MAUI LAND & PINEAPPLE CO INC
Form 10-K
February 27, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-06510

MAUI LAND & PINEAPPLE COMPANY, INC.

(Exact name of registrant as specified in its charter)

Hawaii (State or other jurisdiction of incorporation or organization)	**99-0107542** (IRS Employer Identification number)

200 Village Road
Lahaina, Maui, Hawaii 96761
(Address of principal executive offices) (Zip Code)

(808) 877-3351
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, without Par Value (Title of each class)	**NYSE** (Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes No

$45,023,991	**18,788,778**
(Aggregate market value common stock held by non-affiliates at June 30, 2014)	(Number of shares of common stock outstanding at February 1, 2015)

Portions of registrant's Proxy Statement for
the 2015 Annual Meeting of Shareholders (Part III of Form 10-K)
(Documents incorporated by reference)

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K filed by Maui Land & Pineapple Company, Inc. with the Securities and Exchange Commission, or SEC, contains forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They contain words such as “may,” “will,” “project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue” or “pu negative or other variations thereof or comparable terminology. Actual results could differ materially from those projected in forward-looking statements.

Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this annual report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this annual report. Thus, you should not place undue reliance on any forward-looking statements. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Further, any forward-looking statements speak only as of the date made and, except as required by law, we undertake no obligation to publicly revise our forward-looking statements to reflect events or circumstances that arise after the date of this annual report.

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PART I

Item 1. BUSINESS

Overview

Maui Land & Pineapple Company, Inc. is a Hawaii corporation and the successor to a business organized in 1909. Depending upon the context, the terms the “Company,” “we,” “our,” and “us,” refer to either Maui Land & Pineapple Company, Inc. alone, or to Maui Land & Pineapple Company, Inc. and its subsidiaries collectively. The Company consists of a landholding and operating parent company, its principal subsidiary, Kapalua Land Company, Ltd. and certain other subsidiaries of the Company.

We own approximately 23,000 acres of land on Maui and develop, sell, and manage residential, resort, commercial, and industrial real estate through the following business segments:

- *Real Estate*—Our real estate operations consist of land planning and entitlement, development, and sales.
- *Leasing*—Our leasing activities include commercial, industrial and agricultural land and facilities leases, licensing of our registered trademarks and trade names, and stewardship and conservation efforts.
- *Utilities*—We operate two publicly-regulated utility companies which provide potable and non-potable water and sewage transmission services to the Kapalua Resort. In addition, we also manage ditch, reservoir and well systems which provide non-potable irrigation water to West and Upcountry Maui areas.
- *Resort Amenities*—Within the Kapalua Resort, we manage a private, non-equity club program.

Additional information and operating results pertaining to the above business segments can be found under the heading “Description of Business” in this Item 1 and in Note 12 to our financial statements set forth in Item 8 of this annual report.

Description of Business

Real Estate

Our Real Estate segment includes all land planning, entitlement, development and sales activities of our landholdings on Maui. Our principal real estate development is the Kapalua Resort, a master-planned, destination resort community located in West Maui encompassing approximately 3,000 acres. The following is a summary of our landholdings as of December 31, 2014:

	West Maui	**Upcountry Maui**	**Total**
Fully entitled urban	1,200	–	1,200
Agricultural zoned	8,000	2,000	10,000
Conservation/watershed	11,800	–	11,800
	21,000	2,000	23,000

Real Estate Planning and Entitlements – Appropriate entitlements must be obtained for land that is intended for development. Securing proper land entitlements is a process that requires obtaining county, state and federal approvals, which can take many years to complete and entails a variety of risks. The entitlement process requires that we satisfy all conditions and restrictions imposed in connection with such governmental approvals, including, among other things, construction of infrastructure improvements, payment of impact fees – for conditions such as parks and traffic mitigation – restrictions on permitted uses of the land, and provision of affordable housing. We actively work with the community, regulatory agencies, and legislative bodies at all levels of government in an effort to obtain necessary entitlements consistent with the needs of the community.

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We have approximately 1,500 acres of land in Maui that are in various stages of the development process. The breakdown of these acres is as follows:

Location	**Number of Acres**	**Zoned for Planned Use**	**Anticipated Completion Dates**	**Deferred Development Costs (millions)**	**Projected Costs to Complete (millions)**
Kapalua Resort	900	Yes	2019 - 2039	$7.0	$500 - $1,000
Pulelehua	300	Yes	2019 - 2024	$0.6	$200 - $300
Hali’imaile Town	300	No	2029 - 2034	$0.1	$100 - $200

We are engaged in planning, permitting and entitlement activities for our development projects, and we intend to proceed with construction and sales of the following projects, among others, when internal and external factors permit:

- *Kapalua Resort:* We began development of the Kapalua Resort in the early 1970’s. Today, the Kapalua Resort is an internationally recognized world-class golf resort destination and residential community. We presently have entitlements to develop a variety of projects in the Kapalua Resort. Two that are currently planned include Kapalua Mauka and Kapalua Central Resort.

Kapalua Mauka is the long-planned expansion of the Kapalua Resort located directly upslope of the existing resort development. As presently planned, it encompasses 800 acres and includes up to 639 residential units with extensive amenities, including up to 27 additional holes of golf. State and County land use entitlements have been secured for this project.

Kapalua Central Resort is a commercial town center and residential community located in the core of the Kapalua Resort. It is comprised of 46 acres and is planned to include up to 61,000 square feet of commercial space and 188 condominium and multi-family residential units. State and County land use entitlements have been secured for this project.

- *Pulelehua:* This project is designed to be a new working-class community in West Maui. It encompasses 312 acres and is currently planned to include 882 single and multi-family residences, 95,000 square feet of commercial and retail spaces, an elementary school, churches and a community center. State and County land use entitlements have been secured for this project.

- *Hali`imaile Town:* An expansion of an existing plantation town in Upcountry Maui, this project is contemplated to be a holistic traditional community with agriculture and sustainability as core design elements. The project includes 290 acres designated as urban "Small Town" in the County of Maui general plan. We are in the early stages of this project's development and securing State and County land use entitlements are expected to take several years.

Projected development costs are expected to be financed by debt financing, through joint ventures with other development or construction companies, or a combination of these methods.

Real Estate Sales – Our wholly-owned subsidiary, Kapalua Realty Company, Ltd., provides general brokerage services for resales of properties in the Kapalua Resort and surrounding areas.

