SEC Number: 152-747
File Number: _________

AYALA LAND, INC.

(Company's Full Name)

30F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 750-6974

(Telephone Number)

June 30, 2014

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2014**

2. Commission Identification Number **152747**

3. BIR Tax Identification No. **000-153-790-000**

4. Exact name of issuer as specified in its charter: **AYALA LAND, INC.**

5. Province, Country or other jurisdiction of incorporation or organization:
   Makati City, Philippines

6. Industry Classification Code: _______ (SEC Use Only)

7. Address of issuer's principal office and postal code:
   30/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226

8. Issuer's telephone number, including area code: **(632) 750-6974**

9. Former name, former address, former fiscal year: **not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

    As of June 30, 2014

Title of each class	Number of shares issued and outstanding
Common shares	**14,189,657,454**
Preferred shares	**13,066,494,759**

Amount of Debt Outstanding
P118.9 billion

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [x] No [ ]

    Stock Exchange: **Philippine Stock Exchange**
    Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past 90 days:
    Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Millions)

	June 2014 Unaudited	December 2013 Audited (As restated)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱ 39,639**	₱27,966
Short-term investments	**-**	17
Financial assets at fair value through profit or loss	**9,957**	13,404
Accounts and notes receivable	**63,800**	42,709
Inventories	**43,466**	43,572
Other current assets	**16,875**	19,319
Total Current Assets	**173,737**	146,987
Noncurrent Assets		
Noncurrent accounts and notes receivable	**14,066**	17,648
Available-for-sale financial assets	**306**	336
Land and improvements	**68,631**	62,723
Investments in associates and joint ventures	**9,993**	9,319
Investment properties	**65,009**	59,183
Property and equipment	**17,764**	17,695
Deferred tax assets - net	**5,714**	5,161
Other noncurrent assets	**12,678**	6,422
Total Noncurrent Assets	**194,161**	178,487
Total Assets	**₱367,898**	₱325,474
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	**₱100,065**	₱79,478
Short-term debt	**8,099**	12,407
Income tax payable	**569**	1,057
Current portion of long-term debt	**5,415**	3,542
Deposits and other current liabilities	**4,738**	5,139
Total Current Liabilities	**118,886**	101,623
Noncurrent Liabilities		
Long-term debt - net of current portion	**105,417**	85,953
Pension liabilities	**1,019**	1,147
Deferred tax liabilities - net	**855**	1,307
Deposits and other noncurrent liabilities	**22,462**	23,346
Total Noncurrent Liabilities	**129,753**	111,753
Total Liabilities	**248,639**	213,376

	June 2014 Unaudited	December 2013 Audited (As restated)
Equity		
Equity attributable to equity holders of Ayala Land, Inc.		
Paid-up capital	**₱44,654**	₱44,455
Retained earnings	**61,673**	57,609
Stock options outstanding	**184**	199
Actuarial loss on pension liabilities	**(529)**	(525)
Net unrealized gain on available-for-sale financial assets	**17**	32
Equity reserves	**(3,309)**	(3,300)
Treasury shares	**–**	–
	102,690	98,470
Non-controlling interests	**16,569**	13,628
Total Equity	**119,259**	112,098
Total Liabilities and Equity	**₱367,898**	₱325,474

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Millions, Except Earnings Per Share Figures)

	2014 Unaudited		2013 Unaudited	
	April 1 to June 30	**January 1 to June 30**	**April 1 to June 30**	**January 1 to June 30**
REVENUE				
Real estate	**₱21,988**	**₱42,965**	₱17,884	₱35,811
Interest income	**1,097**	**2,229**	142	560
Equity in net earnings of associates and joint ventures	**150**	**629**	59	128
Other income	**214**	**375**	34	135
	23,449	**46,198**	18,119	36,634
COSTS AND EXPENSES				
Real estate	**14,616**	**28,901**	11,366	23,080
General and administrative expenses	**1,467**	**3,010**	1,220	2,529
Interest and other financing charges	**1,208**	**2,351**	668	1,650
Other charges	**418**	**684**	204	255
	17,709	**34,946**	13,458	27,514
INCOME BEFORE INCOME TAX	**5,740**	**11,252**	4,661	9,120
PROVISION FOR INCOME TAX				
Current	**1,542**	**2,961**	1,560	2,777
Deferred	**(224)**	**(325)**	(327)	(272)
	1,318	**2,636**	1,233	2,505
NET INCOME	**₱4,422**	**₱8,616**	₱3,428	₱6,615
Net income attributable to:				
Equity holders of Ayala Land, Inc.	**₱3,591**	**₱7,054**	₱2,861	₱5,623
Non-controlling interests	**831**	**1,562**	567	992
	₱4,422	**₱8,616**	₱3,428	₱6,615
Earnings Per Share				
Net income attributable to equity holders of Ayala Land, Inc.				
Basic	**₱0.26**	**₱0.51**	₱0.20	₱0.40
Diluted	**0.26**	**0.51**	0.20	0.40

AYALA LAND, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions)

	2014 Unaudited		2013 Unaudited	
	April 1 to June 30	**January 1 to June 30**	**April 1 to June 30**	**January 1 to June 30**
Net income	**₱4,422**	**₱8,616**	₱3,428	₱6,615
Other comprehensive income (loss)				
Net unrealized gain (loss) on available-for-sale financial assets	**29**	**(19)**	(14)	-
Actuarial losses on pension liabilities	**-**	**-**	-	155
Total comprehensive income for the period	**₱4,451**	**₱8,597**	₱3,414	₱6,770
Total comprehensive income attributable to:				
Equity holders of Ayala Land, Inc.	**₱3,620**	**₱7,035**	₱2,847	₱5,778
Non-controlling interests	**831**	**1,562**	567	992
	₱4,451	**₱8,597**	₱3,414	₱6,770

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Millions)

	June 2014 Unaudited	June 2013 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
COMMON SHARES - ₱1.00 par value		
Issued:		
Balance at beginning of year	**₱14,064**	₱13,729
Issuance of shares	**7**	332
Balance at end of year	**14,071**	14,061
Subscribed:		
Balance at beginning of year	**110**	102
Issuance of shares	**(7)**	3
Stock options exercised	**16**	6
Balance at end of year	**119**	111
PREFERRED SHARES - ₱0.10 par value		
Issuance of shares	**1,307**	1,307
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	**29,712**	18,128
Stock options exercised	**354**	503
Equity issuance cost charged to APIC	**-**	(162)
Issuance of common stock	**-**	11,041
Balance at end of year	**30,066**	29,510
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	**(737)**	(451)
Subscriptions	**(281)**	(458)
Collections	**109**	149
Balance at end of year	**(909)**	(760)
TOTAL PAID-UP CAPITAL	**44,654**	44,229
STOCK OPTIONS		
Balance at beginning of year	**198**	214
Stock options exercised	**(14)**	(19)
Balance at end of year	**184**	195
Treasury Stock	**-**	-
RETAINED EARNINGS		
Appropriated for future expansion	**6,000**	6,000
Unappropriated:		
Balance at beginning of year	**51,616**	44,062
Prior years adjustments (PAS 19)	**-**	(145)
Cash dividends	**(2,997)**	(2,096)
Net income	**7,054**	5,623
Balance at end of year	**55,673**	47,444
Other reserves	**(3,309)**	(2,762)
	52,364	44,682
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**17**	39
ACTUARIAL LOSS ON PENSION OBLIGATION	**(529)**	(155)
NON-CONTROLLING INTERESTS		
Balance at beginning of year	**13,628**	9,230
Net income (loss)	**1,562**	992
Increase (decrease) in non-controlling interests	**1,613**	3,407
Dividends paid to minority interest	**(234)**	(185)
Balance at end of quarter	**16,569**	13,444
	₱119,259	₱108,434

AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions)

	June 2014 Unaudited	June 2013 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**11,252**	9,120
Adjustments for:		
Depreciation and amortization	**2,091**	1,691
Interest and other charges - net of amount capitalized	**3,058**	1,952
Equity in net earnings of investees	**(629)**	(128)
Interest and other income	**(2,345)**	(915)
Unrealized gain on financial assets	**(15)**	(156)
Provision for doubtful accounts	**30**	5
Operating income before changes in working capital	**13,442**	11,569
Decrease (increase) in :		
Accounts and notes receivable - trade	**(16,490)**	(707)
Real estate inventories	**106**	(1,276)
Other current assets	**2,648**	(2,030)
Increase (decrease) in :		
Accounts and other payables	**20,341**	12,574
Pension liabilities	**(132)**	285
Other current liabilities	**(401)**	(894)
Cash generated from operations	**19,514**	19,521
Interest received	**2,232**	748
Income tax paid	**(1,926)**	(2,746)
Interest paid - net of amount capitalized	**(4,009)**	(3,264)
Net cash provided by (used in) operating activities	**15,811**	14,259
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Land and improvements	**(5,907)**	(4,734)
Investments	**(6,973)**	(11,073)
Property and equipment	**(1,021)**	69
Short term investments	**3,463**	62
Decrease (increase) in:		
Non-current accounts and notes receivable - non trade	**(1,141)**	(1,058)
Other assets	**(6,818)**	(3,704)
Net cash provided by (used in) investing activities	**(18,397)**	(20,438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	**23,982**	6,492
Payments of short-term / long-term loans	**(6,953)**	(5,873)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	**(1,336)**	1,393
Minority interest in consolidated subsidiaries	**1,613**	(1,339)
Proceeds from capital stock subscriptions	**184**	11,396
Purchase of treasury shares	**-**	824
Dividends paid to minority	**(234)**	(185)
Dividends paid to equity holders of Ayala Land, Inc.	**(2,997)**	(2,096)
Net cash provided by (used in) financing activities	**14,260**	10,612
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,673**	4,433
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**27,966**	33,613
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**39,639**	38,046

1. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2013 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2013.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements include the accounts of Ayala Land, Inc. (herein referred to as "the Company) and its subsidiaries collectively referred to as "Group."

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), the Group's functional currency, and rounded to the nearest thousands except when otherwise indicated.

On August 11, 2014, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

2. Summary of Significant Accounting Policies

Changes in Accounting Policies
The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2013, except for the adoption of new Standards and Interpretations enumerated below.

Effective 2014

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.

Philippine Interpretation 21, *Levies*
The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that the interpretation will have material financial impact in future financial statements.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group does not have outstanding derivatives as of December 31, 2013. However, these amendments would be considered for future novations of derivatives, as applicable.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group’s financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective 2015

PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables*
The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014.The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*
The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

Effective 2017

IFRS 15, *Revenue from Contracts with Customers*
The core principle of this standard is for the companies to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expect to be entitled in exchange of those goods or services. The companies may recognize revenue when (or as) performance obligations are satisfied by transferring the good or service to a customer or when the customer obtains control. The standard was issued on May 28, 2014 superseding IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. This standard is effective for annual periods beginning on or after January 1, 2017.

The adoption of this interpretation may significantly affect the determination of the Group's revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this interpretation.

No Mandatory Effectivity Date

PFRS 9, *Financial Instruments*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

Deferred Effectivity

Philippine Interpretation 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts* or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The adoption of this interpretation may significantly affect the determination of the Group's revenue from real estate sales and the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings accounts. The Group is in the process of quantifying the impact of adoption of this interpretation.

3. Principles of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of Ayala Land, Inc. (ALI) and the following wholly owned and majority owned subsidiaries:

	Effective Ownership
Real Estate:	(%)
Alveo Land Corporation (Alveo)	100
Serendra, Inc.	39
Solinea, Inc. (Solinea) (formerly Bigfoot Palms, Inc.)	65
BGSouth Properties, Inc. (BGS)	50
Portico Land Corp. (Portico)	60
Serendra, Inc.	28
Amorsedia Development Corporation	100
OLC Development Corporation and Subsidiary	100
HLC Development Corporation	100
Allysonia International Ltd.	100
Avida Land Corporation (Avida)	100
Buklod Bahayan Realty and Development Corp.	100
Avida Sales Corp. and Subsidiaries	100
Amicassa Process Solutions, Inc.	100
Avencosouth Corp. (Avencosouth)	70
BGNorth Properties, Inc. (BGN)	50
Amaia Land Co. (Amaia)	100
Amaia Southern Properties, Inc. (ASPI)	65
Ayala Land International Sales, Inc. (ALISI)	100
Ayalaland International Marketing, Inc. (AIMI)	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
Crans Montana Holdings, Inc.	100
Crimson Field Enterprises, Inc.	100
Ecoholdings Company, Inc. (ECI)	100
NorthBeacon Commercial Corporation NBCC)	100
Red Creek Properties, Inc.	100
Regent Time International, Limited (Regent Time) (British Virgin Islands)	100
Asterion Technopod, Incorporated (ATI)	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corporation) (Westview)	100
Fairview Prime Commercial Corp. (formerly Gisborne Property Holdings, Inc.)	100
Hillsford Property Corporation (HPC)	100
Primavera Towncentre, Inc. (PTI)	100
Summerhill E-Office Corporation (Summerhill)	100
Sunnyfield E-Office Corporation (Sunnyfield)	100
Subic Bay Town Centre, Inc.	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	100
AyalaLand Real Estate Investments Inc.	100
AyalaLand Advisory Broadway Inc.	100
AyalaLand Development (Canada) Inc.	100

