



SEC Reg. No. 152747
SEC Sec. Code No. E-5000

May 15, 2009

PHILIPPINE STOCK EXCHANGE
Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

SECURITIES AND EXCHANGE COMMISSION
Attention: **Director Justina F. Callangan**
Corporation Finance Department

PHILIPPINE DEALING AND EXCHANGE CORP.
Attention: **Ms. Ma. Concepcion Magdaraog**
Issuer Compliance and Disclosures Department

Dear Madams,

Please find enclosed an amended SEC Form 17-Q Quarterly Report submission for the first quarter ended March 31, 2009.

The amendment pertains to the requirement under PAS 1 (Presentation of Financial Statements) for a separate disclosure in the consolidated income statement of "Other Comprehensive Income" in million pesos.

Thank you.

Very truly yours,


MICHELLE T. VALBUENA
Compliance Manager

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, 2009

(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, 2009
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, 2009

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	12,963,002,441

Amount of Debt Outstanding
P18.7 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

TABLE OF CONTENTS

Page No.

PART I - FINANCIAL STATEMENTS

Item 1. Financial Statements	
• Consolidated Balance Sheets as of March 31, 2009 and December 31, 2008	5
• Consolidated Statements of Income for the Three Months Ended March 31, 2009 and March 31, 2008	6
• Unaudited Consolidated Statement of Comprehensive Income	7
• Consolidated Statement of Changes in Stockholders' Equity for the Three Months Ended March 31, 2009 and March 31, 2008	8
• Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2009 and March 31, 2008	9
• Notes to Consolidated Financial Statements	10
 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	 19

PART II - OTHER INFORMATION

Item 3. 1Q 2009 Developments	26
Item 4. Other Notes to 1Q 2009 Operations and Financials	27
Item 5. Performance Indicators	29
 Signature	 30



Ayala Land, Inc.
Consolidated Balance Sheets
As of March 31, 2009 and December 31, 2008
(in million pesos)

	March 2009	December 2008
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents	14,588	12,655
Short-term investments	1,388	1,009
Fair value through profit or loss financial assets	1,073	1,779
Accounts and notes receivable - net	15,996	15,796
Real estate inventories	7,980	8,140
Other current assets	4,770	4,556
Total Current Assets	45,796	43,935
Noncurrent Assets		
Non-current accounts and notes receivable	1,160	1,780
Land and improvements	16,510	15,942
Investments in associates and jointly controlled entities	9,825	9,916
Available-for-sale financial assets	465	469
Investment properties - net	23,796	17,483
Property and equipment - net	4,025	8,948
Deferred tax assets - net	611	795
Other noncurrent assets	1,204	1,185
Total Noncurrent Assets	57,597	56,518
	103,393	100,453
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	19,654	20,654
Short-term debt	1,492	1,280
Income tax payable	135	89
Current portion of long-term debt	197	244
Other current liabilities	1,131	1,116
Total Current Liabilities	22,609	23,383
Noncurrent Liabilities		
Long-term debt - net of current portion	17,009	15,228
Pension liabilities	157	99
Deferred tax liabilities - net	134	162
Deposits and other noncurrent liabilities	6,078	5,601
Deferred credits	916	937
Total Noncurrent Liabilities	24,293	22,027
Total Liabilities	46,902	45,410
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up capital	18,380	18,358
Retained earnings	32,278	31,372
Stock options outstanding	106	106
Unrealized gain(loss) on available-for-sale financial assets	12	16
Treasury Stock	-824	-824
	49,953	49,028
Minority interests	6,539	6,015
	56,491	55,043
	103,393	100,453



Ayala Land, Inc.
Consolidated Statements of Income
For the Three Months Ended March 31, 2009 and March 31, 2008
(in million pesos)

	Jan-Mar 2009 Unaudited	Jan-Mar 2008 Unaudited
REVENUE		
Real estate	6,635	6,730
Hotel operations	315	351
Equity in net earnings of investees, interest, fees, investment and other income	463	1,149
	7,413	8,230
COSTS AND EXPENSES		
Real estate	4,860	4,676
Hotel operations	216	220
General and administrative expenses	632	588
Interest expense and other financing charges	281	199
Other charges	66	93
	6,055	5,775
INCOME BEFORE INCOME TAX	1,358	2,455
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	190	514
Deferred	115	-
	305	514
INCOME BEFORE INCOME ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	1,053	1,940
INCOME ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	-	-
NET INCOME	1,053	1,940
Net Income(Loss) Attributable to :		
Equity holders of Ayala Land, Inc.	907	1,830
Minority interests	147	110
	1,053	1,940
Earnings per Share		
Basic *	0.07	0.14
Diluted **	0.07	0.14

* Based on 13,042,530,699 and 13,034,632,108 weighted average number of shares as of March 31, 2009 and March 31, 2008, respectively

** Based on 13,056,387,797 and 13,062,586,322 weighted average number of shares as of March 31, 2009 and March 31, 2008, respectively



AYALA LAND, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in million pesos)

