November 14, 2006

COVER SHEET

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SEC Registration Number

BENPRES HOLDINGS CORPORATION

(Company's Full Name)

4th Floor, Benpres Building, Meralco Avenue, Pasig City

(Business Address: No. Street City/Town/Province)

Salvador G. Tirona

(Contact Person)

910-3040

(Company Telephone Number)

12 **31**

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
12,650	₱2,012,397,073	US$150,000,000

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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THE 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. **September 30, 2006**
   Date of Report (Date of earliest event reported)

2. SEC Registration No. **AS093-04369**   3. BIR TIN. **002-825-058-000**

4. **Benpres Holdings Corporation**
   Exact name of registrant as specified in its Articles of Incorporation

5. **Metro Manila**
   Place of incorporation

6. ____________________
   Industry Classification Code

7. **4th Floor Benpres Building, Exchange Road cor. Meralco Ave. Pasig City**
   Address of principal office

8. **(02) 910-3040**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	**4,581,544,408 shares**
Long Term Commercial Papers	**P2,000,000,000.00**

11. Are any or all of the securities listed on the Philippine Stock Exchange:
    Yes [**X**]   No [ ]

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 Section 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 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 90 days.

    Yes [**X**]   No [ ]

PART I – FINANCIAL INFORMATION

Item I. Financial Statements

The unaudited consolidated financial statements are filed as part of the Form. It is prepared in compliance with accounting principles generally accepted in the Philippines as set forth in the Philippine Financial Reporting Standards (PFRSs). PFRS, include standards named PFRSs and Philippine Accounting Standards (PASs), including interpretations issued by the Philippine Accounting Standards Council. These are the Company's first consolidated financial statements prepared in compliance with PFRSs.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value.

Item II. Management Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)

Benpres Holdings Corporation (Benpres) reported unaudited consolidated revenues of P12.949 billion in the first nine months of 2006, 2% higher than P12.725 billion (as restated) in the same period last year. The 9M2006 unaudited financial statements were restated to reflect the deconsolidation of Maynilad Water Services, Inc., pursuant to the water utility's Court-approved Debt Capital and Restructuring Agreement (see Note 3 of the notes to consolidated financial statements herein attached).

Net income attributable to equity holders of the parent for the period January-September 2006 reached P2.981 billion from P899 million in the same period last year. Benpres's unaudited net income as of September 2006 includes P588 million in foreign exchange gain resulting from the peso's further appreciation to P50.21:US$1.

Benpres's net income for the period in review is primarily derived from the equity share in net earnings of investees (+73.6%), after First Philippine Holdings Corporation (FPHC) booked a one-time gain on dilution of its equity interest in First Gen Corporation (First Gen) in the amount of P2.7 billion with First Gen's initial public offering (IPO) in February 2006.

Net sales and services, airtime–net, and license fees reflect ABS-CBN Broadcasting Corporation (ABS-CBN) accounts. Production costs, general and administrative expenses, cost of sales and services, and agency commission, incentives and co-producers' share are all ABS-CBN accounts.

The peso appreciated to P50.21 per US dollar in September 2006 from P53.09 in December 2005 compared to an appreciation to P56.01 in September 2005 from P56.28 in December 2004. Provisions for losses decreased by 82% to P118 million from P659 million pertaining to advances to subsidiaries and affiliates. Other income dropped by 67% due to a reversal of excess of accumulated losses over acquisition cost of Maynilad Water arising from the deconsolidation of Maynilad Water in 2005 (see Note 3 of the notes to consolidated financial statements). As such, total unaudited expenses for the first nine months declined by 18% year-on-year (YoY) to P9.171 billion from P11.122 billion.

Affiliates

FPHC reported P5.2 billion in net income attributable to equity holders of the parent in the first three quarters of 2006, up 63% from P3.2 billion in the same period last year. This was primarily due to the improvement in earnings of subsidiaries (mainly, First Gen Corporation and First Philippine Infrastructure Development Corporation). Revenue from the sale of electricity (86% of unaudited revenues) increased by 12% to P37.8 billion due to the increase in average prices of natural gas and increase in fuel consumption. Revenue from toll operations (12% of unaudited revenues) improved by 16% to P4.3 billion. The rehabilitated North Luzon Expressway started commercial operations on February 10, 2005, hence, previous year's revenues pertain to approximately 231 days of operations compared to this year's 272 days. FPHC's unaudited consolidated revenues for the period reached P43.9 billion, 13% higher than P38.9 billion YoY.

ABS-CBN posted a net income attributable to equity holders of the parent of P694 million for the first nine months of 2006, a 58% increase from P440 in 9M06. The company is beginning to reap the benefits of cost cutting efforts initiated beginning 2005 including a 20% reduction in headcount and more controlled production cost spending which grew by a marginal 1.6% YoY. Total revenues grew 2% YoY to P12.949 billion from P12.725 billion, boosted by a 34% rise in license fees which represent revenues from the migration of existing US direct-to-home (DTH) subscribers to DirecTV's platform, as well as take up of new subscribers. The migration period for both new and existing US DTH subscribers to DirecTV's platform ended in August 2006. Gross airtime revenues during the period were flat at P8.013 billion from P8.104 billion.

