

PSE Number: PR-010
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, 2003

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

**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, 2003**
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, 2003

<u>Title of each class</u>	<u>Number of shares issued and outstanding</u>
Common shares	10,699,006,970

Amount of Debt Outstanding
P 13.3 Billion

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

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

12. Indicate by check mark whether the registrant:

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

Yes No

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


Yes No

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PART I - FINANCIAL STATEMENTS

Item 1. Financial Statements

 AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of September 30, 2003 and December 31, 2002

	Unaudited SEPT 2003	Audited DEC 2002
(in million pesos)		
ASSETS		
Current Assets		
Cash and cash equivalents	5,173	5,713
Accounts and notes receivables - net	4,539	3,943
Subdivision land for sale	3,537	4,442
Condominium and residential units for sale	3,123	2,830
Deferred tax and other current assets	853	780
Total Current Assets	17,225	17,708
Noncurrent Accounts and Notes Receivable	5,788	4,046
Land and Improvements	18,680	19,262
Investments	21,843	18,903
Property and Equipment	1,521	1,151
Other Assets	843	788
	65,899	61,858
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	5,876	4,331
Loans payable	2,507	1,942
Current portion of:		
Long-term debt	1,247	310
Estimated liability for land and property development	2,221	1,428
Other current liabilities	399	432
Total Current Liabilities	12,250	8,443
Long-term Debt - net of current portion	9,531	8,622
Noncurrent Liabilities and Deposits	2,891	2,887
Estimated Liability for Land and Property Development	1,617	732
Minority Interest	5,564	5,698
Stockholders' Equity	34,047	35,476
	65,899	61,858



AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND UNAPPROPRIATED RETAINED EARNINGS

For the Three Months and Nine Months Ended September 30, 2003 and 2002

	2003 Unaudited		2002 Unaudited	
	July 1 to Sept 30	January 1 to Sept 30	July 1 to Sept 30	January 1 to Sept 30
(in million pesos)				
REVENUES				
Real estate	2,949	7,896	2,445	6,532
Hotel operations	328	924	340	988
Interest and other income	266	1,176	127	617
	3,543	9,996	2,912	8,137
COSTS AND EXPENSES				
Real estate	1,689	4,676	1,300	3,607
Hotel operations	356	889	270	812
General and administrative expenses	445	1,193	358	913
Interest and other charges	208	1,052	169	501
Provision for income tax	225	436	281	676
	2,923	8,246	2,378	6,509
INCOME BEFORE NET EARNINGS APPLICABLE TO MINORITY INTEREST				
	620	1,750	534	1,628
NET EARNINGS APPLICABLE TO MINORITY INTEREST				
	(16)	(43)	16	(11)
NET INCOME				
	604	1,707	550	1,617
UNAPPROPRIATED RETAINED EARNINGS, BEGINNING				
		15,780		15,506
Prior period adjustments - Per SFAS38/IAS38 Intangible Assets (Write-off of Pre-operating Expenses)		(82)		
Cash dividends		(3,103)		(1,925)
UNAPPROPRIATED RETAINED EARNINGS, ENDING				
		14,302		15,198
EARNINGS PER SHARE*				
		0.16		0.15

* Based on 10,696,351,882 and 10,693,464,042 weighted average number of shares as of September 30, 2003 and 2002, respectively.



AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2003 and 2002

	UNAUDITED	
	January 1 to September 30	
	2003	2002
(in million pesos)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	1,707	1,617
Adj. to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	548	613
Provision for doubtful accounts	11	0
Net earnings applicable to minority interest	44	11
Equity in net earnings of affiliates	(49)	(11)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts and notes receivable - trade	(1,247)	(723)
Subdivision land for sale	904	145
Condominium and residential units for sale	(293)	(462)
Deferred tax and other current assets	(73)	(93)
Increase (decrease) in:		
Accounts payable and accrued expenses	(916)	(234)
Other current liabilities	(32)	112
Estimated liability for land and property development	1,678	1,457
Net cash provided by operating activities	2,282	2,432
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of (addition to):		
Land and improvements	582	169
Investments	(3,272)	(1,716)
Property and equipment	(501)	(338)
Decrease (increase) in:		
Accounts and notes receivable - non trade	(1,103)	(606)
Other assets	(172)	2
Net cash used by investing activities	(4,466)	(2,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) short-term loans	565	(5,022)
Proceeds from (payment of) long-term debt	1,846	4,250
Dividends paid	(642)	(2,411)
Increase (decrease) in:		
Noncurrent liabilities and deposits	4	350
Minority interest	(178)	(91)
Additional issuance of capital stock	49	11
Net cash provided by financing activities	1,644	(2,913)
NET INC. (DEC.) IN CASH AND CASH EQUIVALENTS	(540)	(2,970)
CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD	5,713	6,737
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,173	3,767



AYALA LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY

For the Nine Months Ended September 30, 2003 and 2002

	UNAUDITED	
	January 1 to September 30	
	2003	2002
(in million pesos)		
CAPITAL STOCK - P1 par value		
Issued		
Balance at beginning of year	10,684	10,684
Issuance of shares		
Stock options exercised	6	0
Stock dividends		
Balance at end of the year	10,690	10,684
Subscribed		
Balance at beginning of year	9	9
Issuance of shares		1
Stock options exercised (cancelled)	0	0
Stock dividends		
Balance at end of the year	9	10
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	3,019	3,014
Stock options exercised -net	38	5
Balance at end of year	3,057	3,019
SUBSCRIPTIONS RECEIVABLE		
Balance at beginning of year	(17)	(22)
Stock options exercised - net	7	5
Balance at end of year	(10)	(17)
	13,746	13,696
RETAINED EARNINGS		
Appropriated for future expansion	6,000	6,000
Unappropriated:		
Balance at beginning of year	15,780	15,506
Prior period adjustments	(82)	
Cash dividends	(3,103)	(1,925)
Net income	1,707	1,617
Balance at end of year	14,302	15,198
	20,302	21,198
TREASURY STOCK		
Balance at beginning of year	(1)	(1)
Shares repurchased		
Balance at end of year	(1)	(1)
	34,047	34,893

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

1. The consolidated financial statements are prepared in accordance with generally accepted accounting principles and under the historical cost convention. Accounting principles/policies and methods of computation applied for the nine months ended September 30, 2003 are the same as those applied in the preceding calendar year, except for the adoption of SFAS 38/IAS 38 (Intangible Assets) beginning 2003. Under this new SFAS/IAS, pre-operating expenses as of December 31, 2002 applicable to group companies, amounting to a total of P82 million, have been charged against unappropriated retained earnings at the beginning of 2003.

2. Principles of Consolidation

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

	<u>Effective Ownership</u>
	<u>(%)</u>
<i>Real Estate:</i>	
Amorsedia Development Corporation and subsidiaries	100
OLC Development Corporation	100
Ayala Greenfield Development Corporation (AGDC)	50
Ayala Land Sales, Inc.	100
Buendia Landholdings, Inc.	100
Community Innovations, Inc.	100
Crimson Field Enterprises, Inc.	100
First South Properties, Inc.	100
Food Court Company, Inc.	100
Laguna Properties Holdings, Inc. (LPHI) and subsidiaries	100
Liberty Real Holdings Corp. (LRHC)	100
Red Creek Properties, Inc.	100
Aurora Properties, Inc. (API)	70
Vesta Property Holdings, Inc.	70
Laguna Technopark, Inc.	61
CMPI Holdings, Inc.	60
ALI-CII Development Corporation	50
Roxas Land Corporation (RLC)	50
<i>Construction:</i>	
Makati Development Corporation	100
<i>Hotels:</i>	
Ayala Hotels, Inc. and subsidiaries	50
<i>Property Management:</i>	
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
Ayala Infrastructure Ventures, Inc	100

