COVER SHEET

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S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

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

Ma. Rosario C.Z. Nava

Contact Person

750-9687 / 750-0498

Company Telephone Number

1	2		3	1

Month Day

Fiscal Year

SEC Form 20-IS (Definitive)

FORM TYPE

Last Friday of May

Month Date

Annual Meeting

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

PCPPI
Pepsi-Cola Products Philippines, Inc.

Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road, Tunasan, Muntinlupa City, 1773 Philippines
Tel: (632) 8873774 • www.pepsiphilippines.com

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** for 2016 will be held on:

Date :	**27 May 2016 (Friday)**
Time :	**10:00 a.m.**
Venue :	**Vivere Hotel, Filinvest Corporate City, Alabang, Muntinlupa City**

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 04 2016
MARKET REGULATION DEPT.
BY: TIME: 11:30

The agenda of the meeting will be as follows:

1. Call to Order
2. Certification of Notice and of Quorum
3. Approval of the Minutes of the Previous Annual Stockholders' Meeting held on 28 May 2015
4. Report of the Chairman
5. Presentation of Audited Financial Statements for the year ended 31 December 2015
6. Ratification of Acts of the Board of Directors and Management for the previous year
7. Election of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The Board of Directors has fixed the close of business on 26 April 2016 as the record date for the determination of stockholders entitled to notice of and to vote at the 2016 Annual Stockholders' Meeting.

For your convenience in registering your attendance, please bring any form of identification, such as passport or driver's license, as well as proof of your stockholdings.

8 April 2016, Makati City.

MA. ROSARIO C.Z. NAVA
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 04 2016
MARKET REGULATION DEPT.
BY: TIME: 11.30

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter:

   PEPSI-COLA PRODUCTS PHILIPPINES, INC.

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **0000160968**

5. BIR Tax Identification Code: **000-168-541**

6. Address of principal office: Postal Code:

   Km. 29 National Road, Tunasan, Muntinlupa City **1773**

7. Registrant's telephone number, including area code: **(632) 887-3774**

8. Date, time and place of the meeting of security holders: **27 May 2016, 10:00 a.m., Vivere Hotel, Filinvest Corporate City, Alabang, Muntinlupa City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **5 May 2016**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares of Stock	**3,693,772,279**

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ___**X**___ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange - Common Shares of Stock

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

The Annual Stockholders' Meeting of Pepsi-Cola Products Philippines, Inc. (the "Corporation") will be held on Friday, 27 May 2016, 10:00 a.m., at Vivere Hotel, Filinvest Corporate City, Alabang, Muntinlupa City.

Notices of the meeting and copies of this Information Statement will be first sent or given to the stockholders-of-record of the Corporation on or about 5 May 2016. Replies and queries must be sent to the following address:

MR. IMRAN MOID
Corporate Information Officer
Pepsi-Cola Products Philippines, Inc.
Km. 29 National Road, Tunasan,
Muntinlupa City 1773 Philippines

Item 2. **Dissenters' Right of Appraisal**

The matters to be acted upon at this Annual Stockholders' Meeting are not matters with respect to which a dissenting stockholder may exercise his appraisal right under Section 81 of the Corporation Code.

Under Section 81 of the Corporation Code, the following are the instances when a stockholder may exercise his appraisal right:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the Corporation; and

3. In case of merger or consolidation.

In order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder must have voted against the proposed corporate action at the annual meeting. Within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, the dissenting stockholder shall make a written demand on the Corporation for the fair value of his shares which shall be agreed upon by the dissenting stockholder and the Corporation. If the proposed corporate action is implemented, the Corporation shall pay the dissenting stockholder upon surrendering the certificates of stock representing his shares, the fair value of said shares on the day prior to the date on which the vote was taken. If the dissenting stockholder and the Corporation cannot agree on the fair value of the shares within sixty (60) days from the date of stockholders' approval of the corporate action, then the determination of the fair value of the shares shall be made by three (3) disinterested persons, one (1) of whom shall be named by the dissenting stockholder, one (1) by the Corporation and the third to be named by the two (2) already chosen. The findings of the majority of the appraisers shall be final and their award shall be paid by the Corporation within thirty

(30) days after such award is made. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or officer of the Corporation has any substantial interest, direct or indirect, in any of the matters to be acted upon in the Annual Stockholders' Meeting.

No director has informed the Corporation of his opposition to any matter to be acted upon during the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

The total number of shares of the Corporation outstanding and entitled to vote in the Annual Stockholders' Meeting is Three Billion Six Hundred Ninety-Three Million Seven Hundred Seventy-Two Thousand Two Hundred Seventy-Nine (3,693,772,279) common shares. The record date for purposes of determining the stockholders entitled to notice of and to vote at the Corporation's Annual Stockholders' Meeting is the close of business on 26 April 2016. Each stockholder shall be entitled to one (1) vote for each common share of stock held as of the record date.

Holders of the common shares of stock of the Corporation are entitled to vote on all matters to be voted upon by the stockholders. Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 24 of the Corporation Code states: "…In stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder 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 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 many candidates as he shall see fit…"

Security Ownership of Record and Beneficial Owners of at Least Five Percent (5%) of the Corporation's Securities as of 31 March 2016

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Chilsung Beverage Co., Ltd.[1]	Same as indicated in column 2	Korean	1,436,315,932	38.88%

[1] Lotte Chilsung Beverage Co., Ltd. ("Lotte") is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at c/o 5 Fl. Castle Plaza, Lotte Castle Gold, 7-18, Shinchun-dong, Songpa-gu, Seoul, 138-727 Korea. Lotte, through its Board of Directors, has designated Mr. Yongsang You to vote its shares of stock in the Corporation.

	c/o 5 Fl. Castle Plaza, Lotte Castle Gold, 7-18, Shinchun-dong, Songpa-gu, Seoul, 138-727 Korea Relationship – Stockholder				
Common shares	PCD Nominee Corporation (Non-Filipino)[2] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Non-Filipino	986,621,373	26.71%
Common shares	Quaker Global Investments B.V.[3] Zonnebaan 35, 3542 EB Utrecht The Netherlands Relationship – Stockholder	Same as indicated in column 2	Dutch	923,443,071	25.00%

[2] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. ("PCD"), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. While PCD Nominee Corporation is the registered owner of the shares in the Corporation's books, the beneficial ownership of such shares pertains to PCD participants (brokers) and/or their non-Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books. Under PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, PCD will execute a pro-forma proxy in favor of the participants for the total number of shares in their respective principal securities account, as well as for the total number of shares in their client securities account. For shares held in the principal securities account, the participant is appointed as proxy with full voting rights and powers as registered owner of such shares. For shares held in the client securities account, the participant is appointed as proxy with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by them.

[3] Quaker Global Investments B.V. ("QGI") is a corporation duly organized and existing under and by virtue of the laws of the Netherlands with principal office at Zonnebaan 35, 3542 EB Utrecht, The Netherlands. QGI, through its Board of Directors, has designated Mr. Imran Moid to vote its shares of stock in the Corporation.

Common shares	PCD Nominee Corporation (Filipino)[4] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Filipino	341,819,159	9.25%

Security Ownership of Management as of 31 March 2016

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Oscar S. Reyes Chairman of the Board (Non-Executive) and Independent Director c/o 12th Floor Lopez Building, Ortigas Avenue, Pasig City	1*	Filipino	Nil
Common shares	Yongsang You Chief Executive Officer c/o Km. 29, National Road, Tunasan, Muntinlupa City	1*	Korean	Nil
Common shares	Furqan Ahmed Syed President c/o Km. 29, National Road, Tunasan, Muntinlupa City	1*	Pakistani	Nil
Common Shares	JaeHyuk Lee Non-Executive Director c/o 5 Fl. Castle Plaza, Lotte Castle Gold, 7-18, Shinchun-dong, Songpa-gu, Seoul, 138-727 Korea	1*	Korean	Nil
Common shares	Byoung Tak Hur Non-Executive Director c/o LOTTE MGS Beverage Bldg., 7/8 Bahosi Yeik Thar, Bogyoke Street, Yangon, Myanmar	1*	Korean	Nil
Common shares	TaeWan Kim Non-Executive Director c/o 25th Floor, Lotte Bldg. 1, Sogong-dong, Jung-gu, Seoul (100-721), Korea	1*	Korean	Nil
Common	Praveen Someshwar	1*		Nil

[4] Same as footnote 2 above except that the beneficial ownership of shares registered in the name of PCD Nominee Corporation pertains to PCD participants (brokers) and/or their Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books.

shares	Non-Executive Director c/o 20th Floor Caroline Center, 28 Yun Ping Road, Causeway Bay, Hong Kong		Indian	
Common shares	Mannu Bhatia Non-Executive Director c/o 20th Floor Caroline Center, 28 Yun Ping Road, Causeway Bay, Hong Kong	1*	Indian	Nil
Common shares	Rafael M. Alunan III Independent Director No. 63 9th Street, New Manila, Quezon City	1*	Filipino	Nil
Common Shares	Imran Moid Senior Vice-President and Chief Financial Officer c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Pakistani	0%
Common Shares	Celerino T. Grecia III Senior Vice-President, Human Resources/EIR/Legal c/o Km. 29 National Road, Tunasan, Muntinlupa City	50,000 Direct ownership	Filipino	0.0014%
Common Shares	Domingo F. Almazan Senior Vice-President, National Sales c/o Km. 29 National Road, Tunasan, Muntinlupa City	50,000 Direct ownership	Filipino	0.0014%
Common shares	Allan A. Frias II Senior Vice-President, Operations c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common Shares	Dong Hoon Lim Senior Vice-President/CSO c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Korean	0%
Common Shares	Samuel M. Dalisay, Jr. Vice-President, Supply Chain c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common Shares	Angelica M. Dalupan Vice-President, Corporate Affairs and Communications c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common shares	Ma. Rosario C.Z. Nava Corporate Secretary and Compliance Officer c/o Mezzanine B, LPL Center, 130 L.P. Leviste Street, Salcedo Village, Makati City	10,000 Direct ownership	Filipino	0.0003%

** Each of the directors is the registered owner of at least one (1) qualifying share.*

The aggregate shareholdings of directors and key officers of the Corporation as of 31 March 2016 amounted to 110,009 shares which is approximately 0.0030% of the Corporation's outstanding capital stock.

Changes in Control

The Corporation is not aware of any voting trust agreement or any other similar agreement which may result in a change in control of the Corporation.

Certain Relationships and Related Transactions

Please refer to Note 22 to the Audited Financial Statements for the year ending 31 December 2015 for details on related party transactions.

Item 5. **Directors and Executive Officers**

Term of Office

Directors elected during the annual meeting of stockholders will hold office for one (1) year until their successors are duly elected and qualified, except in case of death, resignation, disqualification or removal from office. Directors who were elected to fill any vacancy shall hold office only for the unexpired term of their predecessors.

Directors

The following are the names, ages, citizenship and years position was assumed of the incumbent directors, including independent directors, of the Corporation:

Name	**Age**	**Citizenship**	**Year Position was Assumed**
Yongsang You*	47	Korean	2015
Furqan Ahmed Syed	44	Pakistani	2014
JaeHyuk Lee	62	Korean	2011
Byoung Tak Hur	53	Korean	2012
TaeWan Kim	51	Korean	2015
Praveen Someshwar	49	Indian	2014
Mannu Bhatia	51	Indian	2013
Rafael M. Alunan III**	67	Filipino	2007
Oscar S. Reyes**	70	Filipino	2007

** Elected to the Board on 15 June 2015 replacing Mr.Yeon-Suk No who resigned effective on the same date*
***Independent Director*

Executive Officers

The following are the names, ages, citizenship, positions, and years position was assumed of the incumbent executive officers of the Corporation:

Name	**Age**	**Citizenship**	**Position**	**Year Position was Assumed**
Yongsang You*	47	Korean	Chief Executive Officer	2015
Furqan Ahmed Syed	44	Pakistani	President	2014
Imran Moid	47	Pakistani	Senior Vice-President and Chief Financial Officer	2012

Celerino T. Grecia III	59	Filipino	Senior Vice-President, Human Resources/EIR/Legal	2011
Domingo F. Almazan	61	Filipino	Senior Vice-President, National Sales	2014
Allan A. Frias II	41	Filipino	Senior Vice-President, Operations	2014
Dong Hoon Lim**	40	Korean	Senior Vice-President/CSO	2016
Samuel M. Dalisay, Jr.	56	Filipino	Vice-President, Supply Chain	2011
Angelica M. Dalupan	44	Filipino	Vice President, Corporate Affairs and Communications	2012
Ma. Rosario C.Z. Nava	47	Filipino	Corporate Secretary and Compliance Officer	2007

** Replaced Mr.Yeon-Suk No who resigned effective 15 June 2015*
*** Replaced Mr.Jin-Pyo Ahn who resigned effective 1 February 2016*

Background Information and Business Experience

<u>Directors:</u>

YONGSANG YOU

Mr. You is the incumbent CEO of the Corporation. Previously, he held a number of positions in Lotte Chilsung Beverage Co., Ltd. which included being the General Manager and Head of the Overseas Business Division, General Manager of Sales Headquarters and Business Management, and Head of Strategic Planning Department and Purchasing Department. He was also Manager of Product Planning Division in said company. Mr. You holds a Bachelor of Business Administration degree from Seongsil University.

FURQAN AHMED SYED

Mr. Syed is the incumbent President of the Corporation. Prior to this appointment, he assumed various roles in PepsiCo in Pakistan, the most recent of which was as General Manager and CEO of the Foods business. Previous postings in PepsiCo Pakistan included being the General Manager of Beverages in the South Asia business unit and Head of Sales Development in the West Asia business unit, among others. Mr. Syed holds a Masters in Business Administration from the Lahore University of Management Sciences (LUMS) and a Bachelors of Science Degree from the Government College Lahore in Pakistan.

JAEHYUK LEE

Mr. Lee is the current President/CEO of Lotte Chilsung Beverage Co., Ltd., Lotte Liquor Co., Ltd. and Lotte Asahi Liquor Co., Ltd. Prior positions held included being President of Lotte HQ, CEO of Lotteria Co., Ltd., and Senior Managing Director of Lotte Chilsung Beverage Co., Ltd.

BYOUNG TAK HUR

Mr. Hur is currently the CEO of Lotte MGS Beverage Co., Ltd. in Myanmar. His past work experience in Lotte Chilsung Beverage Co., Ltd. included being Director of Overseas Business Division, leader of the Overseas Business team and having worked at the Export, Information and Strategy, Development, Quality Control and Product Control departments thereof. He was also previously connected with the Lotte Foundation.

TAEWAN KIM

Mr. Kim has been with the Lotte Group for twenty-four (24) years now. He is currently the Managing Director of the Strategy and New Business Planning Division of the Lotte Group. Prior to this appointment, he was the Director and previously General Manager of Lotte Group's International and New Business Planning Division. He holds a Bachelor of Business Administration from Hanyang University.

PRAVEEN SOMESHWAR

Mr. Someshwar has been with PepsiCo for twenty-two (22) years now. He is currently the Senior Vice-President and General Manager of PepsiCo's North Asia and Philippines business units, and leads PepsiCo's Asia Pacific Region Sales. Prior to this appointment, he was the Senior Vice-President and General Manager of PepsiCo's Foods business in India, and before that, the Beverages business in India and neighboring countries. His past work experience in PepsiCo included being the CFO for the Beverages business in India, COO of the India Bottling Operations, and CEO for Beverages in India. Mr. Someshwar is a qualified chartered accountant and cost accountant.

MANNU BHATIA

Mr. Bhatia is currently the Vice-President and CFO for the Asia Pacific Region of PepsiCo. His past work experience in PepsiCo included being Senior Planning Director of the Asia Pacific Region, CFO of Global Research & Development and Senior Director Financial Planning & Analysis at PepsiCo's Corporate Headquarters in the United States of America, and CFO of Frito Lay India in Delhi, India. Mr. Bhatia holds a Bachelor of Commerce degree from St. Xaviers College in Calcutta and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

RAFAEL M. ALUNAN III

Mr. Alunan is the incumbent Chairman of the Audit Committee, Nomination Committee, and Compensation and Remuneration Committee of the Corporation. He has had extensive experience in the private and public sectors. He sits on the Boards of the Philippine Council for Foreign Relations, Inc., Korean School Foundation Philippines, Inc., and Santeh Agriculture Science & Technology, Inc. Mr. Alunan is a member of the Board of Trustees and the Chairman of the Audit and Governance Committee of the University of St. La Salle, a Board Member of the National Mission Council of De La Salle Philippines, Inc. and sits in the Council of Fellows of the Development Academy of the Philippines. He is the Chairman of the National Security Committee of the Management Association of the Philippines, and the Chairman-elect of the Harvard-Kennedy School of Government Alumni Association of the Philippines, Inc. He is a regular columnist of Business World. Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University, attended the MBA-Senior Executive Program of the Ateneo de Manila University, and obtained a Master's degree in Public Administration from Harvard University, John F. Kennedy School of Government.

OSCAR S. REYES

Mr. Reyes is the incumbent Chairman of the Board of Directors of the Corporation. He is currently the President and Chief Executive Officer, and Director of the Manila Electric Company. He is also a director and a member of board committees in the boards of various companies engaged in telecommunications, water distribution, banking, insurance, oil and gas, and shipping, and a Trustee of various foundations. He was Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V. for many years. He holds a Bachelor of Arts in Economics (*Cum laude*) from the Ateneo de Manila University and a Diploma in International Business from the Waterloo Lutheran University in Toronto, Canada, and completed the Program for Management Development at the Harvard Business School.

Executive Officers:

IMRAN MOID

Mr. Moid is currently the Corporation's Senior Vice-President and Chief Financial Officer under a secondment agreement from PepsiCo of which he remains an employee. He has been with PepsiCo for nineteen (19) years and is a two-time recipient of the PepsiCo Chairman's Award, which he won in 2000 and 2011. He has vast experience in handling single and multiple country portfolio, food and beverages portfolio, M & A, and roles in Controllership, Treasury and Taxation. Prior to joining PepsiCo, he worked for KPMG and PWC for six (6) years in audit and consultancy capacities. He holds a Bachelor of Commerce degree from Punjab University, Lahore and is a qualified Chartered Accountant from Institute of Chartered Accountants of Pakistan.

