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) 750-6974

(Telephone Number)

June 30, 2013

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2013**

2. Commission Identification Number **152747**

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

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

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

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

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

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

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

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

    As of June 30, 2013

Title of each class	Number of shares issued and outstanding
Common shares	**14,172,673,524**
Preferred shares	**13,066,494,759**

    Amount of Debt Outstanding
    P22.50 billion *(bonds)*

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

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

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Ayala Land, Inc.
Consolidated Balance Sheets
As of June 30, 2013 and December 31, 2012
(in million pesos)

	June 2013 Unaudited	December 2012 Audited (As restated)
ASSETS		
Current Assets		
Cash and cash equivalents	38,046	33,613
Short-term investments	-	16
Fair value through profit or loss financial assets	668	714
Accounts and notes receivable - net	40,449	40,751
Real estate inventories	27,891	26,215
Other current assets	17,439	15,809
Total Current Assets	124,493	117,118
Noncurrent Assets		
Non-current accounts and notes receivable	15,063	12,834
Land and improvements	54,226	49,492
Investments in associates and jointly controlled entities	8,237	8,350
Available-for-sale financial assets	470	454
Invesment properties - net	55,106	47,535
Property and equipment - net	16,564	17,360
Deferred tax assets - net	3,988	2,477
Other noncurrent assets	5,073	3,017
Total Noncurrent Assets	158,727	141,519
	283,220	**258,637**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	78,070	66,585
Short-term debt	7,477	9,779
Income tax payable	458	923
Current portion of long-term debt	7,431	6,585
Other current liabilities	4,170	5,064
Total Current Liabilities	97,606	88,936
Noncurrent Liabilities		
Long-term debt - net of current portion	60,489	58,414
Pension liabilities	483	482
Deferred tax liabilities - net	1,058	375
Deposits and other noncurrent liabilities	15,150	14,439
Total Noncurrent Liabilities	77,180	73,710
Total Liabilities	174,786	162,646
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up capital	44,229	34,118
Retained earnings	53,444	49,917
Stock options outstanding	195	214
Unrealized gain(loss) on available-for-sale financial assets	39	40
Actuarial loss on pension obligations	(155)	(155)
Other reserves	(2,762)	9
Treasury Stock	-	(2,127)
	94,990	82,015
Non-controlling interests	13,444	13,976
	108,434	95,991
	283,220	**258,637**

Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Income
For the Three Months and Six Months Ended June 30, 2013 and June 30, 2012
(in million pesos, except earnings per share)

	2013 Unaudited		2012 Unaudited	
	April 1 to June 30	January 1 to June 30	April 1 to June 30	January 1 to June 30 (As restated)
REVENUE				
Real estate and hotels	17,234	33,950	12,511	24,755
Hotel operations	650	1,861	621	1,271
Equity in net earnings of investees, interest, fees, investment and other income	235	823	482	974
	18,119	36,634	13,614	26,999
COSTS AND EXPENSES				
Real estate	10,712	21,579	7,738	15,661
Hotel operations	654	1,501	355	722
General and administrative expenses	1,220	2,529	1124	2,131
Interest expense, financing and other charges	667	1,650	599	1,053
Other charges	202	250	147	222
Provision for bad debts	3	5	-8	1
	13,458	27,514	9,955	19,790
INCOME BEFORE INCOME TAX	4,661	9,120	3,658	7,209
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	1,560	2,777	1,108	1,894
Deferred	(327)	(272)	(172)	(50)
	1,233	2,505	936	1,844
NET INCOME	3,428	6,615	2,722	5,365
Net Income(Loss) Attributable to :				
Equity holders of Ayala Land, Inc.	**2,861**	**5,623**	**2,194**	**4,326**
Minority interests	567	992	529	1,039
	3,428	6,615	2,723	5,365
Earnings per Share				
Basic	0.20	0.40	0.17	0.33
Diluted	0.20	0.40	0.17	0.33

Ayala Land, Inc. and Subsidiaries
Unaudited Consolidated Statements of Comprehensive Income
(in millions)

	2013 Unaudited		2012 Unaudited	
	April 1 to June 30	January 1 to June 30	April 1 to June 30	January 1 to June 30
NET INCOME FOR THE PERIOD	3,428	6,615	2,561	5,365
Other comprehensive income				
Net unrealized gain(loss) on available-for-sale financial assets	(14)	(0)	(1)	(15)
Actuarial loss on pension obligation	-	155	-	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,414	6,770	2,560	5,350
Total comprehensive income attributable to :				
Equity holders of the parent	2,847	5,778	2,193	4,311
Minority Interest	567	992	367	1,039
	3,414	6,770	2,560	5,350

Ayala Land, Inc. and Subsidiaries
Consolidated Statement of Changes in Stockholders' Equity
For the Six Months Ended June 30, 2013 and June 30, 2012
(in million pesos)

	January to June 2013 Unaudited	January to June 2012 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK		
Issued		
Balance at beginning of year	13,729	13,023
Issuance of shares	332	17
Stock options exercised	-	3
Balance at end of year	14,061	13,043
Subscribed		
Balance at beginning of year	102	100
Issuance of shares	3	(17)
Stock options exercised	6	26
Balance at end of year	111	109
Preferred Shares - P0.10 par value		
Issuance of shares	1,307	2,610
Balance at end of the year	1,307	2,610
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	18,128	4,887
Stock options exercised	503	474
Equity issuance cost charged to APIC	(162)	-
Issuance of common stock	11,042	-
Balance at end of year	29,510	5,361
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(451)	(353)
Subscriptions	(458)	(383)
IFRS 2-Adjustment on Share-based payments	-	-
Collections	149	137
Balance at end of year	(760)	(600)
TOTAL PAID-UP CAPITAL	44,229	20,523
STOCK OPTIONS		
Balance at beginning of year	214	232
Stock options exercised	(18)	(35)
Balance at end of year	195	197
TREASURY STOCK	-	(824)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	44,062	37,926
Prior years adjustment (PAS 19 restatement entries)	(145)	-
Cash dividends	(2,096)	(1,474)
Net income	5,623	4,326
Balance at end of year	47,444	40,778
Other reserves	(2,763)	9
	50,682	46,786
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS FINANCIAL ASSETS	39	39
Actuarial loss on pension obligations	(155)	-
	94,990	66,721
NON-CONTROLLING INTERESTS		
Balance at beginning of year	9,230	9,686
Net income(loss)	992	1,039
Increase/(Decrease) in minority interest	3,408	3,964
Dividends paid to non-controlling interests	(185)	(46)
	13,444	14,643
	108,434	81,364

