

COVER SHEET

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

Contact Person

848-5643

Company Telephone Number

0	9	3	0
Month		Day	
Fiscal Year			

1 7 - Q

Secondary License Type, if Applicable

Month		Day	
Annual Meeting			

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

7	8	4	4
Total No. Of Stockholders			

Total Amount of Borrowings									
Domestic					Foreign				

To be accomplished by SEC Personnel concerned

File Number

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Cashier

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SEC No. _____
File No. _____

AYALA CORPORATION

(Company's Full Name)

**Tower One, Ayala Triangle
Ayala Avenue, Makati City**

(Company's Address)

848-56-43

(Telephone Number)

September 30, 2009

(Quarter Ending)
(Month & Day)

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 (SRC) AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2009**
2. SEC Identification No.: **34218**
3. BIR Tax Identification No. **000-153-610-000**
4. Exact name of the registrant as specified in its charter: **AYALA CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: **34th Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City**
Postal Code: **1226**
8. Registrant's telephone number: **(632) 848-5643**
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:

Title of each class	Number of shares outstanding
Preferred A	12,000,000
Preferred B	58,000,000
Common*	498,797,788

*Net of 1,378,044 treasury shares

Amount of debt outstanding as of September 30, 2009: **P58.1 billion**

11. Are any of these securities listed on the Philippine Stock Exchange? Yes [] No []

A total of 495,150,872 Common shares, 12,000,000 Preferred "A" shares and 58,000,000 Preferred "B" shares are listed with the Philippine Stock Exchange as of December 31, 2008, excluding: i) the 3,048,335 Common shares allotted for the stock option/ownership plans of the Company, the listing of which was approved in principle by the PSE; ii) the re-issuance of Treasury Shares of 150,296 Common shares; iii) the 333 Common shares representing the underlying shares for the conversion of Preferred Shares; iv) the issuance of 958 Common shares to the minority holders of PF Prime Properties, Inc. pursuant to its merger into the Company and which was approved and licensed by the SEC; and v) the 1,367,000 Common shares bought under the Share Buyback Program of the Company which were previously listed with the PSE.

12. Check 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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SIGNATURES

PART I – FINANCIAL INFORMATION
Item I - Financial Statements



AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of September 30, 2009 and December 31, 2008
(Amounts in Thousands)

	September 2009 (Unaudited)	December 2008 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	46,201,105	42,885,792
Short-term investments (Note 5)	164,728	1,008,924
Accounts and notes receivable - net (Note 6)	27,090,874	23,284,010
Inventories (Note 7)	9,070,929	10,011,355
Other current assets	5,895,408	7,090,394
Total Current Assets	88,423,044	84,280,475
Noncurrent Assets		
Noncurrent accounts and notes receivable	6,397,787	6,694,021
Land and improvements - net	17,905,492	15,756,894
Investments in associates and jointly controlled entities-net	70,731,618	68,140,394
Investment in bonds and other securities (Note 9)	5,011,858	3,064,502
Investment properties - net	27,880,612	21,058,577
Property, plant and equipment - net	8,053,784	13,886,560
Deferred tax assets - net	1,293,984	1,132,847
Pension assets	116,268	117,388
Intangible assets - net	3,914,508	4,014,136
Other noncurrent assets	1,645,338	1,906,172
Total Noncurrent Assets	142,951,249	135,771,491
Total Assets	231,374,293	220,051,966
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 10)	26,826,800	27,483,536
Short-term debt (Note 11)	2,973,294	2,755,447
Income tax payable	555,405	214,697
Current portion of long-term debt	1,926,615	1,478,871
Other current liabilities (Note 12)	1,529,025	1,553,530
Total Current Liabilities	33,811,139	33,486,081
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 11)	53,198,477	50,250,151
Deferred tax liabilities	155,628	185,536
Pension liabilities	543,967	490,744
Other noncurrent liabilities (Note 12)	8,760,650	7,588,080
Total Noncurrent Liabilities	62,658,722	58,514,511
Total Liabilities	96,469,861	92,000,592
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 13)	37,412,681	37,251,714
Share-based payments	812,313	705,457
Cumulative translation adjustment	(1,346,751)	(968,778)
Retained earnings	65,444,744	61,604,466
Net unrealized gain/(loss) on available -for-sale financial assets	541,642	(631,127)
Parent Company preferred shares held by a subsidiary	(100,000)	(100,000)
Treasury stock	(550,540)	(550,540)
	102,214,089	97,311,192
Minority Interest	32,690,343	30,740,182
Total Equity	134,904,432	128,051,374
Total Liabilities and Equity	231,374,293	220,051,966

See accompanying Notes to Condensed Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Nine Months Ended September 30, 2009 and September 30, 2008
(In Thousand Pesos)

	2009		2008	
	July to Sept.	Jan. to Sept.	July to Sept.	Jan. to Sept.
INCOME				
Sales and Services	17,027,033	45,871,831	16,565,346	46,505,956
Equity in net earnings of associates and jointly controlled entities	1,403,799	5,737,501	1,449,400	5,835,354
Interest income	633,438	1,940,493	522,675	1,346,733
Other income	894,481	1,835,359	229,835	4,324,550
	19,958,751	55,385,184	18,767,256	58,012,593
COSTS AND EXPENSES				
Cost of sales and services	13,723,569	36,535,172	13,278,918	36,356,099
General and administrative	2,115,420	6,578,646	1,981,320	6,218,792
Interest and other financing charges	935,987	3,224,144	846,869	4,071,928
Other charges	246,310	246,310	-	-
	17,021,286	46,584,272	16,107,107	46,646,819
INCOME BEFORE INCOME TAX	2,937,465	8,800,912	2,660,149	11,365,774
Provision for income tax	436,827	1,289,138	537,568	1,693,542
NET INCOME	2,500,638	7,511,774	2,122,581	9,672,232
ATTRIBUTABLE TO:				
Equity holders of the parent	1,711,937	5,782,089	1,528,203	7,782,739
Minority interest	788,701	1,729,685	594,378	1,889,493
	2,500,638	7,511,774	2,122,581	9,672,232
EARNINGS PER SHARE (Note 14)				
Basic		9.73		14.84
Diluted		9.70		14.78

See accompanying Notes to Condensed Consolidated Financial Statements.



AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Periods Ended September 30, 2009 and 2008
(Amounts in thousands)

	2009		2008	
	July to September	January to September	July to September	January to September 66,326
NET INCOME FOR THE PERIOD	2,500,638	7,511,774	2,122,581	9,672,232
Other comprehensive income:				
Exchange differences arising from translations of foreign investments	(484,756)	(214,379)	919,835	2,374,580
Changes in fair value of available-for-sale investment in equity securities	52,844	803,719	(41,408)	(604,554)
Share of other comprehensive income of associates:				
Exchange differences arising from translations of foreign investments	620	(203,658)	66,326	(26,096)
Changes in fair value of available-for-sale investment in equity securities	192,644	257,356	322,170	(1,647,678)
Other comprehensive income for the period	(238,648)	643,038	1,266,923	96,252
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,261,990	8,154,812	3,389,504	9,768,484
Total comprehensive income attributable to:				
Equity holders of the parent	1,616,128	6,576,885	2,666,878	7,596,083
Minority interest	645,862	1,577,927	645,344	2,172,401
	2,261,990	8,154,812	3,312,222	9,768,484

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of September 30, 2009 and 2008
(Amounts in thousands)

