

October 5, 2012

THE DISCLOSURE DEPARTMENT
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS.JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

Please find the amended SEC Form 17Q of BDO Leasing and Finance, Inc., in line with the Commission's directive to submit a duly accomplished report that fully complies with SRC Rule 17 and 68.1, as amended. To include "Other Comprehensive Income in the Financial Statements" and "Other Disclosures to Notes to Interim Financial Statements"

Thank you very much.



ATTY. JOSEPH JASON M. NATIVIDAD
Corporate Secretary

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

October 5, 2012

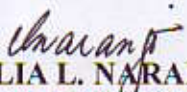
MS. JUSTINA F. CALLANGAN
Acting Director
SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA Greenhills,
Mandaluyong City

Ma'am;

In connection with your letter dated August 31, 2012, which we received last September 21, 2012, we submit herewith our comments on the noted deficiencies in the company's 2012 2nd Quarter Report ended June 30, 2012 (SEC Form 17-Q) filed to the Commission last August 14, 2012.

Please see attached table for your reference and our revised SEC Form 17-Q.

Very truly yours,


CECILIA L. NARANJO
Accounting Officer/Senior Manager

Notes to Interim Financial Statements	Response of the Company
The following information, as a minimum, should be disclosed in the notes to the financial statements, if material, and if not, disclosed elsewhere in the interim financial report: (PAS 34: Interim Financial Reporting).	
b. Explanatory comments about the seasonality or cyclicity of interim operations;	This is not applicable to the Company's operations as its products and services are not seasonal or the volume does not vary between periods.
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;	Please see 17Q report of the Company for the disclosure made.
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;	For the second quarter of 2012, there are no changes in estimates of amounts reported in the first quarter of 2012 and there are also no changes in estimates of amounts reported in prior financial years.
e. Issuances, repurchases, repayments of debt and equity securities;	For the second quarter of 2012, the Company has issued bills payable amounting to P17.1B and made total payments on its bills payable amounting to P17.6B. However, there are no new issuances, repurchases and repayments of equity securities during the period.
f. Dividends paid (aggregate or per share) separately for ordinary shares and other shares;	Please see 17Q report of the Company for the disclosure made. For the second quarter of 2012, only common shares were paid with dividends.
g. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting;	Please see 17Q report of the Company for the disclosure made.

Notes to Interim Financial Statements	Response of the Company
h. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;	Please see 17Q report of the Company for the disclosure made.
i. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations;	Please see 17Q report of the Company for the disclosure made.
j. Changes in contingent liabilities or contingent assets since the last annual balance sheet date;	Please see 17Q report of the Company for the disclosure made.
k. Existence of material contingencies and any other event/s or transaction/s that are materials to an understanding of the current interim period.	Please see 17Q report of the Company for the disclosure made.

COVER SHEET

			0	9	7	8	6	9
--	--	--	---	---	---	---	---	---

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	.			
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

GEORGIANA A. GAMBOA
 Contact Person

635-64-16 / 840-7000
 Company Telephone Number

1	2		3	1
Month	Day	Fiscal Year	Month	Day

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

C	F	D
---	---	---

 Dept. Requiring this Doc

Amended Articles Number / Sec.

1,207

 Total No. of Stockholders

Total Amount of Borrowings

PhP 12,374,434,916.81

 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, 2012
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/ 635-6416, 635-5817, 840-7000
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 12,374,434,916.81</u>

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

Yes [X] 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 financial statements of BDO Leasing & Finance, Inc. and Subsidiary are prepared and presented in accordance with Philippine Financial Reporting Framework.

The accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2011 were consistently applied in the interim financial reports.

Adoption of New Interpretations, Revisions and Amendments to PFRS

There are new PFRS, revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2011. Management has initially determined the following pronouncement, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements.