Ayala Land, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months ended June 30, 2013 and June 30, 2012
(in million pesos)

	January to June 2013 Unaudited	January to June 2012 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**9,120**	**7,209**
Adjustments for:		
Depreciation and amortization	1,691	1,060
Interest and other charges - net of amount capitalized	1,952	964
Gain on sale of investments	-	-
Equity in net earnings of investees	(128)	(226)
Interest and other income	(915)	(504)
Unrealized gain on financial assets	(156)	(15)
Provision for doubtful accounts	5	1
Operating income before changes in working capital	11,569	8,489
Decrease (increase) in :		
Accounts and notes receivable - trade	(707)	(9,620)
Real estate inventories	(1,276)	220
Other current assets	(2,030)	(4,127)
Increase (decrease) in :		
Accounts and other payables	12,574	7,713
Pension liabilities	285	4
Other current liabilities	(894)	2,301
Cash generated from operations	19,521	4,980
Interest received	748	507
Income tax paid	(3,264)	(703)
Interest paid - net of amount capitalized	(2,746)	(535)
Net cash provided by (used in) operating activities	14,259	4,249
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	-	-
Disposals of (additions to):		
Land and improvements	(4,734)	(5,941)
Investments	(11,073)	(9,047)
Property and equipment	70	(2,770)
Short term investments	62	192
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	(1,058)	(1,050)
Other assets	(3,705)	(712)
Net cash provided by (used in) investing activities	(20,438)	(19,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term / long-term loans	6,492	24,157
Payments of short-term / long-term loans	(5,873)	(557)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	1,393	2,458
Minority interest in consolidated subsidiaries	(1,339)	3,964
Proceeds from capital stock subscriptions	11,396	1,529
Purchase of treasury shares	824	-
Dividends paid to minority	(185)	(46)
Dividends paid to equity holders of Ayala Land, Inc.	(2,096)	(1,474)
Net cash provided by (used in) financing activities	10,612	30,031
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,433**	**14,952**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**33,613**	**24,603**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,046**	**39,555**

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, 2012 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, 2012.

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 millions except when otherwise indicated.

On May 8, 2013, 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, 2012, except for the adoption of new Standards and Interpretations enumerated below.

The *Annual Improvements to PFRSs* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment did not have any significant impact on the Group's financial position or performance.

PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment did not have any impact on its financial position or performance.

PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment is applied (Note 13) and has no impact on the Group's financial position or performance.

Effective 2013

PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment became effective for annual periods beginning on or after July 1, 2012. The amendment affected presentation only and had no impact on the Group's financial position or performance.

PAS 1 Impact

The amendments to PAS 1 change the grouping of items presented in OCI as disclosed below:

Other Comprehensive Income:	Amount (in thousands)
Unrealized gain on available for sale financial assets	38,964
Actuarial loss on pension obligation	155,320

Items that can be reclassified (or "recycled") to profit or loss at a future point in time (Unrealized gain on available for sale financial assets) is now presented separately from items that will never be recycled (actuarial loss on pension obligation).

PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
    ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments have no impact on the Group's financial position or performance. However, no additional disclosure was presented by the Group since it does not have offsetting arrangements with their derivative counterparties that are affected by the amendments to PFRS 7.

PFRS 10, *Consolidated Financial Statements*

PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. PFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in PFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

The changes introduced by PFRS 10 required the management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard became effective for annual periods beginning on or after January 1, 2013.

As a result of the assessment based on PFRS 10 requirements, the Company consolidated North Triangle Depot Commercial Corporation, Cebu Holdings, Inc. and Alabang Commercial Corporation, which were previously accounted for as investments in associates, BG West Properties Inc., BG South Properties Inc. and BG North Properties Inc., which were previously accounted for as jointly controlled entities, in the Company's 2012 consolidated financial statements. This consolidation increased the Company's total consolidated assets by P27,405 million and total consolidated liabilities by P22,959 million as of December 31, 2012 . Consolidated revenues also increased by P4,598.7 million while consolidated income before income tax increased by P1,547.8 million for the quarter ended June 30, 2013. Adoption of PFRS 10 has no impact on the Company's EPS. These amounts have considered preliminary purchase price allocation for the entities in which it has obtained control.

PFRS 11, *Joint Arrangements*
PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard became effective for annual periods beginning on or after January 1, 2013.

The company has conducted an assessment of the impact of PFRS 11 on its jointly controlled entities. As a result of the assessment based on PFRS 11 requirements, the Company accounted for its jointly controlled entities namely Emerging City Holdings, Inc. and Berkshires Holdings, Inc. as Joint Ventures. The Standard has no impact in the Group's financial statements as the Group already accounts for its investment in jointly controlled entities using the equity method.

PFRS 12, *Disclosure of Interests in Other Entities*
This Standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required such as information about the significant judgments and assumptions (and changes to those judgments and assumptions) and summarized financial information for subsidiaries with material NCI and interests in associates. The adoption of the standard affects disclosure only (Note 5) and did not have significant financial impact to the Group.

PFRS 13, *Fair Value Measurement*
PFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

PAS 19, *Employee Benefits* (Revised)
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments became effective for annual periods beginning on or after January 1, 2013. The impact on the Company's basic and diluted EPS to the adoption of the amendments to PAS 19 is less than ₱0.01 per share.

The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the consolidated financial statements upon adoption of the standard.

The Group has applied the amendments retroactively in its consolidated statements of financial position as at December 31, 2012. The restatement increased the net defined benefit obligation by P428.9 million, deferred tax asset by P128.7 million and decreased the retained earnings by P144.9 million as well as other comprehensive income by P155.3 million as at December 31, 2012.

PAS 27, *Separate Financial Statements* (as revised in 2011)
As a consequence of the issuance of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 did not have a significant impact on the separate financial statements of the entities in the Group. The amendment became effective for annual periods beginning on or after January 1, 2013.

PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
As a consequence of the issuance of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment became effective for annual periods beginning on or after January 1, 2013. The adoption of the standard did not have a significant impact to the Group.

