

SEC Number: 152-747

File Number: _____

AYALA LAND, INC.

(Company's Full Name)

c/o 30/F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 848-5313

(Telephone Number)

March 31, 2008

(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 **March 31, 2008**
2. Commission Identification Number **152747**
3. BIR Tax Identification No. **050-000-153-790**
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:
c/o 30/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1226
8. Issuer's telephone number, including area code: **(632) 848-5313**
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 March 31, 2008

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	13,034,603,881

Amount of Debt Outstanding
P10.2 Billion

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

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

Yes No

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PART I – FINANCIAL STATEMENTS

Item 1. Financial Statements



Ayala Land, Inc.
Consolidated Balance Sheets
As of March 31, 2008 and December 31, 2007
(in million pesos)

	March 2008 Unaudited	December 2007 Audited
ASSETS		
Current Assets		
Cash, cash equivalents and short-term investments	14,077	11,272
Accounts and notes receivable - net	12,356	11,564
Real estate inventories	7,422	6,696
Other current assets	2,848	4,448
Total Current Assets	36,703	33,979
Noncurrent Assets		
Non-current accounts and notes receivable	2,473	3,475
Land and improvements	17,026	16,399
Investments in associates and jointly controlled entities - net	9,408	9,039
Available-for-sale financial assets	366	367
Investment properties - net	13,845	13,793
Property and equipment - net	4,239	4,015
Deferred tax assets - net	918	671
Other noncurrent assets	1,302	1,243
Total Noncurrent Assets	49,577	49,002
	86,280	82,981
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	16,468	15,759
Short-term debt	1,732	1,613
Income tax payable	241	167
Current portion of long-term debt	2,528	2,377
Other current liabilities	431	623
Total Current Liabilities	21,400	20,539
Noncurrent Liabilities		
Long-term debt - net of current portion	5,950	6,150
Pension liabilities	197	176
Deferred tax liabilities - net	115	114
Deposits and other noncurrent liabilities	5,990	4,376
Deferred credits	0	881
Total Noncurrent Liabilities	12,252	11,697
Total Liabilities	33,652	32,235
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up Capital	18,229	18,203
Stock Options Outstanding	92	96
Unrealized Loss on Available-for-sale Financial Assets	2	2
Retained Earnings	29,235	27,405
Treasury Stock	-1	-1
	47,558	45,705
Minority interests	5,070	5,041
	52,628	50,746
	86,280	82,981



Ayala Land, Inc.
Consolidated Statements of Income
For the Three Months Ended March 31, 2008 and March 31, 2007
(in million pesos)

	Jan.-Mar. 2008	Jan.-Mar. 2007
	Unaudited	Unaudited
REVENUE		
Real estate	6,730	4,912
Hotel operations	351	367
Equity in net earnings of investees, interest, fees, investment and other income	1,149	1,173
	8,230	6,451
COSTS AND EXPENSES		
Real estate	4,676	3,270
Hotel operations	220	222
General and administrative expenses	588	526
Interest and other charges	292	279
Provision for income tax	514	467
	6,289	4,764
NET INCOME	1,940	1,687
Net Income(Loss) Attributable to :		
Equity holders of Ayala Land, Inc.	1,830	1,288
Minority interests	110	399
	1,940	1,687
Earnings per Share		
Basic *	0.14	0.10
Diluted **	0.14	0.10

* Based on 13,034,632,108 and 13,022,236,184 weighted average number of shares as of March 31, 2008 and March 31, 2007, respectively

** Based on 13,062,586,322 and 13,054,985,849 weighted average number of shares as of March 31, 2008 and March 31, 2007, respectively



Ayala Land, Inc.
Consolidated Statement of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2008 and March 31, 2007
(In million pesos)

