In accordance with this amendment, financial assets and liabilities measured at fair value in the statement of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

As of December 31, 2010, AFS financial assets is the only financial asset (nil for liabilities) measured at fair value in the statement of financial position and the value is determined under Level 1. In 2009, the value is determined under Level 2.

The transfer between levels of hierarchy (i.e., from Level 2 to Level 1) in 2010 was due to the listing of the SMC shares in December 2010.

The following table summarizes by category the carrying amounts and fair value of financial assets and liabilities. Where fair value is presented, such fair value is determined based on valuation techniques described below.

	2010			
	Group		Parent	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	P 71.9	P 71.9	P 69.2	P 69.2
Available-for-sale financial assets	1,269.8	1,524.4	1,269.8	1,524.4
Loans and other receivables	11,953.0	8,290.1	11,961.6	8,288.1
Bills payable	7,666.2	7,585.4	7,633.9	7,553.8
Accounts payable and other liabilities	104.7	104.7	99.1	99.1
Dividends payable	216.2	216.2	216.2	216.2
Lease deposits	2,617.7	2,617.7	2,254.3	2,254.3

	2009							
	Group				Parent			
	Cost		Fair Value		Cost		Fair Value	
Cash and cash equivalents	P	232.4	P	232.4	P	176.4	P	176.4
Available-for-sale financial assets		1,300.9		1,300.9		1,300.9		1,300.9
Loans and other receivables		9,142.7		5,743.1		9,131.7		5,732.1
Bills payable		6,143.0		4,579.6		5,263.5		3,704.6
Accounts payable and other liabilities		92.4		92.4		89.1		89.1
Lease deposits		2,301.9		2,301.9		1,974.1		1,974.1

	2008							
	Group				Parent			
	Cost		Fair Value		Cost		Fair Value	
Cash and cash equivalents	P	186.1	P	186.1	P	171.9	P	171.9
Loans and other receivables		7,692.9		5,677.7		8,329.3		6,345.2
Bills payable		3,670.9		3,623.6		3,089.3		3,044.6
Accounts payable and other liabilities		112.8		112.8		80.2		80.2
Lease deposits		2,025.5		2,025.5		1,742.8		1,742.8

The methods and assumptions used by the Group in estimating the fair value of the financial instruments follow:

(i) Cash and cash equivalents

The fair values of cash and cash equivalents approximate carrying amounts given their short-term maturities.

(ii) Available-for-sale financial assets

The fair value of available-for-sale securities is determined by direct reference to published price quoted in an active market for traded securities.

(iii) Loans and other receivables

The estimated fair value of loans and other receivables represents the discounted amount of estimated future cash flow expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Bills payable

The estimated fair value of bills payable represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

(v) Accounts payable and other liabilities

Fair values approximate carrying amounts given the short-term maturities of the liabilities.

(vi) Lease deposits

Lease deposits are carried at amortized cost which represents the present value.

4. SEGMENT REPORTING

4.1 Business Segments

The Group is organized into different business units based on its products and services for purposes of management assessment of each unit. For management purposes, the Group is organized into three major business segments, namely: leasing, financing and others. These are also the basis of the Group in reporting to its chief operating decision-maker for its strategic decision-making activities.

The products under the leasing segment are the following:

- Operating leases; and
- Finance leases.

The products under the financing segment are the following:

- Amortized commercial loans;
- Amortized retail loans;
- Installment paper purchases;
- Floor stock financing; and
- Factoring of receivables.

The Group's products and services are marketed in the Metro Manila head office and in its nine branches.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, and loans and receivables, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

4.3 Intersegment Transactions

There were no intersegment transactions for 2010, 2009 and 2008.

4.4 Analysis of Segment Information

Segment information can be analyzed as follows for the years ended December 31, 2010, 2009 and 2008:

	2010							
		Leasing		**Financing**		**Others**		**Total**
Segment revenues	P	1,271.0	P	583.9	P	183.1	P	2,038.0
Segment expenses		1,016.2		466.8		146.4		1,629.4
Segment results		254.8		117.1		36.7		408.6
Income tax expense								99.9
Net profit							**P**	**308.7**
Segment assets	P	7,115.2	P	5,546.7	P	-	P	12,661.9
Unallocated assets								2,625.5
Total assets							**P**	**15,288.4**
Segment liabilities	P	4,606.7	P	3,059.5	P	-	P	7,666.2
Unallocated liabilities								3,056.4
Total liabilities							**P**	**10,722.6**
Other segment information :								
Capital expenditures	**P**	**216.9**	**P**	**-**	**P**	**6.3**	**P**	**223.2**
Depreciation and amortization		**803.9**		**-**		**31.9**		**835.8**
Impairment losses		**45.5**		**49.5**		**4.0**		**99.0**

