

# 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

Month

3 1

Day

Fiscal Year

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.

1,280

Total No. of Stockholders

Total Amount of Borrowings

PhP 3,689,393,726.38

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

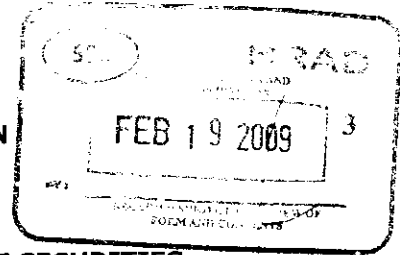
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STAMPS

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 September 30, 2008
2. Commission identification number 097869 3.BIR Tax Identification No. 000-486-050-000
4. Exact name of issuer as specified in its charter  
BDO LEASING & FINANCE, INC.
5. Province, country or other jurisdiction of incorporation or organization  
Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office BDO Leasing Centre, Corinthian Gardens, Ortigas Ave., Q. C. Postal Code 1100
8. Issuer's telephone number, including area code  
632/ 635-64-16, 635-58-11, 635-58-05, 635-38-98
9. Former name, former address and former fiscal year, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common  
stock outstanding and amount  
of debt outstanding

Common Stock, P1.00 par value 2,162,475,336 / P3,689,393,726.38

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**

#### ***September 2008 compared to September 2007***

Gross Income as of September 2008 amounted to P906.5 million, an increase of P45.4 million or 5.27% from P861.1 million as of September 2007. Interest, discounts and service fees went up to P844.3 million in 2008 or an increment of P14.4 million or 1.74% over 2007's P829.9 million. This is due to higher loans booked in 2008. Other Income increased by 99.68% or P31.1 million primarily due to interest earned on residual value of leased assets of P22.4 million and day one gain of P20.9 million in guaranty deposit when presented at present value. The Company's leasing portfolio stood at P5.918 billion in 2008 against P5.339 billion in 2007 or an increase of P578.7 million. The Company's financing portfolio amounted to P3.765 billion in 2008 as compared to P4.648 billion in 2007. Total leasing and financing portfolio as of September 2008 was at P9.683 billion, a decrease of P304.8 million or 3.05%.

Interest and financing charges for the 9-months ended September, 2008 amounted to P207.5 million against 2007's P171.8 million or an increase of P35.7 million or 20.78%. This is due to increased borrowing rates. Bills payable as of September 2008 stood at P3.689 billion or an increase of P97.1 million over 2007's P3.592 billion.

Provision for impairment and credit losses as of September, 2008 is P45.0 million or a decrease of P58.3 million as compared to 2007's P103.3 million provision.

Taxes and licenses amounted to P55.6 million in September 2008 or an increase of P1.1 million from 2007 due to increase in revenue.

Employee benefits is at P78.1 million in 2008 against P57.4 million in 2007 or an increase of P20.7 million, partly due to monetization of some employee benefits and increased contribution on retirement funds. Occupancy and equipment related expenses as of September, 2008 was at P66.5 million, or an increase of P20.2 million from 2007's P46.3 million due to depreciation incurred by BDO Rental and depreciation of investment property.

Litigation/assets acquired expenses amounted to P23.5 million in 2008 as against P19.50 million in 2007.

Other expenses of P26.5 million decreased by P14.4 million as compared to 2007's P40.9 million due to loss recognized on present value of residual value of leased assets.

The Company generated a net income P276.6 million as of September, 2008 as compared to P275.9 million in 2007. Gross profit was at P906.5 million compared to P861.1 million in 2007.

Total assets increased by P258.7 million from September 2007's P9.772 billion. Leasing and financing portfolio showed a decrease of 3.05% while allowance for probable losses showed a decrease of 58.0%. This was due to accounts written-off in 2008. Investment properties-net stood at P732.7 million in 2008 against P686.1 million in 2007 or an increase of 6.79%. Property and equipment-net showed an increase of 59.6%. Other assets-net amounted to P179.3 million in 2008 against P112.3 million in 2007.

Accounts payable and accrued expenses decreased by P28.7 million due to settlement of accrual of expenses.

