

August 12, 2011

**THE DISCLOSURE DEPARTMENT**  
3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

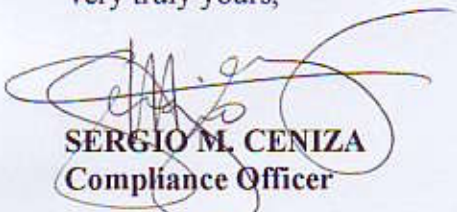
**Attention: MS.JANET A. ENCARNACION**  
*Head, Disclosure Department*

Gentlemen:

Please find enclosed SEC Form 17-Q of BDO Leasing and Finance, Inc., for the quarter ended June 30, 2011.

Thank you very much.

Very truly yours,



**SERGIO M. CENIZA**  
Compliance Officer

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



108112011000054

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
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**Company Information**

**SEC Registration No.** 0000097869  
**Company Name** BDO LEASING AND FINANCE, INC.  
**Industry Classification**  
**Company Type** Stock Corporation

**Document Information**

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# 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  
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.

1,237  
Total No. of Stockholders

Total Amount of Borrowings  
PhP 9,792,159,318.33  
Domestic

-  
Foreign

To be accomplished by SEC Personnel concerned

File Number

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LCU

Document I.D.

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STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2011
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, 635-58-17, 635-38-98, 840-7000
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

Title of each Class

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

Common Stock, P1.00 par value

2,162,475,312 / P 9,792,159,318.33

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

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12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

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

The company follows the generally accepted accounting principles in the preparation of its interim financial statements. Also, the accounting policies and methods of computation used in the audited financial statements as of and for the year ended December 31, 2010 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 2011 Compared to June 2010**

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

**June 2011 Compared to June 2010**

The company registered a net income of P135.5 million for the semester ending June 2011 as compared to P144.3 million for the same period in 2010.

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Gross revenues for the 1st two quarters of 2011 amounted P778.6 million, a decrease by 30.01% from P1.113 billion from the same period last year. This was primarily due to the maturity of rental contracts of BDO Rental, Inc., a subsidiary of BDO Leasing. Other income also went down to P64.9 million versus last year's P94.2 million mainly due to loss on disposal of leased assets in BDORI.

Interest and financing charges for June 2011 amounted to P177.9 million, consisting of financing charges on borrowings of P169.8 million and interest expense on leased deposits of P8.1 million. Financing charges on borrowings increased by P31.2 million versus June 2010's P138.6 million mainly due to the increase in Bills Payable level from P7.59 billion in June 2010 to P9.81 billion in June 2011 to fund the growth in leveling portfolio. The increased level of bills payable also resulted in higher taxes & licenses of P11.3 million, mainly from related documentary stamp taxes.

In 2011, the Company undertook to build up its general loan loss provisioning, which resulted in an increase of P20.9 million in total provision for credit losses when compared with 2010 figures. Previous year's provisioning were mostly related to specific loan loss provision only.

Occupancy and equipment related expenses as of June 2011 amounted to P169.8 million, a decrease of P376.4 million from 2010's P546.2 million. This is attributable to the decline in the depreciation on leased assets of BDORI from several maturing accounts during the 1st semester of 2011 and corresponds with the lower rental income received during the first half of the year. This is also the cause of the increase in our net profit margin this year (17.40%) versus (12.97%) last year.

Litigation/assets acquired expenses increased to P17.4 million in 2011 from 2010's P9.6 million primarily due to additional legal filing and docket fees, resulting from the Company's more intense efforts to recover from its delinquent accounts.

Other expenses showed a net increase of 8.95% from P22.2 million in 2010 to P24.2 million in 2011.

