

SEC Number **AS093-04369**
TIN **002-825-058**

**BENPRES HOLDINGS CORPORATION
AND SUBSIDIARIES**

(Company's Full Name)

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

(Company's Address)

631-3111

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

Form 17 - Q

Form Type

Amendment Designation (If applicable)

March 31, 2003

Period Ended Date

(Secondary License Type and File Number)

THE SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17- Q

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

1. **March 31, 2003**
Date of Report (Date of earliest event reported)
2. SEC Registration No. **AS093-04369** 3. BIR TIN. **002-825-058**
4. **Benpres Holdings Corporation**
Exact name of registrant as specified in its Articles of Incorporation
5. **Metro Manila** 6. _____
Place of incorporation Industry Classification Code
7. **4th Floor Benpres Building, Exchange Road cor. Meralco Ave. Pasig City**
Address of principal office
8. **631-3111**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of RSA

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

11. Are any or all of the securities listed on the Philippine Stock Exchange:
Yes [] No []
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)
Yes [] No []
- (b) has been subject to such filing requirements for the past 90 days.
Yes [] No []

PART I – FINANCIAL INFORMATION

Item I. Financial Statements

The unaudited consolidated financial statements are filed as part of the Form. It is prepared in conformity with accounting principles generally accepted in the Philippines.

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

Benpres

For the three months ended March 31, 2003, Benpres reported a 14% increase in its revenues to PhP562 million from PhP491 million in the same period last year. Equity in net earnings of investees increased 80% to PhP342 million primarily due to the continued strong performance of First Philippine Holdings Corporation (FPHC) and its power generation assets. ABS-CBN's recovery also resulted in a reduction on the accretion of losses on Notes. In addition, Benpres booked some recovery from a rise in the market value of the Company's investments in Digitel.

Benpres' net income for the period ended March 31, 2003 amounted to PhP133 million versus PhP2 million last year.

Subsidiaries

ABS-CBN Broadcasting Corporation registered a net income of PhP107 million in 1Q 2003, up from PhP3.8 million in the same period last year. The dramatic improvement in net income was mainly due to a sustained recovery in industry advertising spending. ABS-CBN as of end-1Q 2002 had total consolidated assets of P22.24 billion. Interest-bearing debt-to-equity ratio stood at 0.43x as of March compared to 0.46x as of end-2002 because of improving cash flow from operations. The balance sheet remained stable with a current ratio of 1.4x.

FPHC has provided for its share in Meralco's contingency losses in the amount of PhP5.26 billion, following Meralco's full provisioning for the P30-billion refund to its customers. The effect of this transaction on Benpres is reflected in the discussion of Liability and Capital Resources. Meanwhile, FPHC revenues amounted to PhP8.2 billion for the three months ended March 31, 2003, versus PhP5.1 billion in the same period last year. The 60% revenue increase was primarily due to the contribution of FPHC's power generating assets. Net income, increased by 24% to PhP597 million from PhP481 million.

The carriage businesses have focused operations on rebuilding subscriber bases, even as both are under financial restructuring. BayanTel listed a 7% increase in subscribers for the January-March 2003 period versus end-2002 numbers, while the Beyond Cable system, pro forma to the consolidation of SkyCABLE and Home Cable, posted a 6% rise in the same comparative period.

On February 7, 2003, Maynilad Water Services, Inc. (Maynilad) confirmed the termination of the Concession Agreement pursuant to the Notice of Early Termination dated December 9, 2002. On the same day, the Appeals Panel issued an interim order staying the termination of the Concession. The Panel has since ruled that it has jurisdiction and that the stay order is valid. These points were earlier questioned by Maynilad because the order was issued when the Concession was already terminated. The arbitration proceedings are ongoing and will ultimately determine which party is at fault. Its ruling will be the basis for the computation of the Early Termination Amount.

Manila North Tollways Corporation 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. Construction of its North Luzon Tollway Project is ongoing at 25 separate sites and is expected to be completed by early 2005.

Rockwell Land is still in the pre-selling stage of the Manansala residential condominium. Approximately 72% of the building, targeted for delivery in June 2005, has been pre-sold.

Liability and Capital Resources of Benpres for the period ended March 31, 2003 (Unaudited, Consolidated) compared with December 31, 2002 (Audited, Consolidated)

Total liabilities as of March 31, 2003 amounted to PhP37.58 billion, almost flat from PhP37.96 as of end-2002. Stockholders' equity declined 22% to PhP8.2 billion from PhP10.5 billion as Benpres reflects the provision for contingency losses at the FPHC level pursuant to the Meralco refund. The effect of this transaction is a reduction in retained earnings in the amount of PhP2.4 billion.

