

# COVER SHEET

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S.E.C. Registration Number

B D O L E A S I N G A N D F I N A N C E , I N C .

( Company's Full Name )

B D O L E A S I N G C E N T R E , C O R I N T H I A N  
G A R D E N S O R T I G A S A V E . Q . C . M . M .

( Business Address : No. Street City / Town / Provinces

ROBERTO E. LAPID  
Contact Person

635-64-16  
Company Telephone Number

1 2 3 1  
Month Day  
Fiscal Year

SEC FORM 17- Q  
FORM TYPE

any day in April of every  
year as determined by the  
BOD  
Annual Meeting

n/a

Secondary License Type, If Applicable

C F D  
Dept. Requiring this Doc

Amended Articles Number / Sec.

1,273  
Total No. of Stockholders

Total Amount of Borrowings  
PhP 3,852,684,663.23  
Domestic

-  
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2009
2. Commission identification number 097869 3.BIR Tax Identification No. 000-486-050-000

4. Exact name of issuer as specified in its charter  
BDO LEASING & FINANCE, INC.

5. Province, country or other jurisdiction of incorporation or organization  
Philippines

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., Q. C. Postal Code 1100

8. Issuer's telephone number, including area code  
632/ 635-64-16, 635-58-11, 635-58-05, 635-38-98

9. Former name, former address and former fiscal year, if changed since last report  
N/A

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

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding and of debt</u>
<u>amount outstanding</u>	
<u>Common Stock, P1.00 par value</u>	<u>2,162,475,312 / P 3,852,684,663.23 .</u>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [  ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc.

Common stock

12. Indicate by check mark whether the registrant:

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

## **PART I--FINANCIAL INFORMATION**

### **Item 1. FINANCIAL STATEMENTS**

The company follows the generally accepted accounting principles in the preparation of its interim financial statements. Also, the accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2008 were consistently applied in the interim financial reports.

Accounting transactions emanating from a financing company are constant in nature. Interim operation does not change a lot if compared to a previous interim cycle.

### **Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### **June 2009 Compared to June 2008**

Gross income as of June 2009 amounted to P1.017 billion, an increase of P421 million, or 70.63% from P596.1 million as of June 2008. Interest, discounts, rent and service fees went up to P971.1 million in 2009, an increase of P414.5 million or 74.48% from P556.5 million in 2008. This is due to higher operating lease income earned by BDO Rental, Inc. in 2009 amounting to P532.8 million compared to P35.8 million in 2008. Other income increased by 16.3% or P6.5 million. The Company's leasing portfolio showed a P910 million decrease from P6.049 billion as of June 2008 to P5.139 billion as of June 2009. The Company's financing portfolio stood at P3.652 billion as of the current period as compared to P3.770 billion in 2008. As of June 2009 aggregate loan portfolio showed a decrease of 10.48%. Property, Plant and Equipment increased to P1.961 billion or by P1.609 billion as of June 2009. This is due to

increased Property, Plant and Equipment under operating lease in 2009 amounting to P1.941 billion compared to P346 million in 2008.

Interest and financing charges as of the second quarter of 2009 amounted to P157.7 million, consisting of financing charges on borrowings for P118.5 million and interest expense on leased deposits for P39.2 million. Increase in financing charges by P19.0 million is attributed to increment in Bills Payable which went up to P3.853 billion as of June 2009 from P3.664 billion as of June 2008. Interest expense accrued on leased deposits increased by P10 million.

As of June 2009 and 2008, total allowance for credit losses both amounted to P30.0 million, respectively.

Taxes and licenses expenses were P45.0 million for the current period, an increase of P8.3 million as compared to P36.7 million in 2008. This is due to tax deficiency paid in February 2009 amounting to P4.5 million.