PFRS 9, *Financial Instruments* (effective from January 1, 2015). PAS 39 will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):

Phase 1: Classification and Measurement

Phase 2: Impairment Methodology

Phase 3: Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Other chapters dealing with impairment methodology and hedge accounting are still being developed. Management conducted a study on the impact of an early adoption of PFRS 9 on our financial statements. Our assessment was based on the Company's Audited Financial data as of December 31, 2011. The Company also conducted evaluation on the possible financial impact of PFRS 9. The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published.

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

	June 30, 2012	(Audited) December 31, 2011	June 30, 2011
ASSETS			
Cash and Cash Equivalents	77.9	87.7	76.3
Available-for-Sale Investments	1,961.8	2,043.1	1,271.3
Loans & Other Receivables - net			
Finance Lease Receivables			
Finance lease receivables	5,609.1	5,042.5	4,640.9
Residual value of leased assets	2,628.1	2,367.0	2,216.1
Unearned lease income	(725.0)	(681.6)	(667.0)
	<u>7,512.2</u>	<u>6,727.9</u>	<u>6,190.0</u>
Loans and Receivables Financed			
Loans and receivables financed	9,176.7	8,210.1	10,501.9
Unearned finance income	(207.8)	(236.9)	(2,509.9)
Clients' Equity	(39.6)	(53.3)	(55.2)
	<u>8,929.3</u>	<u>7,919.9</u>	<u>7,936.8</u>
Other Receivables			
Accounts Receivable	14.9	26.2	19.4
Sales Contract Receivable	43.0	23.0	60.7
Dividends Receivable	73.5	73.5	24.0
Accrued Interest Receivable	107.5	83.6	23.2
Accrued Rental Receivable	2.4	2.3	-
	<u>241.3</u>	<u>208.6</u>	<u>127.4</u>
	<u>16,340.8</u>	<u>14,571.3</u>	<u>13,943.9</u>
Allowance for loan losses	(339.0)	(281.7)	(301.6)
Allowance for losses - misc. receivables	(3.0)	(3.4)	(8.6)
	<u>(342.0)</u>	<u>(285.1)</u>	<u>(310.3)</u>
	<u>16,340.8</u>	<u>14,571.3</u>	<u>13,943.9</u>
Property, Plant and Equipment - net	548.5	503.2	799.9
Investment Properties - net	427.4	428.9	728.2
Other Assets - net	341.6	215.1	244.6
	<u>19,698.0</u>	<u>17,849.3</u>	<u>17,064.2</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	12,374.4	10,582.6	9,811.0
Accounts Payable, Accrued Interest and Other Liabilities	276.6	479.8	222.6
Lease Deposits	2,676.0	2,425.9	2,581.3
	<u>15,327.0</u>	<u>13,488.3</u>	<u>12,614.9</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	1,675.3	1,584.5	1,740.6
Unrealized gain/(loss) on available-for-sale invest	(18.8)	62.0	(5.8)
Treasury Stock	(81.8)	(81.8)	(81.8)
	<u>4,371.0</u>	<u>4,361.0</u>	<u>4,449.3</u>
	<u>19,698.0</u>	<u>17,849.3</u>	<u>17,064.2</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
	2012	2011
INCOME		
Interest and discounts, rent	620.7	562.1
Rent	101.9	151.7
Service fees & other income	125.3	64.9
	<u>847.9</u>	<u>778.7</u>
EXPENSES		
Interest and financing charges	222.1	177.9
Occupancy and equipment-related expenses	105.0	169.8
Compensation and fringe benefits	81.4	72.3
Taxes and licenses	65.5	57.2
Provision for impairment and credit losses	57.3	85.9
Litigation/assets acquired expenses	21.1	17.4
Management & Other Fees	9.6	4.7
Entertainment, Amusement and Recreation	8.8	5.8
Traveling & transportation expenses	7.7	4.0
Postage, Telephone & Telegraph	3.0	2.2
Information & Technology expenses	0.1	3.0
Others	13.4	4.5
	<u>595.0</u>	<u>604.7</u>
INCOME BEFORE INCOME TAX	252.9	174.0
PROVISION FOR INCOME TAX	53.9	38.5
NET INCOME	<u>199.0</u>	<u>135.5</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	(80.9)	(251.9)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>118.1</u>	<u>(116.4)</u>
BASIC EARNINGS PER SHARE**	<u>0.09</u>	<u>0.06</u>
DILUTED EARNINGS PER SHARE**	<u>0.09</u>	<u>0.06</u>