Total assets increased by P2.4 billion from June 2010's P14.7 billion to P17.1 billion as of June 2011, mainly due the the increase in net loans and other receivables by P2.9 billion, from 2010's P11.0 billion to P13.9 billion this year. The Company's net lease portfolio went up by P377.6 million while net non-lease portfolio also increased by P2.6 billion. Property, Plant and Equipment-net decreased to P202.5 million from P1.0 billion in 2010 as a result of lower net leased assets of BDO Rental. Cash & cash equivalents went down by P423.1 million from P499.4 million in 2010 to P76.3 million in 2011. Other Assets, including available-for-sale investments, went up from a total of P2.157 billion in June 2010 to P2.244 billion for the same period in 2011. Increase in other assets is mainly due to the increase in net book value of non-current assets held-for-sale amounting to P64.2 million.

Bills Payable increased by P2.224 billion from P7.587 billion to P9.811 billion in 2011 primarily to finance business growth and increasing volume of portfolio.

Accounts Payable, accrued expenses and other liabilities decreased by P55.6 million mainly due to the net impact of the P108.1 million cash dividend declaration in 2010 and the P29.9 million periodic increase in income tax payable.

Lease deposits increased from P2.471 billion in 2010 to P2.581 billion in 2011.

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Stockholders' equity stood at P4.449 billion as of June 2011.

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

	June 2011	June 2010
Current Ratio	0.49:1	0.57:1
Quick asset ratio	0.47:1	0.55:1
Debt to Equity Ratio	2.84:1	2.36:1
Return on Ave. Equity	6.11%	6.59%
Net Profit Margin	17.40%	12.97%

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

### 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 aggressively market Factoring product not only through our Metro Manila lending units but extend it to our Luzon and Vizmin branches.
- We will look for fixed-term sources of funds to match our medium-term loans and leases.
- We will maximize the issuance of our short-term commercial paper license to lower funding costs.
- Control over operating expenses shall also be continuously pursued to ensure that these remain at a level which is compatible with the level of volume bookings.
- We will continue to enhance our IT system to fully address the requirements of new accounting standards. This is in coordination with our Parent Bank's Information Technology group.

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

Nothing to report.



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

	June 30, 2011	(Audited) December 31, 2010	(as restated) June 30, 2010
<b>ASSETS</b>			
Cash and Cash Equivalents	76.3	71.9	499.4
Available-for-Sale Investments	1,271.3	1,524.4	1,270.4
Loans & Other Receivables - net			
<b>Finance Lease Receivables</b>			
Finance lease receivables	4,640.9	4,740.3	4,407.4
Residual value of leased assets	2,216.1	2,235.5	2,099.5
Unearned lease income	(667.0)	(699.6)	(694.5)
	6,190.0	6,276.2	5,812.4
<b>Loans and Receivables Financed</b>			
Loans and receivables financed	10,501.9	7,602.5	7,310.7
Unearned finance income	(2,509.9)	(1,695.8)	(1,818.4)
Clients' Equity	(55.2)	(129.5)	(140.7)
	7,936.8	5,777.2	5,351.6
	17,358.9	14,578.3	13,817.6
<b>Other Receivables</b>			
Accounts Receivable	19.4	31.8	29.1
Sales Contract Receivable	60.7	50.8	50.9
Dividends Receivable	24.0	24.0	-
Accrued Interest Receivable	23.2	27.2	24.5
	127.4	133.8	104.5
Allowance for loan losses	(301.6)	(230.6)	(218.9)
Allowance for losses - misc. receivables	(8.6)	(3.6)	(1.4)
	(310.3)	(234.2)	(220.3)
	13,943.9	11,953.0	11,048.3
Property, Plant and Equipment - net	799.9	856.9	1,002.4
Investment Properties - net	728.2	701.3	718.8
Other Assets - net	225.7	161.6	150.0
	17,045.3	15,269.1	14,689.3
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Bills Payable	9,792.1	7,646.9	7,568.4
Accounts Payable, Accrued Interest and Other Liabilities	222.6	438.7	278.2
Lease Deposits	2,581.3	2,617.7	2,471.3
	12,596.0	10,703.3	10,318.0
<b>Stockholders' Equity</b>			
Capital Stock	2,225.2	2,225.2	2,225.2
Additional Paid-in Capital	571.1	571.1	571.1
Retained Earnings	1,740.6	1,605.2	1,657.1
Unrealized gain/(loss) on available-for-sale i	(5.8)	246.1	(0.3)
Treasury Stock	(81.8)	(81.8)	(81.8)
	4,449.3	4,565.8	4,371.3
	17,045.3	15,269.1	14,689.3