Revenues from our Real Estate segment totaled $23.3 million, or approximately 71% of total operating revenues for the year ended December 31, 2014.

The price and market for luxury and other real estate in Maui are highly cyclical and influenced significantly by interest rates, the general real estate markets in the mainland United States and specifically the West Coast, the popularity of Hawaii as a vacation destination and second-home market, the general condition of the economy in the United States and Asia, and the relationship of the dollar to foreign currencies. Our real estate business faces substantial competition from other land developers on the island of Maui, as well as in other parts of Hawaii and the mainland United States.

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Leasing

Our Leasing segment activities include commercial, light industrial and agricultural land leases, licensing of our registered trademarks and trade names, and stewardship and conservation efforts.

Commercial and Industrial Leases – We are the owner and lessor of approximately 270,000 square feet of commercial retail and light industrial properties, including restaurants, retail outlets, office buildings and activities within the Kapalua Resort. The following summarizes information related to our commercial and industrial leases as of December 31, 2014:

	Total Square Footage	**Average Occupancy Percentage**	**Lease Expiration Dates**
Kapalua Resort	102,456	83%	2015 - 2028
Hali'imaile Town	121,279	89%	2015 - 2029
Other West Maui	46,185	37%	2015 - 2034

Agricultural Leases – We are the lessor of 1,900 acres of diversified agriculture land leases in West and Upcountry Maui.

Trademark and Trade Name Licensing – We currently have licensing agreements for the use of our registered Kapalua trademarks and trade names with several different companies, mainly in conjunction with the leasing of our commercial spaces and agricultural lands.

Stewardship and Conservation – We manage the conservation of an 8,600-acre nature and watershed preserve in West Maui. A portion of our stewardship and conservation efforts is subsidized by the State of Hawaii and other organizations.

Revenues from our Leasing segment totaled $5.1 million, or approximately 16% of total operating revenues for the year ended December 31, 2014.

Our leasing operations are highly sensitive to economic conditions including tourism and consumer spending levels. Our leasing operations face substantial competition from other property owners in Maui and Hawaii.

Utilities

Our Utilities segment includes the operations of our two Hawaii Public Utilities Commission-regulated subsidiaries, Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. In addition, we also manage several major non-potable irrigation water systems in West and Upcountry Maui areas.

Kapalua Water Company, Ltd. provides potable and non-potable water utility services to the Kapalua Resort, including its golf courses, hotels, residential subdivisions, commercial properties, and landscaped common areas.

Kapalua Waste Treatment Company, Ltd. provides sewage collection and transmission services to the Kapalua Resort. Waste water treatment is processed by the County of Maui’s facility in neighboring Lahaina, Maui.

Non-Potable Irrigation Water Systems – We own and operate several non-potable wells, reservoirs and transmission systems serving the Kapalua Resort, the County of Maui, and agricultural users in West and Upcountry Maui areas.

Revenues from our Utilities segment totaled $3.3 million, or approximately 10% of total operating revenues for the year ended December 31, 2014.

Our utility services are primarily affected by the amount of rainfall and the level of development and volume of visitors in the Kapalua Resort. Our water and sewage system infrastructure requires periodic and ongoing maintenance, which in some cases can involve significant capital expenditures. Due to the regulated nature surrounding water sources and transmission infrastructure on Maui, we do not face any substantial competition for our water utility services.

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Resort Amenities

Our Resort Amenities segment includes the operations of the Kapalua Club, a private, non-equity club providing its members special programs, access and other privileges at certain of the amenities at the Kapalua Resort including a 30,000 square foot full-service spa and a private pool-side dining beach club.

Revenues from our Resort Amenities segment totaled $1.2 million, or approximately 4% of total operating revenues for the year ended December 31, 2014.

The viability of the Kapalua Club is principally dependent on the overall appeal and success of the Kapalua Resort. The resort faces competition from other resort destination communities on Maui and other parts of Hawaii.

Employees

As of December 31, 2014, we had 17 employees, none of whom are members of a collective bargaining group.

Available Information

Our internet address is *www.mauiland.com*. Information about the Company is also available on *www.kapalua.com.* Reference in this annual report to these website addresses does not constitute incorporation by reference of the information contained on the websites. We make available free of charge on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also make available through our website all filings of our executive officers and directors on Forms 3, 4 and 5 pursuant to Section 16 of the Exchange Act. These filings are also available on the SEC's website at *www.sec.gov.*

Item 1A. RISK FACTORS

The following is a summary of certain risks we face in our business. They are not the only risks we face. Additional risks that we do not yet know of or that we currently believe are immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could suffer, and the trading price of our common stock could decline. In assessing these risks, investors should also refer to the other information contained or incorporated by reference in our other filings with the SEC.

Risks Related to our Business

Unstable macroeconomic market conditions could continue to materially and adversely affect our operating results.

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about current global economic conditions poses a risk to our business as consumers, tourists and real estate investors postpone or reduce spending in response to tighter credit markets, higher energy costs, negative financial news, reduced consumer confidence, and/or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Other factors that could influence demand include increases in fuel costs, conditions in the residential real estate and mortgage markets, interest rates, labor costs, access to credit on reasonable terms, and other macroeconomic factors affecting consumer spending behavior. These and other economic factors could have a material adverse effect on demand for our products and services and on our financial condition and operating results.

In addition, although economic conditions appear to be improving, if the current equity and credit markets do not continue to improve or further deteriorate, or if our expenses increase unexpectedly, it may become necessary for us to raise additional capital in the form of a debt or equity financing, or a combination of the two. If economic conditions do not improve, it could make any debt or equity financing more difficult, more costly, and, in the case of an equity financing, more dilutive to our existing stockholders. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our ability to execute our current business strategy, as well as our financial performance and stock price.

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Real estate investments are subject to numerous risks and we are negatively impacted by downturns in the real estate market.

