

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, 2005**
Date of Report (Date of earliest event reported)
2. SEC Registration No. **AS093-04369** 3. BIR TIN. **002-825-058**
4. **Benpres Holdings Corporation**
Exact name of registrant as specified in its Articles of Incorporation
5. **Metro Manila** 6. _____
Place of incorporation 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
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<u>Common Shares</u>	<u>4,581,544,408 shares</u>
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<u>Long Term Commercial Papers</u>	<u>P2,000,000,000.00</u>
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11. Are any or all of the securities listed on the Philippine Stock Exchange:
Yes [] 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 [] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [] 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 conformity with accounting principles generally accepted in the Philippines.

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

Benpres Holdings Corporation (Benpres) posted unaudited historical revenues of P6.645 billion in the first nine months of 2005, 21% higher than the P5.478 billion posted in the same period last year. Equity in net earnings of investees increased by 77% year-on-year (YoY) on account of associate First Philippine Holdings Corporation's equity in First Gen Corporation. Benpres booked a gain on dilution of equity interest in the amount of P681 million, the net effect of a reversal of accumulated equity share in net losses or paper losses incurred from its investments and advances in Maynilad Water. Other revenues were reduced by 20% YoY. The 2004 other revenues included a one-time reimbursement of expenses for associated companies that were previously charged to company expenses.

Costs and expenses decreased by 12% YoY to P5.864 billion from P6.680 billion. Costs of sales and services shed 43% YoY to P1.893 billion from P3.312 billion, general and administrative expenses slid 16% to P952 million from P1.137 billion, and depreciation and amortization fell by 26% to P34 million from P46 million. These declines reflect the deconsolidation of all Maynilad Water accounts beginning the July to September 2005 quarter.

Provision for losses increased by 494% to P659 million from P111 million due to advances made by Benpres related to the BayanTel convertible preferred shares, which is a guaranteed liability under the Balance Sheet Management Plan (BSMP) and additional allowance for potential impairment of investments and advances. The interest rate at the time of payment was higher by 1.36% than in the previous year. Accretion of losses on Notes in the amount of P39 million represents the effect of the nine-month loss posted by SKYCable on the parent company. Consolidated interest and other expenses – net hiked 10% YoY to P2.287 billion from P2.074 billion attributable to higher interest rates on debt for the period, as accrued.

As a result, net income for the nine months was at P899 million compared to the net loss of P292 million in the same period of 2004. It must be noted, however, that the net income is purely a result of reversing accumulated equity losses booked in previous years for Maynilad Water investment. There are zero cash inflows to Benpres resulting from this accounting exercise.

For the period, core investment ABS-CBN Broadcasting Corp. registered 8% growth in consolidated net revenues of P11.048 billion from P10.268 billion from the year ago. However, net profits dropped by 53% to P344 million from P734 million last year. EBITDA declined by a slight 1.1% YoY to P3.145 billion from P3.179 billion as cash expenses overtook revenue growth during the first nine months of 2005.

First Philippine Holdings Corporation booked profits of P3.663 billion for the nine months ended September 30, 2005, 16% higher than in the previous year's P3.148 billion. Revenues grew by 29% to P38.929 billion while costs and expenses increased by 32% to P30.195 billion.

BayanTel reported continued growth from its business in the first nine months of 2005 after reporting a significant growth in overall performance in 2004. Net revenues were slightly lower at P3.954 billion compared to P4.007 billion last year. EBITDA is P1.630 billion, representing a 2% decline from the P1.661 billion posted during the same period in 2004. EBITDA margin however was maintained at 41%.

Financial Condition

Cash and cash equivalents decreased by 88%, receivables declined by 99.8% and materials and supplies and other current assets fell by 93% as a result of the deconsolidation of Maynilad Water accounts as of September 2005. If Maynilad Water accounts were also deconsolidated from the December 2004 audited balance sheet, cash and cash equivalents would have been reduced by only 56% reflecting Benpres's payment of semi-annual interest on debt based on the proposed terms of its Balance Sheet Management Plan.

Net property and equipment plunged 96% and net other noncurrent assets dropped by 73% also due to the deconsolidation of Maynilad Water accounts. Without Maynilad Water in the 2004 balance sheet, net property and equipment would have fallen by only 8% and net other noncurrent assets by 0.5%. Total assets were reduced by 40% again due to Benpres's exit from Maynilad Water. Without Maynilad Water in 2004, total assets would have inched up by 1%.

