SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

c/o 29/F, Tower One, Ayala Triangle
Ayala Avenue, Makati City 1226

(Company Address)

(632) 848-5313

(Telephone Number)

September 30, 2005

(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 **September 30, 2005**

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 29/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 September 30, 2005

Title of each class	Number of shares issued and outstanding
Common shares	**10,788,929,754**

    Amount of Debt Outstanding
    P10.92 Billion

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

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

12. Indicate by check mark whether the registrant:

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

    Yes [x]   No [ ]

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

    Yes [x]   No [ ]

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PART I – FINANCIAL STATEMENTS

Item 1. Financial Statements

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of September 30, 2005 and December 31, 2004

	UNAUDITED SEPT. 2005	AUDITED DEC. 2004
(in million pesos)		
A S S E T S		
Current Assets		
Cash and cash equivalent	7,957	6,360
Accounts and Notes Receivable - net	7,416	7,451
Subdivision land for sale	3,334	3,103
Condominium and Residential units for sale	4,000	2,900
Deferred tax and other current assets	1,649	1,045
Total Current Assets	24,356	20,859
Non-current Accounts and Notes Receivable	5,381	6,445
Land & Improvements	16,803	17,309
Investments	25,362	26,625
Property and Equipment -net	1,274	1,501
Other Assets	1,941	1,290
	75,117	**74,029**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	8,772	5,739
Loans payable	1,412	1,937
Income tax payable	185	166
Current portion of :		
Long-term debt	805	1,111
Estimated Liability for Land & Property Development	2,589	3,043
Other current liabilities	634	194
Total Current Liabilities	14,397	12,190
Long-term debt - net of current portion	8,706	10,389
Non-current Liabilities and Deposits	4,737	4,390
Estimated Liability for Land and Property Development	2,551	2,225
Minority Interest	6,913	6,776
Stockholders' Equity	37,813	38,059
	75,117	**74,029**

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND UNAPPROPRIATED RETAINED EARNINGS
For the Three Months and Nine Months Ended September 30, 2005 and 2004

	2005 Unaudited		2004 Unaudited	
	July 1 to September 30	**January 1 to September 30**	**July 1 to September 30**	**January 1 to September 30**
(in million pesos)				
REVENUES				
Real estate	4,375	12,974	3,750	11,237
Interest and Other Income	319	3,482	375	939
	4,694	16,456	4,125	12,176
COSTS AND EXPENSES				
Real estate	2,837	8,440	2,360	7,250
General and administrative expenses	416	1,562	502	1,317
Interest and other charges	354	3,060	251	970
Provision for income tax	183	532	317	879
	3,790	13,594	3,430	10,416
INCOME BEFORE NET EARNINGS APPLICABLE TO MINORITY INTEREST	904	2,862	695	1,760
NET EARNINGS APLLICABLE TO MINORITY INTEREST	114	271	29	(14)
NET INCOME	790	2,591	666	1,774
UNAPPROPRIATED RETAINED EARNINGS BEG, as previously stated	16,228	17,357	15,873	14,995
Effect of changes in accounting for:				
PFRS 2 - Share options granted in prior years		(291)		(252)
PFRS 3 - Cessation of amortization of negative goodwill		717		713
PAS 19 - Unfunded defined benefit obligations		(406)		(341)
PAS 21 - Elimination of capitalization of forex losses		(37)		(28)
UNAPPROPRIATED RETAINED EARNINGS BEG, as restated	16,228	17,340	15,873	15,087
Cash Dividend (P0.27 per share in 2005 and P0.03 per share in 2004)		(2,913)		(322)
UNAPPROPRIATED RETAINED EARNINGS, ENDING	17,018	17,018	16,539	16,539
EARNINGS PER SHARE *		0.24		0.16

** Based on 10,788,953,835 and 10,769,300,909 weighted average number of shares as of September 30, 2005 and 2004 respectively.*

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2005 and 2004

	UNAUDITED January 1 to September 30	
	2005	**2004**
(in million pesos)		
CAPITAL STOCK - P1 par value		
Issued		
Balance at beginning of year	10,774	10,761
Stock options exercised	14	7
Balance at end of the period	10,788	10,768
Subscribed		
Balance at beginning of year	1	2
Stock options exercised	0	0
Balance at end of the period	1	2
STOCK OPTION OUTSTANDING		
Stock options exercised	307	0
Balance at end of the period	307	0
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	3,598	3,526
Stock options exercised -net	105	35
Balance at end of the period	3,703	3,561
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(5)	(10)
Stock options exercised - net	2	4
Balance at the end of the period	(3)	(6)
	14,796	**14,325**
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	17,357	14,995
Effect of changes in accounting for:		
PFRS 2- Share options granted in prior years	(291)	(252)
PFRS 3- Cessation of amortization of negative goodwill	717	713
PAS 19- Unfunded defined benefit obligations	(406)	(341)
PAS 21- Elimination of capitalization of FOREX losses	(37)	(28)
Balance at beginning of year, as restated	17,340	15,087
Cash dividends	(2,913)	(322)
Net income, as restated	2,591	1,774
Balance at end of the period	17,018	16,539
	23,018	**22,539**
TREASURY STOCK		
Balance at beginning of year	(1)	(1)
Shares repurchased		
Balance at end of year	(1)	(1)
	37,813	**36,863**

AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2005 and 2004

	UNAUDITED	
	January 1 to September 30	
	2005	**2004**
(in million pesos)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	2,591	1,774
Adj.to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	745	673
Provision for doubtful accounts	0	14
Provision for decline in value of assets/ asset write off	1,857	0
Net earnings applicable to minority interest	271	(14)
Equity in net earnings	(164)	(154)
Changes in operating assets and liabilities :		
Decrease (increase) in :		
Accounts and notes receivable - trade	1,688	(2,114)
Subdivision land for sale	(127)	(77)
Condominium and residential units for sale	(1,203)	495
Deferred tax and other current assets	(595)	(640)
Increase (decrease) in :		
Accounts payable and accrued expenses	1,525	1,408
Other current liabilities	459	(181)
Estimated liability for land and property development	(128)	1,137
Net cash provided by operating activities	6,919	2,321
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of (addition to) :		
Land and improvements	288	662
Investments	(399)	145
Property & equipment	(332)	(231)
Decrease (increase) in :		
Accounts and notes receivable - non trade	(590)	(1,082)
Other assets	(660)	(323)
Net cash used in investing activities	(1,693)	(829)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from (payment of) loans payable	377	380
Proceeds from (payment of) long term debt	(2,890)	(1,052)
Dividends paid	(1,404)	(644)
Increase (decrease) in :		
Non- current liabilities and deposits	282	248
Minority interest	(129)	93
Additional issuance of capital stock	135	125
Net cash provided by (used in) financing activities	(3,629)	(850)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	1,597	642
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	6,360	4,855
CASH AND CASH EQUIVALENT AT END OF PERIOD	7,957	5,497

1. The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the Philippines using the historical cost basis. Accounting principles/policies and methods of computation applied for the nine months ended September 30, 2005 are the same as those applied in the preceding calendar year, except for the adoption of new accounting standards based on the revised Philippine Accounting Standards (PAS) and new Philippine Financial Reporting Standards (PFRS) which became effective beginning January 1, 2005. The new accounting standards pertain to the accrual of retirement benefits (PAS 19), non-capitalization of foreign exchange losses (PAS 21), earlier recognition of stock option grants (PFRS 2), and cessation of the amortization of goodwill (PFRS 3). These lowered the net income for the first nine months of 2004 by P85 million, increased the 2004 beginning retained earnings by P92 million and decreased the 2005 beginning retained earnings by P17 million.

   Among the new accounting standards that will also be adopted by the Company in 2005 are PAS 32 and PAS 39.

   PAS 32, *Financial Instruments: Disclosure and Presentation,* covers the disclosure and presentation of all financial instruments. The standard requires more comprehensive disclosures about a company's financial instruments, whether recognized or unrecognized in the financial statements. New disclosure requirements include terms and conditions of financial instruments used by the company, types of risks associated with both recognized and unrecognized financial instruments (foreign exchange risk, price risk, credit risk, liquidity risk and cash flow risk), fair value information of both recognized and unrecognized financial assets and financial liabilities, and the company's financial risk management policies and objectives. The standard also requires financial instruments to be classified as debt or equity in accordance with their substance and not their legal form. Disclosures required by PAS 32 will be included in the December 31, 2005 financial statements.

   PAS 39, *Financial Instruments: Recognition and Measurement*, establishes the accounting and reporting standards for recognizing and measuring a company's financial assets and financial liabilities. The standard requires a financial asset or financial liability to be recognized initially at fair value. Subsequent to initial recognition, the company should continue to measure financial assets at their fair values, except for loans and receivables and held-to-maturity investments, which are to be measured at cost or amortized cost using the effective interest rate method. Financial liabilities are subsequently measured at cost or amortized cost, except for liabilities classified as "at fair value through profit and loss" and derivatives, which are subsequently to be measured at fair value.

   PAS 39 also covers the accounting for derivative instruments. This standard has expanded the definition of a derivative instrument to include derivatives (and derivative-like provisions) embedded in non-derivative contracts. Under the standard, every derivative instrument is recorded in the balance sheet as either an asset or liability measured at its fair value. Derivatives that do not qualify as hedges are adjusted to fair value through income. If a derivative is designated and qualify as a hedge, depending on the nature of the hedging relationship, changes in the fair value of the derivative are either offset against the changes in fair value of the hedged assets, liabilities, and firm commitments through earnings, or recognized in stockholders' equity until the hedged item is recognized in earnings. A company must formally document, designate and assess the hedge effectiveness of derivative transactions that receive hedge accounting treatment.

