COVER SHEET

A S 0 9 3 0 0 4 3 6 9

SEC Registration Number

B E N P R E S H O L D I N G S C O R P O R A T I O N

(Company's Full Name)

4 t h F l o o r , B e n p r e s B u i l d i n g ,
M e r a l c o A v e n u e P a s i g C i t y

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

Jorge A. Lichauco

(Contact Person)

910-3040

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

2 0 - I S

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
₱2,012,397,073	**US$150,000,000**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to Section 17.1 (b)
of the Securities Regulation Code

1. Check the appropriate box:
   ( ) Preliminary Information Statement
   ( ) Amended Information Statement
   (**X**) Definitive Information Statement

2. Name of the Registrant as specified in its charter:
   BENPRES HOLDINGS CORPORATION

3. Province, country or other jurisdiction on incorporation or organization
   METRO MANILA, PHILIPPINES

4. SEC Identification Number: **AS093-04369**

5. BIR Tax Identification Code: **002-825-058**

6. Address of principal office: **4TH FLOOR, BENPRES BUILDING**
   EXCHANGE ROAD CORNER MERALCO AVENUE
   PASIG CITY 1605

7. Registrant's telephone including area code: **(632) 910-3040**

8. Date, time and place of the meeting of security holders:

   Date - **June 9, 2005**
   Time - **8:00 AM**
   Place - **ABS-CBN Studio I**
   Mother Ignacia Venue
   Quezon City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 19, 2005**

10. Securities pursuant to sections 4 and 8 of the SRC: (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Subscribed and Outstanding (No. of shares)	(Pesos)
Common shares	4,581,544,408	4,581,544,408
Long-term Commercial Papers		2,000,000,000

11. Are any or all of the registrant's securities listed on the Philippine Stock Exchange

    Yes (**x**) *Common shares* No ( )

May 19, 2005

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders of Benpres Holdings Corporation

Please be advised that the annual meeting of the stockholders of Benpres Holdings Corporation will be held on **Thursday, June 9, 2005** at 8:00 a.m. at ABS-CBN Studio I, Mother Ignacia Avenue, Quezon City, to discuss the following:

AGENDA

1. Call to Order
2. Proof of Service of Notice
3. Certification of Quorum
4. Approval of Minutes of June 7, 2004 Annual Stockholders' Meeting
5. Report of the President
6. Approval of the Audited Financial Statements
7. Election of Directors for Ensuing Year
8. Appointment of External Auditor
9. Other Business
10. Adjournment

For purposes of the meeting, only stockholders of record as of April 22, 2005 are entitled to attend and vote in the said meeting.

Copies of the minutes of Annual Stockholders' Meeting held on June 7, 2004 will be available upon request.

Should you be unable to attend the meeting in person, you may execute the necessary proxy and have it delivered to the undersigned at P.O. Box No. 13951, Ortigas Center Post Office, 1600 Pasig, Metro Manila. Under the by-laws, proxies must be received not later than May 30, 2005.

For your convenience in registering your attendance, please have available some form of identification such as passport, driver's license or voter's I.D.

By order of the Board of Directors

Enrique I. Quiason
Corporate Secretary

BENPRES HOLDINGS CORPORATION
INFORMATION STATEMENT: ANNUAL REPORT TO MANAGEMENT

This Information Statement is dated May 19, 2005 and is being furnished to stockholders of record of Benpres Holdings Corporation as of April 22, 2005 in connection with the Annual Stockholders' Meeting.

WE ARE NOT ASKING YOU FOR A PROXY AND

YOU ARE REQUESTED NOT TO SEND US A PROXY.

A. General Information

Date, Time and Place of Meeting of Security Holders

Date -	June 9, 2005
Time -	8:00 AM
Place -	ABS-CBN Studio I Mother Ignacia Avenue Quezon City
Principal Office -	4th Floor, Benpres Building Meralco Avenue, Pasig City 1605

Dissenter's Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his share:

(i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares of authorizing preferences over the outstanding shares or of extending or shortening the term of corporate existence;
(ii) in case any sale, lease mortgage or disposition of all or substantially all the corporate property assets; and
(iii) in case of merger or consolidation.

The Company is not aware of any action or matter to be taken up at the Annual Stockholders' Meeting that will give rise to the exercise by a shareholder of the right of appraisal.

However, if any time after the Information statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any shareholder who wishes to exercise such right and who voted against the proposed action must make a written demand within 30 days after the date of the meeting or when the vote was taken for the payment of fair market value of his share. Upon payment, he must surrender his certificate of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer or associate of directors and officers has any substantial interest, direct or indirect, in any matter to be acted upon during the Annual Stockholders' Meeting, other than the election to office of the nominees.

The Company has not received any information than an officer, director or stockholder intends to oppose any action to be taken at he Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) The Company has 4,581,544,408 shares subscribed and outstanding as of April 30, 2005. Each stockholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) All stockholders of record as of April 22, 2005 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) With respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many vote as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

(d) Pursuant to Article I, Section 5 of the By-Laws of the Company, a quorum of any meeting of the stockholders shall consist of a majority of the subscribed capital stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion.

Voting upon all questions at all meetings of the stockholders shall be by shares of stock. One share has one vote. The stockholders may vote at all meetings the number of shares registered in their respective names either in person or by proxy duly represented to the Secretary for inspection and record.

(e) As of March 31, 2005 the Company knows of no beneficial owner or voting trust holder of 5% or more among the stockholders except as set forth below:

(1) Title of Class	Name and Address Record/Beneficial Owner	(3) Citizenship	(4) Amount and Nature of Record/Beneficial of Ownership (Indicate by "r" or "b")	(5) Percent Class
Common	Lopez, Inc.	Filipino	2,579,881,962 r*	56.31%

* *Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the families of Oscar M. Lopez, Manuel M. Lopez and Presentacion L. Psinakis.*

Address of the record and beneficial owner of more than 5%:

Lopez, Inc.
5th Floor, Benpres Building
Exchange Road corner Meralco Avenue
Pasig City

(f) There are no arrangements which have resulted in a change in control of the registrant during the periods covered by this Information Statement.

(g) Security Ownership of Management as at March 31, 2005:

(1) Title of Class	(2) Name of record or beneficial owner	(3) Citizenship	(4) Amount and nature of record/beneficial ownership	r or b	(5) Percent owner of class
Common	Oscar M. Lopez	Filipino	8,611,991 (sole voting)	r/b	0.19%

Common	Manuel M. Lopez	Filipino	7,090,460 (sole voting)	r/b	0.15%
“	Manuel M. Lopez &/or Teresa Lopez	Filipino	10,985,000 (sole voting)	r/b	0.24%
“	Eugenio Lopez III	Filipino	2,326,042 (sole voting)	r/b	0.05%
“	Elpidio Ibañez	Filipino	1,834,217 (sole voting)	r/b	0.04%
“	Rommel S. Duran	Filipino	1,724,138 (sole voting)	r/b	0.04%
“	Arthur A. de Guia	Filipino	621,000 (sole voting)	r/b	0.01%
“	All directors and executive officers as a group	Filipino	33,192,848 (sole voting)	r/b	0.72%

(h) Changes in Control

The Company is not aware of any arrangement which have resulted in a change in control of the Company during the period covered by this report. The Company is not aware of the existence of any voting trust arrangement among shareholders.

(i) Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer or associate of directors and officer has any substantial interest, direct or indirect, in any matter to be acted upon during the Annual Stockholder's Meeting, other than the election to office of the nominees.

The Company has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

Directors and Executive/Corporate Officers

(a) The directors of the Company have a term of one year and are elected annually. The present directors and officers of the Company are as follows:

Mr. Oscar M. Lopez, Chairman
Mr. Felipe B. Alfonso
Mr. Eugenio Lopez, III
Mr. Manuel M. Lopez
Mr. Steve E. Psinakis
Mr. Angel S. Ong
Mr. Washington Sycip (*independent)*
Mr. Vicente T. Paterno *(independent)*

Executive / Corporate Officers:

Oscar M. Lopez	Chairman and Chief Executive Officer
Manuel M. Lopez	Vice Chairman of the Board
Angel S. Ong	President and Chief Operating Officer
Eugenio L. Lopez III	Treasurer
Steve E. Psinakis	Senior Adviser
Elpidio L. Ibañez	Chief of Staff with rank of Executive Vice President
Peter D. Garrucho, Jr.	EVP – Power Generation
Augusto Almeda Lopez	General Counsel with rank of EVP
Federico R. Lopez	EVP – Regulatory Management
Felipe B. Alfonso	EVP – Human Resource Development
Jorge A. Lichauco	Chief Financial Officer
Rommel S. Duran	Group Comptroller with rank of EVP
Pedro A. Chanco III	Senior Vice-President – Corporate Communications
Nestor J. Padilla	SVP – Property Development
Arthur De Guia	SVP – Manufacturing and Portfolio Investments
Cielito R. A. Diokno	Vice-President, Human Resources
Enrique I. Quiason	Corporate Secretary