	Paid-up Capital	Share-based Payments	Cumulative Translation Adjustments	Retained Earnings	Net Unrealized gain on Available for Sale Financial Assets	Parent Company Preferred Shares Held by a Subsidiary	Treasury Stock	Minority Interest	Total Equity
At January 1, 2009 as previously reported	37,251,714	705,457	(968,778)	61,604,466	(631,127)	(100,000)	(550,540)	30,740,182	128,051,374
Additions to subscriptions receivable	(173,145)	-	-	-	-	-	-	-	(173,145)
Exercise of ESOP/ESOWN	334,112	-	-	-	-	-	-	-	334,112
Cost of share-based payments of investees	-	106,856	-	-	-	-	-	-	106,856
Increase during the period	-	-	-	-	-	-	-	372,234	372,234
Dividends on common shares	-	-	-	(997,596)	-	-	-	-	(997,596)
Dividends on preferred shares	-	-	-	(944,215)	-	-	-	-	(944,215)
Total comprehensive income for the year	-	-	(377,973)	5,782,089	1,172,769	-	-	1,577,927	8,154,812
Balances of September 30, 2009	37,412,681	812,313	(1,346,751)	65,444,744	541,642	(100,000)	(550,540)	32,690,343	134,904,432
At December 31, 2007	26,855,394	603,949	(2,374,361)	60,461,246	1,712,016	-	(159,693)	27,609,387	114,707,938
Effect of adoption of Philippine Interpretation IFRIC 12, Service Concession Arrangements	-	-	-	(288,626)	-	-	-	-	(288,626)
At January 1, 2008, as restated	26,855,394	603,949	(2,374,361)	60,172,620	1,712,016	-	(159,693)	27,609,387	114,419,312
Additions to subscriptions receivable	(209,447)	-	-	-	-	-	-	-	(209,447)
Exercise of ESOP/ESOWN	366,958	-	-	-	-	-	-	-	366,958
Issuance of shares	556	-	-	-	-	-	-	-	556
Cost of share-based payments of Ayala Corporation	-	354	-	-	-	-	-	-	354
Cost of share-based payments of investees	-	50,963	-	-	-	-	-	-	50,963
Decrease during the period	-	-	-	-	-	-	-	(123,097)	(123,097)
Acquisition of treasury shares	-	-	-	-	-	-	(390,847)	-	(390,847)
Dividends on common shares	-	-	-	(995,516)	-	-	-	-	(995,516)
Dividends on preferred shares	-	-	-	(411,414)	-	-	-	-	(411,414)
Stock dividends	4,138,716	-	-	(4,138,716)	-	-	-	-	-
Total comprehensive income for the year	-	-	2,068,032	7,782,739	(2,254,687)	-	-	2,172,400	9,768,484
At September 30, 2008	31,152,177	655,266	(306,329)	62,409,713	(542,671)	-	(550,540)	29,658,690	122,476,306

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2009 and 2008
(In Thousand Pesos)

September 30, 2009 September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	8,800,912	11,365,774
Adjustments for:		
Interest and other financing charges	3,224,144	4,071,928
Depreciation and amortization	2,281,466	1,773,078
Cost of share-based payments	106,856	131,789
Equity in net earnings of associates and joint ventures	(5,737,501)	(5,835,354)
Other investment income	(269,780)	(390,239)
Gain on sale of assets	(456,343)	(3,481,801)
Interest income	(1,940,493)	(1,346,733)
Operating income before changes in working capital	6,009,262	6,288,442
Decrease (increase) in:		
Accounts and notes receivable	(3,143,910)	(3,340,008)
Inventories	940,426	(1,313,924)
Other current assets	1,194,986	(3,017,464)
Increase (decrease) in:		
Accounts payable and accrued expenses	386,341	6,028,137
Net pension liabilities	54,343	79,219
Other current liabilities	(24,505)	37,138
Cash generated from operations	5,416,943	4,761,540
Interest received	1,687,768	1,401,372
Interest paid	(3,406,454)	(4,476,804)
Income tax paid	(1,139,475)	(2,021,011)
Total cash provided by (used in) operating activities	2,558,782	(334,903)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sale of investments	2,788,547	5,521,847
Disposal of property, plant and equipment	5,152,039	117,695
Maturities of (additions to) short-term investments	844,196	2,326,145
Additions to:		
Investments	(14,397,600)	(4,624,557)
Property, plant and equipment	(929,771)	(3,058,266)
Dividends received from associates and jointly controlled entities	4,573,306	8,263,033
Decrease (increase) in other noncurrent assets	360,462	(1,040,018)
Net cash provided by investing activities associated with noncurrent assets held for sale, including cash balance	0	0
Net cash provided by (used in) investing activities	(1,608,821)	7,505,879
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Short-term and long-term debt	11,900,270	11,299,981
Issuance of common shares	90,701	303,655
Collections of (additions to) subscription receivable	70,266	(209,447)
Payment of short-term and long-term debt	(8,286,352)	(8,376,375)
Dividends paid	(3,025,755)	(2,563,753)
Redemption of preferred shares	0	0
Acquisition of treasury shares	(0)	(390,847)
Increase (decrease) in:		
Other noncurrent liabilities	1,172,569	1,033,914
Minority interest in consolidated subsidiaries	443,654	143,197
Net cash provided by (used in) financing activities	2,365,353	1,240,325
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,315,313	8,411,300
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,885,792	36,835,549
CASH AND CASH EQUIVALENTS AT END OF PERIOD	46,201,105	45,246,849

AYALA CORPORATION AND SUBSIDIARIES NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2008 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2008.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements include the accounts of Ayala Corporation (herein referred to as "the Company") and its subsidiaries collectively referred to as "Group."

The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), and all values are rounded to the nearest thousands except when otherwise indicated.

On 12 November 2009, the Audit Committee approved and authorized the release of the accompanying unaudited condensed financial statements of Ayala Corporation and Subsidiaries.

2. Significant Accounting Policies

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2008, except for new Standards and Interpretations effective January 1, 2009.

PFRS 1, First-time Adoption of Philippine Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amended PFRS 1 allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: a) cost determined in accordance with PAS 27; b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.

Amendments to PFRS 2, Share-based Payment - Vesting Condition and Cancellations

This Standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. It further requires nonvesting conditions to be treated in a similar fashion to market conditions. Failure to satisfy a nonvesting condition that is within the control of either the entity or the counterparty is accounted for as a cancellation. However, failure to satisfy a nonvesting condition that is beyond the control of either party does not give rise to a cancellation.

PFRS 8, Operating Segments

PFRS 8 will replace PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated balance sheet and consolidated statement of income and the Group will provide explanations and reconciliations of the differences.

This standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its financial statements with a securities commission or similar party. The Group will apply PFRS 8 in 2009 and will assess the impact of this Standard on its current manner of reporting segment information.

Amendments to PAS 1, Presentation of Financial Statements

This Amendment introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. This Amendment also requires additional requirements in the presentation of the balance sheet and owner's equity as well as additional disclosures to be included in the financial statements. Adoption of this Amendment will not have significant impact on the Group except for the presentation of a statement of comprehensive income and additional disclosures to be included in the consolidated financial statements.

Amendments to PAS 23, Borrowing Costs

The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Amendments to PAS 27, Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to PAS 27 will be effective on January 1, 2009 which has changes in respect of the holding companies' separate financial statements including (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is any indicator of impairment.

Amendment to PAS 32, Financial Instruments: Presentation and PAS 1, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) Instrument entitles the holder to require the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro rata share of the entity's net assets, (b) Instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation, (c) Instruments in the subordinate class have identical features; (d) The instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro rata share of the entity's net assets; and (e) Total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*

This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or expire.

Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*

This Interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Improvements to PFRS

In May 2008, the International Accounting Standards Board issued its first omnibus of amendments to certain standards, primarily with a view to removing inconsistencies and clarifying wording. These are the separate transitional provisions for each standard:

- **PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations***
When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a noncontrolling interest in the subsidiary after the sale.
- **PAS 1, *Presentation of Financial Statements***
Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet.
- **PAS 16, *Property, Plant and Equipment***
This amendment replaces the term 'net selling price' with 'fair value less costs to sell', to be consistent with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* and PAS 36, *Impairment of Assets*.

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds of such sales are subsequently shown as revenue. Cash payments on initial recognition of such items, the cash receipts from rents and subsequent sales are all shown as cash flows from operating activities.

- **PAS 19, *Employee Benefits***
Revises the definition of 'past service costs' to include reduction in benefits related to past services ('negative past service costs') and to exclude reduction in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment.