AyalaLand Commercial REIT, Inc. (ALCRI)	100
Arvo Commercial Corporation (Arvo)	100
BellaVita Land Corporation (BellaVita)	100
Nuevo Centro, Inc. (Nuevo Centro)	100
Cavite Commercial Town Center, Inc.	100
ALI Property Partners Corp. (APPCo)	100
One Dela Rosa Property Development, Inc.	100
First Gateway Real Estate Corp.	100
Glensworth Development, Inc. (Glensworth)	100
UP North Property Holdings, Inc.	100
Laguna Technopark, Inc. (LTI)	75
Ecozone Power Management, Inc.	75
Aurora Properties Incorporated	78
Vesta Property Holdings, Inc.	70
Station Square East Commercial Corporation (SSECC)	69
Asian I-Office Properties, Inc. (AiO) (Note 24)	–
Accendo Commercial Corp. (Accendo)	67
Avencosouth Corp.	20
Aviana Development Corporation	7
Aviana Development Corporation	50
Cagayan de Oro Gateway Corp. (CDOGC)	70
Ceci Realty, Inc. (Ceci)	60
Soltea Commercial Corp.	24
Soltea Commercial Corp.	60
CMPI Holdings, Inc.	60
CMPI Land, Inc.	36
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Adauge Commercial Corporation (Adauge)	87
Southgateway Development Corp. (SDC)	100
Ayalaland MetroNorth, Inc. (AMNI)	100
North Triangle Depot Commercial Corporation (NTDCC)	49
BGWest Properties, Inc. (BGW)	50
Cebu District Property Enterprise, Inc.	35
Lagdigan Land Corporation	60
Cebu Holdings, Inc. (CHI)	50
Cebu District Property Enterprise, Inc.	5
Cebu Property Ventures Development Corp and Subsidiary	38
Cebu Leisure Company, Inc.	50
CBP Theatre Management Inc.	50
Taft Punta Engaño Property Inc. (TPEPI)	28
Cebu Insular Hotel Company, Inc. (CIHCI)	19
Solinea, Inc.	18
Amaia Southern Properties, Inc. (ASPI)	18
Alabang Commercial Corporation (ACC)	50
South Innovative Theater Management (SITMI)	50

Construction:	
Makati Development Corporation (MDC)	100
MDC – First Balfour, Inc. Joint Venture	51
MDC – Subic, Inc.	100
MDC - Build Plus, Inc.	100
MDC Conqrete, Inc. (MCI)	100
MDC Equipment Solutions, Inc. (MESI)	100
Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	80
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	80
Asian Conservation Company Limited and Subsidiary	100
Enjay Hotels, Inc. (Enjay)	100
Greenhaven Property Venture, Inc. (GPVI)	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67
Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
ALI Makati Hotel & Residences, Inc. (formerly KHI-ALI Manila, Inc.)	20
ALI Makati Hotel Property, Inc. (formerly KHI Manila Property, Inc.)	20
Ten Knots Phils., Inc. (TKPI)	60
Bacuit Bay Development Corporation	60
Ten Knots Development, Corp. (TKDC)	60
Chirica Resorts Corp.	60
Kingfisher Capital Resources Corp.	60
Property Management:	
Ayala Property Management Corporation (APMC)	100
Entertainment:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAIP)	50
Others:	
Ayala Theatres Management, Inc. and Subsidiaries	100
DirectPower Services, Inc. (DirectPower)	100
Philippine Integrated Energy Solutions, Inc. (PhilEnergy)	100
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong company)	100
Green Horizons Holdings Limited	100
Aprisa Business Process Solutions, Inc. (Aprisa)	100
AyalaLand Club Management, Inc.	100
Varejo Corp. (Varejo)	100
SIAL Specialty Retailers, Inc	50
AyaGold Retailers, Inc.	50
SIAL CVS Retailers, Inc.	50
Philippine FamilyMart CVS, Inc.	60
Solerte, Inc.	100
Verde Golf Development Corporation	100
Whiteknight Holdings, Inc. (WHI)	100

4. Receivables / Payables

Aging of Receivables (as of June 30, 2014; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	36,937	11,109	11,938	1,910	61,894
Non-Trade Receivables	12,268	1,576	2,128	-	15,972
Total	**49,205**	**12,685**	**14,066**	**1,910**	**77,866**

Aging of Payables (as of June 30, 2014; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	28,081	15,164	16,122	-	59,367
Non-Trade Payables	57,488	4,640	8,214	-	70,342
Total	**85,569**	**19,804**	**24,336**	**-**	**129,709**

5. Inventories

This account consists of:

(in million pesos)	**June 2014 (Unaudited)**	December 2013 (Restated)
Real estate inventories	**P40,716**	P41,886
Club shares	**2,749**	1,686
	43,465	43,572

6. Disclosure of Interests in Subsidiaries with Material Non-controlling Interests and Interests in Associates

The Company considers a subsidiary with material NCI, an associate and joint venture with material interest if its net assets exceed 5% of its total consolidated net assets as of the reporting period. There are no significant restrictions on the Company's ability to use assets and settle liabilities of the group.

Financial information on the Company's significant subsidiary with material NCI follows:

Cebu Holdings, Inc.	June 30, 2014 **(in million pesos)**
Current assets	7,987
Non-current assets	10,628
Current liabilities	5,434
Non-current liabilities	6,982
Revenue	1,022
Net income	256
Other comprehensive income	—
Total comprehensive income	256

Financial information on associate with material interest on which has the Company has significant influence follows:

Bonifacio Land	June 30, 2014 (in million pesos)
Current assets	183
Non-current assets	24,048
Current liabilities	4,166
Non-current liabilities	-
Revenue	1,574
Profit or loss from continuing operation	1,574
Accounting method used	Equity method

7. Short-Term and Long-Term Debt

Short-Term Debt (as of June 30, 2014; in Million Pesos)

Borrower	Amount
ALI	1,656.7
Alabang	300.0
Alveo	1, 940.0
Appco	150.0
Amaia	1,525.0
Avida	1,697.0
LAIP	155.0
SSECC	149.8
Vesta	525.0
Total	**8,098.5**

Long-Term Debt (as of June 30, 2014; in Million Pesos / US$)

	Current		Non-Current		Total	
Borrower	**Peso**	**US$**	**Peso**	**US$**	**Peso**	**US$**
ALI	183	-	64,643	53	64,826	53
Accendo Commercial Corp	1,036	-	1,406	-	2,442	-
Adauge Commercial Corporation	-	-	130	-	130	-
ALI-Makati Property Hotels, Inc.	323	7	3,425	79	3,748	86
Alveo Land Corp.	-	-	3,000	-	3,000	
Amaia Land Corp.	-	-	1,500	-	1,500	-
Arvo Commercial Corporation	9	-	169	-	178	-
Asian I-Office	-	-	1,806	-	1,806	-
Avida Land Corp	25	-	4,975	-	5,000	-
Bonifacio Hotel Ventures, Inc.	27	1	508	12	534	12
Cagayan de Oro Gateway Corp	40	-	2,310	-	2,350	-
Alitr Cebu Holdings	2,325	-	4,888	-	7,213	-
Alitr Cebu Insular Hotels	8	0	144	3	151	4
Crestview E-Office Corporation	17	-	387	-	404	-
Ecosouth Hotel Ventures, Inc.	-	-	400	-	400	-
Fairview East Commercial Corp.	-	-	2,400		2,400	
First Gateway Real Estate Corp	-	-	-	-	-	-
Glensworth Development, Inc	63	-	311	-	373	-
Greenhaven Property Ventures, Inc.	13	-	930	-	943	-
Hillsford Property Corp.	12	-	72	-	85	-
HLC Development Corp.	179	-	1,480	-	1,660	-
NorthBeacon Commercial Corp	5	-	995	-	1,000	-
Northgate Hotel Ventures, Inc.	21	0	314	3	336	3
North Triangle Depot	860	-	1,986	-	2,846	-
One Dela Rosa Property Development, Inc	5	-	995	-	1,000	-
PhilEnergy	15	-	1,520	-	1,535	-
Southcrest Hotel Ventures, Inc.	27	0	404	5	430	5
Station Square East Commercial Corp	50	-	1,363	-	1,413	-
Subic Bay Town Center, Inc	44	-	815	-	859	-
Sunnyfield E-Office Corporation	18	-	107	-	126	-
UP North Property Holdings, Inc	110	-	2,035	-	2,145	-
Total	**5,415**	**9**	**105,417**	**154**	**110,832**	**162**