	2009 (As Restated – Note 15)							
		Leasing		Financing		Others		Total
Segment revenues	P	1,524.7	P	454.4	P	230.6	P	2,209.7
Segment expenses		1,211.1		361.0		183.2		1,755.3
Segment results		313.6		93.4		47.4		454.4
Income tax expense								154.4
Net profit							P	300.0
Segment assets	P	6,192.6	P	4,298.9	P	-	P	10,491.5
Unallocated assets								2,519.2
Total assets (as restated)							P	13,010.7
Segment liabilities	P	4,606.7	P	3,059.5	P	-	P	7,666.2
Unallocated liabilities								1,009.4
Total liabilities (as restated)							P	8,675.6
Other segment information :								
Capital expenditures	P	835.6	P	-	P	11.9	P	847.5
Depreciation and amortization		1,037.8		-		26.8		1,064.6
Impairment losses		69.1		25.4		-		94.5

	2008 (As Restated – Note 15)			
	Leasing	Financing	Others	Total
Segment revenues	P 712.0	P 524.9	P 131.6	P 1,368.5
Segment expenses	436.0	321.4	80.5	837.9
Segment results	276.0	203.5	51.1	530.6
Income tax expense				165.0
Net profit				P 365.6
Segment assets	P 6,355.9	P 2,880.1	P -	P 9,236.0
Unallocated assets				1,130.9
Total assets (as restated)				P 10,366.9
Segment liabilities	P 3,726.2	P 1,970.2	P -	P 5,696.4
Unallocated liabilities				202.9
Total liabilities (as restated)				P 5,899.3
Other segment information :				
Capital expenditures	P 1,511.6	P -	P 14.0	P 1,525.6
Depreciation and amortization	172.4	-	23.4	195.8
Impairment losses	43.2	31.8	-	75.0

Segment expenses are allocated on the basis of gross income.

Net segment assets are comprised of the following:

	2010	
	Leasing	**Financing**
Receivables	P 4,740.3	P 7,602.5
Residual value of leased assets	2,235.5	-
Unearned income	(699.6)	(1,695.7)
Client's equity	-	(129.5)
	6,276.2	5,777.3
Allowance for impairment	-	(230.6)
	6,276.2	5,546.7
Equipment under lease	839.0	-
	P 7,115.2	**P 5,546.7**

	2009 (As Restated – Note 15)	
	Leasing	Financing
Receivables	P 3,395.2	P 6,078.0
Residual value of leased assets	1,919.6	-
Unearned income	(554.4)	(1,466.1)
Client's equity	-	(137.4)
	4,760.4	4,474.5
Allowance for impairment	-	(175.6)
	4,760.4	4,298.9
Equipment under lease	1,432.2	-
	P 6,192.6	P 4,298.9

	2008 (As Restated – Note 15)	
	Leasing	Financing
Receivables	P 3,587.1	P 3,643.5
Residual value of leased assets	1,664.8	-
Unearned income	(526.5)	(519.9)
Client's equity	-	(127.3)
	4,725.4	3,000.3
Allowance for impairment	(4.0)	(120.2)
	4,721.4	2,880.1
Equipment under lease	1,634.5	-
	P 6,355.9	P 2,880.1

Bills payable to BDO Unibank amounting to P351.0 as of December 31, 2010 and P254.0 as of December 31, 2009 and 2008 is allocated between the leasing and financing segments based on the carrying amounts of receivables of these segments as of December 31, 2008. Deposits on lease amounting to P2,617.7, P2,301.9 and P2,025.5 as of December 31, 2010, 2009 and 2008, respectively, are included in the leasing segment.

5. RISK MANAGEMENT

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 BOD. The Board approves the overall institutional tolerance risk, including risk policies and risk philosophy of the Company.

The Company is exposed to a variety of financial risk which results from both its operating and investing activities. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described in the succeeding pages.

5.1 Foreign Exchange Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates on financial assets arise from an insignificant portion of the Parent Company's leasing and financing portfolio, cash and cash equivalents and lease deposits which are denominated in United States (U.S.) dollars.