	Jan 1 - Mar 31 2008 Unaudited	Jan 1 - Mar 31 2007 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK		
Issued		
Balance at beginning of year	13,003	10,810
Issuance of shares	0	1
Stock options exercised	0	18
Balance at end of year	13,003	10,828
Subscribed		
Balance at beginning of year	32	34
Issuance of shares	(0)	(1)
Stock options exercised	0	0
Balance at end of year	32	34
Preferred Shares - P0.10 par value		
Balance at beginning of year	1,303	
Issuance of shares		
Balance at end of the year	1,303	
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	3,995	3,863
Stock options exercised	5	6
IFRS 2- Adjustment on Share-based payment	0	0
IFRS 2- Adjustment on Share-based payment	15	
Balance at end of year	4,015	3,869
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(130)	(127)
Subscriptions	0	(16)
Collections	7	9
Balance at end of year	(123)	(134)
TOTAL PAID-UP CAPITAL	18,229	14,597
STOCK OPTIONS		
Balance at beginning of year	96	108
Cost of stock options	0	7
Stock options exercised	(4)	(9)
Balance at end of year	92	106
TREASURY STOCK	(1)	(1)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	21,405	19,973
Cash dividends	0	0
Net income	1,830	1,288
Balance at end of year	23,235	21,261
	29,235	27,261
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS		
FINANCIAL ASSETS	(2)	(64)
	47,554	41,900
MINORITY INTERESTS		
Balance at beginning of year	5,041	6,587
Net income(loss)	110	399
Decrease in minority interests	(81)	(687)
Redemption loss on sale of preferred shares	0	0
Dividends paid to minority interests	0	0
	5,070	6,299
	52,624	48,199
Total income and expense recognized for the year		
Net income (loss) attributable to:		
Equity holders of Ayala Land, Inc.	1,830	1,288
Minority Interests	110	399
	1,940	1,687



Ayala Land, Inc.
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2008 and March 31, 2007
(in million pesos)

	Jan 1 - Mar 31	Jan 1 - Mar 31
	2008 Unaudited	2007 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	2,455	2,154
Adjustments for:	-	-
Depreciation and amortization	294	264
Interest and other charges - net of amount capitalized	200	254
Gain on sale of investments	(762)	(667)
Equity in net earnings of investees	(178)	(233)
Interest and other income	(152)	(137)
Operating income before changes in working capital	1,858	1,635
Decrease (increase) in :	-	-
Accounts and notes receivable - trade	1,222	430
Real estate inventories	(726)	104
Other current assets	(754)	(673)
Increase (decrease) in :	-	-
Accounts and other payables	849	(660)
Pension liabilities	21	-
Other current liabilities	(192)	(83)
Cash generated from operations	2,278	753
Interest received	175	117
Income tax paid	(510)	(251)
Interest paid - net of amount capitalized	(271)	(322)
Net cash provided by (used in) operating activities	1,671	296
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:	-	-
Sale of investments	1,039	1,637
Disposals of (additions to):	-	-
Land and improvements	(626)	(160)
Investments	(696)	883
Property and equipment	(342)	(279)
Decrease (increase) in:	-	-
Noncurrent accounts and notes receivable - non trade	(1,034)	(87)
Other assets	(307)	(43)
Net cash provided by (used in) investing activities	(1,966)	1,951
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) short-term loans payable	291	305
Proceeds from (payment of) long-term loans payable	(221)	(389)
Increase (decrease) in :	-	-
Deposits and other noncurrent liabilities	734	466
Minority interest in consolidated subsidiaries	(68)	(682)
Proceeds from capital stock subscriptions	23	14
Purchase of treasury shares	0	-
Loss on redemption of preferred shares	(13)	(5)
Dividends paid to minority	-	(325)
Dividends paid to equity holders of Ayala Land, Inc.	-	-
Net cash provided by (used in) financing activities	746	(615)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	452	1,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,626	9,510
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,077	11,142

Ayala Land, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. The consolidated financial statements of ALI and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the Philippines, as set forth in Philippine Financial Reporting Standards (PFRSs). Accounting principles/policies and methods of computation applied for the three months ended March 31, 2008 are the same as those applied in the preceding calendar year.

There was no new accounting standard adopted in the first three months of 2008 but the Company will adopt the following standards and amendments within the year:

- Amendment to PAS 1, *Amendment on Statement of Comprehensive Income*, which requires that statement of changes in equity shall include only transactions with owners, while all non-owner changes will be presented in equity as a single line with detail included in a separate statement. Owners are defined as holders of instruments classified as equity.

In addition, the amendment to PAS 1 provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statement of income together with ‘other comprehensive income’. The revisions specify what is included in other comprehensive income, such as gains and losses on AFS financial assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income.

- Philippine Interpretation IFRIC-14, IAS 19, *Limit on Defined Benefit Asset, Minimum Funding Requirement and Other Interaction*, provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits.

The Group believes that these interpretations will not have a significant impact on the consolidated financial statements of the Group when the interpretations are adopted in 2008.