We are subject to the risks that generally relate to investments in real property because we develop and sell real property, primarily for residential use. The market for real estate on Maui and in Hawaii generally tends to be highly cyclical and is typically affected by numerous changes in local, national and worldwide conditions, especially economic conditions, many of which are beyond our control, including the following:

- periods of economic uncertainty and weakness in Hawaii and in the United States generally;
- high unemployment rates and low consumer confidence;
- the current sovereign debt crises affecting several countries in the European Union and concerns about sovereign debt of the United States;
- the general availability of mortgage financing, including the effect of more stringent lending standards for mortgages and perceived or actual changes in interest rates;
- energy costs, including fuel costs, which could impact the cost and desirability of traveling to Hawaii;
- local, state and federal government regulation, including eminent domain laws, which may result in a taking for less compensation than what we believe our property is worth;
- the popularity of Maui in particular and Hawaii in general as a vacation destination or second home market;
- the relationship of the dollar to foreign currencies;
- tax law changes, including potential limits or elimination of the deductibility of certain mortgage interest expenses, the application of the alternative minimum tax, real property taxes and employee relocation expenses; and/or
- acts of God, such as tsunamis, hurricanes, earthquakes and other natural disasters.

Changes in any of the foregoing could have a material adverse effect on our business by causing a more significant general decline in the market for residential or luxury real estate, which, in turn, could adversely affect our development plans, revenues and profitability. During low periods of demand, real estate may remain on hand for much longer than expected or be sold at lower than expected returns, or even at a loss, which could impair our liquidity and ability to proceed with development projects and negatively affect our operating results. Sustained adverse changes to our development plans could result in impairment charges or write-offs of deferred development costs, which could have a material adverse impact on our financial condition and results of operations. In addition, in the current economic environment, equity real estate investments may be difficult to sell quickly and we may not be able to adjust our portfolio of properties quickly in response to economic or other conditions.

Because we are located in Hawaii and therefore apart from the mainland United States, our financial results are more sensitive to certain economic factors, such as spending on tourism and increased fuel and travel costs, which may adversely impact and materially affect our business, financial condition and results of operations.

Our businesses are dependent on attracting visitors to the Kapalua Resort, to Maui, and to the State of Hawaii as a whole. Economic factors that affect the number of visitors, their length of stay or expenditure levels will affect our financial performance. Factors such as the continuing worldwide economic uncertainty and weakness, the level of unemployment in Hawaii and the mainland United States, natural disasters, substantial increases in the cost of energy, including fuel costs, and events in the airline industry that may reduce passenger capacity or increase traveling costs could reduce the number of visitors to the Kapalua Resort and negatively affect a potential buyer’s demand for our future property developments, each of which could have a material adverse impact on our business, financial condition and results of operations. In addition, the threat, or perceived threat, of heightened terrorist activity in the United States or other geopolitical events, or the spread of contagious diseases could negatively affect a potential visitor’s choice of vacation destination or second home location and as a result, have a material adverse impact on our business, financial condition and results of operations.

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We have previously been involved in joint ventures and may be subject to risks associated with future joint venture relationships.

We have previously been involved in partnerships, joint ventures and other joint business relationships, and may initiate future joint venture projects. A joint venture involves certain risks such as:

- our actual or potential lack of voting control over the joint venture;
- our ability to maintain good relationships with our joint venture partners;
- a venture partner at any time may have economic or business interests that are inconsistent with ours, especially in light of economic uncertainty and weakness;
- a venture partner may fail to fund its share of operations and development activities, or to fulfill its other commitments, including providing accurate and timely accounting and financial information to us; and
- a joint venture or venture partner could lose key personnel.

In connection with our joint venture projects, we may be asked to guarantee the joint venture's obligations, or to indemnify third parties in connection with a joint venture's contractual arrangements. If we were to become obligated under such arrangements or become subject to the risks associated with joint venture relationships, our business, financial condition and results of operations may be adversely affected.

If we are unable to complete land development projects within forecasted time and budget expectations, if at all, our financial results may be negatively affected.

We intend to develop resort and other properties as suitable opportunities arise, taking into consideration the general economic climate. New project developments have a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;

- receipt of zoning, occupancy and other required governmental permits and authorizations;
- development costs incurred for projects that are not pursued to completion;
- earthquakes, tsunamis, hurricanes, floods, fires or other natural disasters that could adversely impact a project;
- defects in design or construction that may result in additional costs to remedy or require all or a portion of a property to be closed during the period required to rectify the situation;
- ability to raise capital;
- impact of governmental assessments such as park fees or affordable housing requirements;
- governmental restrictions on the nature or size of a project or timing of completion; and
- the potential lack of adequate building/construction capacity for large development projects.

If any development project is not completed on time or within budget, this could have a material adverse effect on our financial results.

If we are unable to obtain required land use entitlements at reasonable costs, or at all, our operating results would be adversely affected.

The financial performance of our Real Estate segment is dependent upon our success in obtaining land use entitlements for proposed development projects. Obtaining all of the necessary entitlements to develop a parcel of land is often difficult, costly and may take several years, or more, to complete. In some situations, we may be unable to obtain the necessary entitlements to proceed with a real estate development or may be required to alter our plans for the development. Delays or failures to obtain these entitlements may have a material adverse effect on our financial results.

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If we are unable to successfully compete with other developers of real estate in Maui, our financial results could be materially adversely affected.

Our real estate products face significant competition from other luxury resort real estate properties on Maui, and from other residential property in Hawaii and the mainland United States. In many cases, our competitors are larger than us and have greater access to capital. If we are unable to compete with these competitors, our financial results could be materially adversely affected.

We may be subject to certain environmental regulations under which we may have additional liability and experience additional costs for land development.

Various federal, state, and local environmental laws, ordinances and regulations regulate our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under, or in property we currently own or operate or that we previously owned or operated. These laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real property or to borrow using the real property as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real property.

Changes in weather conditions or natural disasters could adversely impact and materially affect our business, financial condition and results of operations.

Natural disasters could damage our resort and real estate holdings, resulting in substantial repair or replacement costs to the extent not covered by insurance, a reduction in property values, or a loss of revenue, each of which could have a material adverse impact on our business, financial condition and results of operations. Our competitors may be affected differently by such changes in weather conditions or natural disasters depending on the location of their assets or operations.

Unauthorized use of our trademarks could negatively impact our businesses.

We have several trademarks that we have registered in the United States and in several foreign countries. To the extent that our exclusive use of these trademarks is challenged, we intend to vigorously defend our rights. If we are not successful in defending our rights, our businesses could be adversely impacted.

Market volatility of asset values and interest rates affect the funded status of our defined benefit pension plans and could, under certain circumstances, have a material adverse effect on our financial condition.

We have two defined benefit pension plans which were frozen with respect to benefits and the addition of participants in 2011. The funded status and our ability to satisfy the future obligations of the plans are affected by, among other things, changes in interest rates, returns from plan asset investments, and actuarial assumptions including the life expectancies of the plans' participants. If we are unable to adequately fund or meet our future obligations with respect to the plans, our business, financial condition and results of operations may be adversely affected.