	MARCH 2009	MARCH 2008
NET INCOME FOR THE PERIOD	1,053	1,940
Other comprehensive income		
Net unrealized gain(loss) on available-for-sale financial assets	(4)	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,049	1,940
Total comprehensive income attributable to :		
Equity holders of the parent	903	1,830
Minority Interest	147	110
	1,049	1,940



Ayala Land, Inc.
Consolidated Statement of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2009 and March 31, 2008
(in million pesos)

	Jan 1 - Mar 31 2009 Unaudited	Jan 1 - Mar 31 2008 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK		
Issued		
Balance at beginning of year	13,003	13,003
Issuance of shares	0	0
Stock options exercised	0	0
Balance at end of year	13,003	13,003
Subscribed		
Balance at beginning of year	39	32
Issuance of shares	(0)	(0)
Stock options exercised	0	0
Balance at end of year	39	32
Preferred Shares - P0.10 par value		
Balance at beginning of year	1,303	1,303
Issuance of shares		
Balance at end of the year	1,303	1,303
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	4,180	3,995
Stock options exercised	0	5
Esown availment/cancellation	0	15
IFRS 2- Adjustment on Share-based payment	20	0
Balance at end of year	4,199	4,015
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(168)	(130)
Subscriptions	0	0
Collections	3	7
Balance at end of year	(165)	(123)
TOTAL PAID-UP CAPITAL	18,380	18,229
STOCK OPTIONS		
Balance at beginning of year	106	96
Cost of stock options	0	0
Stock options exercised	(0)	(4)
Balance at end of year	106	92
TREASURY STOCK	(824)	(1)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	25,372	21,405
Cash dividends	0	0
Net income	907	1,830
Balance at end of year	26,278	23,235
	32,278	29,235
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS		
FINANCIAL ASSETS	12	2
	49,952	47,558
MINORITY INTERESTS		
Balance at beginning of year	6,015	5,041
Net income(loss)	147	110
Decrease in minority interests	377	(81)
	6,539	5,070
	56,491	52,628
Total income and expense recognized for the year		
Net income (loss) attributable to:		
Equity holders of Ayala Land, Inc.	907	1,830
Minority Interests	147	110
	1,053	1,940
Comprehensive income and expense recognized for the year		
Net income (loss) attributable to:		
Equity holders of Ayala Land, Inc.	903	1,830
Minority Interests	147	110
	1,049	1,940



Ayala Land, Inc.
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2009 and March 31, 2008
(in million pesos)

	Jan 1 - Mar 31 2009 Unaudited	Jan 1 - Mar 31 2008 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	1,358	2,455
Adjustments for:	-	-
Depreciation and amortization	390	294
Interest and other charges - net of amount capitalized	253	200
Gain on sale of investments	-	(762)
Equity in net earnings of investees	(146)	(178)
Interest and other income	(248)	(152)
Unrealized gain on financial assets	(4)	-
Provision for doubtful accounts	5	-
Operating income before changes in working capital	1,609	1,858
Decrease (increase) in :		
Accounts and notes receivable - trade	231	1,222
Real estate inventories	160	(726)
Other current assets	(213)	(754)
Increase (decrease) in :	-	-
Accounts and other payables	(513)	849
Pension liabilities	58	21
Other current liabilities	15	(192)
Cash generated from operations	1,347	2,278
Interest received	308	175
Income tax paid	(243)	(510)
Interest paid - net of amount capitalized	(368)	(271)
Net cash provided by (used in) operating activities	1,044	1,671
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	-	1,039
Disposals of (additions to):		
Land and improvements	(568)	(626)
Investments	(6,273)	(696)
Property and equipment	4,732	(342)
Short term investments	326	
Decrease (increase) in:	-	
Noncurrent accounts and notes receivable - non trade	124	(1,034)
Other assets	164	(307)
Net cash provided by (used in) investing activities	(1,494)	(1,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	2,248	291
Payments of short-term / long-term loans	(302)	(221)
Increase (decrease) in :	-	
Deposits and other noncurrent liabilities	426	734
Minority interest in consolidated subsidiaries	377	(68)
Proceeds from capital stock subscriptions	22	23
Purchase of treasury shares	-	0
Loss on redemption of preferred shares	-	(13)
Dividends paid to minority	-	-
Dividends paid to equity holders of Ayala Land, Inc.	(389)	-
Net cash provided by (used in) financing activities	2,383	746
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,933	452
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,655	13,626
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,588	14,077

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

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, 2008 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, 2008.

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 May 11, 2009, the Audit Committee approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of Ayala Land, Inc. and subsidiaries.

2. 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, 2008, except for the adoption of new Standards and Interpretations enumerated below effective January 1, 2009.

- **PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate***
It allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: a) cost determined in accordance with PAS 27, *Consolidated and Separate Financial Statements*; b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.

