SEC Number: 152-747
File Number: ________

AYALA LAND, INC.

(Company's Full Name)

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

(Company Address)

(632) 848-5313

(Telephone Number)

September 30, 2007

(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, 2007**

2. Commission Identification Number **152747**

3. BIR Tax Identification No. **050-000-153-790**

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

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

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

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

8. Issuer's telephone number, including area code: **(632) 848-5313**

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

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

    As of September 30, 2007

Title of each class	Number of shares issued and outstanding
Common shares	**13,034,603,880**

    Amount of Debt Outstanding
    P10.63 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.
Consolidated Balance Sheets
As of September 30, 2007 and December 31, 2006
(in million pesos)

	September 2007 Unaudited	December 2006 Audited
ASSETS		
Current Assets		
Cash, cash equivalents and short-term investments	10,757	9,510
Accounts and notes receivable - net	10,336	10,645
Real estate inventories	7,481	7,736
Other current assets	2,326	1,410
Total Current Assets	30,900	29,301
Noncurrent assets held for sale		2,084
	30,900	31,385
Noncurrent Assets		
Non-current accounts and notes receivable	3,398	2,025
Land and improvements	16,629	16,875
Investments in associates and jointly controlled entities - net	9,643	8,791
Available-for-sale financial assets	404	415
Invesment properties - net	13,478	13,033
Property and equipment - net	4,520	3,725
Deferred tax assets - net	761	783
Other noncurrent assets	1,130	1,164
Total Noncurrent Assets	49,963	46,811
	80,863	**78,196**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	12,832	12,127
Short-term debt	1,537	1,556
Income tax payable	75	148
Current portion of long-term debt	406	3,564
Other current liabilities	414	442
Total Current Liabilities	15,265	17,837
Liabilities directly associated with noncurrent assets held for sale		469
	15,265	18,306
Noncurrent Liabilities		
Long-term debt - net of current portion	8,687	7,718
Pension liabilities	97	92
Deferred tax liabilities - net	269	416
Deposits and other noncurrent liabilities	5,810	4,480
Total Noncurrent Liabilities	14,863	12,706
Total Liabilities	30,128	31,012
Equity		
Equity Attributable to Equity Holders of Ayala Land, Inc.		
Paid-up Capital	18,109	14,581
Stock Options Outstanding	85	108
Unrealized Loss on Available-for-sale Financial Assets	-64	-64
Retained Earnings	26,530	25,973
Treasury Stock	-1	-1
	44,659	40,597
Minority interests	6,076	6,587
	50,735	47,184
	80,863	**78,196**

Ayala Land, Inc.
Consolidated Statements of Income
For the Three Months and Nine Months Ended September 30, 2007 and September 30, 2006
(in million pesos)

	2007 Unaudited		2006 Unaudited	
	July 1 to Sept 30	January 1 to Sept 30	July 1 to Sept 30	January 1 to Sept 30
REVENUE				
Real estate	5,263	15,504	5,273	16,197
Hotel operations	328	1,010	425	1,302
Equity in net earnings of investees, interest, fees, and other investment income	339	1,714	264	1,230
	5,930	18,228	5,962	18,729
COSTS AND EXPENSES				
Real estate	3,369	10,170	3,626	11,210
Hotel operations	231	671	290	853
General and administrative expenses	542	1,722	441	1,615
Interest and other charges	204	705	297	715
Provision for income tax	470	1,240	425	1,390
	4,816	14,508	5,079	15,783
NET INCOME	1,114	3,720	882	2,946
Net Income(Loss) Attributable to :				
Equity holders of Ayala Land, Inc.	**994**	**3,120**	**820**	**2,716**
Minority interests	120	600	62	230
	1,114	3,720	882	2,946
Earnings per Share				
Basic *	0.08	0.24	0.06	0.21
Diluted **	0.08	0.24	0.06	0.21

** Based on 13,030,570,621 and 12,981,120,811 weighted average number of shares as of September 30, 2007 and September 30, 2006, respectively*

*** Based on 13,055,880,540 and 13,016,099,090 weighted average number of shares as of September 30, 2007, and September 30, 2006, respectively*

Ayala Land, Inc.
Consolidated Statement of Changes in Stockholders' Equity
For the Nine Months Ended September 30, 2007 and September 30, 2006
(In million pesos)

	Jan 1 - Sept 30 2007 Unaudited	Jan 1 - Sept 30 2006 Unaudited
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.		
CAPITAL STOCK		
Issued		
Balance at beginning of period	10,810	10,795
Issuance of shares	2	0
Stock options exercised	18	13
Stock dividends	2,165	
Balance at end of period	12,995	10,808
Subscribed		
Balance at beginning of period	35	1
Issuance of shares	(2)	0
Stock options exercised	0	34
Stock dividends	7	0
Balance at end of period	40	35
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	3,863	3,592
Stock options exercised	23	328
Balance at end of period	3,886	3,920
DEPOSIT ON FUTURE SUBSCRIPTIONS		
Deposit for preferred shares subscriptions	1,303	
Balance at end of period	1,303	
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of period	(127)	(3)
Subscriptions	(14)	(285)
Collections	26	4
Balance at end of period	(115)	(284)
TOTAL PAID-UP CAPITAL	18,109	14,479
STOCK OPTIONS		
Balance at beginning of period	108	120
Cost of stock options	7	27
Stock options exercised	(30)	(45)
Balance at end of period	85	102
TREASURY STOCK	(1)	(1)
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of period	19,973	17,951
Cash dividends	(391)	(325)
Stock dividends	(2,172)	
Net income	3,120	2,716
Balance at end of period	20,530	20,342
	26,530	26,342
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	(64)	10
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AYALA LAND, INC.	44,659	40,932
MINORITY INTERESTS		
Balance at beginning of period	6,587	6,892
Net income	601	229
Decrease in minority interests	(326)	(394)
Loss on redemption of prefered shares	0	(26)
Dividends paid to minority interests	(786)	(81)
Balance at end of period	6,076	6,620
	50,735	**47,552**
Total income and expense recognized for the period		
Net income attributable to:		
Equity holders of Ayala Land, Inc.	3,120	2,716
Minority interests	600	230
	3,720	2,946
Net unrealized gain recognized in equity:		
Equity holders of Ayala Land, Inc.	-	-
Minority interests	-	-
	-	-
	3,720	2,946

