

August 13, 2010

THE DISCLOSURE DEPARTMENT
4/F The Philippine Stock Exchange, Inc.
PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Dear Ma'am:

Please find enclosed SEC Form 17-Q of BDO Leasing and Finance, Inc., for the quarter ended June 30, 2010.

Thank you very much.

Very truly yours,


Ronabel Joyce G. Alcantara
Reports Officer

BDO Leasing & Finance, Inc.
BDO Leasing Centre
Corinthian Gardens, Ortigas Avenue
Quezon City, Philippines
Tel +63(2) 635 6416
Fax +63(2) 635 5811, 635 5805, 635 3898

COVER SHEET

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S.E.C. Registration Number

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A	N	D	S	U	B	S	I	D	I	A	R	Y																

(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

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Month	Day				
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AMENDED 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

CFD

Dept. Requiring this Doc

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Amended Articles Number / Sec.

1,256

Total No. of Stockholders

Total Amount of Borrowings

PhP 7,586,616,145.00

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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, 2010
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. 1100
Postal Code

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 amount of debt outstanding</u>
<u>Common Stock, P1.00 par value</u>	<u>2,162,475,312 / P 7,586,616,145.00</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 17of 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 [**X**] No []

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

Yes [**X**] 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, 2009 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 2010 Compared to June 2009

Gross revenues as of the first semester amounted to P1.112 billion, an increase of 9.34% from P1.017 billion in the same period last year. Interest, discounts, rent and service fees, which represent 91.6% of gross revenues, rose by 5% to P1.020 billion in 2010, from P971 million last year. This was primarily due to the increase in gross loans receivable portfolio from P8.8 billion in June 2009 to P13.8 billion in June 2010. Other income also increased by 101.52% mainly due to dividend income from investments in SMC preferred shares.

Total expenses increased to P920.8 million from last year's P838.7 million or by P82.1 million.

Interest and financing charges amounting to P163.1 million, consist of financing charges on borrowings for P138.6 million and interest expense on leased deposits for P24.5 million.

Financing charges on borrowings increased by P20.1 million compared to June 2009's P118.5 million due to the increase in Bills Payable from P3.9 billion in June, 2009 to P7.6 billion in June 2010, primarily to fund business growth.

Salaries and employee benefits expense increased to P68.8 million in 2010 as compared to P59.9 million in 2009 due to salary adjustments, commutation of unutilized leave credits and other employee-related benefits. Occupancy and equipment related expenses for the first semester of 2010 amounted to P546.2 million, an increase of P29.9 million from 2009's P516.3 million. This is primarily due to the increase in depreciation on leased assets of BDO Rental, Inc. amounting to P21.1 million.

Total provision for credit losses is up by P35.0 million, from P30.0 million in 2009 to P65.0 million in 2010.

Taxes and licenses expenses showed a minimal increment of P0.9 million, to P45.9 million as of the current semester.

Litigation/assets acquired expenses decreased by 20% or from P12 million in 2009 to P9.6 million in 2010.

Other expenses totaling P15.8 million is an increase of 31.67% from P12 million in 2009, primarily incurred for the company's normal business operations.

The Company registered a net income of P144.3 million for the 6 months ended June, 2010, an increase of P26.7 million compared to last year's P117.6 million. Gross profit margin was at 36.70% as compared with 37.77% in 2009.

Total assets stood at P14.7 billion, an increment of P3.9 billion compared to June, 2009's P10.8 billion. This is mainly due to the net increase in the volume of loan and lease receivable by P3.5 billion. Available-for-sale Investments increased by P1.3 billion representing the company's investment in SMC preferred shares.

Property, Plant and Equipment went down by P1 billion arising from depreciation.

Other assets rose to P271.4 million against 2009's P219.0 million mainly arising from increases of P23.9 million in accrued interest receivable and P11.4 million in rental receivables of BDO Rental, Inc.

Bills Payable increased from P3.9 billion in 2009 to P7.6 billion in 2010 primarily to fund increased volume.

Accounts Payable, Accrued Interest and Other Liabilities increased by P82.2 million due to P108 million dividends payable booked in June 2010.

Lease deposits increased from P2.173 billion in 2009 to P2.471 billion in 2010, arising from increased loans booked.