SKY Cable posted significantly lower losses compared to last year primarily due to lower operating expenses specifically lower programming and employee costs. The company continues its campaign against cable theft that degrades the signal available to paying subscribers.

Bayan Telecommunications (BayanTel) continued to sustain its growth from stronger data and Internet and stable fixed line businesses by posting net revenues of P4.22 billion for the first three quarters of 2006, a 7% increase from the P3.95 Billion during the same period in 2005. Due primarily to foreign exchange gains and IRU sale of P639 million, BayanTel posted a net income of P1.007 billion for year-to-date September 2006 from a loss of P1.043 billion in the same period last year.

Key Performance Indicator

As a holding company, Benpres receives revenues from asset sales and dividends from investees. Hence, the key performance indicator with the most direct impact on Benpres is the net income of investees. Dividends received by Benpres are based on the investees' net income in the previous year. For the January-September 2006 period, the financial performance of investees was within expectations.

In May 2006, Benpres received dividends in the amount of P254 million from FPHC based on Benpres's equity share of 44.61%. In July 2006, Rockwell Land Corporation declared cash dividends in the amount of P61.25 million in favor of Benpres, 50% of which was received in 3Q06 with the remaining 50% expected to be paid out in December 2006. Dividends received are utilized by Benpres for interest payments on its debt.

Benpes has also been selling its shares in Digitel through the Philippine Stock Exchange. Proceeds from the sale of Digitel shares are earmarked for the debt-for-asset swap as proposed to creditors in the Debt Restructuring Plan.

Financial Condition

Cash and cash equivalents decreased by 29% from end-2005 levels due to debt service, accounting for an 8.5% drop in unaudited total current assets. Investments and advances-net increased by 14.5% to P20.16 billion due to the equity share in net earnings of investee companies during the period, and leading to a 5.9% increase in unaudited total noncurrent assets. Trade and other receivables (-8%), derivative asset (-18%), other current assets (+43.5%), derivative liabilities (+140.4%), and share in equity adjustment from translation (-48.9%) reflect ABS-CBN accounts.

Noncurrent interest-bearing loans and borrowings (-33.9%) and other noncurrent liabilities (-22.2%) were reduced following principal payments made by ABS-CBN during the period, and accounted for the 31.7% decline in total noncurrent liabilities.

Unaudited total consolidated equity as of September 30, 2006 stood at P11.997 billion, 38.2% better than end-2005 as the deficit was reduced by 32% to P6.258 billion given the net income of P3.28 billion for the period in review. Share in unrealized gain on fair value of adjustments of available-for-sale investments improved by 59% due to the higher market value of Digitel shares.

There are no any known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity other than those disclosed above and in the notes to financial statements herein attached. Also, the Company has no material commitments for capital expenditures.

PART II – OTHER INFORMATION

The Company has no other information that needs to be disclosed other than disclosures made under SEC Form 17-C.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Millions)

	September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱1,663**	₱2,341
Trade and other receivable - net	**4,313**	4,695
Program rights - current	**783**	799
Derivative asset	**158**	193
Other current assets - net	**1,188**	828
Total Current Assets	**8,105**	8,856
Noncurrent Assets		
Investments and advances – net (Notes 3 and 4)	**20,160**	17,609
Property and equipment - net	**10,229**	10,761
Long-term receivables from related parties	**2,441**	2,342
Noncurrent program rights and other intangible assets	**1,453**	1,517
Other noncurrent assets – net	**3,861**	3,780
Total Noncurrent Assets	**38,144**	36,009
TOTAL ASSETS	**₱46,249**	₱44,865

Current Liabilities		
Trade and other payables	**₱8,768**	₱8,866
Interest-bearing loans and borrowings (Note 5)	**11,356**	11,646
Estimated liabilities from guarantees and commitments	**10,325**	10,361
Derivative liabilities	**250**	104
Total Current Liabilities	**30,699**	30,977
Noncurrent Liabilities		
Interest-bearing loans and borrowings – net of current portion (Note 5)	**2,855**	4,320
Other noncurrent liabilities	**698**	885
Total Noncurrent Liabilities	**3,553**	5,205
Equity Attributable to Equity Holders of the Parent		
Capital stock	**4,581**	4,581
Capital in excess of par value	**6,766**	6,766
Share in equity adjustment from translation	**119**	233
Share in unrealized gain on fair value of adjustments of available-for-sale investments	**630**	396
Deficit	**(6,258)**	(9,239)
	5,838	2,737
Minority interest	**6,159**	5,946
Total Equity	**11,997**	8,683
TOTAL EQUITY AND LIABILITIES	**₱46,249**	₱44,865

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(Amounts in Millions, Except Per Share Amounts)

