

SEC Number **AS093004369**
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

A

Amendment Designation (If applicable)

March 31, 2002

Period Ended Date

(Secondary License Type and File Number)

THE SECURITIES AND EXCHANGE COMMISSION

AMENDED 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, 2002**
Date of Report (Date of earliest event reported)
2. SEC Registration No. **AS0930-4369** 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

Benpres

For the period ended March 31, 2002, Benpres reported a 69% increase (PhP197 Million) in its revenues from the same period last year to P481 Million. Although Benpres registered a decline in accretion of earnings on Notes of P214 Million from the same period last year, the Company still reported an increase in revenues due to the following: (a) First Philippine Holdings Corporation (FPHC) accounted for bulk of the item, "equity in net earnings of investees"; (b) Benpres already provided for the write-off of its investment in BayanTel last year, and therefore BayanTel's net loss for the quarter will no longer be reflected under the item, "equity in net losses of investees". Benpres will not reflect any losses arising from BayanTel until it recognizes the remaining P5.0 Billion guaranteed liability from the convertible preferred shares issued by BayanTel; (c) Benpres also booked some recovery from a rise in the market value of the Company's investments in Digitel.

Subsidiaries

ABS-CBN Broadcasting Corporation registered net income of Php3.82 million in 1Q 2002, resulting in a 99% year-on-year (YoY) decline. The drop in net income was mainly due to the decline in airtime revenues as well as the increase in depreciation costs, interest charges and, the occurrence of other one-time and new cost items during the period. ABS-CBN as of end-1Q 2002 had total consolidated assets of P23.28 billion, with an interest-bearing debt-to-equity ratio of 47%.

FPHC still continues to perform well given the revenue contributions of First Generation Holdings Corporation (First Gen). Revenues amounted to PhP5,000 million for period ended March 31, 2002 as compared to the same period last year of P4,200 million. The 20% revenue increase is primarily due to the revenue contribution of FPHC's power generating assets. Net income, however, declined by 24% from the same period last year to PhP413.9 million which was primarily due to the decrease in net income of Meralco.

On April 16, Beyond Cable Holdings, the entity that consolidates the operations of SKYCable and HomeCable, signed a settlement agreement covering past due accounts with Star TV and a two-year contract to carry Star Movies, Star World, National Geographic, ESPN and Star Sports. In light of the return of the Star TV channels, the companies are planning sales and marketing campaigns to recover disconnected subscribers.

On April 30, BayanTel terminated Bank of America's (BofA) financial advisory engagement after BofA expressed an intention to discontinue its project finance practice in Asia. BayanTel hired Credit Lyonnaise S.A. as replacement effective May 1, 2002.

The management of Maynilad Water is currently working with the government on the parameters for rate rebasing.

Manila North Tollways Corporation is currently working on the conditions precedent to loan draw-down. First draw-down is expected within the second quarter of 2002.

Rockwell Land is in the pre-selling stage of the Manansala residential condominium. Approximately 20% of the building has been pre-sold.

Liability and Capital Resources of Benpres (Parent Company Only) for the period ended March 31, 2002 compared with March 31, 2001

As of the period ended March 31, 2002, Benpres' total assets amounted to PhP 31,905 million as compared to same period last year of PhP 38,885 million. The decline in asset base is mainly due to the decline in the cash and cash equivalent account. In 2001, Benpres set up a provision for the decline in the value of its investments in and advances to Bayantel, including recognition of its liability that may arise from its guarantee and commitments amounting to PhP9,900 million in 2001 and PhP1,350 million in 2000. The decline in stockholders' equity to PhP 15,071 million as of 1Q-2002 compared to same period last year of PhP26,678 million is primarily due to this transaction.

In addition, Benpres sold 4.6 million FPHC shares equivalent to 1.08% of Benpres' ownership in FPHC. Proceeds from sale was used for debt service.

Benpres' net income for the period ended March 31, 2002 amounted to PhP2 Million.