Effective 2014

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

Effective 2015

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

The Company has conducted an initial evaluation and has assessed that the standard does not have significant impact to the Company. No early adoption will be made as of date of this report as there are still major changes that are expected to be made in the existing draft of the standard that could impact the Company's decision to early adopt or not. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

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

3. Principles of Consolidation

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

	Effective Ownership (%)
Real Estate:	
Alveo Land Corporation (Alveo)	100
Serendra, Inc.	39
Solinea, Inc. (formerly Bigfoot Palms, Inc.)	65
BG South Properties, Inc. (BGS)	50
Serendra, Inc.	28
Amorsedia Development Corporation and Subsidiaries	100
OLC Development Corporation and Subsidiary	100
HLC Development Corporation	100
Allysonia International Ltd.	100
Avida Land Corporation and Subsidiaries (Avida)	100
Buklod Bahayan Realty and Development Corp.	100
Avida Sales Corp.	100
Amicassa Process Solutions Inc.	100
Avencosouth Corp. (Avencosouth)	70
BG North Properties, Inc. (BGN)	50
Amaia Land Corporation (Amaia)	100
Amaia Southern Properties, Inc. (ASPI)	82
Ayala Land International Sales, Inc. (ALISI)	100
Ayalaland International Marketing, Inc. (AIMI)	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
BellaVita Land Corporation	100
Crans Montana Holdings Corp.	100
Crimson Field Enterprises, Inc.	100
Ecoholdings Company, Inc. (ECI)	100
NorthBeacon Commercial Corporation (NBCC)	100
Red Creek Properties, Inc.	100
Regent Time International, Limited (Regent) (British Virgin Islands)	100
Asterion Technopod, Inc. (ATI)	100
Westview Commercial Ventures Corp. (formerly Crestview E-Office Corp.)	100
Fairview Prime Commercial Corp. (formerly Gisborne Property, Inc.)	100
Hillsford Property Corporation (HPC)	100
Primavera Towncentre, Inc. (PTI)	100
Summerhill E-Office Corporation (Summerhill)	100
Sunnyfield E-Office Corporation (Sunnyfield)	100
Subic Bay Town Centre, Inc.	100
Regent Wise Investments Limited (Regent Wise) (Hongkong company)	100
Ayala Land Commercial REIT, Inc. (ALCRI)	100
Arvo Commercial Corp. (Arvo)	100
BellaVita Land Corporation	100
Nuevo Centro, Inc.	100
Cavite Commercial Town Center, Inc.	100
ALI Property Planners Corp. (APPCo)	100
One Dela Rosa Property Development, Inc.	100
First Gateway Real Estate Corp.	100
Glensworth Development, Inc. (Glensworth)	100
UP North Property Holdings, Inc.	100

Laguna Technopark, Inc.	75
Ecozone Power Management, Inc.	75
Aurora Properties Incorporated	70
Vesta Property Holdings, Inc. (VPHI)	70
Station Square East Commercial Corporation (SSECC)	69
Accendo Commercial Corp.	67
Avencosouth Corp.	20
Cagayan de Oro Gateway Corp. (CDOGCC)	70
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
CMPI Land, Inc.	36
ALI-CII Development Corporation (ALI-CII)	50
Roxas Land Corporation (RLC)	50
Adauge Commercial Corporation (Adauge)	100
Southgateway Development Corporation (SDC)	100
Ayalaland Metronorth, Inc. (AMNI)	100
Alabang Commercial Corporation	100
North Triangle Depot Commercial Corporation (NTDCC)	49
BG West Properties, Inc. (BGW)	50
Cebu Holdings, Inc. (CHI)	50
Cebu Property Ventures & Development Corporation (CPVDC)	76
Cebu Leisure Company, Inc.	100
CBP Theatre Management, Inc.	100
Cebu Insular Hotel Company Inc.	37
Solinea Inc.	35
Construction:	
Makati Development Corporation and Subsidiaries (MDC)	100
MDC - Subic	100
MDC – Build Plus, Inc.	100
Hotels and Resorts:	
Ayala Hotels, Inc. (AHI)	50
AyalaLand Hotels and Resorts Corporation (AHRC) and Subsidiaries	100
ALI Makati Hotel & Residences, Inc. (AMHRI)	80
ALI Makati Hotel Property, Inc. (AMHPI)	80
Enjay Hotels, Inc. (Enjay)	100
Greenhaven Property Venture, Inc. (GPVI)	100
Cebu Insular Hotel Company, Inc. (CIHCI)	63
Bonifacio Hotel Ventures, Inc.	100
Southcrest Hotel Ventures, Inc.	67
Northgate Hotel Ventures, Inc.	70
North Triangle Hotel Ventures, Inc.	100
Ecosouth Hotel Ventures, Inc.	100
ALI Makati Hotels & Residences, Inc.	20
ALI Makati Hotel Property, Inc.	20
Ten Knots Phils., Inc. and Subsidiary (TKPI)	60
Ten Knots Development, Corp. and Subsidiaries (TKDC)	60
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. (LAIP)	50

Others:	
MZM Holdings, Inc. (MZM)	100
ALInet.com, Inc. (ALInet)	100
First Longfield Investments Limited (First Longfield) (Hongkong Company)	100
Green Horizons Holdings Limited	100
Food Court Company, Inc.	100
Aprisa Business Process Solutions, Inc.	100
Studio Ventures, Inc.	100
Directpower Services, Inc.	100
Philippine Integrated Energy Solutions, Inc.	60
Varejo Corp. (Varejo)	100
Solerte, Inc.	100

4. Receivables / Payables

Aging of Receivables (as of June 30, 2013; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	20,384	6,585	14,630	2,014	43,613
Non-Trade Receivables	9,878	1,578	433	10	11,899
Total	**30,262**	**8,163**	**15,063**	**2,024**	**55,512**

Aging of Payables (as of June 30, 2013; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	21,204	9,087	10,903	-	41,194
Non-Trade Payables	41,795	10,613	5,787	-	58,195
Total	**62,999**	**19,700**	**16,690**	**-**	**99,389**

5. Inventories

This account consists of:

(in thousands)	**June 2013 (Unaudited)**	December 2012 (Restated)
Real estate inventories	**P26,534,501**	P25,886,406
Club shares	**1,356,737**	328,971
	27,891,238	26,215,377

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

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

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

Cebu Holdings, Inc.	Amount (in thousands)
Current assets	P4,600,449
Non-current assets	8,119,610
Current liabilities	3,310,399
Non-current liabilities	3,863,572
Revenue	974,589
Profit or loss from continuing operations	243,094

