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(Company's Full Name)

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

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Contact Person

<b>848-5643</b>
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Company Telephone Number

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Amended Articles Number/Section

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Total No. Of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

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To be accomplished by SEC Personnel concerned

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SEC No. 34218

File No. \_\_\_\_\_

**AYALA CORPORATION**

(Company's Full Name)

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

(Company's Address)

**848-56-43**

(Telephone Number)

**March 31, 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: **March 31, 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: **34<sup>th</sup> 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*	496,983,794

\*Net of 1,378,044 treasury shares

Amount of debt outstanding as of March 31, 2009: **P61.6 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 March 31, 2009 and December 31, 2008**  
**(In Thousand Pesos)**

	March 2009 (Unaudited)	December 2008 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	50,053,483	42,885,792
Short-term investments (Note 5)	1,388,230	1,008,924
Accounts and notes receivable - net (Note 6)	24,077,527	23,284,010
Inventories (Note 7)	9,789,090	10,011,355
Other current assets	6,740,776	7,090,394
<b>Total Current Assets</b>	<b>92,049,106</b>	<b>84,280,475</b>
<b>Noncurrent Assets</b>		
Noncurrent accounts and notes receivable	6,146,878	6,694,021
Land and improvements - net	16,347,486	15,756,894
Investments in associates and jointly controlled entities-net (Note 8)	67,907,313	68,140,394
Investment in bonds and other securities (Note 9)	3,898,841	3,064,502
Investment properties - net	27,361,264	21,058,577
Property, plant and equipment - net	8,774,379	13,886,560
Deferred tax assets - net	942,240	1,132,847
Pension assets	118,574	117,388
Intangible assets - net	4,062,927	4,014,136
Other noncurrent assets	1,990,568	1,906,172
<b>Total Noncurrent Assets</b>	<b>137,550,470</b>	<b>135,771,491</b>
<b>Total Assets</b>	<b>229,599,576</b>	<b>220,051,966</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 10)	25,624,255	27,483,536
Short-term debt (Note 11)	2,985,070	2,755,447
Income tax payable	279,658	214,697
Current portion of long-term debt	1,449,680	1,478,871
Other current liabilities	1,545,193	1,553,530
<b>Total Current Liabilities</b>	<b>31,883,856</b>	<b>33,486,081</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Note 11)	57,203,524	50,250,151
Deferred tax liabilities	159,819	185,536
Pension liabilities	549,854	490,744
Other noncurrent liabilities	8,046,322	7,588,080
<b>Total Noncurrent Liabilities</b>	<b>65,959,519</b>	<b>58,514,511</b>
<b>Total Liabilities</b>	<b>97,843,375</b>	<b>92,000,592</b>
<b>Equity</b>		
Equity attributable to equity holders of the parent		
Paid-up capital (Note 13)	37,281,966	37,251,714
Share-based payments	710,596	705,457
Cumulative translation adjustment	(723,405)	(968,778)
Retained earnings	63,490,681	61,604,466
Net unrealized gain/(loss) on available -for-sale financial assets	(43,474)	(631,127)
Parent Company preferred shares held by a subsidiary	(100,000)	(100,000)
Treasury stock	(550,541)	(550,540)
	<b>100,065,823</b>	<b>97,311,192</b>
Minority Interest	31,690,378	30,740,182
<b>Total Equity</b>	<b>131,756,201</b>	<b>128,051,374</b>
<b>Total Liabilities and Equity</b>	<b>229,599,576</b>	<b>220,051,966</b>

See accompanying Notes to Condensed Consolidated Financial Statements.

**X** AYALA CORPORATION AND SUBSIDIARIES  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
For the Three Months Ended March 31, 2009 and 2008  
(In Thousand Pesos, Except Earnings Per Share Figures)

	March 2009	March 2008
<b>REVENUE</b>		
Sales and Services	14,560,792	15,042,504
Equity in net earnings of associates and jointly controlled entities	2,358,393	2,069,498
Interest income	730,656	450,798
Other income	379,390	1,193,450
	<b>18,029,231</b>	<b>18,756,250</b>
<b>COSTS AND EXPENSES</b>		
Cost of sales and services	11,689,854	11,574,099
General and administrative	2,221,741	1,943,664
Interest expense and other charges	971,043	964,204
	<b>14,882,638</b>	<b>14,481,967</b>
INCOME BEFORE INCOME TAX	<b>3,146,593</b>	<b>4,274,283</b>
Provision for income tax	458,926	599,443
<b>NET INCOME</b>	<b>2,687,667</b>	<b>3,674,840</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	2,156,554	2,620,901
Minority interest	531,113	1,053,939
	<b>2,687,667</b>	<b>3,674,840</b>
<b>EARNINGS PER SHARE (Note 14)</b>		
Basic	3.80	5.00
Diluted	3.79	4.98

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**XX AYALA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Three Months Ended March 31, 2009 and 2008**  
**(In Thousand Pesos)**