Stockholders' equity stood at P4.411 billion as of June, 2010.

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

	June 2010	June 2009
Current Ratio	0.81 : 1	0.70 : 1
Quick Assets Ratio	0.54 : 1	0.67 : 1
Debt to Equity Ratio	2.34 : 1	1.35 : 1
Return on Equity Ratio	6.54%	5.09%
Net Profit Margin	12.97%	11.56%

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	=	Annualized Net income over Total Stockholders' Equity
Quick assets ratio	=	Quick assets over Current Liabilities
Gross profit margin	=	Total operating income less interest & financing charges less depreciation on leased assets over total operating income

Commitments and Contingencies

In the ordinary course of business, the company may incur contingent liabilities and commitments such as guarantees and pending litigation arising from normal business transactions which are not shown in the accompanying financial statements. Management does not anticipate significant losses from these commitments and contingencies that would adversely affect the company's operations.

Economic Events

Management is continuously evaluating the current business climate and the impact of the economic events on the present operations of the company. As the need arises, the company will recognize related effects in the ensuing financial statements.

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.

Directors. The Board approves the overall institutional tolerance for risk, including risk policies and risk Philosophy of the Company.

Plans for the Next Quarter

- The thrust of the company is to tap the large corporate accounts of BDO Parent but 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 business volume.
- We will aggressively market Factoring product 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.
- We will apply for an increase in our STCP License with Securities and Exchange Commission.
- We will maximize the issuance of our short-term commercial paper license to lower funding costs.
- Control over operating 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.

PART II--OTHER INFORMATION

Nothing to report.

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

	June 30 2010	(Audited) December 31, 2009	June 30 2009
ASSETS			
Cash and Cash Equivalents	499.4	232.4	466.8
Available-for-Sale Investments - at market	1,270.4	1,300.9	1.1
Finance Lease Receivables			
Finance lease receivables	4,407.4	3,395.1	3,338.1
Residual value of leased assets	2,099.5	1,919.6	1,800.5
Unearned lease income	(694.5)	(554.4)	(516.5)
Allowance for credit losses	-	-	(4.0)
	<u>5,812.4</u>	<u>4,760.3</u>	<u>4,618.1</u>
Loans and Receivables Financed			
Loans and receivables financed	7,310.7	6,078.0	3,652.3
Unearned finance income	(1,818.4)	(1,466.1)	(562.2)
Allowance for credit losses	(218.9)	(175.6)	(150.2)
Clients' Equity	(140.7)	(137.4)	(116.2)
	<u>5,132.7</u>	<u>4,298.9</u>	<u>2,823.7</u>
Property, Plant and Equipment - net	1,002.4	1,452.5	1,961.5
Investment Properties - net	760.3	767.0	758.6
Other Assets - net	271.4	240.1	219.0
	<u>14,749.0</u>	<u>13,052.1</u>	<u>10,848.8</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	7,586.6	6,143.0	3,852.7
Accounts Payable, Accrued Interest and Other Liabilities	280.0	232.4	197.8
Lease Deposits	2,471.4	2,301.9	2,173.4
	<u>10,338.0</u>	<u>8,677.3</u>	<u>6,223.9</u>
Stockholders' Equity			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Retained Earnings	1,696.8	1,660.6	1,910.7
Unrealized loss on available-for-sale investments	(0.3)	(0.3)	(0.3)
Treasury Stock	(81.8)	(81.8)	(81.8)
	<u>4,411.0</u>	<u>4,374.8</u>	<u>4,624.9</u>
	<u>14,749.0</u>	<u>13,052.1</u>	<u>10,848.8</u>

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

For the six months ended	June 30	June 30
	2010	2009
INCOME		
Interest and discounts, rent and service fees	1,019.6	971.0
Other income	92.9	46.1
	<u>1,112.5</u>	<u>1,017.1</u>
EXPENSES		
Interest and financing charges	163.2	157.7
Taxes and licenses	45.9	45.0
Provision for impairment and credit losses	65.0	30.0
Compensation and fringe benefits	68.8	60.0
Occupancy and equipment-related expenses	546.2	516.3
Traveling expenses	1.2	3.1
Fuel and lubricants	0.4	1.2
Entertainment, Amusement and Recreation	4.8	1.4
Litigation/assets acquired expenses	9.6	12.0
Others	15.8	12.0
	<u>920.9</u>	<u>838.7</u>
INCOME BEFORE INCOME TAX	191.6	178.4
PROVISION FOR INCOME TAX	47.3	60.8
NET INCOME	<u>144.3</u>	<u>117.6</u>
BASIC EARNINGS PER SHARE**	<u>0.07</u>	<u>0.05</u>
DILUTED EARNINGS PER SHARE**	<u>0.07</u>	<u>0.05</u>