- **Amendment to PFRS 2, *Share-based Payment - Vesting Condition and Cancellations***
The Standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires nonvesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a nonvesting condition that is within the control of either the entity or the counterparty is accounted for as cancellation. However, failure to satisfy a nonvesting condition that is beyond the control of either party does not give rise to a cancellation.
- **PFRS 8, *Operating Segments***
It will replace PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated balance sheet and consolidated statement of income and the Group will provide explanations and reconciliations of the differences. This standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its consolidated financial statements with a securities commission or similar party.
- **Amendment to PAS 1, *Presentation of Financial Statements***
It introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income' (OCI). Entities may 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. This Amendment also requires additional requirements in the presentation of the consolidated balance sheets and equity as well as additional disclosures to be included in the consolidated financial statements.
- **Amendment to PAS 23, *Borrowing Costs***
The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
- **Amendments to PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate***
These Amendments, introduce changes in respect of the holding companies' separate financial statements, including, (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in the consolidated statement of income. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

- *Amendment to PAS 32, Financial Instruments: Presentation and PAS 1, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*

These Amendments, specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) the instrument entitles the holder to require the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro-rata share of the entity's net assets; (b) the instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation; (c) all instruments in the subordinate class have identical features; (d) the instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro-rata share of the entity's net assets; and (e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

- *Philippine Interpretation IFRIC 13, Customer Loyalty Programmes*
This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or expire.
- *Philippine Interpretation IFRIC 16, Hedges of a Net Investment in a Foreign Operation*
It provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group, the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Improvements to PFRS

- *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations*
When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a noncontrolling interest in the subsidiary after the sale.
- *PAS 1, Presentation of Financial Statements*
Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet.
- *PAS 16, Property, Plant and Equipment*
This Amendment replaces the term 'net selling price' with 'fair value less costs to sell', to be consistent with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* and PAS 36, *Impairment of Asset*.

Items of property and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items, the cash receipts from rents, and subsequent sales are all shown as cash flows from operating activities.

- *PAS 19, Employee Benefits*
This revises the definition of ‘past service cost’ to include reduction in benefits related to past services (‘negative past service cost’) and to exclude reduction in benefits related to future services that arise from plan amendments. Amendments to plans that results in a reduction in benefits related to future services are accounted for as a curtailment.

It revises the definition of ‘return on plan assets’ to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.

It also revises the definition of ‘short-term’ and ‘other long-term’ employee benefits to focus on the point in time at which the liability is due to be settled and it deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

- *PAS 20, Accounting for Government Grants and Disclosures of Government Assistance*
Loans granted with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as a government grant.

- *PAS 23, Borrowing Costs*
This revises the definition of borrowing costs to consolidate the types of items that are considered components of ‘borrowing costs’, i.e., components of the interest expense calculated using the effective interest rate method.

- *PAS 28, Investments in Associates*
If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

- *PAS 29, Financial Reporting in Hyperinflationary Economies*
This revises the reference to the exception that assets and liabilities should be measured at historical cost, such that it notes property and equipment as being an example, rather than implying that it is a definitive list.

- *PAS 31, Interests in Joint Ventures*
If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

- *PAS 36, Impairment of Assets*
When discounted cash flows are used to estimate ‘fair value less costs to sell’, additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate ‘value in use’.

- **PAS 38, *Intangible Assets***
Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

It deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for intangible assets with finite lives that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit-of-production method.

- **PAS 39, *Financial Instruments: Recognition and Measurement***
Changes in circumstances relating to derivatives, specifically derivatives designated or de-designated as hedging instruments after initial recognition, are not reclassifications.

When financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of PFRS 4, *Insurance Contracts*, this is a change in circumstance, not a reclassification.

It removes the reference to a 'segment' when determining whether an instrument qualifies as a hedge.

Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

- **PAS 40, *Investment Properties***
It revises the scope (and the scope of PAS 16) to include property that is being constructed or developed for future use as an investment property. Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.
- **PAS 41, *Agriculture***
It removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.

It removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Instead, cash flows that are expected to be generated in the 'most relevant market' are taken into account.

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:

	<u>Effective Ownership</u>
Real Estate:	(%)
Amorsedia Development Corporation and Subsidiaries	100
OLC Development Corporation	100
Ayala Greenfield Development Corporation (AGDC)	50
Avida Land Corporation and Subsidiaries (Avida)	100
Ayala Land International Sales, Inc.	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
Alveo Land Corporation (formerly Community Innovations, Inc.)	100
Crans Montana Holdings, Inc.	100
Crimson Field Enterprises, Inc.	100
Red Creek Properties, Inc.	100
Regent Time International, Limited (Regent) (British Virgin Islands)	100
Ecoholdings Company, Inc.	100
Northbeacon Commercial Corporation (NBCC)	100
ALI Property Partners Holding Corp. (APPHC)	80
ALI Property Partners Corp. (APPCo)	60
ALI Property Partners Corp. (APPCo)	20
Laguna Technopark, Inc.	75
Aurora Properties Incorporated	70
Vesta Property Holdings, Inc.	70
Station Square East Commercial Corporation (SSECC)	69
Serendra, Inc.	67
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
Asian I-Office Properties, Inc. (AiO)	60
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Construction:	
Makati Development Corporation (MDC)	100
Hotels:	
Ayala Hotels, Inc. (AHI) and Subsidiaries	50
Enjay Hotels, Inc.	100
Cebu Insular Hotel Company, Inc.	63
Property Management:	
Ayala Property Management Corporation (APMC)	100
Ayala Theatres Management, Inc. and Subsidiaries	100
Entertainment:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Philippines, Inc. (LAI)	50
Others:	
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100
Food Court Company, Inc.	100