The ALI Group has formed an implementation team that is currently assessing the operational and financial statement impact of PAS 32 and PAS 39. Among the implementation activities include the following:

a. review of all financial and non-financial contracts to identify and bifurcate (where required) embedded derivatives:
b. classification and measurement of financial assets and financial liabilities;
c. evaluation of financial instruments as to whether these should be classified as debt or equity, depending on their features;
d. review of existing hedge accounting treatment for qualifying hedges and compliance with hedge accounting criteria, particularly on documentation and effectiveness testing; and,
e. enhancement of existing processes and systems relating to validation of mark-to-market computations, monitoring of changes in the fair value of financial instruments, monitoring of effectiveness results as these flow through the financial statements, and monitoring of the impact of bifurcated embedded derivatives.

Under PAS 39, all derivative instruments (both freestanding and embedded) as well as financial instruments classified under the categories "Financial Instruments at Fair Value through Profit or Loss" and "Available for Sale" categories will be measured at fair value which may add volatility in the consolidated balance sheets and consolidated statements of income. However, the quantitative impact of adopting PAS 39 will be determined only upon substantial completion of the foregoing implementation activities. The effect of adopting PAS 32 and PAS 39 in 2005 will be computed retroactively and adjusted against 2005 beginning retained earnings. Disclosure requirements, where applicable, will be included in the 2005 financial statements. Prior years' consolidated financial statements will not be restated as allowed under Securities and Exchange Commission (SEC) rules.

2. Principles of Consolidation

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

	Effective Ownership (%)
Real Estate:	
Amorsedia Development Corporation and subsidiaries	100
OLC Development Corporation	100
Ayala Greenfield Development Corporation (AGDC)	50
Ayala Land Sales, Inc.	100
Ayala Land International Sales, Inc.	100
Buendia Landholdings, Inc.	100
Community Innovations, Inc. (CII)	100
Crimson Field Enterprises, Inc.	100
Laguna Properties Holdings, Inc. (LPHI) and subsidiaries	100
Regent Time International, Limited	100
Red Creek Properties, Inc.	100
Station Square East Commercial Corporation (SSECC)	72
Aurora Properties, Inc. (API)	70
Vesta Property Holdings, Inc.	70
Serendra, Inc.	67
Ceci Realty, Inc.	62
Laguna Technopark , Inc.	61
CMPI Holdings, Inc.	60
ALI-CII Development Corporation	50
Roxas Land Corporation (RLC)	50
Construction:	
Makati Development Corporation	100
Hotels:	
Ayala Hotels, Inc. and subsidiaries	50
Property Management:	
Ayala Property Management Corporation	100
Ayala Theatres Management, Inc. and subsidiaries	100
Entertainment:	
Five Star Cinema, Inc.	100
Leisure and Allied Industries Phils., Inc (LAIPI)	50
Others:	
ALInet.com, Inc.	100
Astoria Investment Ventures, Inc.	100
Food Court Company, Inc.	100

3. Receivables / Payables

Aging of Receivables (as of September 30, 2005; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	3,559	1,433	4,240	468	9,700
Non-Trade Receivables	1,530	423	1,141	3	3,097
Total	5,089	1,856	5,381	471	12,797

Aging of Payables (as of September 30, 2005; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	1,878	1,862	538	0	4,278
Non-Trade Payables	5,251	600	4,199	0	10,050
Total	7,129	2,462	4,737	0	14,328

4. Loans Payable and Long-Term Debt

Loans Payable (as of September 30, 2005; in Million Pesos)

Borrower	Amount
ALI	400.0
API	44.0
AGDC	253.0
LAIPI	190.0
LPHI	525.0
Total	1,412.0

Long-Term Debt (as of September 30, 2005; in Million Pesos / US$)

	Current		Non-Current		Total	
Borrower	Peso *	US$	Peso *	US$	Peso *	US$
ALI (incl. bonds)	166.7		5,991.6		6,158.3	
AGDC	51.7		77.5		129.2	
CIHCI	47.9		101.7		149.6	
LPHI	243.6		381.4		625.0	
SSECC	135.0		1,835.0		1,970.0	
MPVI	160.1	2.9	319.1	5.7	479.2	8.6
Total	805.0	2.9	8,706.3	5.7	9,551.3	8.6

* *Peso equivalent of US$ loans (when applicable);*
Exchange rate of P55.977/US$ (PDS average for September 30, 2005)

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans –
January – September 2005 (in Million Pesos)

Borrower	Amount	Nature
ALI	1,600.0	renewal of short-term loan
AGDC	213.0	renewal of short-term loans and new short-term loan
API	29.0	renewal of short-term loan
LAIPI	170.0	renewal of short-term loan and new short-term loans
LPHI	1,085.0	renewal of short-term loans and new short-term loans
SSECC	99.3	new long-term loan
Total	3,196.3	

Repayments of Debt and Equity Securities –
January – September 2005 (in Million Pesos)