Ayala Land, Inc.
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2007 and September 30, 2006
(in million pesos)

	Jan 1 - Sept 30 2007 Unaudited	Jan 1 - Sept 30 2006 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	4,960	4,335
Adjustments for:		
Depreciation and amortization	825	898
Interest and other charges - net of amount capitalized	669	26
Provision for doubtful accounts	25	--
Gain on sale of investments	(667)	(472)
Equity in net earnings of investees	(488)	(154)
Interest and other income	(317)	(378)
Operating income before changes in working capital	5,007	4,255
Decrease (increase) in :		
Accounts and notes receivable - trade	(1,068)	(1,022)
Real estate inventories	255	(499)
Other current assets	(915)	4
Increase (decrease) in :		
Accounts and other payables	641	3,522
Pension liabilities	5	(49)
Other current liabilities	(28)	361
Cash generated from operations	3,897	6,572
Interest received	331	392
Income tax paid	(1,291)	(1,472)
Interest paid - net of amount capitalized	(770)	(762)
Net cash provided by (used in) operating activities	2,167	4,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	1,637	615
Disposals of (additions to):		
Land and improvements	246	478
Investments	(177)	(1,115)
Property and equipment	(1,127)	(230)
Decrease (increase) in:		
Noncurrent accounts and notes receivable - non trade	(35)	(1,157)
Other assets	56	67
Net cash provided by (used in) investing activities	600	(1,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) short-term loans payable	1,518	3,369
Proceeds from (payment of) long-term loans payable	(3,726)	(624)
Increase (decrease) in :		
Deposits and other noncurrent liabilities	1,182	(874)
Minority interest in consolidated subsidiaries	(309)	(476)
Proceeds from capital stock subscriptions	1,333	84
Loss on redemption of preferred shares	(16)	(26)
Dividends paid to minority	(786)	-
Dividends paid to equity holders of Ayala Land, Inc.	(716)	(648)
Net cash provided by (used in) financing activities	(1,520)	805
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,247	4,193
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,510	6,756
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,757	10,949

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

1. The consolidated financial statements of ALI and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the Philippines, as set forth in Philippine Financial Reporting Standards (PFRSs). Accounting principles/policies and methods of computation applied for the nine months ended September 30, 2007 are the same as those applied in the preceding calendar year.

   There was no new accounting standard adopted in the first nine months of 2007 but the Company will adopt the following standards and amendments within the year:

   - PFRS 7, *Financial Instruments: Disclosures*, which introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative information about exposure to risks arising from financial instruments, including minimal disclosures about credit risk, liquidity risk, and market risk.

   - PAS 1, *Presentation of Financial Statements*, requires the Group to make new disclosures to enable the users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

   - IFRIC 10, *Interim Financial Reporting and Impairment*, which requires non-reversal of impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

   The Group believes that these interpretations will not have a significant impact on the consolidated financial statements of the Group when the interpretations are adopted in 2007.

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 International Sales, Inc.	100
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
Community Innovations, Inc.	100
Crimson Field Enterprises, Inc.	100
Avida Land Corp. and subsidiaries (Avida)	100
Regent Time International, Limited	100

Northbeacon Commercial Corporation	100
Red Creek Properties, Inc.	100
Laguna Technopark , Inc.	75
Aurora Properties, Inc. (API)	70
Vesta Property Holdings, Inc.	70
Station Square East Commercial Corporation (SSECC)	69
Serendra, Inc.	67
ALI Property Partners Holdings Corporation	60
Ceci Realty, Inc.	60
CMPI Holdings, Inc.	60
ALI-CII Development Corporation	50
Roxas Land Corporation	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 (LAI)	50
Others:	
ALInet.com, Inc.	100
Food Court Company, Inc.	100

3. Receivables / Payables

Aging of Receivables (as of September 30, 2007; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	4,415	2,226	2,911	-	9,552
Non-Trade Receivables	3,204	491	487	-	4,182
Total	7,619	2,717	3,398	-	13,734

Aging of Payables (as of September 30, 2007; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Payables	4,741	1,533	1,041	12	7,327
Non-Trade Payables	5,360	1,675	5,135	-	12,170
Total	10,101	3,208	6,176	12	19,497

4. Short-Term and Long-Term Debt

Short-Term Debt (as of September 30, 2007; in Million Pesos)

