Foreign Currency Risk

The Group follows a policy to manage its currency risk by not maintaining major cash accounts aside from US dollar (US$) and Philippine peso (₱).

PART II - OTHER INFORMATION

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on August 12, 2011.

Issuer: **ALPHALAND CORPORATION**

Mario A. Oreta
President

Marriana H. Yulo
Chief Financial Officer

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2011 (Unaudited)	June 30, 2010 (Unaudited)	December 31, 2010 (Audited)
Current Assets			
Cash and cash equivalents	1.407,486,416	272 743.921	566,642 921
Trade and other receivables	138.707,179	228,158,648	60,031,010
Inventories	-	92,500,741	-
Advances to related parties	214,964,992	197,488,255	102,674,638
Prepaid expenses and other current assets	826,077,886	326,464,227	421,889,044
	2,587,236,473	1,117,355,792	1,151,237,613
Assets held for sale	617,099,649	-	571,427,261
	3,204,336.122	1,117,355,792	1.722.664.874
Noncurrent Assets			
Investments in and advances to associates	921,615,713	723.091.057	757.470.866
Available-for-sale (AFS) investments	3,797,526,900	-	11,600.000
Investment in common shares held for sale	2.249.400	-	-
Investment properties	15,991,705,511	11.494.611.678	15.337.579,953
Land and development	337.369,804	-	-
Property and equipment	43.545,714	254,036,663	110,925.870
Goodwill	23,229.684	23,229,684	23.229,684
Other noncurrent assets	18,635.392	9.533,421	21,241,889
	21 135,878.118	12,504,502,503	16.262,048,262
TOTAL ASSETS	**24,340,214,240**	**13,621,858,296**	**17,984,713,136**
Current Liabilities			
Trade and other payables	710.638.044	311.066.250	437.002,691
Loans payable	-	251,000,000	128.000.000
Trust receipts payable	-	96,508,782	-
Current portion of estimated liability for project development	559.763,719	-	-
Current portion of long-term debt	162,499,700	62,498,800	137,499.100
Current portion of customers' deposits	6.776,198	5,199,467	9,412,959
Advances from related parties	12.959,990	86,668,413	10.347,098
Income tax payable	-	1,286,585	-
Subscriptions payable	523,549.500	-	523.549 500
	1,976,187,151	814,228,296	1.245.811.348
Liabilities directly associated with assets held for sale	334,351,904	-	292 382,542
	2.310,539,055	814.228.296	1,538.193.890
Noncurrent Liabilities			
Long-term debt - net of current portion and deferred financing costs	1,643,219,300	1.587.501.200	1,459,168,417
Estimated liability for project development - net of current portion	630,845,579	-	-
Customer's deposits - net of current portion	67,206,190	39.926,211	40,251.703
Retirement benefit obligation	7,379.700	3.189,325	4 919.700
Deferred tax liabilities	1 778.585.958	1.265,293,911	1.592.577 535
Obligation under finance lease - net of current portion	4,377.123	-	4.932 788
	4.131.613.850	2,895,910,648	3.101,850 143
Total Liabilities	**6,442,152,905**	**3,710,138,944**	**4,640,044,033**

	June 30, 2011 (Unaudited)	June 30, 2010 (Unaudited)	December 31, 2010 (Audited)
Equity attributable to equity holders of the Parent			
Capital Stock	1,838,370,551	1,420,322,941	1,429,220,287
Additional paid-in Capital	9,672,052,401	5,918,623,901	5,998,700,015
Deposits for future stock subscriptions	-	-	2,147,819,426
Gain on sale of AFS investments	-	-	2,559,163
Unrealized gains on AFS investments	2,405,990,936	-	1,000,000
Excess of acquisition price over acquired interest	(159,018,215)	-	(159,018,215)
Retained earnings	4,141,879,188	2,558,431,323	3,921,710,715
	17,899,274,861	9,897,378,165	13,341,991,391
Less cost of 423,900 shares in treasury	(1,213,526)	(1,213,526)	(1,213,526)
	17,898,061,335	9,896,164,639	13,340,777,865
Non-controlling interest	-	15,554,713	3,891,238
Total Equity	**17,898,061,335**	**9,911,719,352**	**13,344,669,103**
TOTAL LIABILITIES AND EQUITY	**24,340,214,240**	**13,621,858,296**	**17,984,713,136**