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans – January – June 30, 2014 (in Million Pesos)

Borrower	Amount	Nature
ALI	18,313	availment of short-term loans and issuance of bonds
Adauge	130	availment of long-term loans
AHRC	220	availment of long-term loans
Alveo	4,100	availment of short-term and long-term loans
Amaia	1,700	availment of short-term and long-term loans
APPCO	1,000	availment of long term loan
Avida	3,950	availment of short-term and long-term loans
CHI	5,000	Bond
Fairview	400	availment of long-term loan
HLC	295	availment of long-term loan
NBCC	1,000	availment of long-term loan
PhilEnergy	461	availment of long-term loans
Total	**36,569**	

Repayments of Debt and Equity Securities – January – June 30, 2014 (in Million Pesos)

Borrower	Amount	Nature
ALI	13,421	repayment of short term and amortization of long-term debt
ACC	33	payment of matured short-term loans
Accendo	34	amortization on long-term loan
AHRC	149	amortization on long-term loans
Alveo	1,430	payment of matured short-term loans
Amaia	1,275	payment of matured short-term loans
APPCO	1,464	payment of matured short-term loans and amortization on long-term loans
CHI	336	amortization on long-term loans
Crestview	4	amortization on long-term loans
DirectPower	130	payment of matured short-term loan
Hillsford	6	amortization on long-term loan
LAIP	15	payment of matured short-term loans
NBCC	968	payment of matured short-term loan
NTDCC	118	repayment of long-term loans
SSECC	289	payment of matured short-term loans and amortization on long-term loans
Sunnyfield	9	amortization on long-term loans
SBTCI	22	amortization on long-term loans
Total	**19,704**	

P5.0 Billion Fixed Rate Bonds due 2021

	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**5,000,000,000.00**	**5,000,000,000.00**
Expenses		
Documentary Stamp Tax	25,000,000.00	25,000,000.00
SEC Registration	1,812,500.00	1,812,500.00
Legal Research Fee	18,125.00	18,125.00
Upfront Fees	-	-
Underwriting Fee	18,750,000.00	18,750,000.00
Professional Expenses and Agency Fees		
Legal	1,456,000.00	1,475,000.00
Rating	2,240,000.00	2,000,000.00
Trustee	20,000.00	-
Registry Account Opening Fee	112,500.00	60,350.00
Listing Fee	112,000.00	112,000.00
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	225,969.04
Total Expenses	**52.051.125.00**	**49,453,944.04**
Net Proceeds	**4,947,978,875.00**	**4,950,546,055.96**

Balance of Proceeds as of 6.30.2014 **P3.5B**

Cebu Holdings, Inc. raised from the Bonds gross proceeds of P5.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P4.95 billion. Net proceeds were used to partially finance various projects including, but not limited to, 1016 Residences (P130 million), Parkpoint Residences (P519 million), Amara (P422 million), Sedona Parc (P30 million), construction of ACC Corporate Center (P1.094 billion), Land Acquisition (P1.175 billion) and Investment to CITP Redevelopment (P1.58 billion).

P8 Billion Fixed Rate Callable Bonds due 2025

	ESTIMATED PER PROSPECTUS	**ACTUAL**
Issue Amount	**8,000,000,000.00**	**8,000,000,000.00**
Expenses		
Documentary Stamp Tax	40,000,000.00	40,000,000.00
Underwriting Fee	30,000,000.00	30,000,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	7,748,500.00	7,178,064.00
Marketing/Printing/Photocopying Costs and OPEs	2,500,000.00	126,279.00
Listing Fee	168,000.00	100,000.00
Total Expenses	**84,772,125.00**	**81,759,968.00**
Net Proceeds	**7,915,227,875.00**	**7,918,240,032.00**

Balance of Proceeds as of 6.30.2014 **NIL**

Ayala Land raised from the Bonds gross proceeds of P8.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P7.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, the construction of various leasing assets including the Vertis Mall, BPO and Hotel (P5.3 billion), Circuit Mall, Retail Strip and Hotel (P4.4 billion) and Southpark Mall and BPO (P5.2 billion).

P4.0 Billion in Fixed Rate Bonds due 2020 and P2.0 Billion Fixed Rate Bonds due 2033

	ESTIMATED PER PROSPECTUS	**ACTUAL**
Issue Amount	**6,000,000,000.00**	**6,000,000,000.00**
Expenses		
Documentary Stamp Tax	30,000,000.00	30,000,000.00
Upfront Fees		
Underwriting Fee (375 bps + GRT)	22,500,000.00	22,500,000.00
Professional Expenses	1,457,500.00	2,517,808.07
Listing Fee	100,000.00	100,000.00
Out of Pocket Expenses (publication, printing etc.)	1,000,000.00	5,530.00
Total Expenses	**55,057,500.00**	**55,123,338.07**
Net Proceeds	**5,944,942,500.00**	**5,944,876,661.93**

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P6.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P5.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, (i) the construction of various leasing assets including an additional BPO building in Cebu IT Park and the construction of Fairview Terraces Mall (P0.9 billion), (ii) infusion to Avida Land Corp. (a subsidiary) to fund various residential development projects and acquisitions (P1.0 billion) and (iii) the acquisition of several properties in strategic areas around the country (P4.0 billion).

P15.0 Billion Fixed Rate Bonds due 2024

	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**15,000,000,000.00**	**15,000,000,000.00**
Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
SEC Registration	5,812,500.00	5,812,500.00
Legal Research Fee	58,125.00	58,125.00
Upfront Fees		
Underwriting Fee	56,250,000.00	56,250,000.00
Professional Expenses	7,336,000.00	401,082.05
Trustee	20,000.00	20,000.00
Registry Account Opening Fee	150,000.00	150,000.00
Listing Fee	100,000.00	100,000.00
Out of Pocket Expenses (publication, printing etc.)	2,500,000.00	97,807.91
Total Expenses	**147,226,625.00**	**137,889,514.96**
Net Proceeds	**14,852,773,375.00**	**14,862,110,485.04**

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, (i) the pump-priming development activities for new townships like Vertis North in Quezon City, Arca South, formerly FTI, in Taguig, Alviera in Pampanga, and Altaraza in Bulacan (P4.0 billion), (ii) development of various residential projects such as Park Terraces, Garden Towers and subdivision projects in Nuvali (e.g. Santierra, Elaro and Luscara) (P4.0 billion), (iii) the construction of various leasing assets including an additional BPO buildings in UP – Ayalaland Technohub, the construction of the UP Town Center, expansion of Ayala Center Cebu and Abreeza (P1.2 billion), (iii) new Seda Hotel in Nuvali (P0.3 billion) and (iv) the acquisition of several properties in strategic areas around the country (P5.4 billion).