Oscar M. Lopez	Oscar M. Lopez (aged 75) assumed the presidency in 1999 and has chaired the company's board since inception. He received a Bachelor of Arts degree from Harvard College and a Masters degree in Public Administration from Harvard University. He is chairman and chief executive officer of FPHC (since 1986), chairman and president of Lopez, Inc. (since 1999) and chairman of among others, FPIDC, MNTC, MWSI, Sierra Tours, BayanTel, Sky Vision and RCPI. He is vice chairman of the board at Rockwell Land and is a director of ABS-CBN.
Manuel M. Lopez	Manuel M. Lopez (aged 63) has been a director of the company since inception. He is a holder of a Bachelor of Science degree in Business Administration and attended the Program for Management Development at the Harvard Business School. He is the chairman of Meralco, chairman of the board at Rockwell Land, and is a director of among others, ABS-CBN, MNTC, Sierra Tours, FPIDC, FPHC, BayanTel, Sky Vision and Lopez, Inc. He was president of Meralco from 1986 to June 2001.
Steve E. Psinakis	Steve E. Psinakis (aged 74) was elected director in 1999. He received his BSME degree from the University of Pittsburgh. He has been a consultant and director of FPHC since 1996. He was concurrent president of First Private Power Corporation and Bauang Private Power Corporation from 1993 to 1996.
Eugenio Lopez III	Eugenio Lopez III (aged 53) has been director and treasurer of the company since inception. He received a Bachelor of Arts degree in Political Science from Bowdoin College and a Masters degree in Business Administration from the Harvard Business School. He has been chairman and chief executive officer of ABS-CBN since 1997, president and director of Sky Vision, vice chairman of the board at BayanTel and vice chairman and president of RCPI, among others. He was president of ABS-CBN from 1993 to 1997.
Washington Z. Sycip	Washington Z. SyCip (aged 83) has been a director of the company since 1996. He is an independent director. He received a Bachelor of Science degree in Commerce from the University of Sto. Tomas and a Master of Science degree in Commerce from Columbia University. He is chairman of the board of trustees and board of governors of the Asian Institute of Management, and Honorary Chairman of Euro-Asia Centre, INSEAD of France. He is also a member of the Board of Overseers of the Columbia University Graduate School of Business, and a board member of the Joseph H. Louder Institute of Management and International Studies, University of Pennsylvania.
Vicente T. Paterno	Vicente T. Paterno (aged 79) was elected as an independent director of the company in February 2004 to fill up the vacancy created by the resignation of Mr. Vicente R. Jayme. He received a Bachelor of Science degree in Mechanical Engineering from the University of the Philippines and a Masters degree in Business Administration (with distinction) from Harvard University. He is the founding chairman of Philippine Seven Corporation and chairman of Phil-Seven Holdings Corporation.
Felipe B. Alfonso	Felipe B. Alfonso (aged 68) has been a director of the company since 1996. He has been EVP – Human Resource Development since January 2001. He received a Bachelor of Laws degree from the Ateneo de Manila University and a Masters degree in Business Administration from New York University. He has been co-vice chairman of the board of trustees of the Asian Institute of Management (AIM) since September 1999. He was AIM president from June 1990 to 1999. He is currently vice chairman of Meralco.
Angel S. Ong	Angel S. Ong (aged 55) was elected director and president and chief operating officer in 2004. He was the Company's EVP-chief financial officer from 2001 to 2004 and vice president for finance from 1998-2000. Mr. Ong received his Bachelor of Science in Commerce degree from the Philippine College of commerce and a Masters degree in Business Administration from the University of the Philippines. Prior to joining the Company, he was vice president for finance of BayanTel.

Elpidio L. Ibañez	Elpidio L. Ibañez (aged 54) has been chief of staff of the company since January 2001. He received his Bachelor of Arts degree in Economics from the Ateneo de Manila University and a Masters degree in Business Administration from the University of the Philippines. He is a member of the board, president and COO of FPHC (since 1994), and a director of various FPHC subsidiaries and affiliates.
Peter D. Garrucho, Jr.	Peter D. Garrucho, Jr. (aged 60) has been EVP – Power Generation Sector since 2001. He has been Managing Director of the Energy Group under FPHC since 1994. He is also the chairman and president of Scandinavian Motors Corp. and the president of First Generation Holdings Corp., First Private Power Corp., Bauang Private Corporation, Bauang Private Power Corp. and First Gas Holdings Corp. He was formerly Secretary of Trade and Industry (January 1991 to February 1992) and likewise served as Acting Executive Secretary in the Office of the President of the Philippines (July to August 1992).
Augusto Almeda Lopez	Augusto Almeda Lopez (aged 76) has been EVP – General Counsel since January 2001. He received his Bachelor of Laws degree from the University of the Philippines and completed the Advanced Management Program of Harvard University. He is vice-chairman of ABS-CBN (since 1986) and FPHC and director for various subsidiaries of the Lopez Group.
Federico R. Lopez	Federico R. Lopez (aged 43) has been EVP – Regulatory Management for the company since January 2001. He is vice-president of FPHC (since September 1992), president of First Generation Holdings Corporation (since May 2002), president of First Gas Holdings Corporation, and a member of the board of directors of various FPHC subsidiaries.
Jorge A. Lichauco	Jorge A. Lichauco (aged 42) has been chief financial officer since August 1, 2001. He was the company's consultant from 1998 to July 31, 2003, handling capital markets and treasury. He received his Bachelor of Science in Management degree from the Ateneo de Manila University and Masters degree in Business Administration from the Kellogg Graduate School of Management. He is also a director of Rockwell Land Corporation, The Medical City, Sky Vision Corporation and BayanTrade Dotcom, Inc.
Rommel S. Duran	Rommel S. Duran (aged 60) has been EVP – Group Comptroller since January 2001. He holds a Bachelor of Laws degree from the University of the East and a Bachelor of Science degree in Commerce from Letran College. He is vice president and general manager of Lopez, Inc., where he first served as assistant comptroller in 1968.
Pedro A. Chanco III	Pedro A. Chanco III (aged 55) has been SVP – Corporate Communications since January 2001. He was vice president for group public relations from 1995-2000. He holds a Bachelor's degree in Journalism from the University of the Philippines and completed the Senior Business Economic Program of the University of Asia and the Pacific.
Nestor J. Padilla	Nestor J. Padilla (aged 50) has been SVP – property development since January 2001. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University. He has been president and CEO of Rockwell Land since 1995. He is a member of the board of trustees of the Rockwell Land Condominium Corporation and is a director of the Rockwell Club.
Arthur A. DeGuia	Arthur A. DeGuia (aged 53) has been SVP – manufacturing and portfolio investments since January 2001. His degrees include a Bachelor of Science in Electrical Engineering from the Mapua Institute of Technology, a Master of Engineering in Industrial Management from the Asian Institute of Thailand, and a Doctor of Philosophy in Industrial Engineering from the University of California (Berkeley). He has also been Managing Director of FPHC since 1997.
Enrique I. Quiason	Enrique I. Quiason (aged 44) has been the corporate secretary of the company since inception. He received his Bachelor of Science degree in Business Economics and a Bachelor of Laws degree from the University of the Philippines, and a Master of Laws degree in Securities Regulation from

	Georgetown University. He is a senior partner of the Quiason Makalintal Barot Torres & Ibarra Law Office. He is the corporate secretary of FPHC, FPIDC, MNTC, Rockwell Land, BayanTel, Sky Vision, RCPI, Sierra Tours, and Lopez, Inc. He is also assistant corporate secretary of ABS-CBN.
Cielito R.A. Diokno	Cielito R.A. Diokno (aged 50) has been with the company since 1997. She received her Bachelor of Science degree in Psychology from the University of the Philippines.

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until a successor shall have been appointed.

(b) Family Relationships

There are no other family relationships among the directors and officers listed above except for the following: Messrs. Oscar M. Lopez and Manuel M. Lopez are brothers; Mr. Eugenio Lopez III is the nephew of Mr. Oscar and Manuel Lopez; Mr. Federico R. Lopez is the nephew of Mr. Manuel M. Lopez and the son of Mr. Oscar M. Lopez; and Mr. Steve Psinakis is the brother-in-law of Mr. Oscar and Manuel Lopez.

(c) Involvement of Directors and Executive Officers in Certain Legal Proceedings

The Company is not aware of (i) any bankruptcy proceedings filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Company is party of which any of their property is subject, (ii) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person, (iii) any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic, or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities, nor (iv) any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.

(d) Certain Relationships and Related Transactions

There have been no material transactions during the past two years, nor is any material transactions presently proposed, to which any director, executive officer of the Company or security holder of more than 10% of the Company’s voting securities, any relative or spouse of any director or executive officer or owner of more than 10% of the Company’s voting securities had or is to have direct or indirect material interest.

Lopez, Inc. is the registered and beneficial owner of 56.31% of the voting stock of the Company, as of March 31, 2004.

(e) No person who is not an executive officer is expected by the Company to make a significant financial contribution to the business

(f) No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the Company because of a disagreement with the Company on matters relating to the Company’s operations, policies and practices.