It revises the definition of 'return on plan assets' to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.

Revises the definition of 'short-term' and 'other long-term' employee benefits to focus on the point in time at which the liability is due to be settled and it deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

- *PAS 23, Borrowing Costs*
Revises the definition of borrowing costs to consolidate the types of items that are considered components of 'borrowing costs', i.e., components of the interest expense calculated using the effective interest rate method.
- *PAS 28, Investments in Associates*
If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

- *PAS 29, Financial Reporting in Hyperinflationary Economies*
Revises the reference to the exception that assets and liabilities should be measured at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list.
- *PAS 31, Interests in Joint Ventures*
If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- *PAS 36, Impairment of Assets*
When discounted cash flows are used to estimate 'fair value less costs to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- *PAS 38, Intangible Assets*
Expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the services. Advertising and promotional activities now specifically include mail order catalogues.

It deletes references to there being rarely, if ever, persuasive evidence to support an amortization method for finite life intangible assets that results in a lower amount of accumulated amortization than under the straight-line method, thereby effectively allowing the use of the unit-of-production method.

- *PAS 39, Financial Instruments: Recognition and Measurement*
Changes in circumstances relating to derivatives, specifically derivatives designated or de-designated as hedging instruments after initial recognition are not reclassifications.

When financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of PFRS 4, *Insurance Contracts*, this is a change in circumstance, not a reclassification.

It removes the reference to a 'segment' when determining whether an instrument qualifies as a hedge.

It requires use of the revised effective interest rate (rather than the original effective interest rate) when re-measuring a debt instrument on the cessation of fair value hedge accounting.

- PAS 40, *Investment Properties*
It revises the scope (and the scope of PAS 16) to include property that is being constructed or developed for future use as an investment property.

Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

- PAS 41, *Agriculture*
It removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.

It removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Instead, cash flows that are expected to be generated in the 'most relevant market' are taken into account.

3. Principles of Consolidation

The unaudited condensed consolidated financial statements included the financial statements of the Company and the following wholly and majority owned domestic and foreign subsidiaries:

	Effective Percentages of Ownership	
	30-Sep-09	31-Dec-08
Real Estate and Hotels:		
Ayala Land, Inc. (ALI) and subsidiaries	53.4	53.5
Ayala Hotels, Inc. (AHI) and subsidiaries	76.7	76.8
Electronics, Information Technology and Business Process Outsourcing Services:		
Azalea Technology Investments, Inc. and subsidiaries (Azalea Technology)	100.0	100.0
Azalea International Venture Partners, Limited (AIVPL) (British Virgin Islands Company)	100.0	100.0
LiveIT Investments, Ltd. (LIL) and subsidiaries	100.0	100.0
Technopark Land, Inc.	78.8	78.8
Integrated Microelectronics, Inc. (IMI) and subsidiaries**	67.8	67.8
Automotive:		
Ayala Automotive Holdings Corporation (AAHC) and subsidiaries	100.0	100.0
International and Others:		
Bestfull Holdings Limited (incorporated in HongKong) and subsidiaries (BHL Group)	100.0	100.0
AC International Finance Limited (ACIFL) and subsidiary (Cayman island Company)	100.0	100.0
AYC Finance Ltd. (AYC) (British Virgin Islands Company)	100.0	100.0
Michigan Holdings, Inc. and subsidiary	100.0	100.0
Ayala Aviation Corporation	100.0	100.0
Darong Agricultural and Development Corporation	100.0	100.0

*The Company owns 75.36% of the total common and preferred shares of ALI.

** a subsidiary of ACIFL through AYC Holdings, Ltd.

4. Cash and Cash Equivalents (in Thousand Pesos):

	September 2009	December 2008
Cash on hand and in banks	4,158,407	3,772,560
Cash equivalents	42,042,699	39,113,232
	46,201,106	42,885,792

Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rates.

5. Short-term Investments (in Thousand Pesos):

	September 2009	December 2008
Money market placements	164,728	1,008,924

Money market placements are short-term investments made for varying periods of more than three months and up to six months and earn interest at the respective short-term investment rates.

6. Accounts and Notes Receivable (in Thousand Pesos):

	September 2009	December 2008
Trade:		
Real estate	11,726,304	10,565,254
Electronics manufacturing	4,115,688	3,152,168
Automotive	969,896	665,670
Information technology & business process outsourcing	948,233	352,084
International and others	64,701	64,074
Related parties	8,510,815	8,441,996
Advances to contractors	2,477,232	2,496,665
Advances and others	5,249,258	4,701,009
	34,062,127	30,438,920
Less allowance for doubtful accounts	573,466	460,889
	33,488,661	29,978,031
Less noncurrent portion	6,397,787	6,694,021
	27,090,874	23,284,010

7. Inventories (in Thousand Pesos):

	September 2009	December 2008
Real estate inventories:		
Subdivision for sale	3,908,150	3,765,577
Condominium and commercial units for sale	3,119,627	3,962,295
Materials, supplies and others - at NRV (cost of P1,300,638 in 2009 and P1,650,194 in 2008)	1,002,799	1,296,231
Vehicles - at cost	387,359	265,478
Work in process - at cost	390,657	344,240
Finished Goods - at cost	165,623	268,958
Parts and accessories - at NRV (cost of P123,434 in 2009 and P135,296 in 2008)	96,714	108,576
	9,070,929	10,011,355

8. Investments in Associates and Jointly Controlled Entities

Investments in associates and joint ventures are accounted for under the equity method of accounting. Major associates and joint ventures and the related percentages of ownership as of September 30, 2009 are as follows:

	Percentage of Ownership			Carrying Amounts	
	30-Sep-09	31-Dec-08		30-Sep-09	31-Dec-08
	(In Millions)				
Domestic:					
Bank of the Philippine Islands and Subsidiaries (BPI)	33.5*	33.5**	P	29,287	28,533
Globe Telecom, Inc. and Subsidiaries (Globe) *	30.5	30.5		18,507	18,000
EGS Corporation*	50.0	50.0		2,916	3,346
Manila Water Company, Inc. (MWCI)*	31.7*	29.9**		4,151	3,188
Emerging City Holdings, Inc. *	50.0	50.0		3,014	2,823
Cebu Holdings, Inc. and Subsidiaries	47.2	47.2		2,031	1,940
North Triangle Depot Commercial Corporation	49.2	49.0		1,426	1,555
Berkshire Holdings, Inc. *	50.0	50.0		1,292	1,210
Philwater Holdings Company, Inc. *	60.0	60.0		1,342	1,193
Bonifacio Land Corporation	5.3	5.0		1,383	1,118
Asiacom Philippines, Inc. *	60.0	60.0		853	843
Alabang Commercial Corporation *	50.0	50.0		632	595
Foreign:					
Arch Asian Partners L.P.	19.2**	19.2**		959	959
Others	Various	Various		2,941	2,837
				70,732	68,140

* *Jointly controlled entities.*

** *Effective ownership interest of the Company.*

Below is BPI's balance sheet information (in Million Pesos):

	September 30, 2009	December 31, 2008
Total Resources	<u>664,954</u>	<u>666,612</u>
Total Liabilities	598,507	602,740
Capital Funds for Equity Holders	65,476	62,934
Minority Interest	971	938
Total Liabilities and Capital Funds	<u>664,954</u>	<u>666,612</u>

Below is BPI's income statement information (in Million Pesos Except EPS Figures):

	September 30, 2009	December 31, 2008
Interest Income	25,264	33,297
Other Income	9,517	10,321
Total Revenues	<u>34,780</u>	<u>43,618</u>
Operating expenses	13,958	18,312
Interest expense	9,198	13,834
Impairment losses	2,100	1,930
Provision for Income Tax	2,074	2,985
Total Expenses	<u>27,330</u>	<u>37,061</u>
Net Income for the period	<u>7,450</u>	<u>6,557</u>
Attributable to:		
Equity holders of BPI	7,325	6,423
Minority Interest	125	134
	<u>7,450</u>	<u>6,557</u>
EPS:	2.26	1.98