Borrower	Amount
AGDC	193
API	44
Avida	480
LAI	270
SSECC	550
Total	1,537

Long-Term Debt (as of September 30, 2007; in Million Pesos / US$)

	Current		Non-Current		Total	
Borrower	Peso	US$	Peso	US$	Peso	US$
ALI *	-		5,652		5,652	
Avida	42		500		542	
CIHC	38		16		54	
EHI	-		300		300	
LAI	-		200		200	
SSECC	327		1,304		1,630	
NBCC	-		115		115	
APPHC	-		600		600	
Total	406	-	8,687	-	9,093	-

* *Including FXCNs*

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans – January – September 2007 (in Million Pesos)

Borrower	Amount	Nature
ALI	37	issuance of bonds
AGDC	602	renewal of short-term loans
API	176	renewal of short-term loan
Avida	5,949	renewal of short-term loans, new short-term loans and conversion of short-term loan to long-term loan
EHI	80	new long-term loans
LAI	2,175	renewal of short-term loans and new short-term loans
SSECC	4,249	renewal of short-term loans and new short-term loans
NBCC	115	new long-term loans
APPHC	600	new long-term loans
Total	13,983	

Repayments of Debt and Equity Securities –
January – September 2007 (in Million Pesos)

Borrower	Amount	Nature
ALI	3,007	retirement of bonds
AGDC	754	payment of matured short-term loans and full payment of long-term loan
API	176	payment of matured short-term loan
Avida	5,838	payment of matured short-term loans and amortization on long-term loans
CIHCI	36	amortization on long-term loans
LAI	2,105	payment of matured short-term loans
MPVI	275	full payment of long-term loan
SSECC	4,278	payment of matured short-term loans and amortization on long-term loan
Total	16,469	

5. Commercial Paper Issuances and Outstanding Balance
(for the quarter ended September 30, 2007)

None.

6. Accounts and Other Payables

The accounts and other payables as of September 30, 2007 is broken down as follows:

	(million)
Accounts payable	P 7,894
Accrued expenses	3,672
Taxes payable	1,236
Dividends payable	5
Retentions payable	25
Total	P 12,832

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

Income Statement items – 9M 2007 versus 9M 2006

22% decline in hotel operations revenues
Mainly due to the sale of Oakwood Premier Ayala Center.

218% increase in equity in net earnings of investees
Largely due to higher income from ALI's corporate vehicles for its investment in Bonifacio Global City, as well as improved performance of Cebu Holdings Inc. and Alabang Commercial Corporation.

14% increase in interest, fees, investment and other income
Primarily due to the gain on sale of shares in Makati Property Ventures, Inc. (Oakwood) in 1Q07.

9% decrease in real estate costs and expenses
Mainly due to lower real estate revenues.

21% decline in hotel operations costs and expenses
Largely due to the sale Oakwood Premier Ayala Center.

7% increase in general administrative expenses
Principally due to higher employee salaries and benefits.

11% decrease in provision for income tax
Mainly due to higher capital gain from MPVI transaction (versus capital gain from Atrium transaction in 9M2006) subjected to final tax at a lower rate.

162% increase in net income attributable to minority interests
Largely due to higher income of Ayala Hotels, Inc. following the sale of Oakwood.

<u>Balance Sheet items</u> – September 30, 2007 versus End-2006

13% increase in cash and cash equivalents
Primarily due to collection of payments from sale of completed phase of One and Two Serendra as well as deposits received from Preferred Shares subscriptions.

65% increase in other current assets
Mainly due to higher prepaid expenses such as commissions, business tax and annual RPT payments.

100% decline in non-current assets held for sale
Due to sale of Oakwood.

68% increase in non-current accounts and notes receivable
Largely due to additional sales at new and existing projects, and availment of longer payment terms.

10% increase in investments in associates and jointly controlled entities
Mainly due to higher investment in North Triangle Depot Commercial Corporation (TriNoma), and increase in earnings of ALI's corporate vehicles for its investment in Bonifacio Global City and Cebu Holdings, Inc.

21% increase in property and equipment
Primarily due to disbursements for the construction of Greenbelt 5 and Landmark parking site, as well as additional transportation and computer equipment.

6% increase in account and other payables
Mainly due to higher trade payables from real estate sales.

49% decline in income tax payable
Primarily due to lower income that is subject to 35% corporate income tax.

89% decrease in current portion of long-term debt
Largely due to loan payments made by ALI, Avida and Ayala Greenfield.

6% decrease in other current liabilities
Mainly due to lower deposits from The Residences at Greenbelt 2 (TRAG 2) following conversion to bookings.

100% decline in liabilities directly associated with non-current assets held for sale
Due to sale of Oakwood.

13% increase in long-term debt – net of current portion
Primarily due to new availment of Avida and Northbeacon Commercial Corporation.

6% increase in pension liabilities
Mainly due to higher accrual of retirement plan of Ayala Hotels, Inc. (AHI) and accrual of retirement liability of Community Innovations, Inc. (CII).

35% decline in deferred tax liabilities
Primarily due to tax effect of collection of receivables on projects which have yet to be completed.

30% increase in non-current liabilities and deposits
Mainly due to increase in buyers' deposits for new residential projects and tenants' deposits for office and shopping center spaces.

24% increase in paid-up capital
Largely due to the 20% stock dividend and deposit for Preferred Shares subscription.