Nominees for Election of Directors

As of May 2, 2005, the Company received nominations for the following as members of the Board of Directors for the ensuing year (2005-2006):

Mr. Oscar M. Lopez, Chairman
Mr. Felipe B. Alfonso
Mr. Eugenio Lopez, III
Mr. Manuel M. Lopez
Mr. Steve E. Psinakis
Mr. Angel S. Ong
Mr. Washington Sycip (*independent)*
Mr. Vicente T. Paterno *(independent)*

Messrs. SyCip and Paterno are independent directors. The Company's two independent directors have one (1) share of the stock of the Company each in their respective names, are both college graduates and possess integrity, probity and assiduousness. They are persons who, apart from their fees as directors of the Company, are independent of management and free from any business or other relationship which could, or could reasonably, be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. Mr. SyCip and Mr. Paterno: (i) are not directors or officers or substantial stockholders of the Company or its related companies or any of its substantial shareholders (other than as independent directors of any of the foregoing); (ii) are not relatives of any director, officer or substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iii) are not acting as nominees or representatives of a substantial shareholder of the Company, or any of its related companies or any of its substantial shareholders; (iv) have not been employed in any executive capacity by the Company, or any of its related companies or by any of its substantial shareholders within the last five (5) years; (v) are not retained as professional advisers by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through their firms; and (vi) have not engaged and do not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or companies of which they are directors or substantial shareholders, other than transactions which are conducted at arms length and are immaterial or insignificant. They do not possess any of the disqualifications enumerated under Section II (5) of the Code of Corporate Governance and Section II (D) of SEC Memorandum Circular No. 16, Series of 2002.

All the directors, including the independent directors, were nominated by Lopez, Inc. The Company has adopted SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and compliance therewith has been made.

Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and four other most highly compensated executive officers follows (in million Php):

Chief Executive Officer	Year	Salary	Bonus	Total Annual Compensation
and four most highly	2003	13.23	1.07	14.30
compensated executive	2004	21.94	3.83	25.77
officers*	2005E	24.14	4.22	28.36
All officers and directors	2003	24.64	4.45	29.09
as a group unnamed	2004	31.97	5.23	37.20
	2005E	35.17	5.75	40.92

**Note:* *The CEO and four most highly compensated executive officers of the Company are Oscar M. Lopez, Eugenio Lopez III, Angel S. Ong, Cielito R.A. Diokno & Jorge A. Lichauco.*

1) The directors receive standard per diems of P10,000 for each board meeting. There are no other arrangements for compensation either by way of payments for committee participation or consulting contracts.

2) There are no other arrangements or consulting contracts on which any director is compensated, whether directly or indirectly.

3) There are no existing employment contracts with executive officers. There are no arrangements for compensation to be received from the Company in the event of a resignation, retirement or termination of the executive officer's employment or a change of control of the Company. There are no outstanding warrants or stock options held by any of the Company's executives.

Appointment of External Auditors

The accounting firm of Sycip Gorres Velayo & Co. (SGV) has been the Company's Independent Public Accountants for the last eleven (11) years. Representatives of SGV will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

Pursuant to Memorandum Circular No. 8, Series of 2003 (Rotation of External Auditors), the Company has not engaged an SGV partner for more than five years. Ms. Vivian Cruz Ruiz has been assigned as partner for the Company since 2003.

There was no event in the past eleven (11) years where SGV had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Independent Public Accountants, SGV, are willing to stand for re-election.

Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Financial and Other Information

The registrant's audited consolidated financial statements for the calendar year ended December 31, 2004 as well as the Management's discussion and analysis and plan of operations for the same period are provided for in the Annual Report. The Annual Report will be distributed to the stockholders for approval/ratification.

A copy of the registrant's annual report will be provided free of charge upon written request addressed to:

Mr. Jorge A. Lichauco
Chief Financial Officer
4th Floor, Benpres Building
Meralco Avenue, Pasig City 1605

D. OTHER MATTERS

Action with Respect to Reports

The minutes of the previous Annual Stockholders' Meeting held on June 7, 2004 shall be submitted to the stockholders for approval. The minutes of the said meeting contain discussions of the following items:

- Approval of Minutes of June 7, 2003 Annual Stockholders' Meeting
- Report of the President
- Approval of the Audited Financial Statements
- Election of Directors for Ensuing Year
- Appointment of External Auditor
- Amendment of the Articles of Incorporation to Increase the Number of Directors from Seven to Eight
- Delegation of authority to the board of directors to amend the by-laws to incorporate principles of good corporate governance as embodied in the Manual of Corporate Governance adopted by the

Company and to include the procedure for the nominations and election of independent directors conformably with SEC circular No. 16, series of 2002 (guidelines on nomination and election of independent directors)

Also to be submitted for approval or ratification is the annual report and the audited financial statements for the year 2004.

Voting Procedures

Vote Required

A quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question in the meeting except those matters which the Corporation Code requires a greater proportion of affirmative vote.

Regarding the election of members of the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 24 of the Corporation Code of the Philippines. Likewise, the nominee – for the Company's external auditor – who receives the highest number of votes shall be declared elected.

The amendment of the articles of incorporation requires the vote of the owners of at least two-thirds of the outstanding capital stock of the Company. The amendment of the by-laws require the vote of owners of at least a majority of the outstanding capital stock of the Company.

The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

The Method by which the votes will be counted

In the election of directors, the top eight (8) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots. On the election of directors, each stockholder may vote such number of shares for as many person (s) as there are directors to be elected or he may cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as may candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting.

Upon the written request of a stockholder, the Company undertakes to furnish the said stockholder a copy of the Company's annual report on SEC Form 17-A free of charge. Such written request shall be directed to the Corporate Secretary, Benpres Holdings Corporation, 4th Floor, Benpres Building, Meralco Avenue, 1605 Pasig City.

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 hereunto authorized.

BENPRES HOLDINGS CORPORATION

By:

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Corporate Secretary

May 19, 2005
Date

Market for Registrant's Common Equity and Related Stockholder Matters

Market Information
Benpres common stock principally trades on the Philippine Stock Exchange.

	Stock Prices	
	High	Low
2005		
First Quarter	P1.42	P0.67
2004		
First Quarter	P0.76	P0.48
Second Quarter	0.65	0.49
Third Quarter	0.62	0.48
Fourth Quarter	0.73	0.53
2003		
First Quarter	P0.31	P0.11
Second Quarter	0.60	0.185
Third Quarter	0.85	0.54
Fourth Quarter	0.64	0.43
2002		
First Quarter	P0.96	P0.51
Second Quarter	0.81	0.35
Third Quarter	0.38	0.22
Fourth Quarter	0.24	0.0825

Shareholder Information

The number of shareholders of record as of December 31, 2004 was 13,430. Common shares outstanding as of December 31, 2004 were 4,581,544,408.

Top 20 stockholders as of December 31, 2004:

	Names	No. of Shares	%
1	Lopez, Inc.	2,397,238,126	52.32%
2	PCD Nominee Corp.	1,322,082,570	28.86%
3	PCD Nominee Corp.	132,527,860	2.89%
4	Florante G. Aguila &/or Andresito &/or Jose Vicente Aguila	90,000,000	1.96%
5	Crème Investment Corporation	45,295,944	0.99%
6	Presta Holdings Corporation	45,159,819	0.99%
7	Mantes Corporation	45,159,819	0.99%
8	Croslo Holdings Corporation	45,159,819	0.99%
9	Teresita A. Dela Cruz	33,995,000	0.74%
10	Narcisa Ngo	31,004,000	0.68%
11	MJL Agro Development Corp.	25,432,121	0.56%
12	Gilbert Martires	16,100,000	0.35%
13	Manuel M. Lopez &/or Ma. Teresa Lopez	10,985,000	0.24%
14	Oscar M. Lopez	8,597,182	0.19%
15	Angel Tan	8,000,000	0.17%
16	Lucio Yan	7,450,000	0.16%
17	Siao Tick Chong	7,128,500	0.16%
18	Manuel M. Lopez	7,089,114	0.15%
19	Carlos Ching	7,000,000	0.15%
20	Alan L. Montelibano	6,629,604	0.14%

Dividend Information

The Company is authorized to pay dividends on the shares in cash, in additional shares, in kind, or in a combination of the foregoing. Dividends paid in cash are subject to approval by the Board and no stockholder approval is required. Dividends paid in the form of additional shares are subject to approval by the Board and holders of at least two-thirds of the outstanding capital stock of the Company. Holders of outstanding Shares on a dividend record date for such Shares will be entitled to the full dividend declared without regard to any subsequent transfer of such Shares.

There were no dividends declared for years 2004, 2003 and 2002.

There were no restrictions that limit the ability to pay dividends on common equity.

There were no sales of unregistered securities.

Management Discussion and Analysis of Results of Operations and Financial Condition

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Company that is incorporated to this Annual Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine GAAP.

Results of Operations of Benpres Holdings Corporation (Benpres) and its Subsidiaries for the year ended December 31, 2004 compared with December 31, 2003

Benpres

Benpres registered consolidated revenues of P3.905 billion in 2004, 22% lower than the P5.006 billion posted in 2003. There was a 46% decline in Foreign Currency Differential Adjustment (FCDA) due to a reclassification of Maynilad charges. The sale of Customer Contact Center, Inc. in July 2003 resulted in the zeroing out of sales and services in 2004.

Provisions for the decline in the value of investments at equity and advances went down by 80% as the 2003 provisions of P1.6 billion included investments in both Maynilad and BayanTel. The provision for losses of P320 million in 2004 was only for the foreign exchange effect on estimated liabilities from guarantees and commitments. No additional provisioning was made in 2004 as the remaining recoverable value of investment in BayanTel remains at P1.669 billion. Contracted services decreased by 75%, accounting for 88% of the P846 million contraction in general and administrative expenses.

In 2004, equity in net earnings of associates also declined by 19% due to the decrease in net income of FPHC. Accretion of earnings on Notes increased to P173 million from P33 million due to an improvement in Beyond Cable's net income.