	<b>March 2009</b>	<b>March 2008</b>
<b>NET INCOME FOR THE PERIOD</b>	2,687,667	3,674,840
<b>Other comprehensive income:</b>		
Exchange differences arising from translations of foreign investments	278,086	380,873
Changes in fair value of available-for-sale investment in equity securities	660,658	(519,847)
<b>Share of other comprehensive income of associates:</b>		
Exchange differences arising from translations of foreign investments	8,119	(34,170)
Changes in fair value of available-for-sale investment in equity securities	(73,755)	(766,734)
<b>Other comprehensive income for the period</b>	<b>873,108</b>	<b>(939,878)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,560,775</b>	<b>2,734,962</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	2,989,581	1,727,430
Minority interest	571,194	1,007,532
	<b>3,560,775</b>	<b>2,734,962</b>

**XX AYALA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**As of March 31, 2009 and 2008**  
**(In Thousand Pesos)**

	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
As 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
Collection of subscriptions receivable	30,252	-	-	-	-	-	-	-	30,252
Cost of share-based payments of investees	-	5,139	-	-	-	-	-	-	5,139
Adjustment during the period	-	-	-	-	-	-	-	379,001	379,001
Dividends on preferred shares	-	-	-	(270,339)	-	-	-	-	(270,339)
Total comprehensive income for the year	-	-	245,373	2,156,554	587,653	-	-	571,195	3,560,775
<b>Balances of March 31, 2009</b>	<b>37,281,966</b>	<b>710,596</b>	<b>(723,405)</b>	<b>63,490,681</b>	<b>(43,474)</b>	<b>(100,000)</b>	<b>(550,540)</b>	<b>31,690,378</b>	<b>131,756,201</b>
As at January 1, 2008 as previously reported	26,855,394	603,949	(2,297,077)	60,461,246	1,712,016	-	(159,693)	27,609,387	114,785,222
Effect of adoption of Philippine Interpretation IFRIC 12	-	-	-	(288,626)	-	-	-	-	(288,626)
Collection of subscriptions receivable	4,617	-	-	-	-	-	-	-	4,617
Cost of share-based payments of investees	-	(4,070)	-	-	-	-	-	-	(4,070)
Acquisition of treasury shares	-	-	-	-	-	-	(236,160)	-	(236,160)
Adjustment during the period	-	-	-	-	-	-	-	(293,578)	(293,578)
Dividends on preferred shares	-	-	-	(137,138)	-	-	-	-	(137,138)
Total comprehensive income for the year	-	-	393,110	2,620,901	(1,286,581)	-	-	1,007,532	2,734,962
<b>Balances of March 31, 2008</b>	<b>26,860,011</b>	<b>599,879</b>	<b>(1,903,967)</b>	<b>62,656,383</b>	<b>425,435</b>	<b>-</b>	<b>(395,853)</b>	<b>28,323,341</b>	<b>116,565,229</b>

**AYALA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended March 31, 2009 and 2008**  
(In Thousand Pesos)

	March 31, 2009	March 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	3,146,593	4,274,283
Adjustments for:		
Interest and other financing charges	971,043	964,204
Depreciation and amortization	728,935	585,447
Cost of share-based payments	0	0
Equity in net earnings of associates and joint ventures	(2,358,393)	(2,092,517)
Other investment income	(181,629)	(308,413)
Gain on sale of assets	(7,155)	(767,998)
Interest income	(770,656)	(450,798)
Operating income before changes in working capital	1,528,738	2,204,208
Decrease (increase) in:		
Accounts and notes receivable	(100,495)	(109,306)
Inventories	222,265	(1,156,602)
Other current assets	349,618	(71,117)
Increase (decrease) in:		
Accounts payable and accrued expenses	(655,078)	1,319,404
Net pension liabilities	57,924	22,067
Other current liabilities	(8,337)	(224,245)
Cash generated from operations	1,394,636	1,984,409
Interest received	730,611	568,946
Interest paid	(1,181,280)	(1,326,122)
Income tax paid	(229,075)	(799,874)
<b>Total cash provided by (used in) operating activities</b>	<b>714,893</b>	<b>427,359</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from:		
Sale of investments	1,527,470	841,783
Disposal of property, plant and equipment	5,696,862	139,318
Maturities of (additions to) short-term investments	(379,305)	1,498,000
Additions to:		
Investments	(8,334,405)	(1,315,906)
Property, plant and equipment	(1,070,018)	(587,311)
Dividends received from associates and jointly controlled entities	2,348,304	3,432,161
Decrease (increase) in other noncurrent assets	(133,189)	(71,117)
Net cash provided by investing activities associated with noncurrent assets held for sale, including cash balance	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(344,281)</b>	<b>3,936,928</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Short-term and long-term debt	7,354,928	2,183,527
Issuance of common shares	1	0
Collections of (additions to) subscription receivable	30,252	4,617
Payment of short-term and long-term debt	(201,123)	(6,231,277)
Dividends paid	(1,300,448)	(965,865)
Redemption of preferred shares	0	0
Acquisition of treasury shares	0	(236,160)
Increase (decrease) in:		
Other noncurrent liabilities	458,243	542,154
Minority interest in consolidated subsidiaries	455,226	(293,578)
<b>Net cash provided by (used in) financing activities</b>	<b>6,797,079</b>	<b>(4,996,582)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,167,691</b>	<b>(632,295)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>42,885,792</b>	<b>36,835,549</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>50,053,483</b>	<b>36,203,254</b>