3. Receivables

Aging of Receivables (as of September 30, 2003; in Million Pesos)

	Up to 6 mos.	Over 6 mos. to One Year	Over One Year	Past Due	Total
Trade Receivables	1,435	603	4,846	444	7,327
Non-Trade Receivables	1,128	926	942	4	3,000
Total	2,563	1,529	5,788	448	10,327

4. Loans Payable and Long-Term Debt

Loans Payable (as of September 30, 2003; in Million Pesos)

<u>Borrower</u>	<u>Amount</u>
ALI	2,000.0
API	44.0
AGDC	143.0
CIHCI	30.0
LAIPI	20.0
LPHI	200.0
RLC	70.0
Total	2,507.0

Long-Term Debt (as of September 30, 2003; in Million Pesos / US\$)

<u>Borrower</u>	<u>Current</u>		<u>Non-Current</u>		<u>Total</u>	
	<u>Peso *</u>	<u>US\$</u>	<u>Peso *</u>	<u>US\$</u>	<u>Peso *</u>	<u>US\$</u>
ALI (incl. bonds)	925.0		6,655.0		7,580.0	
AGDC			85.0		85.0	
CIHCI	62.6	1.14	62.6	1.14	125.1	2.28
	12.6		141.0		153.6	
LPHI	89.9		720.8		810.8	
LRHC			1,240.0		1,240.0	
MPVI	156.9	2.86	626.7	11.42	783.6	14.28
Total	1,247.0		9,531.1		10,778.1	

* *Peso equivalent of US\$ loans (when applicable);*

Exchange rate of P54.877/US\$ (PDS average for September 30, 2003)

Issuances, Repurchases and Repayments of Debt and Equity Securities

Issuances of Debt and Equity Securities / New Financing through Loans –
January – September 2003 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	2,850	bank loans/STCPs
CIHCI	80.0	bank loans
LPHI	5.4	bank loan
LRHC	800.0	bank loans
RLC	<u>75.0</u>	bank loan
Total	<u>3,810.4</u>	

Repayments of Debt and Equity Securities –
January – September 2003 (in Million Pesos)

<u>Borrower</u>	<u>Amount</u>	<u>Nature</u>
ALI	800.0	payment of loan
AGDC	97.5	amortization/payment on bank loan
CIHCI	62.6	amortization on US\$ loan *
LAIFI	10.0	payment of loan
LPHI	76.2	amortization on bank loan
MPVI	156.9	amortization on US\$ loan *
RLC	<u>230.0</u>	payment of bank loan
Total	<u>1,433.2</u>	

* Amounts converted into Pesos at P54.877/US\$ (PDS average for September 30, 2003)

5. 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.

6. Causes for any material changes (+/- 10% or more) in the financial statements

Income Statement items – 9M 2003 versus 9M 2002

21% increase in real estate revenues

Principally due to sales of new projects such as Ayala Hillside Estates, Plantazionne Verdana Homes, One Legazpi Park, The Residences at Greenbelt (Laguna Tower), The Columns, new mass housing projects; higher sales bookings at Ayala Westgrove Heights and One Roxas Triangle; lot sales at Madrigal Business Park and Laguna Technopark in 2003; and higher rental revenues from shopping centers given new spaces at Greenbelt 2 & 3 as well as escalation in basic rent.

91% increase in interest and other income

Mainly due to gain on sale of shares of a landholding company and higher interest income from installment sales of mass housing and core-mid residential projects.

30% increase in real estate cost and expenses

Mainly due to higher real estate revenues and change in revenue/product mix.

31% increase in general and administrative expenses

Primarily due to professional fees, higher payroll costs and ad & promo expenses; and additional expenses from new subsidiaries such as Ayala Land Sales, Inc. and Community Innovations, Inc.

110% increase in interest and other charges

Principally due to payment of unpaid balances in real estate property taxes (RPT), higher consolidated debt and higher effective interest rate.

36% decrease in provision for income tax

Basically due to lower taxable income as a result of the RPT payment.