Interest and financing charges increased by 63% representing penalty charges due to default in the payment of outstanding debt. The deterioration in the peso-dollar rate from P55.438 in December 2003 to P56.28 in December 2004 also resulted in an increase in the peso value dollar-denominated debt.

All of the above foregoing factors contributed to a decrease in net loss by 28% at P1.364 billion versus P1.905 billion the previous year.

As a holding company, Benpres's key performance indicator (KPI) is the dividends received from investees. Other financial indicators such as current ratio, debt-to-equity ratio, and others have not been used by Benpres has been in debt restructuring since June 2002 when it declared it will not be able to meet principal payments due in December 2002.

There were no events that would have triggered direct or contingent financial obligations material to the company, other than those already disclosed in previous years (see Notes 1, 26 and 27 to financial statements).
There were also no material off-balance sheet transactions, arrangements, obligations (contingent or otherwise), and other relationships created by the company with unconsolidated entities or other persons during the reporting period.

Major Subsidiary (Historical FS)
On September 9, 2004, in compliance with an August 6, 2004 Order by the Rehabilitation Court, Maynilad submitted a revised rehabilitation plan based on full draw of its US$120 million-performance bond. On September 29, 2004, the Rehabilitation Court ruled that there is merit to the Petition for Rehabilitation and referred the Petition, Annexes and September 2004 Rehabilitation Plan to the Receiver for evaluation. On December 17, 2004, MWSS sent a notice to Maynilad to draw on the US$120-million bond and a new average all-in tariff of P30.19 per cubic meter was published. 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 and its shareholders, the bank creditors, and MWSS execute implementing agreements on December 31, 2004. Otherwise, Maynilad should be ordered to submit a revised rehabilitation plan.

On January 1, 2005, Maynilad started implementing the rebased tariff rate of P30.19 per cubic meter. On January 14, 2005, MWSS sent a demand for the full US$120 million-performance bond. On January 20, 2005, MWSS received the entire proceeds of the US$120 million-performance bond. Meanwhile, Maynilad and its shareholders, the bank creditors, and MWSS failed to execute the implementing agreements that would give effect to the September 2004 Rehabilitation Plan. As a consequence, the Rehabilitation Court, in a hearing conducted on January 31, 2005 on the Rehabilitation Receiver's Report and Recommendation, ordered Maynilad to submit a "Modified Rehabilitation Plan."
Maynilad is continuing its discussions with MWSS, bank creditors and shareholders to reach an agreement on the terms of restructuring of outstanding bank loans.

KPIs for Maynilad:
1) Annual Average Water for Distribution (Water that is treated and sent for distribution) dropped to 2,276 million liters per day (MLD) in 2004 from 2,313 MLD in 2003 due to the damage caused by 2004 typhoons to the Umiray Tunnel and the reduced raw water supply due to El Nino.
2) Non-Revenue Water (measured as the percentage of non-billed water to total water treated and distributed) remained at 69% for 2003 and 2004. The results of various projects implemented to reduce NRW will likely be felt only by the end of 2005.
3) Number of new connections (counted upon installation of service) totaled 28,718 in 2004 and 26,137 in 2003.
4) Average all-in tariff stayed at 19.92 in 2004 and in 2003.
5) Cost of services as a percentage of gross revenues (cost of services/gross revenues) was at 64% (3440.6/5339.0) in 2004 and 76% (3967.9/5238.2) in 2003.

KPIs #1-#4 together determine gross revenues while KPI #5 shows amount left for debt service/financing. In general, favorable operations mean annual improvements in KPIs 1, 3 and 4 and reductions in KPIs 2 and 5. Early 2004, Maynilad and Government thru MWSS came to an agreement to work together and signed on to a Rehabilitation Plan that would make Maynilad a going concern which can continue to serve the 7 million residents of the West Zone and preserve the jobs of 2500 employees. A further modification was made to that initial agreement which was resubmitted to the Rehabilitation Court in April 29, 2005 and is under consideration now by the Court for decision. and results of 2004 operations met the parent company's expectations.

Associates
ABS-CBN registered total consolidated revenues of P13.57 billion, a 7% increase from the previous year's P12.64 billion. Consolidated cost and operating expenses were up 16% to P12.05 billion from P10.39 billion. Total cash operating expenses increased by 19%. Production cost and cost of sales and services increased by 19% and 22%, respectively, while general and administrative costs increased by 16%, driven by personnel costs and ABS-CBN Global's expansion into new territories. Net income was 25% lower at P758 million from P1.008 billion in 2003. Resulting net income margin stood at 6% from 8% the previous year.

FPHC posted consolidated revenues of P38.89 billion, up 3.8% from P38.42 billion the previous year. Consolidated cost and expenses for the period increased by 4.5% to P30.16 billion from P28.86 billion. Income from operations was likewise flat, up by only 1.7% to PhP9.7 billion from P9.6 billion in 2003. FPHC booked an equity in net losses of associates in the amount of P467 million, largely as a result of provisions made by associate utility, Meralco, for probable losses should the Supreme Court rule against an increase in electricity rates. Net income of P3.31 billion or P6.035 per share, down 14% from P3.84 billion the previous year.

The Manila North Tollways Corporation conducted a comprehensive communications program in 2004 to gain public acceptance of the new toll rates. The North Luzon Expressway project was completed within the timetable

(February 2005) set with Leighton Contractors (Asia) Limited, the contractor, and five months ahead of the July 2005 deadline set under the agreement with the government.

On June 28, 2004, the Pasig Regional Trial Court (RTC), Branch 158 approved the financial rehabilitation of BayanTel based on sustainable debt level of US$325 million, payable over 19 years. The decision penned by RTC Judge Rodolfo R. Bonifacio said the remainder of BayanTel's debt may be converted to another appropriate instrument that shall not be a financial burden to the company. It also mandated BayanTel to treat all creditors equally. Some of BayanTel's creditors including the petitioner and majority of its secured creditors have appealed the lower court decision.

In July 2004, creditors of Sky Vision Corp., Central CATV Inc., and Philippine Home Cable Holdings Inc. signed a debt restructuring agreement (DRA) giving the cable operators seven years to pay for total debts of P2.5 billion pesos. Debt restructured amounted to P1.166 billion for SKYCable and P1.350 billion for Home Cable. Beyond Cable Holdings, Inc., which houses Benpres's cable investments, also received US$30 million in fresh funds through a Note subscribed to by ABS-CBN. The Note, a non-current receivable of ABS-CBN, bears interest and gives the subscriber the opportunity to convert to equity at a significant discount to a third party valuation or a public offering price.

The Manansala and Joya condominium towers anchored Rockwell Land's strong performance in 2004. By yearend, the Manansala was 98% sold and accounted for P1.8 billion (67%) of consolidated revenue. The company posted a 21% revenue growth to P2.7 billion and income after tax was P245 million. EBITDA improved by 28% at P776 million.

Liquidity and Capital Resources of Benpres (Parent Company Only) for the year ended December 31, 2004 compared with December 31, 2003

As of December 31, 2004, the company's total assets stood at P30.195 billion, 4% higher than total assets as of end-2003 of P29.010 billion.

Cash and cash equivalents decreased by 15% to P879 million from P1.040 billion, after voluntary prepayments were made based on its proposed Balance Sheet Management Plan (BSMP).

In 2004, Benpres voluntarily made payments on its direct and contingent obligations that are covered in the BSMP (excluding contingent obligations in Maynilad which the latter continues to service). Pending agreement with its creditors on the BSMP, the company offered to make payments semi-annually based on the following rates:

(a) At LIBOR plus a spread of 1.0% on all of its US dollar obligations; and
(b) At the 182-day Philippine Treasury Bill rate plus a spread of 1.0% on all of its peso obligations.

As of December 31, 2004, Benpres had US$478 million and PhP3,422 million in direct and contingent obligations, as shown below:

	At Dec 31, 2004		At Dec 31, 2003	
(In Millions)	PhP	US$	PhP	US$
Direct Obligations				
Long-term Commercial Papers (LTCP)	2,000.0		2,000.0	
Eurobond 7.875% Notes		150.0		150.0
Contingent Obligations				
Maynilad Water	1,421.8	118.1	1,421.8	118.1
BayanTel		210.0		210.0

These direct and contingent obligations were unchanged from their balances as of December 31, 2003.

Results of Operations of Benpres Holdings Corporation (Benpres) and its Subsidiaries for the year ended December 31, 2003 compared with December 31, 2002
(NOTE: For a discussion of the restatement of 2002 financial results, see Note 3 of Notes to the 2003 Financial Statements)

Benpres

Benpres posted consolidated revenues of PhP5,213 million in 2003, 8% lower than the 2002 re-stated consolidated revenues of PhP5,698 million. Net loss decreased 52% to PhP1,907 million from the re-stated net loss of PhP4,000 million the previous year. The restatement of 2002 revenues and earnings was done to reflect the adoption of New Statement of Financial Accounting Standards (SFAS)/International Accounting Standards (IAS), including the effect of the FPHC's restatement of 2002 financial results stemming from the Meralco refund.

Associates

ABS-CBN's consolidated airtime and broadcasting revenues increased 12% to PhP11,064 million from PhP9,914 million. Consolidated costs and operating expenses grew 12% to PhP10,401 million from PhP9,276 million. Net income before discontinuing operations amounted to PhP1,011 million, which was 131% higher than the PhP438 million in 2002. In 2003, losses from discontinued operations amounting to PhP2 million was due to the sale of assets from the winding down of the various subsidiaries that were discontinued in the previous year. Net income after discontinuing operations surged by more than 500% to Php1,009 million from PhP166 million in 2002.