2. 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:

	<u>Effective Ownership</u>
<i>Real Estate:</i>	(%)
Amorsedia Development Corporation and subsidiaries	100
OLC Development Corporation	100
Ayala Greenfield Development Corporation (AGDC)	50
Ayala Land International Sales, Inc.	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100

Community Innovations, Inc.	100
Crimson Field Enterprises, Inc.	100
Avida Land Corp. and subsidiaries (Avida)	100
Regent Time International, Limited	100
Northbeacon Commercial Corporation	100
Red Creek Properties, Inc.	100
Laguna Technopark , Inc.	75
Aurora Properties, Inc. (API)	70
Vesta Property Holdings, Inc.	70
Station Square East Commercial Corporation (SSECC)	69
Serendra, Inc.	67
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
ALI-CII Development Corporation	50
Roxas Land Corporation	50
<i>Construction:</i>	
Makati Development Corporation	100
<i>Hotels:</i>	
Ayala Hotels, Inc. and subsidiaries	50
<i>Property Management:</i>	
Ayala Property Management Corporation	100
Ayala Theatres Management, Inc. and subsidiaries	100
<i>Entertainment:</i>	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Phils., Inc (LAI)	50
<i>Others:</i>	
ALInet.com, Inc.	100
Food Court Company, Inc.	100

3. Receivables / Payables

Aging of Receivables (as of March 31, 2008; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	4,387	2,931	1,960	428	9,706
Non-Trade Receivables	4,110	500	513	0	5,123
Total	8,497	3,431	2,473	428	14,829

Aging of Payables (as of March 31, 2008; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	3,438	2,999	1,227	17	7,681
Non-Trade Payables	9,290	1,396	5,075	0	15,761
Total	12,728	4,395	6,302	17	23,442

4. Short-Term and Long-Term Debt

Short-Term Debt (as of March 31, 2008; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
AGDC	173
API	44
Avida	597
LAI	300
SSECC	618
Total	1,732

Long-Term Debt (as of March 31, 2008; in Million Pesos / US\$)

<u>Borrower</u>	<u>Current</u>		<u>Non-Current</u>		<u>Total</u>	
	<u>Peso</u>	<u>US\$</u>	<u>Peso</u>	<u>US\$</u>	<u>Peso</u>	<u>US\$</u>
ALI *	2,086	-	3,580	-	5,666	-
AGDC	-	-	-	-	-	-
Avida	-	-	500	-	500	-
CIHC	-	-	150	-	150	-
EHI	50	-	250	-	300	-
LAI	20	-	180	-	200	-
SSECC	372	-	1,113	-	1,484	-
NBCC	-	-	185	-	185	-
Total	2,528	-	5,958	-	8,486	-

* Including bonds and FXCNs

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans –
January – March 2008 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	11	issuance of bonds
AGDC	326	renewal of short-term loans
API	88	renewal of short-term loan
Avida	1,471	renewal of short-term loans and new short-term loans
LAI	300	renewal of short-term loans and new short-term loans
SSECC	1,419	renewal of short-term loans and new short-term loans
NBCC	30	
Total	3,644	

Repayments of Debt and Equity Securities –
January – March 2008 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	4	retirement of bonds
AGDC	346	payment of matured short-term loans
API	88	payment of matured short-term loan
Avida	1,341	payment of matured short-term loans and amortization on long-term loans
LAI	290	payment of matured short-term loans
SSECC	<u>1,505</u>	payment of matured short-term loans and amortization on long-term loans
Total	<u>3,574</u>	

5. Commercial Paper Issuances and Outstanding Balance
(for the quarter ended March 31, 2008)

None.

6. Accounts and Other Payables

The accounts and other payables as of March 31, 2008 is broken down as follows:
(million)

Accounts payable	P 8,760
Accrued expenses	5,875
Taxes payable	1,720
Dividends payable	68
Retentions payable	<u>45</u>
Total	<u><u>P 16,468</u></u>

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

Income Statement items – 1Q 2008 versus 1Q 2007

39% increase in real estate revenues

Primarily due to higher revenues from residential developments and construction business, well as higher shopping centers, corporate business and strategic landbank management revenues.

4% decline in hotel operations revenues

Mainly due to the lower occupancy rate of Hotel InterContinental Manila.

24% decrease in equity in net earnings of investees

Largely due to lower income from ALI's corporate vehicles for its investment in Bonifacio Global City.

3% increase in interest, fees, investment and other income

Primarily due to the gain on sale of shares in Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc.

46% increase in real estate costs and expenses

Mainly due to higher real estate revenues.

12% increase in general and administrative expenses

Primarily due to higher payroll costs and benefits given salary and manpower increases.

5% increase in interest and other charges

Principally due to higher interest rates as well as costs related to the sale of shares in Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc.

10% increase in provision for income tax

Mainly due to the higher taxable income during the period.

72% decrease in net income attributable to minority interests

Largely due to loer income of Ayala Hotels, Inc. following the sale of Oakwood recognized in 1Q07.

Balance Sheet items – March 31, 2008 versus End-2007

7% increase in accounts and notes receivable (current portion)

Primarily due to booked sales recognized by Aurora Properties, Inc., higher receivables from Abrio, and increase in Makati Development Corporation's receivables from new projects.