	Nine Months Ended September 30	
		(As restated see Note 3 and 4)
	2006	2005
CONTINUING OPERATIONS		
REVENUES		
Net sales and services	**₱4,111**	₱4,093
Airtime – net	**8,013**	8,014
License Fees	**825**	618
	12,949	12,725
EXPENSES (INCOME)		
Production costs	**4,294**	4,224
General and administrative	**3,682**	3,599
Costs of sales and services	**1,774**	2,087
Agency commission, incentives and co-producers' share	**1,828**	1,677
Equity in net earnings of investees	**(3,175)**	(1,829)
Foreign exchange adjustment	**(588)**	(15)
Provision for losses	**118**	659
Interest and others – net	**1,515**	1,571
Other income	**(277)**	(851)
	9,171	11,122
INCOME BEFORE INCOME TAX	**3,778**	1,603
PROVISION FOR INCOME TAX	**(498)**	(304)
INCOME FROM CONTINUING OPERATIONS	**3,280**	1,299
INCOME FROM DISCONTINUED OPERATIONS	**–**	(287)
NET INCOME	**₱3,280**	₱1,012
Attributable to:		
Equity holders of the parent	**₱2,981**	₱899
Minority interests	**299**	113
	₱3,280	₱1,012
Income Per Share Attributable to Equity Holders of the Parent:		
Basic	**₱0.6507**	₱0.1962
Diluted	**0.6504**	0.1963

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)
(Amounts in Millions, Except Per Share Amounts)

	Third Quarter Ended September 30	
	2006	(As restated see Note 3 and 4) 2005
CONTINUING OPERATIONS		
REVENUES		
Net sales and services	**₱1,463**	₱1,380
Airtime – net	**2,869**	2,884
License Fees	**258**	618
	4,590	4,882
EXPENSES (INCOME)		
Production costs	**1,620**	1,397
General and administrative	**1,283**	1,472
Costs of sales and services	**585**	835
Agency commission, incentives and co-producers' share	**684**	604
Equity in net earnings of investees	**(780)**	(645)
Foreign exchange adjustment	**(618)**	7
Provision for losses	**–**	500
Interest and others – net	**606**	530
Other income	**(126)**	(721)
	3,254	3,979
INCOME BEFORE INCOME TAX	**1,336**	903
PROVISION FOR INCOME TAX	**(176)**	(209)
INCOME FROM CONTINUING OPERATIONS	**1,160**	694
INCOME FROM DISCONTINUED OPERATIONS	**–**	–
NET INCOME	**₱1,160**	₱694
Attributable to:		
Equity holders of the parent	**₱1,083**	₱602
Minority interests	**77**	92
	₱1,160	₱694

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

(Amounts in Millions, Except Number of Shares and Par Value Amounts)

	Nine Months Ended September 30	
	2006	2005
CAPITAL STOCK - ₱1 par value		
Authorized - 5,500,000,000 shares		
Issued - 4,581,544,408 shares	**₱4,581**	₱4,581
CAPITAL PAID IN EXCESS OF PAR VALUE	**6,766**	6,766
SHARE IN UNREALIZED GAIN ON FAIR VALUE OF ADJUSTMENTS OF AVAILABLE-FOR-SALE INVESTMENTS	**630**	–
SHARE IN EQUITY ADJUSTMENT FROM TRANSLATION	**119**	62
DEFICIT		
Balance at beginning of period	**(9,239)**	(9,634)
Net income	**2,981**	899
Balance at end of period	**(6,258)**	(8,735)
	₱5,838	₱2,674

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)
(Amounts in Millions)

	Nine Months Ended September 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	**₱2,981**	₱899
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in net earnings of investees	**(3,175)**	(1,829)
Depreciation and amortization	**883**	1,950
Provision for losses	**118**	659
Others	**(432)**	(721)
Changes in assets and liabilities:		
Decrease (increase) in current assets	**73**	(2,178)
Increase (decrease) in current liabilities	**(278)**	1,794
Net cash provided by operating activities	**170**	574
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Short-term investments	**–**	6
Investments and advances	**626**	(2,089)
Property and equipment and other assets	**(467)**	(738)
Net cash provided by (used in) investing activities	**159**	(2,821)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Interest-bearing loans and borrowings	**(1,033)**	(212)
Other noncurrent liabilities	**(187)**	149
Minority interest	**213**	(213)
Net cash used in financing activities	**(1,007)**	(276)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(678)**	(2,523)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIODS	**2,341**	4,527
CASH AND CASH EQUIVALENTS AT END OF PERIODS	**₱1,663**	₱2,004

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Millions, Except Par Value and Per Share Amounts, Percentage of Ownership, Number of Shares and Units, and Number of Employees)