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the quarter ended June 30		Year to Date ended June 30	
	2011	2010	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUES				
Rental	70.874.044	29.474.496	128,027.262	51.585.005
Gain on sale of AFS investments	-	-	70,473,685	-
Interest income	14,372,958	510,066	25,892.465	665.966
Gain on loss of control	2,934.018	-	2,934.018	-
Equity in net earnings of associates - net	1.485.678	228 435	1.536,729	967.499
Foreign exchange gains (losses) - net	49.146	(239,947)	47,756	(241.460)
Others	22,311,275	2,955,892	37.753,538	12,539.412
	112,027,119	**32,928,943**	**266,665,453**	**65,516,423**
COSTS AND EXPENSES				
Interest expense	15.403,437	29,120.813	33,126.813	49.935.627
Utilities and rent	13.295.389	22.402.384	22,410.919	30.411,706
Taxes and licenses	8.683.999	24.743.450	30,290,554	29.093,202
Service and professional fees	7.666.712	7.066,047	15,364,222	10,537,021
Salaries and employees' benefits	4.831 396	15,644.339	9,044,673	20,316,796
Depreciation and amortization	3,651,543	3.963.552	5,150,015	4,647,573
Sales and marketing	2,100,627	2 769,318	5,149.470	4,459.482
Repairs and maintenance	1,953.719	1.554.355	4.091 434	2,335.970
Insurance	1,080,021	1,070,738	2,133.950	2 077.233
Other financing charges	365,000	1.330,661	1,253.147	1,330,661
Supplies	604,533	814,735	877.214	1 364.232
Listing and filing fees	317,858	15,518,930	593,090	15.518.930
Travel and transportation	172,583	1,783,807	211,800	3.132,369
Communication	111,848	642 074	193,779	1,137.711
Representation	90.484	382.251	196,920	780.046
Others	1.017.903	1,380,153	2,380,045	4,112,310
	61,347,052	**130,187,605**	**132,468,045**	**181,190,869**
INCOME (LOSS) BEFORE INCOME TAX	**50,680,067**	**(97,258,662)**	**134,197,408**	**(115,674,446)**
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	11.108.625	4,474,573	12,560.735	4.474.573
Deferred	(95.498,317)	3,406.794	(90,460.164)	4.722,464
	(84,389,692)	**7,881,367**	**(77,899,429)**	**9,197,037**
INCOME (LOSS) FROM CONTINUING OPERATIONS AFTER TAX	**135,069,759**	**(105,140,029)**	**212,096,837**	**(124,871,483)**
Income associated with assets held for sale	2,694,777	-	5,512,472	-
NET INCOME (LOSS)	**137,764,536**	**(105,140,029)**	**217,609,309**	**(124,871,483)**
OTHER COMPREHENSIVE INCOME				
Unrealized gain on fair value of AFS, net of tax	2,404,990,936	-	2 404,990,936	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**2,542,755,473**	**(105,140,029)**	**2,622,600,246**	**(124,871,483)**
Net Income (loss) attributable to:				
Equity holders of the Company	137.764.536	(104,311.349)	217,609.309	(124.024.841)
Non-controlling interest	-	(828.680)	-	(846,642)
	137,764,536	**(105,140,029)**	**217,609,309**	**(124,871,483)**
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	2.542.755.473	(104.311 349)	2.622.600 246	(124.024 841)
Non-controlling interest	-	(828.680)	-	(846,642)
	2,542,755,473	**(105,140,029)**	**2,622,600,246**	**(124,871,483)**

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended June 30, 2011 and 2010 (Unaudited) and for the year ended December 31, 2010 (Audited)