Borrower	Amount	Nature
ALI	3,999.8	maturity & prepayment of FXCNs, payment of matured long-term and short-term loans, payment of matured STCPs, amortization on long-term loans and prepayment of long-term loans
AGDC	208.8	payment of matured short-term loans and amortization on long-term loans
AHI	10.0	payment of matured short-term loan
API	29.0	payment of matured short-term loan
CIHCI	36.0	amortization on long-term loans
	63.1	amortization on US$ loan *
LAIPI	80.0	payment of matured short-term loans
LPHI	1,087.7	payment of matured short-term loans and amortization on long-term loans
MPVI	158.3	amortization on US$ loan *
SSECC	30.0	amortization on long-term loan
Total	5,702.7	

** Amounts converted into Pesos at P55.977/US$ (PDS average for September 30, 2005)*

5. Commercial Paper Issuances and Outstanding Balance
(for the quarter ended September 30, 2005; in Million Pesos)

Name of Company (Selling Agents)	Issuances for the Quarter (Amt.)	Interest Rate	Issue Date	Maturity Date	Original Amount Underwritten	Outstanding Balance
SHORT TERM (Floating)						
Standard Charter Bank	0	90d MART1 + 0.50% p.a.	9/14/2004	9/14/2005	225.00	0
	0	90d MART1 + 0.50% p.a.	5/21/2004	5/20/2005	209.75	0
SB Capital Investment Corp.	0	90d MART1 + 0.50% p.a.	5/21/2004	5/20/2005	105.00	0
PCI Capital Corp.	0	90d MART1 + 0.50% p.a.	5/21/2004	5/20/2005	50.00	0
Sub-total	0				589.75	0
SHORT TERM (Fixed)						
Standard Charter Bank	0	Fixed @ 10.2536%	9/14/2004	9/14/2005	225.00	0
Sub-total	0				225.00	0
TOTAL	0				814.75	0

6. Accounts Payable and Accrued Expenses

The accounts payable and accrued expenses pertain to the accrual of various expenses incurred on all projects, taxes payable, and payable to contractors, retention payables and trade payables, while the other current liabilities/non-current liabilities refer to the deposits from commercial centers and from the sale of condominium units and subdivision lots, and long-term retentions.

The breakdown of accounts payable and accrued expenses, and other current liabilities/non-current liabilities are not available at this time. The said accounts are presented in the format provided to Ayala Land by the external auditors, Sycip, Gorres, Velayo & Company (SGV & Co.), and are consolidated with Ayala Land's various subsidiaries and affiliates.

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

<u>Income Statement items</u> – 9M 2005 versus 9M 2004

15% increase in real estate revenues
Principally due to higher revenues from shopping centers given additional leasable area and higher average rental rate; increased revenues from corporate business due to higher industrial lot sales and start of operations of PeopleSupport Center; improved hotel revenues due to higher room rates; higher revenues from residential developments following higher sales bookings at Ayala Greenfield Estates, Ayala Westgrove Heights, Plantazionne Verdana Homes, Verdana Mamplasan and various mass housing projects, sales at new projects Sonera, The Residences at Greenbelt (San Lorenzo Tower) and Anvaya Cove, as well as additional sales and revenue recognition on prior years' sales at The Residences at Greenbelt (Laguna Tower), One Legazpi Park, The Columns and Serendra; increased service revenues from construction, property management and waterworks; and higher revenues from landbanking business line.

271% increase in interest and other income
Primarily due to the gain on sale of Astoria Investment Ventures, Inc. (AIVI) preferred shares; increased interest income given higher investible funds; and improved equity earnings due to strong results of affiliates Cebu Holdings, Alabang Commercial Corporation, and Emerging City Holdings and Bershires Holdings (Ayala Land's corporate vehicles for its investment in FBDC).

16% increase in real estate costs and expenses
Mainly due to higher real estate revenues and increased depreciation and direct operating expenses given Market! Market! opening.

19% increase in general and administrative expenses
Primarily due to higher payroll costs given the CBA adjustments and subsidiaries' expansion.

215% increase in interest and other charges
Principally due to the P1.86 billion provisions for decline in value of assets intended to be sold and write-off of deferred charges.

39% decline in provision for income tax
Mainly due to capital gains in AIVI transaction subjected to final tax at lower rate.

2,093% increase in net earnings applicable to minority interest
Largely due to increased income of Ayala Hotels, Inc., Laguna Technopark, Inc., and lower loss of Roxas Land Corporation (given the one-time project cost adjustment at One Roxas Triangle in 2004).

<u>Balance Sheet items</u> – September 30, 2005 versus End-2004

25% increase in cash and cash equivalents
Mainly due to proceeds from the sale of AIVI preferred shares.

7% increase in subdivision land for sale
Mainly due to continued development at existing residential subdivision projects such as Ayala Greenfield Estates, Ayala Westgrove Heights, Plantazionne Verdana Homes and Verdana Homes Mamplasan, as well as development of a new projects Sonera and Anvaya Cove.