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

NET INCOME	199.0	135.5
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.09	0.06

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
	2012	2011
INCOME		
Interest and discounts, rent	317.1	293.7
Rent	50.7	51.7
Service fees & other income	65.0	21.2
	<u>432.8</u>	<u>366.6</u>
EXPENSES		
Interest and financing charges	114.1	95.6
Occupancy and equipment-related expenses	45.4	59.4
Compensation and fringe benefits	43.1	38.4
Taxes and licenses	32.9	29.6
Provision for impairment and credit losses	32.3	43.4
Litigation/assets acquired expenses	12.7	6.2
Management & Other Fees	4.7	2.3
Entertainment, Amusement and Recreation	4.9	3.1
Traveling & transportation expenses	4.3	2.3
Postage, Telephone & Telegraph	1.3	0.9
Information & Technology expenses	-	1.1
Others	4.0	1.8
	<u>299.7</u>	<u>284.1</u>
INCOME BEFORE INCOME TAX	133.1	82.5
PROVISION FOR INCOME TAX	29.90	17.70
NET INCOME	<u>103.2</u>	<u>64.8</u>
OTHER COMPREHENSIVE INCOME		
Unrealized Fair Value Gain/(Loss) on AFS-net	(42.2)	(16.0)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>61.0</u>	<u>48.8</u>
BASIC EARNINGS PER SHARE**	<u>0.05</u>	<u>0.03</u>
DILUTED EARNINGS PER SHARE**	<u>0.05</u>	<u>0.03</u>

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

NET INCOME	103.2	64.8
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.05	0.03

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 2012	June 30 2011
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 (at cost) - 62,693,718 shares in 2011 and 2010	(81.8)	(81.8)
ADDITIONAL PAID-IN CAPITAL	571.1	571.1
RETAINED EARNINGS		
Balance at beginning of the year	1,584.4	1,605.1
Net income	199.0	135.5
Cash dividends issued	(108.1)	-
Balance at end of reporting period	1,675.3	1,740.6
OTHER COMPREHENSIVE INCOME		
Unrealized gain/(loss) on available-for-sale investments	(18.8)	(5.8)
	4,371.0	4,449.3

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	June 30
	2012	2011
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 (at cost) - 62,693,718 shares in 2011 and 2010	(81.8)	(81.8)
ADDITIONAL PAID-IN CAPITAL	571.1	571.1
RETAINED EARNINGS		
Balance at beginning of the quarter	1,680.2	1,675.8
Net income	103.2	64.8
Cash dividends issued	(108.1)	-
Balance at end of reporting period	1,675.3	1,740.6
OTHER COMPREHENSIVE INCOME		
Unrealized gain/(loss) on available-for-sale investments	(18.8)	(5.8)
	4,371.0	4,449.3

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

For the six months ended

	June 30	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	252,895,689	173,961,896
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	57,310,564	85,861,525
Depreciation and amortization	88,660,142	152,327,171
Loss/(Gain) on sale of property and equipment	(1,929,886)	19,739,538
Loss/(gain) on sale of investment properties	(4,924,984)	(3,850,186)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(1,779,728,641)	(2,073,348,263)
Other assets	(173,584,531)	(82,449,795)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	6,436,733	(207,844,137)
Lease Deposits	250,057,224	(36,412,124)
Net cash generated from (used in) operations	(1,304,807,689)	(1,972,014,374)
Income taxes paid	(54,367,616)	(48,287,414)
Net cash provided by (used in) operating activities	(1,359,175,305)	(2,020,301,788)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	902,112	(29,088,485)
Net acquisitions of property and equipment	(126,573,029)	(92,452,980)
Net cash used in investing activities	(125,670,917)	(121,541,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	1,799,393,090	2,146,293,489
Payment of cash dividend	(324,371,297)	-
Net (payments) of bills payable	-	-
Net cash provided by (used in) financing activities	1,475,021,793	2,146,293,489
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,824,428)	4,450,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	87,720,152	71,899,540
CASH AND CASH EQUIVALENTS AT END OF QUARTER	77,895,724	76,349,775