	Capital Stock	Additional Paid-in Capital	Equity Reserves	Deposit for Future Subscriptions	Gain on sale of Preferred Shares	Unrealized valuation gains on AFS investments	Excess of acquisition price over carrying value of Minority Interest	Retained Earnings	Treasury Shares	TOTAL	Non-controlling Interest	TOTAL EQUITY
Balances at December 31, 2009	**150,588,900**	-	**6,892,686,762**	-	-	-		**2,674,954,393**	**(1,213,526)**	**9,717,016,529**	**26,930,179**	**9,743,946,708**
Total comprehensive income						-		(116,523,070)		**(116,523,070)**	(11,375,466)	(127,898,536)
Effect of share swap agreement	1,269,734,041	5,918,623,901	(6,892,686,762)							**295,671,180**		295,671,180
Balances at June 30, 2010	**1,420,322,941**	**5,918,623,901**	-	-	-	-	-	**2,558,431,323**	**(1,213,526)**	**9,896,164,639**	**15,554,713**	**9,911,719,352**
Issuance of new shares	8,897,346	80,076,114								**88,973,460**		88,973,460
Deposits for future stock subscriptions				2,147,819,426						**2,147,819,426**		2,147,819,426
Sale of preferred shares of a subsidiary					2,559,163					**2,559,163**	3,890,838	6,450,001
Acquisition of non-controlling interest							(159,018,215)			**(159,018,215)**	(30,034,977)	(189,053,192)
Increase in non-controlling interest								-		-	400	400
Total comprehensive income						1,000,000		1,363,279,392		**1,364,279,392**	14,480,264	1,378,759,656
Balances at December 31, 2010	**1,429,220,287**	**5,998,700,015**	-	**2,147,819,426**	**2,559,163**	**1,000,000**	**(159,018,215)**	**3,921,710,715**	**(1,213,526)**	**13,340,777,865**	**3,891,238**	**13,344,669,103**
Total comprehensive income						2,404,990,936		217,609,310		**2,622,600,246**	-	2,622,600,246
Reclassification					(2,559,163)			2,559,163				-
Issuance of new shares	409,150,264	3,673,352,386		(4,081,502,650)						**1,000,000**		1,000,000
Deposits for future stock subscriptions				1,933,683,224						**1,933,683,224**		1,933,683,224
Decrease in non-controlling interest								-		-	(3,891,238)	(3,891,238)
Balance at June 30, 2011	**1,838,370,551**	**9,672,052,401**	-	-	-	**2,405,990,936**	**(159,018,215)**	**4,141,879,188**	**(1,213,526)**	**17,898,061,335**	-	**17,898,061,335**

ALPHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended	
	June 30, 2011 (unaudited)	**June 30, 2010** (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax from continuing operations	134,197,409	(115,674,446)
Income associated with assets held for sale	5,512,472	-
Income (loss) before income tax	**139,709,881**	**(115,674,446)**
Adjustments for:		
Interest expense and other financing charges	34,379,960	49,269,660
Depreciation and amortization	5,150,015	4,647,573
Equity in net earnings of associates - net	1,536,729	967,499
Interest income	(25,892,465)	(665,966)
Gain on loss of control	(2,934,018)	-
Unrealized foreign exchange gains	(47,756)	-
Operating income (loss) before working capital change	**151,902,345**	**(61,455,680)**
Increase in:		
Trade and other receivables	(78,676,169)	(188,985,047)
Inventories	-	(92,500,741)
Prepaid expenses and other current assets	(416,749,577)	(56,267,956)
Increase (decrease) in:		
Trade and other payables	273,635,353	62,605,998
Income tax payable	-	(753,349)
Customers' deposits	24,317,726	13,677,924
Retirement benefit obligation	2,460,000	3,189,325
Net cash generated used for operating activities	**(43,110,322)**	**(320,489,526)**
Interest received	25,892,465	665,966
Income taxes paid	-	(20,975,358)
Net cash flows used in operating activities	**(17,217,857)**	**(340,798,918)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (acquisition) of :		
Property, plant and equipment	62,230,141	(251,782,792)
Decrease (increase) in:		
Investment in common shares held for sale	(2,249,400)	-
Investment properties	(654,125,558)	(47,492,940)
Land and development	(337,369,804)	-
Goodwill	-	(23,229,684)
Other noncurrent assets	2,606,497	(1,365,992)
Proceeds from sale of AFS investments of a subsidiary	77,293,821	-
Net cash flows used in investing activities	**(851,614,303)**	**(323,871,408)**