Lease deposits increased by P74.8 million from 2007's figure of P1.652 billion to P1.727 billion in 2008.

Stockholder's equity stood at P4.418 billion as of September, 2008.

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

	September 2008	September 2007
Current Ratio	1.29 : 1	1.39 : 1
Quick Assets Ratio	1.25 : 1	1.50 : 1
Debt to Equity Ratio	1.27 : 1	1.27 : 1
Return on Equity Ratio	6.26%	6.41%
Net Profit Margin	30.51%	32.04%

Formulas used:

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

### **Commitments and Contingencies**

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

### **Economic Events**

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

## **Risk Factors**

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

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

## **Plans for the Next Quarter**

- We will continue to extensively market our products, especially on BDO Leasing & Finance's branches, and also use the extensive network of branches of BDO Unibank, Inc. to boost our volume.
- We will gradually increase 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. This is in coordination with our Parent Bank's Information Technology group.
- We have a pending application for the increase in our short-term commercial paper license to further improve our funding requirements.

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

Nothing to report.

**DO LEASING & FINANCE, INC. A SUBSIDIARY**

Subsidiary of BDO Unibank, Inc.

**BALANCE SHEETS**

	September 30 2008	(Audited) December 31, 2007	September 30 2007
<b>ASSETS</b>			
Cash and Cash Equivalents	270,737,714	210,180,331	141,724,320
Available-for-Sale Investments - at market	1,096,600	1,087,000	1,087,000
Loans and Receivables	-	8,175,211,308	-
Finance Lease Receivables			
Finance lease receivables	4,308,611,315		3,868,468,167
Residual value of leased assets	1,609,016,249		1,470,395,025
Unearned lease income	(598,987,045)		(496,098,565)
Allowance for credit losses	(4,442,932)		(74,100,168)
	<u>5,314,197,587</u>		<u>4,768,664,459</u>
Loans and Receivables Financed			
Loans and receivables financed	3,764,711,445		4,648,212,397
Unearned finance income	(549,115,818)		(603,313,857)
Allowance for credit losses	(129,978,185)		(245,973,444)
Clients' Equity	(114,981,131)		(89,020,585)
	<u>2,970,636,311</u>		<u>3,709,904,511</u>
Property, Plant and Equipment - net	561,858,854	310,083,386	351,988,755
Investment Properties - net	732,700,214	706,276,736	686,108,833
Other Assets - net	179,313,633	47,498,587	112,347,522
	<u>10,030,540,913</u>	<u>9,450,337,348</u>	<u>9,771,825,400</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Bills Payable	3,689,393,726	3,513,220,864	3,592,266,498
Accounts Payable, Accrued Interest and Other Liabilities	195,955,109	247,465,408	224,619,265
Lease Deposits	1,726,967,710	1,547,980,431	1,652,182,219
	<u>5,612,316,545</u>	<u>5,308,666,703</u>	<u>5,469,067,982</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	1,704,021,266	1,427,467,543	1,588,554,316
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>4,418,224,368</u>	<u>4,141,670,645</u>	<u>4,302,757,418</u>
	<u>10,030,540,913</u>	<u>9,450,337,348</u>	<u>9,771,825,400</u>

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

For the nine months ended	September 30 2008	September 30 2007
<b>INCOME</b>		
Interest and discounts, rent and service fees	844,257,751 ✓	829,855,400
Other income	62,277,473	31,222,644
	906,535,224	861,078,044
<b>EXPENSES</b>		
Interest and financing charges	207,506,318 ✓	171,847,596
Taxes and licenses	55,642,626	54,566,351
Provision for impairment and credit losses	45,000,000	103,284,536
Compensation and fringe benefits	78,092,349	57,361,899
Occupancy and equipment-related expenses	66,485,187	46,346,255
Traveling expenses	3,393,310	4,227,746
Fuel and lubricants	1,739,987	4,647,464
Entertainment, Amusement and Recreation	1,474,325	2,393,664
Litigation/assets acquired expenses	23,485,685	19,539,088
Others	26,461,455	40,932,976
	509,281,242	505,147,575
<b>INCOME BEFORE INCOME TAX</b>	397,253,982	355,930,469
<b>PROVISION FOR INCOME TAX</b>	120,700,260	80,075,798
<b>NET INCOME</b>	276,553,722	275,854,671
<b>BASIC EARNINGS PER SHARE**</b>	0.13	0.13
<b>DILUTED EARNINGS PER SHARE**</b>	0.13	0.13