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

<b>For the six months ended</b>	<b>June 30</b>	<b>June 30</b>
	<b>2011</b>	<b>2010</b>
<b>INCOME</b>		
Interest and discounts, rent	713.8	1,018.3
Service fees & other income	64.9	94.2
	<u>778.6</u>	<u>1,112.5</u>
<b>EXPENSES</b>		
Interest and financing charges	177.9	163.2
Taxes and licenses	57.2	45.9
Provision for impairment and credit losses	85.9	65.0
Compensation and fringe benefits	72.3	68.8
Occupancy and equipment-related expenses	169.8	546.2
Litigation/assets acquired expenses	17.4	9.6
Entertainment, Amusement and Recreation	5.8	4.8
Management & Other Fees	4.7	2.8
Traveling & transportation expenses	4.0	3.5
Information & Technology expenses	3.0	0.8
Postage, Telephone & Telegraph	2.2	3.3
Others	4.58	7.04
	<u>604.7</u>	<u>920.9</u>
<b>INCOME BEFORE INCOME TAX</b>	174.0	191.7
<b>PROVISION FOR INCOME TAX</b>	38.5	47.4
<b>NET INCOME</b>	<u>135.5</u>	<u>144.3</u>
<b>BASIC EARNINGS PER SHARE**</b>	<u>0.06</u>	<u>0.07</u>
<b>DILUTED EARNINGS PER SHARE**</b>	<u>0.06</u>	<u>0.07</u>

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

NET INCOME	135.5	144.3
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.06	0.07

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

<b>For the three months ended</b>	<b>June 30</b>	<b>June 30</b>
	<b>2011</b>	<b>2010</b>
<b>INCOME</b>		
Interest and discounts, rent	344.2	483.4
Service fees & other income	22.4	45.5
	<u>366.5</u>	<u>528.9</u>
<b>EXPENSES</b>		
Interest and financing charges	95.6	83.0
Taxes and licenses	29.6	18.7
Provision for impairment and credit losses	43.4	15.0
Compensation and fringe benefits	38.4	32.3
Occupancy and equipment-related expenses	59.4	266.0
Litigation/assets acquired expenses	6.2	4.5
Entertainment, Amusement and Recreation	3.1	2.6
Management & Other Fees	2.3	1.6
Traveling & transportation expenses	2.3	1.9
Information & Technology expenses	1.1	0.7
Postage, Telephone & Telegraph	0.9	1.4
Others	1.9	3.8
	<u>284.1</u>	<u>431.5</u>
<b>INCOME BEFORE INCOME TAX</b>	82.5	97.5
<b>PROVISION FOR INCOME TAX</b>	17.7	22.8
<b>NET INCOME</b>	<u>64.8</u>	<u>74.7</u>
<b>BASIC EARNINGS PER SHARE**</b>	0.03	0.03
<b>DILUTED EARNINGS PER SHARE**</b>	0.03	0.03

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

NET INCOME	64.8	74.7
DIVIDED BY OUTSTANDING SHARES	2,162.5	2,162.5
EPS(Basic and Diluted)	0.03	0.03

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

	<b>For the Six Months Ended June 30,</b>	
	<b>2011</b>	<b>(as restated) 2010</b>
<b>CAPITAL STOCK</b>		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,054 shares	2,225.2	2,225.2
Treasury Stock (at cost) - 62,693,718 shares in 2011 and 2010	(81.8)	(81.8)
<b>ADDITIONAL PAID-IN CAPITAL</b>	571.1	571.1
<b>RETAINED EARNINGS</b>		
Balance at beginning of the year	1,605.1	1,620.8
Net income	135.5	144.3
Cash dividends issued	-	(108.1)
Balance at end of the period	1,740.6	1,657.0
<b>Unrealized gain/(loss) on available-for-sale investments</b>	(5.8)	(0.3)
	4,449.3	4,371.3