4. Receivables / Payables

Aging of Receivables (as of March 31, 2009; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	6,360	5,068	648	569	12,645
Non-Trade Receivables	3,802	197	512	0	4,511
Total	10,162	5,265	1,160	569	17,156

Aging of Payables (as of March 31, 2009; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	6,328	4,007	1,826	4	12,165
Non-Trade Payables	8,363	2,241	5,458	0	16,062
Total	14,691	6,248	7,284	4	28,227

5. Short-Term and Long-Term Debt

Short-Term Debt (as of March 31, 2009; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
ALI	218
AGDC	110
Avida	547
LAI	320
SSECC	297
Total	1,492

Long-Term Debt (as of March 31, 2009; in Million Pesos / US\$)

<u>Borrower</u>	<u>Current</u> <u>Peso</u>	<u>Non-Current</u> <u>Peso</u>	<u>Total</u> <u>Peso</u>
ALI *	24	9,380	9,404
AiO	-	425	425
Avida	2	498	500
CIHC	18	332	350
EHI	35	254	289
LAI	50	130	180
NBCC	5	995	1,000
SSECC	49	1,618	1,667
FGREC	3	263	265
GDI	-	225	225
ODRPDI	11	1,089	1100
UPI	-	1,800	1800
Total	197	17,009	17,205

* 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 2009 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	2,604	issuance of Homestarter Bonds and Fixed Rate Corporate Notes; new short-term loan
Avida	150	new short-term loans
LAI	10	new short-term loans
ODRPDI	37	availment of long-term loan
UPI	<u>5</u>	availment of long-term loan
Total	<u>2,806</u>	

Repayments of Debt and Equity Securities –

January – March 2009 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	669	maturity of Homestarter Bonds and prepayment of Fixed Rate Corporate Notes
AGDC	18	payment of matured short-term loans
EHI	4	amortization on long-term loan
LAUPI	15	payment of matured short-term loans and amortization on long- term loan
SSECC	<u>155</u>	payment of matured short-term loans and amortization on long- term loans
Total	<u>861</u>	

6. Commercial Paper Issuances and Outstanding Balance (for the quarter ended March 31, 2009)

None.

7. Accounts and Other Payables

The accounts and other payables as of March 31, 2009 is broken down as follows:

	(million)
Accounts payable	P 12,410
Accrued expenses	5,594
Taxes payable	1,380
Dividends payable	10
Retentions payable	<u>260</u>
Total	<u><u>P 19,654</u></u>

8. Segment information

	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Geographic Businesses	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
YTD-March 2009 <i>(in million pesos)</i>										
Revenues										
Sales to external customers	342	3,132	1,102	455	37	1,882	0	6,950		6,950
Intersegment sales	253	50	99	0	0	1,670	0	2,072	(2,072)	0
Equity in net earnings of investees	71		37				6	146		146
Total revenue	666	3,182	1,238	455	69	3,552	6	9,168	(2,072)	7,096
Operating expenses	446	2,774	684	246	52	3,439	104	7,745	(2,037)	5,708
Operating profit	220	408	554	209	17	113	(98)	1,423	(35)	1,388
Interest income										257
Interest expense										(281)
Other income/(expense)										(5)
Provision for income tax										(305)
Net income										1,053
Net income attributable to:										
Equity holders of Ayala Land, Inc.										907
Minority interests										147
										1,053
Other information										
Segment assets	15,236	57,250	21,518	17,181	4,642	11,028	6,652	133,507	(30,725)	102,782
Investment in associates and jointly controlled entities	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	98	5	12	0	0	35	934	1,084	(473)	611
Total assets	15,334	57,255	21,530	17,181	4,642	11,063	7,586	134,591	(31,198)	103,393
Segment liabilities	2,993	16,404	7,835	4,816	812	7,663	13,132	53,655	(6,868)	46,787
Deferred tax liabilities	0	135	0	0	0	5	467	607	(473)	135
Total liabilities	2,993	16,539	7,835	4,816	812	7,668	13,599	54,262	(7,361)	46,902
Segment additions to property and equipment and investment properties										
	0	195	420	2	0	34	10	661	0	661
Depreciation and amortization	2	21	221	51	0	71	24	390	0	390
YTD-March 2008 <i>(in million pesos)</i>										
Revenues										
Sales to external customers	188	3,516	1,035	272	22	2,047	0	7,080		7,080
Intersegment sales	0	56	91	0	0	1,567	0	1,714	(1,714)	0
Equity in net earnings of investees	41		31				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	(228)	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	15,251	46,329	22,412	9,501	3,752	10,216	2,890	110,351	(24,980)	85,361
Investment in associates and jointly controlled entities	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	63	41	11	0	0	41	762	918	0	918
Total assets	15,314	46,370	22,423	9,501	3,752	10,257	3,652	111,269	(24,980)	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