11% increase in real estate inventories

Largely due to set-up of inventory and reserves of Avida Towers Makati West Tower 1, set-up of additional cost for Anvaya shares, and disbursements for actual development cost of Anvaya, Abrio and Westgrove.

36% increase in other current assets

Mainly due to Makati Development Corporation's deferred charges representing costs on future projects and higher prepaid expenses such as business tax, commissions and supplies inventories.

29% decline in non-current accounts and notes receivable

Largely due to higher estimated liability on new Avida projects namely Avida Towers Makati West and Avida Settings in Nuvali.

37% increase in deferred tax assets

Primarily due to higher recognized real estate sales.

5% increase in other non-current assets

Mainly due to reservation fund deposit paid to a property seller, increase in Meralco deposits for Westgrove and Southvale and disbursements for the Metro Davao project.

5% increase in account and other payables

Largely due to higher trade payable from construction of San Lazaro BPO building, Nuvali Technopod and other projects, and higher recognitions by Aurora Properties & CECI Realty as a result of lot reservations.

7% increase in short-term debt

Largely due to the new short-term loan availment by Avida Land from Metrobank.

44% increase in income tax payable

Primarily due to the 1Q2008 corporate income tax, in addition to the corporate income tax in 4Q2007 which was subsequently paid in April 2008.

6% increase in current portion of long-term debt

Mainly due to reclassification from non-current to current of loans of ALI Parent and AHI, and new loan availment of LAIPI.

31% decrease in other current liabilities

Mainly due to decline in buyers' deposits at The Columns at Ayala Avenue.

12% increase in pension liabilities

Primarily due to current year's accrual to the retirement benefit plan.

14% increase in deposits and other noncurrent liabilities

Mainly due to higher deferred credits from real estate sales and deferred rent from shopping centers and office leasing.

7% increase in retained earnings

Largely due to income generated in 1Q2008.

8. Segment information

YTD-March 2008	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Vismin	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
<i>(in million pesos)</i>										
Revenues										
Sales to external customers	188	3,516	1,035	272	22	2,047		7,080		7,080
Intersegment sales	0	56	91		0	1,567	0	1,714	(1,714)	0
Equity in net earnings of investees	41		31	2	102		2	178		178
Total revenue	229	3,572	1,157	274	124	3,614	2	8,972	(1,714)	7,258
Operating expenses	173	2,735	589	138	34	3,287	231	7,187	(1,704)	5,483
Operating profit	56	837	568	136	90	327	(229)	1,785	(10)	1,775
Interest income										163
Interest expense										(292)
Other income										808
Provision for income tax										(514)
Net income										1,940
Net income attributable to:										
Equity holders of Ayala Land, Inc.										1,830
Minority interests										110
										1,940
Other information										
Segment assets	10,499	55,133	30,825	10,295	3,978	10,550	(10,929)	110,351	(24,990)	85,361
Investment in associates and jointly controlled entities	0		0	0	0	0		0	0	0
Deferred tax assets	63	41	11	0	0	41	762	918	0	918
Total assets	10,562	55,174	30,836	10,295	3,978	10,591	(10,167)	111,269	(24,990)	86,279
Segment liabilities	2,877	14,749	6,194	790	222	7,045	7,182	39,059	(6,287)	32,772
Deferred tax liabilities	0	262	0	0	0	0	618	880	0	880
Total liabilities	2,877	15,011	6,194	790	222	7,045	7,800	39,939	(6,287)	33,652
Segment additions to property and equipment and										
investment properties	4	10	60	2	1	68	44	189	0	189
Depreciation and amortization	0	19	169	24	1	50	31	294	0	294