**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 14 May 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:

	<b>Effective Percentages of Ownership</b>	
	31-Mar-09	31-Dec-08
<b>Real Estate and Hotels:</b>		
Ayala Land, Inc. (ALI) and subsidiaries	53.5	53.5
Ayala Hotels, Inc. (AHI) and subsidiaries	76.8	76.8
<b>Electronics, Information Technology and Business</b>		
<b>Process Outsourcing Services:</b>		
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
<b>Automotive:</b>		
Ayala Automotive Holdings Corporation (AAHC) and subsidiaries	100.0	100.0
<b>International and Others:</b>		
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 75.46% 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):

	March 2009	December 2008
Cash on hand and in banks	4,071,817	3,772,560
Cash equivalents	45,981,666	39,113,232
	50,053,483	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):

	March 2009	December 2008
Money market placements	1,388,230	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):

	March 2009	December 2008
Trade:		
Real estate	10,631,693	10,565,254
Electronics manufacturing	2,929,638	3,152,168
Automotive	916,692	665,670
Information technology & business process outsourcing	501,018	352,084
International and others	71,184	64,074
Dividends	105,835	-
Related parties	8,572,971	8,441,996
Advances to contractors	2,190,775	2,496,665
Advances and others	4,784,426	4,701,009
	30,704,232	30,438,920
Less allowance for doubtful accounts	479,827	460,889
	30,224,405	29,978,031
Less noncurrent portion	6,146,878	6,694,021
	24,077,527	23,284,010

**7. Inventories** (in Thousand Pesos):

	March 2009	December 2008
Real estate inventories:		
Subdivision for sale	4,524,906	3,765,577
Condominium and commercial units for sale	3,043,291	3,962,295
Materials, supplies and others - at NRV (cost of P1,505,623 in 2009 and P1,650,194 in 2008)	1,172,937	1,296,231
Vehicles - at cost	391,908	265,478
Work in process - at cost	338,032	344,240
Finished Goods - at cost	216,066	268,958
Parts and accessories - at NRV (cost of P128,671 in 2009 and P135,296 in 2008)	101,950	108,576
	9,789,090	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 March 31, 2009 are as follows:

	Percentage of Ownership		Carrying Amounts	
	31-Mar-09	31-Dec-08	31-Mar-09	31-Dec-08
	(In Millions)			
Domestic:				
Bank of the Philippine Islands and Subsidiaries (BPI)	33.5*	33.5**	P 28,436	P 28,533
Globe Telecom, Inc. and Subsidiaries (Globe) *	30.5	30.5	17,949	18,000
EGS Corporation*	50.0	50.0	3,215	3,346
Manila Water Company, Inc. (MWCI)*	29.9*	29.9**	3,200	3,188
Emerging City Holdings, Inc. *	50.0	50.0	2,839	2,823
Cebu Holdings, Inc. and Subsidiaries	47.2	47.2	1,972	1,940
North Triangle Depot Commercial Corporation	49.0	49.0	1,460	1,555
Berkshire Holdings, Inc. *	50.0	50.0	1,248	1,210
Philwater Holdings Company, Inc. *	60.0	60.0	1,220	1,193
Bonifacio Land Corporation	5.0	5.0	1,291	1,118
Asiacom Philippines, Inc. *	60.0	60.0	847	843
Alabang Commercial Corporation *	50.0	50.0	627	595
Foreign:				
Arch Asian Partners L.P.	19.2**	19.2**	679	959
Others	Various	Various	2,924	2,837
			<u>67,907</u>	<u>68,140</u>

\* *Jointly controlled entities.*

\*\* *Effective ownership interest of the Company.*

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

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Total Resources	<u>643,321</u>	<u>666,612</u>
Total Liabilities	579,669	602,740
Capital Funds for Equity Holders	62,665	62,934
Minority Interest	987	938
Total Liabilities and Capital Funds	<u>643,321</u>	<u>666,612</u>

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

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Interest Income	8,688	33,297
Other Income	3,371	10,321
Total Revenues	<u>12,059</u>	<u>43,618</u>
Operating expenses	4,524	18,312
Interest expense	3,209	13,834
Impairment losses	800	1,930
Provision for Income Tax	602	2,985
Total Expenses	<u>9,135</u>	<u>37,061</u>
Net Income for the period	<u>2,924</u>	<u>6,557</u>
Attributable to:		
Equity holders of BPI	2,883	6,423
Minority Interest	42	134
	<u>2,924</u>	<u>6,557</u>
EPS:	0.89	1.98
Based on 3,246 M common shares as of March 31, 2009 and 3,246 M common shares as of December 31, 2008		