Salaries and employee benefits expense amounted to P59.9 million in 2009 as compared to P48.6 million in 2008 due to increased number of employees and salary adjustments due to merit increases. Occupancy and equipment related expenses as of the second quarter of 2009 amounted to P516.3 million, an increase of P476.2 million from 2008's P40.1 million. This is primarily due to the increment in depreciation on leased assets of BDO Rental, Inc. amounting to P485.7 million as of June 2009 as compared to P16.3 million as of June 2008.

Litigation/assets acquired expenses decreased by 29% or from P16.9 million in 2008 to P12.0 million in 2009.

Other expenses decreased by 37.2% or from P19.1 million in 2008 to P12.0 million as of June 2009. This is due to higher amount booked in 2008 for the fair value loss on initial recognition of the residual value receivables under finance lease.

The Company registered a net income of P117.6 million for the six months ended June 30, 2009 as compared to P180.8 million for the first two quarters of 2008. Gross profit margin is at 87.79% as compared to 80.31% in 2008.

Total assets increased by P1.035 billion from June 2008's P9.814 billion to P10.849 billion as of June 2009. Aggregate leasing and financing portfolio declined by 10.48%. Property, Plant and Equipment-net showed an increment of P1.609 billion from 2008's P352 million, which primarily consists of the leased assets of BDO Rental, Inc. Increase in Other Assets-net is attributed to the increased Input Value Added Tax (VAT) of BDO Rental, Inc in 2009.

Accounts Payable and accrued expenses increased by P7.2 million.

Lease deposits increased from P1.637 billion in 2008 to P2.173 billion in 2009.

Stockholders' equity stood at P4.625 billion as of June 2009.

The Company's five (5) key performance indicators are the following:

	June 2009	June 2008
Current Ratio	0.70 : 1	1.53 : 1
Quick Assets Ratio	0.67 : 1	1.50 : 1
Debt to Equity Ratio	1.35 : 1	1.27: 1
Return on Equity Ratio	2.54%	4.18%
Net Profit Margin	11.56%	30.33%

Formulas used:

Current ratio	=	Current Assets over Current Liabilities
Net profit margin	=	Net income over Gross Revenues
Debt to equity	=	Total liabilities over Total Stockholders' Equity
Return on equity	=	Net income over Total Stockholders' Equity
Quick assets ratio	=	Quick assets over Current Liabilities
Gross profit margin	=	Total revenues/income less interest & financing charges over total revenues/income
Net operating margin	=	Income before income tax over Total revenues/income

### **Commitments and Contingencies**

In the ordinary course of the company's business, there are outstanding commitments and contingent liabilities such as guarantees, pending litigation and loan commitments that are not shown in the accompanying financial statements. Management does not anticipate losses from these commitments and contingencies that would adversely affect the company's operations.

### **Economic Events**

Unfavorable economic developments continue to affect the general business climate and have led to substantially slower economic activity. Management is continuously evaluating the impact of these economic events and will recognize the related effects in the ensuing financial statements as the need arises.

## **Risk Factors**

We assessed the financial risk exposure of the company and subsidiaries particularly on currency, interest, credit, market and liquidity risks. There were no changes that would materially affect the financial condition and results of operation of the company.

Risk management of the company's credit risks, market risks, liquidity risks, and operational risks is an essential part of the Company's organizational structure and philosophy. The risk management process is essentially a top-down process that emanates from the Board of Directors. The Board approves the overall institutional tolerance for risk, including risk policies and risk Philosophy of the Company.

## **Plans for the Next Quarter**

- We will continue to extensively market our products, especially on BDO Leasing & Finance's branches, and also use the extensive network of branches of BDO Unibank, Inc. to boost our volume.
- We will aggressively market Factoring not only through our Metro Manila lending units but extend it to our Luzon and Vizmin branches.
- We will look for fixed-term sources of funds to match our medium-term loans and leases.
- Control over other costs and expenses shall also be continuously pursued to ensure that these remain at a level which is compatible with the level of volume bookings.
- We will continue to enhance our IT system to fully address the requirements of new accounting standards. This is in coordination with our Parent Bank's Information Technology group. A new and upgraded Factoring system will be developed to accommodate increasing volumes.
- We will maximize the issuance of our short-term commercial paper license to lower funding costs.