Risks Related to Indebtedness and Liquidity

We have incurred a significant amount of indebtedness that is currently scheduled to mature on August 1, 2016 and is subject to certain covenants under our credit agreements. Failure to extend the maturity date of our credit agreements or satisfy the covenants under these agreements could accelerate our repayment obligations, which could adversely affect our operations and financial results and impact our ability to satisfy our other financial obligations and ability to continue as a going concern.

We had outstanding borrowings under two credit facilities totaling $50.2 million as of December 31, 2014. We have pledged a significant portion of our real estate holdings as security for borrowings under our credit facilities, limiting our ability to borrow additional funds. Both credit facilities mature on August 1, 2016.

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Absent the sale of some of our real estate holdings, refinancing, or extending the maturity date of our credit facilities, we do not expect to be able to repay our outstanding borrowings on the maturity date.

Our credit facilities have covenants requiring among other things, a minimum of $3 million in liquidity (as defined), a maximum of $175 million in total liabilities, and a limitation on new indebtedness. Our ability to continue to borrow under our credit facilities to fund our ongoing operations and meet our commitments depends upon our ability to comply with our covenants. If we fail to satisfy any of our loan covenants, each lender may elect to accelerate our payment obligations under such lender's credit agreement.

Our indebtedness could have the effect of, among other things, increasing our exposure to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and industry, and limiting our ability to borrow additional funds.

Our cash outlook for the next twelve months and our ability to continue to meet our loan covenants and to continue as a going concern is highly dependent on successfully implementing our business initiatives and selling real estate assets at acceptable prices.

Our cash outlook for the next twelve months and our ability to continue to meet our loan covenants is highly dependent on selling certain real estate assets at acceptable prices. If we are unable to meet our loan covenants, borrowings under our credit facilities may become immediately due, and we would not have sufficient liquidity to repay such outstanding borrowings.

Our credit facilities require that a portion of the proceeds received from the sale of any real estate assets be repaid toward our loans. The amount of proceeds paid to our lenders will reduce the net sale proceeds available for operating cash flow purposes.

In response to these circumstances, we continue to undertake efforts to generate cash flow by employing our real estate assets in leasing and other arrangements, by the sale of several real estate assets, and by continued cost reduction efforts. However, there can be no assurance that we will be able to successfully achieve these initiatives, which raises substantial doubt about our ability to continue as a going concern.

Risks Relating to our Stock

Our stock price has been subject to significant volatility.

In 2014, the low and high share prices of our common stock ranged from $4.68 to $9.41. Our stock price has been, and may continue to be, subject to significant volatility. Among others, including the risks and uncertainties discussed in this annual report, the following factors, some of which are out of our control, may cause the market price of our common stock to continue to be volatile:

- our quarterly or annual earnings or those of other companies in our industry;
- actual or unanticipated fluctuations in our operating results;
- the relatively low volume of trading in our stock; and
- the lack of significant securities analysts coverage of our stock.

Fluctuations in the price of our common stock may also be exacerbated by economic and other conditions in Maui in particular, or conditions in the financial markets generally.

Trading in our stock over the last twelve months has been limited, so investors may not be able to sell as much stock as they want at prevailing prices.

The average daily trading volume in our common stock for the year ended December 31, 2014 was approximately 20,000 shares. If limited trading in our stock continues, it may be difficult for investors to sell their shares in the public market at any given time at prevailing prices. Moreover, the market price for shares of our common stock may be made more volatile because of the relatively low volume of trading in our common stock. When trading volume is low, significant price movement can be caused by the trading in a relatively small number of shares. Volatility in our common stock could cause stockholders to incur substantial losses.

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We do not anticipate declaring any cash dividends on our common stock.

We have not declared or paid regular cash dividends on our common stock and do not plan to pay any cash dividends in the near future. Our current policy is to retain all funds and any earnings for use in the operation and expansion of our business. The payment of cash dividends by us is restricted by our credit facilities, which contains covenants prohibiting us from paying any cash dividends without the lender's prior approval. If we do not pay dividends, our stock may be less valuable to you because a return on your investment will only occur if our stock price appreciates.

If we do not meet the continued listing requirements of the New York Stock Exchange (NYSE), our common stock may be delisted.

Our common stock is currently listed on the NYSE. If we are unable to maintain compliance with the NYSE's continued listing standards the NYSE may take action to delist our common stock. Delisting could negatively impact us by, among other things, reducing the liquidity and market price of our common stock, reducing the number of investors willing to hold or acquire our common stock, and limiting our ability to issue additional securities or obtain additional financing in the future, and might negatively impact our reputation and, as a consequence, our business. In addition, if our common stock is delisted, it would violate the covenants of our credit facilities.

We may need additional funds which, if available, could result in significant dilution to our stockholders, have superior rights to our common stock and contain covenants that restrict our operations.

If we continue to have negative cash flows from operations, if unanticipated contingencies arise or if we are required to retire any significant portion of our outstanding indebtedness, it will be necessary for us to raise additional capital either through public or private equity or debt financing. We cannot say with any certainty that we will be able to obtain the additional needed funds on reasonable terms, or at all. If we were to raise capital through the issuance of our common stock or securities convertible or exercisable into our common stock, our existing stockholders may suffer significant dilution. If we issued preferred equity or debt securities, these securities could have rights superior to holders of our common stock and could contain covenants that will restrict our operations. If additional funds are raised through a bank credit facility or the issuance of debt securities, the holder of such indebtedness would have rights senior to the rights of equity holders and the terms of such indebtedness could impose restrictions on our operations.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Most of our land was acquired from 1911 to 1932 and, accordingly, has a relatively low cost basis. The following is a summary of our landholdings as of December 31, 2014:

	Acres
Upcountry Maui	2,000
West Maui	21,000
Total	23,000

Our 2,000 acres of land in Upcountry Maui is situated at elevations between 1,000 and 2,000 feet above sea level on the slopes of Haleakala, a volcanic-formed mountain on the island that rises above 10,000 feet in elevation.

Our 21,000 acres of land in West Maui is comprised of largely contiguous parcels that extend from the sea to an elevation of approximately 5,700 feet, as well as agricultural and grazing lands, gulches, undeveloped coastline and heavily forested areas. Our West Maui acreage includes approximately 900 acres within the Kapalua Resort.