P9.35 Billion Fixed Rate Callable Bonds due 2019 and ₱5.65 Billion Fixed Rate Callable Bonds due 2022

	ESTIMATED PER PROSPECTUS	ACTUAL
Issue Amount	**15,000,000,000.00**	**15,000,000,000.00**
Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	54,035,000.00	54,035,000.00
Rating Fee	5,040,000.00	4,125,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	1,960,000.00	3,064,146.00
Marketing/Printing/Photocopying Costs and OPEs	500,000.00	383,755.82
Registry and Paying Agency Fee	337,500.00	1,056,314.87
Trustee Fees	112,500.00	20,000.00
Listing Fee	100,000.00	443,666.68
Total Expenses	**141,440,625.00**	**142,483,508.37**
Net Proceeds	**14,858,559,375.00**	**14,857,516,491.63**

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P15.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P14.9 billion. Net proceeds were used to partially finance various projects including, but not limited to, (i) the development of various residential projects such as Park Terraces and Garden Towers (P1.2billion), (ii) the construction of various leasing assets including the redevelopment of Glorietta I and II malls, Glorietta BPO and the Holiday Inn hotel at Ayala Center (P1.5 billion) and the (iii) the acquisition of 74 hectares located in the FTI complex, Taguig City (P12.2billion).

HOMESTARTER BONDS 6

	PROSPECTUS	ACTUAL
Issue Amount	**2,000,000,000.00**	**2,000,000,000.00**
Expenses		
Underwriting and Other Professional Fees	15,000,000.00	15,060,000.00
Issue Management Fee	2,000,000.00	2,000,000.00
Underwriting Fee	12,500,000.00	12,500,000.00
Legal Fee – Joint Underwriters	500,000.00	560,000.00
Marketing/Printing/Photocopying Costs and OPEs	2,200,000.00	1,486,780.27
Documentary Stamp Tax	10,000,000.00	10,000,000.00
Total Expenses	**27,200,000.00**	**26,546,789.27**
Net Proceeds	**1,972,800,000.00**	**1,973,453,210.73**

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P2.0 billion. After issue-related expenses, actual net proceeds amounted to approximately P1.97 billion. Net proceeds were used to partially finance its various projects such as, but not limited to, Park Terraces, Garden Towers, ParkPoint Residences, Ayala Westgrove Heights, Luscara, Elaro, Santierra and the redevelopment of Ayala Center (P540 million); and the balance of the purchase price to acquire Global Technologies International Limited's 32% stake in ALI Property Partners Corp. and additional capital infusion to a subsidiary (P650 million). Remaining net proceeds from the Bonds will be deployed to various projects in the succeeding months.

HOMESTARTER BONDS 5

	PROSPECTUS	ACTUAL
Issue Amount	**1,000,000,000.00**	**1,000,000,000.00**
Expenses		
SEC Registration	1,325,625.00	1,325,625.00
Underwriting and Other Professional Fees	8,000,000.00	9,421,000.00
Marketing/Printing/Photocopying Costs and OPEs	2,200,000.00	1,587,085,83
Registry and Paying Agency Fees	200,000.00	154,090.30
Documentary Stamp Tax	10,000,000.00	5,000,000.00
Total Expenses	**21,725,625.00**	**17,487,801.13**
Net Proceeds	**978,274,375.00**	**982,512,198.87**

Balance of Proceeds as of 12.31.2013 **NIL**

Ayala Land raised from the Bonds gross proceeds of P1.0Bn. After issue-related expenses, actual net proceeds amounted to P982.5 million. Net proceeds were used to partially finance costs related to the acquisition of 74 hectares located in the FTI Complex, Taguig City.

8. Commercial Paper Issuances and Outstanding Balance (for the quarter ended June 30, 2014)

None.

9. Accounts and Other Payables

The accounts and other payables as of June 30, 2014 is broken down as follows:

	(In million pesos)
Accounts Payable	P 54,401
Accrued Expenses	4,675
Taxes payable	8,458
Accrued project cost	18,536
Dividend payable	175
Accrued salaries & employee benefits	2,464
Accrued rentals	1,115
Accrued - Repairs & maintenance	2,212
Accrued - Advertising & Promo	1,287
Accrued - Professional & Management Fees	2,873
Accrued - Light & Water	1,924
Accrued - Insurance	189
Accrued -Supplies	61
Accrued - Postal & Comm	22
Accrued - Representation	60
Accrued - Donations & Contribution	35
Accrued - Transportation & Travel	149
Interest payable	1,323
Retention payable	106
Total	P 100,065

10. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties
In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The following provide the total amount of transactions that have been entered into with a significant related party for the relevant financial year (in thousands):

a. Transactions with BPI, an associate of AC

As of June 30, 2014 and December 31, 2013, the Group maintains current and savings account, money market placements and Long-term debt payable with BPI broken down as follows:

(In million pesos)	June 30, 2014	(Restated) December 31, 2013
Cash in bank	**P12,737**	P6,737
Cash equivalents	**13,670**	10,788
Financial asset at FVPL	**9,271**	12,795
Short-term debt	**825**	1,500
Long-term debt	**16,642**	16,869

11. Segment information

The industry segments where the Group and its associates and joint ventures operate follow:

- Residential developments - sale of high-end and upper middle-income residential lots and units, affordable housing units and lots, economic housing and leisure community developments; lease of residential developments under joint venture

- Shopping centers - development of shopping centers and lease to third parties of retail space and land therein; operation of movie theaters, food courts, entertainment facilities and carparks in these shopping centers; management and operation of malls which are co-owned with partners

- Corporate business - development and lease or sale of office buildings; sale of industrial lots and lease of factory building

- Hotels and Resorts - development and management of hotels and resorts/serviced apartments and lease of land to hotel tenants

- Strategic landbank management and Visayas-Mindanao - acquisition, development and sale of large-scale, mixed-use, masterplanned communities; sale of override units or the Company's share in properties made available to subsidiaries for development; lease of gas station sites and carparks outside Ayala Center. This also includes development, sale and lease, shopping centers and residential developments of the Group's product offerings in key cities in the Visayas and Mindanao regions

- Construction - land development and construction of the Group and third-party projects

- Property management - facilities management of the Group and third-party projects

- Others - other income from investment activities and sale of non-core assets.

In 2010, the Visayas-Mindanao business segment was combined with Strategic Landbank Management.