1. **Corporate Information and Status of Operations**

a. Corporate Information

Benpres Holdings Corporation (the Parent Company) is incorporated in the Philippines. The Parent Company is a 56% owned subsidiary of Lopez, Inc. (Lopez), also a Philippine entity. In the historical consolidated financial statements, the Parent Company and its subsidiaries (collectively referred to as "The Company") are mainly involved in investment holdings and water distribution. In the pro forma consolidated financial statements, the subsidiaries also include a broadcasting and entertainment company. In the historical and pro forma consolidated financial statements, the Company's associates are involved in telecommunications, power generation and distribution, cable television, real estate and infrastructure. The registered office address of the Parent Company is 4th Floor, Benpres Building, Meralco Avenue, Pasig City. The average number of employees of the Parent Company is 21.

b. Balance Sheet Management Plan

In June 2002, the Parent Company announced a plan called Balance Sheet Management Plan (BSMP) to address all its financial obligations. The execution of the BSMP has a three-pronged approach:

1) Debt reduction by getting the relevant subsidiaries to repay their debts as guaranteed by the Company;

2) Raise cash through orderly asset sales; and

3) Cost reduction and suspension of capital investment.

This BSMP is also designed to accommodate various scenarios depending on the success of the Parent Company's asset sale and debt reduction initiatives.

Starting in 2002, the Parent Company defaulted on its principal and interest payments on its long-term direct obligations and guarantees and commitments. As proposed in the BSMP, all liabilities of the Parent Company were computed as of May 31, 2002.

As proposed in the BSMP, the Parent Company would make good faith semi-annual payments on its direct and contingent obligations. The first payment was made on December 2, 2002. Succeeding payments were made in June and December 2003, June and November 2004, May and November 2005 and May 2006.

On March 13, 2003, the Parent Company convened a Special Stockholders' Meeting to obtain stockholders' consent to delegate to the BOD the authority to take all actions and matters necessary and desirable for the restructuring of the Parent Company's obligations under the BSMP. The stockholders granted full authority to the BOD to negotiate with the creditors without the need for prior stockholders' approval.

In 2005, Ferrier Hodgson Corporate Advisory (WA) Pty Ltd. was appointed as financial adviser to assist the Parent Company in addressing its long-term direct obligations, as well as contingent obligations arising from outstanding guarantees and commitments. The creditors formed the Benpres Creditors' Committee to facilitate the overall process for the financial restructuring of the Parent Company.

2. **Transfer of Media Interest and Presentation of Pro Forma Financial Statements**

On April 17, 1997, the stockholders of the Parent Company approved the transfer of its ownership interest in ABS-CBN Broadcasting Corporation (ABS-CBN) and Sky Vision Corporation (SkyVision) to Lopez, a majority stockholder. On March 16, 1998, the National Telecommunications Commission (NTC) authorized the transfer of the ABS-CBN and SkyVision shares and on April 21, 1998, the transfer was approved by the creditors of the Parent Company, thus, the release of the ABS-CBN and SkyVision shares from the negative pledge covenants included in the terms of outstanding long-term commercial papers (LTCPs).

On April 24, 1998, the Parent Company transferred 553,457,304 shares of ABS-CBN at its market value of ₱16.50 per share equivalent to ₱9,132 million and 162,463,400 shares of SkyVision at its book value of ₱2.75 per share equivalent to ₱447 million in exchange for cash of ₱75 million and Convertible and Nonconvertible Notes (Notes) of ₱9,504 million (Convertible Notes of ₱5,504 million and Nonconvertible Notes of ₱4,000 million). The excess of the market value of ABS-CBN shares against its carrying value, amounting to ₱4,310 million, is credited to "Deferred income" and was offset against the value of the Notes in the historical consolidated balance sheets. The Notes are secured by a pledge of the shares transferred and all subsequent shares distributed to Lopez by reason of its holdings of ABS-CBN and SkyVision shares. After the transfer, Lopez assumed all voting rights associated with the shares.

The Notes shall be repaid on April 24, 2013 (Maturity Date). Lopez has the option to redeem the Notes, at any time, subject to certain conditions provided for in the Agreement by both parties. The Parent Company has the option to convert the Convertible Notes into 553,457,304 shares of ABS-CBN and 162,463,400 shares of SkyVision (Conversion Quantity) at a conversion price of ₱5,504 million until Maturity Date or redemption date, as the case may be. The conversion quantity and price are subject to adjustments as provided for in the Agreement. The Notes may be repaid in whole or in part on or before the Maturity Date. The Notes shall terminate on any earlier date if the Convertible Notes shall have been properly converted and Lopez has satisfied its obligations with respect to all such Convertible Notes. The Notes bear an annual interest of 1.5%, subject to adjustments as agreed by both parties.

As of September 30, 2006 and December 31, 2005, the carrying value of the Notes amounted to ₱7,874 million and ₱7,585 million, respectively. The underlying shares totaled 446,800,022 ABS-CBN shares [including 568,415 Philippine Depositary Receipts (PDRs)] and 162,463,400 SkyVision shares.

As of this date, the shares of stock in ABS-CBN and SkyVision are still under the name of Lopez. Consequently, the power to vote those shares is with Lopez. The Parent Company has not exercised its option to convert the ABS-CBN and SkyVision Notes into ABS-CBN and SkyVision shares, respectively.