295% increase in net earnings applicable to minority interest

Largely due to higher net income from Laguna Technopark, Inc.

Balance Sheet items – September 30, 2003 versus End-2002

15% increase in current portion of accounts and notes receivables

Primarily due to the increase in real estate sales.

20% decline in subdivision land for sale

Principally due to sale of residential, commercial and industrial lots in various projects.

10% increase in condominium and residential units for sale

Largely due to construction progress at new residential building projects such as One Legazpi Park, The Residences at Greenbelt (Laguna Tower) and The Columns.

43% increase in non-current accounts and notes receivables
Largely due to increase in installment sales at various projects.

16% increase in investments
Primarily due to the investment in Bonifacio Land Corp. and additional construction costs for Market! Market! and Greenbelt redevelopment.

32% increase in property and equipment
Mainly due to increase in equipment and fixtures of some subsidiaries.

36% increase in accounts payable and accrued expenses
Largely due to the declaration of special cash dividends.

29% increase in loans payable
Principally due to new short-term loan availments and issuance of STCPs.

302% increase in current portion of long-term debt
Largely due to reclass of maturing principal amortization of long-term debt.

56% increase in current portion of estimated liability for land and property development
Primarily due to new sales at existing and new projects.

11% increase in long-term debt (net of current portion)
Principally due to new long-term loan availments.

121% increase in non-current portion of estimated liability for land and property development
Primarily due to new sales at existing and new projects.

Cash Flow items – 9M 2003 versus 9M 2002

Higher outflow for investments
Primarily due to the investment in Bonifacio Land Corp. and additional construction costs for Market! Market! and Greenbelt redevelopment.

7. Segment information

YTD-SEPT 2003

(in million Pesos)	Land, Condo- minium and Resd'l Units	Rentals	Hotel Operations	Construction	Others	Total
Revenues	4,695	2,666	924	535	1,176	9,996
Operating expenses	3,889	613	820	409	464	6,194
Earnings before interest, taxes, depreciation and amort (EBITDA)	806	2,053	104	126	712	3,802
Depreciation and amortization	29	281	142	60	52	564
EBIT	777	1,772	(37)	66	660	3,238
Segment assets	32,879	14,354	4,425	1,315	13,221	66,193
Segment liabilities	12,999	2,227	3,162	1,042	12,719	32,149

YTD-SEPT 2002

(in million Pesos)	Land, Condo- minium and Resd'l Units	Rentals	Hotel Operations	Construction	Others	Total
Revenues	3,409	2,390	988	732	617	8,137
Operating expenses	2,499	678	682	619	282	4,760
Earnings before interest, taxes, depreciation and amort (EBITDA)	910	1,713	306	113	335	3,377
Depreciation and amortization	29	271	173	40	59	572
EBIT	881	1,441	133	73	276	2,805
Segment assets	29,898	13,557	5,014	1,525	12,004	61,999
Segment liabilities	8,009	1,943	3,777	1,237	12,138	27,105

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

Results of Operations for the Nine Months Ended September 30, 2003

Although the business environment continued to be difficult, the Company realized a 23% growth in consolidated revenues which amounted to P10.0 billion for the nine months ended September 30, 2003. Net income for the period was posted at P1.71 billion, 6% above last year's.

As in previous quarters, rental properties were the main revenue driver, generating P2.67 billion, representing 27% of consolidated revenues, up by 12% year-on-year. Of the total rental revenues, 83% came from shopping centers, 13% from office leasing and the balance of 4% from leased units at The Greenbelt Residences, One Roxas Triangle and some Makati lots.

Ayala Center, the largest contributor to rentals, maintained its high occupancy rate which averaged at 96% over the nine-month period. The soft opening of Greenbelt 4 in the fourth quarter should further augment rental revenues by year-end. Office leasing was fairly steady, with an average occupancy rate of 95% for ALI's buildings and with rental rates largely maintained.

