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, 2010

(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, 2010**

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, 2010

Title of each class	Number of shares issued and outstanding
Common shares	**13,001,279,745**

Amount of Debt Outstanding
P18.7 billion

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

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

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Ayala Land, Inc.
Consolidated Statements of Financial Position
As of March 31, 2010 and December 31, 2009
(in million pesos)

	March 2010 Unaudited	December 2009 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	13,451	10,529
Short-term investments	1,762	4,561
Fair value through profit or loss financial assets	434	434
Available-for-sale financial assets	806	926
Accounts and notes receivable - net	17,602	16,655
Real estate inventories	14,179	9,022
Other current assets	4,934	4,014
Total Current Assets	53,168	46,140
Noncurrent Assets		
Non-current accounts and notes receivable	3,595	1,977
Land and improvements	13,883	17,768
Investments in associates and jointly controlled entities	10,948	10,798
Available-for-sale financial assets	675	726
Invesment properties - net	25,329	25,413
Property and equipment - net	3,391	3,365
Deferred tax assets - net	1,104	1,078
Other noncurrent assets	931	807
Total Noncurrent Assets	59,856	61,931
	113,024	108,071
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	23,180	19,309
Short-term debt	1,431	1,631
Income tax payable	456	224
Current portion of long-term debt	452	378
Other current liabilities	2,444	2,151
Total Current Liabilities	27,963	23,692
Noncurrent Liabilities		
Long-term debt - net of current portion	16,839	16,804
Pension liabilities	81	53
Deferred tax liabilities - net	151	151
Deposits and other noncurrent liabilities	6,328	7,323
Deferred credits	1,048	854
Total Noncurrent Liabilities	24,447	25,185
Total Liabilities	52,410	48,877
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up capital	18,490	18,448
Retained earnings	35,767	34,570
Stock options outstanding	187	181
Unrealized gain(loss) on available-for-sale financial assets	21	17
Treasury Stock	(824)	(824)
	53,641	52,392
Minority interests	6,974	6,803
	60,615	59,195
	113,024	108,071

Ayala Land, Inc.
Consolidated Statements of Income
For the Three Months Ended March 31, 2010 and March 31, 2009
(in million pesos)

	Jan-Mar 2010 Unaudited	Jan-Mar 2009 Unaudited
REVENUE		
Real estate	8,451	6,635
Hotel operations	341	315
Equity in net earnings of investees, interest, fees, investment and other income	429	463
	9,221	7,413
COSTS AND EXPENSES		
Real estate	6,034	4,860
Hotel operations	233	216
General and administrative expenses	730	632
Interest expense and other financing charges	336	281
Other charges	86	66
	7,418	6,055
INCOME BEFORE INCOME TAX	1,803	1,358
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	564	190
Deferred	(119)	115
	445	305
INCOME BEFORE INCOME ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	1,358	1,053
INCOME ASSOCIATED WITH NON CURRENT ASSETS HELD FOR SALE	-	-
NET INCOME	1,358	1,053
Net Income(Loss) Attributable to :		
Equity holders of Ayala Land, Inc.	**1,197**	**907**
Minority interests	161	147
	1,358	1,053
Earnings per Share		
Basic *	0.09	0.07
Diluted **	0.09	0.07

** Based on 13,080,807,973 and 13,042,530,699 weighted average number of shares as of March 31, 2010 and March 31, 2009, respectively*

*** Based on 13,094,665,101 and 13,056,387,797 weighted average number of shares as of March 31, 2010 and March 31, 2009, respectively*

Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(in million pesos)

	Jan-Mar 2010 Unaudited	Jan-Mar 2009 Unaudited
NET INCOME FOR THE PERIOD	1,358	1,053
Other comprehensive income		
Net unrealized gain(loss) on available-for-sale financial assets	4	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,362**	**1,057**
Total comprehensive income attributable to :		
Equity holders of the parent	1,201	910
Minority Interest	161	147
	1,362	**1,057**

Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
(Amounts in millions, except Par Value and Cash Dividends Per Share)