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

Bonifacio Land	Amount (in thousands)
Current assets	P203,184
Non-current assets	21,122,301
Current liabilities	3,484,829
Non-current liabilities	-
Revenue	297,477
Profit or loss from continuing operations	295,419
Accounting method used	Equity method

7. Short-Term and Long-Term Debt

Short-Term Debt (as of June 30, 2013; in Millions)

Borrower	Amount
ALI	P2,408
Alveo	2,700
Avida	1,550
Chirica	38
LAIP	195
PhilEnergy	228
ACC	33
SSECC	325
Total	**P7,477**

Long-Term Debt (as of June 30, 2013; in Millions / US$)

	Current		Non-Current		Total	
Borrower	**Peso**	**US$**	**Peso**	**US$**	**Peso**	**US$**
ALI	**5,001**	**-**	**35,705**	**59**	**40,706**	**59**
Accendo	44	-	2,442	-	2,486	-
AHRC	211	-	5,980	123	6,191	123
AiO	72	-	1,383	-	1,455	-
APPCO	1,209	-	804	-	2,013	-
Arvo	-	-	150	-	150	-
Avida	-	-	2,000	-	2,000	-
CDOGC	-	-	2,350	-	2,350	-
CHI	550	-	2,250	-	2,800	-
Crestview	8	-	299	-	307	-
Fairview	-	-	1,200	-	1,200	-
Hillsford	12	-	85	-	97	-
NBCC	-	-	-	-	-	-
NTDCC	235	-	2,846	-	3,081	-
PhilEnergy	-	-	600	-	600	-
SSECC	49	-	1,411	-	1,460	-
SBTCI	22	-	859	-	881	-
Sunnyfield	18	-	126	-	144	-
Total	**P7,431**	**-**	**P60,489**	**182**	**P67,920**	**182**

** Including bonds and FXCNs*

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans – January – June 2013 (in Million Pesos)

Borrower	Amount	Nature
ALI	P8,038	availment of new short-term loans and issuance of Homestarter Bonds and Corporate Notes
ACC	100	availment of short-term loan
Accendo	255	availment of long-term loan
AHRC	1,331	availment of long-term loans
AiO	250	availment of long-term loans
Alveo	1,970	availment of short-term loans
APPCO	440	availment of short-term loans
Arvo	100	availment of long-term loans
Avida	1,260	availment of short term and issuance of notes
CHI	1,200	availment of long-term loans
Fairview	1,200	availment of long-term loans
NTDCC	19	availment of long-term loan
PhilEnergy	293	availment of long-term and short-term loans
SSECC	309	availment of short-term loans
Total	**P16,515**	

Repayments of Debt and Equity Securities – January – June 2013 (in Million)

Borrower	Amount	Nature
ALI	P8,497	repayment of fixed-rate corporate notes, short term loans and Homestarter Bonds
ACC	300	payment of matured short-term loans
Accendo	9	amortization on long-term loan
AHRC	1,008	amortization on long-term loans
Alveo	1,620	payment of matured short-term loans
Amaia	350	payment of matured short-term loans
APPCO	1,143	amortization on long-term loans
CHI	36	amortization on long-term loans
Avida	1,597	payment of matured short-term loans
Crestview	4	amortization on long-term loans
Hillsford	6	amortization on long-term loans
LAIP	15	payment of matured short-term loans
NBCC	967	repayment of long-term loan
NTDCC	88	repayment of long-term loans
SSECC	334	payment of matured short-term and amortization on long-term loans
Sunnyfield	9	amortization on long-term loans
Vesta	525	payment of matured short-term loan
Total	**P16,508**	

HOMESTARTER BONDS 5
Schedule and Use of Proceeds

	PER PROSPECTUS	ACTUAL
Estimated proceeds from the sale of the Bonds	P1,000,000,000.00	P1,000,000,000.00
Less: Estimated expenses		
SEC Registration	1,325,625.00	1,325,625.00
Underwriting and Other Professional Fees	8,000,000.00	9,421,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket	2,200,000.00	1,587,085.83
Registry and Paying Agency Fees	200,000.00	154,090.30
Documentary Stamp Tax	10,000,000.00	5,000,000.00
	21,725,625.00	17,487,801.13
Estimated/actual net proceeds to Ayala Land, Inc.	P978,274,375.00	P982,512,198.87

Balance of Proceeds as 12.31.12 **Nil**

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

P15Bn BONDS
Schedule and Use of Proceeds

	ESTIMATE PER PROSPECTUS	ACTUAL
Gross Proceeds	P15,000,000,000.00	P15,000,000,000.00
Less: Upfront Expenses		
Documentary Stamp Tax	75,000,000.00	75,000,000.00
Underwriting Fee	54,035,000.00	52,954,300.00
Rating Fee	5,040,000.00	4,125,000.00
SEC Registration		
SEC Registration Fee	4,312,500.00	4,312,500.00
SEC Legal Research Fee	43,125.00	43,125.00
Professional Expenses	1,960,000.00	3,064,146.00
Marketing/Printing/Photocopying Costs and OPEs	500,000.00	383,755.82
Registry and Paying Agency Fee	337,500.00	729,169.96
Trustee Fees	112,500.00	
Listing Fee	100,000.00	443,666.68
	141,440,625.00	141,055,663.46
Net Proceeds	P14,858,559,375.00	P14,858,944,336.54

Balance of Proceeds as 12.31.12 **Nil**

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

HOMESTARTER BONDS 6
Schedule and Use of Proceeds

	PER PROSPECTUS	ACTUAL
Estimated gross proceeds from the sale of the Bonds	**P2,000,000,000.00**	**P2,000,000,000.00**
Less: Estimated expenses		
Underwriting and Other Professional Fees	15,000,000.00	15,060,000.00
Marketing/Printing/Photocopying Costs and out-of-pocket	2,200,000.00	1,486,789.27
Documentary Stamp Tax	10,000,000.00	10,000,000.00
	27,200,000.00	**26,546,789.27**
Estimated net proceeds to Ayala Land, Inc.	**P1,972,800,000.00**	**P1,973,453,210.73**
Balance of Proceeds as 06.30.13	**P78,000,000** ***(approx)***	

Ayala Land raised from the Bonds gross proceeds of P2.00 billion. After issue-related expenses, actual net proceeds amounted to approximately P1.97 billion. As of 30 June 2013, net proceeds aggregating to P1.19 billion were used to partially finance its various projects such as, but not limited to, Park Terraces, Garden Towers, ParkPoint Residences, Ayala Westgrove Heights, Luscara, Elaro, Santierra and the redevelopment of Ayala Center (P540 million); and the balance of the purchase price to acquire Global Technologies International Limited's 32% stake in ALI Property Partners Corp. and additional capital infusion to a subsidiary (P650 million). Remaining net proceeds from the Bonds will be deployed to various projects in the succeeding months.