As of March 31, 2003, Benpres's total assets stood at PhP45.8 billion, 5.5% lower than PhP48.5 billion as of end-2002. The affected accounts were Net Investments and Advances which was reduced by 7% to PhP19.7 billion from PhP21.2 billion and Net Other Noncurrent assets which was reduced by 6% to PhP18.5 billion from PhP19.6 billion.

PART II – OTHER INFORMATION

The Company has no other information that needs to be disclose other than disclosures made under SEC Form 17-C (if any).

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Millions, Except Par Value and Number of Shares)

	March 31, 2003 (Unaudited)	December 31, 2002 (Audited)	March 31, 2003 (Unaudited)	December 31, 2002 (Audited)
	Historical		Pro forma	
ASSETS				
Current Assets				
Cash and cash equivalents	P1,709	P1,859	P2,797	P2,574
Marketable equity securities - net	390	318	390	318
Receivable - net	812	803	4,355	4,451
Program rights - net	-	-	1,951	1,904
Other current assets - net	567	713	1,114	1,237
Total Current Assets	3,478	3,693	10,607	10,484
Noncurrent Assets				
Investments and advances - net	19,726	21,211	12,414	14,135
Property and equipment - net	4,114	3,980	15,283	15,580
Due from affiliated companies	9	11	200	191
Other noncurrent assets - net	18,479	19,595	21,504	23,477
	42,328	44,797	49,401	53,383
	P45,806	P48,490	P60,008	P63,867
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Bank loans (Note 3)	P7,368	P7,889	P7,795	P8,314
Accounts payable and other accrued liabilities	8,152	7,924	11,469	10,972
Current portion of long-term debt (Note 4)	10,048	9,988	11,404	10,473
Current portion of estimated liabilities from guarantee and commitments	8,557	8,557	8,557	8,557
Total Current Liabilities	34,125	34,358	39,225	38,316
Noncurrent Liabilities				
Long-term debt - net of current portion (Note 4)	21	12	4,523	5,405
Other noncurrent liabilities	1,225	1,450	1,664	1,953
Minority interest	2,212	2,135	6,373	7,658
Total Noncurrent Liabilities	3,458	3,597	12,560	15,016
Stockholders' Equity				
Capital stock	4,581	4,581	4,581	4,581
Capital in excess of par value	6,766	6,766	6,766	6,766
Equity adjustment from translation	55	55	55	55
Retained earnings	(3,179)	(867)	(3,179)	(867)
Total Stockholders' Equity	8,223	10,535	8,223	10,535
	P45,806	P48,490	P60,008	P63,867

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(Amounts in Millions, Except Per Share Amounts)

	Three Months Ended March 31			
	2003	2002	2003	2002
	Historical		Pro forma	
REVENUES				
Equity in net earnings of investees	₱342	₱190	₱291	₱186
Net sales and services	94	103	829	790
Interest on Notes	33	33	-	-
Accretion of earnings on Notes	-	-	-	-
Airtime - net	-	-	1,860	1,375
Others	93	165	133	282
	562	491	3,113	2,633
COSTS AND EXPENSES				
Depreciation and amortization	46	102	371	441
General and administrative	93	78	867	801
Costs of sales and services	24	56	396	365
Accretion of losses on Notes	11	38	-	-
Equity in net losses of investees	-	-	-	-
Production costs	-	-	643	464
Amortization of program rights	-	-	165	118
Interest and others - net	260	214	408	409
	434	488	2,850	2,598
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	128	3	263	35
PROVISION FOR INCOME TAX	-	(4)	(75)	(38)
INCOME (LOSS) BEFORE MINORITY INTEREST	128	(1)	188	(3)
MINORITY INTEREST	5	3	(55)	5
NET INCOME	₱133	₱2	₱133	₱2
Earnings Per Share (Note 5)				
Basic	₱0.0290	₱0.0004	₱0.0290	₱0.0004
Diluted	0.0292	0.0005	0.0292	0.0005

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended March31	
	2003	2002
CAPITAL STOCK - P1 par value		
Authorized - 5,500,000,000 shares		
Issued - 4,581,544,408 shares	P4,581	P4,581
CAPITAL PAID IN EXCESS OF PAR VALUE	6,766	6,766
SHARE IN REVALUATION INCREMENT OF AFFILIATES' PROPERTIES	-	3,362
EQUITY ADJUSTMENT FROM TRANSLATION	55	49
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of period, as previously reported	(867)	311
Share in Meralco's contingent losses for refund	(2,445)	-
Balance at beginning of period, as restated	(3,312)	311
Net income	133	2
Balance at end of period	(3,179)	313
	P8,223	P15,071