YTD-March 2007	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Vismin	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
<i>(in million pesos)</i>										
<i>(in million pesos)</i>										
Revenues										
Sales to external customers	82	2,937	978	232	23	1,026	0	5,278	0	5,278
Intersegment sales	0	33	96	0	0	905	0	1,034	(1,034)	0
Equity in net earnings of investees	167	0	13	0	53	0	0	233	0	233
Total revenue	249	2,970	1,087	232	76	1,931	0	6,545	(1,034)	5,511
Operating expenses	59	2,408	512	149	31	1,682	179	5,020	(1,002)	4,018
Operating profit	190	562	575	83	45	249	(179)	1,525	(32)	1,493
Interest income										173
Interest expense										(279)
Other income										767
Provision for income tax										(467)
Net income										1,687
Net income attributable to:										
Equity holders of Ayala Land, Inc.										1,288
Minority interests										399
										1,687
Other information										
Segment assets	10,611	47,813	19,451	9,732	1,659	9,694	(7,110)	91,850	(24,082)	67,768
Investment in associates and jointly controlled entities	4,234	0	1,968	130	1,777	0	1,296	9,405	0	9,405
Deferred tax assets	1	13	5	6	0	82	1,392	1,499	0	1,499
Total assets	14,846	47,826	21,424	9,868	3,436	9,776	(4,422)	102,754	(24,082)	78,672
Segment liabilities	1,490	11,185	5,005	531	101	3,856	12,511	34,679	(5,321)	29,358
Deferred tax liabilities	0	427	0	0	0	6	682	1,115	0	1,115
Total liabilities	1,490	11,612	5,005	531	101	3,862	13,193	35,794	(5,321)	30,473
Segment additions to property and equipment and										
investment properties	24	38	36	221	0	73	(60)	332	0	332
Depreciation and amortization	3	11	162	24	0	48	16	264	0	264

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

Results of Operations for the Three Months Ended March 31, 2008

Ayala Land's consolidated revenues in the first quarter of 2008 totaled Php 8.23 billion, 28% higher than the Php 6.45 billion posted in the same period last year. Operating revenues increased by 34% to Php 7.08 billion, with strong growth from both residential and construction businesses. Shopping centers, corporate business and strategic landbank management also contributed to overall consolidated revenue growth, more than offsetting the decline in equity in net earnings and other income.

Complementing operating revenue growth was higher interest and investment income. The Company sold its shares in three subsidiaries (namely Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc.) in March and generated Php 762 million in pre-tax capital gains. This was higher than the Php332 million in gains from the sale of shares in Makati Property Ventures (Oakwood) in 1Q07. The three subsidiaries jointly operate a public parking facility along Valero Street in Makati.

Consolidated net operating income (NOI) reached Php 2.19 billion in 1Q08, growing by 22% from the same period last year. Despite margin improvements in the residential and corporate businesses, overall NOI margin declined to 31%. Shopping center margins dropped due to the continued closure of high-margin Glorietta 2 and the loss of contribution from carparks with the start of the Ayala Center redevelopment late last year. Construction margins also dropped significantly due to lower margins on its large external contracts. Meanwhile, overhead costs grew at a slower rate than topline growth as general and administrative expenses increased by only 12% to Php 588 million.

Ayala Land ended the first quarter with a net income of Php 1.83 billion, a significant 42% growth from the Php 1.29 billion posted last year.

Business Segments

Residential Development accounted for the biggest share of total revenues at 42% or Php 3.5 billion. This was followed by the Support Businesses at 25%, or Php2.0 billion, again due to the growth in external construction contracts. Shopping Centers contributed 13% or Php1.0 billion while Corporate Business generated 3% or Php 272 million. Strategic Landbank Management also accounted for 3% or Php210 million, followed by Visayas-Mindanao with Php22 million or less than 1%. Interest and Other Income accounted for the balance of 14%.

Residential Development

Residential revenues grew strongly in the first quarter across all three of Ayala Land's brands. Community Innovations (CII) and Avida in particular posted double-digit growth rates of 25% and 37% respectively. As a result, total revenues reached Php3.5 billion during the first three months of 2008, 19% more than the Php 2.9 billion reported during the same period in 2007.

Ayala Land Premier (ALP) projects generated Php1.7 billion in revenues, 9% more than in 1Q07. High-end lots contributed Php 494 million (+10% y-o-y) with total booked sales of 128 lots, mostly from Abrio in NUVALI. High-end condominium units meanwhile added Php970 million (-4% y-o-y), and was affected by the sell-out of The Residences at Greenbelt (TRaG), with only

three units booked in 1Q08 against 110 units last year. The decline in the number of booked units at TRaG was however offset by a higher percentage of completion in 2008 (TRaG 1 at 100%; TRaG 2 at 49%; and TRaG 3 at 16%). As a result of strong lot sales and higher completion rates, leisure project Anvaya Cove generated Php204 million, up 161% from only Php78 million in 2007.

CII's revenues increased 25% y-o-y to Php1.1 billion in 1Q08. Booked units during the period grew by 76% to 292 units, with Treveia in NUVALI accounting for 72 lots and The Columns at Legazpi Village for 64 units. The relatively low construction accomplishment as of end-March tempered revenue growth.

Avida's revenues surged by 37% to Php 762 million in the first three months of 2008 due to steady progress of construction and an increase in booked units to 577 units from 456 units in 1Q07. Units taken-up during the period reached 901 units, 61% more than the 560 units taken-up in 1Q07. The first quarter was also highlighted by the strong market interest in the first tower of AVIDA Towers Makati West (take-up of 88% out of 462 units since launch in July 2007), as well as the launch of the second tower (406 units).