FPHC's 2003 consolidated net income amounted to PhP3.8 billion. This is higher by 226% from the PhP3.0 billion restated net loss in 2002. Share in net earnings of associates increased by 148% to PhP617 million in 2003 from the PhP1.3 billion loss in 2002. Share in extraordinary loss of an associate decreased by PhP4.5 billion. Share in net earnings of associates in 2002 was negatively impacted by the Supreme Court's (SC) decision on Meralco's refund issue. Meralco restated its 2002 financial statements to recognize the loss from the refund arising from the SC decision. This necessitated the restatement of First Holdings Group's 2002 financial statements reflecting FPHC Group's PhP4.5 billion share in extraordinary loss and PhP0.5 billion share in net loss of associates. In addition, the FPHC Group disposed of its 60.29% effective interest in the common shares of Panay Power Corporation (PPC).

On November 13, 2003, Maynilad Water Services Inc. (Maynilad) filed a petition for Corporate Rehabilitation with the Regional Trial Court of Quezon City. Maynilad sought court protection to enable the company to settle its contractual obligations in due time, sustain the gains of privatization and protect the public interest in the West concession. On March 18, 2004, Maynilad and MWSS submitted a new plan, contained in Amendment No. 2 to the Concession Agreement, to the Quezon City RTC. The compromise plan, undertaken in compliance with the Arbitration Panel's recommendation for both parties to find "extra-judicial solutions" to their problems, seeks to replace Maynilad's Rehabilitation Plan. It proposes the quasi-reorganization of Maynilad and debt restructuring, to pave the way for a commercially viable and stable water service. The compromise plan ensures the settlement of all outstanding concession fees owed MWSS and the complete write-off of all of Benpres's US$80-million-equity in Maynilad. In addition, the plan calls for a partial draw of US$50 million on Maynilad'sUS$120-million-performance bond and the restructuring of all its debt.

The new North Luzon Expressway (NLE) is more than 60% completed and motorists can expect to enjoy its full use by the end of 2004. Out of the total 437 lane-kilometers to be constructed or rehabilitated, 74 lane-kilometers are now in use.

On 8 August 2003, the Pasig Regional Trial Court (RTC) Branch 158 issued a Stay Order based on a petition for corporate rehabilitation filed by the Bank of New York upon the instruction of certain bondholders of Bayan Telecommunications, Inc. (BayanTel). A receiver, Atty. Remigio Noval of KPMG, was appointed by the Court to evaluate the rehabilitation plan and submit his recommendations to the Court. The company prepared its own rehabilitation plan in consultation with other creditors and stakeholders. This plan was submitted on January 20, 2004.

In 2003, creditors of Sky Vision Corporation, Central CATV Inc., and Philippine Home Cable Holdings Inc. signed a Memorandum of Agreement to restructure the cable operators' debt obligations and grant their consent to the proposed consolidation of the ownership of the Benpres and PLDT groups in these entities. The MOA, providing the general terms and conditions of a restructuring plan, shall be the basis for a debt restructuring agreement expected to be completed within 2004. The total outstanding principal obligations of the three entities stand at P2.517 billion pesos: P1.35 billion pesos for Home Cable, P120.7 million pesos for Sky Vision and P1.166 billion pesos for Central CATV.

Rockwell Land Corporation (Rockwell Land) had a robust performance in 2003 with P2.2 billion in revenues, a 129% increase over the previous year's P1 billion. Net income at P150 million was a 127% increase over the P558 million net loss in 2002.

On July 30, 2003, Benpres sold its 100% equity stake in Customer Contact Center, Inc. (C-Cubed). C-Cubed, a 450 seat-call center, serves primarily the growing international business process outsourcing market and is considered a pioneer in the local contact center industry.

Liquidity and Capital Resources of Benpres (Parent Company Only) for the year ended December 31, 2003 compared with December 31, 2002

As of December 31, 2003, the company's total assets stood at PhP28,896 million. Total assets as of end-2002 were restated to PhP25,295 million to reflect the company's adoption of SFAS/IAS 37. The restatement takes into account among others, the expensing of foreign exchange losses in FPHC and preoperating expenses in Maynilad previously capitalized.

Cash and cash equivalents decreased to PhP1,040 million from PhP1,417 million, following voluntary prepayments based on its proposed Balance Sheet Management Plan (BSMP).

In 2003, Benpres voluntarily made payments on its direct and contingent obligations that are subject of the BSMP (excluding contingent obligations arising from Maynilad which the latter continues to service). Pending an agreement with its creditors on the BSMP, the company has offered to make payments semi-annually based on the following rates:

(a) At LIBOR plus a spread of 1.0% on all of its US dollar obligations; and
(b) At the 182-day Philippine Treasury Bill rate plus a spread of 1.0% on all of its peso obligations.

On January 8, 2003, Benpres failed to settle US$165 million in obligations arising from its suretyship over convertible preferred shares issued by Bayan Telecommunications Holdings Corporation (BTHC). The BTHC-related obligations arising from the AIF and Chase put options and the BTHC convertible preferred shares totalling US$216 million are included in the negotiations with creditors under Benpres' BSMP. As of December 31, 2003, Benpres had US$478 million and PhP3,422 million in direct and contingent obligations, detailed below, all of which are subject of the BSMP.

	At Dec 31, 2002		At Dec 31, 2003	
(In Millions)	PhP	US$	PhP	US$
Direct Obligations				
Long-term Commercial Papers (LTCP)	2,000.0		2,000.0	
Eurobond 7.875% Notes		150.0		150.0
Contingent Obligations				
Maynilad Water	1,713.0	126.0	1,421.8	118.1
MNTC	505.0	16.0	0	0
BayanTel		215.9		210.0

These direct and contingent obligations were reduced from their balances as of December 31, 2002 due to repayment by Maynilad of some of its obligations guaranteed by Benpres. In February 2003, MNTC likewise settled its bridge loans and other guaranteed obligations via drawdown on its project financing, thereby eliminating PhP505 million and US$16 million of Benpres contingent obligations.

Year Ended 31st December 2002 Compared WITH YEAR ENDED 31ST DECEMBER 2001 as AUDITED
(NOTE: For a discussion of the restatement of 2002 financial results, see Note 3 of Notes to the 2003 Financial Statements)

<u>Benpres</u>
Benpres posted consolidated revenues of PhP2,019 million in 2002, registering 14% growth from the year-ago level of PhP1,778 million. Although the corporation did not post any gain on sale of investments in 2002, this was offset by stronger net earnings of investee companies, particularly First Philippine Holdings Corporation (FPHC) and ABS-CBN Broadcasting Corporation (ABS-CBN). Consolidated costs and expenses fell from PhP11,773 million in 2001 to PhP3,194 million in 2002 due to provision for estimated liabilities from guarantee and commitments amounting to PhP6,358 million which were recognized in 2001. The corporation's net loss was likewise reduced to PhP1,064 million in 2002 from PhP9,993 million in 2001.

Subsidiaries

In spite of head-to-head competition, ABS-CBN managed to maintain its lead over rival GMA-7. However, consolidated airtime and broadcasting revenues remained flat at PhP9,923 million as the advertising market remained soft in the first half of 2002 and the company stopped airing advertisements sponsored by the government. However, revenues from affiliated businesses grew in 2002, mainly due to the continuing expansion of ABS-CBN Global to foreign markets. However, intense competition domestically drove operating expenses 18% higher in 2002 as the company increased the amount of original programming instead of increasing its replay pattern as is customary in a weak advertising market. Depreciation and amortization expenses also increased with the full-year impact of new broadcast facilities at the Eugenio Lopez Jr. Communications Center. As a result, ABS-CBN's net earnings fell 88% to PhP166 million. This figure is net of PhP272 million in non-recurring charges which the company recognized as it wrote off investments in subsidiaries that ceased operations in 2002. On September 2, 2002, ABS-CBN successfully converted a substantial majority of its short-term loans into a long-term secured facility maturing in 2007. Of the two creditors that did not participate in the term-out, one has since decided to join while a replacement funder is being sought for the other. ABS-CBN's outstanding loans with these two creditors are equivalent to only 1% of its total assets.

FPHC's 2002 consolidated net income amounted to PhP1,958 million, a 49% reduction versus the previous year. In 2001, FPHC booked a one-time gain on dilution of equity interest amounting to PhP1,365 million arising from the purchase by AIDEC FG Power Corporation and the Sumitomo Corporation of newly issued shares in First Generation Holdings Corporation (FirstGen), a subsidiary of FPHC. FPHC's net income, retained earnings and stockholders' equity for 2002 would have decreased by a further PhP5.0 billion had its affiliate Manila Electric Company (Meralco) provided for estimated losses resulting from a Supreme Court decision ordering Meralco to refund its customers PhP0.617 per kilowatt-hour. In spite of the one-time gain on dilution of equity interest booked in 2001, FPHC's 2002 consolidated revenues increased by 32% compared to year-ago levels as revenues from the sale of electricity rose by PhP8,111 million. This increase in the sale of electricity was due to the improvement in the dispatch of FirstGen's Sta. Rita gas-power plant averaging 60% to 65% in 2002 from only 12% in 2001 as well as the start of commercial operations of FirstGen's San Lorenzo plant in October 2002.