## **PART II--OTHER INFORMATION**

Nothing to report.

**BDO LEASING & FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**BALANCE SHEETS**

	June 30 2009	(Audited) December 31, 2008	June 30 2008
<b>ASSETS</b>			
Cash and Cash Equivalents	466,835,318	186,128,465	203,033,884
Available-for-Sale Investments - at market	1,117,938	1,117,938	1,087,000
<b>Finance Lease Receivables</b>			
Finance lease receivables	3,338,045,791	3,587,101,500	4,503,690,709
Residual value of leased assets	1,800,546,205	1,664,751,989	1,545,715,304
Unearned lease income	(516,554,730)	(526,461,006)	(609,170,536)
Allowance for credit losses	(3,975,582)	(3,975,582)	(4,442,932)
	<u>4,618,061,684</u>	<u>4,721,416,901</u>	<u>5,435,792,545</u>
<b>Loans and Receivables Financed</b>			
Loans and receivables financed	3,652,274,284	3,643,534,416	3,770,256,476
Unearned finance income	(562,252,071)	(515,879,835)	(557,435,392)
Allowance for credit losses	(150,172,223)	(120,172,223)	(156,098,937)
Clients' Equity	(116,163,064)	(127,251,434)	(104,183,309)
	<u>2,823,686,926</u>	<u>2,880,230,924</u>	<u>2,952,538,838</u>
Property, Plant and Equipment - net	1,961,441,659	1,649,684,280	352,007,016
Investment Properties - net	758,590,204	751,629,098	719,557,382
Other Assets - net	219,047,315	225,133,267	149,797,467
	<u>10,848,781,044</u>	<u>10,415,340,873</u>	<u>9,813,814,132</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Bills Payable	3,852,684,663	3,670,884,834	3,663,788,003
Accounts Payable, Accrued Interest and Other Liabilities	197,758,831	211,682,667	190,563,566
Lease Deposits	2,173,448,220	2,025,496,012	1,636,968,697
	<u>6,223,891,714</u>	<u>5,908,063,513</u>	<u>5,491,320,266</u>
<b>Stockholders' Equity</b>			
Capital Stock	2,225,169,030	2,225,169,030	2,225,169,054
Additional Paid-in Capital	571,095,676	571,095,676	571,095,676
Retained Earnings	1,910,663,315	1,793,051,344	1,608,290,764
Unrealized loss on available-for-sale investments	(262,063)	(262,062)	(285,000)
Treasury Stock	(81,776,628)	(81,776,628)	(81,776,628)
	<u>4,624,889,330</u>	<u>4,507,277,360</u>	<u>4,322,493,866</u>
	<u>10,848,781,044</u>	<u>10,415,340,873</u>	<u>9,813,814,132</u>

**BDO LEASING & FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF INCOME**

<b>For the six months ended</b>	<b>June 30</b>	<b>June 30</b>
	<b>2009</b>	<b>2008</b>
<b>INCOME</b>		
Interest and discounts, rent and service fees	971,008,550	556,473,453
Other income	46,104,614	39,617,439
	<u>1,017,113,164</u>	<u>596,090,892</u>
<b>EXPENSES</b>		
Interest and financing charges	157,715,260	138,707,686
Taxes and licenses	45,041,868	36,712,690
Provision for impairment and credit losses	30,000,000	30,000,000
Compensation and fringe benefits	59,948,646	48,633,273
Occupancy and equipment-related expenses	516,345,350	40,083,647
Traveling expenses	3,145,325	1,953,655
Fuel and lubricants	1,158,376	1,075,571
Entertainment, Amusement and Recreation	1,381,626	807,749
Litigation/assets acquired expenses	12,018,314	16,921,441
Others	11,973,708	19,113,064
	<u>838,728,473</u>	<u>334,008,776</u>
<b>INCOME BEFORE INCOME TAX</b>	178,384,691	262,082,116
<b>PROVISION FOR INCOME TAX</b>	60,772,720	81,258,897
<b>NET INCOME</b>	<u>117,611,971</u>	<u>180,823,219</u>
<b>BASIC EARNINGS PER SHARE**</b>	0.05	0.08
<b>DILUTED EARNINGS PER SHARE**</b>	0.05	0.08