The Parent Company's foreign-currency denominated financial assets and liabilities translated into Philippine pesos at the closing rate at December 31, 2010, 2009 and 2008 and Philippine peso-denominated financial assets and liabilities as of December 31, 2010, 2009 and 2008 are as follows:

	2010		
	US Dollar	**Philippine Peso**	**Total**
Cash and cash equivalents	P 8.8	P 63.1	P 71.9
Loans and other receivables	-	11,953.0	11,953.0
Lease deposits	19.7	2,598.0	2,617.7
	P 28.5	**P 14,614.1**	**P 14,642.6**

	2009		
	US Dollar	**Philippine Peso**	**Total**
Cash and cash equivalents	P 6.8	P 225.7	P 232.5
Loans and other receivables	-	9,142.7	9,142.7
Lease deposits	20.8	2,281.2	2,302.0
	P 27.6	P 11,649.6	P 11,677.2

	2008		
	US Dollar	**Philippine Peso**	**Total**
Cash and cash equivalents	P 3.7	P 182.4	P 186.1
Loans and other receivables	-	7,692.9	7,692.9
Lease deposits	21.4	2,004.1	2,025.5
	P 25.1	P 9,879.4	P 9,904.5

At December 31, 2010, 2009 and 2008, the currency exchange rates used to translate U.S. dollar denominated financial assets and liabilities to the Philippine pesos are P43.9, P46.2 and P47.5, respectively.

The following table illustrates the sensitivity of the net result for the year and equity with regard to the Group's financial assets and financial liabilities and the U.S. dollar – Philippine peso exchange rate. It assumes a +/-7.05% change, +/-7.00% change and +/-6.57% of the Philippine peso/U.S. dollar exchange rate at December 31, 2010, 2009 and 2008, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period.

If the Philippine peso at December 31, 2010, 2009 and 2008 had strengthened against the U.S. dollar at the foregoing volatilities, then this would have the following impact on the Group's and the Parent Company's financial statements:

	2010	2009	2008
Profit before tax	**(P 2.0)**	(P 0.5)	(P 0.8)
Equity	**(1.4)**	(0.3)	(1.2)

If the Philippine peso at December 31, 2010, 2009 and 2008 had weakened against the U.S. dollar at the foregoing volatilities, then this would have the following impact on the Group's and Parent Company's financial statements:

	2010	2009	2008
Profit before tax	**P 2.0**	P 0.5	P 0.8
Equity	**1.4**	0.3	1.2

5.2 Interest Rate Risk

At December 31, 2010, 2009 and 2008, the Group is exposed to changes in market interest rates through its bills payable and a portion of BDO Leasing's loans and other receivables, which are subject to periodic interest rate repricing. All other financial assets and liabilities have fixed rates.

The Group follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The current composition of the Group's assets and liabilities results in significant negative gap positions for repricing periods under one year. Consequently, the Group is vulnerable to increases in market interest rates. However, in consideration of the substantial net interest margins between the Group's marginal funding cost and its interest-earning assets, and favorable lease and financing terms which allow the Group to reprice annually, and to reprice at anytime in response to extraordinary fluctuations in interest rates, the Group believes that the adverse impact of any interest rate increase would be limited.

In addition, during periods of declining interest rates, the existence of a negative gap position favorably impacts the Group.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates for bills payable of +/-7.39% at December 31, 2010, +/-15.43% at December 31, 2009 and +/-5.25% at December 31, 2008 to a reasonably possible change in interest rates for loans and other receivables of +/-19.09% at December 31, 2010, +/-27.59% at December 31, 2009 and +/-39.55% at December 31, 2008. These changes are considered to be reasonably possible based on observation of current market conditions for the past 12 months. The calculations are based on the Group's financial instruments held at the end of each reporting period. All other variables are held constant.

	2010	
Loans and other receivables	**+19.09%**	**-19.09%**
Bills payable	**+7.39%**	**-7.39%**
Group		
Increase (decrease) in:		
Profit before tax	**P 18.3**	**(P 18.3)**
Equity	**12.8**	**(12.8)**

	2010	
Loans and other receivables	**+19.09%**	**-19.09%**
Bills payable	**+7.39%**	**-7.39%**

Parent Company		
Increase (decrease) in:		
Profit before tax	**P 16.8**	**(P 16.8)**
Equity	**11.8**	**(11.8)**

	2009	
Loans and other receivables	+27.59%	-27.59%
Bills payable	+15.43%	-15.43%

Group		
Increase (decrease) in:		
Profit before tax	P 7.8	(P 7.8)
Equity	5.5	(5.5)
Parent Company		
Increase (decrease) in:		
Profit before tax	P 6.9	(P 6.9)
Equity	4.8	(4.8)

	2008	
Loans and other receivables	+39.55%	-39.55%
Bills payable	+5.25%	-5.25%

Group		
Increase (decrease) in:		
Profit before tax	P 6.5	(P 6.5)
Equity	4.2	(4.2)
Parent Company		
Increase (decrease) in:		
Profit before tax	P 5.5	(P 5.5)
Equity	3.6	(3.6)

5.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits for individual borrowers, and groups of borrowers and industry segments. The Group maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy.