Revenues from land sales grew by 33% year-on-year and contributed P1.7 billion or 17% to total revenues. Additional prime residential lots were put on the market at Ayala Westgrove Heights and Ayala Hillside Estates. Sixty-five lots at Phase 6 of Westgrove, launched in September, brought cumulative lot offering to 1,329 lots, 83% of which was taken up by the end of the third quarter. At Ayala Hillside Estates, 29 lots were offered for sale at Phase 2, 18 of which represents ALI's share of this joint venture development. Of the 73 ALI-owned lots in Phases 1 and 2 of Hillside, 93% have been taken up by end-September. Lot sales from other residential communities, Ayala Greenfield Estates, Paseo de Magallanes, Plantazionne Verdana Homes and Tamarind Cove, as well as from the Madrigal Business Park and Laguna Technopark, augmented land sales revenues.

Largely as a result of favorable market response to Ayala Land's residential condominium projects, the Company generated P1.4 billion in residential unit sales, representing 14% of total revenues. This translated to a 60% growth year-on-year, primarily coming from the newly-launched The Residences at Greenbelt (Laguna Tower), higher sales volume at One Roxas Triangle, as well as additional unit sales and incremental recognition of prior year's sales at One Legazpi Park and Ferndale Homes as construction progressed. At the end of September, newly launched The Residences at Greenbelt (Laguna Tower) and One Legazpi Park posted 55% and 93% take-up rates, respectively.

Revenues from mass housing arm Laguna Properties Holdings, Inc. (LPHI) contributed P1.2B or 12% to total revenues, 52% higher year-on-year. Booked units grew by 33% from 689 in the first nine months of 2002 to 914 units this year. Revenue growth outpaced the growth in unit bookings due to the sale of 7 high-value, commercial lots adjacent to LPHI's residential developments. New projects continued to enjoy

healthy take-up rates. One Aeropolis, LPHI's first venture into condominium development, in Parañaque was 71% taken up by the end of the third quarter. Take-up rates at Sta. Catalina Village in Cavite and Villa/Hacienda Sta. Monica in Batangas were 83% and 72%, respectively.

The core-middle income residential segment, through Community Innovations, Inc. (CII), contributed P417 million or 4% to total revenues. With Verdana Homes nearly fully sold, CII focused on the sale of The Columns, its three-tower development located along Gil Puyat Avenue in Makati. At the end of the third quarter, the first tower which was launched in November posted a 94% take-up rate, while the second tower, launched only last March, was already 76% taken up. Given encouraging market response, CII is launching the third tower in the next few weeks. Each tower consists of 284 units.

Low tourist arrivals and bookings kept hotel room rates and occupancy levels low. Ayala Land's hotel portfolio generated P924 million in revenues, about 9% of total. Hotel InterContinental Manila and Oakwood Premier Ayala Center were 62% and 69% occupied, respectively, compared to MCBBD's average of 64%. Cebu City Marriott Hotel posted an occupancy rate of 74%, higher than the 63% average occupancy of comparable hotels in Cebu.

Revenues from construction projects of wholly-owned Makati Development Corporation totaled P535 million, or 5% of consolidated revenues. This is 27% lower year-on-year as the dearth of new projects in the construction business restricted growth.

Financial Condition

A solid financial position allowed the Company to launch new projects, as well as pursue expansion plans and new strategic investments.

As of end-September, Ayala Land's total assets stood at P65.9 billion, 6% higher compared to its end-2002 level, primarily due to the acquisition of a controlling stake in Bonifacio Land Corporation. Meanwhile stockholders' equity was at P34.0 billion, lower by 4% primarily due to the P0.26 per share special cash dividend declared in the third quarter in line with the Company's strategy to reduce its capital base in tandem with an ongoing asset rationalization program.

The Company remained comfortably liquid, with cash reserves of about P5.2 billion and a current ratio of 1.41:1.