	Quarters Ended	
	June 30, 2011 (unaudited)	June 30, 2010 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availments of:		
Long-term debt	460,790,287	501,000,000
Trust receipt payable	-	96,508,782
Payments of:		
Interest and other finance charges	(34,379,960)	(49,269,660)
Long-term debt	(380,294,469)	-
Increase in estimated liability for project development	11,782,118	-
Deposits for future stock subscriptions	1,933,683,224	-
Decrease in minority interest	(3,891,238)	(11,375,466)
Issuance of capital stock	1,000,000	295,671,180
Decrease in assets held for sale	(3,703,026)	-
Net changes in accounts with related parties	(275,359,038)	49,728,305
Net cash flows from financing activities	**1,709,627,898**	**882,263,140**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	47,756	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	840,843,495	217,592,814
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**566,642,921**	**55,151,107**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,407,486,416**	**272,743,921**

Notes to Financial Statements

1. **Cash and Cash Equivalents**

	June 2011	December 2010
Cash on hand and with banks	297,486,416	132,642,921
Short-term placements	1,110,000,000	434,000,000
	1,407,486,416	566,642,921

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

Interest income earned related to cash and cash equivalents amounted to ₱25.9 million and ₱0.7 million for the six months ended June 2011 and 2010, respectively.

2. **Trade and Other Receivables**

	June 2011	December 2010
Trade	116,567,338	36,800,789
Officers and employees	26,774,141	27,100,236
Others	70,716	1,829,985
	143,412,195	65,731,010
Less allowance for impairment losses	4,705,015	5,700,000
	138,707,179	60,031,010

Trade receivables are noninterest-bearing and are generally on 30 to 90 day terms. Receivables from officers and employees are usually settled within one year.

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

3. **Prepaid Expenses and Other Current Assets**

	June 2011	December 2010
Input VAT - net	307,698,235	272,275,847
Prepayments	32,927,064	48,603,826
Advances to contractors	378,279,686	47,921,786
Deferred rent	57,834,661	26,991,563
TCCs	11,267,037	11,267,038
CWT	17,780,701	8,209,853
Others	20,290,502	6,619,131
	826,077,886	421,889,044

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

Prepayments include prepaid rent, insurance and commissioning fees.

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

Investments in and Advances to Associates

	June 2011	December 2010
Investments in associates	92.292.837	84.756.108
Advances to associates	829,322.876	672,714.758
	921,615,713	757,470,866

Details of investments in associates are as follows:

	June 2011	December 2010
Acquisition costs		
Balances at beginning of period	50.533,779	533,779
Additions	6.000,000	50.000.000
Balances at end of period	56.533.779	50,533,779
Accumulated equity in net income:		
Balances at beginning of period	34,222,329	7,177,511
Equity in net income during the period	1,536,729	27,044,818
Balances at end of period	35,759,058	34,222,329
	92.292.837	84,756,108

The following are the associates of the Group:

Company	Principal Activities	Percentage of Ownership June 2011	Percentage of Ownership December 2010
Shang Global City Properties Inc. (SGCPI)	Real property development	20%	20%
Fort Bonifacio Shangri-La Hotel. Inc. (FBSHI)	Real property development	20%	20%
Alphaland Heavy Equipment Corporation (AHEC)	Sale and lease of heavy equipment	50%	50%
Alphaland Ukiyo Inc (AUI)	Restaurant	50%	-

All associates are incorporated in the Philippines.

SGCPI

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

As of June 30, 2011 and December 31, 2010, SGCPI is owned by Shang Global City Holdings, Inc. (40%), Oceans Growth Limited (40%) and ADI (20%).

FBSHI

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

As of June 30, 2011 and December 31, 2010, FBSHI is owned by Shang Fort Bonifacio Holdings, Inc. (40%), Oceans Growth Limited (40%) and ADI (20%).

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

AHEC

In January 2010, ADI subscribed to 125,000 common shares of AHEC representing 50% of the outstanding shares of AHEC. AHEC is 50% owned by ADI and 50% owned by Fabricom-XCMG Phils., Inc. Its purpose is to purchase, import, or otherwise acquire, as well as to lease (except financial leasing), sell, distribute, market, convey, or otherwise dispose, in so far as may be permitted by law, all kinds of goods, commodities, and merchandise of every kind and description such as but not limited to heavy equipment, machinery and related implements; and to act as manufacturer's representative. AHEC has imported various equipment from its supplier Xuzhou Construction Machinery Group (XCMG), the largest construction machinery manufacturer and exporter in China. The pool of equipment will be leased or sold to local government units and private entities for construction and repair of damaged infrastructures.