The Group actively seeks to increase its exposure in industry sectors which it believes possess attractive growth opportunities. Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal.

Although the Group's leasing and financing portfolio is composed of transactions with a wide variety of businesses, the results of operation and financial condition of the Group may be adversely affected by any downturn in these sectors as well as in the Philippine economy in general.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The concentration of credit risk for the Group and the Parent Company follows:

Group

	2010		
	Cash and Cash Equivalents	**Loans and Other Receivables**	**Available-for-sale Securities**
Concentration by sector:			
Financial intermediaries	P 71.9	P 1,245.4	**P** -
Manufacturing	-	1,943.3	-
Transportation and communication	-	2,460.2	-
Wholesale and retail trade and personal activities	-	1,307.1	-
Real estate, renting and business activities	-	858.7	-
Agriculture, fishing and forestry	-	530.0	-
Other community, social and personal activities	-	3,608.3	1,524.4
	P 71.9	**P 11,953.0**	**P 1,524.4**

	2009		
	Cash and Cash Equivalents	Loans and Other Receivables	Available-for-sale Securities
Concentration by sector:			
Financial intermediaries	P 232.4	P 1,007.2	P -
Manufacturing	-	1,383.2	-
Transportation and communication	-	2,142.6	-
Wholesale and retail trade and personal activities	-	1,268.3	-
Real estate, renting and business activities	-	1,296.1	-
Agriculture, fishing and forestry	-	344.6	-
Other community, social and personal activities	-	1,700.7	1,300.9
	P 232.4	P 9,142.7	P 1,300.9

	2008		
	Cash and Cash Equivalents	Loans and Other Receivables	Available-for-sale Securities
Concentration by sector:			
Financial intermediaries	P 186.1	P 129.7	P -
Manufacturing	-	2,240.7	-
Transportation and communication	-	1,198.8	-
Wholesale and retail trade and personal activities	-	1,338.3	-
Real estate, renting and business activities	-	239.7	-
Agriculture, fishing and forestry	-	35.1	-
Other community, social and personal activities	-	2,510.6	1.1
	P 186.1	P 7,692.9	P 1.1

Parent Company

	2010		
	Cash and Cash Equivalents	**Loans and Other Receivables**	**Available-for-sale Securities**
Concentration by sector:			
Financial intermediaries	P 69.2	P 1,255.9	P -
Manufacturing	-	1,943.3	-
Transportation and communication	-	2,460.2	-
Wholesale and retail trade and personal activities	-	1,307.1	-
Real estate, renting and business activities	-	858.7	-
Agriculture, fishing and forestry	-	530.0	-
Other community, social and personal activities	-	3,606.4	1,524.4
	P 69.2	**P 11,961.6**	**P 1,524.4**

	2009		
	Cash and Cash Equivalents	Loans and Other Receivables	Available-for-sale Securities
Concentration by sector:			
Financial intermediaries	P 176.4	P 1,007.2	P -
Manufacturing	-	1,383.2	-
Transportation and communication	-	2,142.6	-
Wholesale and retail trade and personal activities	-	1,268.3	-
Real estate, renting and business activities	-	1,296.1	-
Agriculture, fishing and forestry	-	344.6	-
Other community, social and personal activities	-	1,689.7	1,300.9
	P 176.4	P 9,131.7	P 1,300.9

	2008		
	Cash and Cash Equivalents	Loans and Other Receivables	Available-for-sale Securities
Concentration by sector:			
Financial intermediaries	P 171.9	P 129.7	P -
Manufacturing	-	2,240.7	-
Transportation and communication	-	1,198.8	-
Wholesale and retail trade and personal activities	-	1,338.3	-
Real estate, renting and business activities	-	897.0	-
Agriculture, fishing and forestry	-	35.1	-
Other community, social and personal activities	-	2,489.7	1.1
	P 171.9	P 8,329.3	P 1.1

The carrying amount of financial assets recorded in the Group financial statements represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