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

Results of Operations for the Three Months Ended March 31, 2009

Ayala Land, Inc. (ALI or "the Company") posted consolidated revenues of Php7.41 billion in the first quarter of 2009, 10% lower than the Php8.23 billion recorded in the same period last year. The Company did not have any large transactions this year, compared with the sale of shares in three subsidiaries (namely Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc.) that generated Php762 million in pre-tax capital gains last March 2008, and this accounted for the bulk of the revenue decline for the period. This, along with the absence of commercial lot sales in Cebu Business Park this year (compared with the sale of 1.68 hectares booked by Cebu Holdings, Inc. (CHI) in the same period last year) also accounted for most of the 60% drop in Equity in Net Earnings of Investees, Interest, Fees, Investment and Other Income. Real estate and hotel operation revenues meanwhile declined 2% to Php6.95 billion as gains posted by Strategic Landbank Management, Corporate Business and Shopping Centers were offset by declines in the Residential and Support businesses.

Consolidated net operating income (NOI) reached Php1.87 billion in the first quarter, a 14% decline compared with the same period last year. Overall NOI margin likewise went down to 27% from 31% mostly on account of the residential and construction businesses. Residential margins contracted as the mix of construction completion as well as new bookings was skewed towards vertical projects, which inherently carry lower margins compared with horizontal developments. Construction margins meanwhile were affected by an increase in the average cost of construction materials relative to the first quarter last year.

As a result, the Company's net income after tax reached Php907 million, 21% lower than the Php1.15 billion in core earnings (net of the NIAT impact of large transactions) recorded in the same period last year.

Business Segments

Residential Development accounted for the biggest share of total revenues at 42%, or Php3.13 billion. This was followed by the Support Businesses at 25%, or Php1.88 billion, largely due to the contribution of the construction business. The leasing businesses, comprised of Shopping Centers and Corporate Business, accounted for 15%, or Php1.10 billion, and 6%, or Php455 million, respectively. Strategic Landbank Management accounted for 5%, or Php342 million, followed by Visayas-Mindanao with Php37 million or less than 1%. Interest, Investment and Other Income accounted for the balance of 6%. The details of the individual performance of each business segment are discussed as follows:

Residential Development

Residential Development revenues amounted to Php3.13 billion in the first quarter, 11% lower than the Php3.52 billion posted in the same period last year, with a mixed performance across the different brands. Despite the challenging economic conditions, revenues recorded by the Company's middle-income and affordable brands Alveo and Avida remained steady, lower by just 1% and higher by 4% respectively, as significant progress completion on projects under construction offset the decline in new bookings. However, Ayala Land Premier (ALP) revenues registered a drop of 24% mainly on account of a sharp drop in new bookings for the quarter.

ALP projects generated Php1.27 billion in revenues, with the bulk coming from construction completion of condominium units at The Residences at Greenbelt and One Serendra East Tower (TRaG 2 at 83%; TRaG 3 at 52%; and One Serendra East Tower at 28%). There were no bookings of high-end condominium units in the first quarter of 2009 as the take-up from One Serendra East Tower (launched in March 2008) slowed down following market uncertainties. High-end lots meanwhile contributed Php205 million (-59% year-on-year) with total booked sales of 29 lots, mostly from Ayala Westgrove Heights and Ayala Greenfield Estates. This was significantly lower than the 153 lots booked in the first quarter last year, mostly from Abrío in NUVALI. Revenues of leisure project Anvaya Cove declined by 54% to Php93 million as the booked lot sales in Anvaya fell to 31 from 57 in the same period last year.

Revenues of Alveo Land were flat compared with the same period last year, remaining at Php1.05 billion in the first quarter. The value of units booked by Alveo dropped by 33% but significant construction accomplishment offset the slowdown in new bookings. Red Oak (58 units), Treveia in NUVALI (47 lots) and Senta in Legaspi Village, Makati (21 units) accounted for the bulk of first quarter 2009 bookings. Avida Land's revenues meanwhile rose by 4% to Php811 million in the first three months of 2009 despite a 36% drop in the value of bookings as this was offset by a substantial progress of construction completion. New projects such as Avida Towers Sucat (Towers 5 & 6), Avida Towers New Manila (Towers 3 & 4) and Avida Towers San Lazaro (Towers 3 & 4) all registered double-digit growth in completion rates.

Residential Development remained as the single biggest contributor to the Company's NOI, accounting for 39% of total. However, this also declined by 28% in the first three months to Php728 million as NOI margin contracted to 23% from 29% in the same period last year. The decline in margins resulted from a shift in product mix as both construction completion and new bookings were skewed towards vertical developments in the first quarter of 2009. The residential margins in the same period last year were effectively boosted by the high level of bookings of NUVALI's Abrío in the first three months of last year.