\*\* NET INCOME DIVIDED BY THE TOTAL NUMBER OF OUTSTANDING SHARES AS OF THE CUT-OFF DATE:

NET INCOME	117,611,971	180,823,219
DIVIDED BY OUTSTANDING SHARES	2,162,475,312	2,162,475,336
EPS(Basic and Diluted)	0.05	0.08



**BDO LEASING & FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF INCOME**

<b>For the three months ended</b>	<b>June 30</b>	<b>June 30</b>
	<b>2009</b>	<b>2008</b>
<b>INCOME</b>		
Interest and discounts, rent and service fees	520,848,014	281,975,985
Other income	27,365,257	19,420,073
	<u>548,213,271</u>	<u>301,396,058</u>
<b>EXPENSES</b>		
Interest and financing charges	76,707,937	72,772,753
Taxes and licenses	20,427,366	18,697,712
Provision for impairment and credit losses	15,000,000	15,000,000
Compensation and fringe benefits	31,749,236	26,089,982
Occupancy and equipment-related expenses	287,887,389	21,931,231
Traveling expenses	1,584,821	1,015,805
Fuel and lubricants	621,747	538,548
Entertainment, Amusement and Recreation	772,094	451,987
Litigation/assets acquired expenses	6,669,594	12,058,503
Others	5,608,829	8,057,202
	<u>447,029,013</u>	<u>176,613,723</u>
<b>INCOME BEFORE INCOME TAX</b>	101,184,258	124,782,335
<b>PROVISION FOR INCOME TAX</b>	37,517,330	22,633,380
<b>NET INCOME</b>	63,666,928	102,148,955
<b>BASIC EARNINGS PER SHARE**</b>	0.03	0.05
<b>DILUTED EARNINGS PER SHARE**</b>	0.03	0.05

\*\* NET INCOME DIVIDED BY THE TOTAL NUMBER OF OUTSTANDING SHARES AS OF THE CUT-OFF DATE:

NET INCOME	63,666,928	102,148,955
DIVIDED BY OUTSTANDING SHARES	2,162,475,312	2,162,475,336
EPS(Basic and Diluted)	0.03	0.05

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	<b>For the Six Months Ended June 30</b>	
	<b>2009</b>	<b>2008</b>
<b>CAPITAL STOCK</b>		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,030 shares	2,225,169,030	2,225,169,054
Treasury Stock (62,693,718 shares)	(81,776,628)	(81,776,628)
<b>ADDITIONAL PAID-IN CAPITAL</b>	571,095,676	571,095,676
<b>RETAINED EARNINGS</b>		
Balance at beginning of the year	1,793,051,344	1,427,467,544
Net income	117,611,971	180,823,220
Balance at end of three months	1,910,663,315	1,608,290,764
<b>Unrealized loss on available-for-sale investments</b>	(262,063)	(285,000)
	4,624,889,330	4,322,493,866

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	For the Three Months Ended June 30	
	2009	2008
<b>CAPITAL STOCK</b>		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,030 shares	2,225,169,030	2,225,169,054
Treasury Stock (62,693,718 shares)	(81,776,628)	(81,776,628)
<b>ADDITIONAL PAID-IN CAPITAL</b>	571,095,676	571,095,676
<b>RETAINED EARNINGS</b>		
Balance at beginning of the quarter	1,846,996,387	1,506,141,808
Net income	63,666,928	102,148,956
Balance at end of three months	1,910,663,315	1,608,290,764
<b>Unrealized loss on available-for-sale investments</b>	(262,063)	(285,000)
	4,624,889,330	4,322,493,866