	Period ended March 31 (Unaudited) 2010	2009
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
Common Shares - P1 par value		
Issued		
Balance at beginning of year	13,005	13,003
Issuance of shares	0	0
Stock options exercised	0	0
Stock dividends	0	0
Balance at end of year	13,006	13,004
Subscribed		
Balance at beginning of year	75	39
Additions	0	0
Issuance of shares	(0)	(0)
Stock options exercised	0	0
Balance at end of year	75	39
Preferred Shares - P0.10 par value		
Balance at beginning of year	1,303	1,303
Balance at end of the year	1,303	1,303
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	4,327	4,180
Stock options exercised	0	0
Esown availment/cancellation	0	0
IFRS 2- Adjustment on Share-based payment	37	20
Balance at end of year	4,364	4,199
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(263)	(168)
Subscriptions	0	0
IFRS 2-Adjustment on Share-based payments	(6)	0
Collections	10	3
Balance at end of year	(258)	(165)
TOTAL PAID-UP CAPITAL	18,490	18,380
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	28,570	25,372
Cash dividends	0	0
Stock dividends	0	0
Net income	1,197	907
Balance at end of year	29,767	26,278
	35,767	32,278
STOCK OPTIONS OUTSTANDING		
Balance at beginning of year	181	106
Cost of stock options	0	0
Stock options exercised	6	(0)
Balance at end of year	187	106
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS FINANCIAL ASSETS		
Balance at beginning of year	17	12
Net changes during the year	4	0
Balance at end of year	21	12
TREASURY STOCK	(824)	(824)
NONCONTROLLING INTERESTS		
Balance at beginning of year	6,803	6,015
Net income(loss)	161	147
Increase (decrease) in minority interests	10	377
Dividends paid to minority interests	0	0
Net unrealized gain (loss) recognized in equity	0	0
Balance at end of year	6,974	6,539
	60,615	56,492

Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Amounts in millions)

	Unaudited Jan 1 to Mar 31 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**1,803**	**1,358**
Adjustments for:		
Depreciation and amortization	452	390
Interest expense - net of amount capitalized	345	253
Unrealized gain on financial assets	4	(4)
Provision for doubtful accounts	2	5
Equity in net earnings of iassociates and jointly controlled entities	(146)	(146)
Interest income	(180)	(248)
Operating income before changes in working capital	2,279	1,609
Decrease (increase) in :		
Accounts and notes receivable - trade	(2,038)	231
Real estate inventories	(5,157)	160
Other current assets	(920)	(213)
Increase (decrease) in :		
Accounts and other payables	4,801	(513)
Pension liabilities	28	58
Other current liabilities	293	15
Cash generated from operations	(713)	1,347
Interest received	215	308
Income tax paid	(417)	(243)
Interest paid - net of amount capitalized	(681)	(368)
Net cash provided by operating activities	(1,595)	1,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Short-term investments and financial assets ay fair value through profit or loss	2,919	326
Available-for-sale financial assets		
Land and improvements	3,885	(568)
Investment in associates and jointly controlled entities	(107)	(6,273)
Investement properties		
Property and equipment	(240)	4,732
Decrease (increase) in:		
Accounts and notes receivable - nontrade	(565)	124
Other noncurrent assets	(150)	164
Total cash provided by (used in) investing activities	5,741	(1,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term debt	261	2,248
Payments of short-term / long-term debt	(351)	(302)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	(801)	426
Minority interest in consolidated subsidiaries	10	377
Proceeds from capital stock subscriptions	47	22
Dividends paid to equity holders of Ayala Land, Inc.	(390)	(389)
Net cash provided by (used in) financing activities	(1,224)	2,383
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,922**	**1,933**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**10,529**	**12,655**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**13,451**	**14,588**

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, 2009 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, 2009.

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 7, 2010, 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

<u>Changes in Accounting Policies</u>
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, 2009, except for the adoption of new Standards and Interpretations enumerated below.

- *Amendment to PAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
  The Amendment addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. This Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

- *Philippine Interpretation IFRIC 17, Distribution of Noncash Assets to Owners*
  This Philippine Interpretation provides guidance on how to account for noncash distributions to owners. The Philippine Interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect this Philippine Interpretation to have an impact on the consolidated financial statements as the Group has not made noncash distributions to its shareholders in the past.

- *Philippine Interpretation IFRIC 18, Transfers of Assets from Customers*
  This Philippine Interpretation is to be applied prospectively to transfers of assets from customers received. It also provides guidance on how to account for items of property and equipment received from customers or cash that is received and used to acquire or construct assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. When the transferred item meets the definition of an asset, the asset is measured at fair value on initial recognition as part of an exchange transaction. The service(s) delivered are identified and the consideration received (the fair value of the asset) allocated to each identifiable service. Revenue is recognized as each service is delivered by the entity.