The deconsolidation of Maynilad Water is also reflected in the 99.9% decline in bank loans (without Maynilad Water, this entry would have stayed the same at P5 million) and 41% drop in accounts payable and other current liabilities (without Maynilad Water, this would have increased by 25% due to the continued accrual of interest and penalties on outstanding loans of the Benpres at contracted rates). Payable to MWSS was also eliminated and other noncurrent liabilities fell by 71% as a result of deconsolidation.

Deficit in stockholders' equity was reduced by P899 corresponding to the accounting profit for the period in review.

Key Performance Indicators

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. For the period in review, the financial performance of investees was within expectations.

Maynilad Water was still consolidated in the June 2005 financial statements. On June 1, 2005, however, the Debt Capital and Restructuring Agreement (DCRA) was approved by the Court and confirmed by all creditors to be effective on July 20, 2005. The main elements of the DCRA include:

- full payment by Maynilad Water of its debt by 2013
- conversion by MWSS of \$22mn in Maynilad Water receivables for an 84% stake in Maynilad Water which it intends to sell back to private investors.
- our partners, Suez-Lyonnaise Des Eaux to remain as 16% equity holders
- and the write-off of Benpres' equity in exchange for the creditor banks' releasing Benpres of all its guarantees

Consequently, on July 21, 2005, Maynilad Water remitted total payments of P2.41 billion with breakdown as follows:

- upfront payments of US\$30.6 million and P100 million
- interest payments of US\$7.19 million and P202.98 million.

As a result of the payments, Benpres delivered to the receiver the irrevocable proxy for all its shares in Maynilad Water, in favor of MWSS or its nominees. Benpres also delivered to the receiver all its common shares in Maynilad Water.

Negative carrying value of the Company's investment in Maynilad Water which was included in the Company's deficit as of June 30, 2005 amounted to P1.565 billion. Maynilad Water's debts which were reflected in Benpres' liabilities at the time amounted to P2.597 billion. However, these amounts were reversed in the July to September 2005 quarter in view of the above events.

There are no events that will trigger direct or contingent financial obligation that is material to the Company other than the items discussed in the Notes to Financial Statements.

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 period.

There are no 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.

There are no significant elements of income or loss that did not arise from the issuer's continuing operations or any seasonal aspects that had a material effect on the financial condition or results of operations.

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, Except Par Value and Number of Shares)

	Sept. 30, 2005 (Unaudited)	December 31, 2004 (Audited)	Sept. 30, 2005 (Unaudited)	December 31, 2004 (Audited)
	Historical		Pro forma	
ASSETS				
Current Assets				
Cash and cash equivalents	P390	P3,236	P2,004	P4,527
Short-term investments	–	697	–	697
Marketable equity securities - net	384	390	384	390
Receivable - net	1	674	4,946	4,432
Current portion of program rights - net	–	–	910	873
Materials and supplies	–	290	–	457
Other current assets - net	25	356	963	819
Total Current Assets	800	5,643	9,207	12,195
Noncurrent Assets				
Investments and advances – net	24,286	23,545	18,270	15,972
Property and equipment - net	144	4,114	10,585	15,098
Due from affiliated companies	6	6	264	269
Program rights - net of current portion	–	–	740	804
Other noncurrent assets - net	4,285	16,100	7,459	19,624
Total Noncurrent Assets	28,721	43,765	37,318	51,767
Total Assets	P29,521	P49,408	P46,525	P63,962
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Bank loans (Note 4)	P5	P7,076	P55	P7,543
Accounts payable and other current liabilities	3,409	5,776	7,731	8,980
Current portion of long-term debt (Note 5)	10,402	10,442	11,698	11,249
Estimated liabilities from guarantees and commitments	12,060	12,110	12,060	10,441
Total Current Liabilities	25,876	35,404	31,544	38,213
Noncurrent Liabilities				
Long-term debt - net of current portion (Note 5)	12	12	4,940	5,174
Payable to MWSS	–	9,295	–	9,295
Other noncurrent liabilities	776	2,692	1,385	3,310
Total Noncurrent Liabilities	788	11,999	6,325	17,779
Minority interest	183	230	5,982	6,195
Stockholders' Equity				
Capital stock	4,581	4,581	4,581	4,581
Capital in excess of par value	6,766	6,766	6,766	6,766
Share in equity adjustment from translation	62	62	62	62
Deficit	(8,735)	(9,634)	(8,735)	(9,634)
Total Stockholders' Equity	2,674	1,775	2,674	1,775
Total Liabilities and Stockholders' Equity	P29,521	P49,408	P46,525	P63,962