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

NET INCOME	276,553,722	275,854,671
DIVIDED BY OUTSTANDING SHARES	2,162,475,336	2,162,475,336
EPS(Basic and Diluted)	0.13	0.13



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

For the three months ended	September 30 2008	September 30 2007
<b>INCOME</b>		
Interest and discounts, rent and service fees	287,784,298	385,619,647
Other income	22,660,034	10,140,818
	<u>310,444,332</u>	<u>395,760,465</u>
<b>EXPENSES</b>		
Interest and financing charges	68,798,632	56,375,098
Taxes and licenses	18,929,936	22,293,791
Provision for impairment and credit losses	15,000,000	96,000,000
Compensation and fringe benefits	29,459,076	20,351,530
Occupancy and equipment-related expenses	26,401,540	15,093,721
Traveling expenses	1,439,655	1,579,209
Fuel and lubricants	664,416	1,381,822
Entertainment, Amusement and Recreation	666,576	(21,294)
Litigation/assets acquired expenses	6,564,244	7,099,039
Others	7,348,391	8,379,367
	<u>175,272,466</u>	<u>228,532,283</u>
<b>INCOME BEFORE INCOME TAX</b>	135,171,866	167,228,182
<b>PROVISION FOR INCOME TAX</b>	39,441,363	63,910,267
<b>NET INCOME</b>	<u>95,730,503</u>	<u>103,317,915</u>
<b>BASIC EARNINGS PER SHARE**</b>	<u>0.04</u>	<u>0.05</u>
<b>DILUTED EARNINGS PER SHARE**</b>	<u>0.04</u>	<u>0.05</u>

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

NET INCOME	95,730,503	103,317,915
DIVIDED BY OUTSTANDING SHARES	2,162,475,336	2,162,475,336
EPS(Basic and Diluted)	0.04	0.05

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

For the nine months ended

**SEPTEMBER 30,**

**2008**

**2007**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Income before income tax	397,253,982	355,930,469
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	45,000,000	103,284,536
Depreciation and amortization	46,682,581	26,765,548
Loss/( )Gain on sale of property and equipment	(32,222)	(94)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(154,622,590)	28,959,008
Other assets	(1,140,556,079)	(7,868,145)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	995,239,001	(262,318,436)
Lease Deposits	178,987,279	120,583,163
Net cash generated from ( used in ) operations	367,951,952	365,336,049
Income taxes paid	(165,867,710)	(129,289,435)
Net cash provided by ( used in ) operating activities	202,084,242	236,046,614

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net disposal (acquisition) of investment properties	(32,516,645)	(15,304,614)
Net acquisitions of property and equipment	(285,183,076)	(136,260,699)
Net additions to property and equipment	(317,699,721)	(151,565,313)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Acquisition of Treasury Stocks	-	-
Net availments (payments) of bills payable	176,172,862	(90,870,294)
Net cash provided by (used in) financing activities	176,172,862	(90,870,294)

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

60,557,383 (6,388,993)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR**

210,180,331 148,113,313

**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**

270,737,714 141,724,320

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

For the THREE months ended	SEPTEMBER 30,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	135,171,866	167,228,182
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	15,000,000	96,000,000
Depreciation and amortization	19,319,428	8,453,811
Loss/( )Gain on sale of property and equipment	(61,555)	(1)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	88,497,485	(261,591,576)
Other assets	(1,033,496,867)	4,253,791
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	998,472,669	(200,800,275)
Lease Deposits	89,999,013	88,711,036
Net cash generated from ( used in ) operations	312,902,039	(97,745,032)
Income taxes paid	(30,940,641)	(23,007,163)
Net cash provided by ( used in ) operating activities	281,961,398	(120,752,195)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net disposal (acquisition) of investment properties	(15,260,929)	(4,726,883)
Net acquisitions of property and equipment	(224,602,362)	(33,816,113)
Net additions to property and equipment	(239,863,291)	(38,542,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Net availments (payments) of bills payable	25,605,723	163,799,860
Net cash provided by (used in) financing activities	25,605,723	163,799,860
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	67,703,830	4,504,669
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>	203,033,884	137,219,651
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	270,737,714	141,724,320