21% decline in stock options outstanding
Primarily due to ESOP availments.

18% decrease in minority interest
Largely due to dividends paid by Ayala Hotels, Inc.

8. Segment information

YTD-September 2007	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Vismin	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	180	9,404	3,216	742	60	2,912	0	16,514	0	16,514
Intersegment sales	0	126	297	0	0	3,275	0	3,698	(3,698)	0
Equity in net earnings of investees	318	0	56	0	114	0	0	488	0	488
Total revenue	498	9,530	3,569	742	174	6,187	0	20,700	(3,698)	17,002
Operating expenses	122	7,845	1,656	468	91	5,572	465	16,219	(3,656)	12,563
Operating profit	376	1,685	1,913	274	83	615	(465)	4,481		4,439
Interest income										1,100
Interest expense										(704)
Other income										125
Provision for income tax										(1,240)
Net income										3,720
Net income attributable to:										
Equity holders of Ayala Land, Inc.										3,120
Minority interests										600
										3,720
Other information										
Segment assets	1,462	51,191	19,303	9,633	1,312	7,271	4,097	94,269	(23,811)	70,458
Investment in associates and jointly controlled entities	4,400		2,108	1,297	1,838	0		9,643		9,643
Deferred tax assets	1	11	6	6	0	71	1,341	1,436	(674)	762
Total assets	5,863	51,202	21,417	10,936	3,150	7,342	5,438	105,348	(24,485)	80,863
Segment liabilities	1,628	12,160	5,211	1,548	126	4,592	9,478	34,743	(4,885)	29,858
Deferred tax liabilities	0	278	0	0	0	7	658	943	(674)	269
Total liabilities	1,628	12,438	5,211	1,548	126	4,599	10,136	35,686	(5,559)	30,127
Segment additions to property and equipment and investment properties	0	70	531	846	1	202	52	1,702	0	1,702
Depreciation and amortization	0	38	511	110	1	153	52	865	0	865

YTD-September 2006	Strategic Landbank Mgt.	Residential Development	Shopping Centers	Corporate Business	Vismin	Support Businesses	Corporate	Total	Intersegment Adjustments	Consolidated
(in million pesos)										
Revenues										
Sales to external customers	326	10,079	2,886	656	129	3,423	0	17,499	0	17,499
Intersegment sales	0	79	295	0	0	1,939	0	2,313	(2,313)	0
Equity in net earnings of investees	1	0	64	0	89	0	0	154	0	154
Total revenue	327	10,158	3,245	656	218	5,362	0	19,966	(2,313)	17,653
Operating expenses	195	8,342	1,463	371	131	4,546	790	15,838	(2,159)	13,679
Operating profit	132	1,816	1,782	285	87	816	(790)	4,128		3,974
Interest income										910
Interest expense										(715)
Other income										166
Provision for income tax										(1,390)
Net income										2,945
Net income attributable to:										
Equity holders of Ayala Land, Inc.										2,716
Minority interests										229
										2,945
Other information										
Segment assets	2,060	54,575	18,136	9,939	1,659	8,751	3,130	98,250	(22,027)	76,223
Investment in associates and jointly controlled entities	3,933		1,585	0	1,760	0	0	7,278		7,278
Deferred tax assets	0	111	2	6	0	130	1,156	1,405	(710)	695
Total assets	5,993	54,686	19,723	9,945	3,419	8,881	4,286	106,933	(22,737)	84,196
Segment liabilities	940	19,468	4,575	625	171	3,339	11,035	40,153	(3,780)	36,373
Deferred tax liabilities	0	286	0	0	0	6	689	981	(710)	271
Total liabilities	940	19,754	4,575	625	171	3,345	11,724	41,134	(4,490)	36,644
Segment additions to property and equipment and investment properties	0	34	693	5	1	262	118	1,113	0	1,113
Depreciation and amortization	0	40	501	96	1	203	57	898	0	898

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

Results of Operations for the Nine Months Ended September 30, 2007

Ayala Land, Inc. ("the Company") posted a Php 3.1 billion net income in the first nine months of 2007, 15% higher than the Php 2.7 billion recorded in the same period last year. This was achieved despite lower revenues of Php 18.2 billion versus the Php 18.7 billion posted in 2006 because of higher overall net operating income (NOI) margin of 34%, compared to the 31% achieved in the first nine months of 2006, primarily from improved NOI margins of shopping centers and residential development.

Contributing to net income growth was higher equity earnings from Ayala Land's corporate investment vehicles for Bonifacio Global City, as well as the improved earnings performance of affiliates Cebu Holdings, Inc. (CHI) and Alabang Commercial Corporation (ACC). Equity in Net Earnings of Investees, Interest, Fees, Investment and Other Income rose by 39% to Php 1.7 billion from Php 1.2 billion in the same period last year.

Higher net income was also driven by a reduction in the Company's effective tax rate to 23% in the nine months of 2007 from 32% in the comparable period last year due to the lower tax rate applied to the gain on the sale of shares of Makati Property Ventures, Inc. (MPVI), our investment vehicle for Oakwood Ayala Center.