CELERINO T. GRECIA III

Mr. Grecia is currently the Corporation's Senior Vice-President for Human Resources, Employee Industrial Relations, and Legal. He has been with the Corporation for twenty-six (26) years and during this period, he held various positions in the Corporation's Personnel/Human Resources and Sales departments. He holds a Bachelor of Science degree in Criminology *(Magna Cum Laude)* and a Bachelor of Laws *(Cum Laude)* both obtained from the University of Iloilo.

DOMINGO F. ALMAZAN

Mr. Almazan is currently the Corporation's Senior Vice-President for National Sales. He has been with the Corporation for nineteen (19) years and, during this period, assumed various positions in the Corporation, the last being Vice-President-Senior General Manager of Luzon 1 covering Metro, STRO and Naga. Prior to joining the Corporation, Mr. Almazan held various positions in Coca-Cola Bottlers Philippines, Inc. He holds a Bachelor of Science degree in Customs Administration from the Philippine Maritime Institute.

ALLAN A. FRIAS II

Mr. Frias is currently the Corporation's Senior Vice-President for Operations. Prior to joining the Corporation, he worked for more than six (6) years in Mondelez Philippines Inc. assuming various roles in its Sucat plant, the last being Plant Manager. Before that, he worked for Coca-Cola Bottlers Philippines, Inc. for ten (10) years from 1997 until 2007 when he held the position of Plant Manufacturing Manager of its Naga Plant. Mr. Frias holds a Bachelor of Science degree in Industrial Engineering from the University of Santo Tomas.

DONG HOON LIM

Mr. Lim is currently the Corporation's Senior Vice-President/CSO. Before joining the Corporation, he has been with Lotte Chilsung Beverage Co., Ltd. for thirteen (13) years where he handled various roles in Product Development, Brand Management, Marketing, Audit and Merchandising Management. Mr. Lim holds a Bachelor of Business Administration degree from Kyunghee University.

SAMUEL M. DALISAY, JR.

Mr. Dalisay is currently the Corporation's Vice-President for the Supply Chain Group, which includes Corporate Purchasing, National Logistics Services and Marketing Equipment Management. Prior to joining the Corporation, he worked as an expatriate in Vietnam and served as Purchasing Director of THP Group until early 2011. Before that, he had worked for Jollibee Foods Corporation for almost fourteen (14) years until 2010 starting as Purchasing Manager for Foods until his last position as Corporate Purchasing Director for International Operations, and for Sime Darby Pilipinas, Inc. as Materials Management Division Manager for eleven (11) years until 1996. He is a Certified Purchasing Manager from the Institute of Supply Management - USA and a Professional Agricultural Engineer. He holds a Master's degree in Business Management from the Asian Institute of Management.

ANGELICA M. DALUPAN

Ms. Dalupan is currently the Corporation's Vice President for Corporate Affairs and Communications. Prior to joining the Corporation, she worked as Communications Director of Pfizer Inc. and the Communications Country Lead for the Philippines. She had also worked for sixteen (16) years in the Corporate Communications and Relations department of Unilever Philippines Inc. from 1994 until 2010 when she held the position of Corporate Relations Director directly reporting to the President. She holds a Bachelor of Science degree in Business Administration and a Master's degree in Business Administration both received from the University of the Philippines.

MA. ROSARIO C.Z. NAVA

Ms. Nava is currently the Corporation's Corporate Secretary and Compliance Officer reporting directly to the Chairman of the Board of Directors of the Corporation, and she has been so since 2007. She has been engaged in active law practice for twenty-one (21) years and is a member of the Integrated Bar of the Philippines since 1995. She has occupied the positions of Director and Corporate Secretary in a number of companies among which were Hewlett-Packard Philippines Corp. and Solectron Philippines Inc. She holds a Bachelor of Science degree in Management, Major in Legal Management (with honors) from the Ateneo de Manila University and a *Juris Doctor* degree from the Ateneo Law School.

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders' Meeting due to any disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

No single person is expected to make an indispensable contribution to the business since the Corporation considers the collective efforts of all its employees as instrumental to the overall success of the Corporation's business. The Corporation is not aware of any family relationship between or among the aforementioned Directors or Executive Officers up to the fourth civil degree.

Except for the payment of annual directors' fee and per diem allowances, the Corporation has not had any transaction during the last two (2) years in which any Director or Executive Officer had a direct or indirect interest.

None of the aforementioned Directors or Executive Officers is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date, except as disclosed in that section of the Management Report on Legal Proceedings.

Nomination for Election as Members of the Board of Directors

The following have been nominated for re-election as members of the Board of Directors for the ensuing year (2016 to 2017):

Yongsang You
JaeHyuk Lee
Byoung Tak Hur
TaeWan Kim
Praveen Someshwar
Mannu Bhatia
Furqan Ahmed Syed
Rafael M. Alunan III (Independent Director)
Oscar S. Reyes (Independent Director)

All of the above nominees are incumbent Directors. Messrs. Yongsang You, JaeHyuk Lee, Byoung Tak Hur, and TaeWan Kim have been formally nominated by Lotte Chilsung Beverage Co., Ltd. Messrs. Praveen Someshwar, Mannu Bhatia and Furqan Ahmed Syed have been formally nominated by Quaker Global Investments B.V. Lotte Chilsung Beverage Co. Ltd. and Quaker Global Investments B.V. are stockholders of the Corporation.

The Corporation has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38.8 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code. The independent directors, Messrs. Rafael M. Alunan III and Oscar S. Reyes, have both been nominated by Atty. Federico Claudio G. Sandoval and Ms. Catherine Faith M. Bitalac, registered stockholders of the Corporation who are not directors, officers or substantial stockholders of the Corporation and who are not related in any way to either Mr. Alunan or Mr. Reyes. Attached are the updated Certificates of Qualification for 2016 of the nominated independent directors Messrs. Alunan and Reyes.

Mr. Alunan is the incumbent Chairman of the Audit Committee of the Corporation. The incumbent members of the Audit Committee are as follows: Messrs. Oscar S. Reyes, JaeHyuk Lee and Mannu Bhatia.

Mr. Alunan is the incumbent Chairman of the Nomination Committee of the Corporation. The incumbent members of the Nomination Committee are as follows: Messrs. Yongsang You and Mannu Bhatia.

Mr. Alunan is the incumbent Chairman of the Compensation and Remuneration Committee of the Corporation. The incumbent members of the Compensation and Remuneration Committee are as follows: Messrs. Oscar S. Reyes, Yongsang You and Mannu Bhatia.

In 2007, the Corporation amended its By-Laws providing for the procedure for nominating members of the Corporation's Board of Directors. The By-Laws provide that the Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications provided for in the Articles of Incorporation, By-Laws, the Manual of Corporate Governance, applicable laws, regulations, and resolutions and rules passed by it, the stockholders and the Board of Directors. Accordingly, on 8 April 2016, the Nomination Committee approved the final list of candidates for the Board of Directors which included all of the abovenamed individuals.

Item 6. **Compensation of Directors and Executive Officers**

The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended 31 December 2015 and 31 December 2014 and estimated to be paid for the ensuing calendar year 31 December 2016 to the Executive Officers of the Corporation is set out below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated executive officers named below	CY 2014 CY 2015 Estimated 2016	47,531,855 42,129,824 46,847,545	3,984,005 6,375,031 6,419,901	2,127,628 749,262 859,194
All other directors and officers as a group unnamed	CY 2014 CY 2015 Estimated 2016	20,696,100 18,673,602 16,994,340	4,990,102 2,773,094 3,020,087	5,514,843 1,954,861 2,339,392

** Includes per diem allowances and annual directors' fee paid to the directors*

The following are the five (5) highest compensated directors and/or officers of the Corporation who were serving as Executive Officers at the end of the last completed fiscal year:

- Yongsang You – Chief Executive Officer
- Furqan Ahmed Syed – President
- Domingo F. Almazan – Senior Vice-President, National Sales
- Allan A. Frias II – Senior Vice-President, Operations
- Celerino T. Grecia III – Senior-Vice President, Human Resources/EIR/Legal

There are no special employment contracts between the Corporation and the above Executive Officers.

Non-executive Directors are entitled to a per diem allowance of One Thousand Five Hundred United States Dollars (US$1,500.00) for each attendance in the Corporation's regular Board meetings [except for the Chairman of the Board who receives Two Thousand United States Dollars (US$2,000.00) for each such attendance] as well as for committee meetings, except for the regular quarterly Audit Committee meetings where the per diem allowance is Two Thousand United States Dollars (US$2,000.00). In addition, each Director is entitled to receive an annual directors' fee in the amount of Five Hundred Thousand Pesos (₱500,000.00). The seven (7) Directors representing Lotte Chilsung Beverage Co., Ltd. and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

There are no outstanding warrants or options held by the above Executive Officers and all such officers and Directors as a group.

Item 7. **Independent Public Accountants**

The auditing firm of R.G. Manabat & Co. is being recommended for re-election as external auditor for the ensuing year (2016 to 2017).

Representatives of said firm are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Aggregate fees billed by the Corporation's external auditor for professional services in relation to (i) the audit of the Corporation's annual financial statements and services in connection with statutory and regulatory filings; and (ii) tax accounting, compliance, advice, planning, and any other form of tax services are summarized as follows:

	Calendar Year ended 31 December 2015	Calendar Year ended 31 December 2014	Calendar Year ended 31 December 2013
Statutory audit fees	₱ 4.07 Million	₱ 4.07 Million	₱ 4.07 Million
Tax advice fees	1.98 Million	1.50 Million	-
Total	₱ 6.05 Million	₱ 5.57 Million	₱ 4.07 Million

The Audit Committee of the Corporation reviews and approves the audit plan and scope of work for the above services and ensures that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar services.

During the Corporation's two (2) most recent fiscal years or any subsequent interim periods, there was no instance where the Corporation's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Corporation had any disagreement with its public accountants on any accounting or financial disclosure issue.

In compliance with Rule 68 (3) (b) (iv) of the Securities Regulation Code, the Corporation has engaged Ms. Emerald Anne C. Bagnes, partner of R.G. Manabat & Co., to sign the Corporation's audited financial statements for the calendar year ended 31 December 2015.

Item 8. **Compensation Plans**

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

There is no action or matter to be taken up with respect to the authorization or issuance of any securities.

Item 10. **Modification or Exchange of Securities**

There is no action or matter to be taken up with respect to the modification of any class of securities of the Corporation, or the issuance or authorization for issuance of one (1) class of securities of the Corporation in exchange for outstanding securities of another class.

Item 11. **Financial and Other Information**

The Corporation has incorporated by reference the following as contained in the Management Report in accordance with Rule 68 of the Amended Rules and Regulations of the Securities Regulation Code:

1. Audited financial statements showing the financial position of the Corporation for the calendar years ended 31 December 2015 and 31 December 2014, and its financial performance and cash flows for each of the three (3) years in the period ended 31 December 2015, as well as the Condensed Interim Financial Statements showing the financial position of the Corporation for the calendar quarter ended 31 March 2016, and its financial performance and cash flows for the three months ended 31 March 2016 with comparative figures for the same three month period of the preceding year;

2. Management's discussion and analysis or plan of operation; and

3. Information on business overview, properties, legal proceedings, market price of securities, dividends paid and corporate governance.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

There is no action or matter to be taken up with respect to mergers, consolidations, acquisitions, sales or other transfers of all or any substantial part of the assets of the Corporation, liquidation, dissolution and similar matters.

Item 13. **Acquisition or Disposition of Property**

There is no action or matter to be taken up with respect to the acquisition or disposition of a substantial amount of assets or property.

Item 14. **Restatement of Accounts**

There is no action or matter to be taken up with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. <u>OTHER MATTERS</u>

Item 15. **Action with Respect to Reports**

The Minutes of the previous Annual Stockholders' Meeting ("ASM") held on 28 May 2015 shall be submitted for approval of the stockholders. This includes items on:

i. Approval by the stockholders of the Minutes of the previous ASM held on 30 May 2014 [Stockholders' Resolution No. 2015/2016-001];

ii. Report of the President on the results of operations of the Corporation for the year ended 31 December 2014;

iii. Presentation by the Chairman of the Audited Financial Statements for the year ended 31 December 2014 and acceptance and approval thereof by the stockholders [Stockholders' Resolution No. 2015/2016-002];

iv. Ratification by the stockholders of all acts and resolutions of the Board of Directors, and all acts of the Management, as well as all contracts and transactions entered into by the Corporation, for the year 2014 [Stockholders' Resolution No. 2015/2016-003];

v. Election of the Corporation's Directors, including Independent Directors, for the year 2015 to 2016, namely:

JAEHYUK LEE
BYOUNG TAK HUR
YEON-SUK NO
TAEWAN KIM
PRAVEEN SOMESHWAR
MANNU BHATIA
FURQAN AHMED SYED
RAFAEL M. ALUNAN III (Independent Director)
OSCAR S. REYES (Independent Director)

vi. Approval of the payment of Annual Directors' Fee [Stockholders' Resolution No. 2015/2016-004]; and

vii. Re-appointment of R.G. Manabat & Co. as the Corporation's External Auditors for 2015 [Stockholders' Resolution No. 2015/2016-005].

Item 16. **Matters Not Required to be Submitted**

Except for the Report of the Chairman, all other actions or matters to be taken up during the Annual Stockholders' Meeting will require the vote of the security holders.

Item 17. **Amendment of Charter, By-Laws or Other Documents**

There is no action or matter to be taken up with respect to any amendment of the Corporation's Articles of Incorporation, By-laws or other documents.

Item 18. **Other Proposed Actions**

Apart from the submission for approval of the stockholders of the Minutes of the previous ASM held on 28 May 2015 as reflected in Item 15 of this report, the following matters shall also be submitted for approval of the stockholders:

1. Ratification of all acts and resolutions of the Board of Directors and Management for the previous year which were issued in the normal course of the business operations of the Corporation such as updating of authorized signatories for various bank and other transactions, and applications for various credit facilities, among others;

2. Election of the members of the Board of Directors, including the Independent Directors, for the ensuing calendar year; and

3. Appointment of R.G. Manabat & Co. as the Corporation's External Auditors for 2016.

Item 19. **Voting Procedures**

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one (1) vote.

For the purpose of electing directors, a stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal, or he/she may distribute them in the same principle among as many candidates as he/she shall see fit.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the approval or ratification of the actions set forth under the headings "Action with Respect to Reports" in Item 15 and "Other Proposed Actions" in Item 18 above, the vote of a majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary, assisted by her staff and the stock transfer agent, will be responsible for counting and tabulating the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Stockholders' Meeting.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE SEC FORM 17-A AND/OR SEC FORM 17-Q FOR Q1 2016 FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF THE SEC FORM 17-A AND/OR SEC FORM 17-Q FOR Q1 2016 SHALL BE ADDRESSED AS FOLLOWS:

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
Km. 29 National Road
Tunasan, Muntinlupa City 1773 Philippines

Attention: Mr. Imran Moid

SIGNATURE PAGE

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 duly authorized.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

4 May 2016

YONGSANG YOU
Chief Executive Officer

IMRAN MOID
Senior Vice-President/Chief Financial Officer

ANNEX A

MANAGEMENT REPORT

I. GENERAL NATURE AND SCOPE OF THE BUSINESS

Overview

Pepsi-Cola Products Philippines, Inc. (the "Corporation") was registered with the Philippine Securities and Exchange Commission ("SEC") on 8 March 1989 primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks and non-carbonated beverages, as well as confectionery products, to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Corporation is Km. 29, National Road, Tunasan, Muntinlupa City. The Corporation has amended its primary purpose clause and is now also authorized to engage in the manufacture, sale and distribution of food and food products, and snacks.

The Corporation is a licensed bottler of PepsiCo, Inc. ("PepsiCo") and Pepsi Lipton International Limited ("Pepsi Lipton") beverages in the Philippines. It manufactures a range of carbonated soft drinks ("CSD") and non-carbonated beverages ("NCB") that includes well-known brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, Mug, Gatorade, Tropicana/Twister, Lipton, Sting, Propel, Milkis and Let's Be.

Philippine Beverage Industry

The Corporation competes in the ready-to-drink, non-alcoholic beverage market across the Philippines. The market is highly competitive and competition varies by product category. The Corporation believes that the major competitive factors include advertising and marketing programs that create brand awareness, pack and price promotions, new product development, distribution and availability, packaging and customer goodwill. The Corporation faces competition generally from both local and multinational companies across the Corporation's nationwide operations.

Competitors in the CSD market are The Coca-Cola Company and Asiawide Refreshments Corporation. The substantial investment in multiple plants, distribution infrastructure and systems, and the float of returnable glass bottles ("RGBs") and plastic shells required to operate a nationwide beverage business using RGBs represent a significant barrier to potential competitors in widening their reach.

The market for NCB (including energy drinks) is more fragmented. Major competitors in this market are Del Monte Pacific Limited, Universal Robina Corporation, Zesto Corporation, The Coca-Cola Company, and Asia Brewery Incorporated, among others. In recent years, the market has been relatively fluid with frequent product launches and shifting consumer preferences. These trends are expected to continue.

Industry-wide competition intensified with marketing campaigns and trade and consumer promotions. The Corporation believes that it can effectively compete by maximizing its 360-degree marketing presence, maintaining its competitive price structures, and expanding the range and reach of the Corporation's portfolio. For the years to come, the Corporation will continue to expand its beverage offerings leveraging its wide manufacturing platform and extensive distribution reach to meet consumer demands.

Moreover, the Corporation invested aggressively, positioning the business for long-term growth while ensuring financial flexibility to battle current challenges. The Corporation expanded and upgraded manufacturing facilities in different plants to provide multiple product capabilities, maximize cost savings, improve product quality, and increase operating efficiencies.