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

In Millions

	For the Three Months Ended June 30,	
	2011	(as restated) 2010
<b>CAPITAL STOCK</b>		
Preferred - P100 par value		
Authorized and unissued - 200,000 shares		
Common - P1 par value		
Authorized - 3,400,000,000 shares		
Issued - 2,225,169,054 shares	2,225.2	2,225.2
Treasury Stock (at cost) - 62,693,718 shares in 2011 and 2010	(81.8)	(81.8)
<b>ADDITIONAL PAID-IN CAPITAL</b>	571.1	571.1
<b>RETAINED EARNINGS</b>		
Balance at beginning of the quarter	1,675.8	1,690.4
Net income	64.8	74.7
Cash dividends issued	-	(108.1)
Balance at end of the quarter	1,740.6	1,657.0
<b>Unrealized gain/(loss) on available-for-sale investments</b>	(5.8)	(0.3)
	4,449.3	4,371.3

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

For the six months ended

	June 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	173,961,896	191,684,277
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:		
Provision for probable losses	85,861,525	65,000,000
Depreciation and amortization	152,327,171	525,330,258
Loss/(Gain) on sale of property and equipment	19,739,538	(330,633)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Finance lease receivables and loans and receivables financed	(2,073,348,263)	(1,950,946,966)
Other assets	(82,449,795)	(9,284,052)
Increase (decrease) in:		
Accounts payable, accrued interest and other liabilities	(207,844,137)	99,225,992
Lease Deposits	(36,412,124)	169,400,453
Net cash generated from ( used in ) operations	(1,972,014,374)	(909,920,671)
Income taxes paid	(48,287,414)	(108,404,978)
Net cash provided by ( used in ) operating activities	(2,020,301,788)	(1,018,325,649)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (acquisition) of investment properties	(32,938,671)	9,346,537
Net acquisitions of property and equipment	(92,452,980)	(63,841,684)
Net cash used in investing activities	(121,541,465)	(54,495,147)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	-	(108,123,766)
Net (payments) of bills payable	2,146,293,489	1,447,946,383
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,450,236</b>	<b>267,001,821</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>71,899,540</b>	<b>232,366,329</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>76,349,775</b>	<b>499,368,150</b>

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

For the three months ended

	June 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	82,471,471	97,476,592
Adjustments to reconcile income before income tax to net cash provided by (used in) operations:	-	-
Provision for probable losses	43,361,524	15,000,000
Depreciation and amortization	50,046,424	516,419,791
Loss/(Gain) on sale of property and equipment	19,906,395	(320,564)
Changes in operating assets and liabilities:	-	-
Decrease (increase) in:	-	-
Finance lease receivables and loans and receivables financed	(889,619,142)	(1,152,637,114)
Other assets	(5,206,348)	826,175
Increase (decrease) in:	-	-
Accounts payable, accrued interest and other liabilities	16,096,499	77,687,650
Lease Deposits	5,087,160	136,085,888
Net cash generated from ( used in ) operations	(681,706,202)	(309,461,582)
Income taxes paid	(49,895,731)	(101,316,785)
Net cash provided by ( used in ) operating activities	(731,601,933)	(410,778,367)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (acquisition) of investment properties	(9,989,808)	9,073,181
Net acquisitions of property and equipment	(56,431,699)	(305,262,475)
Net cash used in investing activities	(62,571,321)	(296,189,294)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of Treasury Stocks	-	-
Payment of cash dividend	-	(108,123,766)
Net (payments) of bills payable	792,433,012	1,176,974,020
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,740,242)	361,882,593
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>	78,090,018	137,485,557
<b>CASH AND CASH EQUIVALENTS AT END OF QUARTER</b>	76,349,776	499,368,150