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

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Total Current Assets	22,042	17,921
Non-current Assets	103,228	101,821
<b>Total Assets</b>	<b><u>125,269</u></b>	<b><u>119,743</u></b>
Current Liabilities	34,616	33,728
Non-current Liabilities	40,728	35,923
Stockholders' Equity	49,925	50,092
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b><u>125,269</u></b>	<b><u>119,743</u></b>

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

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Net Operating Revenues	16,501	64,818
Other Income	567	1,146
<b>Total Revenues</b>	<b><u>17,068</u></b>	<b><u>65,964</u></b>
Costs and Expenses	11,357	48,118
Provision for Income Tax	1,719	6,570
<b>Total Expenses</b>	<b><u>13,076</u></b>	<b><u>54,688</u></b>
<b>Net Income</b>	<b><u>3,992</u></b>	<b><u>11,276</u></b>
EPS:		
Basic	30.06	84.75
Diluted	29.94	84.61

As of March 31, 2009

    Basic based on 132,340K common shares

    Diluted based on 133,332K 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):

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Total Current Assets	9,481	8,595
Total Non-current Assets	28,123	27,774
<b>Total Assets</b>	<b><u>37,604</u></b>	<b><u>36,368</u></b>
Current Liabilities	4,599	4,231
Non-current Liabilities	17,917	17,680
Equity Holders	15,081	14,450
Minority Interest	8	8
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b><u>37,604</u></b>	<b><u>36,368</u></b>

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

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Operating Revenues	2,134	8,831
Interest and Other Income	23	82
<b>Total Revenues</b>	<b><u>2,157</u></b>	<b><u>8,914</u></b>
Costs and expenses	1,152	4,396
Other Expenses	155	261
Provision for income tax	228	1,469
	<b><u>1,535</u></b>	<b><u>6,125</u></b>
<b>Net Income</b>	<b><u>622</u></b>	<b><u>2,788</u></b>
Attributable to:		
Equity holders of MWCI	622	2,788
Minority Interest	-	-
	<b><u>622</u></b>	<b><u>2,788</u></b>
EPS:		
Basic	0.25	1.13
Diluted	0.25	1.13

As of March 31, 2009

Basic based on 2,022,943K common shares

Diluted based on 2,024,485K 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):

	March 2009	December 2008
Shares of Stocks	3,898,841	3,064,502

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

	March 2009	December 2008
Accounts payable	15,437,913	15,671,340
Accrued expenses	6,384,154	6,998,095
Accrued project cost	2,316,056	2,022,903
Accrued personnel costs	466,572	505,772
Interest payable	330,667	398,207
Retention payable	259,905	317,945
Dividends payable	213,435	1,333,740
Related parties	170,044	192,372
Taxes payable	45,509	43,162
	25,624,255	27,483,536

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

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

	March 2009	December 2008
Short-term debt:		
Philippine Peso with various interest rates	1,781,555	1,501,000
Foreign Currency with various interest rates	1,203,515	1,254,447
	2,985,070	2,755,447
Long-term debt:		
Company:		
Bank loans with various interest rates	6,990,000	6,990,000
Syndicated term loans		-
Fixed Rate Corporate Notes (FXCNs)	15,662,500	10,662,500
Bonds, due 2012	6,000,000	6,000,000
Syndicated term loan	1,583,241	1,584,907
	30,235,741	25,237,407
Subsidiaries:		
Loans fr banks & other financial institutions:		
Foreign currency with various interest rates	10,051,887	10,985,557
Philippine Peso with various interest rates	10,205,656	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
Syndicated term loan	1,159,920	-
	28,417,463	26,491,615
	58,653,204	51,729,022
Less current portion	1,449,680	1,478,871
	57,203,524	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):

The 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 December 31, 2008	1,200,000	5,800,000	24,772,493	145,598	5,734,748	(401,125)	37,251,714
Collection of subscriptions receivable	-	-	-	-	25,513	4,739	30,252
As of March 31, 2009	1,200,000	5,800,000	24,772,493	145,598	5,760,261	(396,386)	37,281,966
As of December 31, 2007	-	5,800,000	20,633,667	100,685	657,422	(336,380)	26,855,394
Collection of subscriptions receivable	-	-	-	-	-	4,617	4,617
As of March 31, 2008	-	5,800,000	20,633,667	100,685	657,422	(331,763)	26,860,011

### Dividends

	<b>Three months ended March 31</b>	
	2009	2008
	(In thousands, except dividends per share)	
Dividends to common shares		
Cash dividends declared during the period	-	-
Cash dividends per share	-	-
Stock dividends	-	-
Dividends to equity preferred declared during the period	270,338	137,138

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

	<b>Three months ended March 31</b>	
	2009	2008
	(In thousands except EPS figures)	
Net income applicable to common	2,156,554	2,620,901
Less Dividends on Preferred stocks	(270,338)	(137,138)
Net Income Applicable to Common	1,886,216	2,483,763
Weighted average number of common shares	496,984	496,792
Dilutive shares arising from stock options	986	2,058
Adjusted weighted average number of common shares for diluted EPS	497,970	498,850
Basic EPS	3.80	5.00
Diluted EPS	3.79	4.98