AHEC has sold heavy equipment in December 2010 to ADI and ABIRC for their construction projects in Caticlan and Balesin, respectively. Additional units were sold to ABIRC during the current year, together with other external sales.

AUI

AUI, 50%-owned by ADI, was incorporated and registered with the Philippine SEC on March 28, 2011, primarily to maintain and operate restaurants, coffee shops, refreshment parlors, cocktail lounge; to cook, serve, arrange, sell and cater foods, drinks, refreshments, alcoholic and other types of beverages, and other commodities.

As of June 30, 2011, AUI has been operational for less than two months.

5. **AFS Investments**

ALPHA has various AFS investments as of June 30, 2011 and December 31, 2010 in the following:

	June 2011	December 2010
TCCAMPI preferred shares	3,785,400,000	–
WackWack Golf and Country Club, Inc. listed ordinary shares	11,650,000	11,600,000
ABICI preferred shares	351,900	–
AMCI preferred shares	125,000	–
	3,797,526,900	11,600,000

AMPI's AFS investments in TCCAMPI preferred shares are detailed below:

a. AFS Investments Cost

On October 18, 2010, AMPI invested in 4,500 preferred shares of TCCAMPI amounting to ₱450,000 at ₱100 per share. The preferred shares held by AMPI are not required to gain control of TCCAMPI and are intended to be disposed over time to third parties, the proceeds of which will be used to raise funding for the construction of the club facilities which AMPI committed to deliver to TCCAMPI. The preferred shareholders are entitled to name one nominee per share to become a member and avail of the amenities and facilities of the City Club. They are not entitled to vote and be voted for in all meetings of the shareholders of the

City Club. The preferred shares have preference over the issuer's common shares in the distribution of assets in case of dissolution and liquidation.

Estimated Liability for Project Development

In October 2010, ADI, AMPI and TCCAMPI entered into a Development Agreement (DA) for the development and construction of the City Club. It is agreed that ADI and/or AMPI will develop and construct the City Club with the Company extending any financing required for the completion of the City Club and its amenities.

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

AMPI recognized an estimated liability for project development and construction cost amounting to ₱1,190.6 million as of June 30, 2011 and December 31, 2010. The estimated liability comprise of ₱1,051.4 million that is allocated for podium and club equipment, ₱72.0 million for land and ₱67.2 million for leasehold right. The estimated liability for the project development costs has been developed in consultation with the Company's executives and project managers.

Management estimates that AMPI will incur the following development and construction cost in the succeeding years as follows:

Within one year	559,763,719
After one year but not more than two years	630,845,579
	1,190,609,298

The cost of AFS investments as of June 30, 2011 amounting to ₱1,113.2 million or ₱264,680 per share represents the cash consideration and the fair value of the obligation to deliver and construct the club facilities.

b. AFS Investments at Fair Value

AMPI's AFS investment is marked to market using the fair value of ₱900,000 per share, the selling price of a recent share to the public.

As of June 30, 2011, AMPI's AFS investments and unrealized gain on AFS investments amounted to ₱3,785.4 million and ₱2,404.9 million, respectively, in the consolidated balance sheet.

c. Sale of AFS Investments

In 2010, a total of 13 preferred shares were sold by AMPI.

Subsequent to the deconsolidation, a total of 281 preferred shares were sold by AMPI on cash sales and on installment sales. Receivable arising from the sale of AFS investments, presented as part of "Trade and other receivables" account in the consolidated balance sheet, amounted to ₱69.1 million as of June 30, 2011. Gain on sale of AFS investments amounted to ₱70.5 million in profit or loss.

6. **Investments in Common Shares Held for Sale**

On March 30, 2011, an assignment of voting rights were executed by AMPI, ABIRC, and AMC in TCCAMPI, ABICI and AMCI, respectively, which appoints their proxies to represent and vote all of its shares of stock standing in the name of its shareholders and that of their nominees in any and all meetings of the stockholders of the respective companies, and any adjournments or postponements thereof, as fully and for all intents and purposes as if the shareholders were present and acting thereat. Investments in common shares of TCCAMPI, ABICI, and AMCI in the total amount of ₱2.2 million are presented as "Investments in common shares held for sale" in the consolidated balance sheet.