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

For the three months ended

	June 30	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	133,091,052	82,471,471
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	32,310,564	43,361,524
Depreciation and amortization	37,026,101	50,046,424
Loss/(Gain) on sale of property and equipment	(1,079,609)	19,906,395
Loss/(gain) on sale of investment properties	5,625,245	(1,292,891)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(716,490,313)	(889,619,142)
Other assets	(163,892,753)	(7,763,644)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	3,047,522	16,096,500
Lease Deposits	125,939,651	5,087,160
Net cash generated from (used in) operations	(544,422,539)	(681,706,203)
Income taxes paid	(54,346,030)	(49,895,731)
Net cash provided by (used in) operating activities	(598,768,570)	(731,601,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	19,205,006	(6,139,622)
Net acquisitions of property and equipment	(76,563,884)	(56,431,699)
Net cash used in investing activities	(57,358,878)	(62,571,321)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	1,799,393,090	2,146,293,489
Payment of cash dividend	(108,123,766)	-
Net (payments) of bills payable	(1,061,290,047)	(1,353,860,477)
Net cash provided by (used in) financing activities	629,979,277	792,433,012
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,148,170)	(1,740,243)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	104,043,894	78,090,018
CASH AND CASH EQUIVALENTS AT END OF QUARTER	77,895,724	76,349,775

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

June 2012 Compared to June 2011

The company registered a net income of P199.0 million for the quarter ending June 2012 as compared to P135.5 million for the same period in 2011.

Gross revenues for the 1st semester of 2012 amounted P847.9 million, an increase by 8.89% from P778.7 million last year. This was primarily due to the net impact of the P28.0M increase in dividend income arising from BDOLF's investment in First Gen preferred shares in the second semester of 2011, BDORI's loss on FFE disposal due to pretermination of leased asset last year amounting P19.7M and Income from ROPA sales of P17.6M as of June 2012.

Interest and financing charges for June 2012 amounted to P222.1 million, consisting of financing charges on borrowings of P219.5 million and interest expense on leased deposits of P2.5 million. Financing charges on borrowings increased by P49.7 million versus June 2011's P169.8 million mainly due to the increase in Bills Payable level from P9.811 billion in June 2011 to P12.374 billion in June 2012 to fund the growth in leveling portfolio. The increased level of bills payable also resulted in higher taxes & licenses of P8.3 million, wherein P5.4 million is attributable to related documentary stamp taxes.

In 2011, the Company undertook to build up its general loan loss provisioning. This is the reason why provision for credit losses dropped in 2012 when compared with 2011 figures. Provision for impairment and credit losses for 2012 is 33.25% lower than last year's P85.9 million balance.

Occupancy and equipment related expenses as of June 2012 amounted to P105.0 million, a decrease of P64.8 million from 2011's P169.8 million. This is attributable to the P45.7 million decline in the depreciation on leased assets of BDORI from several matured accounts as of 1st semester of 2012 compared to same period last year. The 38.16% decline in occupancy and equipment related expenses is also a result of the closing of P16.5 million depreciation expense-other assets balance related to reclassification of other assets-chattel mortgage to non-current assets held-for-sale.

Litigation/assets acquired expenses declined to P21.1 million in 2012 from 2011's P17.4 million primarily due to a P3.7M bidding fee related to sale of mortgaged property in June 2012.