8. Commercial Paper Issuances and Outstanding Balance (for the quarter ended June 30, 2013)

None.

9. Accounts and Other Payables

The accounts and other payables as of June 30, 2013 is broken down as follows:

	(million)
Accounts payable	P 45,432
Taxes payable	4,239
Accrued project cost	12,039
Dividends payable	176
Accrued salaries & employee benefits	2,156
Accrued rentals	1,499
Accrued repairs & maintenance	1,707
Accrued advertising & promo	2,455
Accrued professional & management fees	1,406
Accrued light & water	1,612
Accrued insurance	243
Accrued supplies	114
Accrued postal and communications	155

Accrued representation	101
Accrued donations and contribution	108
Accrued janitorial and security	97
Accrued transportation and travel	96
Accrued expenses - others	3,787
Interest payable	234
Retention payable	414
Total	**P 78,070**

10. Common Control Business Combination

On April 16, 2013, the company has sold its 60% interest in Asian i-Office Properties Inc. (AiO) to CPVDC. CPVDC is 76.3% owned by Cebu Holdings, Inc., a subsidiary of the Company.

This transaction will allow the Company to consolidate into CPVDC the development and operations of BPO offices in Cebu and businesses related thereto, which should lead to value enhancement, improved efficiencies, streamlined processes and synergy creation among the company and its subsidiaries. This is also consistent with the thrust of the CHI group to build up its recurring income base.

This transaction is considered to be a Common Control Business Combination because AiO and CPDVC are ultimately controlled by the Company both before and after the business combination, and that control is not transitory. The relevant accounting policy used is pooling of interests method as the acquisition method is not applicable due to lack of commercial substance. (PIC Q&A No. 2011-02). The assets and liabilities of AiO and CPVDC are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No 'new' goodwill is recognized as a result of the combination. (PIC Q&A No. 2012-01)

11. Related Party Transactions

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

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

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties.

This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

a. Transactions with BPI, an associate of AC

As of June 30, 2013 and December 31, 2012, the Group maintains current and savings account, money market placements and Long-term debt payable with BPI broken down as follows:

	June 30, 2013	Dec . 31, 2012
	(In Thousands)	
Cash in bank	**P7,190,042**	P11,467,210
Cash equivalents	**13,307,270**	13,302,950
Long-term debt	**14,384,380**	8,054,138

12. Changes in a Parent's Ownership Interest in a Subsidiary that Do Not Result in Loss of Control

On April 15, 2013, the Company has entered into a Sale and Purchase Agreement with Global Technologies International Limited (GTIL) to acquire the latter's 32% stake in APPCo for P3.52 billion.

APPCo owns BPO buildings in Makati, Quezon City and Laguna, with a total leasable area approximately 230 thousand square meters.

This acquisition is aligned with ALI's thrust of expanding its office leasing business and increasing its recurring income.

This is accounted for by the Company as an equity transaction since there is a change in its ownership but still retained it controlling financial interest. As such, there is no gain or loss recognized in consolidated net income or comprehensive income. The carrying amount of the non-controlling interest is now nil as the Company already owns 100% share in APPCo. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted is recognized in equity attributable to the Company to about P2.7 billion.

13. Segment information

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

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

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

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

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

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

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

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

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

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

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

YTD-June 2013	Residential Development	Shopping Centers	Corporate Businesses	Strategic Landbank Management and Visayas-Mindanao	Hotels & Resorts	Construction	Corporate	Property Management and Others	Total	Intersegment Adjustments	Consolidated
(in million pesos)											
Revenues											
Sales to external customers	17,629	5,036	1,525	6,214	1,861	2,937	-	609	35,811	-	35,811
Intersegment sales	164	232	-	25	-	6,894	-	288	7,603	(7,603)	0
Equity in net earnings of investees	-	(2)	-	134	-		(4)	-	128	-	128
Total revenue	17,793	5,266	1,525	6,373	1,861	9,831	(4)	897	43,542	(7,603)	35,939
Operating expenses	12,763	2,973	799	4,115	1,806	9,087	571	751	32,865	(7,251)	25,614
Operating profit	5,030	2,293	726	2,258	55	744	(575)	146	10,677	(352)	10,325
Interest income											560
Interest expense											(1,650)
Other income(expense)											(115)
Provision for income tax											(2,505)
Net income											6,615
Net income attributable to:											
Equity holders of Ayala Land, Inc.											5,624
Minority interests											992
											6,615
Other Information											
Segment assets	216,183	73,942	34,950	-	18,118	23,410	1,121	2,491	370,215	(99,218)	270,997
Investment in equity method associates	6,851	239	-	-	-	-	1,146	-	8,236	-	8,236
Deferred tax assets	855	235	51	-	53	14	1,788	11	3,007	980	3,987
Total assets	223,889	74,416	35,001	-	18,171	23,424	4,055	2,502	381,458	(98,238)	283,220
Segment liabilities	105,597	24,655	12,187	-	9,764	20,566	27,236	1,523	201,528	(27,800)	173,728
Deferred tax liabilities	324	54	32	-	480	-	-	-	890	168	1,058
Total liabilities	105,921	24,709	12,219	-	10,244	20,566	27,236	1,523	202,418	(27,632)	174,786
Segment additions to property and equipment and	65	738	33	-	3,040	232	49	314	4,471		
investment properties	2,977	3,041	2,331	-	-	-	408	-	8,757	-	8,757
Depreciation and amortization	117	781	250	-	190	157	153	43	1,691	-	1,691