3. **Deconsolidation of Maynilad Water**

Maynilad Water, formerly known as Benpres-Lyonnaise Waterworks, Inc., was incorporated on January 22, 1997 as a joint venture between the Parent Company and Suez-Lyonnaise Des Eaux, now known as Suez Environnement (Suez), primarily to bid for the operation of the privatized system of waterworks and sewerage services of the Metropolitan Waterworks and Sewerage System (MWSS) for Metropolitan Manila.

On February 21, 1997, Maynilad Water entered into a Concession Agreement with MWSS, a government-owned and controlled corporation organized and existing pursuant to Republic Act No. 6234 (the Charter), as amended, with respect to the MWSS West Service Area. The Concession Agreement sets forth the rights and obligations of Maynilad Water throughout the concession period. The MWSS Regulatory Office (MWSS-RO or Regulatory Office) acts as the regulatory body of the Concessionaires [Maynilad Water and the East Concessionaire - Manila Water Company, Inc. (Manila Water)] under the Concession Agreement with MWSS.

Under the Concession Agreement, MWSS grants Maynilad Water (as contractor to perform certain functions and as agent for the exercise of certain rights and powers under the Charter), the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets (except certain retained assets of MWSS) required to provide water and sewerage services in the West Service Area for 25 years commencing on August 1, 1997 (the Commencement Date) to May 6, 2022 (the Expiration Date) or the Early Termination Date as the case may be. Maynilad Water officially took over the operations of the West Service Area on August 1, 1997.

Rehabilitation Plan

On August 6, 2004, Maynilad Water was ordered by the Rehabilitation Court to submit a revised rehabilitation plan with the Rehabilitation Court based on a full draw of the performance bond within a non-extendible period of thirty (30) days or until September 6, 2004 (Order). On September 9, 2004, in support of the rehabilitation petition, Maynilad Water, its shareholders, MWSS and the DOF set out their intents in a Memorandum of Understanding (MOU) relating to the restructuring of: (i) the financial obligation of Maynilad Water with various banks; and (ii) the unpaid Concession Fees of Maynilad Water under the Concession Agreement. As an integral part of the said restructuring, the parties also set out in the MOU their intended mechanics by which MWSS will acquire from certain creditors a transitional equity interest in Maynilad Water based on the following interdependent key elements: (a) implementation of full draw on the US$120 million Performance Bond of Maynilad Water; (b) limitation of debt-to-equity conversions by MWSS; (c) avoidance of an early termination amount liability for the government; (d) resumption of full payment to MWSS of concession fees; (e) preservation of the national privatization policy; (f) assurance that there will be no disruption of essential water services in the West Service Area; (g) providing a transitional government take-over from certain creditors; (h) a viable repayment plan for all creditors; (i) deficit reduction and write-off of shareholders' receivables from Maynilad Water; and (j) the corresponding implementation of tariff increase as already approved by MWSS on October 2002, with no new application for additional tariff increases.

As a result of the MOU, a revised rehabilitation plan (September 2004 Rehabilitation Plan) was submitted by Maynilad Water to the Rehabilitation Court and at the same time, Maynilad Water withdrew all previous rehabilitation plans that it had submitted. On September 29, 2004, the Rehabilitation Court ruled that there is merit to the Petition for Rehabilitation and referred the Petition, Annexes and the September 2004 Rehabilitation Receiver for evaluation and the latter to report not later than November 29, 2004. In a separate Order, the Rehabilitation Court extended the 180-day period up to February 28, 2005.

On December 17, 2004, MWSS sent a notice to Maynilad Water to draw on the US$120 million SBLC and a new tariff of ₱30.19 per cubic meter (average all-in) was published. Thereafter, on

December 20, 2004, the Rehabilitation Receiver submitted its "Report and Recommendation" to the Rehabilitation Court, recommending approval of the September 2004 Rehabilitation Plan provided that Maynilad Water, its shareholders, bank creditors, and MWSS, execute the implementing agreements on December 31, 2004. Otherwise, Maynilad Water should be ordered to submit a revised rehabilitation plan.

On January 1, 2005, Maynilad Water started implementing the rebased tariff rate of ₱30.19 per cubic meter. On January 14, 2005, MWSS sent a demand for the full US$120 million SBLC to Citicorp International Ltd. by way of a "Written Certification." In the meantime, Maynilad Water and its shareholders, the bank creditors and MWSS, failed to execute the implementing agreements that would give effect to the September 2004 Rehabilitation Plan. On January 20, 2005, MWSS received the entire proceeds of the US$120 million Performance Bond.

On January 31, 2005, a hearing was conducted by the Rehabilitation Court regarding the Rehabilitation Receiver's Report and Recommendation. Maynilad Water was ordered to submit a "Modified Rehabilitation Plan" on February 28, 2005. Maynilad Water failed to submit the said

Modified Rehabilitation Plan on February 28, 2005. Accordingly, the Rehabilitation Court gave Maynilad Water a non-extendible deadline of April 29, 2005 to submit the Modified Rehabilitation Plan.