- *Amendments to PFRS 2, Group Cash-settled Share-based Payment Transactions*
  The Amendments to PFRS 2 clarify the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group as the Group has not entered into any such share-based payment transactions.

- *Revised PFRS 3, Business Combinations and PAS 27, Consolidated and Separate Financial Statements*
  The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and noncontrolling interests (previously referred to as 'minority interests'), even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 must be applied prospectively, while changes introduced by the revised PAS 27 must be applied retrospectively with a few exceptions. The changes will affect future acquisitions and transactions with noncontrolling interests.

3. Principles of Consolidation

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

	Effective Ownership
Real Estate:	(%)
Alveo Land Corporation (formerly Community Innovations, Inc.)	100
Amaia Land Corporation (formerly First Realty Communities, Inc.)	100

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
Primavera Towncentre, Inc.	100
Crestview E-Office Corporation	100
Crans Montana Property Holdings, Inc.	100
Crimson Field Enterprises, Inc.	100
Gisborne Property Holdings, Inc.	100
Hillsford Property Corporation	100
Summerhill E-Office Corporation	100
Sunnyhill E-Office Corporation	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)	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
Accendo Commercial Corp.	51
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
Greenhaven Property Venture, 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, 2010; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	8,589	5,766	2,523	337	17,215
Non-Trade Receivables	2,681	217	1,072	12	3,982
Total	**11,270**	**5,983**	**3,595**	**349**	**21,197**

Aging of Payables (as of March 31, 2010; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	9,368	2,234	1,852	0	13,454
Non-Trade Payables	12,931	1,546	5,756	0	20,233
Total	**22,299**	**3,780**	**7,608**	**0**	**33,687**

5. Short-Term and Long-Term Debt

Short-Term Debt (as of March 31, 2010; in Million Pesos)

Borrower	Amount
Avida	747
LAI	295
ALI	203
SSECC	156
AGDC	30
Total	**1,431**

Long-Term Debt (as of March 31, 2010; in Million Pesos / US$)

	Current		Non-Current		Total	
Borrower	Peso	US$	Peso	US$	Peso	US$
ALI	-	-	9,474	-	9,474	-
UPI	45	-	1,755	-	1,800	-
SSECC	49	-	1,570	-	1,619	-
ODRPHI	110	-	979	-	1,089	-
NBCC	10	-	985	-	995	-
AVIDA	5	-	493	-	498	-
AiO	3	-	422	-	425	-
CIHC	70	-	263	-	333	-
EHI	44	-	209	-	254	-
FGREC	27	-	236	-	263	-
GDI	9	-	241	-	250	-
LAI	80	-	20	-	100	-
Accendo	-	-	194	-	194	-
Total	**452**		**16,839**		**17,291**	

* *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 2010 (in Million Pesos)

Borrower	Amount	Nature
ALI	42	availment of short-term loan
Accendo	140	availment of new long-term loan
Total	**182**	

Repayments of Debt and Equity Securities – January – March 2010 (in Million Pesos)

Borrower	Amount	Nature
SSECC	193	payment of matured short-term loans and amortization on long-term loans
AGDC	20	payment of matured short-term loans
LAI	20	amortization on long-term loan
CIHI	18	amortization on long-term loan
EHI	11	amortization on long-term loan
ODRPDI	3	amortization on long-term loan
NBCC	3	amortization on long-term loan
Avida	1	amortization on long-term loan
FGREC	1	amortization on long-term loan
Total	**428**	

6. Commercial Paper Issuances and Outstanding Balance (for the quarter ended March 31, 2010)

None.

7. Accounts and Other Payables

The accounts and other payables as of March 31, 2010 is broken down as follows:

	(million)
Accounts payable	P 13,799
Accrued expenses	7,369
Taxes payable	1,891
Retentions payable	117
Dividends payable	5
Total	**P 23,180**