We have pledged a significant portion of our real estate holdings as security for borrowings under our credit facilities.

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We own our principal executive offices located in the Kapalua Resort. We believe our facilities are suitable and adequate for our business and have sufficient capacity for the purposes for which they are currently being used or intended to be used. Additional information regarding our real estate properties can be found under the heading “Business” in Item 1 of this annual report.

Item 3. LEGAL PROCEEDINGS

On April 19, 2011, a lawsuit was filed against Maui Pineapple Company, Ltd. (MPC) and several other Hawaii based farms by the Equal Employment Opportunity Commission (EEOC). The lawsuit alleged the farms should be held liable for illegal acts by Global Horizons, Inc., a company that had hired Thai workers to work at the farms. The lawsuit was filed in the United States District Court, District of Hawaii, as Civil Action No. 11-00257. On June 13, 2013, the EEOC filed a motion to add as defendants Maui Land & Pineapple Company, Inc. and Hali’imaile Pineapple Company, Ltd. On September 10, 2013, the Court denied the EEOC’s motion.

On June 30, 2014, in light of MPC’s inability to fund its defense, the parties entered into a stipulated default judgment in favor of the EEOC and against MPC. On December 19, 2014, the Court entered Findings of Fact and Conclusions of Law, finding Global Horizons, Inc. and MPC jointly and severally liable for damages totaling $8.1 million and granting a permanent injunction against both parties. MPC is defunct and has no assets or operations, and enforcement of the Court’s judgment is considered highly doubtful. Maui Land & Pineapple Company, Inc. is not a party to the case and, accordingly, no provision or liability related to the Court’s judgment has been reflected in the accompanying financial statements.

On May 23, 2011, a lawsuit was filed against multiple parties including the Company by purchasers of two units at the project formerly known as The Ritz-Carlton Residences at Kapalua Bay. The lawsuit was filed in the Circuit Court of the Second Circuit, State of Hawaii pursuant to Civil No. 11-1-0216-(3). The lawsuit alleges deceptive acts, intentional misrepresentation, concealment, and negligent misrepresentation, among other allegations with regard to the sale of the two residential units and seeks unspecified damages, treble damages and other relief. We disagree with the allegations and we are defending ourselves. We are presently unable to estimate the amount, or range of amounts, of any probable liability, if any, related to this matter and no provision has been made in the accompanying financial statements.

On June 7, 2012, a group of owners of whole-ownership units at the project formerly known as The Ritz-Carlton Club and Residences, Kapalua Bay filed a lawsuit against multiple parties including the Company. The lawsuit was filed in the Circuit Court of the Second Circuit, State of Hawaii, pursuant to Civil No. 12-1-0586 (3). We believe we have not been involved in any wrongdoing, disagree with the charges and are defending ourselves. We are presently unable to estimate the amount, or range of amounts, of any probable liability, if any, related to this matter and no provision has been made in the accompanying financial statements.

On June 19, 2013, a lawsuit was filed against multiple parties including the Company by several owners of timeshare condominium interests in the project formerly known as The Ritz-Carlton Residences at Kapalua Bay (Fractional Interests). The lawsuit was filed in the Circuit Court of the Second Circuit, State of Hawaii, pursuant to Civil No. 13-1-0640-(2). The lawsuit alleges unfair and deceptive trade practices, negligent misrepresentations, omissions, concealment, and fraud in the inducement among other allegations with regards to the marketing and sales of certain Fractional Interests and seeks unspecified damages, treble damages and other relief. We are presently unable to estimate the amount, or range of amounts, of any probable liability, if any, related to this matter and no provision has been made in the accompanying financial statements.

We are a party to various claims, complaints and other legal actions that have arisen in the normal course of business from time to time. We believe the outcome of these pending legal proceedings, in the aggregate, is not likely to have a material adverse effect on our operations, financial position or cash flows.

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Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NYSE under the symbol "MLP." We did not declare any dividends in 2014 and 2013. Our ability to declare dividends is restricted by the terms of our credit agreements. We do not intend to pay any cash dividends on our common stock in the foreseeable future. As of December 31, 2014, there were 292 shareholders of record of our common stock.

The following chart reflects high and low sales prices during each of the quarters in 2014 and 2013:

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2014	High	$ 6.70	$ 9.41	$ 7.70	$ 6.45
	Low	5.35	6.46	4.68	5.13
2013	High	$ 4.29	$ 4.94	$ 4.68	$ 6.94
	Low	3.74	3.88	3.86	4.02

We did not repurchase any shares of common stock during the fiscal year ended December 31, 2014.

Securities Authorized For Issuance Under Equity Compensation Plans

The information regarding securities authorized for issuance under our equity compensation plans is set forth in Item 12 of this annual report.

Item 6. SELECTED FINANCIAL DATA

Because we are a smaller reporting company, as defined in Item 10(f)(1) of Regulation S-K, we are not required to provide the information required by this Item.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the forward-looking statements disclaimer set forth at the beginning of this annual report, the risk factors set forth in Item 1A of this annual report, and our financial statements and the notes to those statements set forth in Item 8 of this annual report.

RESULTS OF OPERATIONS

Comparison of Years Ended December 31, 2014 and 2013

CONSOLIDATED

	Year Ended December 31,	
	2014	2013
	(in thousands except share amounts)	
Real Estate Sales	$22,687	$4,513
Real Estate Cost of Sales	(1,294)	(2,420)
Gains from Real Estate Sales	21,393	2,093
Other Operating Revenues	10,320	10,699
Operating Costs and Expenses	(6,737)	(7,940)
Depreciation Expense	(2,301)	(2,550)
General and Administrative and Other Expenses	(2,770)	(2,842)
Operating Income (Loss)	19,905	(540)
Interest Expense	(2,270)	(2,491)
Income (Loss) from Continuing Operations	17,635	(3,031)
Income from Discontinued Operations	-	1,867
Net Income (Loss)	$17,635	$(1,164)
Net Income (Loss) per Common Share	$0.94	$(0.06)

REAL ESTATE

	Year Ended December 31, 2014	2013
	(in thousands)	
Real Estate Sales	$22,687	$4,513
Real Estate Cost of Sales	(1,294)	(2,420)
Gains from Real Estate Sales	21,393	2,093
Other Operating Revenues	617	921
Operating Costs and Expenses	(1,218)	(2,084)
General and Administrative and Other Expenses	(655)	(573)
Operating Income	$20,137	$357

In October 2014, we sold an unimproved 244-acre parcel of former agricultural land located in West Maui, commonly known as Lipoa Point, to the State of Hawaii for $19.8 million. The sale resulted in a gain of approximately $19.3 million with the proceeds from the sale designated for the benefit of our pension plans.