Shopping Centers

Total revenues for Shopping Centers rose by 6% to Php1.10 billion during the first three months of 2009. This was driven by the strong performance of Market! Market! as well as improved sales in Ayala Center's land lease tenants. This more than offset the drop in revenue contribution from Ayala Center as Glorietta 1 was partially closed at the start of the year for the ongoing Ayala Center redevelopment. Even with the incremental contribution from the newly opened Greenbelt 5 and Glorietta 5, total gross leasable area (GLA) owned and operated by the Company dropped 4% to 760,006 square meters, from 790,813 square meters in the same period last year. Rental rates for all building leases averaged Php1,053 per square meter per month and were lower by 6% as the average lease rates in Greenbelt 5 and Glorietta 5 were lower than that of Glorietta 1. Meanwhile, average occupancy rates improved by 1% point to 92% with significant improvement in the average occupancy rate of TriNoma, which increased from 88% to 94%.

NOI for Shopping Centers likewise improved by 3% to Php599 million and accounted for 32% of the Company's total NOI. NOI margins however were slightly lower at 54% compared with 56% in the same period last year with the drop being accounted for by the partial closure of high-margin Glorietta 1 and the start-up operations of Greenbelt 5 and Glorietta 5.

MarQuee Mall in Angeles, Pampanga is nearing completion and is targeted to open in September 2009. Planning activities for a retail-BPO development in Davao City is also currently underway.

Corporate Business

Revenues from Corporate Business amounted to Php455 million in the first quarter, 67% higher than the same period last year. The significant revenue growth was driven largely by the opening of new BPO facilities which were turned over and which became operational in the last two quarters. The Company's BPO office portfolio reached a total of 216,620 square meters of GLA, six times the level achieved at the end of the first quarter last year. The incremental 180,817 square meters of GLA was added with the opening of the first six buildings of the UP-AyalaLand TechnoHub in Quezon City, Solaris and the BPO portion of Glorietta 5 in Makati, Vertex in Manila, and One Evotech in NUVALI. Revenues were also boosted by the higher average lease rates achieved in Solaris and UP-AyalaLand TechnoHub, which drove the 13% increase in average lease rates for the entire BPO portfolio. Average lease rates for the Company's headquarter buildings also increased by 5% on a combination of higher renewals as well as programmed rental escalations.

The increase in BPO also accounted for the bulk of the growth in NOI, which went up to Php266 million, (66% up year-on-year) and which accounted for 14% of total. NOI margins remained flat at 58%, however, as the higher average lease rates and the fewer sales of lower-margin Laguna Technopark lots were offset by the impact of the start-up operations in the new BPO spaces.

BPO projects currently under construction will bring an additional 40,000 square meters in GLA in 2009. These consist of the last four buildings in the UP-AyalaLand TechnoHub.

Strategic Landbank Management

Revenues of the Strategic Landbank Management Group (SLMG) increased by 82% in the first three months of the year to Php342 million, mostly derived from the progress of construction completion of its share in booked NUVALI sales. NOI likewise increased by 71% year-on-year to Php90 million, from Php52 last year and contributed 5% of total. However, NOI margins dropped slightly to 26% from 28% in the same period last year as the booked revenues in the first three months of 2008 consisted mostly of high-margin Abrio lots, compared with the booking of mostly slightly lower-margin Treveia and Avida Settings lots this year.

Equity in Net Earnings from ALI's effective stake in Fort Bonifacio Development Corporation (FBDC) grew by 73% to Php71 million, driven by improved leasing activities in Bonifacio High Street and the increase in the prices of lots sold in Bonifacio Global City (BGC). A total of 1,712 square meters were sold in the first quarter of 2009 at an average price of Php210,000 per square meter, 31% higher than the average price of Php160,000 in the same period last year.

The Company remains committed to realizing the full value potential of its three strategic landbank areas with the continuing priming activities. In Makati, the major redevelopment of the Ayala Center is expected to be completed by 2012 and will increase the revenue generating density in the area while freeing up additional lot pads for future development and value capture. Bonifacio Global City has seen a rapid build-up of gross floor area with the key elements of an international caliber central business district already in place or under construction, including the world-class St. Luke's Hospital which is nearing completion and the six-star Shangri-La Hotel complex, which broke ground last year. Meanwhile, the Company conducted a grand public launch of NUVALI last April 2009 and opened its Evolving Center and lakeside retail spaces. The grand launch generated increased sales and interest in the area and is building momentum for the development of an exciting, sustainability oriented mixed-use community in the South.

Visayas-Mindanao

Visayas-Mindanao's revenues improved by 65% to Php37 million in the first quarter of 2009 from Php22 million during the same period last year. Most of the revenue growth came from advancing completion from booked units in Plantazionne Verdana Homes (PVH) while the number of new units booked was stable at 21. NOI contribution however was a negative Php1.0 million as the increased revenues from PVH were offset by high-fixed costs in Ayala Heights Cebu Phase 2.

Support Businesses

The Support Businesses, namely Construction, Property Management and Hotels, generated combined revenues (net of inter-company eliminations) of Php1.88 billion during the first three months of the year, 8% lower than the Php2.05 posted in the same period last year. Total NOI for the support businesses in aggregate also dropped by 50%, weighed down largely by the impact of higher average costs in the construction business.