7. **Investment Properties**

The movements of this account are as follows:

	June 2011		
	Investment Properties	**Properties under Construction**	**Total**
Balances at beginning of period	12,874,203,975	2,463,375,978	15,337,579,953
Additions:			
Capital expenditures/ development costs	426,375,848	227,749,710	654,125,558
Balances at end of period	**13,300,579,823**	**2,691,125,688**	**15,991,705,511**

	December 2010		
	Investment Properties	**Properties under Construction**	**Total**
Balances at beginning of year	10,046,740,399	1,400,378,339	11,447,118,738
Additions:			
Capital expenditures/ development costs	95,613,709	505,482,283	601,095,992
Capitalized borrowing costs	-	10,491,539	10,491,539
Share in the investment property of the Joint Venture Company	8,776,246,500	-	8,776,246,500
Contribution to the Joint Venture Company	(6,455,988,000)	-	(6,455,988,000)
Fair value change	411,591,367	547,023,817	958,615,184
Balances at end of year	**12,874,203,975**	**2,463,375,978**	**15,337,579,953**

Investment properties consist of:

ADI

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

- ADI's completed Southgate Tower has a fair value of ₱3,230.2 million and ₱3,212.7 million as of June 30, 2011 and December 31, 2010, respectively.

- In June 2008, ADI acquired from Sta. Lucia Land, Inc., two parcels of land measuring a total of 2,400 square meters, more or less, along Ayala Avenue, Makati City. Due to current zoning height restrictions, ADI also acquired air rights from the owner of the adjacent property for a consideration of ₱95.0 million as it plans to build a 35-storey building to be known as Alphaland Makati Tower. Properties under construction amounted to ₱1,295.5 million and ₱1,392.7 million as of June 30, 2011 and December 31, 2010, respectively.

- ADI's joint-venture development in a 500-hectare property in the northern tip of Nabas, Aklan, which faces Boracay Island, one of the world's best beach resort islands. ADI aims to transform this prime property into a high-end mixed-use resort complex anchored by a Polo and Country Club as well as water recreational activities, which later will be called Alphaland Boracay Gateway Country Club.

- ADI's 50% proportionate share in the landholdings of the Joint Venture Company comprised 28 hectares of land in Aseana Business Park, Parañaque, Bay City, Metro Manila with fair value of ₱8,776.2 million as of June 30, 2011 and December 31, 2010. The Joint Venture Company will develop the property into a high-end, mixed-use property project to be known as Alphaland Bay City.

  ADI's three parcels of land and development in Silang Cavite, measuring a total of 300,000 square meters, more or less. The property, which is reserved for future development has fair a value of ₱246.5 million and ₱245.9 million as of June 30, 2011 and December 31, 2010, respectively.

AMPI

- For P600.0 million, AMPI acquired on June 2, 2011 from the Boy Scouts of the Philippines (BSP) the 10,000 square meter land situated along Ayala Avenue corner Malugay Street, Makati City (the "Property"), where the Alphaland Makati Place will rise. Under the Joint Venture Agreement (JVA) between AMPI and BSP, the Property is BSP's contribution to the unincorporated joint venture (the "JV"), while AMPI's commitment is to develop the Property. With the sale of the Property to AMPI, BSP and AMPI agreed to amend the JVA such that instead of the Property, the P600 million proceeds will become BSP's contribution to the JV. Associated with AMPI's acquisition of the Property, the leasehold right, with fair value of ₱560.0 million as of June 30, 2011 and December 31, 2010, was reclassified to, and formed part of, land cost. Properties under construction amounted to ₱305.2 million and ₱185.2 million as of June 30, 2011 and December 31, 2010, respectively.

ABIRC

- ABIRC acquired approximately 394 hectares of land in Balesin Island, Polillo, Quezon. ABIRC is in the process of acquiring additional parcels of land in the island for development into a premier tourism resort facility. Properties under construction amounted to ₱1,090.4 million and ₱902.2 million as of June 30, 2011 and December 31, 2010, respectively.