In May 2014, we sold the 4-acre Kapalua Plantation Golf Course maintenance facility to the owner of the golf course for $2.3 million. The sale resulted in a gain of $1.5 million. We used $1.9 million of the sale proceeds to release an approximately 1.1 acre property and building in the Kapalua Resort, commonly known as the Honolua Store, from the collateral held under our Wells Fargo credit facility and $0.4 million of the proceeds to repay our American AgCredit term loan.

In November 2013, we sold a 10-acre light industrial zoned parcel in West Maui for $5.4 million. The sale resulted in a gain of $2.1 million. Proceeds from the sale were used to fund a $2.4 million payment toward deferred maintenance as part of our settlement of issues surrounding The Residences at Kapalua Bay project and to repay our American AgCredit term loan.

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Included in other operating revenues for our real estate segment are real estate sales commissions from resales of properties owned by private residents in the Kapalua Resort and surrounding areas by our wholly-owned subsidiary, Kapalua Realty Company, Ltd. Commission revenue totaled $0.6 million for both 2014 and 2013. Higher operating costs and expenses in 2013 were primarily related to the foreclosure proceeding and the settlement of issues surrounding The Residences at Kapalua Bay project.

We did not have any significant real estate development expenditures in 2014 or 2013.

Real estate development and sales are cyclical and depend on a number of factors. Results for one period are therefore not necessarily indicative of future performance trends in this business segment.

LEASING

	Year Ended December 31,	
	2014	2013
	(in thousands)	
Operating Revenues	$5,147	$4,862
Operating Costs and Expenses	(2,244)	(2,906)
Depreciation Expense	(1,807)	(1,992)
General and Administrative and Other Expenses	(450)	(369)
Operating Income (Loss)	$646	$(405)
Average Occupancy Rates:		
Kapalua Resort	83%	79%
Hali'imaile Town	89%	88%
Other West Maui	37%	38%

We have contracted a third-party property management company to manage our commercial leasing portfolio. The increase in operating revenues in 2014 was primarily due to new tenant leases for our Kapalua Resort commercial spaces. Lower operating costs and expenses in 2014 were primarily attributable to an increase in common area expense recoveries associated with higher occupancy levels and additional government subsidies for our watershed stewardship and conservation efforts.

In January 2014, our Honolua Store tenant completed a $5.0 million renovation of the interior and exterior of the store. Other West Maui leasable properties are mainly large-acre former pineapple field parcels and maintenance facilities.

Our leasing operations face substantial competition from other property owners in Maui and Hawaii.

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UTILITIES

	Year Ended December 31,	
	2014	2013
	(in thousands)	
Operating Revenues	$3,310	$3,686
Operating Costs and Expenses	(2,375)	(2,225)
Depreciation Expense	(410)	(426)
General and Administrative and Other Expenses	(189)	(153)
Operating Income	$336	$882
Consumption (in million gallons):		
Potable	151	159
Non-potable/irrigation	598	753

We have contracted a third-party water engineering and management company to manage the operations of our wholly-owned subsidiaries: Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. We have contracted a third-party water maintenance company to manage our non-potable irrigation water systems in West and Upcountry Maui.

The decrease in revenues and operating income in 2014 was primarily due to a decrease in sales of potable and non-potable water resulting from rainier weather conditions in Maui as compared to the prior year.

RESORT AMENITIES

	Year Ended December 31,	
	2014	2013
	(in thousands)	
Operating Revenues	$1,214	$1,217
Operating Costs and Expenses	(854)	(665)
General and Administrative and Other Expenses	(282)	(226)
Operating Income	$78	$326
Kapalua Club Members	492	495

Our Resort Amenities segment includes the operations of the Kapalua Club, a private, non-equity club providing its members special programs, access and other privileges at certain of the amenities at the Kapalua Resort including a 30,000 square foot full-service spa and a private pool-side dining beach club. The increase in operating costs and expenses in 2014 was primarily due to higher access fees for certain amenities offered to the club's members.

DISCONTINUED OPERATIONS

Our former agriculture, golf, retail, spa and beach club operations are reported as discontinued operations. Income from discontinued operations for 2013 included a $1.9 million gain from the sale of a 7-acre parcel and building that was part of our former agricultural processing facilities in Central Maui.

Interest Expense

Interest expense was $2.3 million for 2014 compared to $2.5 million for 2013. Our average interest rates on borrowings was 4.4% for 2014, compared to 4.6% for 2013, and average borrowings were $49.7 million in 2014 compared to $51.0 million in 2013.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We had outstanding borrowings under two credit facilities totaling $50.2 million and cash on hand of $0.4 million as of December 31, 2014. We had a total of $3.7 million of available credit under two revolving lines of credit as of December 31, 2014.

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Revolving Line of Credit with Wells Fargo

We have a $30.8 million revolving line of credit with Wells Fargo that matures on August 1, 2016. Interest on borrowings is at LIBOR plus 3.65% and the line of credit is collateralized by approximately 880 acres of the Company's real estate holdings at the Kapalua Resort. In connection with entering into our First Hawaiian Bank credit agreement, we made a $1.9 million paydown to release the Honolua Store from the collateral held under this facility. The line of credit agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of $3 million, maximum total liabilities of $175 million, and a limitation on new indebtedness. The credit agreement includes predetermined release prices for the real property securing the credit facility. There are no commitment fees on the unused portion of the revolving facility. Absent the sale of some of our real estate holdings or refinancing, we do not expect to be able to pay the outstanding balance of the revolving line of credit on the maturity date. As of December 31, 2014, we had $30.6 million of borrowings outstanding under this revolving line of credit.