Customers/Distribution Methods of the Products

The Corporation has a broad customer base nationwide. Its customers include supermarkets, convenience stores, bars, *sari-sari* stores, and *carinderias*.

The Corporation's sales volumes depend on the reach of its distribution network. It increases the reach of its distribution system by adding routes and increasing penetration by adding outlets on existing routes that currently do not stock its products. It relies on a number of channels to reach retail outlets, including direct sales, distributors, and wholesalers.

The backbone of the distribution system is what is referred to as "Entrepreneurial Distribution System," which consists of independent contractors who service one or more sales "routes," usually by truck, selling directly to retail outlets and collecting empty RGBs.

The Corporation also employs its own sales force, which principally sells to what is referred to as the "modern trade" channel, consisting largely of supermarkets, restaurants and convenience store chains. Most of these sales are credit sales. In addition, it sells products to third party wholesalers and distributors, which sell them to retail outlets.

An important aspect of the distribution system is the infrastructure-intensive process of selling and delivering RGB products to thousands of small retailers, including *sari-sari* stores and *carinderias*. The efforts to increase the reach of the Corporation's distribution network require significant investments in distribution infrastructure such as additional trucks, refrigeration equipment, warehouse space and a larger "float" of glass bottles and plastic shells, as well as higher costs for additional sales and distribution staff.

Principal Suppliers

Over half of total costs comprise purchases of raw materials. Largest purchases are sugar and beverage concentrates. The Corporation purchases its sugar requirements domestically because of import restrictions imposed by the Philippine Government. It purchases beverage concentrates from PepsiCo and Pepsi Lipton through Pepsi-Cola Far East Trade Development Co., Inc. (PCFET) at prices that are fixed as a percentage of the wholesale prices charged for the finished products, subject to a price floor in United States dollars.

Another substantial cost is packaging. The major components of this expense are purchases of PET pre-forms, which are converted into PET bottles at the plants, non-reusable glass bottles, aluminum cans and closures. It also makes regular purchases of RGBs to maintain float at appropriate levels. Purchases of each of these materials are from suppliers based in the Philippines and in other parts of Asia, usually under short-term, fixed price contracts.

Legal Proceedings

From time to time, the Corporation becomes a party to litigation in the ordinary course of its business. The majority of the cases in which the Corporation is a party are cases it files to recover debts in relation to unpaid receivables by trade partners or in relation to cash or route shortages, private criminal prosecutions that it brings (generally for low value offenses such as theft of product or distribution equipment, fraud, and bouncing checks), labor cases for alleged illegal dismissal (which are usually accompanied by demands for reinstatement in the Corporation without loss of seniority rights, and payment of back wages), and consumer cases brought against the Corporation involving allegations of defective products.

As a result of a promotion in 1992, civil cases were filed against the Corporation in which thousands of individuals claimed to hold numbered bottle crowns that entitled them to a cash prize. The

Philippine Supreme Court has consistently held in at least 7 final and executory decisions in the last 5 years that the Corporation is not liable to pay the amounts claimed. In the most recent of these decisions, the Supreme Court dismissed a similar claim, reiterating that it is bound by its pronouncement in a number of cases involving this promotion. By virtue of the precedential effect of the decided cases, the Corporation expects the remaining cases to be dismissed in due course.

On 23 April 2013, the Corporation and its landlords (i.e., Dr. Eduardo Batista, Yolanda Batista Yatco, Herminia Batista Roman and Teresita Batista, all represented by Atty. Celerino T. Grecia, III) filed a suit for *declaratory relief and injunction* with the Regional Trial Court Branch 276 of Muntinlupa City ("RTC") ("Civil Case"). The Corporation and its landlords sought to enjoin NWRB from closing and sealing the Corporation's wells in Muntinlupa on the ground of alleged non-compliance with the requirements under Presidential Decree No. 1067, otherwise known as the Water Code, and its implementing rules and for the court to declare the rights of the Corporation under the Water Code. On 26 April 2013, the RTC issued a temporary restraining order of NWRB's order for the closure of the wells. On 20 May 2013, after hearing, the RTC granted a preliminary injunction prohibiting NWRB from implementing the closure order.

On 12 March 2014, the Executive Director of NWRB filed a criminal complaint in the Office of the City Prosecutor of Muntinlupa City ("Prosecutor") against seven officers of the Corporation for the drilling, operation and maintenance of the 6 deep wells, allegedly in violation of Articles 90 and 91 of the Water Code. The respondents filed their responses to the complaint questioning the authority of the NWRB signatory to file the case, and validity of the resolutions denying the issuance of the water permits, and further sought a bill of particulars specifying the exact acts each respondent has committed in contravention of the Water Code of the Philippines. In a Resolution dated 27 November 2014, the Prosecutor dismissed the criminal complaint. Thereafter, a Motion for Partial Reconsideration of said Resolution ("MPR") dated 8 April 2015 was filed by the Executive Director of NWRB. The respondents have filed their respective Comment/Opposition to the NWRB's MPR. The matter is pending with the Prosecutor.

For a discussion of the Corporation's pending tax matter, please refer to Note 26(b) to the Audited Financial Statements for the year ending 31 December 2015.

The Corporation has not been involved in any bankruptcy, receivership or other similar proceedings.

II. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Corporation's common shares were listed in the Philippine Stock Exchange ("PSE") on 1 February 2008. The high and low sales prices of such shares for the years 2015 and 2014 are set out below.

Period	High	Low
January to March 2014	₱5.37	₱4.24
April to June 2014	₱5.25	₱4.50
July to September 2014	₱5.18	₱4.55
October to December 2014	₱4.88	₱3.87
January to March 2015	₱4.74	₱3.96
April to June 2015	₱4.91	₱4.02
July to September 2015	₱5.00	₱3.92
October to December 2015	₱4.52	₱3.60
January to March 2016	₱4.03	₱2.89

The closing share price as of 3 May 2016 is **₱3.70**

Stockholders

The Corporation has approximately six hundred four (604) holders of common shares as of 31 March 2016 [with the PCD Nominee Corporation (Filipino) and (Non-Filipino) considered as two (2) holders], based on the number of accounts registered with the Corporation's stock transfer agent, Stock Transfer Service Inc. ("STSI").

The following are the Corporation's top twenty (20) holders of common shares based on the report furnished by STSI as of 31 March 2016:

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CHILSUNG BEVERAGE CO. LTD.	1,436,315,932	38.88%
2	PCD NOMINEE CORP. (NON-FILIPINO)	986,621,373	26.71%
3	QUAKER GLOBAL INVESTMENTS B.V.	923,443,071	25.00%
4	PCD NOMINEE CORP. (FILIPINO)	341,819,159	9.25%
5	BORROMEO, JOSEPH MARTIN H.	450,000	0.01%
6	YAN, LUCIO W.	300,000	0.01%
7	BLANCAVER, RENE B.	255,000	0.01%
8	MADARANG, WINEFREDA O.	250,000	0.01%
9	LUGTI, VALERIANO A.	150,000	0.00%
10	YU, FELIX S.	149,998	0.00%
11	IGNACIO, JUANITO R.	100,000	0.00%
12	UMALI, JOSE I.	100,000	0.00%
13	PINEDA, MA. CORAZON V.	100,000	0.00%
14	NARCISO, MA CELESTE S.	100,000	0.00%
15	DINO, ROSAURO P.	70,000	0.00%
16	TONGCUA, ROBERTO E.	70,000	0.00%
17	DUGURAN,CECILIA R.	60,000	0.00%
18	GOCE, ROBERTO H.	60,000	0.00%
19	SEBASTIAN, FELICITO C.	57,000	0.00%
20	CATUNGAL, MANUEL J.	53,000	0.00%

Cash Dividends

The Board of Directors ("Board") approved several declarations of cash dividends amounting to ₱244 million in calendar year ended 31 December 2015, ₱259 million in calendar year ended 31 December 2013, ₱369 million in the six (6) months ended 31 December 2010, and ₱554 million in fiscal year 2010. Details of the declarations are as follows:

Date of Declaration	Dividend Per Share	Payable to Stockholders of Record as of	Date of Payment
30 September 2009	₱0.15	15 October 2009	29 October 2009
9 September 2010	₱0.10	24 September 2010	8 October 2010
24 May 2013	₱0.07	7 June 2013	28 June 2013
27 April 2015	₱0.066	12 May 2015	5 June 2015
20 April 2016	₱0.066	10 May 2016	3 June 2016

Dividend Policy

The Corporation has a dividend policy to declare dividends to stockholders of record, which are paid from unrestricted retained earnings. Any future dividends it pays will be at the discretion of the Board after taking into account the earnings, cash flow, financial position, capital and operating progress, and other factors as the Board may consider relevant. Subject to the foregoing, the present policy is to pay cash dividends of up to fifty percent (50%) of its preceding year's annual net income. This policy may be subject to future revision.

The declaration and payment of cash dividends are subject to approval by the Board without any further need for stockholders' approval. On the other hand, the declaration and payment of stock dividends require the further approval of the stockholders representing no less than two-thirds (2/3) of the Corporation's outstanding capital stock.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There has been no recent sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

III. FINANCIAL STATEMENTS

Please refer to the Audited Financial Statements of the Corporation for the calendar year ended 31 December 2015 and the Condensed Interim Financial Statements for the calendar quarter ended 31 March 2016, which are attached hereto as Exhibit "1" and Exhibit "2," respectively.

IV. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change in the independent auditing firm or handling partner or disagreements with the independent Certified Public Accountant ("CPA") on matters relating to the application and interpretation of accounting principles or practices, tax laws and regulations, financial statement disclosures or audit scope and procedures during the three (3) most recent fiscal years.

V. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Results of Operations

Calendar Quarter Ended 31 March 2016 versus Calendar Quarter Ended 31 March 2015

The Corporation delivered remarkable gains in the first quarter, as it posted a double digit increase in sales volume, driven by growth across major categories and geographies.

Gross sales revenue increased by 12% versus same period last year, reaching ₱8.2 billion for the quarter. Revenue growth is driven by the volume growth and strong focus on revenue management despite lapping of pricing rollback from last year.

Cost of Goods Sold increased by 16% for the quarter, primarily driven by sharp increase in sugar cost versus year ago. As a result, the Corporation achieved a gross profit of ₱1.6 billion for the quarter, which is 80 basis points lower than same period last year.

Positive leverage on operating expenses as the increase of 4% was much lower than the revenue growth of 12%. Operating expenses expressed as a percentage of net sales were 144 basis points better than year ago driven by the Corporation's prudent cost management initiatives.

Net income decreased by 17% versus year ago due to high sugar prices and cost related to Snacks start-up.

The Corporation spent significant investments in manufacturing and distribution assets amounting to ₱1.5 billion to sustain a strong topline performance.

The Corporation plans to continue the growth momentum through distribution expansion, manufacturing infrastructure and capacity development, and product innovations. The Corporation also plans to capitalize on strong category opportunity.

Calendar Year Ended 31 December 2015 versus Calendar Year Ended 31 December 2014

Gross sales revenue increased by 7% for the quarter and 8% for the full-year period, reaching ₱32 billion for the entire year. Revenue growth was ahead of volume growth, driven by its strong focus on revenue management and overlapping of pricing rollback versus year ago.

Cost of Goods Sold increased by 14% for the quarter and 10% for the full year, driven by sharp increase in sugar in the last two quarters, higher depreciation and amortization partially off-set by volume growth. The Corporation achieved a gross profit of ₱1.5 billion or -13% for the quarter and ₱6 billion for full year or +1% versus year ago.

Operating expenses decreased by 8.7% for the quarter versus year ago and improved by 0.4% full year versus year ago. Operating expenses expressed as a percentage of net sales were 320 basis points and 140 basis points better than year ago for the fourth quarter and full year, respectively.

The Corporation spent significant investments in manufacturing and distribution assets amounting to ₱4.2 billion this year, 8% higher than year ago level.

Net income remained flat versus last year due to high sugar prices and Snacks start up. The Corporation will continue with its long-term strategy of distribution and manufacturing investments supported by marketing programs to continue the growth momentum.

The Corporation started commercial production of snacks in late Q4 and plans to capitalize on strong category opportunity.

Calendar Year Ended 31 December 2014 versus Calendar Year Ended 31 December 2013

The Corporation delivered remarkable gains in the fourth quarter, as it posted a double-digit increase in LRB volume in the fourth quarter and 12% for the full year, driven by growth across major categories and geographies. This is a commendable feat, as it overlapped two consecutive years of strong double-digit growth amid a modestly growing CSD industry and a continuously intensifying competitive landscape.

Gross sales revenue in the fourth quarter was up by 13% to ₱7.9 billion, making it the second quarter in a row where revenue growth was ahead of volume growth, as this was amplified by the Corporation's revenue management initiatives. This improved fourth quarter gross profit margin by 200 basis points versus the first quarter of 2015. Consequently, full year gross sales revenue was up by 13% to ₱29.8 billion, ahead of volume growth by 120 basis points, and gross profit increased by 6% versus last year to ₱6.3 billion.

These gains were made possible by the Corporation’s relentless focus on expanding distribution, supported by significant investments in manufacturing and marketing and distribution assets amounting to ₱3.9 billion this year.

Effective cost management resulted in a reduction of operating expenses as a percentage of net sales by 130 basis points in the fourth quarter and 30 basis points for the full year.

Net income was up by 56% in the fourth quarter, making it the second quarter in a row of double-digit net income growth and ahead of gross revenue growth. Thus, a strong turnaround in the second semester was seen versus the first semester driven by volume growth, improved pricing and leverage on operating expenses. Net income declined by 10% for the full year on account of competitive pricing actions in the first semester, higher depreciation/amortization, as well as a trickle-over impact of Typhoon Yolanda. The Corporation will continue with its long-term strategy of distribution and manufacturing investments supported by marketing programs to continue the growth momentum.

Calendar Year Ended 31 December 2013 versus Calendar Year Ended 31 December 2012

2013 was another banner year for the Corporation as it made the remarkable feat of reaching high double-digit growth overlapping two strong consecutive years. Gross Sales Revenue fueled by high volume growth from both CSD and NCB reached ₱26.4 billion, an increase of 16% from 2012. The strong topline growth came across geographies through distribution increase and is commendable considering intense competition and Yolanda issues in the last quarter of 2013. Sales volume grew at 20% versus the previous year.

Cost of Sales, mainly driven by volume growth, increased by 16% for the year. Cost of sales, expressed as a percentage of net sales, remained at 73%, as the cost of inputs remained largely stable for the year. The Corporation’s Cost of Sales consists predominantly of Raw and Packaging Materials.

As a result, the Corporation’s Gross Profit for the year reached ₱6.0 billion, representing a growth of 13% over last year. Margins remained healthy as Gross profit, expressed as a percentage to net sales, remained the same as year ago, at 27%.

Operating Expenses, despite the high capital expenditures, remained manageable as the Corporation maintained its good leverage on Operating Expenses. Operating expenses, expressed as a percentage to net sales, remained the same as last year’s level of 21%.

High volume growth, stable cost of inputs and manageable Operating expenses helped the Corporation achieve a Net income of ₱903.5 million, an increase of 6% over 2012.

Financial Condition and Liquidity

Calendar Quarter Ended 31 March 2016

The Corporation’s financial condition remained solid. Cash flows from operating activities were used to fund capital expenditures needs and payoff a portion of the Corporation’s bank debt. Consequently, our bank debt is increased by ₱451 million in comparison with 31 December 2015 balance.

Causes for Material Changes (+/-5% or more)

1. Increase in total current assets by 7% due to increases in inventories by ₱451 million and prepaid expenses and other current assets by ₱135 million and a decrease in cash and cash equivalent by ₱77 million, receivables – net by ₱141 million, and due from related parties by ₱3 million.

2. Increase in total noncurrent assets by 6% due to increase in investment in associates by ₱6 million, net bottles and cases by ₱428 million, property, plant and equipment by ₱501 million, and other noncurrent assets by ₱12 million.

3. Increase in total current liabilities by 15% due to increase in accounts payable and accrued expenses by ₱649 million, short-term debt by ₱550 million, current portion of long-term debt by ₱50 million, income tax payable by ₱24 million.

The Corporation is not aware of any trend that may affect its liquidity as of 31 March 2016. Please refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Corporation's liquidity risk and financial risk management.

Calendar Year Ended 31 December 2015

The Corporation's operations are cash intensive. This capability to generate cash is one of its greatest strengths. With its liquidity, the Corporation has substantial financial flexibility in varying operating policy in response to market demands, in meeting capital expenditures through internally generated funds and in providing the Corporation with a strong financial condition that gives it ready access to financing alternatives (refer to Note 25 to the 31 December 2015 Audited Financial Statements for a detailed discussion on the Corporation's revolving credit facilities as of 31 December 2015).

Credit sales over the past three years have remained at the level of 54% to 61% of total sales. This credit sales level reflects a shift from a direct distribution mode to a more efficient model of fostering partnership with distributors and multi-route Entrepreneurial Distribution System contractors as well as increase in Modern Trade business. Liquidity has remained healthy. Collection period were at 45 to 68 days, while, inventory days were at 4 to 22 days for the past three years. Trade payable days have remained at manageable levels.

Increase in current assets from ₱4,890 million as of 31 December 2014 to ₱4,897 million as of 31 December 2015 were due to increases in receivables of ₱33 million, inventories of ₱116 million, and prepaid expenses and other current assets of ₱61 million, respectively, and a decrease in amount from cash of ₱181 million and due from related parties of ₱21 million, respectively.

Noncurrent assets increased from ₱13,947 million as of 31 December 2014 to ₱15,919 million as of 31 December 2015 mainly due to additions to property, plant and equipment of ₱1,530 million and bottles and cases of ₱358 million, in line with the Corporation's continued expansion of plant capacity, from investment in associates of ₱22 million, deferred tax assets of ₱9 million, and other noncurrent assets of ₱53 million, respectively.

Increase in current liabilities from ₱6,304 million as of 31 December 2014 to ₱8,301 million as of 31 December 2015 is mainly due to increase in accounts payable & accrued expenses of ₱1,418 million, short-term debt of ₱100 million, long-term debt current portion of ₱447 million, and income tax payable of ₱33 million, respectively.