Management and other fees went up to P9.6 million as of June 2012 from P4.7 million as of the first semester of 2011. The 104.35% increase is primarily a result of the P1.2 million expense accrual for the service level agreement of the company with BDO Unibank in 2012.

Other expenses showed a net increase of 80% from P7.5 million in 2011 to P13.5 million in 2012. This is mainly resulting from a P5.7 million increase in fair value loss on residual value of leased equipment from new bookings as of June 2012.

Total assets increased by P2.634 billion from June 2011's P17.064 billion to P19.698 billion as of June 2012, mainly due to the increase in net loans and other receivables by P2.397 billion, from 2011's P13.944 billion to P16.341 billion this year. The Company's net lease portfolio went up by P1.322 billion while net non-lease portfolio also increased by P992.6 million. Property, Plant and Equipment-net decreased to P251.4 million from P800.0 million in 2011 as a result of lower net leased assets of BDO Rental. Cash & cash equivalents went up to P77.9 million from P76.3 million in 2011. Investment properties-net went down to P427.4 million in June 2012 from P728.2 million, same period last year. The 41.31% decline in net investment property is mainly brought about by a P303.2M sale of repossessed real estate mortgage property in December 2011. Other Assets, including available-for-sale investments, went up from a total of P1.516 billion in June 2011 to P2.303 billion for the same period in 2012. Increase in other assets is mainly due to the increase in net investment in available-for-sale securities amounting P690.5 million.

Bills Payable increased by P2.563 billion from P9.811 billion to P12.374 billion in 2012 primarily to finance business growth and increasing volume of portfolio.

Accounts Payable, accrued expenses and other liabilities increased by P54.0 million mainly due to increased miscellaneous liabilities in 2012 from RMU accounts, reaching P77.9 million as of June 2012.

Lease deposits went up from P2.581 billion in 2011 to P2.676 billion in 2012.

Stockholders' equity stood at P4.371 billion as of June 2012.

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

	<u>June 2012</u>	<u>June 2011</u>
Current Ratio	0.44:1	0.49:1
Quick asset ratio	0.41:1	0.47:1
Debt to Equity Ratio	3.51:1	2.84:1
Return on Equity	9.11%	6.09%
Net Profit Margin	23.47%	17.40%

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 ave. equity	=	Annualized Net income over Ave. Stockholders' Equity
Quick assets ratio	=	Quick assets over Current Liabilities

Related Party Transactions

(Amounts in Millions of Philippine Pesos)

In the ordinary course of business, the Group enters into transactions with BDO Unibank and other affiliates. Under the Group's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks.

A) As of June 30, 2012, June 30, 2011 and December 31, 2011, total savings and demand deposit accounts maintained with BDO Unibank by the Group amounted to P61.7, P63.0 and P72.9, respectively. Respective periodic interest income earned on deposits amounted to P0.01, P0.05 and P0.76.

B) Total bills payable to BDO Unibank amounted to P2,276.7, P2,478.0, and P2,488.1 as of June 30, 2012, June 30, 2011 and December 31, 2011 respectively. Interest expense incurred on bills payable amounted to P38.5, P27.5 and P86.7 as of June 30, 2012, June 30, 2011 and December 31, 2011 respectively.

C) The Parent Company leases its head office premises and certain branch offices from BDO Unibank for terms ranging from one to five years, renewable for such period and under such terms and conditions as may be agreed upon with the Parent Company and BDO Unibank. Related rent expense incurred amounted to P5.6, P5.8 and P11.5 in June 30, 2012, June 30, 2011 and December 31, 2011 respectively

D) As of June 30, 2012, the Parent Company granted short-term unsecured loan amounting P37.6 to BDO Rental, at prevailing market rates. The existing loan's carrying amount is presented as part of Loans and Other Receivables in the Parent Company's statements of financial position.

Total interest income earned by the Parent Company amounted to P0.28 as of June 30, 2012 this loan transaction; and is presented as part of Interest and Discounts in the Parent Company's statements of comprehensive income.