NOI for Residential Development contributed 45% of total NOI and grew 32% y-o-y in 1Q08 to Php 986 million. NOI margin likewise improved to 28% from 25% with the sale of more higher-margin lots.

Meanwhile, take-up of all residential projects reached 1,491 units, 17% more than in 1Q07. The sales value of these units however grew by just 2% to Php 5.5 billion with the lack of high-end condominium inventory for sale compared with last year. Out of the 5,600 units targeted for launch in 2008 (excluding residential projects in Visayas-Mindanao), 928 units were launched in the first quarter.

Shopping Centers

ALI's Shopping Centers generated revenues of Php 1.0 billion during the first three months of 2008, growing by 6% from the same period last year. Average building occupancy rate was at 92% even with the growth in gross leasable area (GLA) to 886,000 from 678,000 square meters at end-March 2007. Additional GLA was contributed by TriNoma which opened in May 2007, Greenbelt 5 Phase 1 and The Link but was offset partially by the closure of Glorietta 2 and Park Square 2 in the fourth quarter of 2007. Average building rent stood at Php 1,104 per square meter per month, 9% higher than 1Q07.

NOI for Shopping Centers posted a slight decline of 1% to Php 584 million, while NOI margin dropped to 56% from 60%. The decline in margin was primarily due to the closure of Glorietta 2 which used to yield a high margin. This business line accounted for 27% of total NOI.

In Ayala Center, construction of the 18,000-square meter Greenbelt 5-Phase 2 and 9,500 square meters of Glorietta 5 retail is proceeding as scheduled and will be completed by the fourth quarter of 2008. Construction of the 70,000-square meter Q Shopping in Angeles, Pampanga is likewise ongoing, with target opening of May 2009. Meanwhile, construction of a retail-BPO development Davao City is also due to start in the fourth quarter, with Phase 1 of the shopping center targeted to open by late 2010 and Phase 2 by 2011.

Corporate Business

Revenues from Corporate Business amounted to Php 272 million in 1Q08, 17% higher than last year with the sale of three hectares at Laguna Technopark's expansion phase, higher office occupancy rates and average rental rates, as well as higher fee income from managed buildings.

NOI likewise grew to Php 160 million, an increase of 60% year-on-year compared to Php 100 million in 1Q07 largely because of Laguna Technopark lot sales this year versus none last year. NOI margins likewise improved by 16 percentage points to 59% with a 17% average increase in rental rates in the Company's traditional headquarter-type office buildings. Corporate Business' NOI accounted for 7% of total.

BPO projects initiated in 2007 and currently under construction will bring around 190,000 square meters in additional GLA when completed in 2008 to 2009. These projects consist of the following: six buildings of the UP TechnoHub, NUVALI Technopod Building 1, the BPO component of Glorietta 5, Dela Rosa E-Services, San Lazaro Building 1, BGC E-Services and Cebu eBloc. On average, 56% of the incremental GLA from these projects have already been pre-leased.

Strategic Landbank Management

Revenues of Strategic Landbank Management Group (SLMG) increased by 154% in the first three months of the year to Php 210 million largely from the revenues of Nuvali and higher construction completion on override units at The Columns at Ayala Avenue and Legazpi Village. A total of 27 units were booked in 1Q08 versus 40 in 1Q07.

NOI likewise increased by 170% to Php 74 million from Php 27 million, with NOI margin slightly improving to 35% from 33% last year. SLMG's NOI during the three-month period contributed 3% to total NOI.

Equity in net earnings from Ayala Land's 20% effective stake in Fort Bonifacio Development Corporation (FBDC) amounted to Php 41 million, down from Php 155 million in the first quarter of 2007. This drop resulted from a strategic decision on the part of FBDC to defer the sale of additional lots in Bonifacio Global City in order to realize the full value potential of the priming activities that are continuing.

The Company is continuing its efforts to drive the growth in land values of its three strategic landbank areas. In Makati, the implementation of the initial phase of the Ayala Center redevelopment is underway with site preparations already begun for the construction of a luxury hotel complex in partnership with Kingdom Hotel Investments. Construction is scheduled to commence this year while construction of Glorietta 5 is also underway and is set for completion by the end of 2008.

In Bonifacio Global City, the 29-storey BGC E-Services Building is under construction and is targeted to be completed in 2010. Plans for a new headquarter office building that will house the Philippine Stock Exchange (PSE) are also being finalized and will commence construction by the end of the year, with a target completion date of 2012. Also in the planning stages are several hotel projects, including the recently announced plans for a 6-star Shangri-La Hotels to be located at the West Superblock, beside the site of the new PSE building.