8. Segment information

YTD-March 2010	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Geographic Businesses	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	664	4,407	1,133	466	42	2,080	0	8,792		8,792
Intersegment sales	0	146	111		0	703	0	960	(960)	0
Equity in net earnings of investees	40		59	0	46	0	1	146		146
Total revenue	704	4,553	1,303	466	88	2,783	1	9,898	(960)	8,938
Operating expenses	494	3,580	742	234	54	2,546	248	7,898	(901)	6,997
Operating profit	210	973	561	232	34	237	(247)	2,000	(59)	1,941
Interest expense										(336)
Interest income										182
Other income										101
Other expense										(85)
Income taxes										(445)
Net income										1,358
Net income attributable to:										
Equity holders of Ayala Land, Inc.										1,197
Minority interests										161
										1,358
Other Information										
Segment assets	9,792	66,078	18,837	18,337	1,395	10,236	8,639	133,314	(32,343)	100,971
Investment in associates and jointly controlled entities	6,321		2,156	0	2,017	0	454	10,948		10,948
Deferred tax assets	391	8	12	29	0	37	1,029	1,507	(402)	1,105
Total assets	16,504	66,086	21,005	18,366	3,412	10,273	10,122	145,769	(32,745)	113,024
Segment liabilities	3,576	21,400	7,575	5,786	420	7,100	12,338	58,195	(5,937)	52,258
Deferred tax liabilities	0	137	0	29	0	6	381	553	(402)	151
Total liabilities	3,576	21,537	7,575	5,815	420	7,106	12,719	58,748	(6,339)	52,409
Segment additions to property and equipment and investment properties	0	22	94	70	0	51	8	245	0	245
Depreciation and amortization	2	13	258	101	1	61	16	452		452

YTD-March 2009	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Geographic Businesses	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	342	3,132	1,102	454	37	1,882	0	6,949		6,949
Intersegment sales	53	50	99		0	1,670	0	1,872	(1,872)	0
Equity in net earnings of investees	71		37	0	32		6	146		146
Total revenue	466	3,182	1,238	454	69	3,552	6	8,967	(1,872)	7,095
Operating expenses	269	2,749	684	217	52	3,439	158	7,568	(1,860)	5,708
Operating profit	197	433	554	237	17	113	(152)	1,399	(12)	1,387
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.										906
Minority interests										147
										1,053
Other Information										
Segment assets	9,894	68,494	31,674	18,486	4,901	11,428	(11,370)	133,507	(30,725)	102,782
Investment in associates and jointly controlled entities	0		0	0	0	0	0	0		0
Deferred tax assets	98	5	12	0	0	35	934	1,084	(473)	611
Total assets	9,992	68,499	31,686	18,486	4,901	11,463	(10,436)	134,591	(31,198)	103,393
Segment liabilities	2,993	16,404	7,835	4,816	812	7,663	13,132	53,655	(6,888)	46,767
Deferred tax liabilities	0	135	0	0	0	5	467	607	(473)	134
Total liabilities	2,993	16,539	7,835	4,816	812	7,668	13,599	54,262	(7,361)	46,901
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

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

Results of Operations for the Three Months Ended March 31, 2010

Ayala Land, Inc. (ALI or "the Company") opened 2010 on a strong note as it recorded P1.2 billion in net income for the first quarter, 32% higher than the Php907 million recorded in the same period last year. Consolidated revenues for the first quarter reached Php9.22 billion, 24% higher than the Php7.41 billion posted in the same period last year. Real Estate and Hotel operations revenues increased by 27% to Php8.79 billion, largely due to the strong performance of the Residential Business. All other operating businesses such as Strategic Landbank Management, Shopping Centers and Corporate Business likewise contributed to revenue growth.

Consolidated net operating income (NOI) reached Php2.52 billion for the first three months of 2010, 35% higher than the same period last year as overall NOI margins improved to 29% compared with 27% the previous year. Margins in the development businesses showed significant improvement, offsetting the decline in Shopping Centers margins which continued to be affected by the ongoing Ayala Center redevelopment. With robust topline growth and improved margins, the Php1.2 billion in net income generated for the first quarter was a record high for quarterly core net income. It was also the fifth consecutive quarter that the Company showed earnings growth.

Business Segments

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

Residential Development. Residential revenues grew strongly in the first quarter across all of Ayala Land's brands. Total revenues reached Php4.41 billion for the first three months of 2010, 41% higher than the Php3.13 billion reported during the same period in 2009. Ayala Land Premier (ALP) generated Php1.99 billion in revenues, 56% more than in 1Q09 due to the strong take-up of high-end condominium Park Terraces in Makati City and Santierra lots in NUVALI. These two projects set new sales records when they were launched in January and recorded combined bookings of Php2.78 billion in the first quarter. Meanwhile, Alveo and Avida also both posted 30% year-on-year growth to Php1.37 billion and Php1.05 billion respectively as demand for more affordable products remained strong. Together with newly launched fourth brand Amaia, the Company's residential brands launched a total of 4,394 units in the first quarter, or 47% of the 9,275 units targeted for launch in 2010. The Residential business remained as the single biggest contributor to the Company's NOI, accounting for 49% of total at Php1.23 billion. NOI margins improved to 28% from 23% year-on-year due to the significant contribution from new high-margin projects such as Park Terraces and Santierra.