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CASH FLOWS**

For the six months ended

	June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	178,384,692	262,082,116
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	30,000,000	30,000,000
Depreciation and amortization	500,396,861	27,363,153
Loss/(Gain) on sale of property and equipment	(11,071,667)	29,333
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	221,177,687	(243,120,075)
Other assets	(97,188,142)	(107,059,212)
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	(13,279,324)	(3,233,668)
Lease Deposits	148,226,566	88,988,266
Net cash generated from ( used in ) operations	956,646,673	55,049,913
Income taxes paid	(47,132,398)	(134,927,069)
Net cash provided by ( used in ) operating activities	909,514,275	(79,877,156)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (acquisition) of investment properties	(9,392,948)	(17,255,716)
Net acquisitions of property and equipment	(790,547,117)	(60,580,714)
Net cash used in investing activities	(799,940,065)	(77,836,430)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	-	-
Net (payments) of bills payable	171,132,644	150,567,139
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	280,706,854	(7,146,447)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	186,128,464	210,180,331
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	466,835,318	203,033,884

**BDO LEASING AND FINANCE, INC. AND SUBSIDIARY**  
**(A Subsidiary of BDO Unibank, Inc.)**  
**STATEMENTS OF CASH FLOWS**

For the three months ended

	June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	101,184,259	124,782,335
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	15,000,000	15,000,000
Depreciation and amortization	280,275,825	15,428,439
Loss/(Gain) on sale of property and equipment	(11,157,570)	29,333
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	54,679,915	(128,774,530)
Other assets	5,982,127	(48,785,715)
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	(23,334,550)	12,772,964
Lease Deposits	(23,664,238)	43,387,975
Net cash generated from ( used in ) operations	398,965,768	33,840,801
Income taxes paid	(45,688,131)	(39,206,542)
Net cash provided by ( used in ) operating activities	353,277,637	(5,365,741)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (acquisition) of investment properties	(7,856,815)	(28,980,437)
Net acquisitions of property and equipment	(218,940,708)	(43,341,442)
Net cash used in investing activities	(226,797,523)	(72,321,879)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	-	-
Net (payments) of bills payable	(218,156,351)	22,696,804
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(91,676,237)	(54,990,816)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>	558,511,555	258,024,700
<b>CASH AND CASH EQUIVALENTS AT END OF QUARTER</b>	466,835,318	203,033,884



BDO LEASING & FINANCE, INC. AND SUBSIDIARY  
 SEGMENT INFORMATION  
 FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Leasing	Financing	Others	Total
Gross income	730,779,460	224,711,089	61,622,615	1,017,113,164
Segment revenues	730,779,460	224,711,089	61,622,615	1,017,113,165
Segment expenses	602,612,927	185,300,511	50,815,036	838,728,474
Segment results	128,166,533	39,410,578	10,807,579	178,384,691
Income tax expense				60,772,720
Net Income				117,611,971
Segment assets - net	4,618,061,684	2,823,686,926	-	7,441,748,610
Unallocated assets				3,407,032,434
Total Assets				10,848,781,044
Segment liabilities	474,960,289	1,204,276,154	-	1,679,236,443
Unallocated liabilities				4,544,655,271
Total Liabilities				6,223,891,714

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	3,338,045,791	3,652,274,284
Residual value of leased assets	1,800,546,205	-
	5,138,591,996	3,652,274,284
Unearned income	(516,554,730)	(562,252,071)
Allowance for probable losses	(3,975,582)	(150,172,223)
Clients' equity	-	(116,163,064)
	4,618,061,684	2,823,686,926

Bills payable amounting to P3,852,684,663 is allocated between the leasing and financing segments based on net-to-close balances of receivables of these segments as of June 30, 2009. Lease deposits amounting to P2,173,448,220 as of June 30, 2009 is included in the leasing segment.