38% increase in condominium and residential units for sale
Largely due to construction accomplishment at residential building projects such as Serendra, The Residences at Greenbelt (Laguna Tower), One Legazpi Park, Montgomery Place, The Columns, One Aeropolis and Aeropolis 2 New Manila, as well as new project The Residences at Greenbelt (San Lorenzo Tower) .

58% increase in deferred tax and other current assets
Mainly due to higher prepaid expenses and creditable withholding taxes of some subsidiaries.

17% decline in non-current accounts and notes receivables
Largely due collection of payments at various projects.

5% decrease in investments
Primarily due to provision for decline in value of assets intended to be sold and write-off of deferred charges.

15% decline in property and equipment
Mainly due to provision for decline in asset value.

50% increase in other assets
Mainly due to higher non-current deferred tax asset and deposit made for Manila Jockey Club's 6.5-hectare property in Manila.

53% increase in accounts payable and accrued expenses
Primarily due to higher payables to contractors for various projects and additional purchases by ALI and some subsidiaries such as Makati Development Corporation and Serendra, Inc.

27% decrease in loans payable
Largely due to payment of short-term loans and STCPs.

11% increase in income tax payable
Additional income tax payable mainly due to 9M2005 operations.

28% decrease in current portion of long-term debt
Largely due to prepayment of FXCN and other long-term loans.

15% decline in current portion of estimated liability for land and property development
Mainly due to construction accomplishment at various projects.

227% increase in other current liabilities
Primarily due to higher deposits from customers and tenants.

16% decline in long-term debt (net of current portion)
Largely due to prepayment of FXCN and other long-term loans.

8% increase in non-current liabilities and deposits
Due to increase in tenants' deposits for Market! Market! and PeopleSupport Center and buyers' deposits for new residential projects.

15% increase in non-current portion of estimated liability for land and property development
Primarily due to new sales at existing and new projects.

8. Segment information

YTD-September 2005 *(in million pesos)*	**Shopping Centers**	**Corporate Business**	**Hotels**	**Residential Developments**	**Services**	**Landbanking**	**Corporate**	**Total**	**Consolidation adjustment**	**TOTAL**
Revenues	3,104	436	1,292	6,844	4,073	368	3,978	**20,095**	(3,639)	**16,456**
Operating expenses	1,081	281	804	5,411	3,510	210	646	**11,943**	(2,686)	**9,257**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	2,023	155	488	1,433	563	158	3,332	**8,152**	(953)	**7,199**
Depreciation and amortization	453	9	129	44	68	0	42	**745**	0	**745**
EBIT	1,570	146	359	1,389	495	158	3,290	**7,407**	(953)	**6,454**
Segment assets	17,152	10,953	5,075	45,036	3,180	12,167	3,600	**97,163**	(22,864)	**74,299**
Deferred tax assets	0	26	91	61	7	0	633	**818**	0	**818**
Total assets	17,152	10,979	5,166	45,097	3,187	12,167	4,233	**97,981**	(22,864)	**75,117**
Segment additions to property and equipment	188	10	0	18	58	0	56	**330**	0	**330**
Segment liabilities	3,889	1,664	927	13,646	2,006	606	10,664	**33,402**	(3,951)	**29,451**
Deferred tax liabilities	0	46	6	271	0	0	617	**940**	0	**940**
Total liabilities	3,889	1,710	933	13,917	2,006	606	11,281	**34,342**	(3,951)	**30,391**

YTD-September 2004 *(in million pesos)*	**Shopping Centers**	**Corporate Business**	**Hotels**	**Residential Developments**	**Services**	**Landbanking**	**Corporate**	**Total**	**Consolidation adjustment**	**TOTAL**
Revenues	2,620	419	1,217	6,166	3,426	267	611	**14,726**	(2,550)	**12,176**
Operating expenses	823	194	832	4,944	2,966	61	523	**10,343**	(2,449)	**7,894**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1,797	225	385	1,222	460	206	88	**4,383**	(101)	**4,282**
Depreciation and amortization	282	52	132	53	77	0	77	**673**	0	**673**
EBIT	1,515	173	253	1,169	383	206	11	**3,710**	(101)	**3,609**
Segment assets	13,613	10,087	5,225	39,251	2,639	9,644	10,875	**91,334**	(20,872)	**70,462**
Deferred tax assets	1	28	98	96	5	0	313	**541**	0	**541**
Total assets	13,614	10,115	5,323	39,347	2,644	9,644	11,188	**91,875**	(20,872)	**71,003**
Segment additions to property and equipment	18	1	2	28	51	0	37	**137**	0	**137**
Segment liabilities	3,506	2,015	3,033	12,664	1,837	1,220	12,014	**36,289**	(3,340)	**32,949**
Deferred tax liabilities	0	46	11	240	0	0	570	**867**	0	**867**
Total liabilities	3,506	2,061	3,044	12,904	1,837	1,220	12,584	**37,156**	(3,340)	**33,816**

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

Results of Operations for the Nine Months Ended September 30, 2005

Ayala Land posted P16.5 billion revenues for the first nine months of 2005, up P4.3 billion or an increase of 35% from 2004, reflecting sustained growth in shopping center operations and residential sales, and the impact of the sale of the Company's interest in preferred redeemable shares of Astoria Investment Ventures, Inc. (AIVI) in the first quarter.