Revenues in the nine months of 2007 amounted to Php 18.2 billion, Php 16.5 billion of which was contributed by the Company's five core business and three support businesses. The amount represents a 3% decrease from Php 18.7 billion reported in the same period in 2006. The decline is attributable to the standardization of the revenue recognition policy for our residential businesses last year, which accelerated revenue bookings in 2006, as well as the absence of BPO leasing revenues arising from the sale of the People Support Building late last year and the lower hotel revenues due to the sale of MPVI shares. The negative impact of these was partially offset by the one-time gain on the Oakwood transaction. Excluding the effect of these non-recurring transactions, revenues would have reflected an increase of 3%.

Despite concerns early in the third quarter about an overspill of the US subprime mortgage crisis, the Company's residential projects continued to experience steady take-up across all brands. Sales of new projects were brisk in various locations, namely Marquee (Pampanga), Aston (Two Serendra-Bonifacio Global City) and Avida Makati West. Sales bookings for the nine months of 2007 grew in terms of volume and value by 56% and 40%, respectively.

Ayala Land likewise continued to build up its leasing portfolio of shopping center and office properties. Leasing operations grew steadily with average rental rates for office and shopping centers increasing by 8.7% and 7.8%, respectively.

Business Segments

Residential Development contributed Php 9.4 billion or 51% of total revenues. Shopping Centers accounted for Php 3.2 billion or 18% of total while Corporate Business generated Php 742 million or 4%. Strategic Landbank Management generated Php 232 million and Visayas-Mindanao added Php 60 million for a combined 2% share of total revenues. The Support Businesses, consisting of Hotels, Construction, Property Management and Waterworks, contributed 16% or Php 2.9 billion. The balance or Php 1.7 billion or 9% of revenues was from Equity in Net Earnings, Interest and Other Income.

Residential Development

Residential Development revenues amounted to Php 9.4 billion for the first nine months of 2007, 7% lower than the Php 10.1 billion of the nine months of 2006. Avida Land posted a significant 76% increase in revenues but Ayala Land Premier (ALP) and Community Innovations (CII) dragged down Avida's gains. The drop in ALP and CII's revenues is largely attributed to the impact of the acceleration of revenues in 2006 due to the standardization of the revenue recognition policy across all brands implemented during the second quarter of 2006.

Overall demand for residential projects remained strong with 3,313 units booked during the first nine months of the year, 56% more than the same period last year. The value of these units was 40% higher at Php 12.5 billion versus the Php 8.9 billion during the comparative period last year. About 3,761 units were launched during the nine months of 2007, representing 56% of the full-year target of 6,800 units.

Ayala Land Premier. ALP's revenues stood at Php 5.3 billion for the nine months of 2007, 18% less than the same period last year. High-end lots contributed 38% less year-on-year (y-o-y) at Php 1.3 billion, given the full sell-out of Sonera (3 lot sales in the nine months of 2007 vs. 82 in the nine months of 2006). Ayala Greenfield Estates booked 85 lots in 2007 compared to 92 in 2006 and Ayala Westgrove Heights booked 150 lots during the nine months of 2007 versus 153 in the nine months of 2006. Revenues from high-end units were likewise lower by 18% at Php 3.3 billion despite the 82% increase in units booked to 469 from 257 due to the low construction accomplishment at The Residences at Greenbelt (TRaG) Manila Tower of only 8% which accounted for 250 or 53% of total booked units. Meanwhile, revenues from leisure project Anvaya Cove reached Php 745 million, 71% more than last year's Php 437 million with higher bookings for lots (55 in the nine months of 2007 vs. 39 in the nine months of 2006), shares (319 vs. 274) and villas (9 vs. 6).

ALP take-up (excluding Anvaya shares), slightly decreased from 809 units in the nine months of 2006 to 797 units in the nine months of 2007, mostly from Westgrove and TRaG Manila. During the quarter, ALP completed preparations for Abrio, the Company's premier residential subdivision project in Nuvali, which was successfully launched in October.

Community Innovations, Inc. Revenues for CII were 13% lower at Php 2.3 billion despite the 42% jump in booked units to 878 from 620 last year. The standardization of the revenue recognition policy last year effectively pulled forward the booking of revenues for completed projects in 2006.

Meanwhile, higher sales bookings are largely due to newly-launched projects. The Aston, the first of four high-rises at Two Serendra, was launched in May with 44% of the 400 units taken-up as of end-September. This project, however, had a small contribution to revenues with construction completion only at 17%. In June, CII's first project in Pampanga called Marquee was launched, with 58% of the 560 units already taken-up within a four-month period.

CII also geared up for the launch in October, of its upper middle residential product, Treveia, in Nuvali.

Avida Land. Avida's revenues surged by 76% to Php 1.8 billion in the nine months of 2007. This was due to the 2007 bookings of 1,341 units compared to only 572 units in 2006. New projects launched during the first nine months of 2007 include Avida Settings in Cavite (341 units), the fifth tower of Avida Towers Sucat (264 units), the third towers of Avida Towers New Manila (354 units) and Avida Towers San Lazaro (392 units), and the first tower of Avida Towers Makati West (462 units).

Given good market response to new projects, Avida take-up for the nine months of 2007 was close to 1,797 units, 11% higher than the previous year of about 1,617 units.

Overall NOI. NOI for the residential business settled at Php 2.4 billion, 7% more than the previous year despite the drop in revenues. This is attributed to the four percentage point improvement in NOI margin to 26% from 22% brought about by the absence of losses from the sale of One Roxas Triangle units and improvement in Avida's NOI margin resulting from increased revenues to cover direct operating expenses.