Noncurrent Liabilities decreased from ₱4,557 million as of 31 December 2014 to ₱3,973 million as of 31 December 2015 due to decrease in long-term debt of ₱544 million and deferred tax liabilities of ₱47 million, and an increase in other noncurrent liabilities of ₱6 million, respectively.

Total assets increased from ₱18,837 million as of 31 December 2014 to ₱20,817 million as of 31 December 2015 mainly due to increase in current assets and noncurrent described above. Total liabilities increased from ₱10,861 million as of 31 December 2014 to ₱12,274 million as of 31 December 2015 mainly due to increase in current liabilities as stated above.

Total equity increased from ₱7,976 million to ₱8,543 million on account of total comprehensive income of ₽811 million and a dividend payment of ₽244 million for the calendar year ended 31 December 2015.

Events That May Trigger Direct or Contingent Obligations

For the calendar quarter ended 31 March 2016, as well as for the calendar year ended 31 December 2015, the Corporation is not aware of any events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

Off-Balance Sheet Transactions

For the calendar quarter ended 31 March 2016, as well as for the calendar year ended 31 December 2015, to the Corporation's knowledge, there are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Corporation with unconsolidated entities or other persons created during the reporting period.

Key Performance Indicators

The Corporation's key performance indicators are shown below. The Corporation employs analyses using comparisons and measurements based on the financial data of the current period against the same period of the previous year.

		1st Quarter ended 31 March 2016	**2015**	**2014**
Current ratio	Current assets over current liabilities	0.5:1	0.6:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.1:1	0.2:1	0.3:1
Bank debt-to-equity ratio	Bank debt over total equity	0.49:1	0.44:1	0.47:1
Asset-to-equity ratio	Total assets over equity	2.5:1	2.4:1	2.4:1
Operating margin	Operating profit over net sales	3.3%	4.2%	4.3%
Net profit margin	Net profit over net sales	2.3%	3.0%	3.2%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	9.6:1	17.6:1	19.8:1

		For the three months ended 31 March	
		2016	**2015**
Gross sales		₽8.3 billion	₽7.3 billion
Gross profit margin	Gross profit over net sales	22.4%	25.2%
Operating margin	Operating profit over net sales	3.3%	4.7%
Net profit margin	Net profit over net sales	2.3%	3.1%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	9.6:1	8.5:1

For calendar year ended 31 December 2015 in comparison with calendar year ended 31 December 2014, current ratio decreased as the current liabilities increased by 32%. The changes in solvency, debt-to-equity and asset-to-equity ratios were mainly due to the increase in net income and increases in total assets and liabilities. The changes in operating margin, net profit margin and interest rate coverage ratios were attributable to the increases in operating income and net income.

Material Commitments for Capital Expenditures

Calendar Quarter Ended 31 March 2016

The Corporation has ongoing definite corporate expansion projects approved by the Board. As a result of this expansion program, the Corporation spent for property, plant and equipment as well as bottles and cases amounting to ₱1.54 billion and ₱0.98 billion for the three months ended 31 March 2016 and 2015, respectively. To this date, the Corporation continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Calendar Year Ended 31 December 2015

The Corporation has ongoing definite corporate expansion projects approved by the Board. As a result of this expansion program, the Corporation spent for property, plant and equipment as well as bottles and shells amounting to ₱4,111 million, ₱3,853 million, and ₱4,198 million for the years ended 31 December 2015, 2014, and 2013, respectively. To this date, the Corporation continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties that may have Material Impact on Sales and Results of Operations

The Corporation's performance will continue to hinge on the overall performance of the Philippine economy, the natural seasonality of operations, and the competitive environment of the beverage market in the Philippines. Please refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Corporation's Financial Risk Management.

Factors that may Impact the Corporation's Operations / Seasonality Aspects

Calendar Quarter Ended 31 March 2016

Please refer to Note 4 to the Condensed Interim Financial Statements for a discussion of the seasonality of the Corporation's operations for the first quarter ended 31 March 2016.

Calendar Year Ended 31 December 2015

Please refer to Part I Item 1 (2) (o) of the SEC Form 17-A attached to the Corporation's Audited Financial Statements for the calendar year ended 31 December 2015 for a discussion of Major Risks.

Significant Elements of Income or Loss that did not arise from Continuing Operations

For the calendar quarter ended 31 March 2016, as well as for the calendar year ended 31 December 2015, there was no income or losses arising from discontinued operations.

VI. CORPORATE GOVERNANCE

The Corporation's Manual on Corporate Governance ("Manual"), which was adopted on 21 June 2007, and revised on 14 April 2010, 25 March 2011 and 31 July 2014, details the standards by which it conducts sound corporate governance that is coherent and consistent with relevant laws and regulatory rules, and constantly strives to create value for its stockholders and other stakeholders.

Compliance with the Manual's standards is monitored by the Corporation's Compliance Officer. Ultimate responsibility rests with the Board, which also maintains three (3) standing committees apart from the Executive Committee, each charged with oversight into specific areas of the Corporation's business activities.

Executive Committee

The Executive Committee of the Board is responsible for developing and monitoring the Corporation's risk management policies. This Committee is mandated to review the detailed financial and operating performance of the Corporation and progress against the relevant Annual Operating Plan and Operating Targets, and to monitor the Corporation's progress against key initiatives, pricing strategies and plans, sales and marketing plans, capital expenditure planning and key decisions on organizational structure and people.

The Executive Committee shall be composed of at least seven (7) members, namely, the Chief Executive Officer, the Chief Strategy Officer, the Chief Operating Officer, the Chief Financial Officer, and three (3) regular directors.

The incumbent members of the Executive Committee are as follows: Messrs. Yongsang You (Chief Executive Officer), Furqan Ahmed Syed (President – equivalent of Chief Operating Officer), and Imran Moid (Chief Financial Officer).

There are four (4) vacancies in the Executive Committee. The Board has decided to defer filling the vacancies in the Executive Committee and to take this up at the Organizational Meeting of the newly-elected Board of Directors after the Annual Stockholders' Meeting.

The chairmanship of the Executive Committee shall be decided later by the unanimous vote of its Directors-members once it convenes in a meeting held for this purpose pursuant to the By-laws of the Corporation.

Audit Committee

The Audit Committee assists the Board in its fiduciary responsibilities as it provides an independent and objective assurance to the Management, the stockholders and other stakeholders of the Corporation that business operations are carried out according to approved standards and objectives, and the Corporation's resources are preserved and productive.

The Audit Committee shall be composed of at least four (4) directors, preferably with accounting and finance background with at least one (1) member with audit experience. Two (2) of the members must be independent directors, including the Chairman of the committee. The Audit Committee reports to the Board and is required to meet at least once every three (3) months.

The incumbent members of the Audit Committee are as follows: Messrs. Rafael M. Alunan III (Chairman/Independent Director), Oscar S. Reyes (Independent Director), JaeHyuk Lee, and Mannu Bhatia.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee, based on objective and impartial studies, utilizes a formal and transparent framework in determining the remuneration of the members of the Board and the Corporation's key executives. This committee's decisions on compensation issues are consistent with the requirements of objectivity, fairness and relevance.

The Compensation and Remuneration Committee shall be composed of at least three (3) members, including one (1) independent director. The Board may also designate non-voting members as it may on a case-to-case basis require for purposes of advising said committee. The Compensation and Remuneration Committee reports to the Board and is required to meet at least once each year.

The incumbent members of the Compensation and Remuneration Committee are as follows: Messrs. Rafael M. Alunan III (Chairman/Independent Director), Oscar S. Reyes (Independent Director), Yongsang You, and Mannu Bhatia.

Nomination Committee

The Nomination Committee ensures that the Board is made up of visionary, ethical and competent business leaders who can contribute to the vast range of ideas and reach decisions that will protect and grow the business. This committee also makes sure that the designated Board members address the higher purposes of the Corporation as a responsible enterprise which has a positive value on the communities where it operates.

The Nomination Committee shall be composed of at least three (3) members, including one (1) independent director. The Board may also designate non-voting members as it may on a case-to-case basis require for purposes of advising said committee. The Nomination Committee reports to the Board and is required to meet at least once each year.

The incumbent members of the Nomination Committee are as follows: Messrs. Rafael M. Alunan III (Chairman/Independent Director), Yongsang You, and Mannu Bhatia.

For purposes of evaluating compliance with the Manual, the Corporation has adopted the self-rating form prescribed by the Securities and Exchange Commission ("SEC"). The Corporation has complied with its Manual through the election of two (2) independent directors to the Board; the constitution of the Audit Committee, Compensation and Remuneration Committee, and Nomination Committee pursuant to its By-laws, and the election of the Chairman and members of such committees, which include the independent directors; the conduct of regular meetings of the Board and the various committees of the Board abovestated; adherence to the written Code of Conduct prepared by the Corporation's Human Resources Department; and adherence to applicable accounting standards and disclosure requirements.

The Corporation adheres to a business plan, budget and marketing plan. Management prepares and submits to the Board, on a regular basis, financial and operational reports which enable the Board and Management to assess the effectiveness and efficiency of the Corporation.

While the Corporation has fulfilled its corporate governance obligations, it continues to evaluate and review its Manual to ensure that best practices on corporate governance are being adopted. In line with this, the Corporation has, pursuant to the requirements of SEC Memorandum Circular No. 5, Series of 2013, submitted to the SEC its Annual Corporate Governance Report for 2012 ("ACGR for 2012") on 28 June 2013. Certain amendments to the Corporation's ACGR for 2012 were approved by the Board on 28 March 2014, and the Amended ACGR for 2012 was subsequently submitted to the SEC on 16 April 2014. Thereafter, the Corporation submitted on 15 December 2014 its Consolidated Annual Corporate Governance Reports for the years 2013 and 2014, and submitted on 11 January 2016 its Consolidated Annual Corporate Governance Report for the year 2015. The Corporation posted these reports in the Corporation's website in full compliance with the requirements of SEC Memorandum Circular No. 12, Series of 2014.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OSCAR S. REYES**, Filipino, of legal age and a resident of Unit 6 Kasiyahan Homes, 58 McKinley Road, Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee identified as Independent Director of **PEPSI COLA PRODUCTS PHILIPPINES INC. (PCPPI).**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Philippine Long Distance Tel. Co.	Director Member, Advisory Board	2001-2010 2010 - present
PLDT Communications & Energy Ventures Inc.	Director	2013 - present
Bank of the Philippine Islands	Director	2003 – present
Manila Water Company	Independent Director	2005 - present
Manila Electric Company	President & CEO / Director	2012 - present 2010 - present
Sun Life Financial Plans Inc.	Independent Director	2006 - present
Sun Life Prosperity Funds	Independent Director	2002 – present
Grepalife Dollar Bond Fund Corporation	Independent Director	2011 - present
Grepalife Fixed Income Fund Corporation	Independent Director	2011 - present
Grepalife Bond Fund Corporation	Independent Director	2011 - present
Basic Energy Corporation	Independent Director	2007 – present
Cosco Capital Corporation	Independent Director	2009 - present
Petrolift Inc.	Independent Director	2007 – present
Redondo Peninsula Energy Inc.	Chairman	2011- present
Meralco Industrial Engineering Services Inc.	Chairman	2010 - present
Meralco Energy Inc.	Chairman	2010 - present
CIS Bayad Center, Inc.	Chairman	2010 – present
PacificLight Power Pte Ltd.	Chairman	2013 - present
MRail Inc.	Chairman	2015 - present
Meralco Powergen Corporation	President/Director	2010 - present
Calamba Aero Power Corporation	Director	2011 - present
Republic Surety & Insurance Co., Inc.	Director	2010 - present
Clark Electric Development Corporation	Director	2013-present

3. I am not a securities broker-dealer, i.e., I do not hold any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Philippine Stock Exchange, associated person or salesman, and an authorized clerk of the broker or dealer.

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PCPPI**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of **PCPPI** of any changes in the abovementioned information within five days from its occurrence.

APR 05 2016 MAKATI CITY

Done, this ____ day of _______, 2016, at Pasig City.

Affiant

SUBSCRIBED AND SWORN to before me, a notary public in and for the City of MAKATI CITY this ___ day of APR 05 2016 2016. The affiant, whom I identified through the following competent evidence of identity: Philippine Passport No. EB 8380979 expiring on 12 June 2018, personally signed the foregoing instrument before me and avowed under penalty of law to the whole truth of the contents of said instrument.

WITNESS MY HAND AND SEAL on the date and at the place first abovementioned.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333/4-10-2013
IBP O.R No.706762-LIFETIME MEMBER JAN. 29,2007
PTR No. 532-35-05- JAN 04,2016 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

Doc. No. 95;
Page No. 20;
Book No. 203;
Series of 2016.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RAFAEL M. ALUNAN III, Filipino, of legal age, and with residence address at No. 63, 9th Street, New Manila, Quezon City, under oath, state:

1. I am an independent director of Pepsi-Cola Products Philippines, Inc. (hereinafter, the "Corporation").

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philippine Council for Foreign Relations, Inc.	Director	2015-present
Development Academy of the Phils.	Council of Fellows	2015-present
Management Assn. of the Phils.	Chairman, Nat'l Security Committee	2004-present
University of La Salle (USLS), Bacolod	Trustee	2009-present
De La Salle Philippines, Inc.	Member	2014-present
Korean School Foundation Philippines, Inc.	Trustee	2008-present
Santeh Agriculture Science & Technology, Inc.	Trustee	2010-present
Rafael Alunan Agri-Development, Inc. (RAADI)	Director	1975-present

3. I possess all of the qualifications and none of the disqualification to serve as Independent Director of the Corporation/s, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

IN WITNESS WHEREOF, I have hereunto affixed my signature this APR 0 5 2016 in Makati City.

RAFAEL M. ALUNAN III
Affiant

SUBSCRIBED AND SWORN to before me this APR 0 5 2016 in MAKATI CITY, affiant exhibiting to me his Senior Citizens ID No. 104448 issued on 5 March 2009 in Quezon City.

Doc. No. 96;
Page No. 21;
Book No. 203;
Series of 2016.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333/4-10-2013
IBP O.R No.706702-LIFETIME MEMBER JAN. 29,2007
PTR No. 5325305-05- JAN 04,2016 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF
PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Held at Acacia Hotel Manila, Filinvest Corporate City,
Alabang, Muntinlupa City
on 28 May 2015, Thursday, at 10:00 a.m.
(Stockholders' Meeting No. 2015/2016-001)

Stockholders Present	In Person/By Proxy	No. of Shares
Lotte Chilsung Beverage Co., Ltd.	Yeon-Suk No (By Proxy)	1,436,315,932
Quaker Global Investments B.V.	Furqan Ahmed Syed (By Proxy)	923, 443,071
Pepsi-Cola Far East Trade Development Co., Inc.	Furqan Ahmed Syed (By Proxy)	100
Yeon-Suk No	In Person	1
Furqan Ahmed Syed	In Person	1
JaeHyuk Lee	Yeon-Suk No (By Proxy)	1
TaeWan Kim	Yeon-Suk No (By Proxy)	1
Byoung Tak Hur	Yeon-Suk No (By Proxy)	1
Praveen Someshwar	Furqan Ahmed Syed (By Proxy)	1
Mannu Bhatia	Furqan Ahmed Syed (By Proxy)	1
Oscar S. Reyes	In Person	1
Rafael M. Alunan III	In Person	1
Others		552,852,238
	Total shares present in person/by proxy	2,912,611,350
	Total shares issued, outstanding and entitled to vote	3,693,772,279
	Percentage of shares present in person/by proxy	78.85%

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF
PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Held at Acacia Hotel Manila, Filinvest Corporate City,
Alabang, Muntinlupa City
on 28 May 2015, Thursday, at 10:00 a.m.
(Stockholders' Meeting No.2015/2016-001)

1. CALL TO ORDER

The Chairman of the Board and Independent Director of the Corporation, Mr. Oscar S. Reyes, called the meeting to order and presided over it.

The Corporate Secretary, Atty. Ma. Rosario C.Z. Nava, recorded the minutes of the meeting.

2. CERTIFICATION OF NOTICE AND OF QUORUM

Atty. Nava certified that notices were sent to all the stockholders of the Corporation and that stockholders owning or holding 78.85% of the total outstanding capital stock entitled to vote were present, either in person or by proxy. Thus, there was a quorum for the valid transaction of business.

3. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL STOCKHOLDERS' MEETING HELD ON 30 MAY 2014

There was a motion made to approve the minutes of the previous Annual Stockholders' Meeting of the Corporation held on 30 May 2014.

The motion was duly seconded, and there being no objection, the stockholders passed and approved the following resolution:

Stockholders' Resolution No. 2015/2016-001

> **RESOLVED,** that the minutes of the Annual Stockholders' Meeting of **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** held on 30 May 2014, be, as it is hereby, approved.

4. REPORT OF THE CHAIRMAN

The Executive Director and President, Mr. Furqan Ahmed Syed, reported the highlights of the results of operations of the Corporation for the year ended 31 December 2014.

A motion was made to note the Report of the President on the results of operations of the Corporation for the year ended 31 December 2014.

The motion was duly seconded and the Report of the President to the stockholders on the results of operations of the Corporation for the year ended 31 December 2014 was noted for the record.

5. PRESENTATION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Chairman then presented the Corporation's audited financial statements for the year ended 31 December 2014, copies of which had been previously sent to the stockholders.

A motion was made to note, accept and approve the audited financial statements for the year ended 31 December 2014. The motion was duly seconded, and there being no objection, the stockholders passed and approved the following resolution:

Stockholders' Resolution No. 2015/2016-002

> **RESOLVED,** that the audited financial statements of **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** for the year ended 31 December 2014, be, as it is hereby, noted, accepted and approved.

6. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT FOR THE PREVIOUS YEAR

The Chairman then discussed with the stockholders the need to ratify all acts and resolutions of the Board of Directors and all acts of the Management of the Corporation for the previous year, as well as all contracts and transactions entered into by the Corporation for the same period.

