

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.

1,278

Total No. of Stockholders

Total Amount of Borrowings

PhP 3,663,788,003.26

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, 2008
2. Commission identification number 097869 3.BIR Tax Identification No. 000-486-050-000

BDO LEASING & FINANCE, INC.

4. Exact name of issuer as specified in its charter

Philippines

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

6. Industry Classification Code: (SEC Use Only)

BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., Q. C. 1100

7. Address of issuer's principal office Postal Code

632/ 635-64-16, 635-58-11, 635-58-05, 635-38-98

8. Issuer's telephone number, including area code

N/A

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

<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>2,162,475,336 / P3,663,788,003</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 [**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, 2007 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 2008 compared to June 2007

Gross Income as of June 2008 amounted to P596.1 million, an increase of P130.78 million or 28.10% from P465.3 million as of June 2007. Interest, discounts and service fees went up to P511.4 million in 2008 or an increment of P110.1 million or 27.44% over 2007's P401.3 million. This is due to higher loans booked in 2008. Other Income increased by 37.68% or P13.3 million primarily due to interest earned on residual value of leased assets of P16.08 million and day one gain of P11.6 million in guaranty deposit when presented at present value. The Company's leasing portfolio stood at P5.689 billion in 2008 against P4.737 billion in 2007 or an increase of P952.4 million. The Company's financing portfolio amounted to P4.130 billion in 2008 as compared to P4.789 billion in 2007. Total leasing and financing portfolio as of June 2008 was at P9.820 billion, an increase of P293.8 million or 3.08%.

Interest and financing charges for the 6-months ended June, 2008 amounted to P109.6 million against 2007's P115.5 million or a decrease of P5.9 million or 5.11%. This is due to decline in borrowing rates. Bills payable as of June 2008 stood at P3.664 billion or an increase of P235.3 million over 2007's P3.428 billion.

Provision for impairment and credit losses as of June, 2008 is P30.0 million or an increase of P24.0 million as compared to 2007's P6.0 million provision.

Taxes and licenses amounted to P36.7 million in June 2008 or an increase of P4.4 million from 2007 due to increase in revenue.

Employee benefits is at P48.5 million in 2008 against P36.9 million in 2007 or an increase of P11.6 million, partly due to monetization of some employee benefits and increased contribution on retirement funds. Occupancy and equipment related expenses as of June, 2008 was at P39.5 million, or an increase of P9.3 million from 2007's P30.2 million due to depreciation incurred by BDO Rental and depreciation of investment property.

Litigation/assets acquired expenses amounted to P16.9 million in 2008 as against P12.44 million in 2007.

Other expenses of P31.7 million decreased by P14.5 million as compared to 2007's P17.2 million due to loss recognized on present value of residual value of leased assets.

The Company generated a net income P180.8 million as of June, 2008 as compared to P172.5 million in 2007. Gross profit was at P401.8 million compared to P285.8 million in 2007.

Total assets increased by P485.5 million from June 2007's P10.495 billion. Leasing and financing portfolio showed an increase of 3.08% while allowance for probable losses showed a decrease of 28.35%. This was due to accounts written-off in 2008. Investment properties-net stood at P719.6 million in 2008 against P684.7 million in 2007 or an increase of 5.10%. Property and equipment-net showed an increase of 8.32%. Other assets-net amounted to P149.3 million in 2008 against P113.2 million in 2007.

Accounts payable and accrued expenses increased by P22.2 million primarily due to BDO Rental's unreleased loan proceeds lodged amounting P14.8 million.

Lease deposits increased by P73.5 million from 2007's figure of P1.563 billion to P1.637 billion in 2008.

Stockholder's equity stood at P4.322 billion as of June, 2008.

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

	June 2008	June 2007
Current Ratio	1.53 : 1	1.45 : 1
Quick Assets Ratio	1.50 : 1	1.58 : 1
Debt to Equity Ratio	1.27 : 1	1.16 : 1
Return on Equity Ratio	4.18%	3.89%
Net Profit Margin	30.33%	37.08%

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.