<u>Debt Capital and Restructuring Agreement (DCRA)</u>
On April 29, 2005, Maynilad Water, its shareholders, bank creditors, and MWSS executed the DCRA to set out the terms and conditions of their understanding and to govern their respective rights and obligations in connection with the restructuring of the debt and capital of Maynilad Water. The DCRA provides, among others, the capital restructuring and restructuring of debt and concession fees of Maynilad Water. The DCRA shall take effect upon the satisfaction of the Conditions Precedent set forth in the DCRA. Conditions precedent include among others, the Court Approval. The Rehabilitation Court approved the DCRA on June 1, 2005. The Effective Date of the DCRA wherein all the conditions precedent has been satisfied occurred on July 20, 2005.

The capital restructuring provisions mainly involve write-off of shareholder advances, conversion of advances into equity and dilution of the shares of the Parent Company's equity interest in Maynilad Water, representing fifty-nine percent (59%) of the equity interest in Maynilad Water (BHC Shares). Under Section 24 of the DCRA, MWSS is given the right, subject to the prior approval of Maynilad Water's bank lenders and the Suez Group, to assign its right and obligation to subscribe to 83.97% of the shares of Maynilad Water or to assign any portion or all of the said shares (in the event the subscription has been exercised), provided that the assignee of the MWSS shall assume all the obligations and undertakings of MWSS under the DCRA in connection with, relating to, or arising from, such right. On September 8, 2005, the MWSS Board of Trustees resolved that MWSS shall assign its right and obligation to subscribe to shares in Maynilad Water by way of public bidding (MWSS BOT Resolution No. 2005-203). At present, Maynilad Water, its shareholders, its creditors and MWSS are in the process of establishing and determining the procedure for the public bidding. Since MWSS did not exercise its right to subscribe to the shares of Maynilad Water and instead opted to assign said right, the capital restructuring provisions in the DCRA cannot be fully implemented until the assignee subscribes to the shares of Maynilad Water in substitution of MWSS.

The creditors of Maynilad Water has completely released the Parent Company from all its obligations as guarantor of the US$120 million Standby Letter of Credit Facility and the US$100 million term loan facility of Maynilad Water. A Deed of Release in relation to the US$120 million Standby Letter of Credit Facility Agreement and a Deed of Release in relation to US$100 million loan agreement were both executed as of April 29, 2005.

Based on the stock and transfer book of Maynilad Water, the Parent Company is still the registered owner of the BHC Shares. However, the said stock certificates covering the BHC

Shares have already been endorsed and delivered to the Rehabilitation Receiver pursuant to the DCRA. In further compliance with the terms of the DCRA, the Parent Company delivered to the Rehabilitation Receiver, an irrevocable proxy dated July 21, 2005 (Proxy) appointing MWSS or any of MWSS' authorized representatives as its proxy to attend, in the Parent Company's name, place and stead, all meetings of Maynilad Water, and to vote all of the BHC Shares, specifically for the purpose of carrying out, or ensuring the completion of the capital restructuring of Maynilad Water as set out in the DCRA. The terms of the Proxy state that it is coupled with an interest and may not be revoked until such time as the capital restructuring of Maynilad Water is completed. On January 9, 2006, MWSS called a special meeting of the stockholders of Maynilad Water where MWSS exercised the Proxy and elected its representative directors to the Board of Directors of Maynilad Water in replacement of the Parent Company's directors. An organizational meeting of the new Board of Directors of Maynilad Water was subsequently held on January 12, 2006 to elect the new officers of Maynilad Water.

Accordingly, the Parent Company has lost its power to govern the financial and operating policies of Maynilad Water as provided for in PAS 27, "Consolidated and Separate Financial Statements." In view of the above, the Parent Company deconsolidated Maynilad Water effective July 20, 2005.

Pending Cases on Maynilad Water's Corporate Rehabilitation Proceedings
Two petitions relating to the corporate rehabilitation proceedings of Maynilad Water have been filed, consolidated and are currently pending before the Second Division of the Supreme court (SC).

The first petition involves a Petition for Certiorari and Mandamus instituted by certain so called public interest groups, three members of congress identified with these groups and some individuals who claim to be Maynilad Water consumers in the West Service Area against the presiding judge of the Rehabilitation Court, seeking to nullify the resolution issued by the Rehabilitation Court barring the said petitioners from further participating in the rehabilitation proceedings and refusing to declare them as interested parties, and praying for the issuance of an order allowing them to take part in the case.

The second petition involves a Petition for Certiorari under Rule 65 of the Rules of Court filed by the same petitioners against the same respondents but including MWSS, the Parent Company, Suez SA, Suez Environment, Lyonnaise Asia Water (Holdings) Pte. Ltd., Ondeo Services (Philippines) Inc., and certain lenders and creditor banks who are signatories to the DCRA, questioning the approval of Maynilad Water's 2005 Rehabilitation Plan and the DCRA by the Rehabilitation Court, on the ground that the same are allegedly "void, unlawful and contrary to public policy". In support of their prayer for the issuance of a preliminary injunction, the petitioners reiterate their position that the implementation of the Rehabilitation Plan and the DCRA allows Maynilad Water to avoid its obligations under the Concession Agreement, to the detriment of the government and the consuming public. They also claim that such implementation will result in the dissipation of public funds. On October 17, 2005, Maynilad Water filed its Comment to this petition. The Parent Company filed a Special Appearance with Manifestation on November 17, 2005.