Makati Development Corporation (MDC), ALI's wholly-owned construction arm, reported revenues of Php1.32 billion (net of inter-company eliminations), 8% lower year-on-year as some of its large external projects (Continental Temic Extension Building and St. Luke's Hospital) neared completion and generated a lower level of average construction accomplishment for the period. The construction business contributed Php26 Million or 1% of the Company's NOI.

Ayala Property Management Corporation (APMC), a 100%-owned subsidiary, reported revenues of Php188 million (net of inter-company eliminations) in the first three months of 2009, 7% higher year-on-year, mostly from the addition of third-party carparks and a newly opened BPO facility into its property management portfolio. APMC's NOI amounted to Php53 million or 3% of total.

The Company's owned and managed hotels, comprising the Hotel InterContinental Manila and the Cebu City Marriott Hotel, generated Php315 million in revenues for the first quarter, 10% lower year-on-year. The very competitive industry environment yielded a 9% drop in average revenues per available room (REVPAR) while average occupancy rates also fell for both hotels. The two Ayala Land managed hotels contributed Php99 million or 5% to ALI's NOI.

Aggregate NOI margins for the Support Businesses dropped to 10% from 19% largely because of lower margins on MDC's external contracts and the impact of higher construction material costs. The hotels and APMC also exhibited slight margin declines with the impact of higher average manpower costs in both businesses.

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

Equity in Net Earnings from Investees dropped 18% to Php146 million in the first quarter of 2009 from Php178 million in the same period last year as the decline equity earnings from CHI (discussed in the first section above) unfortunately negated the 73% increase in equity earnings from FBDC (discussed in the SLMG section). TriNoma, Alabang Commercial Center (the holding company of Alabang Town Center) and Pavillion Mall meanwhile contributed a combined Php37 million in the first quarter, 20% up year-on-year mostly on account of the significantly improved average occupancy rates at TriNoma (discussed in the Shopping Centers section).

Interest, fees, investment and other income was lower by 67% to Php318 million in the first quarter, compared with the Php971 million posted in the same period last year. As discussed in

the opening section above, the drop was largely because of the absence of capital gains from a large transaction similar to the sale of shares in wholly-owned subsidiaries Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc. last year.

Expenses

For January to March 2009, total expenses amounted to Php6.06 billion, 5% more than the Php5.76 billion spent in the first quarter of 2008. Cost of Sales from Real Estate and Hotels accounted for the bulk at Php5.08 billion, 4% higher year-on-year. General and Administrative Expenses (GAE) meanwhile increased by 8% to Php632 million, largely due to the consolidation of expenses related to new subsidiary ALI Property Partners Holdings Corporation (APPHC), which is the holding company for some of ALI's new BPO related investments. Net of the impact of the increased GAE from APPHC, total consolidated GAE of ALI would have increased by just 4%. Interest Expense and Other Financing Charges meanwhile went up by 19% to Php347 million as the company maintained higher average loan balances for the quarter compared with the same period last year.

Project and Capital Expenditures

During the first quarter of 2009, ALI spent a total of Php3.5 billion for project and capital expenditures, 18% less than the Php4.3 billion spent during the same period in 2008. Residential Development accounted for 57% of total, followed by both Shopping Centers and Strategic Landbank Management at 12% each of total capex. The Php3.5 billion spent in the first quarter represents 20% of the full year capital expenditure budget of Php17.4 billion. The Company is committed to completing and delivering all of its 2009 projects on schedule.

Financial Condition

The Company has made an effort to maintain significant liquidity especially in light of the current market volatility. Consolidated Cash and Cash Equivalents stood at Php17.1 billion and ALI's balance sheet continues to be strong with a Current Ratio of 2.03: 1. Total Consolidated Borrowings were at Php18.7 billion from Php16.8 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.37: 1 and a Net Debt-to-Equity Ratio of 0.03: 1. ALI was able to raise Php2.4 billion in Fixed Rate Corporate Notes in January 2009 and secured a Php1.0 billion Floating Rate Corporate Note facility in April 2009. Despite the relative rise in the general level of interest rates, the Company's effective average borrowing rate remained flat at 8.4%, a testament to ALI's strong credit standing and unimpaired access to capital even in these challenging times.

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

Income Statement items – 1Q 2009 versus 1Q 2008

10% decline in hotel operations revenues

Mainly due to the lower occupancy rate of Hotel InterContinental Manila and Cebu City Marriott.

60% decrease in equity in net earnings of investees, interest, fees, investment and other income

Largely due to lower income from Cebu Holdings, Inc. and Cebu Property Ventures Development Corp., and the absence of large transactions during the period against the sale of shares in Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc. in March 2008.

8% increase in general and administrative expenses

Primarily due to APPHC consolidation

42% increase in interest expense and other financing charges

Principally due to higher level of debt.

29% decline in other charges

2008 charges is inclusive of incidental cost related to sale of shares in Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc.

41% decrease in provision for income tax

Mainly due to lower taxable income during the period and reduction in income tax rate to 30%.

33% increase in net income attributable to minority interests

Largely due to consolidation of APPHC.