YTD-June 2012	Residential Development	Shopping Centers	Corporate Businesses	Strategic Landbank Management and Visayas-Mindanao	Hotels & Resorts	Construction	Corporate	Property Management and Others	Total	Intersegment Adjustments	Consolidated
(in million pesos)											
Revenues											
Sales to external customers	13,399	4,577	1,413	2,304	1,271	2,453	-	609	26,026		26,026
Intersegment sales	189	289	-	192	-	6,260	-	144	7,074	(7,074)	0
Equity in net earnings of investees	-	2	-	198	-	-	26	-	226	-	226
Total revenue	13,588	4,868	1,413	2,694	1,271	8,713	26	753	33,326	(7,074)	26,252
Operating expenses	10,099	2,631	704	1,419	820	8,189	628	641	25,131	(6,615)	18,516
Operating profit	3,489	2,237	709	1,275	451	524	(602)	112	8,195	(459)	7,736
Interest income											622
Interest expense											(1,053)
Other income(expense)											(96)
Provision for income tax											(1,843)
Net income											5,365
Net income attributable to:											
Equity holders of Ayala Land, Inc.											4,326
Minority interests											1,039
											5,365
Other Information											
Segment assets	125,245	69,876	25,809	-	7,796	18,639	8,972	1,740	258,077	(67,043)	191,034
Investment in equity method associates	6,739	56	-	-	13	-	1,493	-	8,301	-	8,301
Deferred tax assets	513	154	31	-	12	13	824	12	1,559	691	2,250
Total assets	132,497	70,086	25,840	-	7,821	18,652	11,289	1,752	267,937	(66,352)	201,585
Segment liabilities	46,866	22,210	7,575	-	2,656	16,022	37,669	1,046	134,044	(14,645)	119,399
Deferred tax liabilities	406	26	26	-	-	-	1	-	459	363	822
Total liabilities	47,272	22,236	7,601	-	2,656	16,022	37,670	1,046	134,503	(14,282)	120,221
Segment additions to property and equipment and	58	683	22	-	865	559	71	719			
investment properties	-	11,714	202	-	-	-	1,460	-	13,376	-	13,376
Depreciation and amortization	109	716	279	-	86	96	58	19	1,363	-	1,363

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

Results of Operations for the Six Months Ended June 30, 2013

Ayala Land, Inc. (ALI or "the Company") sustained its growth trajectory in the first six months of 2013 as net income grew by 30% to P5.62 billion from the P4.33 billion posted in the same period last year. Consolidated revenues for the first six months reached P36.63 billion, 36% higher than the P27.00 billion posted in the same period last year. Revenues from Real Estate and Hotels increased by 38% to P35.81 billion, comprising bulk of consolidated revenues, largely due to the strong performance across the property development, commercial leasing and construction businesses.

The ratio of General and Administrative Expenses (GAE) to revenues declined further to 6.9% from 7.9% year-on-year. Earnings before interest and taxes (EBIT) margin was maintained at 28% for the first six months of 2013.

Business Segments

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

Property Development. Property Development, which includes the sale of residential lots and units, office spaces, as well as Commercial and Industrial Lots, posted revenues of P23.84 billion in the first six months of 2013, 52% higher than the P15.70 billion reported during the same period in 2012.

Revenues from the Residential Segment reached P18.40 billion in the first six months, 28% higher than the same period last year, driven by strong bookings across all residential brands. Ayala Land Premier (ALP) posted a revenue growth of 25% year-on-year to P6.68 billion, driven by significant bookings from high-value condominium units in The Suites Bonifacio Global City (BGC), Garden Towers and Park Terraces in Makati City. Alveo meanwhile generated P4.44 billion in revenues, 20% higher compared with the first half of 2012, with higher contribution from Mirala, Escala, Kroma and HSS Corporate Plaza together with additional bookings from Lerato. Avida and Amaia likewise recorded revenue growth of 45% and 58% to P5.24 billion and P975 million, respectively. Avida's performance was anchored on strong bookings from the success of new projects such as Avida Towers 34th Street Tower 2, Madera Grove Estates, Avida Woodhill Settings, Avida Cityflex BGC Tower 2, Avida Towers Vita and Avida Riala Towers 1 and 2 as well as increased sales in Avida Parkway Settings and Ridgeview Estates in Nuvali. Amaia revenues was boosted by more product launches and higher bookings in Amaia Skies Tuazon Tower 1, Amaia Scapes Lipa, Amaia Scapes Cavite, Amaia Steps Novaliches and Amaia Steps Sucat. BellaVita, coming from a low base on its first year of operations, achieved an 827% increase to P22 million, largely contributed by bookings from its General Trias project.

Sales take-up value for the first six months of the year reached P43.79 billion, equivalent to an average monthly sales take-up of P7.30 billion, an all-time high. Residential Gross Profit (GP) margins of horizontal projects fell to 42% from 47% due to a change in product mix and the increasing share of broad market formats, while GP margins of vertical developments improved to 35% from 34%, owing to the impact of effective cost control measures implemented across the group. The Company's five residential brands launched a total of 10,130 units in the first six months of 2013, with a total sales value of P30.64 billion.

Revenues from the sale of Commercial and Industrial Lots increased by 307% in the first six months to P5.18 billion mainly attributed to the sale of commercial lots in the Arca South property (Food Terminal Inc). GP margins however fell to 35% from 50% due to lower margins on the Arca South Commercial Lots.

Commercial Leasing. Commercial Leasing includes the Company's Shopping Centers and Office Leasing as well as Hotels and Resorts operations. Total revenues for Commercial Leasing amounted to P8.49 billion during the first six months of 2013, 17% higher than the P7.26 billion recorded in same period last year.

Revenues from Shopping Centers rose by 10% to P5.04 billion during the first six months of 2013 from P4.58 billion in the first six months of 2012. The first half saw a steady increase in monthly average lease rates from P1,089 per square meter in 2012 to P1,096 per square meter in 2013, despite the opening of new provincial malls that normally have lower rental rates than Metro Manila shopping centers. Occupied gross leasable area (GLA) was up by 7% year-on-year, while same-store rental growth increased by 5%. Shopping Centers EBITDA margins declined to 62% due to the continuing impact of redevelopment projects in Alabang Town Center, Ayala Center Makati and Ayala Center Cebu.

Revenues from Office Leasing operations increased by 13% to P1.60 billion for the first six months of the year, from P1.41 billion in the same period last year. The revenue growth was generated by higher lease rates and occupied BPO GLA office spaces, which increased by 15% year-on-year. Total occupied BPO GLA expanded to 388,020 square meters as of the end of the first half, with an average lease-out rate of 90%. Average BPO lease rates increased by 6% year-on-year due to rental escalations in existing buildings. EBITDA margins of the total office portfolio improved to 80% from 79%.