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			
	2005	2004	2005	2004
	Historical		Pro forma	
REVENUES				
Net sales and services	₱3,784	₱3,871	₱7,500	₱7,115
Equity in net earnings of investees	2,028	1,145	1,829	1,112
Gain on dilution of equity interest	681	–	681	–
Interest on Notes	101	101	–	–
Gain on sale of investments	8	–	8	–
Accretion of earnings on Notes	–	307	–	–
Airtime - net	–	–	7,333	7,036
Others	43	54	143	55
	6,645	5,478	17,494	15,318
COSTS AND EXPENSES				
Costs of sales and services	1,893	3,312	3,863	4,948
General and administrative	952	1,137	3,805	3,670
Provision for losses	659	111	659	111
Accretion of losses on Notes	39	–	–	–
Depreciation and amortization	34	46	1,243	1,000
Production costs	–	–	3,131	3,044
Amortization of program rights	–	–	707	692
Interest and others - net	2,287	2,074	2,918	2,410
	5,864	6,680	16,326	15,875
INCOME (LOSS) BEFORE INCOME TAX AND MINORITY INTEREST				
	781	(1,202)	1,168	(557)
PROVISION FOR INCOME TAX				
	–	–	(253)	(347)
INCOME (LOSS) BEFORE MINORITY INTEREST				
	781	(1,202)	915	(904)
MINORITY INTEREST				
	118	910	(16)	612
NET INCOME (LOSS)				
	₱899	(₱292)	₱899	(₱292)
Earnings (Loss) Per Share (Note 6)				
Basic	₱0.1962	(₱0.0637)	₱0.1962	(₱0.0637)
Diluted	0.1962	–	0.1962	–

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			
	2005	2004	2005	2004
	Historical		Pro forma	
REVENUES				
Equity in net earnings of investees	₱725	₱191	₱645	₱191
Gain on dilution of equity interest	681	–	681	–
Accretion of earnings on Notes	23	117	–	–
Interest on Notes	34	34	–	–
Airtime - net	–	–	1,107	2,476
Net sales and services	–	1,320	3,199	2,509
Others	12	24	31	25
	1,475	1,686	5,663	5,201
COSTS AND EXPENSES				
General and administrative	32	308	1,176	1,223
Depreciation and amortization	7	12	656	405
Costs of sales and services	–	1,155	839	1,753
Provision for losses	500	73	500	73
Production costs	–	–	1,033	1,134
Amortization of program rights	–	–	80	200
Interest and others - net	334	784	555	927
	873	2,332	4,839	5,715
INCOME (LOSS) BEFORE INCOME TAX AND MINORITY INTEREST				
	602	(646)	824	(514)
PROVISION FOR INCOME TAX				
	–	–	(171)	(79)
INCOME (LOSS) BEFORE MINORITY INTEREST				
	602	(646)	653	(593)
MINORITY INTEREST				
	–	545	(51)	492
NET INCOME (LOSS)				
	₱602	(₱101)	₱602	(₱101)

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)
(Amounts in Millions, Except Number of Shares and Par Value Amounts)

	September 30	
	2005	2004
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
EQUITY ADJUSTMENT FROM TRANSLATION	62	53
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of period	(9,634)	(8,233)
Net income (loss)	899	(292)
Balance at end of period	(8,735)	(8,525)
	₱2,674	₱2,875

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			
	2005	2004	2005	2004
	Historical		Pro forma	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	P899	(P292)	P899	(P292)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Equity in net earnings of investees	(2,028)	(1,145)	(1,829)	(1,112)
Gain on dilution of equity interest	(681)	—	(681)	—
Provision for losses	659	111	659	111
Minority interest	(118)	(910)	16	(612)
Interest on Notes	(101)	(101)	—	—
Accretion of earnings	39	(307)	—	—
Depreciation and amortization	34	46	1,950	1,692
Dividends received from an investee	—	286	—	286
Others	(40)	173	(40)	173
Changes in assets and liabilities:				
Decrease (increase) in current assets	(3)	112	(2,178)	(1,736)
Increase in current liabilities	676	3,273	1,794	5,240
Net cash provided by (used in) operating activities	(664)	1,246	590	3,750
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (decrease) in:				
Marketable equity securities	6	—	6	—
Investments and advances	(13)	1,045	(2,089)	(921)
Property and equipment and other assets	1	1,107	1,617	147
Effect of deconsolidation of a subsidiary	(2,355)	—	(2,355)	—
Net cash provided by (used in) investing activities	(2,361)	2,152	(2,821)	(774)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from (payment of) loans and long term debt	(50)	(28)	(212)	656
Increase (decrease) in:				
Other noncurrent liabilities	158	462	149	528
Minority interest	71	(2,107)	(229)	(2,651)
Net cash provided by (used in) financing activities	179	(1,673)	(292)	(1,467)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,846)	1,725	(2,523)	1,509
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,236	1,994	4,527	3,575
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P390	P3,719	P2,004	P5,084

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 56.31% 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 22.