Total bank debt stood at P13.3 billion, resulting in bank debt-to-equity and net debt-to-equity ratios of 0.39:1 and 0.24:1, respectively. In the coming months, the Company will issue P2.0 billion bonds, the proceeds of which will be used to finance various capital expenditures and maturing obligations. While this bond issue will slightly increase gearing, the Company remains highly solvent.

During the nine-month period, the Company disbursed P4.1 billion or 52% of the P7.9 billion projects and capital expenditures earmarked for the year.

PART II - OTHER INFORMATION

Item 3. 3Q 2003 Developments

- A. New project or investments in another line of business or corporation** None.
- B. Composition of Board of Directors**
- | | |
|---------------------------------|---------------|
| Fernando Zobel de Ayala | Chairman |
| Jaime Augusto Zobel de Ayala II | Vice Chairman |
| Francisco H. Licuanan III | President |
| Mercedita S. Nollo | Director |
| Delfin L. Lazaro | Director |
| Leandro Y. Locsin, Jr. | Director |
| Ramon R. del Rosario, Jr. | Director |
| Aurelio R. Montinola III | Director |
| Nieves R. Confesor | Director |
- C. Performance of the corporation or result/progress of operations** Please see unaudited consolidated financial statements.
- D. Declaration of dividends** P0.26 /share special cash dividend
Declaration date: August 27, 2003
Record date: September 26, 2003
Payment date: October 22, 2003
- 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, 2003, stock options outstanding are as follows:
- | | |
|-------|-------------------------|
| ESOP | 135,796,544 shares |
| ESOWN | <u>1,757,600 shares</u> |
| | 137,554,144 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**
- In September 2003, ALI's Board of Directors approved the issuance of bonds with an aggregate face value of P2.0 billion. The Company's Board of Directors also approved the issuance of 63.375 million new ALI common shares to Ayala Corporation (AC), in exchange for AC's conveyance to ALI of a 2,340-sqm lot (former site of the Ayala Museum) located at Greenbelt in Makati City
- In the same month, ALI confirmed that Mr. Jaime I Ayala will be joining the Company in January 2004 as Executive Vice President and the intention is to appoint him as the successor of Mr. Francisco H. Licuanan III as President of ALI by mid-2004.

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

Item 4. Other Notes to 9M 2003 Operations and Financials

- J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents**
- Please see Notes to Financial Statements (Item #6).
- K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period**
- With the adoption of SFAS 38/IAS 38 (Intangible Assets) beginning 2003, pre-operating expenses as of December 31, 2002 applicable to group companies, amounting to a total of P82 million, have been charged against unappropriated retained earnings at the beginning of 2003.
- 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**
- Planned issuance of bonds with an aggregate face value of P2.0 billion
 - Planned issuance of 63.375 million new ALI common shares to Ayala Corporation (AC), in exchange for AC's conveyance to ALI of a 2,340-sqm lot (former Ayala Museum site)

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|---|---|
| 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 | In June 2003, Ayala Land and its subsidiaries paid a total of P450M to the Makati City government representing full payment of unpaid balances in real property taxes up to December 31, 2002. |
| Q. Material commitments for capital expenditures, general purpose and expected sources of funds | For 2003, Ayala Land is budgeting P7.9 billion for project and capital expenditures. This will be financed through a combination of internally-generated funds, borrowings and pre-selling. For January to September 2003, the Company disbursed 52% of the full year budget. |
| R. 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. Concerns about job security and possible rise in interest rates are factors which may affect the performance of the real estate industry, including the Company. |
| S. Significant elements of income or loss that did not arise from continuing operations | None. |
| T. 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 #6). |
| U. Seasonal aspects that had material effect on the financial condition or | ALI's rental portfolio generates a fairly stable stream of revenues throughout the year, with higher |

results of operations

sales experienced in the fourth quarter from retail rental properties due to holiday spending in malls.

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.

**V. Disclosures not made under SEC
Form 17-C**

None.

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:

Jaime E. Ysmael
Senior Vice President & Chief Finance Officer

Date: November 10, 2003