Priming of Nuvali, the Company's showcase township development for environmental, economic and social sustainability, is well underway. Better than expected land values have been realized for the 1,175 residential lots put on the market since the soft launch of all residential brands last October. 75% of all lots available for sale, with the full sell-out of high-end Abrio, have already been taken up as of end-March 2008. Significant progress is being made in the development of

the road network, lake, Visitors' Center and the various retail, BPO and residential components. Completion of the Nuvali Technopod Building 1 is slated for the fourth quarter of 2008, with 50% of its 10,900 square meters of GLA already pre-leased as of end-March.

Visayas-Mindanao

Visayas-Mindanao's revenues slightly declined by 5% to Php 22 million in the first quarter from Php 24 million during the same period last year. Despite the increase in the number of booked units to 21 from 6 a year ago, most of the bookings came from newer phases of Plantazionne Verdana Homes and Ayala Northpoint (both in Bacolod), with relatively lower completion rates. NOI contribution was a negative Php 4.5 million.

In the coming months, additional subdivision lots will be launched in Amara North and Plantazionne Verdana Homes and these are expected to boost Visayas-Mindanao's profitability.

Support Businesses

The Support Businesses, namely Construction, Property Management and Hotels, generated revenues (net of inter-company eliminations) of Php 2.0 billion during the first three months of the year, double the revenues of the previous year for the same period. Total NOI for the support businesses in aggregate also grew by 18%, with the strong performance bannered by the robust growth in the Construction business.

Makati Development Corporation (MDC), ALI's wholly-owned construction arm, reported revenues of Php 1.4 billion (net of inter-company eliminations), representing a 262% growth over first quarter 2007 revenues on the back of significant progress in construction accomplishment on external projects such as St.Luke's Hospital in BGC, the US Embassy expansion in Manila and Pasay, the Continental Temic Extension Building and some roadwork construction on segments of the South Luzon Expressway. These major projects account for 46% of the outstanding contracts with third parties. The construction business contributed Php 155 Million or 7% of the Company's NOI.

Ayala Property Management Corporation (APMC), a 100%-owned subsidiary, reported revenues of Php 176 million (net of inter-company eliminations) in the first three months of 2008, 2% less than the previous year's level. The slight decrease in revenues was brought about by closure of carparks such as Park Square 2 to give way to Ayala Center redevelopment. This was partly offset by new managed properties such as the HSBC building in BGC and Q Mall in Pampanga, and higher commercial center parking rates. APMC's NOI amounted to Php 66 million or 3% of ALI's NOI.

The Hotels group generated Php 351 million in revenues in the first quarter, showing a slight drop of 4% from the same period last year. While the Hotel InterContinental Manila was able to raise average room rates by 10% to Php 5,283, its occupancy went down to 84% from 85% in the same period last year. On the other hand, Cebu City Marriott Hotel's occupancy rate improved to 78% from 75%, but average room rates dropped by 20% to Php 3,034 due to increased competition in the area. The two Ayala Land managed hotels contributed Php 131 million or 6% to ALI's NOI.

NOI margins however dropped to 19% from 32% largely because of the lower margins on MDC's external contracts and the loss of high-margin Park Square 2 for APMC.

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

Equity in Net Earnings from Investees dropped to Php 178 million in the first quarter of 2008, from Php 233 million in the same period last year. The decline is largely attributed to reduced earnings from FBDC which, as mentioned above, held off on additional lot sales at Bonifacio Global City in the light of the rapid land value appreciation currently being experienced.

Meanwhile, Equity Earnings from Cebu Holdings Inc. and Cebu Property Ventures Development Corp. were 91% higher at Php 102 million from Php 53 million, due to the continuing improvement of Ayala Center Cebu's performance with higher average rental and occupancy rates, GLA expansion, and the sale of lots at Cebu Business Park and Asiatown IT Park.

Alabang Commercial Center (holding company of Alabang Town Center), contributed Php 29 million, 16% more than the previous year because of higher rental rates, while Pavillion Mall's contribution of Php 1 million in the first quarter was double that of the previous year. TriNoma, which was already 94% leased out as of end-March 2008, has already been profitable in just its first year of operations and contributed Php 0.7 million.

Interest, fees, investment and other income was higher by 10% to Php 925 million in 1Q08 from Php 840 million in the same period last year. The bulk was contributed by the Php 762 million in pre-tax capital gains from the sale of shares in wholly-owned subsidiaries Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc.