Shopping Centers. Total revenues for Shopping Centers rose by 3% to Php1.13 billion during the first three months of 2010. This was driven by the continued improvement in occupancy rates at Greenbelt 5, Market! Market! and recent addition MarQuee Mall, allowing blended occupancy rates to improve to 94% from 92% the previous year. Revenue growth was however tempered by additional Ayala Center redevelopment related closures in Glorietta 1, which resulted in lower overall average lease rates for Glorietta. Meanwhile same-store sales in areas not affected by the Ayala Center redevelopment continued to be robust, highlighted by anchor tenants in value-oriented malls recording double-digit same-store sales growth. Total NOI for Shopping Centers was however lower by 8%, to Php553 million, as margins declined to 49% from 54% in the first quarter last year with the closure of higher-margin Glorietta 1. Shopping Centers NOI accounted for 22% of the Company's total NOI.

Corporate Business. Revenues from Corporate Business increased by 3% to Php466 million in the first three months of the year from Php455 million in the same period last year. The growth was derived from the expansion of the BPO office portfolio that reached a total of 258,001 square meters of GLA as of end-March 2010 compared with 216,620 square meters by the end of the first quarter last year. Revenues were also boosted by higher average BPO lease rates that went up by 11% to an average of Php584 per square meter per month and improved occupancy levels of 66% compared to 50% last year. Average lease rates for headquarter-type buildings increased by 2% to Php827 on programmed rental escalations. Revenue growth primarily from the BPO office portfolio was however offset by the absence of industrial lot sales at Laguna Technopark this year compared with the Php40 million in sales generated in 1Q09. This contributed to the drop in Corporate Business NOI to Php260 million (10% of total), which was Php6 million or 2% lower year-on-year. NOI margins likewise dropped to 56% from 58% as a result of the higher costs associated with the start-up operations of the new BPO buildings. Margins are however expected to recover as industry prospects continue to turnaround and strengthen and as occupancy rates improve in the recently opened buildings.

Strategic Landbank Management. Revenues from the Strategic Landbank Management Group (SLMG) amounted to Php664 million in the first three months, 94% higher than the same period last year, largely due to overrides on the very successful sales performance of Park Terraces and advancing construction completion of its share in booked NUVALI lot sales. The strong revenue growth also led to an increase in NOI by 132% year-on-year to Php208 million from Php90 million last year. This accounted for 8% of the Company's total NOI. NOI margins likewise improved to 31% from 26% with a greater percentage of construction accomplishment in higher-margin lots in NUVALI.

Visayas-Mindanao. Visayas-Mindanao's revenues improved by 13% to Php42 million in the first three months of 2010 from Php37 million during the same period last year. Most of the revenue growth came from increasing percentage completion at Alegria Hills in Cagayan de Oro and Plantazionne Verdana Homes (including Asyana) in Negros Occidental. NOI contribution was Php4 million, less than 1% of total.

Support Businesses. The Company's support businesses in Construction, Property Management and Hotels contributed combined revenues (net of inter-company eliminations) of Php2.08 billion during the first three months of the year. This was 11% higher than the Php1.88 billion posted in the same period last year. The higher contribution of external construction projects, improved hotel occupancy levels and higher contribution from managed carpark operations accounted for the bulk of revenue growth. NOI for the Support Businesses in aggregate also improved by 38% to Php267 million (11% of total) while margins likewise improved to 13% from 10% in the same period last year.

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

Equity in Net Earnings from Investees remained flat at Php146 million for the first three months of 2010. The improved performance of shopping center joint ventures accounted for under the equity method (particularly TriNoma and Alabang Town Center) and higher equity earnings from Cebu Holdings, Inc. (CHI) were negated by the lower contribution from Fort Bonifacio Development Corporation (FBDC), which generated fewer lot sales compared with the same period last year. Interest, Investment and Other Income meanwhile decreased by 11% to Php283 million in the first three months, compared with the Php318 million posted in the same period last year mostly due to lower interest income earned from lower average cash balances and a slightly lower interest rates.