On December 9, 2002, Maynilad Water Services Inc. (Maynilad) issued a Notice of Early Termination notifying the Metropolitan Waterworks and Sewerage System (MWSS) of Maynilad's intent to terminate the concession effective 60 days from the date of the notice on the grounds that MWSS had committed serious breaches of its obligations under the Concession Agreement. The termination of the concessions entitles Maynilad to an Early Termination Amount. However, the MWSS has challenged Maynilad's right to terminate the concession and disputes that Maynilad is entitled to an Early Termination Amount. An Arbitration Panel has been constituted to rule on this issue.

Having satisfied the various conditions precedent to drawdown, the Manila North Tollways Corporation (MNTC) drew in early February 2003 US$83 million of the US$261 million facility approved by a syndicate of foreign lenders on July 7, 2001. The proceeds were immediately applied towards the rehabilitation of the Manila North Expressway, which is expected to be completed in early 2005. The successful drawdown by MNTC resulted in the settlement of PhP525 million and US$15 million in obligations which were guaranteed by Benpres, thereby reducing Benpres' contingent obligations by the same amounts.

With the success of its Bayan399 program, Bayan Telecommunications Inc. (BTI) reversed the decline in its fixed line subscribers in the fourth quarter of 2002. It ended the year with 188,346 subscribed lines. Meanwhile, the company's data business continued to thrive, with total data and IP circuits growing from 17,000 at the end of 2001 to 39,528 at the end of 2002. BTI's parent company, Bayan Telecommunications Holding Corporation (BTHC), posted consolidated revenues of PhP4,895 million and a net loss of PhP5,335 million. BTI continues to accrue interest expenses at the contracted rates while its restructuring negotiations on US$417 million and PhP2,990 million of debts are ongoing. The company has proposed a restructuring of these debts into a US$275 million interest-bearing and amortizing redeemable note maturing in nine years (representing the sustainable portion of its debts) and the balance into a zero-coupon note convertible into equity in BTI. In late 2002, BTI's secured creditors responded by submitting a term sheet containing the restructuring terms they were prepared to accept. These terms are currently being negotiated with the company's unsecured creditors. On May 1, 2002, BTI appointed CLSA as its financial advisor for the restructuring, replacing Bank of America.

Sky Vision Corporation (Sky) and The Philippine Home Cable Holdings Inc. (Home) continue to negotiate with their respective creditors on the restructuring of PhP2,517 million of secured and unsecured debts as well as seek creditors' consent to the pending consolidation of both entities under Beyond Cable Holdings Inc. as envisioned in the Master Consolidation Agreement signed by Benpres, Lopez Inc., ABS-CBN, the Philippine Long Distance Telephone Company, and Mediaquest Holdings Inc. on July 18, 2001. On January 29, 2003, Sky and Home jointly appointed Buenaventura Echauz and Partners as financial advisor for the restructuring, replacing a consortium of local firms earlier appointed for the role. In 2002, Sky and Home successfully concluded negotiations to reinstate carriage of certain cable TV channels of Hong Kong-based STAR TV. The new long-term carriage agreement with STAR strengthens the two companies' program offerings and enhances their competitive advantage against rival operators.

In May 2002, Rockwell Land Corporation began construction of its latest residential development, The Manansala. It has since pre-sold more than 70% of the available units. As of this writing, the substructure has been completed while the contract for the superstructure has been awarded. Construction is expected to be fully completed in mid-2005. RLC's revenues for 2002 reached PhP1.1 billion; however, it incurred a net loss of PhP481.3 million for the same period.

Customer Contact Center Inc. (C-Cubed) became profitable in the last quarter of 2002. Its partnership with Source One brought in many new international customers, including Chevron and Sony. At the end of 2002, the company utilized 361 seats and 585 full-time equivalent agents.

The GPS-based vehicle tracking system of Webcast Technologies, the company acquired by BayanMap in 2001, continues to gain acceptance as an effective fleet management tool and security device. It is now required by a large cement manufacturer for its haulers and is also a standard accessory for the high-end SUV model of a leading car manufacturer. Meanwhile, BayanMap has focused on selling applications of its digital maps to its traditional internal Lopez group clients as well as to local government entities who find that GPS/GIS mapping competencies can enhance management of their municipalities.

Liquidity and Capital Resources of Benpres (Parent Company Only) for the year ended December 31, 2002 compared with December 31, 2001

As of December 31, 2002, the company's total assets stood at PhP48,490 million. Cash and cash equivalents stood at PhP1,859 million as of December 31, 2002, having increased from PhP629 million as of the end of 2001 due partly to the redemption in August 2002 of the convertible note issued by FPHC.

Benpres defaulted on an interest payment due on June 19, 2002 and on interest and principal payments due on December 19, 2002 related to its US$150 million Eurobond 7.875% Notes listed on the Luxembourg Stock Exchange, which matured on the latter date.

On October 24, 2002, the Asian Infrastructure Fund (AIF) and Chase Manhattan Overseas Banking Corporation (Chase) exercised a put option over their shares in BTHC. Under the put option, AIF and Chase have the right to require Benpres to buy back their BTHC shares at cost plus accrued interest. Benpres has recognized that US$44 million is owed to AIF and US$6 million to Chase in exchange for their respective shares in BTHC. However, both AIF and Chase have indicated that larger amounts are owed to them.

A civil suit for damages alleging violations of the U.S. federal securities law and New York state law was filed on December 19, 2002 by AIG Asian Infrastructure Fund (AIG), L.P. against Benpres, BTHC, and certain of their officers and directors with a U.S. federal trial court in New York City. The complaint alleges that the defendants, including the placement agent in the sale of the convertible preferred shares of BTHC, failed to disclose to AIG at the time it purchased such shares that certain institutional stockholders of BTHC had a pre-existing put right to Benpres of their common shares in BTHC.

AIG also filed a motion for summary judgment in lieu of a complaint with the New York state court against Benpres and BTHC for the payment of the amount of US$44 million under the convertible preferred shares issued by BTHC and guaranteed by Benpres. Benpres and BTHC filed a motion to dismiss which is still pending resolution.

On January 8, 2003, Benpres failed to settle US$165 million in obligations arising from its suretyship over convertible preferred shares issued by BTHC. The BTHC-related obligations arising from the AIF and Chase put options and the BTHC convertible preferred shares totalling US$216 million are included in the negotiations with creditors under Benpres' Balance Sheet Management Plan (BSMP). As of December 31, 2002, Benpres had US$508 million and PhP4,218 million in direct and contingent obligations, detailed below, all of which are subject of the BSMP.

(In Millions)	At Dec 31, 2001		At Dec 31, 2002	
	PhP	US$	PhP	US$
Direct Obligations				
Long-term Commercial Papers (LTCP)	2,000.0		2,000.0	
Eurobond 7.875% Notes		150.0		150.0
Contingent Obligations				
Maynilad Water	1,880.0	132.8	1,713.0	126.0
MNTC	505.0	16.0	505.0	16.0
BayanTel		218.9		215.9

These direct and contingent obligations were reduced from their balances as of December 31, 2001 due to repayment by Maynilad of some of its obligations guaranteed by Benpres. In February 2003, MNTC likewise settled its bridge loans and other guaranteed obligations via drawdown on its project financing, thereby eliminating PhP505 million and US$16 million of Benpres contingent obligations.

On December 2, 2002, Benpres voluntarily made payments on its direct and contingent obligations that are subject of the BSMP (excluding contingent obligations arising from Maynilad which the latter continues to service). Pending an agreement with its creditors on the BSMP, the company has offered to make payments semi-annually using the following rates and based on the Company's liabilities computed as of May 31, 2002:

(a) At LIBOR plus a spread of 1.0% on all of its US dollar obligations; and
(b) At the 182-day Philippine Treasury Bill rate plus a spread of 1.0% on all of its peso obligations.

The amounts stated are all the liabilities recognized by Benpres and no further claims are expected outside of these items.

In line with the BSMP, Benpres does not have any material commitments for capital expenditures. There are no seasonal aspects that have a material effect on the company's financial condition or results of operations.

Financial Statements

The consolidated financial statements of the company are incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this Form 17-A.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with the external auditors on accounting and financial disclosures.

Compliance with Leading Practice on Corporate Governance

The Board of Directors of the Issuer has adopted a Manual of Corporate Governance to institutionalize corporate governance principles. The Issuer has appointed a Compliance Officer who reports to the Board of Directors and monitors compliance of corporate governance matters. The Board of Directors has created an Audit Committee in accordance with its Manual of Corporate Governance. There were no deviations from the Manual of Corporate Governance reported during the year. The Company pursues initiatives to improve corporate governance of the Company such as risk management and improvement of internal auditing processes.

Business

The Company

Benpres Holdings Corporation (Benpres) was incorporated in 1993 by the Lopez family to serve as the holding company for investments in four major sectors: broadcasting and cable; telecommunications; power generation and distribution; and banking. It has since sold its interest in banking and added to its portfolio investments in other basic service sectors such as infrastructure, property development, information technology and health care delivery.

No new businesses were developed in the last three years.

Please refer to Exhibit 1 on page 25 summarizing the list of the subsidiaries and direct affiliates of the registrant including their principal activities, total revenues and net income.

COMMUNICATIONS

Media

In 2004, ABS-CBN Broadcasting Corporation (ABS-CBN) registered total consolidated revenues of P13.57 billion, a 7% increase from the previous year's P12.64 billion.