The Company and its subsidiaries generally account for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

YTD June 2014	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	5,480	2,037	23,601	5,725	2,899	2,748	474	0	0	42,964
Intersegment sales	212	0	336	2,915	11,156	0	474	0	(15,093)	0
Equity in net earnings of Investees	(94)	0	0	742	0	0	0	(19)	0	629
Total Revenues	**5,598**	**2,037**	**23,937**	**9,382**	**14,055**	**2,748**	**948**	**(19)**	(15,093)	**43,593**
Operating Expenses	3,464	921	18,979	5,986	12,650	2,101	807	838	(13,806)	31,940
Operating Profit	**2,134**	**1,116**	**4,958**	**3,396**	**1,405**	**647**	**141**	**(857)**	**(1,287)**	**11,653**
Interest income										2,229
Interest expense										(2,351)
Other income (expense)										(279)
Provision for income tax										(2,636)
Net Income										8,616
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										7,054
Minority interests										1,562
										8,616
Other information										
Segment assets	75,036	39,958	230,326	72,472	33,643	25,573	5,297	8,574	(138,687)	352,192
Investment in associates and jointly controlle	589		3	7,782		75		1,544		9,993
Deferred tax assets	248	81	1,385	320	0	112	30	2,119	1,418	5,713
Total assets	**75,873**	**40,039**	**231,714**	**80,574**	**33,643**	**25,760**	**5,327**	**12,237**	**(137,269)**	**367,898**
Segment liabilities	34,385	17,463	102,934	71,227	30,887	11,534	3,290	27,260	(51,196)	247,784
Deferred tax liabilities	18	72	220	104	0	480	0	0	(39)	855
Total liabilities	**34,403**	**17,535**	**103,154**	**71,331**	**30,887**	**12,014**	**3,290**	**27,260**	**(51,235)**	**248,639**
Segment additions to										
Property & Equipment	72	36	249	24	51	84	627	33		1,176
Investment properties	402	1,115	434	592	0	0	0	0		2,543
Depreciation and amortization	749	311	70	364	236	239	49	73		2,091

YTD June 2013	Shopping Centers	Corporate Businesses	Residential Development	Strategic Landbank Management and Visayas Mindanao	Construction	Hotels and Resorts	Property Management and Others	Corporate	Intersegment Adjustmemt	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	5,036	1,525	17,629	6,214	2,937	1,861	609	0	0	35,811
Intersegment sales	232	0	164	25	6,894	0	288	0	(7,603)	0
Equity in net earnings of Investees	(2)	0	0	134	0	0	0	(4)	0	128
Total Revenues	5,266	1,525	17,793	6,373	9,831	1,861	897	(4)	(7,603)	35,939
Operating Expenses	2,973	799	12,763	4,115	9,087	1,806	751	571	(7,251)	25,614
Operating Profit	2,293	726	5,030	2,258	744	55	146	(575)	(352)	10,325
Interest income										560
Interest expense										(1,650)
Other income (expense)										(115)
Provision for income tax										(2,505)
Net Income										**6,615**
Net Income attributable to:										
Equity holders of Ayala Land, Inc.										5,624
Minority interests										992
										6,615
Other information										
Segment assets	73,942	34,950	165,959	50,224	23,410	18,118	2,491	1,121	(99,218)	270,997
Investment in associates and jointly controlle	239	0	7	6,844	0	0	0	1,146	0	8,236
Deferred tax assets	235	51	589	266	14	53	11	1,788	980	3,987
Total assets	**74,416**	**35,001**	**166,555**	**57,334**	**23,424**	**18,171**	**2,502**	**4,055**	**(98,238)**	**283,220**
Segment liabilities	24,655	12,187	83,870	21,727	20,566	9,764	1,523	27,236	(27,800)	173,728
Deferred tax liabilities	54	32	322	2	0	480	0	0	168	1,058
Total liabilities	**24,709**	**12,219**	**84,192**	**21,729**	**20,566**	**10,244**	**1,523**	**27,236**	**(27,632)**	**174,786**
Segment additions to										
Property & Equipment	738	33	63	2	232	3,040	314	49		4,471
Investment properties	3,041	2,331	17	2,960	0	0	0	408		8,757
Depreciation and amortization	781	250	83	34	157	190	43	153		1,691

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

Results of Operations for the Six Months Ended June 30, 2014

Ayala Land, Inc. (ALI or "the Company") sustained its robust growth trajectory in the first six months of 2014 as net income grew by 25% to P7.05 billion from the P5.62 billion posted in the same period last year. Consolidated revenues for the first six months reached P46.20 billion, 26% higher than the P36.63 billion registered in the same period in 2013. Revenues from Real Estate increased by 20% to P42.97 billion, driven by the strong performance across the property development, commercial leasing and services businesses.

The ratio of General and Administrative Expenses (GAE) to revenues declined further to 6.5% from 6.9% year-on-year. Earnings before interest and taxes (EBIT) margin was maintained at 27% for the first six months of 2014.

Business Segments

The details of the individual performance of each business segment are discussed as follows:

Property Development. Property Development, which includes the sale of residential lots and units, office spaces, as well as Commercial and Industrial Lots, reported revenues of P29.30 billion in the first six months of 2014, 28% higher than the P22.81 billion reported during the same period in 2013.

Revenues from the Residential Segment reached P24.28 billion in the first six months, 40% higher than the same period last year, driven by strong bookings and project completion across all residential brands. Ayala Land Premier (ALP) registered a revenue growth of 59% year-on-year to P9.83 billion, driven by significant bookings from residential lots in Soliento, Luscara and Elaro in Nuvali and high-value condominium units such as Park Terraces, Garden Towers and Two Roxas Triangle in Makati, East Gallery Place and The Suites at Bonifacio Global City. Alveo meanwhile posted P5.01 billion revenues, 26% higher compared to the first six months of 2013, owing to the higher sales and completion of its new and existing projects such as Kroma, Escala, Solstice Tower 1 in Makati, One and Two Maridien, Verve Residences Tower 1 in Bonifacio Global City and Ferndale Villas in Quezon City. Avida and Amaia likewise recorded revenue growth of 11% and 47% to P5.78 billion and P1.44 billion, respectively. Avida's performance was anchored on the higher contributions from Avida Towers 34th Street Towers 1 & 2, AvidaCityflex Tower 2 and Verte in Bonifacio Global City, Avida Towers Vita Towers 2 and 3 in Vertis North, Avida Towers Centera Tower 3 and 4 in Mandaluyong, Avida Towers Riala Tower 1 and 2 in Cebu, as well as AvidaWoodhill Settings in Nuvali. Amaia revenues was primarily driven by the strong sales of the highly successful, recently launched Amaia Steps Nuvali. BellaVita revenues more than doubled to P46.65 million, mainly due to solid bookings generated by its projects in General Trias and Alaminos.

Sales take-up value for the first six months of the year increased 11%, reaching a total of P48.54 billion, equivalent to an average monthly sales take-up of P8.09 billion, an all-time high. Residential Gross Profit (GP) margins of horizontal projects declined to 40% from 42% owing to lower margins from recently acquired lots at Ayala Greenfield Estates and Nuvali projects, while GP margins of vertical developments were maintained at 34%. The Company's five residential brands launched a total of 5,525 units in the first six months of 2014, with a total sales value of P26.81 billion.

In addition, revenue from the sale of office spaces by Alveo and Avida aggregated at P827.19 million representing a three-fold increase from the same period in 2013 driven mainly by additional bookings and project completion in HSS Corporate Plaza Towers and One Park Drive in Bonifacio Global City and BPI Corporate Center in Cebu. GP margins of offices for sale expanded to 38% from 34% in the first six months of 2013.