## 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 three months ended March 31, 2009 and 2008 and total assets and total liabilities for the business segments as of March 31, 2009 and December 31, 2008 :

	Parent Company	Real Estate and Hotels	Electronics, Information Technology and Business Process Outsourcing Services	International	Automotive and Others	CONSOLIDATED
<b>March 2009</b>						
<b>Revenue</b>						
Sales and Services	-	7,211,753	4,557,667		2,791,372	14,560,792
Equity in NE *	2,192,072	145,533	(133,479)		154,267	2,358,393
Interest Income	451,794	249,455	11,990	16,781	636	730,656
Other Income	219,066	68,151	39,650	13,314	39,209	379,390
<b>Total revenue</b>	<b>2,862,932</b>	<b>7,674,892</b>	<b>4,475,828</b>	<b>30,095</b>	<b>2,985,484</b>	<b>18,029,231</b>
Operating expenses	358,839	5,941,073	4,772,016	70,906	2,768,761	13,911,595
<b>Operating profit</b>	<b>2,504,093</b>	<b>1,733,819</b>	<b>(296,188)</b>	<b>(40,811)</b>	<b>216,723</b>	<b>4,117,636</b>
Interest Expense & Other Charges	577,788	346,948	37,105	2,275	6,927	971,043
Provision for Income tax	66,758	330,286	57,608	(3,332)	7,606	458,926
<b>Net Income</b>	<b>1,859,547</b>	<b>1,056,585</b>	<b>(390,901)</b>	<b>(39,754)</b>	<b>202,190</b>	<b>2,687,667</b>
Net Income attributable to:						
Equity holders of AC	1,859,547	509,283	(376,370)	(37,243)	201,337	2,156,554
Minority Interest	-	547,302	(14,531)	(2,511)	853	531,113
	<b>1,859,547</b>	<b>1,056,585</b>	<b>(390,901)</b>	<b>(39,754)</b>	<b>202,190</b>	<b>2,687,667</b>
<b>Other Information</b>						
Segment assets	40,615,646	94,380,751	19,083,185	3,820,850	2,849,592	160,750,024
Investment in associated and jointly controlled entities	46,433,608	9,825,470	3,809,767	3,008,491	4,829,976	67,907,312
Deferred tax assets	-	856,023	49,794	-	36,423	942,240
<b>Total Assets</b>	<b>87,049,254</b>	<b>105,062,244</b>	<b>22,942,746</b>	<b>6,829,341</b>	<b>7,715,991</b>	<b>229,599,576</b>
Segment liabilities	41,372,489	46,772,796	7,556,351	535,342	1,446,577	97,683,555
Deferred tax liabilities	-	133,837	16,159	4,563	5,260	159,819
<b>Total Liabilities</b>	<b>41,372,489</b>	<b>46,906,633</b>	<b>7,572,510</b>	<b>539,905</b>	<b>1,451,837</b>	<b>97,843,375</b>

\* Includes equity in net earnings of financial services, telecommunications and water utilities amounted to P967 million, P1,220 million and P164 million, respectively.

	Parent Company	Real Estate and Hotels	Electronics, Information Technology and Business Process Outsourcing Services	International	Automotive and Others	CONSOLIDATED
<b>March 2008</b>						
<b>Revenue</b>						
Sales and Services	-	7,080,783	5,092,544		2,869,177	15,042,504
Equity in NE *	1,645,208	178,140	21,872		224,278	2,069,498
Interest Income	275,847	147,470	11,417	15,217	847	450,798
Other Income	216,315	825,206	67,439	44,266	40,224	1,193,450
<b>Total revenue</b>	<b>2,137,370</b>	<b>8,231,599</b>	<b>5,193,272</b>	<b>59,483</b>	<b>3,134,526</b>	<b>18,756,250</b>
Operating expenses	303,539	5,485,724	4,852,063	49,896	2,826,541	13,517,763
<b>Operating profit</b>	<b>1,833,831</b>	<b>2,745,875</b>	<b>341,209</b>	<b>9,587</b>	<b>307,985</b>	<b>5,238,487</b>
Interest Expense & Other Charges	612,117	291,644	48,684	876	10,883	964,204
Provision for Income tax	36,183	514,325	38,630	(117)	10,422	599,443
<b>Net income</b>	<b>1,185,531</b>	<b>1,939,906</b>	<b>253,895</b>	<b>8,828</b>	<b>286,680</b>	<b>3,674,840</b>
Net Income attributable to:						
Equity holders of AC	1,185,637	1,003,737	135,862	9,585	286,080	2,620,901
Minority Interest	(106)	936,169	118,033	(757)	600	1,053,939
	<b>1,185,531</b>	<b>1,939,906</b>	<b>253,895</b>	<b>8,828</b>	<b>286,680</b>	<b>3,674,840</b>
<b>Other Information</b>						
<b>December 2008</b>						
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
<b>Total Assets</b>	<b>81,084,170</b>	<b>102,334,735</b>	<b>22,976,166</b>	<b>6,525,874</b>	<b>7,131,021</b>	<b>220,051,966</b>
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
<b>Total Liabilities</b>	<b>37,606,170</b>	<b>45,184,366</b>	<b>7,759,238</b>	<b>542,355</b>	<b>908,463</b>	<b>92,000,592</b>

\* Includes equity in net earnings of financial services, telecommunications and water utilities amounted to P520 million, P1,144 million and P174 million, respectively.