During the third quarter, revenues amounted to P4.7 billion, compared to P4.1 billion in the same period last year, or an increase of 13%.

Net income for the first nine months of 2005 amounted to P2.6 billion, up 46% year-on-year. Of this amount, P789 million was generated in the third quarter, 15% higher than previous year.

"We are seeing steady improvement across all business lines, reflecting our increased efforts to broaden penetration of the market. Our performance year-to-date also reflects our continued disposition of non-core assets, the proceeds of which have been streamed up as dividends, which have served to lighten our asset base and improve our return on capital," said Jaime I. Ayala, Ayala Land President and Chief Executive Officer.

Revenues

Shopping Centers. Shopping center revenues, derived from land and building leases, as well as revenues from shopping center carparks, amounted to P2.8 billion or 17% of total, up 23% from P2.3 billion in the previous year. Growth was mainly due to the full operations of Market! Market! Phase 1A, the opening of SM Expansion, and Ayala Center's higher effective rental rate (given the 5-12% escalation in basic rent). Incremental sales from replacement merchants also increased revenues.

Shopping center revenues held steady during the third quarter compared to the second quarter.

Despite the unabated fuel price increases which affected consumer spending, total mall sales over the nine month period grew by 12% year-on-year, although same-store sales were slightly down 1%. Ayala Center maintained a high occupancy rate of 96% and increased its effective rent for building leases by 7%. Overall mall occupancy rate averaged at 90%, slightly lower than 92% in 2004 due to Market! Market! which is still in its early stage of operations. Excluding Market! Market!, average mall occupancy rate was at 96%, up from 93% in the previous year.

Corporate Business. Corporate business revenues, derived from the lease of traditional and BPO office buildings, as well as industrial lot sales, amounted to P405 million or 3% of total. This amount is slightly up by 3% from P394 million in 2004. The sale of 1,773 sqms of office space at Ayala Life FGU Center Makati in 2004 was offset in 2005 by the 5% increase in average rent of traditional office buildings, start of operations of

PeopleSupport Center, and higher sales at Laguna Technopark (31,363 sqms in 2005 versus 24,641 sqms in 2004).

During the third quarter, deals closed with replacement tenants at 6750 and MSE brought average occupancy rate of the Company's traditional office buildings up from 91% as of end-June to 97% as of end-September, higher than Makati CBD's 92% average occupancy rate.

Construction of BPO buildings, consisting of nearly 36,000 sqms leaseable office space, remained on track. PeopleSupport Center started operations in the second quarter. Convergys was completed in October, while the Infonxx Building is scheduled for completion by year-end.

Hotels. Hotel operations contributed P1.3 billion or 8% of total revenues, up 6% from P1.2 billion in the previous year, reflecting higher room rates and revenue per available room across all three hotel/serviced apartment properties. Both Intercon and Cebu Marriott experienced higher occupancy levels. Average occupancy during the first nine months of Intercon was 75% versus 72% in 2004. Cebu Marriott had 86% occupancy, slightly higher than 85% last year. Oakwood's average occupancy of 82% in 2005, while lower compared to 87% in 2004, was well above MCBD's average of 76%.

Residential Developments. Revenues from residential developments across all market segments amounted to P6.4 billion or 39% of total revenues and increased 9% from P5.9 billion in the previous year. This amount includes financing income and the sale of commercial lots and club shares undertaken to complement the residential developments.

Bookings for the first nine months of 2005, exclusive of the share of our partners, totaled over 2,700 units, including 347 Anvaya Beach and Nature Club shares, up 30% year-on-year. For the third quarter, sales bookings amounted to 1,147 units, much higher compared to 702 units in the same quarter of 2004. This excludes parent company Ayala Land's override of residential units arising from owned properties being developed by Community Innovations, Inc. (CII) and Laguna Properties Holdings, Inc. (LPHI), which are included as revenues of the newly created Landbanking business line.

High-end lot sales. Revenues from high end lot sales, including financing income, amounted to P1.8 billion or 11% of consolidated revenues, up 14% from P1.6 billion in the previous year. Revenue increase was due to the launch of Sonera in March and higher bookings at Ayala Greenfield Estates, Ayala Westgrove Heights and Plantazionne Verdana Homes.

A total of 468 lots were booked in the first nine months, up 42% year-on-year, of which 166 were booked in the third Quarter.