As of November 14, 2006, no resolution has yet been issued by the SC in respect of the above-mentioned consolidated cases.

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4. **Basis of Preparation of Financial Statements and Significant Accounting Policies**

Basis of Preparation
The consolidated financial statements of the Company have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in the Philippine Financial Reporting Standards (PFRSs). PFRS, include standards named PFRSs and Philippine Accounting Standards (PASs), including interpretations issued by the Philippine Accounting Standards Council. These are the Company's first consolidated financial statements prepared in compliance with PFRSs.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value.

The consolidated financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency, and all values are rounded to the nearest million (₱000,000) except when otherwise indicated.

Accounting Policies
The same accounting policies are followed in the interim financial statements as compared in the most recent annual audited financial statements of the Company.

Basis of Consolidation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Parent Company has control.

Minority Interest
Minority interest represents the portion of profit or loss and net assets in subsidiaries, not held by the Company and are presented separately in the consolidated statements of income and within equity in the consolidated balance sheets, separately from the equity attributable to the equity holders of the Parent Company. The losses applicable to minority may exceed the minority's investment in the subsidiary. Any losses applicable to a minority shareholder in a consolidated subsidiary in excess of the minority shareholder's equity in the subsidiary are charged against the minority interest to the extent that the minority shareholder has binding obligation to, and are able to, make good the losses.

Minority interest represents the interest in subsidiaries not held by the Company.

Investments in Associates
The Company's investments in associates are accounted for under the equity method of accounting. An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, investments in associates are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share of net assets of the

associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The consolidated statements of income reflect the share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity.

The reporting dates of the associate and the Company are identical and the associates' accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

Equity adjustment from translation represents the Company's share in the adjustments of an associate resulting from the translation into Philippine pesos of the foreign currency financial statements of an associate's investee.

Business Segments
For management purposes, the Company is organized into 2 major operating businesses, namely, investment holdings and water distribution. Financial information on business segments is presented in Note 8.

For purposes of pro forma information, ABS-CBN is considered as another operating business. ABS-CBN recognizes three business activities - broadcasting, cable and satellite and other businesses. Other business activities of ABS-CBN include movie production, consumer products and services. ABS-CBN operates in three major geographical areas namely, the Philippines, Unites States and other locations (which include Middle East and Milan). Financial information on ABS-CBN's business and geographical segments is presented in Note 8.

5. **Interest-Bearing Loans and Borrowings**

	Effective Interest Rate %	**September 30, 2006**	December 31, 2005
Current			
Parent Company:			
7.875% Notes	7.875%	**₱7,531**	₱7,963
LTCPs		**2,000**	2,000
ABS-CBN:			
Bank loans	11.24%	**278**	355
Long-term debt under Senior Credit Agreement (SCA)	13.09%	**1,542**	1,323
Bayanmap:			
Peso-denominated loans		**5**	5
		₱11,356	₱11,646

	Effective Interest Rate %	**September 30, 2006**	December 31, 2005
Noncurrent			
Parent Company:			
4.2% Perpetual Convertible Bonds	4.2%	**₱12**	₱12
ABS-CBN:			
Long-term debt under SCA (net of transaction costs amounting to ₱198 million in 2005)	13.53%	**2,843**	4,308
		₱2,855	₱4,320

6. **Earnings Per Share**

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on the convertible bonds) by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For the Nine Months Ended September 30,	
	2006	2005
	(In Millions)	
(a) Income attributable to equity holders of the parent	**₱2,981**	₱899
Interest on convertible bonds and amortization of bond issue cost.	**1**	1
(b) Net income attributable to equity holders of the parent – diluted	**₱2,982**	₱900
(c) Weighted average number of common shares - basic (see Note 30)	**4,581,544,408**	4,581,544,408
Conversion of bonds (see Note 16)	**3,421,410**	3,421,410
(d) Adjusted weighted average common shares – diluted	**4,584,965,818**	4,584,965,818
Per Share Amounts Attributable to the equity holders of the Parent		
Basic (a/c)	**₱0.6507**	₱0.1962
Diluted (b/d)	**0.6504**	0.1963

There have been no other transactions involving shares or potential shares between the reporting date and the date of completion of these financial statements.