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, 2002 (Unaudited)	December 31, 2001 (Audited)	March 31, 2002 (Unaudited)	December 31, 2001 (Audited)
	Historical		Pro forma	
ASSETS				
Current Assets				
Cash and cash equivalents	P774	P629	P1,123	P962
Marketable equity securities - net	549	302	549	302
Receivable - net	1,286	811	5,198	4,596
Program rights - net	-	-	1,832	1,847
Other current assets - net	411	806	915	1,169
Total Current Assets	3,020	2,548	9,617	8,876
Noncurrent Assets				
Investments and advances - net	23,931	24,287	17,324	17,667
Property and equipment - net	3,664	3,621	15,475	15,627
Due from affiliated companies	-	-	321	315
Other noncurrent assets - net	17,510	17,955	20,976	21,571
	45,105	45,863	54,096	55,180
	P48,125	P48,411	P63,713	P64,056
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Bank loans (Note 2)	P8,148	P8,428	P12,013	P12,293
Accounts payable and other accrued liabilities (Note 3)	5,719	5,437	9,044	8,095
Current portion of long-term debt (Note 4)	7,664	7,754	7,724	8,314
Current portion of estimated liabilities from guarantee and commitments	6,358	2,688	6,358	-
Total Current Liabilities	27,889	24,307	35,139	15,731
Noncurrent Liabilities				
Long-term debt - net of current portion (Note 4)	2,012	2,012	4,452	4,452
Estimated liabilities from guarantee and commitments	-	3,670	-	3,670
Other noncurrent liabilities	1,017	1,129	1,570	1,676
Minority interest	2,136	2,224	7,481	7,799
Total Noncurrent Liabilities	5,165	9,035	13,503	17,597
Stockholders' Equity				
Capital stock	4,581	4,581	4,581	4,581
Capital in excess of par value	6,766	6,766	6,766	6,766
Share in revaluation increment of affiliates' property	3,362	3,362	3,362	3,362
Equity adjustment from translation	49	49	49	49
Retained earnings	313	311	313	311
Total Stockholders' Equity	15,071	15,069	15,071	15,069
	P48,125	P48,411	P63,713	P64,056

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended March 31			
	2002	2001	2002	2001
	Historical		Pro forma	
REVENUES				
Equity in net earnings of investees	₱190	₱–	₱186	₱–
Net sales and services	103	–	790	626
Interest on Notes	23	23	–	–
Accretion of earnings on Notes	–	214	–	–
Airtime - net	–	–	1,375	1,710
Others	165	47	282	49
	481	284	2,633	2,385
COSTS AND EXPENSES				
Depreciation and amortization	102	151	441	356
General and administrative	78	24	801	564
Costs of sales and services	56	–	365	335
Accretion of losses on Notes	28	–	–	–
Equity in net losses of investees	–	246	–	255
Production costs	–	–	464	460
Amortization of program rights	–	–	118	112
Interest and others - net	214	225	409	299
	478	646	2,598	2,381
INCOME (LOSS) BEFORE INCOME TAX AND MINORITY INTEREST	3	(362)	35	4
PROVISION FOR INCOME TAX	(4)	–	(38)	(198)
LOSS BEFORE MINORITY INTEREST	(1)	(362)	(3)	(194)
MINORITY INTEREST	3	–	5	(168)
NET INCOME (LOSS)	2	(362)	2	(362)
RETAINED EARNINGS AT BEGINNING OF PERIOD	311	11,822	311	11,822
RETAINED EARNINGS AT END OF PERIOD	₱313	₱11,460	₱313	₱11,460
Earnings (Loss) Per Share (Note 5)				
Basic	₱0.0004	(₱0.0790)	₱0.0004	(₱0.0790)
Diluted	0.0005	–	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	
	2002	2001
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	3,920
EQUITY ADJUSTMENT FROM TRANSLATION	49	(49)
RETAINED EARNINGS		
Balance at beginning of period	311	11,822
Net income (loss)	2	(362)
Balance at end of period	313	11,460
	P15,071	P26,678