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.

Long-term direct obligations of the Parent Company that fell due for payment as of September 30, 2005 and December 31, 2004 amounted to about P10,402 million and P10,442 million, respectively. In addition, by virtue of its guarantee and commitments, based on the BSMP, the Parent Company may be liable for certain obligations that already fell due amounting to approximately US\$354 million as of September 30, 2005 and US\$351 million as of December 31, 2004. The Parent Company's guarantees in Maynilad Water Services, Inc. (Maynilad Water) have been resolved upon the approval of the Debt Capital and Restructuring Agreement by the Rehabilitation Court on June 1, 2005 and confirmed by all Maynilad Water creditors to be effective on July 20, 2005.

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. A financial adviser was appointed to assist the Parent Company in reviewing its capital structure as well as in preparing the BSMP that will enable it to address its maturing direct obligations, as well as contingent obligations that may arise from its outstanding guarantees and commitments. Creditors Committee is being reinstated to facilitate the overall process for the BSMP.

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 2003, December 2003, May 2004, November 2004, and May 2005. The next is scheduled at the end of November 2005.

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, 2005 and December 31, 2004, the carrying value of the Notes amounted to ₱7,868 million and ₱7,806 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.

Pro forma consolidated financial statements are presented to show the effect assuming the Parent Company exchanged the Notes for the underlying ABS-CBN and SkyVision shares immediately after the transfer. The pro forma adjustments were made to reflect the consolidation of the financial statements of ABS-CBN with those of the Parent Company and the application of the equity method of accounting for the investment in SkyVision.

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

Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the Philippines under the historical cost basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated on the date on which control is transferred out of the Company.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated.

Minority Interest

The proportionate amount of the fair values of identifiable assets and liabilities upon acquisition of a consolidated subsidiary and any subsequent changes in equity of a consolidated subsidiary attributable to a minority shareholder's interest are shown separately as "Minority interest" in the consolidated balance sheets. A minority shareholder's interest in the net income of a subsidiary is shown separately as "Minority interest" in the consolidated statements of operations. 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 is 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 where the Company owns 20% to 50% or has significant influence, are accounted for under the equity method of accounting in the consolidated financial statements. These are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share in net assets of the associates, less any impairment in value. The statements of operations reflect the Company's share in the results of operations of the associates. Unrealized gains arising from transactions with its associates are eliminated against the investments accounts. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred. The Company's investments in its associates include goodwill (net of accumulated amortization) on acquisition, which is treated in accordance with the accounting policy for goodwill stated below.

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 the 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, United 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.

4. **Bank Loans**

	Historical		Pro Forma	
	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004
Peso loans	₱5	₱1,427	₱55	₱1,894
Dollar loans	-	5,649	-	5,649
	₱5	₱7,076	₱55	₱7,743

In the 2004 historical consolidated financial statements, peso and dollar loans mainly represent loans of Maynilad Water, with annual interest rates range from 1.90% to 4.50% for US dollar denominated loans, and from 13.50% to 14.75% for peso denominated loans. Maynilad Water secured these loans as a bridge financing while negotiating for a long-term loan of US\$350 million. These loans are guaranteed by its stockholders, the Parent Company and Suez, through its own parent company, Suez S.A., either alone or together (but on a several basis).

In the pro forma consolidated financial statements, ABS-CBN loans represent peso-denominated loans obtained from local banks which bear average annual interest rates of 11.02%.

5. **Long-Term Debt**

Type/Creditor	Interest rates	Maturity date	Historical	Pro Forma
Parent Company				
7.875% Notes	7.875%	December 19, 2002	8,402	8,402
LTCPs - Series A-2	1-1/8% over 91-day TB rate	October 1, 2003	2,000	2,000
4.2% Perpetual Convertible Bonds	4.20%	Upon conversion	12	12
			10,414	10,414
ABS-CBN				
Term loan under the senior credit agreement		Various	-	6,224
Total			10,414	16,638
Less current portion			10,402	11,698
Net of current portion			12	4,940

6. Earnings (Loss) Per Share

Basic earnings (loss) per share are calculated by dividing the net income (loss) for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net income attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares from conversion of Perpetual Convertible Bonds. The number of common shares is the weighted average number of common shares plus the weighted average number of common shares which would be issued on the conversion of all the dilutive potential common shares into common shares. For calculation purposes, Perpetual Convertible Bonds are deemed to have been converted into common shares at the date of the issue of the convertible bonds.