Shopping Centers

Revenues for the first nine months of the year amounted to Php 3.2 billion, 11% more than the Php 2.9 billion reported during the same period last year. The higher revenues were due to the 2%age points increase in average occupancy rate of consolidated malls to 95%, as well as the 8% rise in average building rental rates.

As of end-September, 95% of the 72,000 square meters building leasable area (excluding the area occupied by anchor tenant Landmark) of Trinoma which opened in May was leased out/committed. Meantime, the retail component of Bonifacio High Street in Bonifacio Global City, which was launched in March, was 96% leased out/committed.

Equity in Net Earnings from equitized malls, namely, Alabang Town Center, Pavilion Mall and TriNoma was lower at Php 56 million from Php 64 million last year as TriNoma's start-up costs weighed down the 27% growth posted by Alabang Town Center.

Construction of the first phase of Greenbelt 5, with 13,500 square meters of gross leasable area, was substantially completed and turnover to merchants was underway in the third quarter in time for scheduled opening in October. Construction of the 70,000-square meter Q Shopping in Angeles, Pampanga proceeded as planned.

Corporate Business

Corporate Business revenues grew by 13% to Php 742 million from Php 655 million last year primarily due to sale of 6 hectares in Laguna Technopark (LTI) in the nine months of 2007, up from 3.6 hectares last year. NOI likewise improved by 14% to Php 372 million from Php 326 million last year and margins remained steady at 50%.

The 36%-owned ALI Property Partners Corp. (APPCo), the joint venture with MLT Investments Ltd. (Goldman Sachs) and Filipinas Investments Ltd. (Capmark Financial Group, Inc.), continued development of several BPO office building projects including the UP North Science and Technology Park, Dela Rosa E-Services Building and the BPO campus in Nuvali. These investments will begin to yield significant recurring revenue inflows upon completion in the next two to three years.

As of end-September, construction was on track for the first six buildings at the UP North Science and Technology Park. The first two buildings are due for completion by the fourth quarter of 2007, while the remaining four buildings are for completion by the second quarter of 2008. Three buildings are already fully leased. For the Dela Rosa E-Services building, about half of the 47,000 square meter gross leasable area (GLA) is already taken up by an anchor tenant. Groundbreaking of the Nuvali Technopod Building 1 in Nuvali was held last September, with completion slated in April 2008.

Other BPO buildings targeted for completion in 2008 are San Lazaro Building 1 (October 2008) and Glorietta 5 (December 2008). The Company will commence construction of a new BPO building within Bonifacio Global City in December 2007.

Strategic Landbank Management

Revenues of Strategic Landbank Management stood at Php 232 million during the first nine months of 2007, 29% lower than the Php 326 million in same period in 2006. This was due to the decline in sales of override units in Sta. Catalina and Avida Towers Sucat. NOI margin was lower at 30% from 40% previously as the override units at higher-margin The Columns at Ayala Avenue were fully sold and completed in 2006.

Equity in net earnings from ALI's 20% effective stake in Fort Bonifacio Development Corporation (FBDC) amounted to Php 318 million, a significant increase from the Php 2 million realized in the nine months of 2006. This was due to the sale of 18 lots, with a total area of 44,629 sqm., at Bonifacio Global City (BGC) in the nine-month period against 6 lots or 6,695 sqm. in the same period in 2006. Selling prices in the nine months of 2007 ranged from Php 52,250 to Php 210,975 per square meter compared to only Php 47,025 to Php 125,400 last year.

The Company continues to drive the growth in land values of its three strategic landholdings. The redevelopment of Ayala Center is well underway. Construction of the retail and parking building between Shangri-la and Landmark progressed to allow opening in November. Construction of Glorietta 5, which will have office as well as retail components, is on schedule. The hotel complex project in partnership with Kingdom Hotel Investments will start development in 4Q07.

Given higher building activity and investor interest in Bonifacio Global City, land prices have increased to close to MCBD levels and higher than Ortigas Center land prices. Planning is ongoing for a headquarter office building with AAA building specifications, a joint project of ALI, Philippine Stock Exchange and FBDC announced in April.

At the 1,696-hectare Nuvali, the country's landmark sustainable community in Canlubang, Laguna, construction is ongoing on of the amenities and utilities, namely the spine road and extension up to the Mamplasan Exit, the Discovery Center, lake, park and landscaping, simultaneous with development of the various components, i.e. retail, BPO campus and residentials.

Visayas-Mindanao

Visayas-Mindanao's revenues for the nine months of 2007 amounted to Php 60 million, a 54% drop from Php 130 million reported in the nine months of 2006. 114 units were booked compared to 98 units in the previous year. Plantazionne 3 and Alegria Hills, which were launched in January and June respectively, accounted for 78 or 80% of the booked units but did not contribute significantly to revenues because of their low completion rates of 2.5% and 3.2%, respectively.

Affiliate CHI, 47%-owned by ALI, posted a 10% growth in revenues to Php 875 million, with net income up by 7% to Php 200 million in the nine months of 2007. The last 8 units from the 201 units of the first two phases of Amara in Cebu were booked in the nine months with a new phase scheduled for launch in the fourth quarter of 2007. At Ayala Center Cebu, the average building rent was 9% higher, offsetting the impact on earnings of the slightly lower occupancy rate of 96% from 98%. The first phase of the mall's expansion consisting of 5,800 square meters started operations last June 29.