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			
	2002	2001	2002	2001
	Historical		Pro forma	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	P2	(P362)	P2	(P362)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Equity in net losses (earnings) of investees	(190)	246	(186)	255
Depreciation and amortization	102	151	441	356
Accretion of earnings	28	(214)	-	-
Interest on Notes	(23)	(23)	-	-
Minority interest	(3)	-	(5)	168
Others	(67)	-	(67)	-
Changes in assets and liabilities:				
Increase in current assets	(80)	(215)	(333)	(473)
Decrease in current liabilities	282	74	949	303
Net cash provided by (used in) operating activities	51	(343)	801	247
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (decrease) in:				
Investments and advances	118	(2,104)	100	(2,105)
Property and equipment and other assets	450	2,860	456	2,194
Cash provided by investing activities	568	756	556	89
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loans and long term debt	(277)	(607)	(777)	(261)
Increase (decrease) in:				
Other noncurrent liabilities	(112)	350	(106)	659
Minority interest	(85)	(442)	(313)	(740)
Net cash provided by (used in) financing activities	(474)	(699)	(1,196)	(342)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	145	(286)	161	(6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	629	4,440	962	4,913
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P774	P4,154	P1,123	P4,907

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. 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, 2002 and December 31, 2001, the outstanding balance of the Notes amounted to ₱8,067 and ₱8,072, respectively. The underlying shares totaled 441,569,422 of ABS-CBN [including 188,900 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.

2. Bank Loans

	Historical		Pro Forma	
	March 31 2002	Dec. 31 2001	March 31 2002	Dec. 31 2001
Peso loans	₱1,939	₱1,941	₱5,447	₱5,448
Dollar loans	6,209	6,487	6,566	6,845
	₱8,148	₱8,428	₱12,013	₱12,293

In the historical consolidated financial statements, peso and dollar loans mainly represent loans of Maynilad Water, with annual interest rates ranging from 15.8% to 17.3% for peso-denominated loans and from 4.4% to 4.7% for dollar-denominated loans. Maynilad Water obtained these bank loans as a bridge financing while negotiating for a long-term loan of US\$350.

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 subject to certain conditions specified in the 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 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.

3. Accounts Payable and Other Current Liabilities

	Historical		Pro Forma	
	March 31 2002	Dec. 31 2001	March 31 2002	Dec. 31 2001
Trade	₱4,635	₱3,538	₱5,638	₱4,337
Accrued production cost, taxes and other expenses	398	916	2,005	2,057
Accrued interest and other current liabilities	686	976	1,401	1,266
	₱5,719	₱5,437	₱9,044	₱8,095

4. Long-Term Debt

Type/Creditor	Interest rates	Maturity date	Historical	Pro Forma
Parent Company				
7.875% Notes	7.875%	December 19, 2002	7,664	7,664
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
			9,676	9,676
ABS-CBN				
DBP Jexim 4 thru Citibank	Various	November 29, 2005	-	2,000
Banco Santander				
Second drawdown	-do-	March 19, 2004	-	150
Third drawdown	-do-	March 19, 2004	-	350
			-	2,500
Total			9,676	12,176
Less current portion			7,664	7,724
Net of current portion			2,012	4,452

5. Earnings (Loss) Per Share

Basic earnings (loss) 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 (Loss)

	March 31	
	2002	2001
(a) Net income (loss)	₱2	(₱362)
Interest on convertible bonds and amortization of bond issue cost	1	1
(b) Net income (loss) - diluted	₱3	(₱361)

Shares

	March 31	
	2002	2001
(c) Weighted average number of common shares - basic	4,581,544,408	4,581,544,408
Conversion of bonds (see Note 16)	3,421,410	3,421,410
(d) Adjusted weighted average common shares - diluted	4,584,965,818	4,584,965,818

Per Share Amounts

	March 31	
	2002	2001
Basic (a/c)	₱0.0004	(₱0.0790)
Diluted (b/d)	0.0005	—

In 2001, the effect of the conversion of the Perpetual Convertible Bonds is anti-dilutive.

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	₱478	₱22	₱17	₱68	₱372
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
	₱3,252	₱452	₱350	₱1,698	₱752