	2010	
	Loans and Other Receivables	**Available-for-sale Securities**
Carrying amount	**P 11,953.0**	**P 1,524.4**
Individually impaired		
Grade D: Impaired	**302.6**	-
Grade E: Impaired	**111.2**	-
Grade F: Impaired	**122.4**	-
Gross amount	**536.2**	-
Allowance for impairment	**(234.3)**	-
Carrying amount	**301.9**	-
Past due but not impaired	**11.6**	-
Grade A		
Aging of past due		
30-60 days	**6.9**	-
61-90 days	**4.7**	-
91-180 days	**-**	-
More than 180 days	**-**	-
Carrying amount	**11.6**	-
Neither past due nor impaired		
Grade A	**11,639.5**	1,524.4
Total carrying amount	**P 11,953.0**	P **1,524.4**

2009

	Loans and Other Receivables	Available-for-sale Securities
Carrying amount	P 9,142.7	P 1,300.9
Individually impaired		
Grade D: Impaired	437.4	-
Grade E: Impaired	197.2	-
Grade F: Impaired	80.8	-
Gross amount	715.4	-
Allowance for impairment	(175.7)	-
Carrying amount	539.7	-
Past due but not impaired	-	-
Grade A		
Aging of past due		
30-60 days	-	-
61-90 days	-	-
91-180 days	-	-
More than 180 days	-	-
Carrying amount *(forward)*	-	-
Neither past due nor impaired		
Grade A	P 8,603.0	P 1,300.9
Total carrying amount	P 9,142.7	P 1,300.9

	2008	
	Loans and Other Receivables	Available-for-sale Securities
Carrying amount	P 7,692.9	P 1.1
Individually impaired		
Grade D: Impaired	196.9	-
Grade E: Impaired	247.5	-
Grade F: Impaired	45.8	-
Gross amount	490.2	-
Allowance for impairment	(124.1)	-
Carrying amount	366.1	-
Past due but not impaired	144.8	-
Grade A		
Aging of past due		
30-60 days	0.2	-
61-90 days	2.5	-
91-180 days	90.1	-
More than 180 days	52.0	-
Carrying amount	144.8	-
Neither past due nor impaired		
Grade A	7,182.0	1.1
Total carrying amount	P 7,692.9	P 1.1

The Group holds collateral against loans and other receivables in the form of mortgage interests over real and personal properties. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and are periodically updated especially when a loan is individually assessed as impaired. Collateral is not held against available-for-sale securities, and no such collateral was held at December 31, 2010, 2009 and 2008.

The Group holds collateral against loans and other receivables in the form of real and personal properties. An estimate of the fair value of collateral and other security enhancements held against loans and other receivables as of December 31, 2010, 2009 and 2008 is shown below.

	2010	2009	2008
Against past due but not impaired			
Real property	**P 142.9**	P 98.0	P 54.7
Personal property	**522.0**	430.8	112.8
Against neither past due but not impaired			
Real property	**1,104.8**	629.0	997.9
Personal property	**10,483.8**	7,330.7	9,120.1
	P 12,253.5	P 8,488.5	P 10,285.5

5.4 Liquidity Risk

The primary business of financing companies entails the borrowing and relending of funds. Consequently, financing companies are subject to substantial leverage, and are therefore exposed to the potential financial risks that accompany borrowing.

The Group expects that its continued asset expansion will result in higher funding requirements in the future. Like most financing companies in the Philippines, the Group does not have a license to engage in quasi-banking function, and as such, it is precluded from engaging in deposit-taking activities. In addition, it is precluded under the General Banking Act from incurring borrowings from more than 19 lenders at any one time, which to some extent, restricts its access to the public debt markets.

The Group believes that it currently has adequate debt funding from banks, other financial institutions, and through the issuance of Short-Term Commercial Papers (STCPs). The Group currently has a license from the SEC to issue P12 billion STCPs.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for short-term and long-term financial liabilities as well as cash outflows due in its day-to-day business.

Presented below are the financial assets and liabilities as of December 31, 2010, 2009 and 2008 analyzed according to when these are expected to be recovered or settled.

2010

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Group					
Financial assets					
Cash and cash equivalents	P 71.9	P -	P -	P -	P 71.9
Available-for-sale financial assets	1,524.4	-	-	-	1,524.4
Loans and other receivables	2,551.6	3,110.3	3,640.5	2,650.6	11,953.0
	P 4,147.9	**P 3,110.3**	**P 3,640.5**	**P 2,650.6**	**P 13,549.3**
Financial liabilities					
Bills payable	P 6,147.4	P 1,246.8	P 17.7	P 254.3	P 7,666.2
Accounts payable and other liabilities	81.2	8.7	10.7	4.1	104.7
Lease deposits	664.8	517.6	923.0	512.3	2,617.7
	P 6,893.4	**P 1,773.1**	**P 951.4**	**P 770.7**	**P 10,388.6**