Revenues from the sale of Commercial and Industrial Lots decreased by 19% in the first six months to P4.19 billion, mainly due to the sale of commercial lots by Arca South in 2013. GP margins however improved to 51% from 35% due to higher margins on commercial lots sold in Arca South, Nuvali and the newly-acquired Altaraza in Bulacan.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues for Commercial Leasing amounted to P10.36 billion during the first six months of 2014, 22% higher than the P8.49 billion recorded in the same period last year.

Revenues from Shopping Centers grew by 10% to P5.52 billion during the first six months of 2014 from P5.04 billion in the first six months of 2013. The first six months of 2014 saw a steady increase in monthly average lease rates to P1,148 per square meter from P1,104 per square meter in first half 2013, with the opening of new malls and steady rental escalations. Total gross leasable area (GLA) was up 10% year-on-year while occupied gross leasable area (GLA) was up by 7% year-on-year. Same-store rental growth increased by 10%. Shopping Centers EBITDA margins was maintained at 62%.

Revenues from Office Leasing operations increased by 31% to P2.10billion for the first six months of the year, from P1.60 billion in the same period last year. The revenue growth was generated by higher lease rates and occupied office GLA, which increased by 10% year-on-year. Total GLA expanded to 581,000 square meters while total occupied office GLA expanded to 526,160 square meters as of the end of June 2014. Average BPO lease rates increased 4% year-on-year to P638 per square meter due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to 83% from 80%.

Hotels and Resorts currently operates 1,294internationally branded hotel rooms in Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Residences Makati and Holiday Inn & Suites Makati, 203 island resort rooms in Lagen, Miniloc, Apulit and Pangulasian Islands in the province of Palawan and 665 Seda Hotel rooms between Bonifacio Global City, Centrio Cagayan de Oro, Abreeza Davao which all opened in 2013, and the Nuvali Seda Hotel which opened in March 2014.Revenues of the Hotels and Resorts business grew by 48% to P2.75 billion in the first six months of 2014 from P1.86 billion in the same period last year, primarily driven by improved performance of new hotels and resorts. Revenue per Available Room (REVPAR) for hotels was at P3,816, substantially higher by 47% versus 2013 levels due to improved occupancy and room rates at Holiday Inn, Fairmont Hotel and Raffles Residences and the Seda Hotels. REVPAR for resorts improved by 23% year-on-year, owing to improved occupancy across all resorts and better room rates at the newly-opened Pangalusian resort in El Nido. EBITDA margins for Hotels and Resorts increased to 29% from 18%.

Services. Services which include the Company's wholly-owned Construction and Property Management companies, generated combined revenues of P14.57 billion during the first six months of the year, 39% higher than the P10.50 billion posted in the same period last year. Construction revenues grew by 43% to P14.10 billion with the steady completion of ALI Group projects. Property Management revenues decreased by 22% to 474 million in the first six months of 2014, due to the sale of Laguna Technopark's waterworks business in 4th quarter 2013. Blended EBITDA margins for Services increased to 10% from 8% in the first six months of 2014.

Equity in Net Earnings of Investees, Interest, Fees, Investment and Other Income

Equity in Net Earnings from Investees grew by 392% to P629 million for the first six months of 2014, from P128 million in the same period last year. The increase is mainly attributed to the higher sale of commercial lots by Fort Bonifacio Development Corporation (FBDC). Meanwhile, Interest, Investment and Other income went up by 51% to P2.60 billion, due to higher interest income on accretion and installment sales.

Expenses

Total expenses for January to June 2014 amounted to P34.95 billion, 27% more than the P27.51 billion incurred as of end-June 2013. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 25% year-on-year amounting to P28.90 billion. GAE grew by only 19%to P3.01 billion primarily due to payroll and compensation-related expenses, with the GAE-to-revenue ratio to decline to 6.5% from 6.9% last year. Interest Expense, Financing and Other Charges meanwhile increased by 59% year-on year to P3.03 billion, mainly attributed to new bond issuances to finance the Company's expansion plans.

Project and Capital Expenditure

The Company spent a total of P32.93 billion for project and capital expenditures in the first six months of 2014, 42% more than the P23.20 billion spent during the same period in 2013. The bulk of capital expenditures in the first six months of 2014 were spent on project completion (60% of the total) with the remaining balance spent for land acquisition (40%). The P32.93 billion spent in the first six months represents 47% of the programmed spending for the year. The Company expects to disburse close to its target capex spend of about P70 billion by year-end to finance the continued rollout of its aggressive growth plans.

Financial Condition

The Company's balance sheet continues to be solid, with adequate capacity to support its growth plans for 2014 and beyond. Cash and Cash Equivalents stood at P48.90 billion, resulting in a Current Ratio of 1.46: 1. Total Borrowings stood at P118.93 billion from Php101.90 billion as of December last year, translating to a Debt-to-Equity Ratio of 1.16: 1 and a Net Debt-to-Equity Ratio of 0.68:1. Return on Equity was at 14% as of end-June 2014

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, short-term investment, financial assets at FVPL, AFS quoted and unquoted equity securities, investments in bonds, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as trade receivables and trade payables which arise directly from the conduct of its operations.

Exposure to liquidity, credit, interest rate, currency and equity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The use of derivative financial instruments, if any, is solely for management of the Group's financial risk exposures. It is the Group's policy not to enter into derivative transactions for speculative purposes.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

There were no changes in the Group's financial risk management objectives and policies in 2013.

Liquidity risk

Liquidity risk is defined by the Group as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Group that make it difficult for the Group to raise the necessary funds or that forces the Group to raise funds at significantly higher interest rates than usual.

This is also the possibility of experiencing losses due to the inability to sell or convert marketable securities into cash immediately or in instances where conversion to cash is possible but at loss due to wider than normal bid-offer spreads.

The Group employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Group has come up with a three-layered approach to liquidity through the prudent management of sufficient cash and cash equivalents, the potential sale of accounts receivables and the maintenance of short-term revolving credit facilities.

Cash and cash equivalents are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise. Management develops viable funding alternatives through a continuous program for the sale of its receivables and ensures the availability of ample unused short-term revolving credit facilities from both local and foreign banks as back-up liquidity.

The Group ascertains that its cash is invested in short-term bank placements and special deposit accounts, as well as in high-quality and marketable government and corporate securities.

Credit risk

The Group's credit risks are primarily attributable to installments receivable, rental receivables and other financial assets. To manage credit risks, the Group maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures.

The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of post dated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, short-term investments, financial assets at FVPL and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

Interest rate risk

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and increasing the fixed interest component of its debt portfolio.

Foreign currency risk

Financial assets and credit facilities of the Group, as well as major contracts entered into for the purchase of raw materials, are mainly denominated in Philippine Peso. The Group's placements in foreign currencies and the amount of foreign currency-denominated debt are minimal. As such, the Group's foreign currency risk is minimal.

Equity price risk

Quoted AFS financial assets are acquired at a certain price in the market. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. Depending on several factors such as interest rate movements, country's economic performance, political stability, domestic inflation rates, these prices change, reflecting how market participants view the developments.