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

NET INCOME	144	118
DIVIDED BY OUTSTANDING SHARES	2,163	2,163
EPS(Basic and Diluted)	0.07	0.05

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

For the three months ended	June 30	June 30
	2010	2009
INCOME		
Interest and discounts, rent and service fees	483.8	520.8
Other income	45.1	27.4
	528.9	548.2
EXPENSES		
Interest and financing charges	83.0	76.7
Taxes and licenses	18.7	20.4
Provision for impairment and credit losses	15.0	15.0
Compensation and fringe benefits	32.2	31.8
Occupancy and equipment-related expenses	266.0	287.8
Traveling expenses	0.5	1.5
Fuel and lubricants	0.2	0.7
Entertainment, Amusement and Recreation	2.6	0.8
Litigation/assets acquired expenses	4.5	6.7
Others	8.8	5.6
	431.5	447.0
INCOME BEFORE INCOME TAX	97.4	101.2
PROVISION FOR INCOME TAX	22.7	37.5
NET INCOME	74.7	63.7
BASIC EARNINGS PER SHARE**	0.03	0.03
DILUTED EARNINGS PER SHARE**	0.03	0.03

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

NET INCOME	75	64
DIVIDED BY OUTSTANDING SHARES	2,163	2,163
EPS(Basic and Diluted)	0.03	0.03

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

For the six months ended

	June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	191,684,277	178,384,692
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	65,000,000	30,000,000
Depreciation and amortization	525,330,258	500,396,861
Loss/(Gain) on sale of property and equipment	(330,633)	(11,071,667)
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	(1,950,946,966)	221,177,687
Other assets	(9,284,052)	(97,188,142)
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	99,225,992	(13,279,324)
Lease Deposits	169,400,453	148,226,566
Net cash generated from (used in) operations	(909,920,671)	956,646,673
Income taxes paid	(108,404,978)	(47,132,398)
Net cash provided by (used in) operating activities	(1,018,325,649)	909,514,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	9,346,537	(9,392,948)
Net acquisitions of property and equipment	(63,841,684)	(790,547,117)
Net cash used in investing activities	(54,495,147)	(799,940,065)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	(108,123,766)	-
Net (payments) of bills payable	1,447,946,383	171,132,644
Net cash provided by (used in) financing activities	1,339,822,617	171,132,644
NET DECREASE IN CASH AND CASH EQUIVALENTS	267,001,821	280,706,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	232,366,329	186,128,464
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	499,368,150	466,835,318

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

For the three months ended

	June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	97,476,592	101,184,259
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	516,419,791	280,275,825
Loss/(Gain) on sale of property and equipment	(320,564)	(11,157,570)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(1,152,637,114)	54,679,915
Other assets	826,175	5,982,127
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	77,687,650	(23,334,550)
Lease Deposits	136,085,888	(23,664,238)
<u>Net cash generated from (used in) operations</u>	<u>(309,461,582)</u>	<u>398,965,768</u>
Income taxes paid	(101,316,785)	(45,688,131)
<u>Net cash provided by (used in) operating activities</u>	<u>(410,778,367)</u>	<u>353,277,637</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	9,073,181	(7,856,815)
Net acquisitions of property and equipment	(305,262,475)	(218,940,708)
<u>Net cash used in investing activities</u>	<u>(296,189,294)</u>	<u>(226,797,523)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks		
Payment of cash dividend	(108,123,766)	
Net (payments) of bills payable	1,176,974,020	(218,156,351)
<u>Net cash provided by (used in) financing activities</u>	<u>1,068,850,254</u>	<u>(218,156,351)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	361,882,593	(91,676,237)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	137,485,557	558,511,555
CASH AND CASH EQUIVALENTS AT END OF QUARTER	499,368,150	466,835,318