Term Loan with American AgCredit

We have a $20 million term loan with American AgCredit that matures on August 1, 2016. Interest on this credit facility is based on the greater of 1.00% or the 30-day LIBOR rate, plus an applicable spread of 4.00% with a reduction in the applicable spread to 3.75%, if the principal balance of the loan is reduced to $15 million. The loan agreement requires that the principal balance be paid down to $17 million by May 1, 2015 and to $15 million by May 1, 2016. The loan agreement contains various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a required minimum liquidity (as defined) of $3 million, maximum total liabilities of $175 million and a limitation on new indebtedness. It also requires mandatory principal repayments of 100% of the net proceeds of the sale of any real property pledged as collateral for the loan and mandatory principal repayments based on predetermined percentages of 60% to 75% of the net proceeds from the sale of non-collateralized real property. The loan is collateralized by approximately 3,100 acres of the Company's real estate holdings in West Maui and Upcountry Maui. Absent the sale of some of our real estate holdings or refinancing, we do not expect to be able to pay the outstanding balance of the term loan on the maturity date.

Revolving Line of Credit with First Hawaiian Bank

In June 2014, we entered into a credit agreement with First Hawaiian Bank providing us with a $3.5 million revolving line of credit for general working capital and corporate purposes. The agreement matures on June 5, 2015. Borrowings under the revolving line of credit bear interest at the Bank's Prime Rate and the credit facility is secured by the Honolua Store. As of December 31, 2014, we had no borrowings outstanding under this revolving line of credit.

As of December 31, 2014, we believe we are in compliance with the covenants under our Wells Fargo, American AgCredit and First Hawaiian Bank credit facilities.

Cash Flows

During 2014, we used $2.7 million of net cash flow in our operating activities. In October 2014, we sold our Lipoa Point property to the State of Hawaii and utilized the entire $19.4 million of sale proceeds to fund our pension plans. In May 2014, we sold the Kapalua Plantation Golf Course maintenance facility and utilized $1.9 million of the sale proceeds to release the Honolua Store from the collateral held under our Wells Fargo credit facility and the remaining $0.4 million of sale proceeds to repay our American AgCredit term loan.

During 2014, we had net borrowings of $1.7 million under our Wells Fargo revolving line of credit. During 2014, we paid interest totaling $2.2 million on our loans and paid $0.6 million toward our settlement with the U.S. Internal Revenue Service (IRS).

Future Cash Inflows and Outflows

Our plans include continued efforts to generate cash flow by employing our real estate assets in leasing and other arrangements, by the sale of several real estate assets, and by continued cost reduction efforts. Proceeds from the sale of any of our real estate assets will be used principally to repay our outstanding indebtedness.

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With the funding of our pension plans from the sale of Lipoa Point, we do not expect to be required to make minimum contributions to our pension plans in 2015. Our current development activities are limited to planning, permitting and other efforts to secure and maintain project entitlements and we do not have any significant development or capital expenditures planned at this time.

Our cash outlook for the next twelve months and our ability to continue to meet our loan covenants and to continue as a going concern is highly dependent on successfully implementing our business initiatives and selling real estate assets at acceptable prices. There can be no assurance that we will be able to sell any of our real estate assets on acceptable terms, if at all. If we are unable to meet our loan covenants, borrowings under our credit facilities may become immediately due, and we would not have sufficient liquidity to repay such outstanding borrowings. In addition, absent the sale of some of our real estate holdings, refinancing, or extending the maturity date of our credit facilities, we do not expect to be able to repay our outstanding borrowings on the maturity date.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accounting policies are described in “Summary of Significant Accounting Policies,” Note 1 to our financial statements set forth in Item 8 of this annual report. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of accounting estimates. Some of these estimates and assumptions involve a high level of subjectivity and judgment and therefore the impact of a change in these estimates and assumptions could materially affect the amounts reported in our financial statements. The accounting policies and estimates that we have identified as being critical to our financial statements are as follows:

- Our long-lived assets are reviewed for impairment if events or circumstances indicate that the carrying amount of the long-lived asset may not be recoverable. These asset impairment loss analyses contain uncertainties because they require management to make assumptions and apply considerable judgments to, among others, estimates of the timing and amount of future cash flows, expected useful lives of the assets, uncertainty about future events, including changes in economic conditions, changes in operating performance, changes in the use of the assets, and ongoing costs of maintenance and improvements of the assets; thus, the accounting estimates may change from period to period. If management uses different assumptions or if different conditions occur in future periods, our financial condition or future operating results could be materially impacted.

- Deferred development costs, principally predevelopment costs and offsite development costs related to various projects in the planning stages by our Real Estate segment, totaled $9.3 million at December 31, 2014. Based on our future development plans for the Kapalua Resort and other properties such as Pulelehua, and Hali`imaile Town, and the estimated value of these future projects, management has concluded that these deferred costs will be recoverable from future development projects. The volatility of this assumption arises because of the long-term nature of our development plans and the uncertainty of when or if certain parcels will be developed.

- Determining pension expense and obligations for our two defined benefit pension plans utilizes actuarial estimates of participants' age at retirement, life span, the long-term rate of return on investments and other factors. In addition, pension expense is sensitive to the discount rate utilized to value the pension obligation. These assumptions are subject to the risk of change as they require significant judgment and have inherent uncertainties that management or its consulting actuaries may not control or anticipate. A detailed discussion of our defined benefit pension plans is contained in Note 9 to our financial statements set forth in Item 8 of this annual report.

- Stock-based compensation expense is calculated based on assumptions as to the expected life of the options, price volatility, risk-free interest rate and expected forfeitures. While management believes that the assumptions made are appropriate, current and future compensation expense could vary based on the assumptions used.

- Management calculates the income tax provision, current and deferred income taxes along with the valuation allowance based upon various complex estimates and interpretations of income tax laws and regulations. Deferred tax assets are reduced by a valuation allowance to the extent that it is more likely than not that they will not be realized. To the extent we begin to generate taxable income in future years, and it is determined the valuation allowance is no longer required, the tax benefit for the remaining deferred tax assets will be recognized at such time. A detailed discussion of our income taxes is contained in Note 11 to our financial statements set forth in Item 8 of this annual report.

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- Our results of operations could be affected by significant litigation or contingencies adverse to the Company, including, but not limited to, liability claims, environmental matters, and contract terminations. We record accruals for legal matters when the information available indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We make adjustments to these accruals to reflect the impact and status of negotiations, settlements, rulings, advice of legal counsel and other information and events that may pertain to a particular matter. Predicting the outcome of claims and lawsuits and estimating related costs and exposure involves substantial uncertainties that could cause actual costs to vary materially from those estimates. In making determinations of likely outcomes of litigation matters, we consider many factors. These factors include, but are not limited to, the nature of specific claims, our experience with similar types of claims, the jurisdiction in which the matter is filed, input from outside legal counsel, the likelihood of resolving the matter through alternative dispute resolution mechanisms and the matter's current status. A detailed discussion of significant litigation matters and contingencies is contained in Note 14 to our financial statements set forth in Item 8 of this annual report.