Consolidated net airtime and other broadcasting related revenues were flat, up by only 2% to P9.26 billion from P9.08 billion in 2003, but net sales and services, which include subscription fees for ABS-CBN Global's services, sale of inventories, and non-broadcast related revenues, increased by 21% to P4.31 billion from P3.56 billion the previous year.

Consolidated cost and operating expenses were up 16% to P12.05 billion from P10.39 billion. Total cash operating expenses increased by 19%. Production cost and cost of sales and services increased by 19% and 22%, respectively, while general and administrative costs increased by 16%, driven by personnel costs and ABS-CBN Global's expansion into new territories.

Net income was 25% lower at P758 million from P1.008 billion in 2003. Resulting net income margin stood at 6% from 8% the previous year.

Meanwhile, EBITDA, which reflects the Company's cash generating abilities, reached Php3,976 million in 2004, lower by 10% from the previous year. Consequently, EBITDA margin stood at 29% in 2004 from 35% the prior year.

Improved cash management, such as the reduction in DSO (day sales outstanding) of net trade receivables, a newly revamped program grid, and the continued robustness of ABS-CBN Global are expected to help the company weather the immensely competitive environment that lies ahead.

Cable

In July 2004, creditors of Sky Vision Corp., Central CATV Inc., and Philippine Home Cable Holdings Inc. signed a debt restructuring agreement (DRA) giving the cable operators seven years to pay for total debts of P2.5 billion pesos.

Debt restructured amounted to P1.166 billion for SKYCable and P1.350 billion for Home Cable.
Beyond Cable Holdings, Inc., which houses Benpres' cable investments, also received US$30 million in fresh funds through a Note subscribed to by ABS-CBN. The Note, a noncurrent receivable of ABS-CBN, bears interest and gives the subscriber the opportunity to convert to equity at a significant discount to a third party valuation or a public offering price.

Beyond Cable implemented a 5% increase in subscription fees in 2004, to cover a new channel added to the SKYCable and Home Cable lineup.

Cable operations added 16,000 subscribers in 2004, compared to a decline of 5,000 in 2003. Subscribers to ZPDee Cable Internet increased 175% to over a thousand and overall satisfaction level for the SKYCable brand, as measured by an independent survey, improved to 71% from 55% the previous year.

As committed to creditors under the DRA, assets of Home Cable were transferred to Central CATV and Home Cable ceased operations on December 31, 2004.

Telecom
On June 28, 2004, the Pasig Regional Trial Court (RTC), Branch 158 approved the financial rehabilitation of BayanTel based on sustainable debt level of US$325 million, payable over 19 years.

The decision penned by RTC Judge Rodolfo R. Bonifacio said the remainder of BayanTel's debt may be converted to another appropriate instrument that shall not be a financial burden to the company. It also mandated BayanTel to treat all creditors equally.

Some of BayanTel's creditors, including the petitioner and majority of the secured creditors have appealed the lower court decision.

Nonetheless, BayanTel improved its profitability in 2004 by growing its business through customer focused strategies.

The company's strategy of optimizing resources through effective cost management initiatives resulted in a 53% increase in EBITDA to P2.03 billion in 2004 from P1.33 billion in 2003. Bayantel also achieved revenue growth of P418 million versus 2003 to reach to P5.36 billion. This follows a declining revenue trend that started from 2001.

BayanTel's positive performance in 2004 is driven largely by the increase in LEC (local exchange carrier) subscriber base, ramp up in DSL connections to businesses and even residential customers, increase in internet revenue, and the strong performance of international long distance. BayanTel's LEC subscribers grew 12% to 271,900 lines as of end-2004 from 243,611 lines at the end of 2003.

DSL's remarkable performance this year is mainly attributable to a combination of focused sales efforts and end-to-end process improvement in key areas such as marketing, service provisioning, product delivery or installation and after sales support. DSL lines grew 201% year-on-year (YoY).

BayanTel's position in the Internet segment improved with the integration of Sky Internet in February. Sky Internet's strong brand name, which includes the prepaid internet card, Blast, generated strong demand and resulted in robust revenue performance for Bayantel's overall internet service. Internet revenue grew 232% YoY.

POWER
In 2004, First Philippine Holdings Corporation (FPHC) posted consolidated revenues of P38.89 billion, up 3.8% from P38.42 billion the previous year. Consolidated cost and expenses for the period increased by 4.5% to P30.16 billion from P28.86 billion. Income from operations was likewise flat, up by only 1.7% to PhP9.7 billion from P9.6 billion in 2003.

FPHC generated a gain of P228 million from the sale of 1.1 million preferred shares of SiRF, a U.S.-based electronic company. However, it also booked an equity in net losses of associates in the amount of P467 million, largely as a result of provisions made by associate utility, Meralco, for probable losses should the Supreme Court rule against an increase in electricity rates.

Net income of P3.31 billion or P6.035 per share, down 14% from P3.84 billion the previous year.

Power Generation
First Gen Corporation's consolidated revenues increased slightly by 1.66% to P37.04 billion in 2004 as First Gas Power Corporation and Bauang Private Power Corporation posted increases in revenues of 5.5% and 3.5%, respectively. However, these gains were partially tempered by lower revenues at FGP Corp. in the same year due to lower plant dispatch.

First Gen's net income for the period showed a 6.91% decline to P4.96 billion. However, 2003's results included a one-time gain of P318 million from the sale of Panay Power Corporation, a 72-megawatt diesel power plant located in Southern Philippines. Netting off this one time gain, First Gen's net income in 2004 would have been largely unchanged compared to 2003.

In June 2004, First Gen won the bidding for the 1.6MW Agusan Mini-hydro under the PSALM Privatization program. First Gen took over the plant in March 2005.

Power Distribution

Meralco reported a P2.61 billion net loss in 2004, largely due to a provision for probable losses in the event of a final and executory adverse decision on a petition filed by the company before the Supreme Court. The electric utility also restated its net income for 2003 from P907 million to P1.27 billion.
Operating income before provisions increased by 82.5%, from P5.57 billion to P10.18 billion, while operations and maintenance expenses decreased by 4.4%, from P10.27 billion to P9.82 billion.

Pending at the Supreme Court is a 'Petition for Review' filed by Meralco against Court of Appeals rulings that annulled and set aside the Energy Regulatory Commission's (ERC's) approval of Meralco's unbundled tariffs.

Meralco's tariffs were unbundled in June 2003, as required by the Electric Power Industry Reform Act of 2001. The unbundled rates approved by ERC resulted in a total average increase of P0.17 per kilowatt-hour (kWh) over May 2003 levels. This consists of an P0.0835 hike in generation and transmission charges and an P0.0865 rate adjustment for the company, its first since 1994.

Meralco provided for probable losses amounting to P9.82 billion, which is management's best estimate of such losses up to the end of 2004 should the High Court rule with finality against Meralco's petition.

Meanwhile, electricity sales increased 3.5% to 24,660 million kWhs on the back of a 4.8% growth in the commercial sector. Industrial sector sales grew 3.1% to 7,003 million kWhs, while sales to residential customers increased by 2.5% to 8,742 million kWhs, with a better-than-expected addition of 140,000 new customers.

Electric system performance also continued to improve, with Meralco registering 14.8% and 20.1% improvements in system reliability and availability, respectively.

INFRASTRUCTURE

Tollways

The Manila North Tollways Corporation conducted a comprehensive communications program in 2004 to generate understanding of and support for the North Luzon Expressway (NLE) project and the required adjustments in the toll rate structure. The communication program focused on the efficiency and safety provided by the new NLE to the riding public and the economic growth it will bring forth to the region.

On January 26, 2005, the NLE Phase 1 project was accepted by Norconsult, the independent certification engineer, as substantially completed through the signing of the Certificate of Substantial Completion (CSC). The CSC and Toll Operation Permit along with the initial toll rate structure were approved at the Toll Regulatory Board meeting on January 27, 2005.

Following the publication of the approved toll rates, commercial operations started on February 10, 2005. Tollways Management Corporation (TMC), the toll road operator, took over from the Philippine National Construction Corporation, for the NLE, and from the First Philippine Infrastructure Development Corporation (FPIDC), for the Subic-Tipo Road.

Water Distribution

On March 18, 2004, Maynilad Water Services, Inc. (Maynilad) and Metropolitan Waterworks and Sewerage System (MWSS) submitted a plan, contained in Amendment No. 2 to the Concession Agreement, to the Quezon City Regional Trial Court hearing Maynilad's petition for corporate rehabilitation. The compromise plan sought to replace Maynilad's November 2003 Rehabilitation Plan. It proposed the quasi-reorganization of Maynilad and debt restructuring, to pave the way for a commercially viable and stable water service. Under this compromise plan, all outstanding concession fees owed MWSS would be settled and all of Benpres's US$80-million-equity in Maynilad would be written off. In addition, the plan called for a partial draw of US$50 million on Maynilad'sUS$120-million-performance bond and the restructuring of all its debt. This plan obtained the concurrence of 73% of Maynilad's creditors.

In June 2004, MWSS withdrew its consent to Amendment No. 2 after the Supreme Court allowed MWSS to draw in full the US$120 million-performance bond. On September 9, 2004, in compliance with an August 6, 2004 Order by the Rehabilitation Court, Maynilad submitted a revised rehabilitation plan based on full draw of the performance bond.