High-end unit sales. High end unit sales revenues of P1.7 billion accounted for 10% of total, down 20% from previous year. Unit bookings amounted to 244 units, 15% lower year-on-year due to the timing of project launches. Full sell-out of One Legazpi Park and Ferndale Homes in 2004 was partly offset by bookings at The Residences at Greenbelt – San Lorenzo Tower launched in May and construction accomplishment at Serendra (District 1) and The Residences at Greenbelt – Laguna Tower.

Leisure. The Company's new project, Anvaya Cove, a high-end seaside residential resort community, in Morong, Bataan launched in July, experienced brisk take-up. As of end-September, barely three months from launch, 62% of 138 lots was taken up. The sale of 484 beach and nature club shares exceeded expectations. A 6% increase in share price was effected two months after the launch.

Although 38 lots and 247 shares were booked in the third quarter, revenue contribution of P21 million was still low due to minimal percentage of construction completion.

Middle-income housing. Revenues from middle-income residential projects of CII amounted to P1.5 billion, up 80% from previous year's P858 million and comprised 9% of total. Although bookings of 438 lots/units were lower compared to 457 in the previous year, revenue growth was due to the recognition of prior year's sales given higher completion rate at Serendra (District 2) and The Columns (Towers 2 & 3).

Two projects to be launched in November will significantly build up revenues from this business line. The Columns at Legazpi Village is a two-tower condominium development, consisting of 780 units, located in Legazpi Village, Makati. Celadon Residences, CII's joint venture project with Manila Jockey Club, consists of 202 townhouse units to be developed on the site of the former San Lazaro racetrack.

Mass housing. Bookings of LPHI grew by 16% to 1,192 units/lots. Revenues remained flat at P1.4 billion or 9% of total as a result of an increase in lower-priced units sold and the change to a more conservative booking policy adopted early in the year.

To be launched in December is Avida Towers, the mass housing component of the joint venture with Manila Jockey Club. The project consists of five residential towers with a total of 1,956 units.

Services. Revenues from services amounted to P1.7 billion or 10% of total and grew by 33% year-on-year, principally due to construction.

Construction revenues, primarily from third-party contracts of Makati Development Corporation, amounted to P1.3 billion or 77% of total service revenues and grew by 41% mainly due to higher revenues from equipment rentals, and pipelaying and infrastructure projects.

Property management fees and revenues from waterworks both grew by 11%.

Landbanking. Starting the third quarter, landbanking as a business line will be separately reported to highlight the Company's thrust of realizing value out of its land parcels and deploying its unique capabilities for developing large, mixed-use, masterplanned communities.

Revenues from this business line consist of Ayala Land parent's override or share of sales involving properties made available to LPHI and CII for development, gas station rentals, and carpark revenues outside Ayala Center.

Landbanking contributed P365 million or 2% to consolidated revenues, more than double the previous year's P167 million. Growth was mainly due to more ALI-owned mass housing units sold, as well as higher completion of The Columns and One Aeropolis where ALI has override units.

Interest and Other Income. Interest and other income amounted to P3.5 billion or 21% of total revenues, significantly higher than previous year's level of P939 million primarily due to realized gain from sale of preferred shares of AIVI.

Interest income amounted to P639 million, 3% higher than previous year's P618 million due to higher average cash balance. Equity in net earnings of affiliates was up 7% to P164 million, reflecting strong results of affiliates Alabang Commercial Corporation, Cebu Holdings, Inc., and Emerging City Holdings and Berkshires Holdings (Ayala Land's corporate vehicles for its investment in FBDC).

Expenses

Cost of sales and direct operating expenses totaled P8.4 billion, up 16% year-on-year, at par with growth in operating revenues.

In terms of corporate expenses, general and administrative expenses grew by 19% to P1.6 billion, primarily due to increased payroll given CBA adjustments and subsidiaries' expansion. Interest and other charges amounted to P3.1 billion, more than triple previous year's P970 million, largely due to the P1.86 billion provision for decline in value of assets intended to be sold and write-off of deferred charges.

Net Operating Income (NOI) and NOI Margins

Net operating income amounted to P4.5 billion, 14% higher than the P4.0 billion posted in 2004. Shopping centers contributed 39% or P1.8 billion, while residential developments accounted for P1.6 billion or 34%.

Overall NOI margin was maintained at 35%.

Project and Capital Expenditures

For the first nine months of 2005, consolidated project and capital expenditures amounted to P4.8 billion, about 35% of the P13.6 billion budget for the whole year. About 73% was spent for residential projects including Serendra, The Residences at Greenbelt, The Columns, Aeropolis condo projects, Ayala Westgrove Heights, Ayala Greenfield Estates and Anvaya Cove. The balance of 27% was used for investment properties such as shopping centers and office buildings, including Market! Market! and BPO office buildings.

The Company's project launches and construction of ongoing projects are generally on schedule. Disbursement of the remaining balance by year-end will depend on the cash levels of subsidiaries with budget allocations for equity infusions and the closing of ongoing negotiations for the acquisition, primarily via joint development or lease, of properties and their subsequent development.