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Amounts in Millions)

	Three Months Ended March 31			
	2003	2002	2003	2002
	Historical		Pro forma	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	₱133	₱2	₱133	₱2
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in net earnings of investees	(342)	(190)	(291)	(186)
Depreciation and amortization	46	102	536	441
Accretion of earnings	11	38	-	-
Interest on Notes	(33)	(33)	-	-
Minority interest	(5)	(3)	55	(5)
Others	(19)	(67)	(19)	(67)
Changes in assets and liabilities:				
Decrease (increase) in current assets	137	(80)	7	(333)
Increase in current liabilities	228	282	497	949
Net cash provided by operating activities	156	51	918	801
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (decrease) in:				
Investments and advances	(594)	118	(442)	100
Property and equipment and other assets	936	450	1,899	456
Net cash provided by investing activities	342	568	1,457	556
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loans and long term debt	(505)	(277)	(523)	(777)
Increase (decrease) in:				
Other noncurrent liabilities	(225)	(112)	(289)	(106)
Minority interest	82	(85)	(1,340)	(313)
Net cash used in financing activities	(648)	(474)	(2,152)	(1,196)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(150)	145	223	161
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,859	629	2,574	962
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱1,709	₱774	₱2,797	₱1,123

See accompanying Notes to Consolidated Financial Statements.

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Corporate Information and Status of Operations

a. Corporate Information

Benpres Holdings Corporation (the Parent Company) is incorporated in the Philippines. The Parent Company is a 58.21% owned subsidiary of Lopez, Inc. (Lopez), also a Philippine entity. In the historical consolidated financial statements, the Parent Company and its subsidiaries (collectively referred to as "The Company") are mainly involved in investment holdings and water distribution. In the pro forma consolidated financial statements, the subsidiaries also include a broadcasting and entertainment company. In the historical and pro forma consolidated financial statements, the Company's associates are involved in telecommunications, power generation and distribution, cable television, real estate and infrastructure. The registered office address of the Parent Company is 4th Floor, Benpres Building, Meralco Avenue, Pasig City.

b. Balance Sheet Management Plan (Plan)

In June 2002, the Parent Company announced the Plan to address all its financial obligations. The execution of the plan has a three-pronged approach:

- 1) Debt reduction by getting the relevant subsidiaries to repay their debts as guaranteed by the Company;
- 2) Raise cash through orderly asset sales; and
- 3) Cost reduction and suspension of capital investment.

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

Long-term direct obligations of the Parent Company that fell due for payment in December 2002 amounted to about ₱7,988 million while those that will fall due in 2003 amount to about ₱2 billion (see Note 14). In addition, by virtue of its guarantee and commitments, the Parent Company may be liable for certain obligations that fell and will fall due in 2002 and 2003 amounting to approximately US\$393 million as of December 31, 2002 and US\$412 million as of December 31, 2001 [see Note 23(b) and (c)]. As of April 25, 2003, guarantees with respect to First Philippine Infrastructure Development Corporation (FPIDC) and Manila North Tollways Corporation (MNTC) have been removed and obligations of Maynilad Water Services, Inc. (Maynilad Water) have been reduced.

In 2002, the Parent Company defaulted on its principal and interest payments on its long-term direct obligations and guarantees and commitments (see Note 14). Credit Suisse First Boston has been appointed as financial adviser to assist the Parent Company in reviewing its capital structure as well as in preparing a Plan that will enable it to address its maturing direct obligations as well as contingent obligations that may arise from its guarantees and commitments. To date, negotiations with creditors are on going.

As proposed in the Plan, the Parent Company would make good faith semi-annual payments on its direct and contingent obligations. The first payment was made on December 2, 2002.

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

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

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

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

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

As of March 31, 2003 and December 31, 2002, the carrying value of the Notes amounted to ₱8,297 and ₱8,015, respectively. The underlying shares totaled 446,800,022 of ABS-CBN [including 568,415 Philippine Deposit Receipts (PDRs)] and 162,463,400 Sky Vision shares.

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

3. Bank Loans

	Historical		Pro Forma	
	March 31 2003	Dec. 31 2002	March 31 2003	Dec. 31 2002
Peso loans	₱1,683	₱1,799	₱1,918	₱2,034
Dollar loans	5,685	6,090	5,877	6,280
	₱7,368	₱7,889	₱7,795	₱8,314

In the historical consolidated financial statements, peso and dollar loans mainly represent loans of Maynilad Water, with annual interest rates ranging from 11.0% to 17.2% for peso-denominated loans and from 2.4% to 4.9% for dollar-denominated loans. Maynilad Water obtained these bank loans as a bridge financing while negotiating for a long-term loan of US\$350. these loans are guaranteed by Maynilad Water's stockholders either alone or together (but on a several basis).