Expenses

Total expenses for January to March 2010 amounted to Php7.42 billion, 23% more than the Php6.06 billion in 1Q09. Cost of Sales from Real Estate and Hotels accounted for the bulk at Php6.27 billion, 23% more than last year and slightly lower than the growth of the various business segments, reflecting the improved project cost control initiatives. GAE was also controlled at Php730 million, growing by 15% from last year. Meanwhile, Interest Expense, Financing and Other Charges went up by 22% year-on year to Php422 million, mostly due to increased financing charges.

Project and Capital Expenditures

ALI spent a total of Php3.4 billion for project and capital expenditures in the first three months of 2010, 3% lower than the Php3.5 billion spent during the same period in 2009. Residential Development accounted for the bulk of total or 62%. The Php3.3 billion spent in the first three months represents 13% of the full year capital expenditure budget of Php27.2 billion, with the spending shortfall accounted for mostly by timing differences on actual and planned disbursements. The Company expects to significantly catch up on its planned spending in the second and third quarters of 2010.

Financial Condition

The Company's balance sheet continues to be robust with sufficient capacity to take on additional debt to support its aggressive expansion program beginning this year. Cash and Cash Equivalents stood at Php16.45 billion with a Current Ratio of 1.90: 1. Total Borrowings stood at Php18.72 billion from Php18.81 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.35: 1 and a Net Debt-to-Equity Ratio of 0.04: 1.

Other Developments

As part of its strategic plan to develop more growth centers across the country, the Company recently concluded four landbank acquisitions as of April 2010. In February, ALI signed a joint-venture with the Anflogroup for the development of a 3.2-hectare property in Cagayan de Oro City. In March, the Company signed a 35-year lease agreement with Riverside Boardwalk Properties, Inc. for the development of business process outsourcing (BPO) facilities inside of a two-hectare property in Iloilo City. In April, ALI entered into an agreement with Philippine National Bank (PNB) for the development of a 2.3-hectare property in Mandaluyong City into a residential community under the Avida brand. Finally, the Company also signed an agreement with Eton Properties Phils., Inc. for a joint development of a 4-hectare parcel of land in Laguna into a residential subdivision under the Amaia brand.

The Company also completed its initial foray into the development of responsible tourism destinations with the acquisition in April of a 60% stake in the Ten Knots Group, which owns and operates the El Nido Resorts in Lagen and Miniloc Islands in Northern Palawan.

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

<u>Income Statement items</u> – 1Q 2010 versus 1Q 2009

27% increase in real estate revenues
Mainly due to higher sales from Ayala Westgrove, Montecito and Serendra, incremental completion from The Columns at Legaspi Village, Senta, Treveia, Celadon and Marquee, and the impact of newly launched projects such as Santierra and Park Terraces.

8% increase in hotel revenues
Primarily due to higher occupancy and average room rates at InterContinental Hotel Manila and Cebu City Mariott.

7% decrease in equity in net earnings of investees, interest, fees and other income
Largely due to lower income from money market placements.

24% increase in real estate cost and 8% increase in hotel expenses
Mainly due to higher real estate revenues and higher hotel occupancy levels.

15% increase in general and administrative expenses
Primarily due to higher payroll costs and benefits.

20% increase in interest and financing expenses
Mainly due to higher interest rates and debt levels.

31% increase in other charges
Largely due to provisioning for the impairment of real estate inventories.

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

10% increase in net income attributable to minority interests
Primarily due to higher income from Ceci Realty, Station Square East Commercial Corporation and Ayala Greenfield Development Corporation.

<u>Balance Sheet items</u> – March 31, 2010 versus End-2009

28% increase in cash and cash equivalents
Mainly due to liquidation of short term investments and fixed income securities.

61% decrease in short-term investments
Primarily due to reclassification of Serendra's short-term investment to cash and cash equivalents.

13% decrease in available-fo- sale financial assets
Mainly due to maturity of investments.

6% increase in accounts and notes receivables (net)
Largely due to launch of new projects and higher receivables of Makati Development Corp. (MDC) from external contracts.

57% increase in real estate inventories
Mainly due to reclassification of NUVALI land from unsubdivided to saleable, and incremental project completion of existing and new projects.

23% increase in other current assets
Mainly due to MDC's prepaid expenses representing cost of materials, equipment rentals and salaries for new and existing projects, and higher disbursements for taxes.

82% increase in non-current accounts and notes receivables
Largely due to trade receivables of Serendra, Vesta Properties and Alveo Land.