Hotels and Resorts currently operates 1,294 internationally branded hotel rooms in Hotel InterContinental Manila, Cebu City Marriott, Fairmont Hotel and Raffles Makati and Holiday Inn & Suites Makati, 192 island resort rooms in Lagen, Miniloc, Apulit and Pangulasian Island in the province of Palawan and 515 Seda Hotel rooms between Bonifacio Global City, Centrio Cagayan de Oro and Abreeza Davao. Revenues of the Hotels and Resorts business grew by 46% to P1.86 billion in the first six months of 2013 from P1.27 billion in the same period last year, primarily driven by the opening of new hotels. Revenue per Available Room (REVPAR) for hotels was at P3,362 while REVPAR for resorts was at P6,495. EBITDA margins for the stable Hotels and Resorts was maintained at 31%. Seda Nuvali is currently under construction and is expected to open its doors to the public by 2014.

Services. Services, which includes the Company's wholly-owned Construction and Property Management companies, generated combined revenues of P10.50 billion during the first six months of the year, 13% higher than the P9.32 billion posted in the same period last year. Construction revenues grew by 14% to P9.89 billion with the steady completion of ALI Group projects. Property Management revenues was steady at P611 million in the first six months of 2013, despite the decommissioning of Park Square mall. Blended EBITDA margins for Services improved to 8% from 6% in the first half of 2012.

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

Equity in Net Earnings from Investees dropped by 44% to P128 million for the first six months of 2013, from P226 million in the same period last year. This resulted from the deliberate decision to retain Fort Bonifacio Development Corporation (FBDC) Commercial Lots for the projects of the Company, its subsidiaries and affiliates. Meanwhile, Interest, Investment and Other income went down by 7% to P693 million as lower interest rates offset higher average cash balance.

Expenses

Total expenses for January to June 2013 amounted to P27.51 billion, 39% more than the P19.79 billion incurred as of end-June 2012. Cost of Sales from Real Estate and Hotels, which accounted for the bulk of expenses, rose 41% year-on-year amounting to P23.08 billion. GAE grew by only 19% to P2.53 billion primarily due to payroll and compensation-related expenses, which allowed GAE-to-revenue ratio to decline to 6.9% from 7.9% last year. Interest Expense, Financing and Other Charges meanwhile increased by 49% year-on year to P1.90 billion owing to the higher level of borrowings to finance the Company's expansion plans. The average cost of the Company's consolidated debt decreased to 4.6% in the first half this year from 5.6% in the same period last year.

Project and Capital Expenditure

The Company spent a total of P23.2 billion for project and capital expenditures in the first six months of 2013, 24% more than the P18.7 billion spent during the same period in 2012. The bulk of capital expenditures in the first half were spent on residential developments (33% of total), land acquisition (23%), offices (17%), shopping centers (16%), hotels and resorts (3%), with the balance spent on support services and other land development activities in the Company's strategic landbank areas. The P23.2 billion spent in the first six months represents 35% of the programmed spending for the year. The Company's target is to spend P65.7 billion in 2013 for the continued rollout of its aggressive growth plans.

Financial Condition

The Company's balance sheet continued to be strong with adequate capacity to carry out its growth plans for 2013 and beyond. Cash and Cash Equivalents stood at Php38.05 billion with a Current Ratio of 1.27: 1. Total Borrowings stood at Php75.40 billion from Php74.78 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.79: 1 and a Net Debt-to-Equity Ratio of 0.39: 1.

Financial Risk Management Objectives and Policies

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

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

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

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

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

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

Liquidity risk

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

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

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

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

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

Credit risk

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

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

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

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

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

Interest rate risk

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

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

Foreign currency risk

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

Equity price risk

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

Financial Instruments

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents, short-term investments and current receivables, accounts and other payables, current payables and short term debt - Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Financial assets at FVPL - These are investments in fund. Fair value is based on quoted prices and net asset values as of reporting dates.

Noncurrent accounts and notes receivables - The fair values of residential accounts and notes receivable, advances to other companies and receivable from employees, are based on the discounted value of future cash flows using the applicable rates for similar types of instruments.

AFS quoted equity securities - Fair values are based on quoted prices published in markets.

AFS unquoted equity securities - These are carried at cost less allowance for impairment losses because fair value cannot be measured reliably due to of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value.

Liabilities - The fair value of noncurrent unquoted instruments (long-term debt and deposits) are estimated using the discounted cash flow methodology using the Group's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The fair value of noncurrent unquoted debt instruments with floating rates are estimated using discounted cash flow - last repricing method.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted prices) in active markets for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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

<u>Income Statement items</u> – 1H 2013 versus 1H 2012

38% increase in real estate and hotel revenues
Mainly due to higher sales bookings, incremental completion of residential projects, opening of new hotels and sale of Arca South commercial lots.

44% decrease in equity in net earnings of investees
Largely due to the deliberate move to preserve FBDC commercial lots.

10% decrease in interest, fees and investment income
Mainly due to lower interest rates partly offset higher average cash balance.

7% increase in other income
Primarily driven by higher management fees.

41% increase in real estate and hotel costs
Largely due to higher real estate revenues and start up costs for new hotels.

19% increase in general and administrative expenses
Primarily due to consolidation of AMHRI and AMHPI as well as payroll related expenses.

49% increase in interest expense, financing and other charges
Largely due to increased borrowings to finance capital expenditure.

36% increase in provision for income tax
Mainly due to higher taxable income.

5% decrease in net income attributable to non-controlling interests
Primarily due to one-off lot sales of CHI and purchase of Global Technologies International Limited's stake in APPCo.

Balance Sheet items – June 30, 2013 versus End-2012

13% increase in cash and cash equivalents
Mainly due to new loan availments and bond issuances.

100% decrease in short-term investments
Largely due to maturity of money market placements.

6% decrease in financials assets at fair value through profit or loss
Largely due to partial withdrawal from the fund for loan payments.

6% increase in real estate inventories
Largely due to new product launches.

10% increase in other current assets
Mainly due to higher creditable withholding tax and prepayments.

17% increase in non-current accounts and notes receivable
Primarily due to additional bookings from residential projects.

10% increase in land and improvements
Primarily due to cost adjustment of Arca South property.

16% increase in investment properties (net)
Mainly due to Ayala Center redevelopment.

5% decrease in property and equipment (net)
Mainly due to accumulated depreciation which offset asset acquisitions.

61% increase in deferred tax assets
Primarily due to Avida's realized gross profit on installment sales and PAS 19 adjustment on retirement benefit.

68% increase in other non-current assets
Largely due to higher Alveo capitalized expenditures for future projects.