IMPACT OF INFLATION AND CHANGING PRICES

Most of the land we own was acquired from 1911 to 1932 and is carried at cost. At the Kapalua Resort, some of the fixed assets were constructed and placed in service in the mid-to-late 1970's. Depreciation expense would be considerably higher if fixed assets were stated at current cost.

OFF-BALANCE SHEET ARRANGMENTS

As of December 31, 2014, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Because we are a smaller reporting company, as defined in Item 10(f)(1) of SEC Regulation S-K, we are not required to provide the information required by this Item.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Maui Land & Pineapple Company, Inc.

Lahaina, Hawaii

We have audited the accompanying consolidated balance sheet of Maui Land & Pineapple Company, Inc. and its subsidiaries (the "Company") as of December 31, 2014, and the related consolidated statements of operations and comprehensive income, stockholders' deficiency, and cash flows for the year then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, under existing circumstances, there is substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ ACCUITY LLP

Honolulu, Hawaii

February 27, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Maui Land & Pineapple Company, Inc.

Lahaina, Hawaii

We have audited the accompanying consolidated balance sheet of Maui Land & Pineapple Company, Inc. and subsidiaries (the “Company”) as of December 31, 2013, and the related consolidated statements of operations and comprehensive income, stockholders’ deficiency, and cash flows for the year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maui Land & Pineapple Company, Inc. and subsidiaries as of December 31, 2013, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company’s recurring negative cash flows from operations and deficiency in stockholder’s equity raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans concerning these matters are also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ DELOITTE & TOUCHE LLP

Honolulu, Hawaii

March 20, 2014

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MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2014	2013
	(in thousands except share data)	
ASSETS		
CURRENT ASSETS		
Cash	$415	$359
Accounts receivable, less allowance of $194 and $163 for doubtful accounts	1,272	1,203
Prepaid expenses and other assets	170	596
Assets held for sale	-	744
Total Current Assets	1,857	2,902
PROPERTY		
Land	5,158	5,355
Land improvements	24,951	24,951
Buildings	33,479	33,534
Machinery and equipment	11,813	11,820
Construction in progress	-	1,606
Total Property	75,401	77,266
Less accumulated depreciation	39,335	37,084
Net Property	36,066	40,182
OTHER ASSETS		
Deferred development costs	9,347	7,727
Other noncurrent assets	2,001	2,942
Total Other Assets	11,348	10,669
TOTAL	$49,271	$53,753
LIABILITIES & STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Current portion of long-term debt	$2,533	$49,000
Trade accounts payable	968	995
Payroll and employee benefits	270	362
Current portion of accrued retirement benefits	391	443
Income taxes payable	566	1,421
Current portion of accrued contract terminations	159	159
Other current liabilities, including deferred revenue	1,077	2,216
Total Current Liabilities	5,964	54,596
LONG-TERM LIABILITIES		
Long-term debt	47,643	-
Accrued retirement benefits	6,893	20,867

Accrued contract terminations	316	475
Other noncurrent liabilities	3,637	5,046
Total Long-Term Liabilities	58,489	26,388
COMMITMENTS & CONTINGENCIES (Note 7 & 14)		
STOCKHOLDERS' DEFICIENCY		
Common stock--no par value, 43,000,000 shares authorized; 18,785,055 and 18,737,384 shares issued and outstanding	77,105	76,810
Additional paid in capital	9,246	9,245
Accumulated deficit	(75,959)	(93,594)
Accumulated other comprehensive loss	(25,574)	(19,692)
Stockholders' Deficiency	(15,182)	(27,231)
TOTAL	$49,271	$53,753

See Notes to Financial Statements

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MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

	Years Ended December 31,	
	2014	2013
	(in thousands except per share amounts)	
OPERATING REVENUES		
Real estate		
Sales	$22,687	$4,513
Commissions and other	617	921
Leasing	5,147	4,862
Utilities	3,310	3,686
Resort amenities and other	1,246	1,230
Total Operating Revenues	33,007	15,212
OPERATING COSTS AND EXPENSES		
Real estate		
Cost of sales	1,294	2,420
Other	1,218	2,084
Leasing	2,244	2,906
Utilities	2,375	2,225
Resort amenities and other	900	725
General and administrative	2,379	2,992
Gain from settlement of contract termination	-	(1,038)
Depreciation	2,301	2,550
Pension and other post-retirement expenses	391	888
Total Operating Costs and Expenses	13,102	15,752
Operating Income (Loss)	19,905	(540)
Interest expense	(2,270)	(2,491)
Income (Loss) from Continuing Operations net of income taxes of $0	17,635	(3,031)
Income from Discontinued Operations net of income tax benefit of $0 and $144	-	1,867
NET INCOME (LOSS)	17,635	(1,164)
Pension benefit adjustment net of income taxes of $0	(5,882)	7,887
COMPREHENSIVE INCOME	$11,753	$6,723

NET INCOME (LOSS) PER COMMON SHARE --BASIC AND DILUTED		
Continuing Operations	$0.94	$(0.16)
Discontinued Operations	-	0.10
Net Income (Loss)	$0.94	$(0.06)

See Notes to Financial Statements

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MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY

For the Years Ended December 31, 2014 and 2013

(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Acumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2013	18,664	$76,410	$ 9,236	$ (92,430)	$ (27,579)	$(34,363)
Share-based compensation expense			425			425
Issuance of shares for incentive plan	33	133				133
Vested restricted stock issued	74	416	(416)			-
Shares cancelled to pay tax liability	(34)	(149)				(149)
Other comprehensive income-pension (Note 9)					7,887	7,887
Net loss				(1,164)		(1,164)
Balance, December 31, 2013	18,737	$76,810	$ 9,245	$ (93,594)	$ (19,692)	$(27,231)
Share-based compensation expense			271			271
Issuance of shares for incentive plan	36	218				218
Vested restricted stock issued	42	270	(270)			-
Shares cancelled to pay tax liability	(30)	(193)				(193)
Other comprehensive loss-pension (Note 9)					(5,882)	(5,882)
Net income				17,635		17,635
Balance, December 31, 2014	18,785	$77,105	$ 9,246	$ (75,959)	$ (25,574)	$(15,182)