<u>Net income (loss)</u>	September 30	
	2005	2004
(a) Net income (loss)	P899	(P292)
Interest on convertible bonds and amortization of bond issue cost	1	1
(b) Net income (loss) – diluted	P900	(P291)
<u>Shares</u>		
(c) Weighted average number of common shares - basic	4,581,544,408	4,581,544,408
Conversion of bonds	3,421,410	3,421,410
(d) Adjusted weighted average common shares - diluted	4,584,965,818	4,584,965,818
<u>Per Share Amounts</u>		
Basic (a/c)	P0.1962	(P0.0637)
Diluted (b/d)	0.1962	–

The effect of the conversion of the Perpetual Convertible Bonds is anti-dilutive for the period ended September 30 2004.

7. Segment Information

Segment information is prepared on the following bases:

Historical

Business segments: The Company's main businesses are investment holdings and also water distribution until July 20, 2005 following approval of DCRA (see Note 1).

Pro Forma

Business segments: For management purposes, ABS-CBN is recognized 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 generates revenue from sale of national and regional advertising time. Cable and satellite service, cable television channels and blocked time on television stations. Other businesses include movie production, consumer products and services.

Geographical segments: although ABS-CBN is organized into three business activities, it operates 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 and Milan), ABS-CBN operates its cable and satellite operations to bring television programming outside the Philippines.

Inter-segment transactions: segment revenue, segment expenses and segment results include transfers among business segments and among geographical segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar services. Those transfers are eliminated in consolidation.

HISTORICAL

	Investment Holdings		Water distribution		Services		Eliminations		Consolidated	
	September 30 2005	2004	September 30 2005	2004	September 30 2005	2004	September 30 2005	2004	September 30 2005	2004
Revenues	2,722	709	3,752	2,551	-	-	170	532	6,644	3,792
	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004
Segment assets	13,856	14,343	-	20,106	1	38	(33)	(1,151)	13,824	33,336
Investment in associates	15,687	13,546	-	-	10	-	-	857	15,697	14,403
Consolidated total assets									29,521	47,739
Segment liabilities	16,455	16,518	-	15,817	12	40	(221)	(4,171)	16,245	28,204
Bank loans and long-term debt	10,414	10,454	-	7,071	5	5			10,419	17,530
Consolidated Total Liabilities									26,664	45,734

PRO FORMA

	Investment Holdings		Water distribution		Services		Broadcasting		Eliminations		Consolidated	
	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004	Sept. 30 2005	Dec. 31 2004
Segment assets	13,856	14,343	-	20,106	1	38	24,943	24,917	(7,971)	(10,075)	30,829	49,329
Investment in associates	15,687	13,546	-	-	10	-	-	2,607	-	(1,520)	15,697	14,633
Consolidated total assets											46,526	63,962
Segment liabilities	16,455	16,518	-	15,817	12	40	4,928	5,296	(218)	(5,645)	21,176	32,026
Bank loans and long-term debt	10,414	10,454	-	7,071	5	5	6,274	6,436	-	-	16,693	23,966
Consolidated Total Liabilities											37,869	55,992

8. Restatement of 2004 Financial Statements

The balance of "Other noncurrent assets" and "Estimated liabilities from guarantees and commitments" accounts were restated from previously reported to reflect the Company's share in the remaining potential networth of BayanTel amounted to approximately ₱1,669 million.

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.

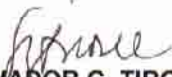
BENPRES HOLDINGS CORPORATION

By:



MA. VICTORIA M. MARCELINO
AVP - Financial Controls

November 14, 2005
Date



SALVADOR G. TIRONA
Chief Finance Officer

November 14, 2005
Date



ANGEL S. ONG
President & COO

November 14, 2005
Date

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, 2005
Date

SALVADOR G. TIRONA
Chief Finance Officer

November14, 2005
Date

ANGEL S. ONG
President & COO

November 14, 2005
Date

BENPRES HOLDINGS CORPORATION
AGING OF ACCOUNTS RECEIVABLES
AS OF SEPTEMBER 30, 2005
(Amounts in Thousands)

TYPE OF ACCOUNTS RECEIVABLES	TOTAL	NOT YET DUE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120-360 DAYS	OVER 360	PAST DUE & ITEMS IN LITIGATION
<u>I. TRADE RECEIVABLES</u>									
Trade	4,824	1,768	523	573	223	215	265	1,254	3
Allowance	521								
Net A/R	<u>4,303</u>								
<u>II. NON - TRADE RECEIVABLES</u>									
Accrued interest	-								
Advances to suppliers	5								
Advances to talents	30								
Advances against claims - sss	1								
Others	607								
	<u>643</u>								
	<u>4,946</u>								

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, advances to suppliers and contractors