E) In 2012, the Parent Company signed a service level agreement contract with BDO Unibank for various scope of services such as information technology, human resources management, customer contact, corporate secretariat, and others. Accrued expenses on these services, booked under management and other professional fees, amounted P1.2 million as of June 2012.

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.

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 business volume.
- We will develop equipment vendor/supplier tie-ups to expand market presence and clientele base.
- We will look for fixed-term sources of funds to match our medium-term loans and leases.
- 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 pursue process improvements through various initiatives, such as Lean Six Sigma, in order to improve our services to our various stakeholders.
- We aggressively tap the existing corporate accounts of BDO Institutional Banking Group for possible lease requirements.

PART II--OTHER INFORMATION

Nothing to report.

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

ITEM 1-7

- B. Explanatory comments about the seasonality or cyclicity of interim operations;

The Company is not affected by seasonality or cyclicity factors when it comes to interim financial reporting since there are no products or services that are seasonal.

- 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.

In December 31, 2010, the balance of Retained Earnings and other statement of financial position accounts as of January 1, 2008 have been restated from the amounts previously stated to recognize the additional impairment loss on an investment property based on an appraisal that should have been reflected in the 2006 financial statements, and to adjust the balance of the deferred tax asset based on the balance at the end of 2007 of certain temporary differences relating to impairment losses and retirement liability. The restatements have no effect on the previously reported net profit of the Group and the parent company for the last two years.

- 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.

There are no changes in estimates of amounts reported in the first quarter of 2012 and there are also no changes in estimates of amounts reported in prior financial years.

- E. Issuances, repurchases, repayments of debt and equity securities;

For the second quarter of 2012, the Company has issued bills payable amounting to P17,129,600M and made total payments on its bills payable amounting to P17,598,100M. However, there are no issuances, repurchases and repayments of equity securities during the period.

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

On April 18, 2012, the BOD approved the declaration of cash dividends at P0.05 per share, amounting P108.1 million. The April 2012 dividends were declared in favor of stockholders of record as of May 31, 2012 and said dividends were paid subsequently on June 27, 2012.

There are no dividends paid on other shares as the Company has only common shares as outstanding stocks as of May 31, 2012, the dividends' date of record

- 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.

**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.

BDO LEASING & FINANCE, INC. AND SUBSIDIARY
SEGMENT INFORMATION
For the six months ended June 30, 2012
(in millions)

	Leasing	Financing	Others	Total
Gross income	331.4	385.6	130.9	847.9
Segment revenues	331.4	385.6	130.9	847.9
Segment expenses	232.5	270.6	91.9	595.0
Segment results	98.8	115.0	39.1	252.9
Income tax expense				53.9
Net Income				199.0
Segment assets - net	7,648.0	8,718.9	-	16,367.0
Unallocated assets				3,331.1
Total Assets				19,698.1
Segment liabilities	7,011.0	8,039.4	-	15,050.4
Unallocated liabilities				276.6
Total Liabilities				15,327.0

Segment expenses are allocated on the basis of gross income.

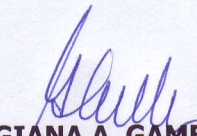
Net segment assets are comprised of the following:

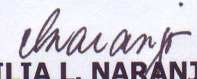
	Leasing	Financing
Receivables	5,609.1	9,176.7
Equipment under lease	264.4	
Residual value of leased assets	2,628.1	-
	8,501.6	9,176.7
Unearned income	(725.0)	(207.8)
Allowance for probable losses	(128.6)	(210.4)
Clients' equity	-	(39.6)
	7,648.0	8,718.9

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (June 2012 SEC Form 17-Q Report) to be signed on its behalf by the undersigned thereunto duly authorized.

BDO LEASING & FINANCE, INC.


GEORGIANA A. GAMBOA
President


CECILIA L. NARANJO
Senior Manager/Accounting Officer

October 5, 2012
Date