## 17. 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 and TRG fund 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 March 31, 2009. Included in the table are the Group's monetary assets and liabilities at carrying amounts, categorized by currency.

	<b>Mar-09</b>	
	<b>USD</b>	<b>Php Equivalent</b>
	(In thousands)	
<b>Assets</b>		
Cash and cash equivalents	129,389	6,257,460
Short-term investment	6,137	297,405
Accounts and notes receivables	144,394	6,978,880
Other current assets	3,800	183,646
Investment in bonds and other securities	6,437	311,864
Other noncurrent assets	16,694	806,971
<b>Total assets</b>	<b>306,851</b>	<b>14,836,226</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	26,390	1,275,455
Other current liabilities	81,749	3,950,908
Short-term debt	22,934	1,108,989
Long-term debt	160,000	7,732,800
Other noncurrent liabilities	94	4,563
<b>Total liabilities</b>	<b>291,167</b>	<b>14,072,716</b>
<b>Net foreign currency denominated assets</b>	<b>15,684</b>	<b>763,510</b>

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
March 2009	P1.00 (P1.00)	(15.684) 15.684

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 counterparty. 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 reached ₱2.2 billion in the first quarter, the highest in the past four quarters, excluding capital gains, but 18% lower than the same period last year. Its core business units in telecom and banking registered double-digit expansion in earnings with sustained business volume growth in its key markets. Equity earnings from these units expanded by 7% and 86%, respectively, a reversal of the 35% and 55% decline in the fourth quarter of 2008 and three consecutive quarters of contraction. Equity earnings from its real estate unit, however, declined by 51% as earnings dipped in the absence of one-time gains and slower demand particularly in its residential business.

Ayala President and Chief Operating Officer, Mr. Fernando Zobel de Ayala said, "We are pleased to see some degree of resiliency in domestic demand despite the slowdown in the global economy. This continues to drive the growth of our core business units. However, consumer confidence continues to be tempered relative to pre-crisis levels, but we expect this to eventually turn as macro economic conditions stabilize moving forward."

Ayala's telecom unit, Globe, sustained its growth momentum with net income up 17% to ₱4 billion. Excluding an after-tax gain of ₱398 million arising from an equipment exchange transaction with an equipment supplier and foreign exchange and mark-to-market gains and losses, core net income was up 5% to ₱3.7 billion. This quarter's net income was the highest in the past five quarters. The steady performance of its wireless business and the strong growth of its broadband and wireline data business resulted in net service revenue growth of 3% to ₱16 billion. Globe's wireless SIM base continued to expand, reaching 25.7 million subscribers as of end-March. To further gain subscribers, it recently introduced Globe DUO, an innovative service that combines a mobile and wireless landline service into one handset.

Meanwhile, its broadband and wireline data business gained traction. Globe broadband subscribers more than doubled year-on-year with subscribers of the fully mobile broadband service under *Tattoo* accounting for the bulk of the net additions. Globe has commercially launched its WiMAX (802.16e) service on the 2.5Ghz band, which is one of the first and largest in Southeast Asia. The service is currently available in selected key areas in South Luzon, Visayas, and Mindanao. WiMAX is a leading edge technology solution that provides higher capacity and a dedicated access system that can deliver superior customer experience for Globe's broadband subscribers. Globe plans to introduce more service innovations that will deliver superior value to its customers and further reinforce its competitive edge in the market.

Its banking unit, Bank of the Philippine Islands (BPI), posted ₱2.9 billion in net income. This was 86% higher year-on-year, the highest in the past five quarters, and exceeded fourth quarter 2008's net income by more than 2.6 times. Strong growth in core market segments, better net interest spreads, and trading opportunities amidst a falling interest rate environment drove earnings growth.

Lending activity was strong and broad based with net loans expanding by 12%. Both corporate and consumer loans grew by 13.8% and 18.9%, respectively. Despite the healthy loan expansion, credit quality remained stable with net 30-day non-performing loans ratio at 3.26%, better than the 3.94% a year ago. Total resources as of end-March reached ₱643 billion, 8% ahead of last year, while deposits expanded by 8.8%. The bank's remittance inflows increased by over 20%, outpacing industry growth. The bank's better than expected performance affirms the resilience of the domestic economy and validates the strength of BPI's banking franchise. BPI maintains the largest market capitalization in the industry at ₱110.3 billion with a capital adequacy ratio of 14.6% at end-March.

Ayala's real estate unit, Ayala Land, posted a net income of P907 million. Excluding gains in the first quarter of 2008, net income was 21% lower year-on-year. Consolidated revenues declined by 10% to P7.4 billion as revenues in the first quarter included gains from the said transaction. Overall, most of its core product lines registered healthy revenue growth. Revenues from shopping centers rose by 6%, while corporate business revenues increased by 67%. These were offset by lower residential sales with combined bookings across its three residential brands down by 48% due to slower demand. However, monthly trends show signs that sales are beginning to stabilize with take-up in the first three months significantly better than the prior quarter.