Meanwhile, a total of 8 lots were sold at Cebu Property Ventures & Development Corporation's (CPVDC) Asiatown IT Park in the nine months of 2007, up from only two lots in the nine months of 2006. As a result, equity in net earnings from CHI and CPVDC amounted to Php 114 million, 29% more than the Php 89 million contributed during the same period last year.

Support Businesses

ALI's Support Businesses, consisting of Hotels, Construction, Property Management and Waterworks, generated revenues of Php 2.9 billion, 15% lower than the Php 3.4 billion last year, largely due to the sale of Oakwood Premier Ayala Center to Ascott Residence Trust in March 2007, as well as lower construction revenues.

ALI's hotel properties, consisting of Hotel InterContinental Manila and Cebu City Marriott Hotel, generated revenues of Php 1.0 billion in the nine months of 2007, 22% lower than the Php 1.4 billion reported in the nine months of 2006 which still included revenues from Oakwood. Consequently, NOI was 24% lower at Php 339 million but NOI margin was maintained at 34%. Average occupancy rate of Hotel InterContinental Manila jumped to 83% from the year-ago 55%, following refurbishment completed in late 2006. Revenues per Available Room (REVPAR) was also higher at Php 3,984 versus Php 2,222 last year. Marriott's occupancy rate declined to 76% from 84% but was still higher than the Cebu average of 61%. REVPAR was also above industry at Php 2,496 versus Php 2,551 last year.

Construction revenues, net of inter-segment eliminations, contributed Php 1.1 billion, 19% lower, primarily due to deferred revenue recognition of Greenbelt 5 pending start of mall operations, as well as those of new projects in UP North Science and Technology Park, Canlubang and Angeles. Before inter-segment eliminations, Makati Development Corporation (MDC) grew its revenues by 30% to Php 4.2 billion due to newly awarded projects such as St. Luke's Hospital, Honda Cars showroom at BGC, and ALI's BPO projects such as UP North Science and Technology Park and Dela Rosa Tower. Meanwhile, MDC's net income declined by 40% to Php 145 million given lower NOI margin due to the larger revenue contribution of ALI contracts which carry lower margins compared to third-party contracts.

Property Management revenues, net of inter-segment eliminations, was 10% higher at Php 519 million with the operation of new carparks in Fort Bonifacio, Paseo de Magallanes and Madrigal Business Park; and increase in average occupancy rate for existing carparks in the nine months of 2007. Building administration and revenues from construction projects also posted higher revenues in the nine months of 2007. However, NOI was flat at Php 224 million due to training expenses incurred in organizational build-up for the projected increase in facilities to be managed.

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

Equity in Net Earnings from Investees more than doubled to Php 488 million from Php 154 million, largely due to the substantially higher contribution from ALI's corporate investment vehicles in BGC, as well as higher earnings of CHI and ACC.

The contribution of FBDC reached Php 318 million from Php 2 million last year. Sales accelerated at Bonifacio Global City with a total of 44,629 sqm. in the nine months of 2007, from only 6,695 sqm. in the nine months of 2006. Selling prices were also higher at Php 52,250 to Php 210,975, translating to an average accommodation value of Php 11,000 in 2007 compared to Php 9,000 during the nine months of 2006.

Meanwhile, Equity Earnings from CHI/CPVDC were 29% higher at Php 114 million from Php 89 million, due to the sale of commercial lots at CPVDC's Asiatown IT Park and continuing improvement of Ayala Center Cebu's performance.

Alabang Commercial Center (ACC), through Alabang Town Center, contributed Php 79 million, 27% more than the previous year because of improved occupancy rate, while Pavillion Mall's contribution was flat at Php 1 million. TriNoma, which opened in May, incurred losses of Php 24 million relating to start-up costs.

Interest, fees, investment and other income rose by 21% to Php 1.1 billion from Php 910 million a year ago. Bulk or Php 667 million was accounted for by proceeds from the sale of MPVI shares.

Expenses

For the first nine months of 2007, Total Expenses registered at Php 14.5 billion, 8% lower y-o-y, largely due to lesser One Roxas Triangle units sold and exclusion of Oakwood expenses. Meanwhile, General and Administrative Expenses increased by 7% to Php 1.7 billion primarily due to higher employee salaries and benefits.

Interest and Other Charges were slightly lower at Php 705 million from Php 715 million in 2006 following lower borrowing rates tempered by higher average debt. Provision for Income Tax was 11% lower at Php 1.2 billion with the higher income subjected to a lower tax rate (before minority interest) from the sale of the MPVI shares compared to the Bridgebury Corporation shares in the nine months of 2006.

Project and Capital Expenditures

For the nine months of 2007, ALI spent a total of Php 10.7 billion for project and capital expenditures, 35% more than the Php 7.9 billion spent in the nine months of 2006. This represents 66% of the full year 2007 budget of Php 16.2 billion.

Residential Development projects accounted for the largest share of capex at Php 5.4 billion or 51% of total. This was followed by Shopping Centers which used 32% or Php 3.4 billion, mostly for Trinoma. Visayas-Mindanao spent Php 627 million or 6% while Corporate Business projects utilized Php 573 million or 5% of total.