On February 28, 2002, Maynilad Water, together with the Parent Company and the other shareholder of Maynilad Water as guarantors, entered into a third amendment agreement (Amendment Agreement) relating to the US\$100 bridge loan which amended, among others, the Maturity Date of the bridge loan to December 16, 2002 subject to certain conditions specified in the Third Amendment Agreement. The banks, however, still have the put option to require Maynilad Water to pay all or a portion of the bridge loan on any day after August 31, 2001 until Maturity Date, provided that the relevant bank(s) has (have) given not less than 2 business days prior written notice as defined in the Third Amendment Agreement.

In the pro forma consolidated financial statements, average annual interest rates of ABS-CBN loans are 15.15% for peso loans and 5.4% for dollar loans.

On September 17, 2002, Maynilad Water, together with the Parent Company and the other shareholder of Maynilad Water as guarantors, entered into a Fourth Amendment Agreement relating to the US\$100 million bridge loan which amended, among others, the Maturity Date of the bridge loan to March 17, 2003, subject to certain conditions specified in the Fourth Amendment Agreement.

Maynilad Water was not able to fully pay these loans which were originally due on December 31, 2002. Maynilad Water made partial payments totaling US\$8 million subsequent to December 31, 2002 and was given several extensions by creditors. As of April 25, 2003, Maynilad Water is still negotiating for further extension.

In the pro forma consolidated financial statements, average annual interest rates of ABS-CBN loans are 11.42% for peso loans and 5.0% for dollar loans.

On September 16, 2002, about ₱3,437.7 million of ABS-CBN bank loans were converted to a long-term loan in relation to the Exchangeable Notes Facility Agreement signed by ABS-CBN.

On September 2, 2002, ABS-CBN received a notice of default dated August 30, 2002 from Standard Chartered Bank and BNP Paribas for its outstanding loan balance amounting to ₱100.0 million and ₱190.9 million (US\$3.6 million), respectively. As of April 25, 2003, ABS-CBN is still negotiating with other banks for possible restructuring of the above loans.

4. Long-Term Debt

Type/Creditor	Interest rates	Maturity date	Historical	Pro Forma
Parent Company				
7.875% Notes	7.875%	December 19, 2002	8,041	8,041
LTCPs - Series A-2	1-1/8% over 91-day TB rate	October 1, 2003	2,000	2,000
4.2% Perpetual Convertible Bonds	4.20%	Upon conversion	12	12
			10,053	10,053
C-Cubed				
Payable to financial institutions			16	16
ABS-CBN				
Exchangeable Notes	Various	November 29, 2005	-	3,438
Syndicated loans to a local bank	-do-	March 19, 2004	-	1,920
Payable to a local bank	-do-	March 19, 2004	-	500
			-	5,858
Total			10,069	15,927
Less current portion			10,048	11,404
Net of current portion			21	4,523

5. Earnings Per Share

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

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

Net Income	March 31	
	2003	2002
(a) Net income	₱133	₱2
Interest on convertible bonds and amortization of bond issue cost	1	1
(b) Net income – diluted	₱134	₱3

Shares		
(c) Weighted average number of common shares - basic	4,581,544,408	4,581,544,408
Conversion of bonds	3,421,410	3,421,410
(d) Adjusted weighted average common shares - diluted	4,584,965,818	4,584,965,818

Per Share Amounts		
Basic (a/c)	₱0.0290	₱0.0004
Diluted (b/d)	0.0292	0.0005

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BENPRES HOLDINGS CORPORATION

By:

MA. VICTORIA M. MARCELINO
AVP - Financial Controls

ANGEL S. ONG
EVP - Chief Finance Officer

BENPRES HOLDINGS CORPORATION AND SUBSIDIARIES**AGING OF TRADE RECEIVABLES****MARCH 31, 2002****(Amounts in Millions)**

	Total	Not yet Due	Current	30-90 dsys	120 days and over
RNG Trade Receivables	P478	P22	P17	P68	P372
HO Trade Receivables	1,728	349	83	1,135	160
Others	1,127	81	250	495	301
	3,333	452	350	1,698	833
Less Allowance for Doubtful Accounts	81	-	-	-	81
	P3,252	P452	P350	P1,698	P752