Ayala Land maintains its capital expenditure plan of P17.4 billion this year and is looking to tap more aggressively opportunities where it can expand its geographic footprint in other parts of the country and cater to a broader base of customers.

From its portfolio of companies under AC Capital, Manila Water continued to deliver double-digit earnings growth with net income up 14% to P622 million. Cumulative water sales in the first three months of 2009 was stable and, combined with the partial impact of the inflation rate adjustment, pushed revenues up 6%. The company maintains strong operational efficiencies with non-revenue water down to 20.7% as of March, 2.5 percentage points better than the 23.2% achieved in March 2008.

Manila Water was recently granted a renewal of its concession agreement covering the East Zone for another 15 years. This is expected to benefit all its stakeholders as well as ensure Manila Water's long-term growth. Beyond this, Manila Water continues to pursue growth opportunities outside of its concession area. Last April, it signed a Memorandum of Agreement with the Philippine Tourism Authority for the management and operation of the wastewater and water distribution facility in Boracay.

Ayala's export-oriented units, particularly in electronics manufacturing and business process outsourcing, which are more exposed to the global downturn, faced lower volumes.

Integrated Microelectronics, Inc.'s (IMI) sales contracted by 26% as world demand for electronic products remained muted. While various cost management programs partly cushioned the impact and kept operating income positive, lower volumes and pricing pressures resulted in a net loss of P21 million during the period. IMI maintains a solid balance sheet with cash of US\$59 million and first-quarter net cash flow from operations at US\$5 million. IMI will continue to pursue its cost and risk management programs as well as its marketing initiatives to expand its customer base with high revenue-generating customers.

Ayala's BPO companies generated US\$82 million in revenues, 3% lower than last year, with operating income excluding depreciation and amortization flat year-on-year at US\$7 million. However, interest expense and non-cash charges resulted in a combined net loss for Ayala of P307 million.

Ayala continues to believe in the medium to long term growth potential of the BPO sector in the Philippines as companies worldwide intensify cost cutting initiatives. Ayala is expanding its geographic and service capabilities in this space through its investee companies. Recently, eTelecare acquired The Phone House, a South African contact center company, as it eyes opportunities to tap the strategic U.K. market. Integreon also launched in January its first U.K. onshore shared-services center for the legal sector with Osborne Clarke, a top 50 U.K. law firm, as its anchor client. This was followed by the acquisition of Onsite, a leading global provider of electronic evidence solutions for law firms and corporations, based in Arlington, Virginia.

Ayala ended the quarter with close to P30 billion in cash and net debt of P8.7 billion. Mr. Zobel added, "Ayala's strong financial and cash position give the group the flexibility to pursue growth initiatives at both the holding company level and at the level of the operating units. These initiatives will continue to build on the strong market position we have achieved in our key markets and allow us to achieve a stronger growth trajectory as the economic cycle turns."

*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 March 31, 2009</u>	<u>YTD March 31, 2008</u>
Revenue	18,029 million	18,756 million
Net income	2,156 million	2,621 million
Basic earnings per share 1/	3.80	5.00
	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
Current Ratio 2/	2.89	2.28
Debt-to-Equity Ratio 3/	0.62	0.52

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 All 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 three months of 2009, consolidated project and capital expenditures amounted to P3.5 billion, about 20% of the P17.4 billion budget for the whole year. About 57% was spent for residential projects, 12% for shopping centers, 12% for strategic landbank management, and the balance for corporate business, geographic and support businesses.

- 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  
(March 31, 2009 Vs December 31, 2008)**

Cash and cash equivalents – 17% increase from P42,886mln to P50,053mln

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 bonds 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 22% as of December 31, 2008 and March 31, 2009, respectively.

Short-term investments – 38% increase from P1,009mln to P1,388mln

Higher 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 0.6% as of March 31, 2009 and 0.5% as of December 31, 2008.

Other current assets – 5% decrease from P7,090mln to P6,741mln

Largely due to matured government securities partly offset by increase in prepaid expenses and input vat by the real estate group and matured fixed treasury notes held by the parent company. This account remained at 3% of the total assets as of March 31, 2009 and December 31, 2008.

Noncurrent accounts and notes receivable – 8% decrease from P6,694mln to P6,147mln

Lower trade receivables and reclassification of current money market placements to short-term investments by the real estate group. As of March 31, 2009 and December 31, 2008, noncurrent accounts and notes receivable remained at 3% of the total assets.

Investments in associates and joint ventures – 0.3% decrease from P68,140mln to P67,907mln

Investments in associates, joint ventures and others includes the Company's and its subsidiaries' investments in various affiliates 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 decrease is due to dividends received partly offset by equity share in the net income (losses) of the associates and joint ventures. This account is at 30% of the total assets as of March 31, 2009 and 31% as of December 31, 2008.