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 maintain a reasonable level of marketing personnel in head office and branches to ensure marketing services are at its high level continuously.
- We will continue to monitor our cost of funds to keep it at a level that will allow us to continuously offer competitive lending rates.
- 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 system to fully address the requirements of new accounting standards.

PART II--OTHER INFORMATION

Nothing to report.

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

	June 30 2008	(Audited) December 31, 2007	June 30 2007
ASSETS			
Cash and Cash Equivalents	203,033,884	210,180,331	137,219,650
Available-for-Sale Investments - at market	1,087,000	1,087,000	1,087,000
Loans and Receivables	-	8,175,211,308	-
Finance Lease Receivables			
Finance lease receivables	4,503,690,709		3,636,346,698
Residual value of leased assets	1,545,715,304		1,381,064,624
Unearned lease income	(609,170,536)		(464,698,255)
Allowance for credit losses	(4,442,932)		(73,101,805)
	<u>5,435,792,545</u>		<u>4,479,611,262</u>
Loans and Receivables Financed			
Loans and receivables financed	3,770,256,476		4,508,419,974
Unearned finance income	(557,435,392)		(453,513,099)
Allowance for credit losses	(156,098,937)		(150,971,807)
Clients' Equity	(104,183,309)		(70,568,936)
	<u>2,952,538,838</u>		<u>3,833,366,132</u>
Property, Plant and Equipment - net	352,007,016	310,083,386	324,965,675
Investment Properties - net	719,557,382	706,276,736	684,652,876
Other Assets - net	149,797,467	47,498,587	115,785,981
	<u>9,813,814,132</u>	<u>9,450,337,348</u>	<u>9,576,688,576</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Bills Payable	3,663,788,003	3,513,220,864	3,428,466,638
Accounts Payable, Accrued Interest and Other Liabilities	190,563,566	247,465,408	148,648,296
Lease Deposits	1,636,968,697	1,547,980,431	1,563,474,486
	<u>5,491,320,266</u>	<u>5,308,666,703</u>	<u>5,140,589,420</u>
Stockholders' Equity			
Capital Stock	2,225,169,054	2,225,169,054	2,225,169,054
Additional Paid-in Capital	571,095,676	571,095,676	571,095,676
Retained Earnings	1,608,290,764	1,427,467,543	1,721,896,054
Unrealized loss on available-for-sale investments	(285,000)	(285,000)	(285,000)
Treasury Stock	(81,776,628)	(81,776,628)	(81,776,628)
	<u>4,322,493,866</u>	<u>4,141,670,645</u>	<u>4,436,099,156</u>
	<u>9,813,814,132</u>	<u>9,450,337,348</u>	<u>9,576,688,576</u>

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

For the six months ended	June 30	June 30
	2008	2007
INCOME		
Interest and discounts, rent and service fees	556,473,453	444,235,753
Other income	39,617,439	21,081,826
	596,090,892	465,317,579
EXPENSES		
Interest and financing charges	138,707,686	115,472,498
Taxes and licenses	36,712,690	32,272,560
Provision for impairment and credit losses	30,000,000	7,284,536
Compensation and fringe benefits	48,633,273	37,010,369
Occupancy and equipment-related expenses	40,083,647	31,252,534
Traveling expenses	1,953,655	2,648,537
Fuel and lubricants	1,075,571	3,265,642
Entertainment, Amusement and Recreation	807,749	2,414,958
Litigation/assets acquired expenses	16,921,441	12,440,049
Others	19,113,064	32,553,609
	334,008,776	276,615,292
INCOME BEFORE INCOME TAX	262,082,116	188,702,287
PROVISION FOR INCOME TAX	81,258,897	16,165,531
NET INCOME	180,823,219	172,536,756
BASIC EARNINGS PER SHARE**	0.08	0.08
DILUTED EARNINGS PER SHARE**	0.08	0.08

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

NET INCOME	180,823,219	172,536,756
DIVIDED BY OUTSTANDING SHARES	2,162,475,336	2,162,475,336
EPS(Basic and Diluted)	0.08	0.08