There was a motion for its ratification which was duly seconded, and there being no objection, the stockholders passed and approved the following resolution:

Stockholders' Resolution No. 2015/2016-003

> **RESOLVED**, that all acts and resolutions of the Board of Directors and all acts of the Management of **PEPSI-COLA PRODUCTS PHILIPPINES, INC.** for 2014, as well as all contracts and transactions entered into by the Corporation for the same year, be, as they are hereby, ratified.

7. ELECTION OF DIRECTORS

The Chairman then proceeded to take up the next item in the Agenda which is the election of the members of the Board of Directors of the Corporation for the year 2015 to 2016.

The Chairman informed the stockholders that the Corporation had earlier disclosed in the Information Statement that was distributed to the stockholders before this meeting information on the nine (9) nominees for election to the Board of Directors for the year 2015 to 2016. These nine(9) nominees appear in the Final List of Candidates for election to the Board for the year 2015 to 2016, which was duly approved and certified by the Board's Nomination Committee. At this point, the Chairman requested the Corporation's other

Independent Director and incumbent Chairman of the Board's Nomination Committee, Mr. Rafael M. Alunan III, to announce the nine (9) nominees for election to the Board of Directors. The Nomination Committee Chairman confirmed that the Nomination Committee has passed upon the qualifications and business experience of all nine (9) nominees for election to the Board, and that the Committee has approved and certified their inclusion in the Final List of Candidates for election to the Board for the year 2015 to 2016. He then announced the nine (9) nominees for election to the Board of Directors of the Corporation for the year 2015 to 2016 to be the following individuals:

JAEHYUK LEE
BYOUNG TAK HUR
YEON-SUK NO
TAEWAN KIM
PRAVEEN SOMESHWAR
MANNU BHATIA
FURQAN AHMED SYED
RAFAEL M. ALUNAN III (Independent Director)
OSCAR S. REYES (Independent Director)

The Chairman then informed the stockholders that in accordance with the Corporation's Articles of Incorporation, the Corporation shall be electing nine (9) directors for the nine (9) Board seats.

There was a motion made to have all votes cast in favor of all nine (9) nominees and to have all nine (9) nominees be declared elected as directors of the Corporation for the year 2015 to 2016 since the number of nominees to the Board which is nine (9) is exactly the same as the number of Board seats to be filled. The motion was duly seconded and there being no objection, the Chairman declared the following individuals the duly elected directors of the Corporation for the year 2015 to 2016 to serve as such until their successors shall have been duly elected and qualified:

JAEHYUK LEE
BYOUNG TAK HUR
YEON-SUK NO
TAEWAN KIM
PRAVEEN SOMESHWAR
MANNU BHATIA
FURQAN AHMED SYED
RAFAEL M. ALUNAN III (Independent Director)
OSCAR S. REYES (Independent Director)

The Chairman congratulated the newly-elected directors of the Corporation.

8. <u>APPROVAL OF THE PAYMENT OF ANNUAL DIRECTORS' FEE</u>

The Chairman then proceeded to take up the next item in the Agenda which is the approval of the payment of an annual directors' fee in the amount of ₱500,000.00 for each director.

After this matter was sufficiently explained by the Corporation's Independent Director and incumbent Chairman of the Board's Compensation and Remuneration Committee, Mr. Rafael M. Alunan III, there was a motion heard to approve the same. The motion was duly seconded and there being no objection, the stockholders passed and approved the following resolution:

Stockholders' Resolution No. 2015/2016-004

> **RESOLVED**, that the payment of an annual directors' fee in the amount of Five Hundred Thousand Pesos (₱500,000.00) for each director, be, as it is hereby, approved.

9. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman then proceeded to take up the next item in the Agenda which is the appointment of the external auditors of the Corporation.

At this juncture, the Chairman requested Mr. Rafael M. Alunan III, incumbent Chairman of the Board's Audit Committee and Independent Director, to convey the recommendation of the Corporation's Audit Committee on the external auditors to be appointed for the year 2015. The Chairman disclosed to the stockholders that he is also a member of the Board's Audit Committee.

Mr. Alunan noted that the Audit Committee has reviewed the performance during the past year of the Corporation's present external auditors, R.G. Manabat & Co., and has found it to be satisfactory. Therefore, the Audit Committee has agreed to endorse their re-appointment as the Corporation's external auditors for the year 2015.

Thereafter, based on the Audit Committee's endorsement, a motion was made to re-appoint R.G. Manabat & Co. as the Corporation's external auditors for the year 2015.

The motion was duly seconded and there being no objection, the stockholders passed and approved the following resolution:

Stockholders' Resolution No. 2015/2016-005

> **RESOLVED,** that R.G. Manabat & Co. be, as they are hereby, re-appointed as external auditors of the Corporation for the year 2015.

10. ADJOURNMENT

The Chairman advised the stockholders that all the items in the Agenda have been taken up. He then asked the stockholders if there were any other matters that they would like to take up at the meeting.

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Held at Acacia Hotel Manila, Filinvest Corporate City,
Alabang, Muntinlupa City
on 28 May 2015, Thursday, at 10:00 a.m.
(Stockholders' Meeting No.2015/2016-001)

There was a motion heard to adjourn the meeting. The motion was duly seconded and there being no objection, the meeting was adjourned.

CERTIFIED CORRECT:

MA. ROSARIO C.Z. NAVA
Corporate Secretary

ATTESTED:

OSCAR S. REYES
Chairman

COVER SHEET

					1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

(Business Address: No. StreetCity/Town/Province)

Agustin S. Sarmiento

Contact Person

(632) 887-37-74

Company Telephone Number

1	2		3	1

Month Day

Calendar Year

SEC Form 17-A

FORM TYPE

Last Friday of May

Month Date

Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

Total No. of Stockholders

₱3.8billion

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

AMENDED ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **31 December 2015**

2. SEC Identification Number **0000160968** 3. BIR Tax Identification No. **000-168-541**

4. Exact name of issuer as specified in its charter: **PEPSI-COLA PRODUCTS PHILIPPINES, INC.**

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines** 6. Industry Classification Code: (SEC Use Only)

7. Address of principal office: **Km. 29 National Road, Tunasan, Muntinlupa City** Postal Code: **1773**

8. Issuer's telephone number, including area code: **(632) 887-37-74**

9. Former name, former address, and former fiscal year, if changed since last report: **not applicable**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares of Stock	**3,693,772,279**

11. Are any or all of these securities listed on a Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange - Common Shares of Stock

12. Check whether the issue:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [x] No [ ]

(b) The Registrant has been subject to such filing requirements for the past ninety (90) days.
Yes [x] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

    Aggregate market value of the voting stock held by non-affiliates of the registrant – ₱ 5,189 million as of March 31, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are incorporated in this report:

    (a) Statement of Management Responsibility attached as Exhibit I hereof;
    (b) December 31, 2015 Audited Financial Statements attached as Exhibit II hereof;
    (c) Revised Manual of Corporate Governance as Exhibit III hereof, and
    (d) Amendments to the Articles of Incorporation and By-Laws attached as Exhibit IV hereof.

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(1) Business Development

a. Form and Date of Organization

   The Company was registered with the Philippine Securities and Exchange Commission (SEC) on March 8, 1989, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks and non-carbonated beverages, and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is Km. 29, National Road, Tunasan, Muntinlupa City.

   On May 30, 2014, the SEC approved the amendment to the Company's Article of Incorporation, particularly on its primary purpose to also engage in the manufacturing, sale and distribution of snacks, food and food products.

b. Bankruptcy, Receivership or Similar Proceedings

   The Company is not involved in any bankruptcy, receivership or similar proceedings.

c. Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

   The Company has not made any material reclassifications nor entered into a merger, consolidation or purchase or sale of significant amount of assets not in the ordinary course of business in the past three years.

(2) Business of Issue

a. Principal products

The Company is a licensed bottler of PepsiCo, Inc. ("PepsiCo") and Pepsi Lipton International Limited ("Pepsi Lipton") in the Philippines. It manufactures a range of carbonated soft drinks (CSD) and non-carbonated beverages (NCB) that includes well-known brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, Mug, Gatorade, Tropicana/Twister, Lipton, Sting, Propel, Milkis, and Let's Be.

	Calendar Year ended		
Net Sales	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Carbonated soft drinks	₱20,034	₱18,561	₱16,309
Non-carbonated beverages	7,296	6,764	6,153
Snacks	4	-	-
Total	₱27,334	₱25,325	₱22,462

Segment result*			
Carbonated soft drinks	₱4,688	₱4,632	₱4,322
Non-carbonated beverages	1,707	1,688	1,631
Snacks	(7)	-	-
Total	₱6,388	₱6,320	₱5,953

* Segment result is the difference between net sales and segment expenses. Segment expenses are allocated based on the percentage of each reportable segment's net sales over the total net sales.

b. Foreign sales

Foreign sales represent less than 0.05% of total net sales for the calendar years ended December 31, 2015, 2014 and 2013.

c. Distribution methods of the products

The Company's sales volumes depend on the reach of its distribution network. It increases the reach of distribution system by adding routes and increasing penetration by adding outlets on existing routes that currently do not stock its products. It relies on a number of channels to reach retail outlets, including direct sales, distributors and wholesalers.

The backbone of the distribution system is what is referred to as "Entrepreneurial Distribution System," which consists of independent contractors who service one or more sales "routes," usually by truck, selling directly to retail outlets and collecting empty returnable bottles (RGBs).

The Company also employs its own sales force, which principally sells to what is referred to as the "modern trade" channel, consisting largely of supermarkets, restaurants and convenience store chains. Most of these sales are credit sales. In addition, it sells products to third party wholesalers and distributors, which sell them to retail outlets.

An important aspect of the distribution system is the infrastructure-intensive process of selling and delivering RGB products to thousands of small retailers, including sari-sari stores and carinderias. The efforts to increase the reach of the Company's distribution network require significant investments in distribution infrastructure such as additional trucks, refrigeration equipment, warehouse space and a larger "float" of glass bottles and plastic shells, as well as higher costs for additional sales and distribution staff.

d. Publicly-announced new product

The Company has no publicly-announced new products that are in the planning or prototype stage.

e. Competition

The Company competes in the ready-to-drink, non-alcoholic beverage and snacks market across the Philippines. The market is highly competitive and competition varies by product category. The Company believes that the major competitive factors include advertising and marketing programs that create brand awareness, pack/price promotions, new product development, distribution and availability, packaging and customer goodwill. The Company faces competition generally from both local and multi-national companies across the Company's nationwide operations.

Competitors in the CSD market are The Coca-Cola Company and Asiawide Refreshments Corporation. The substantial investment in multiple plants, distribution infrastructure and systems and the float of RGBs and plastic shells required to operate a nationwide beverage business using RGBs represent a significant barrier to potential competitors in widening their reach.

The market for NCB (including energy drinks) is more fragmented. Major competitors in this market are Del Monte Pacific Limited, Universal Robina Corporation, Zesto Corporation, The Coca-Cola Company, and Asia Brewery Incorporated, among others. In recent years, the market has been relatively fluid, with frequent product launches and shifting consumer preferences. These trends are expected to continue.

Industry-wide competition intensified with marketing campaigns, and trade and consumer promotions. The Company believes that it can effectively compete by maximizing its 360-degree marketing presence, maintaining its competitive price structures, and expanding the range and reach of the Company's portfolio. For the years to come, the Company will continue to expand its beverage offerings leveraging our wide manufacturing platform and extensive distribution reach to meet consumer demands.

Moreover, the Company invested aggressively, positioning the business for long-term growth while ensuring financial flexibility to battle current challenges. The Company expanded and upgraded manufacturing facilities in different plants to provide multiple product capabilities, maximize cost savings, improve product quality, and increase operating efficiencies.

f. Sources and availability of raw materials

Over half of total costs comprise purchases of raw materials. Largest purchases are sugar and beverage concentrates. The Company purchases sugar requirements domestically because of import restrictions imposed by the Philippine government. It purchases beverage concentrates from PepsiCo and Pepsi Lipton thru Pepsi Cola Far East Trade Development Co., Inc. (PCFET) and seasoning from The Concentrate Manufacturing of Ireland at prices that are fixed as a percentage of the wholesale prices charged for the finished products, subject to a price floor in U.S. dollars.

Another substantial cost is packaging. The major components of this expense are purchases of PET resins, and pre-forms, which are converted into PET bottles at the plants, non-reusable glass bottles, aluminum cans and PET closures. It also makes regular purchases of RGBs to maintain float at appropriate levels. Purchases of each of these materials are from suppliers based in the Philippines and in other parts of Asia, usually under short term, negotiated and/or contracted prices.

g. Customers

The Company has a broad customer base nationwide. Its customers include supermarkets, convenience stores, bars, sari-sari stores and carinderias.

h. Transactions with and/or Dependence on Related Parties

Please refer to Item 13 of this report.

i. Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements

The Company does not own any intellectual property that is material to the business. Under the Exclusive Bottling Agreements, the Company is authorized to use brands and the associated trademarks owned by PepsiCo and, in the case of the Lipton brand and trademarks, Unilever N.V. Trademark licenses are registered with the Philippine Intellectual Property Office. Certificates of Registration filed after January 1998 are effective for a period of 10 years from the registration date unless sooner cancelled, while those filed before January 1998 are effective for 20 years from the registration date. The table below summarizes most of the current Certificates of Registration.

	Filing Date	Expiration
Pepsi Max	February 7, 1994	June 23, 2020
1996 Pepsi Logo in Color	August 26, 1997	April 16, 2021
PCPPI – Pepsi Cola Products Philippines, Inc. and Logo	August 26, 2008	September 17, 2019
Pepsi	October 18, 2004	February 19, 2017
Mirinda	January 23, 1986	May 10, 2019
Mountain Dew	April 03, 2009	October 02, 2019
Mountain Dew Logo	April 03, 2009	October 02, 2019
7Up	February 26, 2007	November 5, 2017
Gatorade	November 27, 1992	June 29, 2020
Propel	August 23, 2002	January 17, 2025
Tropicana Twister	March 23, 2007	August 27, 2017
Tropicana	December 14, 1982	January 14, 2020
Sting	March 10, 2006	June 18, 2017
Lipton	November 7, 2014	November 7, 2024
Lipton Splash design	December 18, 2003	May 28, 2017
Lipton Ice Tea Logo in Color	October 8, 2007	October 8, 2017
Tropicana Coco Quench	January 12, 2012	July 18, 2022
Milkis**	September 21,2010	January 5, 2021
Let's Be**	September 21,2010	January 5, 2021
Nutriklim Sips Fun Milk Drink*	March 13, 2014	September 11, 2024
Cheetos	February 4, 2002	June 25, 2016
Lay's	June 6, 2013	August 29, 2023

* trademark owned by the Company
** trademark owned by Lotte Chilsung Beverage Co.Ltd.

The Company produces its products under licenses from PepsiCo and Pepsi Lipton and depends upon them to provide concentrates and access to new products. Thus, if the Exclusive Bottling Agreements are suspended, terminated or not renewed for any reason, it would have a material adverse effect on the business and financial results.

Refer to Note 23 to the December 31, 2015 Audited Financial Statements for details of transactions with PepsiCo and Pepsi Lipton.

j. Government approvals of principal products

As a producer of beverages for human consumption, the Company is subject to the regulation by the Food and Drugs Administration (FDA) of the Philippines, which is the policy formulation and monitoring arm of the Department of Health of the Philippines on matters pertaining to food and the formulation of rules, regulations, standards and minimum guidelines on the safety and quality of food and food products as well as the branding and labeling requirements for these products.

It is the Company's policy to register all locally-produced products for local market distribution. Each of the plants has a valid and current License to Operate as a Food Manufacturer of Non-Alcoholic Beverages from FDA. These licenses are renewed annually in accordance with applicable regulations. Any findings and gaps found during the regulatory audit and inspection are thoroughly discussed with FDA inspectors and compliance commitments are re-issued. There are no pending findings or gaps that are material or that may materially affect the operation of each plant or all the plants as a whole.

The Company is registered as a Food Manufacturer/Processor and in certain plants has a Food Distributor/Exporter/Importer/Wholesaler license.

k. Effect of existing or probable governmental regulations on the business

The Company's production facilities are subject to environmental regulation under a variety of national and local laws and regulations, which, in particular, control the emissions of air pollutants, water, noise and hazardous wastes. It is regulated by two major government agencies, namely, the Department of Environment and Natural Resources (DENR) and the Laguna Lake Development Authority (LLDA).

The Company is compliant with all local environmental laws and regulations. All plants are equipped with wastewater treatment plants and in some areas require air pollution control facilities.

While the foregoing agencies actively monitor the Company's compliance with environmental regulations as well as investigate complaints brought by the public, it is required to police its own compliance and prevent any incident that could expose the Company to fines, civil or even criminal sanctions, considerable capital and other costs and expense for refurbishing or upgrading environmental compliance system and resources, third party liability such as clean-ups, injury to communities and individuals, including, loss of life.

l. Research and development

The research and development costs amounted to ₱170,914, ₱239,764, and ₱1,495,875 for the calendar years ended December 31, 2015, 2014 and 2013, respectively.

m. Costs and effects of compliance with environmental laws

Compliance with all applicable environmental laws and regulations, such as the Environmental Impact Statement System, the Pollution Control Law, the Laguna Lake Development Authority Act of 1966, the Clean Air Act, and the Solid Waste Management Act has not had, and in the Company's opinion, is not expected to have a material effect on the capital expenditures, earnings or competitive position. Annually, it invests about ₱30 million in wastewater treatment and air pollution abatement, respectively, in its facilities.

n. Employees

As of December 31, 2015, the Company employed approximately 5,931 heads include both casual and regular employees. In addition, it generally deploys around 2,753 casual employees working in the non-core operations of the business. Department of Labor and Employment (DOLE) accredited third party manpower and services supply the temporary manpower needs of the company. The number of casual employees varies seasonally, with generally higher numbers during peak months of March through June. As of December 31, 2015, the Company had 2,753 casual employees.