Based on 3,246,597K common shares as of September 30, 2009 and 3,245,710K common shares as of December 31, 2008

Below is Globe's balance sheet information (in Million Pesos):

	September 30, 2009	December 31, 2008 (As restated)
Total Current Assets	18,792	17,921
Non-current Assets	109,752	101,830
Total Assets	<u>128,544</u>	<u>119,751</u>
Current Liabilities	33,077	33,728
Non-current Liabilities	43,845	35,931
Stockholders' Equity	51,623	50,092
Total Liabilities & Stockholders' Equity	<u>128,544</u>	<u>119,751</u>

Below is Globe's income statement information (in Million Pesos Except EPS Figures):

	September 30, 2009	December 31, 2008
Net Operating Revenues	47,890	64,818
Other Income	1,297	1,146
Total Revenues	<u>49,187</u>	<u>65,964</u>
Costs and Expenses	35,100	48,118
Provision for Income Tax	4,233	6,570
Total Expenses	<u>39,333</u>	<u>54,688</u>
Net Income	<u>9,855</u>	<u>11,276</u>
EPS:		
Basic	74.17	84.75
Diluted	73.94	84.61

As of September 30, 2009

 Basic based on 132,341K common shares

 Diluted based on 133,278K common shares

As of December 31, 2008

 Basic based on 132,337K common shares

 Diluted based on 133,273K common shares

Below is Manila Water's balance sheet information (in Million Pesos):

	September 30, 2009	December 31, 2008
Total Current Assets	10,535	8,595
Total Non-current Assets	29,900	27,774
Total Assets	<u>40,435</u>	<u>36,368</u>
Current Liabilities	4,495	4,231
Non-current Liabilities	19,642	17,680
Equity Holders	16,291	14,450
Minority Interest	8	8
Total Liabilities & Stockholders' Equity	<u>40,435</u>	<u>36,368</u>

Below is Manila Water's income statement information (in Million Pesos Except EPS Figures):

	September 30, 2009	December 31, 2008
Operating Revenues	7,035	8,831
Other Income (Expense)	<u>(437)</u>	<u>(179)</u>
Total Revenues	<u>6,598</u>	<u>8,652</u>
Costs and expenses	3,554	4,396
Provision for income tax	<u>772</u>	<u>1,469</u>
	<u>4,325</u>	<u>5,864</u>
Net Income	<u>2,273</u>	<u>2,788</u>
Attributable to:		
Equity holders of MWCI	2,279	2,788
Minority Interest	<u>(7)</u>	<u>-</u>
	<u>2,273</u>	<u>2,788</u>
EPS:		
Basic	0.93	1.13
Diluted	0.92	1.13

As of September 30, 2009

 Basic based on 2,028,143K common shares

 Diluted based on 2,031,943K common shares

As of December 31, 2008

 Basic based on 2,019,834K common shares

 Diluted based on 2,022,719K common shares

9. Investments in Bonds and Other Securities (in Thousand Pesos):

	September 2009	December 2008
AFS equity investments	4,811,858	3,064,502
Investments in loans and receivables	200,000	-
	5,011,858	3,064,502

10. Accounts Payable and Accrued Expenses (in Thousand Pesos):

	September 2009	December 2008
Accounts payable	14,806,201	15,671,340
Accrued expenses	7,523,835	6,998,095
Accrued project cost	3,001,691	2,022,903
Accrued personnel costs	436,669	505,772
Interest payable	282,044	398,207
Retention payable	211,582	317,945
Dividends payable	314,932	1,333,740
Related parties	210,024	192,372
Taxes payable	39,822	43,162
	26,826,800	27,483,536

Accounts payable and accrued expenses are noninterest-bearing and are normally settled on 15-to-60-day terms. Other payables are noninterest-bearing and are normally settled within one year.

11. Short-term Debt and Long-term Debt (in Thousand Pesos):

	September 2009	December 2008
Short-term debt:		
Philippine Peso with various interest rates	1,773,658	1,501,000
Foreign Currency with various interest rates	1,199,636	1,254,447
	2,973,294	2,755,447
Long-term debt:		
Company:		
Bank loans with various interest rates	6,990,000	6,990,000
Fixed Rate Corporate Notes (FXCNs)	11,492,500	10,662,500
Bonds, due 2012	6,000,000	6,000,000
Syndicated term loan	1,583,240	1,584,907
	26,065,740	25,237,407
Subsidiaries:		
Loans fr banks & other financial institutions:		
Foreign currency with various interest rates	11,897,460	10,985,557
Philippine Peso with various interest rates	10,161,892	7,819,128
Bonds:		
Due 2009	-	106,930
Due 2013	4,000,000	4,000,000
Fixed Rate Corporate Notes	3,000,000	3,580,000
	29,059,352	26,491,615
	55,125,092	51,729,022
Less current portion	1,926,615	1,478,871
	53,198,477	50,250,151

12. Other Current/Noncurrent Liabilities

Other Liabilities consists of deposits from commercial center tenants and sale of condominium/subdivision lots and long-term retention payables. A detailed breakdown is unavailable since the Company's consolidation process is based only on the various group companies' financial statements and not on their trial balances. Obtaining said details would involve an unreasonable effort and/or expense since the accounts' changes since the end of the most recent calendar year are not significant.

13. Equity

Details of the Company's paid-up capital (in Thousand Pesos):

Details of the Company's paid-up capital follow:

	Preferred Stock-A	Preferred Stock-B	Common Stock	Subscribed	Additional Paid in Capital	Subscriptions Receivable	Total Paid-up Capital
As of January 1, 2009	1,200,000	5,800,000	24,772,493	145,598	5,734,748	(401,125)	37,251,714
Exercise of ESOP/ESOWN	-	-	-	90,700	243,411	(173,145)	160,966
As of September 30, 2009	1,200,000	5,800,000	24,772,493	236,298	5,978,159	(574,270)	37,412,680
As of January 1, 2008	-	5,800,000	20,633,667	100,685	657,422	(336,380)	26,855,394
Exercise of ESOP/ESOWN	-	-	-	44,913	322,045	(209,447)	157,511
Stock dividends	-	-	4,138,716	-	-	-	4,138,716
Issuance of shares	-	-	111	-	445	-	556
As of September 30, 2008	-	5,800,000	24,772,494	145,598	979,912	(545,827)	31,152,177

Dividends

	Nine months ended September 30	
	2009	2008
	(In thousands, except dividends per share)	
Dividends to common shares		
Cash dividends declared during the period	997,596	995,516
Cash dividends per share	P2.00	P2.00
Stock dividends	-	4,138,716
Dividends to equity preferred declared during the period	944,214	411,414

14. The following table presents information necessary to calculate EPS:

	Nine months ended September 30	
	2009	2008
	(In thousands except EPS figures)	
Net income applicable to common	5,782,089	7,782,739
Less Dividends on Preferred stocks	(944,214)	(411,414)
Net Income Applicable to Common	4,837,875	7,371,325
Weighted average number of common shares	496,984	496,756
Dilutive shares arising from stock options	1,626	1,890
Adjusted weighted average number of common shares for diluted EPS	498,610	498,646
Basic EPS	9.73	14.84
Diluted EPS	9.70	14.78

15. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the primary segment reporting format is by business segment.