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

	For the Six Months Ended June 30	
	2010	2009
CAPITAL STOCK		
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	2,225.2	2,225.2
Treasury Stock (62,693,718 shares)	(81.8)	(81.8)
ADDITIONAL PAID-IN CAPITAL	571.1	571.1
RETAINED EARNINGS		
Balance at beginning of the year	1,660.6	1,793.1
Net income	144.3	117.6
Cash dividends issued	(108.1)	-
Balance at end of six months	1,696.8	1,910.7
Unrealized loss on available-for-sale investments	(0.3)	(0.3)
	4,411.0	4,624.9

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

	For the Three Months Ended June 30	
	2010	2009
CAPITAL STOCK		
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	2,225.2	2,225.2
Treasury Stock (62,693,718 shares)	(81.8)	(81.8)
ADDITIONAL PAID-IN CAPITAL	571.1	571.1
RETAINED EARNINGS		
Balance at beginning of the quarter	1,730.2	1,847.0
Net income	74.7	63.7
Cash dividends issued	(108.1)	-
Balance at end of three months	1,696.8	1,910.7
Unrealized loss on available-for-sale investments	(0.3)	(0.3)
	4,411.0	4,624.9

BDO LEASING AND FINANCE INC.
AGING OF LOAN PORTFOLIO
As of June 30, 2010
(in thousands)

Account	Total	1 Month	Over 1 Mos. to 3 Mos.	Over 3 Mos. to 6 Mos.	Over 6 Mos. to 1 Yr.	Over 1 Yr. to 3 Yrs.	3 to 5 yrs.	Over 5 Yrs.	Past Due & Litigation
Factored Receivable	578,202	-	550,795	-	-	-	-	-	27,407
Receivables Purchased	10,708	-	-	-	-	-	-	-	10,708
Installment Paper Purchased	444,968	47,695	71,761	91,726	111,982	105,340	4,917	-	11,547
Amortized Commercial Loans	6,009,488	122,953	237,095	277,800	504,072	1,515,532	1,450,032	1,639,957	262,047
Amortized Consumer Loans	240,986	12,783	22,949	31,000	48,574	85,399	13,434	359	26,488
Lease Contract Receivables	6,506,894	448,950	392,333	530,954	965,822	2,706,579	993,793	97,055	381,408
Floor Stock Financing	26,312	26,312	-	-	-	-	-	-	-
Personal Loans Programs	1	-	-	-	-	-	-	-	1
	13,817,559	658,693	1,274,933	931,480	1,620,450	4,412,850	2,462,176	1,737,371	719,606

Less: Allowance For Credit Losses 218,982

Finance Receivables - Net 13,598,597

**BDO LEASING & FINANCE, INC. AND SUBSIDIARY
SEGMENT INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2010**
(in millions)

	Leasing	Financing	Others	Total
Gross income	722.9	293.3	96.3	1,112.5
Segment revenues	722.9	293.3	96.3	1,112.5
Segment expenses	598.4	242.8	79.7	920.9
Segment results	124.5	50.5	16.6	191.6
Income tax expense				47.3
Net Income				144.3
Segment assets - net	5,812.4	5,132.7		10,945.1
Unallocated assets				3,803.9
Total Assets				14,749.0
Segment liabilities	2,090.5	3,024.7		5,115.2
Unallocated liabilities				5,222.8
Total Liabilities				10,338.0

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	4,407	7,311
Residual value of leased assets	2,100	-
	6,507	7,311
Unearned income	(695)	(1,818)
Allowance for probable losses	-	(219)
Clients' equity	-	(141)
	5,812	5,133

Bills payable amounting to P7.6 billion is allocated between the leasing and financing segments based on net-to-close balances of receivables of these segments as of June 30, 2010. Lease deposits amounting to P2.5 billion as of June 30, 2010 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;
- * Floor Stock Financing;
- * 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 31, 2010 the Company's Board of Directors (BOD) approved the declaration of cash dividends at P0.05 per share in favor of stockholders of record as of June 30, 2010 to be paid on July 26, 2010 . Total dividends payable as of June 30, 2010 amounted to P108,123,765.60 .

- 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.

Not applicable – There are no business combination, acquisition or disposal of subsidiary and long term investments since the last interim balance sheet dates.

- 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 2010
Date

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