All of the regular and permanent production employees at the bottling plants and sales offices are represented by a union. The Company is a party to 13 collective bargaining agreements, with separate agreements for the sales and the non-sales forces in some business units. The collective bargaining agreements contain economic and non-economic provisions (such as salary increase and performance incentive, sale commission, laundry allowance, per diem, bereavement assistance, union leave, calamity loan, and assistance to employees' cooperative), which generally have a contract period of three years and remain binding on the successors-in-interest of the parties, while the representation aspect is valid for five years.

The Company believes that the relationship with both unionized and non-unionized employees is healthy. It has not experienced any work stoppages due to industrial disputes since 1999.

Significant emphasis is placed on training of personnel to increase their skill levels, ensure consistent application of procedures and to instill an appreciation of corporate values. It operates "Pepsi University," a full-time training facility consisting of four classrooms for this purpose. It has adopted a compensation policy which it believes to be competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and improved to retain current employees and attract new employees. Performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives.

The Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular and full time employees. The Company has a Retirement Committee that sets the policies for the plan and has appointed two Philippine banks as trustees to manage the retirement fund pursuant to the plan. Annual cost is determined using the projected unit credit method.

o. Major Risks

Sales and profitability are affected by the overall performance of the Philippine economy, the natural seasonality of sales, the competitive environment of the beverage market in the Philippines, as well as changes in cost structures, among other factors.

Sales volume are also affected by the weather, generally being higher in the hot, dry months from March through June and lower during the wetter monsoon months of July through October. In addition, the Philippines is exposed to risk of typhoons during the monsoon period. Typhoons usually result in substantially reduced sales in the affected area, and have, in the past, interrupted production at the plants in affected areas. While these factors lead to a natural seasonality in sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Sales during the Christmas/New Year holiday period in late December tend to be higher as well.

The CSD, NCB and Snacks markets are both highly competitive. The actions of competitors as well as the Company's own continuous efforts on pricing, marketing, promotions, and new product development affect sales. Some of the smaller competitors have lower cost bases than the Corporation and price their products lower than the Company's prices. Thus, in addition to the cost of producing and distributing our beverages, sales prices are greatly affected by the availability and price of competing brands in the market.

All of the Company's sales are denominated in Philippine pesos. However, some of the significant costs, such as purchases of packaging materials, are denominated in United States dollars. Some of the other costs, which are incurred in Philippine pesos, can also be affected by fluctuations in the exchange rate between the Philippine peso and United States dollars, Euro and Malaysian Ringgit. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant.

The business requires a significant supply of raw materials, water and energy. The cost and supply of these materials could be adversely affected by changes in the world market prices or sources of sugar, crude oil, aluminum, tin, PET resins, other raw materials, transportation, water, and energy, and government regulation, among others. Although direct purchases of fuel are relatively small as a proportion of total costs, the Company is exposed to fluctuations in the price of oil through the dependence on freight and delivery services. Changes in materials prices generally affect the competitors as well.

Margins differ between beverage products and package types and sizes. Excluding packaging, production costs are similar across the range of carbonated beverages, but vary with non-carbonated beverages. Packaging costs vary, with RGBs being less expensive than PET, aluminum cans or non-returnable glass. The incremental cost of producing larger-sized serves in the same package type is proportionately lower than the increased volume, creating opportunities to achieve higher margins where customers perceive value in terms of volume.

As a result of the factors discussed above, the margins the Company earns on the products can be substantially different, and the margins can change in both absolute and relative terms from period to period. While the Company attempts to adjust its product and package mix to maximize profitability, changes in consumer demand and the competitive landscape can have a significant impact on mix and therefore profitability.

The Company is also subject to credit risk, liquidity risk and various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates (refer to Notes 25 of the December 31, 2015 Audited Financial Statements for discussion on Financial Risk Management).

The Company was not aware of any event that resulted in a direct or contingent financial obligation as of December 31, 2015 that was material to the Company, including any default or acceleration of an obligation. To the Company's knowledge, there are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

ITEM 2. PROPERTIES

As a foreign-owned company, the Company is not permitted to own land in the Philippines and has no intention to acquire real estate property. Hence, it leases the land on which the bottling plants, warehouses and sales offices are located.

The Company leases certain parcels of land where its bottling plants and warehouses are located from third parties and Nadeco Realty Corporation (NRC) for a period of one to 25 years and are renewable for another one to 25 years (refer to Note 22 to the December 31, 2015 Audited Financial Statements for further information on the leases). Lease payments pertaining to these leased properties amounted to ₱255 million, ₱227 million, and ₱209 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company owns all its bottling facilities located in Muntinlupa City, Sto.Tomas, Rosario, Pampanga, Naga, Cebu, Iloilo, Bacolod, Tanauan, Davao, Cagayan de Oro and Zamboanga and snacks facilities in

Cabuyao, which are all in good condition. Other than the buildings and leasehold improvements, machinery and other equipment, and furniture and fixtures disclosed in Note 9 to the December 31, 2015 Audited Financial Statements, and the investments in shares of stocks disclosed in Note 7 to the December 31, 2015 Audited Financial Statements, the Company does not hold any other significant properties.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company becomes a party to litigation in the ordinary course of its business. The majority of the cases in which the Company is a party are cases it files to recover debts in relation to unpaid receivables by trade partners or in relation to cash or route shortages, private criminal prosecutions that it brings (generally for low value offenses such as theft of product or distribution equipment, fraud, and bouncing checks), labor cases for alleged illegal dismissal (which are usually accompanied by demands for reinstatement in the Company without loss of seniority rights, and payment of back wages), and consumer cases brought against the Company involving allegations of defective products.

As a result of a promotion in 1992, civil cases were filed against the Company in which thousands of individuals claimed to hold numbered bottle crowns that entitled them to a cash prize. The Philippine Supreme Court has consistently held in at least 7 final and executory decisions in the last 5 years that the Company is not liable to pay the amounts claimed. In the most recent of these decisions, the Supreme Court dismissed a similar claim, reiterating that it is bound by its pronouncement in a number of cases involving this promotion. By virtue of the precedential effect of the decided cases, the Company expects the remaining cases to be dismissed in due course.

On 23 April 2013, the Company and its landlords (i.e., Dr. Eduardo Batista, Yolanda Batista Yatco, Herminia Batista Roman and Teresita Batista, all represented by Atty. Celerino T. Grecia, III) filed a suit for *declaratory relief and injunction* with the Regional Trial Court Branch 276 of Muntinlupa City ("RTC") ("Civil Case"). The Company and its landlords sought to enjoin NWRB from closing and sealing the Company's wells in Muntinlupa on the ground of alleged non-compliance with the requirements under Presidential Decree No. 1067, otherwise known as the Water Code, and its implementing rules and for the court to declare the rights of the Company under the Water Code. On 26 April 2013, the RTC issued a temporary restraining order of NWRB's order for the closure of the wells. On 20 May 2013, after hearing, the RTC granted a preliminary injunction prohibiting NWRB from implementing the closure order. The issue on injunction was elevated to the Court of Appeals and subsequently to the Supreme Court.

On 12 March 2014, the Executive Director of NWRB filed a criminal complaint in the Office of the City Prosecutor of Muntinlupa City ("Prosecutor") against seven officers of the Company for the drilling, operation and maintenance of the 6 deep wells, allegedly in violation of Articles 90 and 91 of the Water Code. The respondents have filed their responses to the complaint questioning the authority of the NWRB signatory to file the case, validity of the resolutions denying the issuance of the water permits, and further sought a bill of particulars specifying the exact acts each respondent has committed in contravention of the Water Code of the Philippines. In a Resolution dated 27 November 2014, the Office of the City Prosecutor of Muntinlupa City dismissed the criminal complaint.

For a discussion of the Company's pending tax matter, please refer to Note 26(b) to the Audited Financial Statements for the year ended 31 December 2015.

The Company has not been involved in any bankruptcy, receivership or other similar proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The matters voted upon at the Annual Stockholders' Meeting held on May 28, 2015 included the election of Directors. The following were elected as members of the Board of Directors for the ensuing year (2015-2016):

JaeHyuk Lee
Byoung Tak Hur
Yeon-Suk No
TaeWan Kim*
Praveen Someshwar
Mannu Bhatia
Furqan Ahmed Syed
Rafael M. Alunan III (Independent Director)
Oscar S. Reyes (Independent Director)

**replaced Mr. Choong Ik Lee who resigned effective March 2, 2015*

All of the above were incumbent Directors at the time of their election. The Company has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The common shares were listed with the Philippine Stock Exchange ("PSE") on February 1, 2008. The high and low sales prices of such shares for 2015, 2014, 2013, 2012, 2011, 2010 and 2009 are set out below.

Period	High	Low
July to Sept 2009	₱2.46	₱1.32
Oct to December 2009	₱2.50	₱2.00
Jan to March 2010	₱2.70	₱2.02
April to June 2010	₱3.05	₱2.46
July to September 2010	₱2.65	₱2.61
October to December 2010	₱2.95	₱2.50
Jan to March 2011	₱2.59	₱2.06
April to June 2011	₱2.56	₱2.21
July to Sept 2011	₱2.22	₱1.96
October to December 2011	₱2.50	₱2.10
Jan to March 2012	₱3.00	₱2.06
April to June 2012	₱2.89	₱2.50
July to Sept 2012	₱4.11	₱2.72
October to December 2012	₱6.61	₱4.00
Jan to March 2013	₱6.66	₱5.95
April to June 2013	₱6.42	₱5.07
July to Sept 2013	₱6.17	₱4.60
October to December 2013	₱5.02	₱4.00
Jan to March 2014	₱5.37	₱4.24
April to June 2014	₱5.25	₱4.50
July to Sept 2014	₱5.18	₱4.55

Period	High	Low
October to December 2014	₱4.88	₱3.87
Jan to March 2015	₱4.74	₱3.96
April to June 2015	₱4.91	₱4.02
July to Sept 2015	₱5.00	₱3.92
October to December 2015	₱4.52	₱3.60

The closing share price as of March 31, 2016 is ₱3.89.

Stockholders

The Company has approximately 604 holders of common shares as of March 31, 2016 [with the PCD Nominee Corporation (Filipino) and (Non-Filipino) considered as two holders], based on the number of accounts registered with the Stock Transfer Agent.

The following are the top 20 holders of common shares based on the report furnished by the Stock Transfer Agent as of March 31, 2016.

NO.	Name	Number of Shares Held	Percentage of Ownership
1	LOTTE CHILSUNG BEVERAGE CO. LTD.	1,436,315,932	38.88%
2	PCD NOMINEE CORP. (NON-FILIPINO)	986,621,373	26.71%
3	QUAKER GLOBAL INVESTMENTS B.V.	923,443,071	25.00%
4	PCD NOMINEE CORP. (FILIPINO)	341,819,159	9.25%
5	BORROMEO, JOSEPH MARTIN H.	450,000	0.01%
6	YAN, LUCIO W.	300,000	0.01%
7	BLANCAVER, RENE B.	255,000	0.01%
8	MADARANG, WINEFREDA O.	250,000	0.01%
9	LUGTI, VALERIANO A.	150,000	0.00%
10	YU, FELIX S.	149,998	0.00%
11	IGNACIO, JUANITO R.	100,000	0.00%
12	UMALI, JOSE I.	100,000	0.00%
13	PINEDA, MA. CORAZON V.	100,000	0.00%
14	NARCISO, MA CELESTE S.	100,000	0.00%
15	DINO, ROSAURO P.	70,000	0.00%
16	TONGCUA, ROBERTO E.	70,000	0.00%
17	DUGURAN,CECILIA R.	60,000	0.00%
18	GOCE, ROBERTO H.	60,000	0.00%
19	SEBASTIAN, FELICITO C.	57,000	0.00%
20	CATUNGAL, MANUEL J.	53,000	0.00%

Cash Dividends

The Board of Directors (BOD) approved several declarations of cash dividends amounting to ₱244 million in calendar year ended December 31, 2015, ₱259 million in calendar year ended December 31, 2013, ₱369 million in the six-months ended December 31, 2010 and ₱554 million in fiscal year 2010. Details of the declarations are as follows:

Date of Declaration	Dividend Per Share	**Payable to Stockholders of Record as of**	**Date of Payment**
September 30, 2009	0.15	October 15, 2009	October 29, 2009
September 9, 2010	0.10	September 24, 2010	October 8, 2010
May 24, 2013	0.07	June 7, 2013	June 28, 2013
April 27, 2015	0.066	May 12, 2015	June 5, 2015

Dividend Policy

The Company has a dividend policy to declare dividends to stockholders of record, which are paid from the unrestricted retained earnings. Any future dividends it pays will be at the discretion of the BOD after taking into account the earnings, cash flow, financial position, capital and operating progress, and other factors as the BOD may consider relevant. Subject to the foregoing, the present policy is to pay cash dividends up to 50% of its preceding year's annual net income. This policy may be subject to future revision.

Cash dividends are subject to approval by the BOD without need for stockholders' approval. Stock dividends require the further approval of the stockholders representing no less than 2/3 of our outstanding capital stock.

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There has been no recent sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

PART III – FINANCIAL INFORMATION

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS

December 31, 2015 versus December 31, 2014

Gross sales revenue increased by 7% for the quarter and 8% for the full-year period, reaching P32 billion for the entire year. Revenue growth was ahead of volume growth, driven by its strong focus on revenue management and overlapping of pricing rollback vs last year.

Cost of Goods Sold increased by 14% for the quarter and 10% for the full year, driven by sharp increase in sugar in the last two quarters, higher depreciation and amortization partially off-set by volume growth. The Company achieved a gross profit of P1.5 billion or -13% for the quarter and P6 billion for full year or +1% vs year ago.

Operating expenses decreased by 8.7% for the quarter vs year ago and increased by 0.4% full year vs year ago. Operating expenses expressed as a % of net sales were 320 basis points and 140 basis points better than year ago for the fourth quarter and full year respectively.

The Company spent significant investments in manufacturing and distribution assets amounting to P4.2Bn this year, 8% higher than year-ago level.

Net income remained flat vs. last year due to high sugar prices and Snacks start up. The Company will continue with its long-term strategy of distribution and manufacturing investments supported by marketing programs to continue the growth momentum.

The Company started commercial production of snacks in late Q4 and plans to capitalize on strong category opportunity.

December 31, 2014 versus December 31, 2013

The Company delivered remarkable gains in the fourth quarter, as it posted a double digit increase in sales volume in the fourth quarter and 12% for the full year, driven by growth across major categories and geographies. This is a commendable feat, as it overlapped two consecutive years of strong double-digit growth amid a modestly-growing CSD industry and a continuously intensifying competitive landscape.

Gross sales revenue in the fourth quarter was up by 13%, to ₱7.9 billion, making it the second quarter in a row where revenue growth was ahead of volume growth, as this was amplified by the Company's revenue management initiatives. This improved fourth quarter gross profit margin by 200 basis points vs the first quarter of 2015. Consequently, full year gross sales revenue was up by 13%, to ₱29.8 billion, ahead of volume growth by 120 basis points, and gross profit increased by 6% versus last year to ₱6.3 billion.

These gains were made possible by the Company's relentless focus on expanding distribution, supported by significant investments in manufacturing and marketing & distribution assets amounting to ₱3.9 billion this year.

Effective cost management resulted in a reduction of operating expenses, as a % of net sales by 130 basis points in the fourth quarter and 30 basis points for the full year.

Net income was up by 56% in the fourth quarter, making it the second quarter in a row of double digit net income growth and ahead of gross revenue growth. Thus, a strong turnaround in second semester was seen versus the first semester, driven by volume growth, improved pricing and leverage on operating expenses. Net income declined by 10% for the full year, on account of competitive pricing actions in the first semester, higher depreciation/amortization as well as trickle over impact of Typhoon Yolanda. The Company will continue with its long term strategy of distribution and manufacturing investments supported by marketing programs to continue the growth momentum.

December 31, 2013 versus December 31, 2012

2013 was another banner year for the Company as it made the remarkable feat of reaching high double-digit growth over lapping two strong consecutive years. Gross Sales Revenue fueled by high volume growth from both CSD and NCB, reached 26.4 billion, an increase of 16% from 2012. The strong top-line growth came across geographies through distribution increase and is commendable considering intense competition and Yolanda issues in last quarter of 2013. Sales volume grew at 20% versus the previous year.

Cost of Sales, mainly driven by volume growth, increased by 16% for the year. Cost of sales, expressed as a percentage of net sales, remain at 73%, as the cost of inputs remained largely stable for the year. The Company's Cost of Sales consists predominantly of Raw and Packaging Materials.

As a result, the Company's Gross Profit for the year reached ₱6.0 billion, representing a growth of 13% over last year. Margins remained healthy as Gross profit, expressed as percentage to net sales, remained the same as year ago, at 27%.
Operating Expenses, despite the high capital expenditures, remained manageable as the Company maintained its good leverage on Operating Expenses. Operating expenses, expressed as a percentage to net sales, remained the same as last year's level of 21%.

High volume growth, stable cost of inputs and manageable Operating expenses helped the Company achieved a Net income of ₱903.5 million, an increase of 6% over 2012.

FINANCIAL CONDITION AND LIQUIDITY

The Company's operations are cash intensive. This capability to generate cash is one of its greatest strengths. With its liquidity, the Company has substantial financial flexibility in varying operating policy in response to market demands, in meeting capital expenditures through internally generated funds and in providing the Company with a strong financial condition that gives it ready access to financing alternatives (refer to Note 25 to the December 31, 2015 Audited Financial Statements for a detailed discussion on the Company's revolving credit facilities as of December 31, 2015).

Credit sales over the past three years have remained at the level of 54% to 61% of total sales. This credit sales level reflects a shift from a direct distribution mode to a more efficient model of fostering partnership with distributors and multi-route Entrepreneurial Distribution System contractors as well as increase in Modern Trade business. Liquidity has remained healthy. Collection period were at 45 to 68 days, while, inventory days were at 4 to 22 days for the past three years. Trade payable days have remained at manageable levels.