The industry segments where the Group operates are as follows:

- Real estate and hotels - planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential, leisure and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential condominiums and office buildings; development of industrial and business parks; development and sale of upper middle-income and affordable housing; strategic land bank management; hotel, cinema and theater operations; and construction and property management.
- Financial services and bancassurance - universal banking operations, including savings and time deposits in local and foreign currencies; commercial, consumer, mortgage and agribusiness loans; leasing; payment services, including card products, fund transfers, international trade settlement and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; fully integrated bancassurance operations, including life, non-life, pre-need and reinsurance services; internet banking; on-line stock trading; corporate finance and consulting services; foreign exchange and securities dealing; and safety deposit facilities.
- Telecommunications - provider of digital wireless communications services, wireline voice communication services, consumer broadband services, other wireline communication services, domestic and international long distance communication or carrier services and mobile commerce services.
- Electronics, information technology and business process outsourcing services - electronics manufacturing services provider for original equipment manufacturers in the computing, communications, consumer, automotive, industrial and medical electronics markets; venture capital for technology businesses and emerging markets; provision of value-added content for wireless services, on-line business-to-business and business-to-consumer services; electronic commerce; and technology infrastructure hardware and software sales and technology services; and onshore- and offshore-business process outsourcing services.
- Water utilities - contractor to manage, operate, repair, decommission, and refurbish all fixed and movable assets (except certain retained assets) required to provide water delivery services and sewerage services in the East Zone Service Area.
- Automotive - manufacture and sale of passenger cars and commercial vehicles.
- International - investments in overseas property companies and projects.
- Others - air-charter services, agri-business and others.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

The following tables present revenue and net income information regarding business segments for the nine months ended September 30, 2009 and 2008 and total assets and total liabilities for the business segments as of September 30, 2009 and December 31, 2008 :

September 2009	Parent Company	Real Estate and Hotels	Electronics, Information Technology and Business Process Outsourcing Services	International	Automotive and Others	CONSOLIDATED
Revenue						
Sales and Services	-	21,200,532	16,408,441	-	8,262,858	45,871,831
Equity in NE *	5,317,491	525,766	(480,626)	(343,890)	718,760	5,737,501
Interest Income	1,255,110	589,306	27,684	67,580	813	1,940,493
Other Income	784,082	392,542	391,241	119,031	148,463	1,835,359
Total revenue	7,356,683	22,708,146	16,346,740	(157,279)	9,130,894	55,385,184
Operating expenses	1,046,921	16,904,223	16,745,023	198,030	8,219,621	43,113,818
Operating profit	6,309,762	5,803,923	(398,283)	(355,309)	911,273	12,271,366
Interest & other financing charges	1,812,577	1,258,990	120,417	16,026	16,134	3,224,144
Other charges	-	246,310	-	-	-	246,310
Provision for income tax	176,094	950,635	163,133	(25,443)	24,719	1,289,138
Net Income	4,321,091	3,347,988	(681,833)	(345,892)	870,420	7,511,774
Net Income attributable to:						
Equity holders of Ayala Corporation	4,320,665	1,626,313	(696,423)	(336,142)	867,676	5,782,089
Minority Interests	426	1,721,675	14,590	(9,750)	2,744	1,729,685
	4,321,091	3,347,988	(681,833)	(345,892)	870,420	7,511,774
Other Information						
September 2009						
Segment assets	36,214,598	96,478,327	20,114,843	3,949,261	2,591,662	159,348,691
Investment in associated and jointly controlled entities	48,751,739	10,303,411	3,462,115	3,001,108	5,213,245	70,731,618
Deferred tax assets	-	1,207,559	50,009	-	36,416	1,293,984
Total Assets	84,966,337	107,989,297	23,626,967	6,950,369	7,841,323	231,374,293
Segment liabilities	38,244,255	47,877,207	8,578,513	520,867	1,093,391	96,314,233
Deferred tax liabilities	-	140,285	4,950	5,134	5,259	155,628
Total Liabilities	38,244,255	48,017,492	8,583,463	526,001	1,098,650	96,469,861

* Equity in net earnings of financial services, telecommunications and water utilities amounted to P2,312 million, P3,025 million and P728 million, respectively.

September 2008	Parent Company	Real Estate and Hotels	Electronics, Information Technology and Business Process Outsourcing Services	International	Automotive and Others	CONSOLIDATED
Revenue						
Sales and Services	-	22,025,251	16,457,202	-	8,023,503	46,505,956
Equity in NE *	4,641,810	645,941	5,736	(82,179)	624,046	5,835,354
Interest Income	770,481	474,329	36,673	64,008	1,242	1,346,733
Other Income	2,921,772	900,736	156,283	207,427	138,332	4,324,550
Total revenue	8,334,063	24,046,257	16,655,894	189,256	8,787,123	58,012,593
Operating expenses	922,634	17,689,053	15,827,318	193,331	7,942,555	42,574,891
Operating profit	7,411,429	6,357,204	828,576	(4,075)	844,568	15,437,702
Interest & other financing charges	1,658,197	757,981	1,625,702	2,573	27,475	4,071,928
Other charges	-	-	-	-	-	-
Provision for income tax	122,144	1,430,431	115,508	36	25,423	1,693,542
Net income	5,631,088	4,168,792	(912,634)	(6,684)	791,670	9,672,232
Net Income attributable to:						
Equity holders of Ayala Corporation	5,631,153	2,129,114	(760,201)	(7,053)	789,726	7,782,739
Minority Interests	(65)	2,039,678	(152,433)	369	1,944	1,889,493
	5,631,088	4,168,792	(912,634)	(6,684)	791,670	9,672,232
Other Information						
December 2008						
Segment assets	34,625,008	91,376,289	19,015,938	3,574,284	2,187,206	150,778,725
Investment in associated and jointly controlled entities	46,459,162	9,916,380	3,905,682	2,951,590	4,907,580	68,140,394
Deferred tax assets	-	1,042,066	54,546	-	36,235	1,132,847
Total Assets	81,084,170	102,334,735	22,976,166	6,525,874	7,131,021	220,051,966
Segment liabilities	37,606,170	45,022,006	7,747,380	536,718	902,782	91,815,056
Deferred tax liabilities	-	162,360	11,858	5,637	5,681	185,536
Total Liabilities	37,606,170	45,184,366	7,759,238	542,355	908,463	92,000,592

* Equity in net earnings of financial services, telecommunications and water utilities amounted to P1,787 million, P2,585 million and P558 million, respectively.

16. Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents, short-term investments and current receivables - Carrying amounts approximate fair values due to the relative short-term maturities of these investments.

Financial assets at FVPL - These are investments in government securities. Fair value is based on quoted prices.

Noncurrent trade and nontrade receivables - The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments.

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

AFS unquoted shares - The fair value of unquoted shares are not reasonably determinable due to the unpredictable nature or future cash flows and the lack of suitable methods of arriving at a reliable fair value.

HTM investments - The fair value of bonds is based on quoted market prices.

Liabilities - The fair values of accounts payable and accrued expenses and short-term debt approximate the carrying amounts due to the short-term nature of these transactions.

The fair value of noncurrent other financial liabilities (fixed rate and variable rate loans repriced on a semi-annual/annual basis and deposits) are estimated using the discounted cash flow methodology using the current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

Risk Management and Financial Instruments

General

In line with the corporate governance infrastructure of the Company, the Company has adopted a group-wide enterprise risk management framework in 2002. An Enterprise Risk Management Policy was approved by the Audit Committee (the Committee) in 2003 and subsequently revised and approved on February 14, 2008. The policy was designed primarily to enhance the risk management process and institutionalize a focused and disciplined approach to managing the Company's business risks. By understanding and managing risks, the Company provides greater certainty and confidence to its shareholders, employees, customers and for the communities where the Company operates.

The risk management framework encompasses the following:

- identification and assessment of business risks;
- development of risk management strategies;
- assessment, design and implementation of risk management capabilities;
- monitoring and evaluating the effectiveness of risk mitigation strategies and management performance; and,
- identification of areas and opportunities for improvement in the risk management process.

A Chief Risk Officer is the ultimate champion of enterprise wide risk management and oversees the entire risk management function and is responsible for overall continuity. Beginning 2008, under its expanded charter, the Committee will provide a more focused oversight role over the risk management function. A quarterly report on the risk portfolio of the Group and the related risk mitigation efforts and initiatives are provided to the Committee.

The Company's internal audit monitors the compliance with the Group's risk management policies in order to ensure that an effective control environment exists within the Group as a whole.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of financial assets at FVPL, AFS financial assets, HTM investments, bank loans, corporate notes and bonds. The financial debt instruments were issued primarily to raise financing for the Group's operations. The Group has various financial assets such as cash and cash equivalents, accounts and notes receivables and accounts payable and accrued expenses which arise directly from its operations.