8. **Property and Equipment**

June 2011	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture and Equipment	Total
Cost:						
Balances at beginning of period	4,498,300	328,900	86,784,977	25,131,402	8,769,438	125,513,017
Additions	-	276,429	1,307,693	-	1,128,011	2,712,133
Reclassifications	-	-	(59,208,735)	(6,229,648)	-	(65,438,383)
Balances at end of period	4,498,300	605,329	28,883,935	18,901,754	9,897,449	62,786,767
Accumulated depreciation and amortization						
Balances at beginning of period	4,498,300	109,633	3,742,239	4,233,601	2,003,374	14,587,147
Depreciation and amortization		54,816	2,881,656	1,890,181	861,108	5,687,761
Reclassifications	-	-	(3,089,668)	2,055,813	-	(1,033,855)
Balances at end of period	4,498,300	164,449	3,534,227	8,179,595	2,864,482	19,241,053
Net book values	-	440,880	25,349,708	10,722,159	7,032,967	43,545,714

	December 2010							
	Land and Improvements	Leasehold Improvements	Buildings and Structures	Machinery, Equipment and Tools	Transportation Equipment	Office Furniture and Equipment	Construction in Progress	Total
Cost:								
Balances at beginning of year	-	4,498,300	-	-	9,827,054	903,249	-	15,228,603
Additions	-	-	328,900	86,784,977	15,304,348	7,866,189	-	110,284,414
Effect of share swap agreement	37,657,227	4,963,815	131,616,962	230,451,309	13,957,291	7,408,337	6,340,241	432,395,182
Reclassifications	(37,657,227)	(4,963,815)	(131,616,962)	(230,451,309)	(13,957,291)	(7,408,337)	(6,340,241)	(432,395,182)
Balances at end of year	-	4,498,300	328,900	86,784,977	25,131,402	8,769,438	-	125,513,017
Accumulated depreciation and amortization:								
Balances at beginning of year	-	4,498,300	-	-	3,597,408	231,451	-	8,327,159
Depreciation and amortization	-	-	109,633	3,742,239	636,193	1,190,127	-	5,678,192
Effect of share swap agreement	5,356,441	4,963,815	44,665,616	116,974,365	9,007,772	6,084,751	-	187,052,760
Reclassifications	(5,356,441)	(4,963,815)	(44,665,616)	(116,974,365)	(9,007,772)	(5,502,955)	-	(186,470,964)
Balances at end of year	-	4,498,300	109,633	3,742,239	4,233,601	2,003,374	-	14,587,147
Net book values	-	-	219,267	83,042,738	20,897,801	6,766,064	-	110,925,870

9. **Other Noncurrent Assets**

	June 2011	December 2010
Input VAT	6,648,549	9,609,163
Refundable deposits	8,216,323	8,218,951
Software costs - net	3,762,084	3,405,321
Others	8,436	8,454
	18,635,392	21,241,889

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

In April 2010, ADI purchased computer software license amounting to ₱3.9 million. Related amortization amounted to ₱1.3 million and ₱0.5 million in June 2011 and December 2010, respectively.

10. **Trade and Other Payables**

	June 2011	December 2010
Trade	561,804,685	301,656,518
Retention payable	50,767,759	50,148,544
Unearned rent income	52,627,854	22,335,096
Accrued expenses	26,760,606	15,960,959
Accrued interest	2,451,629	2,971,317
Current portion of obligation under finance	1,076,213	1,016,537
Others	15,149,298	42,913,720
	710,638,044	437,002,691

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

Other payables consist of government payables, nontrade payables, accrued 13th month pay and payables to customers for utility bill and meter deposits.

11. **Loans Payable**

In May 2010, ADI entered into a loan agreement with BOC totalling ₱128.0 million to finance the Group's working capital requirements. The said loan is subject to 8.5% interest per annum with a term of 90 days. ADI's property in Silang, Cavite was used as collateral for the loan. The loan has been fully settled in May 2011.