Increase in current assets from ₱4,890 million as of December 31, 2014 to ₱4,897 million as of December 31, 2015 were due to increases in receivables of ₱33 million, inventories of ₱116 million, and prepaid expenses and other current assets of ₱ 61 million respectively and a decrease in amount from cash of ₱181 million and due from related parties of ₱21 million, respectively.

Noncurrent assets increased from ₱13,947 million as of December 31, 2014 to ₱15,919 million as of December 31, 2015 mainly due to additions to property, plant and equipment of ₱1,530 million and bottles and cases of ₱358 million, in line with the Company's continued expansion of plant capacity, from investment in associates of ₱22 million, deferred tax assets of ₱9 million, and other noncurrent assets of ₱53 million, respectively.

Increase in current liabilities from ₱6,304 million as of December 31, 2014 to ₱8,301 million as of December 31, 2015 is mainly due to increase in accounts payable & accrued expenses of ₱1,418 million, short-term debt of ₱100 million, long-term debt current portion of ₱447 million, and income tax payable of ₱33 million, respectively.

Noncurrent Liabilities decreased from ₱4,557 million as of December 31, 2014 to ₱3,973 million as of December 31, 2015 due to decrease in long-term debt of ₱544 million and deferred tax liabilities of ₱47 million, and an increase in other noncurrent liabilities of ₱6 million, respectively.

Total assets increased from ₱18,837 million as of December 31, 2014 to ₱20,817 million as of December 31, 2015 mainly due to increase in current assets and noncurrent described above. Total liabilities increased from ₱10,861 million as of December 31, 2014 to ₱12,274 million as of December 31, 2015 mainly due to increase in current liabilities as stated above.

Total equity increased from ₱7,976 million to ₱8,543 million on account of total comprehensive income of ₱811 million and dividend payments of ₱244 million for the calendar year ended December 31, 2015.

KEY PERFORMANCE INDICATORS

The following are the Company's key performance indicators. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year.

		2015	2014
Current ratio	Current assets over current liabilities	0.6:1	0.8:1
Solvency ratio	Profit plus depreciation and amortization over total liabilities	0.2:1	0.3:1
Bank debt-to-equity ratio	Bank debt over total equity	0.44:1	0.47:1
Asset-to-equity ratio	Total assets over equity	2.4:1	2.4:1
Operating margin	Operating profit over net sales	4.2%	4.3%
Net profit margin	Net profit over net sales	3.0%	3.2%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	17.6:1	19.8:1

Current ratio decreased as the current liabilities increased by 32%. The changes in solvency, debt-to-equity and asset-to-equity ratios were mainly due to the increases in net income, total assets and total liabilities. The changes in operating margin, net profit margin and interest rate coverage ratios were attributable to the increases in operating income and net income.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES

The Company has ongoing definite corporate expansion projects approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and shells amounting to ₱4,111 million, ₱3,853 million, and ₱4,198 million for the years ended December 31, 2015, 2014, and 2013, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

FACTORS THAT MAY IMPACT COMPANY'S OPERATIONS / SEASONALITY ASPECTS

Refer to Part 1 Item (2) (o) on discussion of Major Risks.

SIGNIFICANT ELEMENTS OF INCOME OR LOSS THAT DID NOT ARISE FROM CONTINUING OPERATIONS

There was no income or losses arising from discontinued operations.

ITEM 7. FINANCIAL STATEMENTS

Please see Exhibit II hereof for the December 31, 2015 Audited Financial Statements.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT

The Company has engaged the services of an independent Certified Public Accountant (CPA) to conduct an audit and provide objective assurance on the reasonableness of the financial statements and relevant disclosures. The independent CPA is solely responsible to the Board of Directors.

The appointment of the independent CPA is submitted to the Audit Committee, the Board of Directors and shareholders for approval. The representatives of the independent CPA are expected to be present at the

Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. Upon request, the independent CPA can also be asked to attend meetings of the Audit Committee and the Board, to make presentations and reply to inquiries on matters relating to the Company's financial statements.

The Company has appointed R. G. Manabat & Co. as its independent CPA for the audit of its financial statements for the calendar year ended December 31, 2015.

Aggregate fees billed by the Corporation's external auditor for professional services in relation to (i) the audit of the Corporation's annual financial statements and services in connection with (a) statutory and regulatory filings, and (ii) tax accounting, compliance, advice, planning and any other form of tax services for the calendar year ended December 31 are summarized as follows:

	2015	2014	2013
Statutory audit fees	₱ 4.07 Million	₱ 4.07 Million	₱ 4.07 Million
Tax advice fees	1.98 Million	1.50 Million	-
Total	₱ 6.05 Million	₱ 5.57 Million	₱ 4.07 Million

The Audit Committee of the Company reviews and approves the audit plan and scope of work for the above services and ensures that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar services.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change in the independent auditing firm or handling partner or disagreements with the independent CPA on matters relating to the application and interpretations of accounting principles or practices, tax laws and regulations, financial statement disclosures or audit scope and procedures during the three (3) most recent fiscal years.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Term of office

Directors elected during the annual meeting of the stockholders will hold office for one (1) year until their successors are duly elected and qualified, except in case of death, resignation, disqualification or removal from office. Directors who were elected to fill any vacancy hold office only for the unexpired term of their predecessors.

Directors

The following are the names, ages, citizenship and year position was assumed, of the incumbent directors, including independent directors, of the Company:

Name	Age	Citizenship	Year Position was Assumed
Yongsang You*	47	Korean	2015
Furqan Ahmed Syed	43	Pakistani	2014
JaeHyuk Lee	62	Korean	2011
Byoung Tak Hur	53	Korean	2012

Name	Age	Citizenship	Year Position was Assumed
TaeWan Kim**	51	Korean	2015
Praveen Someshwar	49	Indian	2014
Mannu Bhatia	51	Indian	2013
Rafael M. Alunan III***	67	Filipino	2007
Oscar S. Reyes***	69	Filipino	2007

** Replaced Mr.Yeon-Suk No who resigned effective June 15, 2015*
*** Replaced Mr. Choong Ik Lee who resigned effective March 2, 2015*
**** Independent Director*

Executive Officers
The following are the names, ages, positions, citizenship and year position was assumed, of the incumbent executive officers of the Company:

Name	Age	Citizenship	Position	Year Position was Assumed
Yongsang You*	47	Korean	Chief Executive Officer	2015
Furqan Ahmed Syed	43	Pakistani	President	2014
Imran Moid	47	Pakistani	Senior Vice-President and Chief Financial Officer	2012
Celerino T. Grecia III	59	Filipino	Senior Vice-President, Human Resources/EIR/Legal	2011
Domingo F. Almazan	61	Filipino	Senior Vice-President, National Sales	2014
Allan A. Frias II	41	Filipino	Senior Vice-President, Operations	2014
Dong Hoon Lim**	40	Korean	Senior Vice-President/CSO	2016
Samuel M. Dalisay, Jr.	56	Filipino	Vice-President, Supply Chain	2011
Angelica M. Dalupan	44	Filipino	Vice-President, Corporate Affairs and Communications	2012
Ma. Rosario C.Z. Nava	47	Filipino	Corporate Secretary and Compliance Officer	2007

** Replaced Mr. Yeon-Suk No who resigned effective June 15, 2015*
*** Replaced Mr. Jin-Pyo Ahn who resigned effective February 1, 2016*

Background Information and Business Experience

Directors:

YONGSANG YOU
Mr. You is the incumbent CEO of the Company. Previously, he held a number of positions in Lotte Chilsung Beverage Co., Ltd. which included being the General Manager and Head of the Overseas Business Division, General Manager of Sales Headquarters and Business Management, and Head of Strategic Planning Department and Purchasing Department. He was also Manager of Product Planning Division in said company. Mr. You holds a Bachelor of Business Administration degree from Seongsil University.

FURQAN AHMED SYED
Mr. Syed is the incumbent President of the Company. Prior to this appointment, he assumed various roles in PepsiCo in Pakistan, the most recent of which was as General Manager and CEO of the Foods business. Previous postings in PepsiCo Pakistan included being the General Manager of Beverages in the South business unit and Head of Sales Development in the West Asia business unit, among others. Mr. Syed holds a Masters in Business Administration from the Lahore University of Management Sciences (LUMS) and a Bachelors of Science Degree from the Government College Lahore in Pakistan.

JAEHYUK LEE
Mr. Lee is the current President/CEO of Lotte Chilsung Beverage Co., Ltd., Lotte Liquor Co., Ltd. and Lotte Asahi Liquor Co., Ltd. Prior positions held included being President of Lotte HQ, CEO of Lotteria Co., Ltd., and Senior Managing Director of Lotte Chilsung Beverage Co., Ltd.

BYOUNG TAK HUR
Mr. Hur is currently the CEO of Lotte MGS Beverage Co., Ltd. in Myanmar. His past work experience in Lotte Chilsung Beverage Co., Ltd. included being Director of Overseas Business Division, leader of the Overseas Business team and having worked at the Export, Information and Strategy, Development, Quality Control and Product Control departments thereof. He was also previously connected with the Lotte Foundation.

TAEWAN KIM
Mr. Kim has been with the Lotte Group for twenty-four (24) years now. He is currently the Managing Director of the Strategy and New Business Planning Division of the Lotte Group. Prior to this appointment, he was the Director and previously General Manager of Lotte Group's International and New Business Planning Division. He holds a Bachelor of Business Administration from Hanyang University.

PRAVEEN SOMESHWAR
Mr. Someshwar has been with PepsiCo for twenty-two (22) years now. He is currently the Senior Vice-President and General Manager of PepsiCo's North Asia and Philippines business units, and leads PepsiCo's Asia Pacific Region Sales. Prior to this appointment, he was the Senior Vice-President and General Manager of PepsiCo's Foods business in India, and before that, the Beverages business in India and neighboring countries. His past work experience in PepsiCo included being the CFO for the Beverages business in India, COO of the India Bottling Operations, and CEO for Beverages in India. Mr. Someshwar is a qualified chartered accountant and cost accountant.

MANNU BHATIA
Mr. Bhatia is currently the Vice-President and CFO for the Asia Pacific Region of PepsiCo. His past work experience in PepsiCo included being Senior Planning Director of the Asia Pacific Region, CFO of Global Research & Development and Senior Director Financial Planning & Analysis at PepsiCo's Corporate Headquarters in the United States of America, and CFO of Frito Lay India in Delhi, India. Mr. Bhatia holds a Bachelor of Commerce degree from St. Xaviers College in Calcutta and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

RAFAEL M. ALUNAN III
Mr. Alunan is the incumbent Chairman of the Audit Committee, Nomination Committee, and Compensation and Remuneration Committee of the Company. He has had extensive experience in the private and public sectors. He sits on the Boards of the Philippine Council for Foreign Relations, Inc., Korean School Foundation Philippines, Inc., and Santeh Agriculture Science & Technology, Inc. Mr. Alunan is a member of the Board of Trustees and the Chairman of the Audit and Governance Committee of the University of St. La Salle, a Board Member of the National Mission Council of De La Salle Philippines, Inc. and sits in the Council of Fellows of the Development Academy of the Philippines. He is the Chairman of the National Security Committee of the Management Association of the Philippines, and the Chairman-elect of the Harvard-Kennedy School of Government Alumni Association of the Philippines, Inc. He is a regular columnist of Business World. Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University, attended the MBA-Senior Executive Program of the Ateneo de Manila University, and obtained a Master's degree in Public Administration from Harvard University, John F. Kennedy School of Government.

OSCAR S. REYES
Mr. Reyes is the incumbent Chairman of the Board of Directors of the Company. He is currently the President and Chief Executive Officer, and Director of the Manila Electric Company. He is also a director and a member of board committees in the boards of various companies engaged in telecommunications, water distribution, banking, insurance, oil and gas, and shipping, and a Trustee of various foundations. He was Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas

Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V. for many years. He holds a Bachelor of Arts in Economics (*Cum laude*) from the Ateneo de Manila University and a Diploma in International Business from the Waterloo Lutheran University in Toronto, Canada, and completed the Program for Management Development at the Harvard Business School.

Executive Officers:

IMRAN MOID
Mr. Moid is currently the Company's Senior Vice-President and Chief Financial Officer under a secondment agreement from PepsiCo of which he remains an employee. He has been with PepsiCo for nineteen (19) years and is a two-time recipient of the PepsiCo Chairman's Award, which he won in 2000 and 2011.He has vast experience in handling single and multiple country portfolio, food and beverages portfolio, M & A, and roles in Controllership, Treasury and Taxation. Prior to joining PepsiCo, he worked for KPMG & PWC for six (6) years in audit and consultancy capacities. He holds a Bachelor of Commerce degree from Punjab University, Lahore and is a qualified Chartered Accountant from Institute of Chartered Accountants of Pakistan.

CELERINO T. GRECIA III
Mr. Grecia is currently the Company's Senior Vice-President for Human Resources, Employee Industrial Relations, and Legal. He has been with the Company for twenty-six (26) years and during this period he held various positions in the Company's Personnel/Human Resources and Sales departments. He holds a Bachelor of Science degree in Criminology *(Magna Cum Laude)* and a Bachelor of Laws *(Cum Laude)* both obtained from the University of Iloilo.

DOMINGO F. ALMAZAN
Mr. Almazan is currently the Company's Senior Vice-President for National Sales. He has been with the Company for nineteen (19) years and, during this period, assumed various positions in the Company, the last being Vice-President-Senior General Manager of Luzon 1 covering Metro, STRO and Naga. Prior to joining the Company, Mr. Almazan held various positions in Coca-Cola Bottlers Philippines, Inc. He holds a Bachelor of Science degree in Customs Administration from the Philippine Maritime Institute.

ALLAN A. FRIAS II
Mr. Frias is currently the Company's Senior Vice-President for Operations. Prior to joining the Company, he worked for more than six (6) years in Mondelez Philippines Inc. assuming various roles in its Sucat plant, the last being Plant Manager. Before that, he worked for Coca-Cola Bottlers Philippines, Inc. for ten (10) years from 1997 until 2007 when he held the position of Plant Manufacturing Manager of its Naga Plant. Mr. Frias holds a Bachelor of Science degree in Industrial Engineering from the University of Santo Tomas.

DONG HOON LIM
Mr. Lim is currently the Company's Senior Vice-President/CSO. Before joining the Company, he has been with Lotte Chilsung Beverage Co., Ltd. for thirteen (13) years where he handled various roles in Product Development, Brand Management, Marketing, Audit and Merchandising Management. Mr. Lim holds a Bachelor of Business Administration degree from Kyunghee University.

SAMUEL M. DALISAY, JR.
Mr. Dalisay is currently the Company's Vice President for the Supply Chain Group, which includes Corporate Purchasing, National Logistics Services and Marketing Equipment Management. Prior to joining the Company, he worked as an expatriate in Vietnam and served as Purchasing Director of THP Group until early 2011. Before that, he had worked for Jollibee Foods Corporation for almost fourteen (14) years until 2010 starting as Purchasing Manager for Foods until his last position as Corporate Purchasing Director for International Operations, and for Sime Darby Pilipinas, Inc. as Materials Management Division Manager for eleven (11) years until 1996. He is a Certified Purchasing Manager from the Institute of Supply Management-USA and a Professional Agricultural Engineer. He holds a Master's degree in Business Management from the Asian Institute of Management.

ANGELICA M. DALUPAN

Ms. Dalupan is currently the Company's Vice President for Corporate Affairs and Communications. Prior to joining the Company, she worked as Communications Director of Pfizer Inc. and the Communications Country Lead for the Philippines. She had also worked for sixteen (16) years in the Corporate Communications and Relations department of Unilever Philippines Inc. from 1994 until 2010 when she held the position of Corporate Relations Director directly reporting to the President. She holds a Bachelor of Science degree in Business Administration and a Master's degree in Business Administration both received from the University of the Philippines.

MA. ROSARIO C.Z. NAVA

Ms. Nava is currently the Company's Corporate Secretary and Compliance Officer reporting directly to the Chairman of the Board of Directors of the Company, and she has been so since 2007. She has been engaged in active law practice for twenty-one (21) years and is a member of the Integrated Bar of the Philippines since 1995. She has occupied the positions of Director and Corporate Secretary in a number of companies among which were Hewlett-Packard Philippines Corp. and Solectron Philippines Inc. She holds a Bachelor of Science degree in Management, Major in Legal Management (with honors) from the Ateneo de Manila University and a *Juris Doctor* degree from the Ateneo Law School.

Resignation of Directors

No Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last Annual Stockholders' Meeting due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Significant Employees and Family Relationships

No single person is expected to make an indispensable contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's business. The Company is not aware of any family relationship between or among the aforementioned Directors or Executive Officers up to the fourth civil degree.

Except for the payment of annual directors' fee and per diem allowances, the Company has not had any transaction during the last two (2) years in which any Director or Executive Officer had a direct or indirect interest.

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is or has been involved in any criminal or bankruptcy proceeding, or is or has been subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date, except as disclosed in Item 3 on Legal Proceedings.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers
The aggregate compensation paid or accrued (in Philippine Peso) in the calendar years ended December 31, 2014, 2013, and estimated to be paid for the ensuing calendar year December 31, 2015 to the following Executive Officers is set out in the table below:

Name	Year	Salary	Bonus	Others
Aggregate for CEO and four (4) most highly compensated below-named executive officers	CY 2013 CY 2014 CY 2015 Estimated 2016	41,661,308 47,531,855 42,129,824 46,847,545	5,997,238 3,984,005 6,375,031 6,419,901	2,925,735 2,127,628 749,262 859,194
All other directors and officers as a group unnamed	CY 2013 CY 2014 CY 2015 Estimated 2016	12,807,000 20,696,100 18,673,602 16,994,340	2,454,250 4,990,102 2,773,094 3,020,087	3,200,147 5,514,843 1,954,861 2,339,392

The following are the five highest compensated directors and/or officers of the Company who were serving as Executive Officers at the end of the last completed fiscal year:

- Yeon-Suk No – Chief Executive Officer
- Furqan Ahmed Syed – President
- Domingo F. Almazan – Senior Vice-President, National Sales
- Allan A. Frias II – Senior Vice-President, Manufacturing and Logistics
- Celerino T. Grecia III – Senior-Vice President, Human Resources/EIR/Legal

There are no special employment contracts between the Company and the above Executive Officers.