The main purpose of the Group's financial instruments is to fund its operational and capital expenditures. The main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Group also enters into derivative transactions, the purpose of which is to manage the currency and interest rate risk arising from its financial instruments.

The Group's risk management policies are summarized below:

Interest Rate Risk

The Group's exposure to market risk for changes in Interest rates relates primarily to the Company's and its subsidiaries' long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Foreign Exchange Risk

The Group's foreign exchange risk results primarily from movements of the Philippine Peso (PHP) against the United States Dollar (USD). The Company may enter into foreign currency forwards and foreign currency swap contracts in order to hedge its USD obligations.

The table below summarizes the Group's exposure to foreign exchange risk as of September 30, 2009. Included in the table are the Group's monetary assets and liabilities at carrying amounts, categorized by currency.

	Sep-09	
	USD	Php Equivalent
	(In thousands)	
Assets		
Cash and cash equivalents	137,660	6,525,309
Accounts and notes receivables	164,031	7,773,447
Other current assets	9,922	470,227
Investment in bonds and other securities	27,040	1,283,297
Other noncurrent assets	5,136	243,750
Total assets	343,790	16,296,030
Liabilities		
Accounts payable and accrued expenses	32,136	1,523,951
Other current liabilities	111,294	5,301,693
Short-term debt	32,744	1,551,729
Long-term debt	170,367	8,073,696
Cumulative redeemable preferred shares	47	2,260
Other noncurrent liabilities	121	5,753
Total liabilities	346,710	16,459,083
Net foreign currency denominated assets	(2,919)	(163,053)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (in thousands).

	US\$ depreciates (appreciates)	Effect on profit before tax
September 2009	P1.00 (P1.00)	2,919.00 (2,919.00)

There is no other impact on the Group's equity other than those already affecting the net income.

Liquidity Risk

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both on-shore and off-shore.

Credit Risk

The Group's holding of cash and short-term investments exposes the Group to credit risk of the counterparty. Credit risk management involves dealing only with institutions for which credit limits have been established. The treasury policy sets credit limits for each counter party. Given the Group's diverse base of counterparties, it is not exposed to large concentration of credit risk.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Ayala Corporation's consolidated net income in the third quarter of 2009 rose by 13% versus the same period last year to P1.7 billion. This put net income in the first nine months of the year at P5.8 billion, 26% lower year-on-year, but 14% higher excluding gains from share sales realized last year. Combined equity earnings from core business units, Ayala Land, Inc. (ALI), Bank of the Philippine Islands (BPI), and Globe Telecom (Globe) grew by 16% during the quarter as their net incomes registered strong growth during the period. This was, however, offset by the mixed performance of units under AC Capital. Equity earnings in the nine month period ending September remained stable at P6.8 billion.

Ayala Corporation President and Chief Operating Officer, Mr. Fernando Zobel de Ayala, said "Our core business units remained resilient despite the difficult operating environment. With positive trends in the third quarter, we are optimistic about the continued growth trajectory of our businesses particularly as they tap new market segments and explore new geographies. We also continue to support their growth initiatives as part of a broader plan to constantly enhance and optimize value from our portfolio."

Ayala recently announced it increased its stake in Manila Water to 43.3% from 31.7% as it signed a Sale and Purchase Agreement with United Utilities, Inc. to acquire the latter's 11.6% interest in the water company. The move is viewed value accretive given the growth potential of Manila Water as it looks to expand beyond its concession area.

Ayala has also continued to actively invest in the business process outsourcing (BPO) space. Recently, it announced the merger of its contact center investment, eTelecare Global Solutions, with US based Stream Global Services, Inc., a leading global call center company. This combination creates one of the five largest global call center companies, with approximately 30,000 employees in more than 50 sites in 22 countries worldwide, and revenues of approximately \$800 million. Livelt, Ayala's holding company for its BPO investments, has a 25.5% ownership in the combined entity. Subsequently, Ayala's knowledge process outsourcing (KPO) unit, Integreon, announced the acquisition of Grail Research, the captive Strategic Research and Decision Support unit of the Monitor Group, one of the world's leading management consulting companies, who will enter into a 5 year contract to buy research services from Integreon. The acquisition accelerates the expansion of Integreon's business intelligence, research and analytics business into high-end, custom market research, and strengthens Integreon's position as one of the leading integrated KPO companies globally. Grail is headquartered in Cambridge, Massachusetts and has 200 employees in the US, India, China and South Africa.

These transactions are part of Ayala's strategy to invest in global BPO companies that are in the top 5 in their respective sectors worldwide, and can leverage the Philippines' competitive advantages. In the third quarter, the combined revenues of Ayala's BPO companies, excluding Stream and Grail, grew by 6% to \$93.5 million versus the second quarter, and their combined EBITDA grew by over 20% to \$8.7 million, as they continued to recover from the impact of the global recession. Ayala's share of their net loss for the first three quarters of 2009 was P648 million, which includes P439 million in merger and acquisition related transaction costs, amortization of intangibles, and interest expense.

Ayala's core business units continued to achieve robust earnings growth, offsetting losses in its international real estate unit, AG Holdings. The latter booked a net loss of P336 million for the nine month period due to provisions for several projects in the US, given the persistent weakness in the U.S. property market.

BPI's net income in the first nine months of the year grew by 38% to P7.3 billion with revenues up 16%. An increase in the bank's average asset base coupled with a 13-basis point improvement in spreads contributed to the growth in net interest income, while the declining interest rate environment allowed the bank to realize trading gains from the sale of part of its securities inventory. Business remained brisk, with average loans up 8% driven mainly by its middle market and consumer clients.

Globe's net income rose by 12% to P9.9 billion with core earnings stable at P9.4 billion year-to-date September. Revenue growth was underpinned by its consumer broadband business, which increased by 69% year-on-year with a significant expansion in subscriber base. Globe's broadband subscribers nearly tripled versus last year to over 500,000, while its wireless mobile subscriber base contracted to 23.1 million at the end of the period. Globe continues to invest in network expansion to improve service delivery to consumer, allow better reach, and enhance network quality. It recently declared a special cash dividend of P50 per share, equivalent to a pay-out of 134% or a yield of 14%.

In the meantime, trends in its real estate unit Ayala Land, Inc. were encouraging with net income up 9% quarter-on-quarter and 12% year-on-year in the third quarter coming from two consecutive quarters of decline. ALI's earnings in the first nine months, however, were still lower than prior year by 24% at P2.9 billion. Aggregate residential bookings continued to improve across all brands, indicative of a convincing reversal from its bottom early this year. In the meantime, overall leased-out rates in Ayala Malls improved to 95% while its office business completed a significant expansion in its BPO portfolio which saw its average leased-out rate dip to 64% due to the influx of new office space in the third quarter. ALI shares the optimism in the medium to long term growth potential of the BPO sector in tandem with the recovery in the global economy and the compelling trend for global offshoring and outsourcing.

The gradual recovery in the electronics sector improved the performance of its electronics manufacturing unit, Integrated Microelectronics, Inc. (IMI). The company posted a turnaround with net income of P170 million, a reversal of the net loss incurred last year. Revenues on a year-to-date basis, however, remained below last year's levels due to softer global demand for electronics. The third quarter saw notable improvements in revenues and margins compared to the first half of the year. The company recently obtained approval from the Securities and Exchange Commission for a Listing by way of introduction of its shares in the Philippine Stock Exchange and is currently awaiting approval from the stock exchange.

Ayala's water unit, Manila Water Co. grew net income by 14% to P2.3 billion in the first nine months on the back of a 6% increase in core revenues and better operating and tax efficiencies. The increase in the company's customer base from the expansion areas helped boost year-to-date sales. Non-revenue water also continued to drop to 15.4% year-to-date. Last September, the company assumed full control of operations of its subsidiary Laguna Water, making significant headway in its domestic expansion outside the East Zone.