Financial Condition

The company's balance sheet continues to be healthy with Current Ratio at 2.02:1. As of end-September 2007, Cash and Equivalents stood at Php 10.8 billion, 13% higher than the end-2006 level of Php 9.5 billion with the collection of full payments from completed Serendra units and deposits from Preferred Shares subscriptions. Total Borrowings were at Php 10.6 billion, from Php 12.8 billion as of December last year, translating to a Debt-to-Equity Ratio of 0.24:1.

PART II - OTHER INFORMATION

Item 3. 3Q 2007 Developments

A. New project or investments in another line of business or corporation	None.	
B. Composition of Board of Directors (as of September 30, 2007)	Fernando Zobel de Ayala	Chairman
	Jaime Augusto Zobel de Ayala II	Vice Chairman
	Jaime I. Ayala	President & CEO
	Mercedita S. Nolledo	Corp. Secretary
	Delfin L. Lazaro	Director
	Leandro Y. Locsin, Jr.	Director
	Aurelio R. Montinola III	Director
	Corazon dela Paz	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 cash dividend Declaration date: May 8, 2007 Record date: June 7, 2007 Payment date: July 3, 2007	
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 September 30, 2007, stock options outstanding* are as follows: ESOP 44,260,261 shares ESOWN 32,199,332 shares 76,459,593 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 9M 2007 Operations and Financials

J. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Financial Statements (Item #7).
K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
L. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	Please see Notes to Financial Statements (Item #4).

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

- On October 18, 2007, the Securities and Exchange Commission approved the Company's application for an increase in authorized capital stock from Php 20.0 billion to Php 21.5 billion and the corresponding Amendment of Articles of Incorporation, and the offering and issuance of new 13.034B Preferred Shares to the common shareholders of the Company. The non-cumulative and non-participating dividend rate of the Preferred Shares was fixed at 4.64% which is equivalent to 80% of the 1-year PDST R1 and payable annually.
- In view of the increase in capital stock, the total issued and outstanding shares of the Company became 26.069 billion. With respect to the foreign ownership limit governing the Company's corporate structure, the number of shares that can be owned by foreign nationals was adjusted to 10.427 billion shares, representing 40% of total issued and outstanding shares. As of October 18, 2007, shares owned by foreign nationals amounted to 5.463 billion shares, or 20.96% of total issued and outstanding shares, consisting of 5.214 billion common shares and 0.249 billion Preferred Shares.
- On October 19, 2007, an explosion occurred in Glorietta 2 which damaged both the Glorietta 2 atrium and delivery bay. The nature and cause of the explosion are still being determined by police authorities. Meanwhile, the Company is taking all possible measures to ensure that all affected by the incident are attended to with

maximum care. Significant revenue loss is not expected given the small gross leasable area of Glorietta 2 relative to total gross leasable area of the entire Glorietta complex.

N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

None.

O. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

None.

P. Other material events or transactions during the interim period

- Ayala Land increased its authorized capital stock from P12.0 billion to P20.0 billion with a par value of Php 1.00 per share in March.
- The Company declared a 20% stock dividend to all stockholders of record as of May 17, 2007 and payable on June 18, 2007.
- The Board of Directors approved in July 2007 the issuance of approximately 13.034 billion Preferred Shares, with a par value of Php 0.01 per share, as ratified by the Company's stockholders during the Special Stockholders' Meeting on August 28, 2007.
- As a result of the Preferred Shares offering, a total of Php 1.3 billion in payments from 1,878 subscribers was received in September.
- ALI partnered with Kingdom Hotel Investments in March for the development of a hotel complex in Ayala Center.
- Ayala Land signed in March the terms of agreement with Manila Jockey Club for a BPO office project in the former San Lazaro racetrack *(MOA and JDA subsequently signed in July).*
- ALI, FBDC and PSE entered into a Memorandum of Understanding in April on the joint development of an office building project in Bonifacio Global City.

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 2007, Ayala Land's consolidated budget for project and capital expenditures amount to P16.2 billion. About 55% is earmarked for residential developments, 24% for shopping centers, and the balance for corporate business, strategic landbank management, Visayas-Mindanao, support businesses, and corporate capex. 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 2007, consolidated project and capital expenditures amounted to P10.7billion, about 66% of the P16.2 billion budget for the whole year. About 51% was spent for residential projects, 31% for shopping centers, and the balance for Visayas-Mindanao, strategic landbank management, corporate business, support businesses, and corporate capex.

T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations

Ayala Land's performance will continue to hinge on the overall economic performance of the country. Interest rate movements may affect the performance of the real estate industry, including the Company.

U. Significant elements of income or loss that did not arise from continuing operations

None.

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

Please see Notes to Financial Statements (Item #7).

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

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

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

X. Disclosures not made under SEC Form 17-C None.

Item 5. Performance Indicators

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

	End-September 2007	*End-December 2006*
Current ratio [1]	2.02:1	1.64:1
Debt-to-equity ratio [2]	0.24:1	0.32:1
Net debt/(cash)-to-equity ratio [3]	(0.00):1	0.09:1
	9M 2007	*9M 2006*
Return on assets [4]	3.9%	5.2%
Return on equity [5]	7.3%	9.8%

[1] *Current assets / current liabilities*
[2] *Total interest-bearing debt (inclusive of bonds) / stockholders' equity*
[3] *Interest-bearing debt less cash & cash equivalents / stockholders' equity*
[4] *Net income / average total assets*
[5] *Net income / average 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: November 12, 2007