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Parent Company					
Financial assets					
Cash and cash equivalents	P 69.2	P -	P -	P -	P 69.2
Available-for-sale financial assets	1,524.4	-	-	-	1,524.4
Loans and other receivables	2,560.1	3,110.3	3,640.5	2,650.6	11,961.6
	P 4,153.7	**P 3,110.3**	**P 3,640.5**	**P 2,650.6**	**P 13,555.2**
Financial liabilities					
Bills payable	P 6,115.1	P 1,246.8	P 17.7	P 254.3	P 7,633.9
Accounts payable and other liabilities	76.4	8.7	9.9	4.1	99.1
Lease deposits	354.0	475.3	912.7	512.3	2,254.3
	P 6,545.5	**P 1,730.8**	**P 940.3**	**P 770.7**	**P 9,987.3**

2009

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Group					
Financial assets					
Cash and cash equivalents	P 232.4	P -	P -	P -	P 232.4
Loans and other receivables	2,054.6	1,604.5	3,304.7	2,178.9	9,142.7
Other assets	136.7	-	-	-	136.7
	P 2,423.7	P 1,604.5	P 3,304.7	P 2,178.9	P 9,511.8

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Financial liabilities					
Bills payable	P 5,461.5	P 300.0	P 54.6	P 326.9	P 6,143.0
Accounts payable and other liabilities	92.4	-	-	-	92.4
Lease deposits	377.2	632.9	1,011.8	399.4	2,421.3
	P 6,079.7	P 932.9	P 1,066.4	P 726.3	P 8,805.3

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Parent Company					
Financial assets					
Cash and cash equivalents	P 176.4	P -	P -	P -	P 176.4
Loans and other receivables	2,043.6	1,604.5	3,304.6	2,178.8	9,131.5
Other assets	317.2	-	-	-	317.2
	P 2,537.2	P 1,604.5	P 3,304.6	P 2,178.8	P 9,625.1
Financial liabilities					
Bills payable	P 4,582.0	P 300.0	P 54.6	P 326.9	P 5,263.5
Accounts payable and other liabilities	241.0	-	-	-	241.0
Lease deposits	375.2	348.5	940.4	399.4	2,063.5
	P 5,198.2	P 648.5	P 995.0	P 726.3	P 7,327.0

2008

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Group					
Financial assets					
Cash and cash equivalents	P 186.1	P -	P -	P -	P 186.1
Loans and other receivables	2,099.9	2,155.0	2,708.5	730.0	7,693.4
Available-for-sale financial assets	1.1	-	-	-	1.1
	P 2,287.1	P 2,155.0	P 2,708.5	P 730.0	P 7,880.6

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Financial liabilities					
Bills payable	P 3,136.9	P 544.7	P -	P -	P 3,681.6
Accounts payable and other liabilities	158.8	-	-	14.7	173.5
Lease deposits	168.7	430.0	1,321.8	223.8	2,144.3
	P 3,464.4	P 974.7	P 1,321.8	P 238.5	P 5,999.4

	One to Three Months	Three Months to One Year	One to Three Years	More than Three Years	Total
Parent Company					
Financial assets					
Cash and cash equivalents	P 171.9	P -	P -	P -	P 171.9
Loans and other receivables	2,501.3	2,389.7	2,708.5	729.8	8,329.3
Available-for-sale financial assets	1.1	-	-	-	1.1
	P 2,674.3	P 2,389.7	P 2,708.5	P 729.8	P 8,502.3
Financial liabilities					
Bills payable	P 2,549.0	P 544.7	P -	P -	P 3,093.7
Accounts payable and other liabilities	144.8	-	-	14.7	159.5
Lease deposits	167.1	423.9	995.0	220.0	1,806.0
	P 2,860.9	P 968.6	P 995.0	P 234.7	P 5,059.2

The Group and the Parent Company's maturing financial liabilities within the one to three month period pertain to bills payable due to various private entities and individuals. Maturing bills payable are usually settled through repayments. When maturing financial assets are not sufficient to cover the related maturing financial liabilities, bills payable and other currently maturing financial liabilities are rolled over/refinanced or are settled by entering into new borrowing arrangements with other counterparties.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	Group		
	2010	2009	2008
Cash on hand and in banks	**P 43.9**	P 156.6	P 184.1
Cash equivalents	**28.0**	75.8	2.0
	P 71.9	P 232.4	P 186.1