22% decrease in land and improvements
Mainly due to reclassification of NUVALI land from unsubdivided to saleable.

7% decrease in available-for-sale financial assets (non-current portion)
Primarily due to sale of fixed income securities available for sale (AFS).

15% increase in other noncurrent assets
Mainly due to increase in utility and other deposits.

20% increase in accounts and other payables
Primarily due to increase in trade payables with the completion of existing and new projects, and increase in accrued and taxes payable.

12% decrease in short-term debt
Mainly due to loan payment made by Station Square East Commercial Corporation.

104% increase in income tax payable
Primarily due to corporate income tax for the current and previous quarters payable in April 2010.

20% increase in current portion of long-term debt
Primarily due to reclassification APPHC loans payable from non-current to current.

14% increase in other current liabilities
Largely due to deposits from new projects such as Park Terraces, Anvaya, Santierra and Westgrove Enclave.

53% increase in pension liabilities
Primarily due to additional retirement contributions.

14% decrease in deposits and other noncurrent liabilities
Mainly due to reclassification of accounts from non-current to current, and decline in retentions payable.

23% increase in deferred credits
Largely due to unearned revenues and management fees.

25% decrease in unrealized gain (loss) on available-for-sale financial assets
Primarily due to revaluation of fixed income securities AFS.

PART II - OTHER INFORMATION

Item 3. 1Q 2010 Developments

A. New project or investments in another line of business or corporation	None.	
B. Composition of Board of Directors (as of March 31, 2010)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala II	Vice Chairman
	Antonino T. Aquino	President & CEO
	Mercedita S. Nolledo	Corp. Secretary
	Francis G. Estrada	Director
	Delfin L. Lazaro	Director
	Aurelio R. Montinola III	Director
	Corazon dela Paz - Bernardo	Director
	Oscar S. Reyes	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, 2010, stock options outstanding* are as follows: ESOP 38,919,325 shares ESOWN 75,745,845 shares 114,665,170 shares ** outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*	
G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.	

H. Other information, material events or happenings that may have affected or may affect market price of security	None.
I. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 1Q 2010 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	- Signing of a Memorandum of Agreement with Manila Water Company (MWC) for the joint development and operation of a water and wastewater facility service company that will serve the needs of ALI projects, primarily NUVALI. - Signing of a Joint Development Agreement between Amaia Land Corp. and Eton Properties Inc. for the development of a 4-hectare property in Calamba, Laguna that will form part of Amaia Scapes Laguna. - Signing of a Joint Development Agreement between Avida Land Corp. and Philippine National Bank (PNB) for the development of a 2.3-hectare property along EDSA corner Reliance and Mayflower Sts. In Mandaluyong City into a residential complex. - Exercise of the oversubscription option for an additional sale of Php504 million Ayala Land Homestarter Bonds thereby bringing final issue size to Php1.008 billion. - Executive Committee approval to enter responsible tourism estate development by taking a 60% interest in Ten Knots Group which owns the El Nido Resorts in Lagen and Miniloc Islands in Northern Palawan.

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	- Launch in January of Ayala Land Premier's Park Terraces, a high-rise condominium project in Makati. - Signing of a Joint Venture Agreement with the Anflogroup for the development of a mall within a 3.2-hectare property in Cagayan de Oro City. - Signing of a 35-year Lease Agreement with the Pison group for a 2-hectare property in Iloilo City that will be used for the development of BPO buildings.
Q. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None.
R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None.
S. Material commitments for capital expenditures, general purpose and expected sources of funds	For year 2010, Ayala Land's consolidated budget for project and capital expenditures amount to P27.2 billion. About 54% is earmarked for residential developments, 15% 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 and pre-selling. For the first three months of 2010, consolidated project and capital expenditures amounted to P3.4 billion, about 13% of the P27.2 billion budget for the whole year. About 62% was spent for residential projects, 15% for geographic businesses, 10% for strategic landbank management, and

the balance for shopping centers, corporate business 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:

	End-March 2010	*End-December 2009*
Current ratio [1]	1.90:1	1.95:1
Debt-to-equity ratio [2]	0.35:1	0.36:1
	1Q 2009	*2009*
Return on assets [3]	4.3% [5]	3.9%
Return on equity [4]	9.0% [5]	8.0%

[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] *1Q10 NIAT annualized/average of end Mar-10 and end Dec-09 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:

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

Date: May 7, 2010