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BDO LEASING AND FINANCE INC.  
AGING OF LOAN PORTFOLIO

As of JUNE 30, 2011

Account	Total	1 Month	Over 1 Mos. to 3 Mos.	Over 3 Mos. to 6 Mos.	Over 6 Mos. to 1 Yr.	Over 1 Yr. to 3 Yrs.	3 to 5 yrs	Over 5 Yrs	Past Due & Litigation
Factored Receivable	412,637,490.10	-	344,958,734.63	-	-	-	-	-	67,678,755.47
Receivables Purchased	10,707,782.39	-	-	-	-	-	-	-	10,707,782.39
Inst. Paper Purch./Ftr Stock Fin.	1,486,862,732.40	1,187,220,417.90	67,996,525.62	68,407,504.50	56,004,368.76	75,235,888.37	26,581,460.00	-	5,406,777.25
Amortized Commercial Loans	8,450,007,205.62	101,080,563.10	291,040,441.10	342,595,093.22	677,354,793.49	1,997,834,790.70	2,796,051,841.07	2,105,671,333.09	137,428,348.65
Amortized Consumer Loans	141,686,631.07	6,937,873.71	11,843,983.84	14,315,740.42	22,240,404.82	48,839,985.84	11,618,999.32	957,012.98	25,132,830.14
Lease Contract Receivables	6,856,957,130.14	374,039,453.39	446,174,292.71	765,721,664.68	1,120,912,053.30	3,012,316,283.29	798,136,663.75	67,035,930.97	272,620,828.06
Personal Loans Programs	1,148.00	-	-	-	-	-	-	-	1,148.00
	17,358,880,119.72	1,669,258,308.10	1,161,813,937.90	1,191,010,002.82	1,876,511,810.36	5,134,226,748.20	3,852,396,964.14	2,174,604,277.05	516,976,271.16

Less: Allowance For Credit Losses

301,633,946.53

Finance Receivables - Net

17,057,226,173.19

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BDO LEASING & FINANCE, INC. AND SUBSIDIARY  
 SEGMENT INFORMATION  
 FOR THE SIX MONTHS ENDED JUNE 30, 2011  
 (in millions)

	Leasing	Financing	Others	Total
Gross income	369.2	340.7	68.7	778.6
Segment revenues	369.2	340.7	68.7	778.6
Segment expenses	286.7	264.6	53.3	604.7
Segment results	82.5	76.1	15.3	174.0
Income tax expense				38.5
Net Income				135.5
Segment assets - net	6,296.3	7,727.6	-	14,023.9
Unallocated assets				3,021.4
Total Assets				17,045.3
Segment liabilities	7,704.9	4,668.5	-	12,373.4
Unallocated liabilities				222.6
Total Liabilities				12,596.0

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	Leasing	Financing
Receivables	4,640.9	10,501.9
Equipment under lease	198.8	
Residual value of leased assets	2,216.1	-
	7,055.7	10,501.9
Unearned income	(667.0)	(2,509.9)
Allowance for probable losses	(92.4)	(209.2)
Clients' equity	-	(55.2)
	6,296.3	7,727.6

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**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.*

*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.*

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

*On December 8, 2010 and May 31, 2010, the BOD approved the declaration of cash dividends at P0.10 per share and P0.05 per share, respectively, amounting to P216.2 and P108.2 or for a total of P324.4 for the year. The December 2010 and May 2010 dividends were declared in favor of stockholders of record as of December 22, 2010 and June 30, 2010, respectively. As of December 31, 2010, the December 2010 dividends are still outstanding and is shown as dividends payable in the statement of financial position.*

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- 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.

*one*



*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.*


*one kg*

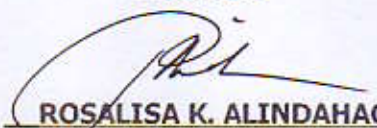
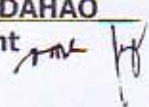


**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report (JUNE 2011 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

  
**ROSALISA K. ALINDAHAO**  
Vice President 

**AUGUST 2011**  
Date