Balance Sheet
Total interest-bearing debt was brought down to P10.9 billion as of end-September, resulting in lower debt-to-equity and net debt-to-equity of 0.29:1 and 0.08:1, respectively.

Cash reserves amounted to P8.0 billion, owing to the P3.2 billion net cash flow generated from the sale of AIVI shares and P778 million receivables sale. The high cash level enabled the Company to prepay more expensive debt and pay out P1.4 billion cash dividends in the first nine months. Part of the cash reserve was subsequently distributed as special dividend of P1.5 billion (P0.14/share) on October 3.

Given the Company's solid balance sheet, it remains fully capable of pursuing strategic investments and projects that will ensure its long term, sustainable growth.

PART II - OTHER INFORMATION

Item 3. 3Q 2005 Developments

A. New project or investments in another line of business or corporation	None.	
B. Composition of Board of Directors (as of September 30, 2005)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala II	Vice Chairman
	Jaime I. Ayala	President & CEO
	Mercedita S. Nolledo	Corp. Secretary
	Nieves R. Confesor	Director
	Delfin L. Lazaro	Director
	Leandro Y. Locsin, Jr.	Director
	Aurelio R. Montinola III	Director
	Ramon R. del Rosario, Jr.	Director
C. Performance of the corporation or result/progress of operations	Please see unaudited consolidated financial statements and management's discussion on results of operations.	
D. Declaration of dividends	P0.03/share regular cash dividend (for 1H05) and P0.14/share special cash dividend - Declaration date: August 11, 2005 - Record date: September 9, 2005 - Payment date: October 3, 2005	
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	*Stock Options:* As of September 30, 2005, stock options outstanding are as follows: ESOP 87,651,339 shares ESOWN 1,258,000 shares 88,909,339 shares	
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 9M2005 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	Previous year's reported 9M2004 net income of P1.86 billion has been restated as a result of the adoption of new accounting standards based on the revised Philippine Accounting Standards (PAS) and new Philippine Financial Reporting Standards (PFRS) which became effective beginning January 1, 2005. The new accounting standards pertain to the accrual of retirement benefits (PAS 19), non-capitalization of foreign exchange losses (PAS 21), earlier recognition of stock option grants (PFRS 2), and cessation of the amortization of goodwill (PFRS 3). These lowered the 9M2004 net income by P85 million, increased the 2004 beginning retained earnings by P92 million and decreased the 2005 beginning retained earnings by P17 million.
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	November 7, 2005: Ayala Land has acquired 11,751,838 shares in Crans Montana Property Holdings Corporation, the registered owner of properties along Sen. Gil Puyat Avenue (formerly Buendia Avenue) and Malugay Street, Makati, in exchange for its conveyance to Mercator Securities Corporation ("MSC") of 11,042,400 shares in Oxbury Realty Corporation ("Oxbury"), a real estate corporation engaged in the business of leasing a 4,601-sqm. parcel of land located along Makati Avenue. The exchange was made at a transfer price of Php 587,591,900.00.
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. Existence of material contingencies and other material events or transactions during the interim period	ALI's sale of AIVI preferred shares to Goldman Sachs for US$65M.
Q. 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 2005, Ayala Land's consolidated budget for project and capital expenditures amount to P13.6 billion. This will be financed through a combination of internally-generated funds, borrowings, pre-selling and with proceeds from sale of receivables and non-core assets. For the first nine months of 2005, consolidated project and capital expenditures amounted to P4.8 billion, about 35% of the P13.6 billion budget for the whole year. About 73% was spent for residential projects including Serendra, The Residences at Greenbelt, The Columns, Aeropolis condo projects, Ayala Westgrove Heights, Ayala Greenfield Estates and Anvaya Cove. The balance of 27% was used for investment properties such as shopping centers and office buildings, including Market! Market! and BPO office buildings.
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	The 9M2005 net income includes the net gain from the AIVI transaction of P2.2 billion, offset by provisions (for decline in value of certain assets intended to be sold and write-off of deferred charges) and accruals amounting to P2.0 billion.
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-Sept 2005	*End-Sept 2004*
Current ratio [1]	1.69:1	1.73:1
Debt-to-equity ratio [2]	0.29:1	0.37:1
Net debt-to-equity ratio [3]	0.08:1	0.22:1
	9M 2005	*9M 2004*
Return on assets [4]	3.5%	2.6%*
Return on equity [5]	6.8%	5.0%*

** based on restated 9M2004 net income*

[1] *Current assets / current liabilities*
[2] *Total interest-bearing debt (inclusive of bonds and CPs) / stockholders' equity*
[3] *Interest-bearing debt less cash & cash equivalents / stockholders' equity*
[4] *Net income / total assets (at the beginning of the year)*
[5] *Net income / stockholders' equity (at the beginning of the year)*

SIGNATURES

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:

(original copy signed)

Jaime E. Ysmael
Senior Vice President and Chief Finance Officer

Date: November 14, 2005