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

For the three months ended	June 30	June 30
	2008	2007
INCOME		
Interest and discounts, rent and service fees	281,975,985	227,080,182
Other income	19,420,073	18,633,437
	<u>301,396,058</u>	<u>245,713,619</u>
EXPENSES		
Interest and financing charges	72,772,753	54,969,468
Taxes and licenses	18,697,712	18,022,806
Provision for impairment and credit losses	15,000,000	3,000,000
Compensation and fringe benefits	26,089,982	18,312,077
Occupancy and equipment-related expenses	21,931,231	15,293,575
Traveling expenses	1,015,805	1,279,987
Fuel and lubricants	538,548	1,633,666
Entertainment, Amusement and Recreation	451,987	1,207,081
Litigation/assets acquired expenses	12,058,503	7,227,005
Others	8,057,202	17,155,514
	<u>176,613,723</u>	<u>138,101,179</u>
INCOME BEFORE INCOME TAX	124,782,335	107,612,440
PROVISION FOR INCOME TAX	22,633,380	18,657,567
NET INCOME	<u>102,148,955</u>	<u>88,954,873</u>
BASIC EARNINGS PER SHARE**	0.05	0.04
DILUTED EARNINGS PER SHARE**	0.05	0.04

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

NET INCOME	102,148,955	88,954,873
DIVIDED BY OUTSTANDING SHARES	2,162,475,336	2,162,475,336
EPS(Basic and Diluted)	0.05	0.04

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

For the six months ended

JUNE 30,

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	262,082,116	188,702,287
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	30,000,000	7,284,536
Depreciation and amortization	27,363,153	18,311,737
Loss/()Gain on sale of property and equipment	29,333	(93)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(243,120,075)	290,550,584
Other assets	(107,059,212)	(12,121,936)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	(3,233,668)	(61,518,162)
Lease Deposits	88,988,266	31,872,127
Net cash generated from (used in) operations	55,049,913	463,081,080
Income taxes paid	(134,927,069)	(106,282,272)
Net cash provided by (used in) operating activities	(79,877,156)	356,798,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal (acquisition) of investment properties	(17,255,716)	(10,577,731)
Net acquisitions of property and equipment	(60,580,714)	(102,444,586)
Net additions to property and equipment	(77,836,430)	(113,022,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	-	-
Net availments (payments) of bills payable	150,567,139	(254,670,154)
Net cash provided by (used in) financing activities	150,567,139	(254,670,154)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,146,447)	(10,893,663)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	210,180,331	148,113,314
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	203,033,884	137,219,651

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

For the three months ended

	JUNE 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	124,782,335	107,612,440
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	15,000,000	3,000,000
Depreciation and amortization	15,428,439	8,667,059
Loss/(Gain) on sale of property and equipment	29,333	(93)
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	(128,774,530)	219,290,814
Other assets	(48,785,715)	(919,163,294)
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	12,772,964	858,424,536
Lease Deposits	43,387,975	(20,629,293)
Net cash generated from (used in) operations	33,840,801	257,202,169
Income taxes paid	(39,206,542)	(105,715,988)
Net cash provided by (used in) operating activities	(5,365,741)	151,486,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (acquisition) of investment properties	(28,980,437)	(58,192,741)
Net acquisitions of property and equipment	(43,341,442)	(14,742,962)
Net cash used in investing activities	(72,321,879)	(72,935,703)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	-	-
Net (payments) of bills payable	22,696,804	(88,410,409)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(54,990,816)	(9,859,931)
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	258,024,700	147,079,582
CASH AND CASH EQUIVALENTS AT END OF QUARTER	203,033,884	137,219,651

BDO LEASING AND FINANCE, INC. AND SUBSIDIARY
(A Subsidiary of BDO Unibank, Inc.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	For the Six Months Ended June 30	
	2008	2007
CAPITAL STOCK		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,054 shares	2,225,169,054	2,225,169,054
Treasury Stock (at cost) - 62,693,718 shares in 2008 and 2007	(81,776,628)	(81,776,628)
ADDITIONAL PAID-IN CAPITAL	571,095,676	571,095,676
RETAINED EARNINGS		
Balance at beginning of the year	1,427,467,544	1,549,359,298
Net income	180,823,220	172,536,756
Balance at end of three months	1,608,290,764	1,721,896,054
Unrealized loss on available-for-sale investments	(285,000)	(285,000)
	4,322,493,866	4,436,099,156