6. **Segment Information**

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment information is prepared on the following bases:

Business segments: The Company's main businesses are investment holdings, broadcasting and entertainment and water distribution (up to July 20, 2005 - see Note 3). Broadcasting and entertainment is further segmented into three business activities - broadcasting, cable and satellite, and other businesses. This segmentation is the basis upon which ABS-CBN reports its primary segment information. The broadcasting segment is principally the television and radio broadcasting activities which generate revenue from sale of national and regional advertising time. Cable and satellite business primarily develops and produces programs for cable television, including delivery of television programming outside the Philippines through its DTH satellite service, cable television channels and blocked time on television stations. Other businesses include movie production, consumer products and services. The Company's remaining activity includes information service.

Geographical segments: Although ABS-CBN is organized into three business activities, they operate in three major geographical areas. In the Philippines, its home country, ABS-CBN is involved in broadcasting, cable operations and other businesses. In the United States and other locations (which includes Middle East, Europe and Australia), ABS-CBN operates its cable and satellite operations to bring television programming outside the Philippines.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

ABS-CBN's geographical segments are based on the location of ABS-CBN's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Business Segment Data
(Amounts In Millions)

The following tables present revenue and income information and certain asset and liability information regarding business segments for the period ended September 30, 2006 and 2005:

	Investment Holdings		**Services**		**Broadcasting**		**Cable Satellite**		**Other Business of ABS-CBN**		**Elimination**		**Consolidated**	
	September 30		**September 30**		**September 30**		**September 30**		**September 30**		**September 30**		**September 30**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenues	**₱–**	₱–	**₱–**	₱–	**₱8,425**	₱8,382	**₱3,561**	₱3,476	**₱963**	₱867	**₱–**	(₱–)	**₱12,949**	₱12,725
Intersegment-sales	**–**	–	**–**	–	**171**	96	**71**	393	**146**	80	**(388)**	(569)	**–**	–
Total revenues	**₱–**	₱–	**₱–**	₱–	**₱8,596**	₱8,478	**₱3,632**	₱3,869	**₱1,109**	₱947	**(₱388)**	(₱569)	**₱12,949**	₱12,725
Results														
Segment result	**₱(126)**	(₱1,974)		(₱17)	**₱895**	₱898	**₱6**	₱106	**₱124**	₱42	**(₱2,975)**	(₱2,134)	**(₱2,076)**	(₱3,079)
Investment income	**3,540**	1,859	**–**	–	**79**	(21)	**–**	–	**–**	–	**(444)**	(9)	**3,175**	1,829
Interest income													**277**	851
Other income													**112**	170
Interest and financing charges													**1,403**	1,400
Foreign exchange gain (loss)													**588**	15
Income before income tax													**3,479**	1,186
Income tax													**(498)**	(287)
Minority interest													**299**	113
Net income													**₱3,280**	₱1,012
Segment Assets and Liabilities														
Segment assets	**₱2,363**	₱13,857	**₱–**	₱1	**₱19,474**	₱19,744	**₱6,454**	₱4,690	**₱1,354**	₱1,146	**(₱4,164)**	(₱907)	**₱25,481**	₱38,531
Investment in associates	**20,160**	15,687	**10**	10	**3,629**	3,487	**–**	68	**–**	(247)	**(3,585)**	(3,163)	**20,214**	15,842
Consolidated total assets													**₱45,695**	₱54,373
Segment liabilities	**₱15,067**	₱16,454	**₱10**	₱12	**₱4,685**	₱3,512	**₱3,703**	₱2,874	**₱725**	₱550	**(₱4,202)**	(₱7,157)	**₱19,988**	₱16,245
Bank loans and long-term debt													**14,211**	10,419
Income tax payable													**53**	**–**
Consolidated total liabilities													**₱34,252**	₱26,664
Other Segment Information														
Depreciation and amortization	**13**	15	**–**	4	**1,210**	1,387	**170**	147	**69**	70	**–**	**–**	**1,462**	1,623
Noncash expenses other than depreciation and amortization	**–**	**–**	**–**	–	**56**	270	**29**	338	**2**	(237)	**–**	–	**87**	371

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.

BENPRES HOLDINGS CORPORATION

By:

MA. VICTORIA M. MARCELINO
AVP - Financial Controls

November 14, 2006
Date

SALVADOR G. TIRONA
Chief Finance Officer

November 14, 2006
Date

ANGEL S. ONG
President and COO

November 14, 2006
Date

TYPE OF ACCOUNTS RECEIVABLES	TOTAL	NOT YET DUE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120-360 DAYS	OVER 360
I. TRADE RECEIVABLES								
Trade	**3,917**	1,130	575	314	209	245	614	830
Allowance	**577**							
Net A/R	**3,340**							
II. NON - TRADE RECEIVABLES								
Accrued interest	**-**							
Advances to suppliers	**191**							
Advances to talents	**185**							
Advances against claims - sss	**8**							
Others	**589**							
	973							
	4,313							

ACCOUNTS RECEIVABLE DESCRIPTION

1 TRADE RECEIVABLES *- accumulated through the normal course of business, i.e. sale of airing spots*

2 NON TRADE RECEIVABLES *- accumulated through transactions other than the normal course of business, i.e. sale of airing spots*

NORMAL OPERATING CYCLE *- calendar year*