Ayala Corporation ended the period with cash at the holding company level of P26 billion and net debt to equity of 0.09 to 1.

Key Performance indicators:

For the balance sheet items (current ratio and debt to equity ratios), the company aims to maintain for its current ratio not to be lower than 0.5:1 and for its debt to equity ratio not to exceed 3:1. The company and its subsidiaries' ratios are considered better than these levels as a result of prudent debt management policies.

The key performance indicators (consolidated figures) that the Company monitors are the following:

	<u>YTD September 30, 2009</u>	<u>YTD September 30, 2008</u>
Revenue	55,385 million	58,013 million
Net income	5,782 million	7,783 million
Basic earnings per share 1/	9.73	14.84
	<u>As of September 30, 2009</u>	<u>As of September 30, 2008</u>
Current Ratio 2/	2.62	2.26
Debt-to-Equity Ratio 3/	0.57	0.57

1/ *Net income applicable to common shareholders / weighted average number of common shares*

2/ *Current assets / current liabilities*

3/ *Short-term debt, current & non-current long-term debt / equity attributable to equity holders of the parent*

- 2.1 Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The company does not expect any liquidity problems and is not in default of any financial obligations.

- 2.2 Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:
None
- 2.3 Any 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
- 2.4 Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

For year 2009, Ayala Land's consolidated budget for project and capital expenditures amount to P17.4 billion. About 50% is earmarked for residential developments, 17% for strategic landbank management, 13% for shopping centers, and the balance for corporate business, Visayas-Mindanao, and support businesses. This will be financed through a combination of internally-generated funds, borrowings, pre-selling and with proceeds from sale of accounts receivable.

For the first nine months of 2009, consolidated project and capital expenditures amounted to P10.7 billion, or 61% of the P17.4 billion budget for the whole year. About 68% was spent for residential projects, 7% for geographic businesses, 9% for corporate business, 12% for shopping centers and 4% for strategic landbank management.

- 2.5 Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

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.

- 2.6 Any significant elements of income or loss that did not arise from the registrant's continuing operations
None

- 2.7 **Causes for any material changes
(Increase or decrease of 5% or more in the financial statements)**

Balance Sheet items (September 30, 2009 Vs December 31, 2008)

Cash and cash equivalents – 8% increase from P42,886mln to P46,201mln

Dividends received net of dividends paid, proceeds from new loans availed and disbursements to fund various investments by the parent company, issuance of fixed rate corporate notes in January 2009 and floating rate corporate notes in April 2009 and sale of receivables by the real estate group, and efficient collection and lower capex requirements by the electronics, information technology and business process outsourcing services group. As a percentage to total assets, cash and cash equivalents slightly increased from 19% to 20% as of December 31, 2008 and September 30, 2009, respectively.

Short-term investments – 84% decrease from P1,009mln to P165mln

Lower money market placements with maturity of more than 3 months up to 6 months by the real estate group. As a percentage to total assets, short-term investments are at 0.07% as of September 30, 2009 and 0.5% as of December 31, 2008.

Current accounts and notes receivable – 16% increase from P23,284mln to P27,091mln

Higher trade receivables by the real estate, automotive, international and electronics, information technology and business process outsourcing services groups. Current accounts and notes receivable are at 12% and 11% of the total assets as of September 30, 2009 and December 31, 2008, respectively.

Inventories – 9% decrease from P10,011mln to P9,071mln

Sale of land and residential units by the real estate group and lower raw materials inventory by the electronics, information technology and business process outsourcing services group. This account is at 4% and 5% of the total assets as of September 30, 2009 and December 31, 2008, respectively.

Other current assets – 17% decrease from P7,090mln to P5,895mln

Largely due to matured government securities of the real estate group. This account remained at 3% of the total assets as of September 30, 2009 and December 31, 2008.

Land and improvements – 14% increase from P15,757mln to P17,905mln

Buy-out of rights and land acquisitions by the real estate group. This account is at 8% of the total assets as of September 30, 2009 and 7% as of December 31, 2008.

Investments in associates and jointly controlled entities – 4% increase from P68,140mln to P70,732mln

Investments in associates and jointly controlled entities account includes the Company's and its subsidiaries' investments in various associates which are being accounted for under the equity method. These associates are Bank of the Philippine Islands, Globe Telecom and Manila Water Corporation, among others.

The increase is due to the equity share in net earnings of the associates and joint ventures and additional investments in 2009. This account is at 31% of the total assets as of September 30, 2009 and December 31, 2008.

Investment in bonds and other securities – 64% increase from P3,065mln to P5,012mln

Primarily due to improved market prices of securities held by the group and new investments in unquoted debt and fixed income securities by the real estate group. This account is at 2% of the total assets as of September 30, 2009 and 1% as of December 31, 2008.

Investment in real properties – 32% increase from P21,059mln to P27,881mln

Primarily due to the reclassification of operational and completed buildings from property, plant and equipment account owned by the real estate group. As a percentage to total assets, investment in real properties is at 12% and 10% as of September 30, 2009 and December 31, 2008, respectively.

Property, plant and equipment – 42% decrease from P13,887mln to P8,054mln

Reclassification of the estate group's operational and completed buildings to investment properties account and 2009 depreciation expense of the electronics, information technology and business process outsourcing services group. As of September 30, 2009 and December 31, 2008, the group's property, plant and equipment account is at 3% and 6% of the total assets, respectively.

Deferred tax assets – 14% increase from P 1,133mln to P1,294mln

Due to higher unrealized sales collection by the real estate group. As of September 30, 2009 and December 31, 2008, this account remained at 1% of the total assets.

Other noncurrent assets – 14% decrease from P 1,906mln to P1,645mln

Largely due to decrease in LPG supplies by the real estate group. Other noncurrent assets remained at 1% of the total assets as of September 30, 2009 and December 31, 2008.

Short-term debt – 8% increase from P 2,755mln to P2,974mln

Loans availed by the real estate, electronics, information technology and business process outsourcing services and automotive groups. As of September 30, 2009 and December 31, 2008, this account remained at 3% of the total liabilities.

Income tax payable – 159% increase from P215mln to P555mln

Higher taxable income of the real estate and electronics, information technology and business process outsourcing services groups. As a percentage to total liabilities, this account is at 1% and 0.2% as of September 30, 2009 and December 31, 2008, respectively.

Current portion of long-term debt – 30% increase from P1,479mln to P1,927mln

Largely due to the reclassification of the parent company's current maturing loans from long-term debt. As of September 30, 2009 and December 31, 2008, current portion of long-term debt remained at 2% of the total liabilities.

Long-term debt – 6% increase from P50,250mln to P53,198mln

Issuance of fixed-rate corporate notes by the real estate group and net increase in loans by the parent company. As a percentage to total liabilities, this account is at 55% as of September 30, 2009 and December 31, 2008.

Deferred tax liabilities – 16% decrease from P186mln to P156mln

Decrease in corporate tax rate from 35% to 30% beginning January 1, 2009. As a percentage to total liabilities, this account is at 0.2% as of September 30, 2009 and December 31, 2008.

Pension liabilities – 11% increase from P491mln to P544mln

Largely due to the adjustment made to reflect the latest actuarial valuation of the real estate group. This account is at 1% of the total liabilities as of September 30, 2009 and December 31, 2008.

Other noncurrent liabilities – 15% increase from P7,588mln to P8,761mln

Mainly due to increase in customer and security deposits of the real estate group. As a percentage to total liabilities, this account slightly increased from 8% to 9% as of December 31, 2008 and September 30, 2009, respectively.

Share-based payments – 15% increase from P705mln to P812mln

Increase in share-based payments of associates.

Cumulative translation adjustment – 39% decrease from (P969mln) to (P1,347mln)

Mainly due to forex rate changes.

Net unrealized gain on available-for-sale financial assets – 186% increase from (P613mln) to P542mln

Mainly due to improvement in the market prices of securities held by the group.