	Parent Company		
	2010	2009	2008
Cash on hand and in banks	**P 41.2**	P 141.6	P 169.8
Cash equivalents	**28.0**	34.8	2.1
	P 69.2	P 176.4	P 171.9

Cash in banks earn interest at rates based on daily bank deposit rates. Cash equivalents represent a special savings account and time-deposit with annual interest rate ranging from 1.0% to 3.2% in 2010, 1.00% to 2.75% in 2009 and 2.375% to 3.00% in 2008.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The composition of available-for-sale financial assets for the Group and the Parent Company as of December 31 pertain to the following:

	2010	2009	2008
SMC Series "1" preferred shares	**P 1,269.8**	P 1,299.8	P -
Club shares and other equity investments	**1.4**	1.4	1.4
	1,271.2	1,301.2	1.4
Accumulated fair value gains (losses)	**253.2**	(0.3)	(0.3)
	P 1,524.4	P 1,300.9	P 1.1

As of December 31, 2010, the SMC Series "1" preferred shares (the SMC shares) represents 16.9 million preferred shares originally acquired at P75 per share on December 22, 2009. The SMC shares bear an interest rate of 8% per annum, subject to adjustment at the end of the fifth year after October 2, 2009 if the SMC shares are not redeemed at the option of SMC. The rate will be the higher between the dividend rate or the 10-year PDSTF rate prevailing at the end of the fifth year from October 2, 2009 plus a spread of 3%.

On December 8, 2010, the SMC shares became publicly-traded and closed at the price of P90 per share on December 31, 2010. Thus, the Company recognized unrealized fair value gain of P246.4, net of deferred stock transaction tax at 1/2 of 1% of the total market value of P1,524.4 or P7.6. The unrealized fair value gain of P246.4 is included under the Unrealized Fair Value Gain (Loss) on Available-for-Sale Financial Assets account in the statement of financial position while the deferred stock transaction tax of P7.6 was recognized in Other Comprehensive Income and as part of Deferred Tax Liabilities account as of December 31, 2010 (see Note 20).

Before the listing of the shares in 2010, the Company sold 0.4 million of the SMC shares at its original cost of P75 per share or for a total of P30.5. Hence, no gain or loss were recognized on the transaction.

As of December 31, 2009, the SMC shares were carried at its original cost of P75 per share or P1,297.5 for the 17.3 million shares since the cost of the investment at that date did not differ significantly from the market value at the date of issuance on December 22, 2009.

The remaining P1.4 balance of AFS financial assets at December 31, 2010, 2009 and 2008 consist of Philippine Long Distance Telephone Co. (PLDT) preferred and golf and country club shares of stock that are carried at their fair value equal to P1.4.

8. LOANS AND OTHER RECEIVABLES

This account consists of the following:

	Group		
	2010	2009	2008
Receivable from customers:			
Finance lease receivables	**P 4,740.3**	P 3,395.2	P 3,587.1
Residual value of leased assets	**2,235.6**	1,919.6	1,664.8
Unearned leased income	**(699.6)**	(554.4)	(526.5)
	6,276.3	4,760.4	4,725.4
Loans and receivables financed	**7,602.5**	6,078.0	3,643.5
Unearned finance income	**(1,695.67)**	(1,466.0)	(515.9)
Client's equity	**(129.5)**	(137.4)	(127.3)
	5,777.3	4,474.6	3,000.3
Other receivables:			
Sales contract receivable	**50.8**	52.0	47.5
Accounts receivable	**31.8**	39.7	52.2
Accrued interest receivable	**27.2**	0.3	0.4
Dividends receivable	**24.0**	-	-
	133.8	92.0	100.1
Total	**12,187.3**	9,327.0	7,825.8
Allowance for impairment	**(234.3)**	(184.3)	(132.9)
	P 11,953.0	P 9,142.7	P 7,692.9

	Parent Company		
	2010	2009	2008
Receivable from customers:			
Finance lease receivables	**P 4,740.3**	P 3,395.2	P 3,587.1
Residual value of leased assets	**2,235.5**	1,919.6	1,664.8
Unearned leased income	**(699.6)**	(554.4)	(526.5)
	6,276.2	4,760.4	4,725.4
Loans and receivables financed	**7,602.5**	6,078.0	4,306.4
Unearned finance income	**(1,695.7)**	(1,466.0)	(521.5)
Client's equity	**(129.5)**	(137.4)	(127.3)
	5,777.5	4,474.6	3,657.6
Other receivables:			
Sales contract receivable	**50.8**	51.9	47.4
Accounts receivable	**29.9**	28.8	31.4
Accrued interest receivable	**27.3**	0.3	0.4
Dividends receivable	**24.0**	-	-
Due from subsidiary	**10.5**	-	-
	142.5	81.0	79.2
Total	**12,196.0**	9,316.0	8,462.2
Allowance for impairment	**(234.3)**	(184.3)	(132.9)
	P 11,961.6	P 9,131.7	P 8,329.3

As of December 31, 2010, 2009 and 2008, 94%, 41% and 61%, respectively, of the total receivables from customers of the Group are subject to periodic interest repricing. Remaining receivables from customers earn annual fixed interest rates ranging from 8% to 30% in 2010, 6% to 36% in 2009 and 9% to 37% in 2008.