Balance Sheet items – March 31, 2009 versus End-2008

15% increase in cash and cash equivalents

Largely due to proceeds from issuance of privately placed Fixed Rate Corporate Notes

12% decrease in short-term investments and fair value through profit or loss financial assets

Mainly due to maturity of government securities

5% increase in other current assets

Mainly due to higher prepaid expenses such as annual real property tax and increase in input VAT.

35% decline in non-current accounts and notes receivable

Primarily due to lower receivables of Serendra Inc. and reclassification of money market placements with a term of more than one year to short-term investment.

36% increase in investment properties

Largely due to the reclassification of operational and completed buildings from property and equipment to investment in buildings, and additional disbursements related to the construction of San Lazaro Vertex, Glorietta 5 and Greenbelt 5 Phase 2.

55% decrease in property and equipment

Primarily due to the reclassification of operational and completed buildings from property and equipment to investment properties.

23% decline in deferred tax assets

Primarily due to the provision for impairment for the development cost of real estate inventories which may no longer be recovered.

5% decrease in accounts and other payables

Mainly due to lower trade payables for the period

17% increase in short-term debt

Largely due to new short-term loan availment of ALI Parent.

52% increase in income tax payable

Primarily due to corporate income tax of current and previous quarter paid in April 2009.

19% decrease in current portion of long-term debt

Largely due to retirement of loans by Ayala Land, Inc.

12% increase in long-term debt – net of current portion

Mainly due to the issuance of Php 4 billion fixed-rate retail corporate bonds carrying a coupon rate of 8.75% per annum with a maturity of five years and the Php 3 billion debt of APPHC added as a result of consolidation.

59% increase in pension liabilities

Primarily due to adjustments made to reflect latest actuarial valuation.

18% decrease in deferred tax liabilities

Primarily due to the shift in the corporate tax rate from 35% to 30%.

8% increase in deposits and other non-current liabilities

Primarily due to increase in customer and security deposits, and deferred interest income on ALI advances and unearned management fees.

24% decrease in unrealized gain on available-for-sale financial assets

Mainly due to market valuation of shares in Cebu Holdings Inc. recognized by Avida.

9% increase in minority interest in net assets of subsidiaries

Largely attributed to APPHC, Vesta Properties, Inc. and Aurora Properties, Inc

PART II - OTHER INFORMATION

Item 3. 1Q 2009 Developments

- | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------|-------------------|-------|--------------------------|--|-------------------|
| A. New project or investments in another line of business or corporation | None. | | | | | | | |
| B. Composition of Board of Directors (as of March 31, 2009) | Fernando Zobel de Ayala
Jaime Augusto Zobel de Ayala II
Jaime I. Ayala
Mercedita S. Nolleto
Delfin L. Lazaro
Aurelio R. Montinola III
Corazon S. dela Paz - Bernardo
Ramon R. del Rosario, Jr.
Francis G. Estrada | 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, 2009, stock options outstanding* are as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>ESOP</td> <td style="text-align: right;">40,703,341 shares</td> </tr> <tr> <td>ESOWN</td> <td style="text-align: right;"><u>41,358,939</u> shares</td> </tr> <tr> <td></td> <td style="text-align: right;">82,062,280 shares</td> </tr> </table> | | ESOP | 40,703,341 shares | ESOWN | <u>41,358,939</u> shares | | 82,062,280 shares |
| ESOP | 40,703,341 shares | | | | | | | |
| ESOWN | <u>41,358,939</u> shares | | | | | | | |
| | 82,062,280 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 | None. | | | | | | | |

may affect market price of security

- I. Transferring of assets, except in normal course of business None.

Item 4. Other Notes to 1Q 2009 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 - Obtained financing facility in the form of privately placed Floating Rate Corporate Notes worth Php 1.00 billion, with a maturity of seven years.

- 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 - Issuance of privately placed Fixed Rate Corporate Notes worth Php 2.38 billion, with three tranches of five, seven and ten-year maturities at 7.7553%, 8.4547% and 8.9%, respectively.

- 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 None.

or acceleration of an obligation

- 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 year 2009, Ayala Land's consolidated budget for project and capital expenditures amount to P17.4 billion. About 50% is earmarked for residential developments, 17% for strategic landbank management, 13% for shopping centers, and the balance for corporate business, 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 accounts receivable.
- For the first three months of 2009, consolidated project and capital expenditures amounted to P3.5 billion, about 20% of the P17.4 billion budget for the whole year. About 57% was spent for residential projects, 12% for shopping centers, 12% for strategic landbank management, and the balance for corporate business, geographic 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 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:

	<i>End-March 2009</i>	<i>End-December 2008</i>
Current ratio ¹	2.03:1	1.89:1
Debt-to-equity ratio ²	0.37:1	0.34:1
	<i>1Q 2009</i>	<i>2008</i>
Return on assets ³	3.6% ⁵	5.2%
Return on equity ⁴	6.9% 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 *1Q09 NIAT annualized/average of end Mar-09 and end Dec-08 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 be the initials 'LA' or 'LA7' with a stylized flourish.

Leovigildo D. Abot
Assistant Vice-President and Head, Corporate Accounting

Date: May 15, 2009