The products under the leasing segment are the following:

- \* Direct leases; and
- \* Sale-and-leaseback arrangements

The products under the financing segment are the following:

- \* Amortized commercial loans;
- \* Amortized retail loans;
- \* Installment paper purchases;
- \* Discounting of receivables; and
- \* Factoring of receivables

The Company's products and services are marketed by its Head Office in Metro Manila and its 8 branches.

**Explanation for each information where disclosure of such is not applicable  
in our interim financial statements**

**ITEM 1-7**

- C. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

***In the course of integration of Banco de Oro – EPCI, Inc. (the "Bank") and its subsidiaries, it has been determined based on a review conducted that there is a need to restate the retained earnings of the Company for 2007 and prior years 2005 and 2006. The need arose from overstatement of income in terms of the timing in recognition of revenues.***

***As of September 30, 2007, adjustments have been made to correct the balance of retained earnings amounting to P237 million. But after final validation, this will be reduced to P228 million of which P91 million pertains to adjustments prior to 2005.***

- D. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

***As explained in item c above, the restatement resulted to a reduction in income recognition for prior years 2005 and 2006 of P37 million and P100 million respectively. However, it resulted to an increase in income of P132 million for year to date September 2007.***

- F. Dividends paid ( aggregate or per share ) separately for ordinary shares and other shares.

***On May 27, 2009, the Board of Directors (BOD) approved the declaration of cash dividends at P0.05 per share to be paid to all stockholders of record as of June 10, 2009 and payable on July 7, 2009.***

- G. Segment revenue and segment result for business segments or geographical segments.

***Please see attached.***

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

***Not applicable – There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.***



- I. The effect of changes in the composition of the issuer during the interim period, including business combination, acquisition or disposal of subsidiaries and long term investments.

***On March 15, 2005, the Board of Directors noted and confirmed the action of Management to organize a wholly-owned rental company under the name of Equitable Pentad Rental, Inc.***

***Its primary purpose is to engage in the business of renting and leasing (excluding financial leases) of equipment, motor vehicles, and real properties; while its secondary purpose is to carry on the business of a common and/or private carrier.***

***On March 19, 2008, Securities & Exchange Commission approved the change of name of Equitable Pentad Rental, Inc. to BDO Rental, Inc.***

- J. Changes in contingent liabilities or contingent assets.

***Not applicable – There were no changes in contingent liabilities or contingent assets since the last interim balance sheet dates.***

- K. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.

***Not applicable – There were no existing material contingencies and any other events or transactions that would affect the understanding of the current interim period.***

## **ITEM 2**

- A. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

***Not applicable – There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the company's liquidity.***

- B. Any material commitments for capital expenditure, the general purpose of such commitments and the expected sources of funds for such expenditures.

***Not applicable – There were no material commitments for capital expenditure.***

- C. 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 / revenues / income from continuing operations.

***Not applicable – There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales / revenues / income from continuing operations.***

- D. Any significant elements of income or loss that did not arise from the issuer's continuing operations.

***Not applicable – There were no significant elements of income or loss that would have surfaced in the company's continuing operations.***

**Item 2. Management's Discussion and Analysis (MDA) of Financial Condition and Results of Operations [(Part III, Par. (A)(2)(b)]**

3. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

- b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

***Not applicable. There are no events that will trigger direct or contingent financial obligation that is material to the company.***

- c. 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.

***Not applicable. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.***


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

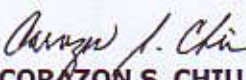
***Not applicable. There are no seasonal aspects that has a material effect on the financial condition or results of operations.***

**SIGNATURES**

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

**BDO LEASING & FINANCE, INC.**

  
**ROBERTO E. LAPID**  
President

  
**CORAZON S. CHIU**  
Assistant Vice President

**AUGUST 2009**  
Date