Causes for any material changes *(+/- 5% or more)* in the financial statements

Income Statement items – 1H 2014 versus 1H 2013

20% increase in real estate and hotel revenues
Mainly due to higher sales bookings and incremental completion of residential projects and improved performance of the leasing business

392% increase in equity in net earnings of investees
Primarily due to the sale of eight FBDC commercial lots.

40% increase in interest, fees and investment income
Mainly due to higher interest income on installment sales.

181% increase in other income
Primarily driven by foreign exchange gains.

25% increase in real estate and hotel costs
Largely due to higher real estate revenues.

19% increase in general and administrative expenses
Primarily due to compensation and benefits related expenses.

59% increase in interest expense, financing and other charges
Largely due to increased borrowings for various capital expenditures.

58% increase in net income attributable to non-controlling interests
Primarily due to the increased contribution from CHI, BG South, BG North and the Nuvali companies.

<u>Balance Sheet items</u> – June 30, 2014 versus End-2013

42% increase in cash and cash equivalents
Mainly due to proceeds of new loan availments, higher collection of receivables and release of escrow accounts.

26% decrease in financials assets at fair value through profit or loss
Largely due to lower investments in Arch Capital.

49% increase in accounts and notes receivables (net)
Largely due to additional bookings from residential projects.

13% decrease in other current assets
Mainly due to release of escrow accoutns.

9% increase in land and improvements
Mainly due to additional land acquisitions.

7% increase in investments in associates and jointly controlled entities
Primarily due to increase in equity net earnings from FBDC group.

9% decrease in available-for-sale financial assets
Primarily due to the sale of AHRC shares in Manila Golf & Country Club to Ayala Corporation.

10% increase in investment properties
Mainly due to additional costs on malls/buildings for lease.

11% increase in deferred tax assets
Primarily due to higher deferred tax assets on temporary differences from revenue recognition for increased residential projects.

97% increase in other non-current assets
Largely due to increase in advances and deposits for construction.

26% increase in account and other payables
Mainly due to higher payable to suppliers and taxes payable.

35% decrease in short-term debt
Mainly due to bank loan repayments of ALI parent.

46% increase in income tax payable
Mainly due to higher taxable income.

23% increase in long-term debt
Largely attributable to increase in loan availment of ALI parent and subsidiaries.

35% decrease in deferred tax liabilities
Mainly due to amortization of capitalized DST.

PART II - OTHER INFORMATION

Item 3. 2Q 2014 Developments

A. New project or investments in another line of business or corporation	None.
B. Composition of Board of Directors (as of June 30, 2014)	Fernando Zobel de Ayala — Chairman Jaime Augusto Zobel de Ayala II — Vice Chairman Bernard Vincent O. Dy — President & CEO Antonino T. Aquino — Director Francis G. Estrada — Director Jaime C. Laya — Director Delfin L. Lazaro — Director Rizalina G. Mantaring — Director Vincent Y. Tan — Director
C. Performance of the corporation or result/progress of operations	Please see unaudited consolidated financial statements and management's discussion on results of operations.
D. Declaration of dividends	P0.20711082 cash dividend Declaration date: February 21, 2014 Record date: March 7, 2014 Payment date: March 21, 2014
E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	None.
F. Offering of rights, granting of Stock Options and corresponding plans therefore	ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. As of June 30, 2014, stock options outstanding* are as follows: ESOP 3,858,360 shares ESOWN 104,697,204 shares 108,555,564 shares * *outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.
H. Other information, material events or happenings that may have affected or may affect market price of security	None.
I. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 2Q 2014 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Financial Statements (Item #7).
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (Item #5).
M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.
N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.

P. Other material events or transactions during the interim period

1. On May 12, 2014 - Ayala Land, Inc. signed a Terms of Reference with Sureste Properties, Inc. (SPI), a wholly-owned subsidiary of Bloomberry Resorts Corp. as the leasing and marketing agend for the 5,000 sqm. retail area to be opened in the new Phase 1-A of Solaire Resort and Casino.

2. On May 26, 2014 – The Board of Directors approved the issuance of up to Php5 billion of Ayala Homestarter Bonds.

3. On June 4, 2014 – AyalaLand Hotels and Resorts Corporation signed a long-term management agreement with the Mandarin Oriental Hotel Group to develop and operate a luxury hotel in Makati City.

Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

None.

R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

None.

S. Material commitments for capital expenditures, general purpose and expected sources of funds

For the year 2014, Ayala Land's consolidated budget for project and capital expenditures amount to P70.0 billion. This will be financed through a combination of internally-generated funds, borrowings and pre-selling.

The Company spent a total of P32.93 billion for project and capital expenditures in the first six months of 2014, 42% more than the P23.20 billion spent during the same period in 2013. The bulk of capital expenditures in the first six months of 2014 were spent on project completion (60% of the total) with the remaining balance spent for land acquisition (40%). The P32.93 billion spent in the first six months represents 47% of the programmed spending for the year. The Company expects to disburse close to its target capex spend of about P70 billion by year-end to finance the continued rollout of its aggressive growth plans.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations

Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.

U. Significant elements of income or loss that did not arise from continuing operations

None.

V. Causes for any material change/s from period to period in one or more line items of the financial statements

Please see Notes to Financial Statements (Item #7).

W. Seasonal aspects that had material effect on the financial condition or results of operations

ALI's leasing portfolio generates a fairly stable stream of revenues throughout the year, with higher sales experienced in the fourth quarter from shopping centers due to holiday spending.

The Company's development operations do not show any seasonality. Projects are launched anytime of the year depending on several factors such as completion of plans and permits and appropriate timing in terms of market conditions and strategy. Development and construction work follow target completion dates committed at the time of project launch.

X. Disclosures not made under SEC Form 17-C

None.

Item 5. Performance Indicators

The table below sets forth the comparative performance indicators of the Company and its majority-owned subsidiaries:

	End June 2014	***End December 2013***
Current ratio [1]	*1.46:1*	*1.45:1*
Debt-to-equity ratio [2]	*1.16:1*	*1.04:1*
Net debt(cash)-to-equity ratio [3]	*0.68:1*	*0.61:1*
Profitability Ratios:		
Return on assets [4]	*5%*	*5%*
Return on equity [5]	*14%*	*13%*
Asset to Equity Ratio[6]	*3.08:1*	*2.90:1*
Interest Rate Coverage Ratio[7]	*6.4*	*6.5*

**Restated per PFRS 10*

[1] *Current assets / current liabilities*
[2] *Total debt / stockholders' equity attributable to parent (Total debt includes short-term debt, long-term debt and current portion of long-term debt)*
[3] *Net debt / stockholders' equity attributable to parent net of unrealized gain on AFS (Net debt is total debt less cash and cash equivalents, short-term investments and financial assets through FVPL)*
[4] *Net income attributable to parent / average total assets*
[5] *Net income attributable to parent / average total stockholders' equity*
[6] *Total assets / total stockholders' equity attributable to parent*
[7] *EBITDA / interest expense*

SIGNATURE

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.

Issuer: **AYALA LAND, INC.**

By:

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: August 11, 2014