Income Statement items

(YTD September 30, 2009 Vs YTD September 30, 2008)

Interest income – 44% increase from P1,347mln to P1,940mln

Due to higher investible funds in 2009 by the parent company and real estate group and interest income from fixed income securities held by the real estate group. This account is 4% of the total revenue in 2009 and 3% in 2008.

Other income – 58% decrease from P4,325mln to P1,835mln

2008 includes the real estate group's capital gain on sale of 3 subsidiaries namely, Piedmont Property Ventures, Inc., Stonehaven Land, Inc. and Streamwood Property, Inc. and capital gains from sale of stocks by the parent company. This account is 3% and 1% of the total revenue in 2009 and in 2008, respectively.

General and administrative – 6% increase from P6,219mln to P6,579mln

Increase in repairs and maintenance by the real estate group, higher retirement benefit costs and share-based payments of the parent company and higher expenses of the electronics, information technology, business process outsourcing services group. General and administrative expense is 14% and 12% of the costs and expenses in 2009 and 2008.

Interest and other financing charges – 21% decrease from P4,072mln to P3,224mln

2008 includes cost of unwinding the hedge contract of the electronics, information technology, business process outsourcing services group partly offset by higher interest expense of the parent company. This account is 7% of the costs and expenses in 2009 and 5% in 2008.

Other charges – 100% increase from P-0- to P246mln

Mainly due to the provision for decline in property held by the real estate group.

Provision for income tax – 24% decrease from P1,694mln to P1,289mln

Primarily due to lower taxable income of the real estate group and reduction of income tax rate from 35% to 30% beginning January 1, 2009.

2.8 Any seasonal aspects that had a material effect on the financial condition or results of operations.

Ayala Corporation being a holding company has no seasonal aspects that will have any material effect on its financial condition or operational results.

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.

ALI'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.

2.9 Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

ALI's signing in October of a 50-year lease agreement with the Subic Bay Metropolitan Authority (SBMA) for the development of a 7.5-hectare property along Rizal Highway within the Subic Bay Freeport Zone.

PART II – OTHER INFORMATION

1. Mr. Renato O. Marzan, compliance officer of Ayala Corporation retired effective 31 December 2008. The Board of Directors approved the appointment of Mr. Solomon M. Hermosura replacing Mr. Marzan as Compliance Officer and General Counsel effective 01 January 2009. Mr. Hermosura executed a revised certification on compliance of the corporation to the Corporate Governance Manual.
2. Mr. John Eric T. Francia has been appointed Managing Director and Head of the Strategic Planning Group effective 01 January 2009.
3. Ayala Corporation reported Net Income of P8.1B for the year 2008, 50% lower than 2007.
4. Ayala Corporation announced several movements in Ayala's senior executive group, effective after the annual stockholders' meetings of the respective companies. These movements have been approved by the respective companies' Board of Directors. Mr. Antonino T. Aquino moved back to Ayala Land as President, taking over from Mr. Jaime I. Ayala, who returned to Ayala Corporation. Mr. Rene Almendras took over as President of Manila Water from Mr. Antonino T. Aquino. Mr. Ernest L. Cu was appointed as President and Chief Executive officer of Globe Telecom succeeding Mr. Gerardo Ablaza, who returned to Ayala Corporation.
5. At the Regular Annual Stockholders' meeting held 03 April 2009 the stockholders considered and approved the following:
 - Election of the following Board of Directors for the ensuing year:
Jaime Augusto Zobel de Ayala
Fernando Zobel de Ayala
Mercedita S. Nolleto
Delfin Lazaro
Xavier P. Loinaz (independent director)
Toshifumi Inami
Meneleo J. Carlos, Jr. (independent director)
 - Appointment of Sycip, Gorres, Velayo & Co. as the external auditors of the Company for the ensuing year.

In its Organizational Meeting held thereafter, the newly elected Board of Directors approved the Management Committee Members / Key Executive Officers as follows:

* Jaime Augusto Zobel de Ayala	Chairman & Chief Executive Officer
* Fernando Zobel de Ayala	President & Chief Operating Officer
* Delfin L. Lazaro	Senior Managing Director
* Mercedita S. Nolleto	Senior Managing Director, Senior Counsel and Corporate Secretary
** Gerardo C. Ablaza, Jr.	Senior Managing Director
** Antonino T. Aquino	Senior Managing Director
** Jaime I. Ayala	Senior Managing Director
** Charles H. Cosgrove	Senior Managing Director
** Rufino Luis T. Manotok	Senior Managing Director, Chief Information Officer and Chief Finance Officer
** Arthur R. Tan	Senior Managing Director
** Alfredo I. Ayala	Managing Director
** Ernest Lawrence L. Cu	
*** John Eric T. Francia	Managing Director
** Victoria P. Garchitorena	Managing Director
*** Solomon M. Hermosura	Managing Director, General Counsel, Assistant Corporate Secretary and Compliance Officer
** Aurelio R. Montinola III	

	Ramon G. Oplencia	Managing Director & Treasurer
**	John Philip S. Orbeta	Managing Director
	Ricardo Nicanor N. Jacinto	Managing Director
	Rufino F. Melo III	Managing Director

** Members of the Board of Directors*

*** Management Committee members*

**** Management Committee member effective January 1, 2009*

6. The Board of Directors approved on 06 March 2009 the declaration of the quarterly cash dividends of 9.4578% per annum, to all stockholders of the Corporation's outstanding Preferred Class "B" shares.
7. Ayala Corporation's consolidated net income reached P2.2 billion in the first quarter, the highest in the past four quarters, excluding capital gains, but 18% lower than the same period last year.
8. Mr. Jose Rene D. Almendras, Managing Director of the Company, was appointed as member of the Company's Management Committee effective 03 April 2009.
9. Certifications of independent directors, Mr. Meneleo J. Carlos, Jr. and Mr. Xavier P. Loinaz were submitted on 20 April 2009 in compliance with the Notice of the Securities and Exchange Commission implementing Section 38 of the Securities Regulation Code.
10. The Securities and Exchange Commission approved on 18 May 2009 the amendment of the by-laws of Ayala Corporation, particularly Section 1, Article IV thereof, adopting the procedure for the nomination and election of independent directors as prescribed by law and regulations.
11. Ayala Corporation announced its group of companies combined is prepared to spend an estimated P49 billion in capital expenditure projects in 2009, from P55 billion in 2008, despite the more challenging economic environment. About 35% of this year's planned capex is allocated to its real estate development projects, with 33 % for its telecommunications expansion, and 23% for its water distribution services.

As a holding company, Ayala continues to look at investment opportunities, however the company has not made any commitment to invest in the power sector at this time. Acquisition of a major media outfit is not in the Company's current plans.
12. Ayala Corporation's net income in the first half of the year reached P4 billion, 35% lower than the same period last year.
13. The Ayala group has secured Monetary Board approval to put up a mobile microfinance bank. Bank of the Phil. Islands (BPI) and Globe Telecom Inc. will each own 40% of the new lending entity, while Ayala Corporation has a 20% stake.

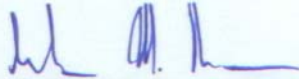
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant

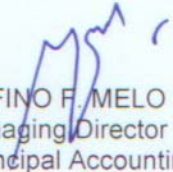
AYALA CORPORATION

By:



SOLOMON M. HERMOSURA
Compliance Officer and General Counsel

Date: November 13, 2009



RUFINO F. MELO III
Managing Director
(Principal Accounting Officer)

Date: November 13, 2009



AYALA CORPORATION AND SUBSIDIARIES
AGING OF RECEIVABLES (Based on Unaudited Figures)
As of September 30, 2009
(In Thousand Pesos)

	Up to 6 months	Over 6 Mos. to One year	Over One Year	Past Due	TOTAL
Trade Receivables	11,692,878	4,735,404	722,308	282,026	17,432,616
Non-Trade Receivables	5,853,819	4,526,747	5,675,479	0	16,056,045
Total	17,546,697	9,262,151	6,397,787	282,026	33,488,661