On September 29, 2004, the Rehabilitation Court ruled that there is merit to the Petition for Rehabilitation and referred the Petition, Annexes and September 2004 Rehabilitation Plan to the Receiver for evaluation.

On December 17, 2004, MWSS sent a notice to Maynilad to draw on the US$120-million bond and a new average all-in tariff of P30.19 per cubic meter was published. 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 and its shareholders, the bank creditors, and MWSS execute implementing agreements on December 31, 2004. Otherwise, Maynilad should be ordered to submit a revised rehabilitation plan.

On January 1, 2005, Maynilad started implementing the rebased tariff rate of P30.19 per cubic meter. On January 14, 2005, MWSS sent a demand for the full US$120 million-performance bond. On January 20, 2005, MWSS received the entire proceeds of the US$120 million-performance bond.

Meanwhile, Maynilad and its shareholders, the bank creditors, and MWSS failed to execute the implementing agreements that would give effect to the September 2004 Rehabilitation Plan. As a consequence, the Rehabilitation Court, in a hearing conducted on January 31, 2005 on the Rehabilitation Receiver’s Report and Recommendation, ordered Maynilad to submit a “Modified Rehabilitation Plan.” Maynilad failed to submit the said Modified Rehabilitation Plan on February 28, 2005. Consequently, the Rehabilitation Court gave Maynilad a non-extendible deadline of April 29, 2005 to submit the Modified Rehabillitation Plan.

Maynilad is continuing its discussions with MWSS, bank creditors and shareholders to reach an agreement on the terms of restructuring of outstanding bank loans.

OTHER INVESTMENTS

Rockwell Land Corporation
The Manansala and Joya condominium towers anchored Rockwell Land's strong performance in 2004. By yearend, the Manansala was 98% sold and accounted for P1.8 billion (67%) of consolidated revenue. The company posted a 21% revenue growth to P2.7 billion and income after tax was P245 million. EBITDA improved by 28% at P776 million.

Joya Towers and Lofts was 52% sold by December 2004. Formally opened to the market in June 2004, Joya's Loft units had achieved an 80% take-up rate in just six months.

Meanwhile, 7.7 million customers visited the Power Plant Mall, and dining outlets have become more alive with improved patronage. The Mall's aggressiveness in marketing, and in the cinema and bowling operations in particular, contributed revenues of P596 million, posting the highest growth of 13%. Tenant sales increased by 5% as the mall operation continued to boom despite growing competition.

Rockwell was able to refinance P470 million of its P2 billion-Long Term Commercial Papers over four years. It raised a P1 billion 2-year Contract-to-Sell (CTS) loan facility to finance Manansala’s project funding requirements. Debt reached P2.4 billion with the Manansala project loan drawdown.

At yearend, Rockwell had P10.5 billion in assets—P358 million of that in cash, P2.2 billion in receivables—and land bank of P2.4 billion. Bank debt-to-equity remained at a comfortable ratio of 0.39:1.

Mall occupancy is expected to reach 98% toward the second half of 2005 as it welcomes flagship retailers. With the last unit of Manansala sold in February 2005 and Joya projected to be 90% sold by yearend, 2005 is anticipated to be even better for Rockwell.

Professional Services, Inc. (The Medical City)
The Medical City moved to its new facility on Meralco-donated property on June 10, 2004. Profits fell by 61% to P80.2 million from P205.4 million in 2003, as general and administrative expenses rose 25% while gross profit improved by only 10%.The Medical City also booked interest expense in the amount of P121.9 million in 2004, compared to none in 2003, as total current liabilities increased by 67%. New loans were primarily used to purchase various medical equipment and partly to finance the construction of the new facility.

CORPORATE SOCIAL RESPONSIBILITY

ABS-CBN Foundation, Inc. and ABS-CBN Bayan Foundation

ABS-CBN Foundation, Inc. (AFI) and ABS-CBN Bayan Foundation continued to make a positive impact on the lives of Filipinos in 2004.

AFI's Bantay Bata 163 rescued an average of seven children per month all of whom were provided shelter at the Children's Village, which now houses 115 children. Medical assistance was provided to 1,102 children in 2004 bringing the total number of medically-assisted from 1997 to 7,657 as of end-2004.

Bantay Kalikasan successfully reforested 1,500 hectares of the La Mesa Watershed, exceeding its target of 1,200 set in 1999. The Quezon City government turned over operations of the La Mesa Ecological Park to Bantay Kalikasan in September 2004. Bantay Usok has taken 18,704 vehicles off the road since it began in 2002. Bantay Baterya generated P2.28 million from 362 tons of used lead-acid batteries collected from 38 companies.

ETV (Educational Television) under E-Media continued to widen its reach, as 833 additional schools received ETV infrastructure in 2004. ETV-produced shows *Mathtinik, Hirayamanawari, Sine'skwela, Epol/Apple* and *Bayani* received the Anak TV Seal from the Southeast Asian Foundation for Children's Television and certain episodes of the shows received awards from the Basel-Karlsruhe Festival (Switzerland), 21st International Science Program Festival (France), Catholic Mass Media Awards and Prix Jeunesse International (Germany).

ABS-CBN Foundation Volunteers were busy year-round, responding to 25 disasters through Sagip Kababayan and 4 disasters through Sagip Kapamilya. Disaster Relief through Sagip Kababayan served 19,067 families and distributed P2.2 million worth of relief assistance while that through Sagip Kapamilya, as of January 19, 2005 served 75,798 families and distributed P44.6 million of donated goods.

ABS-CBN Bayan Foundation expanded the coverage of its microfinance programs, reaching 164 municipalities in 2004, compared to 113 in 2003. Cumulative loans disbursed amounted to P2.14 billion as of end-2004. The number of active clients reached 38,422, 92% of them women. Repayment rate as of December 2004 was at 96.13% compared to 96.87 as of end-2003.

Knowledge Channel Foundation

Knowledge Channel Foundation, Inc. launched a text-based fundraising campaign in 2004, in support of its Cable-A-School program. It also held a walk-for-a-cause, Lakad Mo, Pangarap Ko, that raised P5.8 million for its various initiatives in education. Its Knowledge Caravan, an interactive play and learn exhibit in selected malls brought fun and learning closer to the general public, with the help of sponsors. Over 32,000 visitors graced six Knowledge Caravans held throughout the year.

In cooperation with the National Commission for Culture and the Arts and AFI, Knowledge Channel Foundation has produced 32 episodes of Pamana, a Filipino heritage and culture series for Makabayan Grade 3, and and 36 episodes of Kasaysayan TV (KTV), a Philippine History series for Makabayan High School 1. These have a strong Filipino character and identity necessary to complete the Department of Education core social science subject, Makabayan.

Since 1999, Knowledge Channel Foundation has conducted 65 Teacher Training modules involving 6,136 participants, 81 Principals Orientation seminars for 7,526 participants. As of end-2004, its curriculum-based programs reached an audience of 2.516 million students in 1,400 schools nationwide.

Lopez Group Foundation

In order to coordinate and collate information, as well as to cause cooperation among different, but similarly aligned projects relating to corporate social responsibility, Benpres Holdings chairman Oscar M. Lopez organized the Lopez Group Foundation, Inc. (LGFI), starting with seven member foundations, as follows: ABS-CBN Foundation, ABS-CBN Bayan Foundation, Eugenio Lopez Foundation, Inc., First Philippine Conservation, Inc. (FPCI) , Knowledge Channel Foundation, Meralco Millennium Foundation and Don Senen G. Foundation.

Also members of LGFI are the major companies from the Lopez Group that have active employee volunteers regularly tapped for corporate responsibility programs. These are Benpres Holdings Corporation, First Philippine Holdings Corporation, Lopez Inc, ABS-CBN Broadcasting Corporation, and Meralco.

Eugenio Lopez Foundation supports the Lopez Memorial Museum and Library. FPCI is an intermediary that works closely with Conservation International in the conservation of biodiversity and partners with civil society, government, and business to protect the largest block of old-growth forests in the Sierra Madre and Palawan. Meralco Millennium Foundation trains teachers to become computer literate, donates computers and books to public schools and organizes employee volunteers for community-based endeavors, among others. Don Senen G. Foundation provides assistance programs particularly to the poor communities at the sites of the fuel pipelines.

Among the main challenges for LGFI is to identify common ground for the diverse thrusts and initiatives of the various corporate social responsibility and philanthropic projects of the Lopez Group. Through a system of reporting, the impact created by different projects can be monitored and the information gathered can be disseminated. In this way, the donee-institutions, which are accountable for the funds they raise from within and outside the Lopez Group, could gain a much wider and deeper support.

Despite difficult economic times, corporate responsibility projects are implemented for the positive, long-term impact on society and the goodwill these bring to business. To reach their goals, corporate responsibility projects depend on the communities they serve for participation, and at the same time, strive to be sustainable and self-reliant.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Benpres Holdings Corporation is responsible for all information and representations contained in the consolidated financial statements as of December 31, 2004 and 2003 and for the each of the three years in the period ended December 31, 2004. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of the Company. SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, have examined the consolidated financial statements of the Company in accordance with generally accepted auditing standards in the Philippines and have expressed their opinion on the fairness of presentation upon completion of such examination, in their report to the Board of Directors and stockholders.

OSCAR M. LOPEZ
Chairman of the Board and
Chief Executive Officer

JORGE A. LICHAUCO
Chief Financial Officer