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

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**For the Nine Months Ended September 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

1,312,699,645

Net income

276,553,722

275,854,671

Balance at end of three months

1,704,021,266

1,588,554,316

**Unrealized loss on available-for-sale investments**

(285,000)

(285,000)

4,418,224,368

4,302,757,418

PCI LEASING AND FINANCE INC.  
 AGING OF LOAN PORTFOLIO  
 (In Thousand Pesos)  
 As of September 30, 2008

Account	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	179,801	74,718	5,028	3,034	-	-	-	40,968
Installment Paper Purchased	288,569	56,131	65,222	77,614	45,859	1,241	-	12,257
Amortized Commercial Loans	2,582,186	206,003	264,365	423,574	952,342	240,361	5,241	262,376
Amortized Consumer Loans	232,165	14,631	22,781	39,450	92,541	27,006	2,110	25,432
Lease Contract Receivables	5,917,624	496,858	663,312	1,203,592	2,428,490	455,983	-	385,798
Personal Loans Programs	10,213	-	-	-	-	-	-	10,213
Factored Receivable	471,781	471,781	-	-	-	-	-	-
<b>Total</b>	<b>9,682,339</b>	<b>1,320,122</b>	<b>1,020,708</b>	<b>1,747,264</b>	<b>3,519,232</b>	<b>724,591</b>	<b>7,351</b>	<b>737,044</b>

Less: Allowance For Credit losses  
 Client's Equity

Finance Receivables - Net

9,432,937

**BDO LEASING & FINANCE, INC. AND SUBSIDIARY  
SEGMENT INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER, 2008**

	Leasing	Financing	Others	Total
Gross income	428,731,712	404,261,686	73,541,826	906,535,224
Segment revenues	428,731,712	404,261,686	73,541,826	906,535,226
Segment expenses	240,856,630	227,109,646	41,314,967	509,281,243
Segment results	187,875,082	177,152,040	32,226,859	397,253,982
Income tax expense				120,700,260
Net Income				276,553,722
Segment assets - net	5,314,197,586	2,970,636,312	-	8,284,833,898
Unallocated assets				1,745,707,015
Total Assets				10,030,540,913
Segment liabilities	3,673,577,462	1,742,783,974	-	5,416,361,436
Unallocated liabilities				195,955,109
Total Liabilities				5,612,316,545

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	4,308,611,315	3,764,711,445
Residual value of leased assets	1,609,016,249	-
	5,917,627,564	3,764,711,445
Unearned income	(598,987,046)	(549,115,817)
Allowance for probable losses	(4,442,932)	(129,978,185)
Clients' equity	-	(114,981,131)
	5,314,197,586	2,970,636,312

Bills payable amounting to P3,689,393,726.38 is allocated between the leasing and financing segments based on net-to-close balances of receivables of these segments as of September 30, 2008. Lease deposits amounting to P1,726,967,709.66 as of September 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 retail loans;
- \* Installment paper purchases;
- \* Discounting of receivables; and
- \* Factoring of receivables

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

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

**ITEM 1-7**

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

***Not applicable – There are no items or incidents affecting assets, liabilities, equity, net income or cash flows which are unusual in nature or size except for the periods discussed under item-d below.***

- 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.

***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.***

- 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 19, 2008, Securities & Exchange Commission approved the change of name of Equitable Pentad Rental, Inc. to BDO Rental, Inc. The latter is a wholly-owned rental company which 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.***

- 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

**FEBRUARY 2009**  
Date