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	
	2008	2007
CAPITAL STOCK		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,054 shares	-	-
Treasury Stock (at cost) - 62,693,718 shares in 2007 and 2006	-	-
ADDITIONAL PAID-IN CAPITAL	571,095,676	571,095,676
RETAINED EARNINGS		
Balance at beginning of the year	-	-
Net income	102,148,956	88,954,873
Balance at end of three months	102,148,956	88,954,873
Unrealized loss on available-for-sale investments	-	-
	673,244,632	660,050,549

PCL LEASING AND FINANCE INC.
 AGING OF FINANCE RECEIVABLE
 (In Thousand Pesos)
 As of June 30, 2008

Type of Finance Receivable	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
Receivables Purchased	313,777	148,195	123,458	7,823	1,043	-	-	-	33,208
Installment Paper Purchased	346,304	32,373	57,999	77,279	95,661	64,151	1,455	-	17,386
Amortized Commercial Loans	2,490,233	124,020	196,833	264,338	482,237	938,076	264,587	9,254	219,991
Amortized Consumer Loans	312,442	7,188	13,813	21,755	41,399	102,529	98,068	2,626	25,064
Lease Contract Receivables	5,988,744	281,351	448,626	697,806	1,210,010	2,483,973	487,653	178	379,147
Personal Loans Programs	10,636	-	-	-	-	-	-	-	-
Factored Receivable	357,576	-	397,576	-	-	-	-	-	40,362
	9,819,662	594,027	1,198,305	1,069,001	1,830,350	3,578,985	851,763	12,055	685,176
Less: Allowance For Credit Losses									
									160,542
Finance Receivables - Net									9,659,120

PCI LEASING & FINANCE, INC. AND SUBSIDIARY
 SEGMENT INFORMATION
 FOR THE SIX MONTHS ENDED JUNE 30, 2008

	Leasing	Financing	Others	Total
Gross income	264,487,282	282,737,731	48,865,879	596,090,892
Segment revenues	264,487,282	282,737,731	48,865,879	596,090,893
Segment expenses	148,200,676	158,426,986	27,381,114	334,008,777
Segment results	116,286,606	124,310,745	21,484,765	262,082,116
Income tax expense				81,258,897
Net Income				180,823,219
Segment assets - net	5,435,792,545	2,952,538,838	-	8,388,331,383
Unallocated assets				1,539,257,278
Total Assets				9,927,588,661
Segment liabilities	3,623,027,519	1,677,729,181	-	5,300,756,700
Unallocated liabilities				190,563,566
Total Liabilities				5,491,320,266

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	4,503,690,709	3,770,256,476
Residual value of leased assets	1,545,715,304	-
	6,049,406,013	3,770,256,476
Unearned income	(609,170,536)	(557,435,392)
Allowance for probable losses	(4,442,932)	(156,098,937)
Clients' equity	-	(104,183,309)
	5,435,792,545	2,952,538,838

Bills payable amounting to P3,663,788,003 is allocated between the leasing and financing segments based on net-to-close balances of receivables of these segments as of June 30, 2008. Lease deposits amounting to P1,636,968,697 as of June 30, 2008 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 consumer 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 January 18, 2005, the Board of Directors (BOD) approved the declaration of cash dividends at P0.20 per share or a total amount of P196,607,759 in favor of stockholders of record as of February 1, 2005, payable on or before February 28, 2005, and stock dividends in the aggregate amount of P1,179,646,554 in favor of the stockholders of record as of March 23, 2005.

The Company is further authorized by the BOD to buy any fractional shares arising out of the stock dividend declaration at book value.

- 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 & Echange 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.

PCI LEASING & FINANCE, INC.



ROBERTO E. LAPID
Acting President



CORAZON S. CHIU
Assistant Vice President

August 2008

Date