Interest income on receivables pertaining to the residual value of assets under finance lease accrued using the effective interest method amounted to P6.0, P19.3 and P31.1 in 2010, 2009 and 2008, respectively, and is presented as part of Interest and Discounts in the Group and Parent Company statements of comprehensive income.

The breakdown of total loans as to secured and unsecured follows:

	Group		
	2010	2009	2008
Secured			
Real estate mortgage	**P 553.1**	P 562.8	P 944.4
Chattel mortgage	**7,311.3**	7,601.7	5,949.5
	7,864.4	8,164.5	6,893.9
Unsecured	**4,088.6**	978.2	799.0
	P 11,953.0	P 9,142.7	P 7,692.9

	Parent Company		
	2010	2009	2008
Secured			
Real estate mortgage	**P 553.1**	P 562.8	P 944.4
Chattel mortgage	**7,311.3**	7,601.7	5,982.6
	7,864.4	8,164.5	6,927.0
Unsecured	**4,097.2**	967.2	1,402.3
	P 11,961.6	P 9,131.7	P 8,329.3

An analysis of the Group's and Parent Company's finance lease receivables as of December 31, 2010, 2009 and 2008 follows:

	2010	2009	2008
Maturity of gross investment in:			
Finance lease receivables			
Within one year	**P 2,935.6**	P 1,740.0	P 2,263.0
Beyond one year but not beyond five years	**1,804.7**	1,655.2	1,324.1
	4,740.3	3,395.2	3,587.1
Residual value of leased assets			
Within one year	**824.0**	616.9	569.0
Beyond one year but not beyond five years	**1,411.5**	1,302.7	1,095.8
	2,235.5	1,919.6	1,664.8
Gross finance lease receivable	**6,975.8**	5,314.8	5,251.9
Unearned lease income	**(699.9)**	(554.4)	(526.5)
Net investment in finance lease receivables	**P 6,276.2**	P 4,760.4	P 4,725.4

An analysis of the Group's and Parent Company's net investment in finance lease receivables follows:

	2010	2009	2008
Due within one year	**P 3,321.7**	P 2,057.6	P 2,763.9
Due within one year but not beyond five years	**2,954.5**	2,702.8	1,961.5
	P 6,276.2	P 4,760.4	P 4,725.4

Past due finance lease receivables amounted to P354.8, P400.0 and P344.9 as of December 31, 2010, 2009 and 2008, respectively.

Past due loans and receivables financed amounted to P313.0, P315.3 and P290.1 as of December 31, 2010, 2009 and 2008, respectively.

In 2010, 2009 and 2008, the BOD approved the write-off of certain loans and receivables financed and finance lease receivables with total amount of P29.3, P43.7 and P157.9, respectively.

Interest and discounts in the statements of comprehensive income consists of interest on:

	Group		
	2010	2009	2008
Loans and receivable financed	**P 583.8**	P 454.4	P 556.0
Finance lease receivables	**440.1**	399.0	455.6
Due from affiliates and other loans	**4.4**	10.8	0.4
Cash and cash equivalents	**0.5**	0.7	0.5
	P 1,028.8	P 864.9	P 1,012.5

	Parent Company		
	2010	2009	2008
Loans and receivables financed	**P 583.8**	P 459.9	P 562.1
Finance lease receivables	**440.1**	399.0	455.6
Due from affiliates and other loans	**2.8**	32.9	0.3
Cash and cash equivalents	**0.5**	0.7	0.5
	P 1,027.2	P 892.5	P 1,018.5

The changes in the allowance for impairment for the Group and the Parent Company are summarized below.

	2010	2009	2008
Balance at beginning of year	**P 184.3**	P 132.9	P 215.9
Impairment losses during the year	**99.0**	94.5	75.0
Accounts written off	**(49.0)**	(43.1)	(158.0)
Balance at end of year	**P 234.3**	P 184.3	P 132.9