Expenses

For January to March 2008, total expenses amounted to Php 5.8 billion, 34% more than the Php 4.3 billion in 1Q07. Real estate cost of sales accounted for the bulk at Php 4.7 billion, 43% more than last year in line with the growth of the various business segments. Meanwhile, expenses for hotel operations remained steady at Php 220 million.

General and Administrative Expenses (GAE) were tightly controlled and rose by just 12% y-o-y to Php 588 million, a much lower pace than the 37% increase in real estate revenues. Meanwhile, interest and other charges increased to Php 292 million as end-March 2007 from Php 279 million the previous year.

Project and Capital Expenditures

During the first quarter of 2008, ALI spent Php 4.3 billion for project and capital expenditures, 39% more than the Php 3.1 billion spent during the same period in 2007. Residential Development accounted for 48% of total, followed by Corporate Business with 28% and Shopping Centers at 17% of total capex.,

The Php 4.3 billion capex for 1Q08 represents 17% of the full year budget of Php 24.3 billion. The Company expects to execute the bulk of its capex spending program in the second half of the year.

Financial Condition

ALI's balance sheet continues to remain healthy with a Current Ratio of 1.72:1. Cash and Equivalents stood at Php 14.1 billion, Php 0.5 billion more than the end-2007 level mainly due to proceeds from the aforementioned sale of the three subsidiaries. Meanwhile, Total Borrowings

remained almost steady at Php 10.2 billion from the December 2007 level, translating to a Debt-to-Equity Ratio of 0.21:1.

PART II - OTHER INFORMATION

Item 3. 1Q 2008 Developments

- | | | | | | | | | |
|--|--|---|------|-------------------|-------|--------------------------|--|-------------------|
| A. New project or investments in another line of business or corporation | None. | | | | | | | |
| B. Composition of Board of Directors (as of March 31, 2008) | Fernando Zobel de Ayala
Jaime Augusto Zobel de Ayala II
Jaime I. Ayala
Mercedita S. Nolledo
Delfin L. Lazaro
Leandro Y. Locsin, Jr.
Aurelio R. Montinola III
Corazon S. dela Paz - Bernardo
Ramon R. del Rosario, Jr. | Chairman
Vice Chairman
President & CEO
Corp. Secretary
Director
Director
Director
Director
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 | None. | | | | | | | |
| 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 March 31, 2008, stock options outstanding* are as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>ESOP</td> <td>41,828,341 shares</td> </tr> <tr> <td>ESOWN</td> <td><u>35,831,264</u> shares</td> </tr> <tr> <td></td> <td>77,659,605 shares</td> </tr> </table> | | ESOP | 41,828,341 shares | ESOWN | <u>35,831,264</u> shares | | 77,659,605 shares |
| ESOP | 41,828,341 shares | | | | | | | |
| ESOWN | <u>35,831,264</u> shares | | | | | | | |
| | 77,659,605 shares | | | | | | | |
| | <i>* outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued</i> | | | | | | | |
| 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 1Q 2008 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 #4).

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 - Sale of shares in three subsidiaries, Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc., to Megaworld

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, None.

obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

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

For year 2008, Ayala Land's consolidated budget for project and capital expenditures amount to P24.3 billion. About 42% is earmarked for residential developments, 30% for corporate business, 14% for shopping centers, and the balance for strategic landbank management, Visayas-Mindanao, and support businesses. This will be financed through a combination of internally-generated funds, borrowings, pre-selling and with proceeds from sale of non-core assets.

For the first three months of 2008, consolidated project and capital expenditures amounted to P4.3 billion, about 17% of the P24.3 billion budget for the whole year. About 48% was spent for residential projects, 28% for corporate business, 17% for shopping centers, and the balance for Visayas-Mindanao, strategic landbank management and support businesses.

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 continue to hinge on the overall economic performance of the country. Interest rate movements may affect the performance of 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

None.

Item 5. Performance Indicators

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

	<i>End-March 2008</i>	<i>End-December 2007</i>
Current ratio ¹	1.72:1	1.65:1
Debt-to-equity ratio ²	0.21:1	0.22:1
	<i>1Q 2008</i>	<i>2007</i>
Return on assets ³	8.6% ⁵	5.4%
Return on equity ⁴	15.7% ⁵	10.2%

¹ *Current assets / current liabilities*

² *Total interest-bearing debt (inclusive of bonds) / stockholders' equity*

³ *Net income / average total assets*

⁴ *Net income / average stockholders' equity*

⁵ *1Q08 NIAT annualized/average of end Mar-08 and end Dec-07 assets and equity*

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:

A handwritten signature in black ink, appearing to read 'Alfonso', written over the printed name.

Alfonso Javier D. Reyes
Deputy Compliance Officer

Date: May 7, 2008