Investment in bonds and other securities – 27% increase from P3,065mln to P3,899mln

Mainly due to improvement in the market prices of securities held by the group. This account is at 2% of the total assets as of March 31, 2009 and 1% as of December 31, 2008.

Investment properties – 30% increase from P21,059mln to P27,361mln

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

Property, plant and equipment – 37% decrease from P13,887mln to P8,774mln

Reclassification of the estate group's operational and completed buildings to investment properties account. As of March 31, 2009 and December 31, 2008, the group's property, plant and equipment account is at 4% and 6% of the total assets, respectively.

Deferred tax assets – 17% decrease from P1,133mln to P942mln

Largely due to the provision for impairment for the development cost of real estate inventories which may no longer be recovered. As of March 31, 2009 and December 31, 2008, the group's deferred tax asset is at 0.4% and 0.5% of the total assets, respectively.

Accounts payable and accrued expenses – 7% decrease from P27,484mln to P25,624mln

Payment of dividends, lower interest payable and accrued expenses by the parent company, lower trade payables by the real estate group and payment of accrued benefit costs by the electronics, information technology, business process outsourcing services group partly offset by higher inventory pull-outs by the automotive group. As of March 31, 2009 and December 31, 2008, this account is at 26% and 30% of the total liabilities, respectively.

Short-term debt – 8% increase from P 2,755mln to P2,985mln

Loans availed by the real estate and automotive groups. As of March 31, 2009 and December 31, 2008, this account remained at 3% of the total liabilities.

Income tax payable – 30% increase from P215mln to P280mln

Due to the real estate group's corporate income tax of current and previous quarter paid in April 2009. As a percentage to total liabilities, this account is at 0.3% and 0.2% as of March 31, 2009 and December 31, 2008, respectively.

Long-term debt – 14% increase from P50,250mln to P57,204mln

Issuance of fixed-rate corporate bonds by the real estate group and new loans availed by the parent company. As a percentage to total liabilities, this account is at 58% as of March 31, 2009 and 55% as of December 31, 2008.

Deferred tax liabilities – 14% decrease from P186mln to P160mln

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

Pension liabilities – 12% increase from P491mln to P550mln

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

Other noncurrent liabilities – 6% increase from P7,588mln to P8,046mln

Mainly due to increase in customer and security deposits, deferred interest income on advances and unearned management fees of the real estate group. This account remained constant at 8% of the total liabilities as of March 31, 2009 and December 31, 2008.

Cumulative translation adjustment – 25% increase from (P969mln) to (P723mln)

Mainly due to forex rate changes.

Retained earnings – 3% increase from P61,604mln to P63,491mln

Attributable to 2009 net income net of cash dividends declared.

Net unrealized gain on available-for-sale financial assets – 93% increase from (P613mln) to (P43mln)

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

### **Income Statement items**

#### **(YTD March 31, 2009 Vs YTD March 31, 2008)**

Equity in net earnings of associates and joint ventures – 14% increase from P2,069mln to P2,358mln

Largely due to higher equity earnings generated from the associates of the parent company partly offset by lower equity earnings of the real estate, automotive and electronics, information technology, business process outsourcing services groups. This account is 13% and 11% of the total revenue in 2009 and in 2008, respectively.

Interest income – 62% increase from P451mln to P731mln

Due to higher investible funds in 2009 by the parent company and real estate group. This account is 4% of the total revenue in 2009 and 2% in 2008.

Other income – 68% decrease from P1,193mln to P379mln

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. This account is 2% and 6% of the total revenue in 2009 and in 2008, respectively.

General and administrative – 14% increase from P1,944mln to P2,222mln

Inclusion of a new subsidiary in the real estate group, higher personnel related costs of the parent company and higher expenses of the electronics, information technology, business process outsourcing services group. General and administrative expense is 14% and 13% of the costs and expenses in 2009 and 2008.

Provision for income tax – 23% decrease from P599mln to P459mln

Primarily due to lower taxable income 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.

ALL'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.

ALL'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.

## 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 to be held on 03 April 2009 the stockholders shall consider and approve 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  
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, Corporate 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. Opulencia                      Managing Director & Treasurer  
\*\* John Philip S. Orbeta                      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.

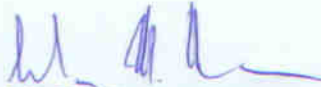
## SIGNATURES

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: May 14, 2009



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

Date: May 14, 2009



**AYALA CORPORATION AND SUBSIDIARIES**  
**AGING OF RECEIVABLES (Based on Unaudited Figures)**

**As of March 31, 2009**

**(In Thousand Pesos)**

	<b>Up to 6 months</b>	<b>Over 6 Mos. to One year</b>	<b>Over One Year</b>	<b>Past Due</b>	<b>TOTAL</b>
Trade Receivables	9,166,932	4,388,904	645,204	569,000	14,770,040
Non-Trade Receivables	6,411,363	3,541,328	5,501,674	-	15,454,365
Total	15,578,295	7,930,232	6,146,878	569,000	30,224,405