12. **Long-term Debt**

	June 2011			December 2010		
Borrower	Current	Noncurrent	Total	Current	Noncurrent	Total
ADI	162,499,700	1,143,751,200	1,306,250,900	137,499,100	1,231,251,200	1,368,750,300
AMPI		499,468,100	499,468,100	-	227,917,217	227,917,217
	162,499,700	**1,643,219,300**	**1,805,719,000**	**137,499,100**	**1,459,168,417**	**1,596,667,517**

ADI

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

The loan has a term of seven years from initial drawdown date, payable in 20 consecutive quarterly installments commencing at the end of the ninth quarter from the initial drawdown date. Interest, which is based on floating rate equivalent to applicable three-month PDEx rate plus 1.75% spread per annum, is payable quarterly. Interest and other financing costs on the loan amounting to ₱53.4 million were capitalized as part of properties under construction in 2009. The rate used to determine the amount of borrowing costs eligible for capitalization ranged from 7.85% to 8.12%, which is the effective interest rate of the specific borrowing in 2009. In September 2009, ADI ceased capitalizing borrowing costs as the activities necessary to prepare the qualifying asset for its intended use were substantially completed. Interest expense and other financing charges recognized in the consolidated income statement amounted to ₱28.8 million and ₱77.9 million as of June 30, 2010 and December 31, 2010, respectively. Further, ADI's Alphaland Southgate Tower and Mall was used as collateral for the loan. The Alphaland Southgate Tower and Mall has a fair value of ₱3,212.7 million as of December 31, 2010.

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

2011	74,999,700
2012	193,750,100
2013	250,000,400
2014	337,500,400
2015	450,000,300
Total	1,306,250,900
Less current portion	162,499,700
Noncurrent portion	1,143,751,200

AMPI

On April 22, 2010, AMPI entered into an Omnibus Loan and Security Agreement 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 mixed-use building complex named Alphaland Makati Place consisting of a six-storey podium mall, city club basement parking and two residential towers. On June 10, 2010 and March 16, 2011, AMPI made the first and second drawdown amounting to ₱250.0 million and ₱270.0 million, respectively.

As of June 30, 2011 and December 31, 2010, interest and other financing costs on the loan amounting to ₱9.6 million and ₱10.8 million, respectively, were capitalized as part of properties under construction.

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

	TOTAL
2013	6,500,000
2014	58,500,000
2015	149,500,000
2016	201,500,000
2017	104,000,000
TOTAL	520,000,000

13. **Equity**

a. Capital Stock

The composition of ALPHA's capital stock consisting of all common shares as of June 30, 2011 and December 31, 2010 is as follows:

	June 2011	December 2010
Authorized	5.000.000.000	5.000.000.000
Issued and subscribed	1.838.370.551	1.429.220.287
Treasury	(423.900)	(423.900)
Outstanding	1.837.946.651	1.428.796.387

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

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

b. Deposits for Future Stock Subscriptions

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

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

Shareholders	Number of Shares	Percentage
Alphaland Holdings	767.065.849	38.66%
Masrickstar Corporation	709.472.340	35.75%
Boerstar Corporation	167.788.430	8.46%
DMWAI	147.375.700	7.43%
RVO Capital Ventures Corporation	142.656.748	7.19%
Azurestar Corporation	33.557.686	1.69%
Public	16.405.599	0.82%
Total issued and outstanding capital stock	1.984.322.352	100.00%

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

During the annual stockholders' meeting held last May 2011, the foregoing issuances were approved for conversion. This resulted in ALPHA's shareholder structure as follows:

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

The Executive Committee of the BOD approved a follow-on public offering to ensure that ALPHA will comply with the minimum public ownership requirement.

As of June 30, 2011, a deposit for one TCCAMPI share was received by the Company which amounted to ₱450,000.

c. Retained Earnings

Accumulated equity in net earnings of associates and net income of subsidiaries brings up retained earnings from ₱3,921.7 million in December 31, 2010 to ₱4,145.3 million as of June 30, 2011.

d. Treasury Shares

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

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

ALPHALAND CORPORATION
Aging of Accounts Receivable
As of June 30, 2011

	Neither Past Due nor Impaired	1-30 days	31-60 days	61-90 days	over 90 days	Total
Trade	40,139,545	3,622,688	7,367,724	57,624,698	3,107,668	111,862,324
Others	10,973	14,400	-	-	-	25,373
Advances to Officers & Employee	26,774,140	-	-	-	-	26,774,140
Accrued Interest Income	45,342	-	-	-	-	45,342
TOTAL	66,970,000	3,637,088	7,367,724	57,624,698	3,107,668	138,707,179