17% increase in account and other payables
Mainly due to higher payable to suppliers and taxes payable.

24% decrease in short-term debt
Mainly due to repayment of matured short term loans of Avida.

50% decrease in income tax payable
Mainly due to lower income tax payable for AHRC and higher creditable withholding tax for Alveo.

13% increase in current portion of long-term debt
Primarily related to mainly due to the increase in CHI and AHRC additional loans.

18% decrease in other current liabilities
Largely due to lower deposits in residential projects.

182% increase in deferred tax liabilities
Mainly due to higher sales with less than 25% collections.

6% increase in deposits and other non-current liabilities
Largely due to higher deposits from residential customers and MDC's increased retention payable.

30% increase in paid up capital
Primarily due to issuance of top up equity placement.

9% decrease in stock options outstanding
Primarily related to stock option adjustments for previous year.

100% decrease in treasury stock
Largely due to the retirement of outstanding non-voting preferred shares amounting to P1.3 billion.

PART II - OTHER INFORMATION

Item 3. 2Q 2013 Developments

A. New project or investments in another line of business or corporation	- Ayala Land, Inc. entered into an agreement to acquire Whiteknight Holdings, Inc., a company which is currently wholly-owned by the Mercado Family and a 33% equity stockholder of Mercado General Hospital, Inc. - Ayala Land, Inc., through subsidiary Varejo Corporation, entered into a joint venture agreement with Entenso Equities Incorporated, a wholly owned subsidiary Puregold Price Club, Inc.
B. Composition of Board of Directors (as of June 30, 2013)	Fernando Zobel de Ayala — Chairman Jaime Augusto Zobel de Ayala II — Vice Chairman Antonino T. Aquino — President & CEO Francis G. Estrada — Director Delfin L. Lazaro — Director Jaime C. Laya — Director Aurelio R. Montinola III — Director Mercedita S. Nolledo — 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	<u>P0.14787806 cash dividend</u> Declaration date: February 19, 2013 Record date: March 5, 2013 Payment date: March 19, 2013
E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	None.

F. Offering of rights, granting of Stock Options and corresponding plans therefore	ALI has stock option plans for key officers (Executive Stock Option Plan - ESOP) and employees (Employee Stock Option Plan (ESOWN) covering 2.5% of the company's authorized capital stock. In 2005, the company introduced a revised ESOWN granted to qualified officers. As of June 30, 2013, stock options outstanding* are as follows: ESOP 10,914,697 shares ESOWN 103,326,784 shares 114,241,481 shares * *outstanding shares pertain to shares subscribed by officers and employees which are not yet fully paid and not yet issued*
G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.
H. Other information, material events or happenings that may have affected or may affect market price of security	None.
I. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 2Q 2013 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 #9).
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 #7).

M. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

- Ayala Land, Inc. entered into an agreement to acquire Whiteknight Holdings, Inc., a company which is currently wholly-owned by the Mercado Family and a 33% equity stockholder of Mercado General Hospital, Inc.
- Ayala Land, Inc., through subsidiary Varejo Corporation, entered into a joint venture agreement with Entenso Equities Incorporated, a wholly owned subsidiary Puregold Price Club, Inc.

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 operatio

- Ayala Land, Inc. entered into a Sale and Purchase Agreement with Global Technologies International Limited to acquire the latter's 32% stake in ALI Property Partners Co. for P3.52 billion.
- Ayala Land, Inc. sold its 60% interest in Asian i-Office Properties Inc. to Cebu Property Ventures and Development Corporation.

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

SEC approval of the following:

1. Capital restructuring

    (a) Amendments to Article Seventh of the Company's Articles of Incorporation to exempt the issuance, sale or other disposition of treasury shares from pre-emptive rights.

- Issuance to Ayala Corporation of 79,528,229 common shares in treasury as final settlement of the 399,528,229 common shares lent to Ayala Land, Inc for the top-up placement.
- Board approval for the issuance of up to P21 billion in corporate bonds with 7, 10 and 20 or 25 year tenors for general corporate purposes.
- Board approval for the incorporation of a wholly-owned subsidiary, Verde Golf Development Corporation, to oversee operations of Southvale Golf Course.

2. Entered into sale and purchase agreement with Global Technologies International Limited for acquisition of 32% stake in ALI Property Partners Co.

- Sold 60% interest in Asian i-Office Properties, Inc. to Cebu Property Ventures and Development Corporation.
- Agreed in principle with AboitizLand, Inc. to enter into joint venture for development of properties in Cebu.

- Entered into agreement to acquire certain landholding assets of Boulevard Holdings, Inc.
- Entered into joint venture agreement with Taft Property Venture Development Corporation.

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 2013, Ayala Land's consolidated budget for project and capital expenditures amount to P65.7 billion. This will be financed through a combination of internally-generated funds, borrowings and pre-selling. For the first six months of 2013, consolidated project and capital expenditures amounted to P23.2 billion, about 35% of the projected P65.7 billion budget for the whole year. About 33% was spent for residential projects, 23% for land acquisition, 17% for offices, 16% for shopping centers, 3% for hotels and resorts, and the balance spent on offices and other land development activities in the Company's strategic landbank areas. For the reporting period, capital spending was approved for the development of Verve Residences in Bonifacio Global City, Avida Vita Tower 2 in Quezon City and Arvo Southpark Mall and Office in Alabang.
T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	Ayala Land's performance will remain parallel to the country's overall economic standing. Interest rate fluctuations may likewise affect the real estate industry, including the Company.
U. Significant elements of income or loss that did not arise from continuing operations	None.

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

Please see Notes to Financial Statements (Item #9).

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

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

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

X. Disclosures not made under SEC Form 17-C

None.

Item 5. Performance Indicators

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

	End June 2013	*End December 2012 (As restated per PFRS10)*
Current ratio [1]	*1.28:1*	*1.32:1*
Debt-to-equity ratio [2]	*0.79:1*	*0.91:1*
Net debt(cash)-to-equity ratio [3]	*0.39:1*	*0.49:1*
Profitability Ratios:		
Return on assets [4]	*4.1%*	*4.9%*
Return on equity [5]	*12.0%*	*12.6%*
Asset to Equity Ratio[6]	*2.98:1*	*3.15:1*
Interest Rate Coverage Ratio[7]	*6.8*	*5.9*

**Restated per PFRS 10*

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

End December 2012
[4] Total net income / average total assets
[5] Total net income / average total stockholders' 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:

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: August 14, 2013