Non-executive Directors are entitled to a per diem allowance of US$1,500 for each attendance in the Company's Board meetings (except for the Chairman of the Board who receives US$2,000 for each such attendance) as well as for committee meetings, except for Audit Committee meetings where the per diem allowance is US$2,000. In addition, each Director is entitled to receive an annual directors' fee in the amount of Five Hundred Thousand Pesos (₱500,000.00). The seven (7) Directors representing the Lotte Chilsung Beverage Co., Ltd. and Quaker Global Investments B.V. have waived the per diem allowance as well as the annual directors' fee.

There are no outstanding warrants or options held by the above Executive Officers and all such officers and Directors as a group.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Record and Beneficial Owners of at Least 5% of Our Securities as of March 31, 2016

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common shares	Lotte Chilsung Beverage Co., Ltd.[1] c/o 5 Fl. Castle Plaza, Lotte Castle Gold, 7-18, Shinchun-dong, Songpa-gu, Seoul, 138-727 Korea Relationship – Stockholder	Same as indicated in column 2	Korean	1,436,315,932	38.88%
Common shares	PCD Nominee Corporation (Non-Filipino)[2] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Non-Filipino	986,621,373	26.71%
Common shares	Quaker Global Investments B.V.[3] Zonnebaan 35, 35242 EB Utrecht The Netherlands Relationship – Stockholder	Same as indicated in column 2	Dutch	923,443,071	25.00%
Common shares	PCD Nominee Corporation (Filipino)[4] 37th Floor, The Enterprise Center Ayala Avenue, Makati City Relationship – please refer to footnote	Please refer to footnote	Filipino	341,819,159	9.25%

[1] Lotte Chilsung Beverage Co., Ltd. ("Lotte") is a corporation duly organized and existing under and by virtue of the laws of Korea with principal office at c/o 5 Fl. Castle Plaza, Lotte Castle Gold, 7-18, Shinchun-dong, Songpa-gu, Seoul, 138-727 Korea.

[2] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. (PCD), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. While PCD Nominee Corporation is the registered owner of the shares in the Company's books, the beneficial ownership of such shares pertains to PCD participants (brokers) and/or their non-Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books. Under PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, PCD will execute a pro-forma proxy in favor of the participants for the total number of shares in their respective principal securities account, as well as for the total number of shares in their client securities account. For shares held in the principal securities account, the participant is appointed as proxy with full voting rights and powers as registered owner of such shares. For shares held in the client securities account, the participant is appointed as proxy with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by them.

[3] Quaker Global Investments B.V. ("QGI") is a corporation duly organized and existing under and by virtue of the laws of the Netherlands with principal office at Zonnebaan 35, 35242 EB Utrecht, The Netherlands.

[4] Same as footnote 1 above except that the beneficial ownership of shares registered in the name of PCD Nominee Corporation pertains to PCD participants (brokers) and/or their Filipino clients, whether individuals or corporations, in whose names these shares are recorded in their respective books.

Security Ownership of Management as of March 31, 2016

Title of Class	Name and Address of Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Oscar S. Reyes Chairman of the Board (Non-Executive) and Independent Director c/o 12th Floor Lopez Building, Ortigas Avenue, Pasig City	1*	Filipino	Nil
Common shares	Yongsang You Chief Executive Officer c/o Km. 29, National Road, Tunasan, Muntinlupa City	1*	Korean	Nil
Common shares	Furqan Ahmed Syed President c/o Km. 29, National Road, Tunasan, Muntinlupa City	1*	Pakistani	Nil
Common Shares	JaeHyuk Lee Non-Executive Director c/o 5 Fl. Castle Plaza, Lotte Castle Gold, 7-18, Shinchun-Dong, Songpa-Gu, Seoul, Korea 138-727	1*	Korean	Nil
Common shares	Byoung Tak Hur Non-Executive Director c/o LOTTE MGS Beverage Bldg., 7/8 Bahosi Yeik Thar, Bogyoke Street, Yangon, Myanmar	1*	Korean	Nil
Common shares	TaeWan Kim Non-Executive Director c/o 25th Floor, Lotte Bldg. 1, Sogong-Dong, Jung-Gu, Seoul (100-721), Korea	1*	Korean	Nil
Common shares	Praveen Someshwar Non-Executive Director c/o 20th Floor Caroline Center 28 Yun Ping Road, Causeway Bay, Hong Kong	1*	Indian	Nil
Common shares	Mannu Bhatia Non-Executive Director c/o 20th Floor Caroline Center 28 Yun Ping Road, Causeway Bay, Hong Kong	1*	Indian	Nil
Common shares	Rafael M. Alunan III Independent Director No.63 9th Street, New Manila, Quezon City	1*	Filipino	Nil
Common Shares	Imran Moid Senior Vice-President and Chief Financial Officer c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Pakistani	0%
Common Shares	Celerino T. Grecia III Senior Vice-President, Human Resources/EIR/Legal c/o Km. 29 National Road, Tunasan, Muntinlupa City	50,000 Direct ownership	Filipino	0.0014%
Common Shares	Domingo F. Almazan Senior Vice-President, National Sales c/o Km. 29 National Road, Tunasan, Muntinlupa City	50,000 Direct ownership	Filipino	0.0014%
Common shares	Allan A. Frias II Senior Vice-President, Operations c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common shares	Dong Hoon Lim Senior Vice-President /CSO c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Korean	0%
Common Shares	Samuel M. Dalisay, Jr. Vice-President, Supply Chain c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common Shares	Angelica M. Dalupan Vice-President, Corporate Affairs and Communications c/o Km. 29 National Road, Tunasan, Muntinlupa City	0	Filipino	0%
Common shares	Ma. Rosario C.Z. Nava Corporate Secretary and Compliance Officer c/o Mezzanine B, LPL Center 130 L.P. Leviste Street, Salcedo Village, Makati City	10,000 Direct ownership	Filipino	0.0003%

* Each of the directors is the registered owner of at least one qualifying share.

The aggregate shareholdings of directors and key officers as of March 31, 2016 are 110,009 shares which is approximately 0.0030% of the Company's outstanding capital stock.

Changes in Control

The Company is not aware of any voting trust agreement or any other similar agreement which may result in a change in control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Refer to Note 22 to the December 31, 2015 Audited Financial Statements for details on related party transactions.

PART IV – CORPORATE GOVERNANCE

Please refer to attached ACGR filed with SEC on January 11, 2016.

PART V – EXHIBITS AND SCHEDULES

The following are the reports on SEC Form 17-C, as amended, which were filed during the last six (6) month period covered by this Report:

a. SEC Form 17-C dated June 15, 2015

At the Special Meeting of the Board of Directors of the Company held on June 15, 2015, the Board of Directors accepted the resignation of Mr. Yeon-Suk No as Member of the Board of Directors and as Chief Executive Officer, and elected Mr. Yongsang You as Director and Chief Executive Officer replacing Mr. No effective immediately. In the same meeting, the Board of Directors confirmed Mr. You's appointment as Member of the Nomination Committee and of the Compensation and Remuneration Committee of the Board of the Company likewise replacing Mr. No in said Board committees.

b. SEC Form 17-C dated October 30, 2015

At the Special Meeting of the Board of Directors of the Company held on October 30, 2015, the Board of Directors approved the Company's disclosure regarding the filing of a petition for review with the Court of Tax Appeals.

PART VI – SIGNATORIES

The following are the authorized signatories of the Company:

1. Yongsang You in his capacity as the Chief Executive Officer. Said position is the Company's equivalent position for principal executive officer.

2. Furqan Ahmed Syed in his capacity as the President. Said position is the Company's equivalent position for principal operating officer.

3. Imran Moid in his capacity as the Senior Vice President and Chief Financial Officer. Said position is the Company's equivalent position for principal financial officer.

4. Agustin S. Sarmiento in his capacity as AVP-Tax & Reporting of the Company. Said position is the Company's equivalent position for comptroller and principal accounting officer.

5. Ma. Rosario C. Z. Nava in her capacity as the Corporate Secretary of the Company.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Muntinlupa City on APR 0 8 2016.

By:

YONGSANG YOU
Chief Executive Officer

FURQAN AHMED SYED
President

IMRAN MOID
Senior Vice-President and Chief Financial Officer

AGUSTIN S. SARMIENTO
AVP-Tax & Reporting

MA. ROSARIO C. Z. NAVA
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MUNTINLUPA CITY) **S.S.**

SUBSCRIBED AND SWORN TO before me in the City of Muntinlupa City on APR 08 2016 by:

Name	**Competent Evidence of Identity**	**Valid Until**
Yongsang You	Passport No.M55826461	Dec 28, 2021 / Korea
Furqan Ahmed Syed	Passport No. AW5172963	Jan 1, 2020 / Pakistan
Imran Moid	Passport No. AB0974965	Dec 18, 2019 / Pakistan
Agustin S. Sarmiento	SSS No. 33-2456012-6	
Ma. Rosario C. Z. Nava	SSS No. 33-0460082-8	

who have satisfactorily proven their identity to me through the above identification, that they are the same person who personally signed the foregoing instrument before me and acknowledged that they executed the same.

ATTY. CELERINO T. GRECIA III
Notary Public for Muntinlupa City
Commission No. NC 16-038
Until December 31, 2017
Attorney's Roll No. 31466
IBP LRN: 04683; 05-12-2003; Iloilo
PTR No. 2090551; 01-19-2016; Muntinlupa City
Km. 29 National Road, Tunasan, Muntinlupa City

Doc. No. 349
Page No. 11
Book No. I
Series of 2016.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 6 0 9 6 8

COMPANY NAME

PEPSI-COLA PRODUCTS
PHILIPPINES, INC.

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

Km. 29, National Road
Tunasan, Muntinlupa City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
604		December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Imran Moid		887-3774	

CONTACT PERSON's ADDRESS

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

FINANCIAL STATEMENTS
December 31, 2015 and 2014

PCPPI
Pepsi-Cola Products Philippines, Inc.
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road, Tunasan, Muntinlupa City, 1773 Philippines
Tel.: (632) 88-PEPSI(73774) • www.pepsiphilippines.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of **Pepsi-Cola Products Philippines, Inc. (the "Company")**, is responsible for the preparation and fair presentation of the financial statements as at **December 31, 2015 and 2014** and for each of the three years in the period ended **December 31, 2015**, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the Stockholders.

R.G. Manabat & Co., the independent auditors appointed by the Stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

OSCAR S. REYES
Chairman of the Board

YONGSANG YOU
Chief Executive Officer

FURQAN AHMED SYED
President

IMRAN MOID
SVP and Chief Financial Officer

BUREAU OF INTERNAL REVENUE
LARGE TAXP... OFFICE
LARGE TAXPAYERS ... DIVISION
Date APR 11 2016
RECEIVED
MA. GRACIA AURORA L. CASTILLO

Signed this 8th day of April 2016

REPUBLIC OF THE PHILIPPINES)
MUNTINLUPA CITY) **S.S.**

SUBSCRIBED AND SWORN TO before me in the City of Muntinlupa City on APR 08 2016 by:

Name	**Competent Evidence of Identity**	**Valid Until**
Oscar S. Reyes	Passport No. EB8380979	Jun 12, 2018/ Manila
Yongsang You	Passport No. M55826461	Dec 28, 2021 / Korea
Furqan Ahmed Syed	Passport No. AW5172963	Jan 1, 2020 / Pakistan
Imran Moid	Passport No. AB0974965	Dec 18, 2019 / Pakistan

who have satisfactorily proven their identity to me through the above identification, that they are the same person who personally signed the foregoing instrument before me and acknowledged that they executed the same.

ATTY. CELERINO T. GRECIA III
Notary Public for Muntinlupa City
Commission No. NC 16-038
Until December 31, 2017
Attorney's Roll No. 31466
IBP LRN: 04683; 05-12-2003; Iloilo
PTR No. 2090551; 01-19-2016; Muntinlupa City
Km. 29 National Road, Tunasan, Muntinlupa City

Doc. No. 348
Page No. 11
Book No. 1
Series of 2016.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 11 2016
RECEIVED
MA. GRACIA AURORA

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road
Tunasan, Muntinlupa City

We have audited the accompanying financial statements of Pepsi-Cola Products Philippines, Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 11 2016 TSIS
RECEIVED
MA. GRACIA AURORA L. CASTILLO

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pepsi-Cola Products Philippines, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

EMERALD ANNE C. BAGNES
Partner
CPA License No. 0083761
SEC Accreditation No. 0312-AR-3, Group A, valid until April 30, 2018
Tax Identification No. 102-082-332
BIR Accreditation No. 08-001987-12-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 5320736MD
Issued January 4, 2016 at Makati City

April 8, 2016
Makati City, Metro Manila

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	Note	December 31 2015	2014
ASSETS			
Current Assets			
Cash	*4, 25*	**P464,786**	P645,381
Receivables - net	*5, 23, 25, 26*	**1,714,222**	1,681,045
Inventories - net	*6*	**1,908,987**	1,792,885
Due from related parties	*22, 25*	**594,078**	615,485
Prepaid expenses and other current assets		**215,464**	154,750
Total Current Assets		**4,897,537**	4,889,546
Noncurrent Assets			
Investments in associates	*7*	**570,277**	548,354
Bottles and cases - net	*8*	**4,838,337**	4,480,282
Property, plant and equipment - net	*9*	**10,118,703**	8,588,843
Deferred tax assets - net	*12*	**109,339**	99,935
Other noncurrent assets		**282,428**	229,599
Total Noncurrent Assets		**15,919,084**	13,947,013
		P20,816,621	P18,836,559
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*10, 13, 23, 25, 26*	**P6,721,734**	P5,304,047
Short-term debt	*11, 25*	**900,000**	800,000
Current portion of long-term debt	*11, 25*	**547,054**	99,906
Income tax payable		**132,645**	99,574
Total Current Liabilities		**8,301,433**	6,303,527
Noncurrent Liabilities			
Long-term debt - net of current portion	*11, 25*	**2,344,147**	2,888,410
Deferred tax liabilities - net	*12*	**845,306**	892,181
Other noncurrent liabilities	*13, 25, 26*	**783,126**	776,755
Total Noncurrent Liabilities		**3,972,579**	4,557,346
Total Liabilities		**12,274,012**	10,860,873
Equity			
Share capital	*14*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability	*13*	**(277,813)**	(276,443)
Retained earnings	*11, 15*	**7,068,987**	6,500,694
Total Equity		**8,542,609**	7,975,686
		P20,816,621	P18,836,559

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings Per Share Data)

		Years Ended December 31		
	Note	**2015**	2014	2013
GROSS SALES	*24*	**P32,075,704**	P29,807,236	P26,365,861
LESS SALES DISCOUNTS, RETURNS AND ALLOWANCES	*24*	**4,742,276**	4,481,860	3,903,611
NET SALES		**27,333,428**	25,325,376	22,462,250
COST OF GOODS SOLD	*16*	**20,945,460**	19,005,262	16,509,299
GROSS PROFIT		**6,387,968**	6,320,114	5,952,951
OPERATING EXPENSES				
Selling and distribution	*17*	**3,406,150**	3,299,716	3,010,421
General and administrative	*18*	**1,112,826**	1,120,440	913,213
Marketing	*23*	**725,796**	801,502	776,906
		5,244,772	5,221,658	4,700,540
OPERATING PROFIT		**1,143,196**	1,098,456	1,252,411
FINANCE AND OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	*7*	**21,923**	10,870	10,072
Interest income	*4, 22*	**4,335**	4,870	5,657
Interest expense	*11, 26*	**(68,942)**	(61,208)	(36,287)
Other income - net	*26*	**50,245**	100,918	54,637
		7,561	55,450	34,079
PROFIT BEFORE TAX		**1,150,757**	1,153,906	1,286,490
INCOME TAX EXPENSE	*12*	**338,675**	342,962	383,016
PROFIT		**812,082**	810,944	903,474
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified to profit or loss				
Remeasurement losses on net defined benefit liability - net of deferred tax	*12, 13*	**(1,370)**	(61,417)	(54,358)
TOTAL COMPREHENSIVE INCOME		**P810,712**	P749,527	P849,116
Basic/Diluted Earnings Per Share	*21*	**P0.22**	P0.22	P0.24

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

Years Ended December 31

	Note	Share Capital: Capital Stock (see Note 14)	Share Capital: Additional Paid-in Capital (see Note 14)	Share Capital: Total	Remeasurement Losses on Net Defined Benefit Liability (see Note 13)	Retained Earnings (see Note 15)	Total Equity
Balance as at December 31, 2012		P554,066	P1,197,369	P1,751,435	(P160,668)	P5,044,840	P6,635,607
Total comprehensive income							
Profit		-	-	-	-	903,474	903,474
Other comprehensive loss - net		-	-	-	(54,358)	-	(54,358)
Total comprehensive income		-	-	-	(54,358)	903,474	849,116
Transaction with equity holders of the Company directly recorded in equity							
Cash dividends during the year	*15*	-	-	-	-	(258,564)	(258,564)
Balance as at December 31, 2013		554,066	1,197,369	1,751,435	(215,026)	5,689,750	7,226,159
Total comprehensive income							
Profit		-	-	-	-	810,944	810,944
Other comprehensive loss - net		-	-	-	(61,417)	-	(61,417)
Total comprehensive income		-	-	-	(61,417)	810,944	749,527
Balance as at December 31, 2014		554,066	1,197,369	1,751,435	(276,443)	6,500,694	7,975,686

Forward

Years Ended December 31

	Note	Share Capital: Capital Stock (see Note 14)	Share Capital: Additional Paid-in Capital (see Note 14)	Share Capital: Total	Remeasurement Losses on Net Defined Benefit Liability (see Note 13)	Retained Earnings (see Note 15)	Total Equity
Total comprehensive income							
Profit		P -	P -	P -	P -	P812,082	P812,082
Other comprehensive loss - net		-	-	-	(1,370)	-	(1,370)
Total comprehensive income		-	-	-	(1,370)	812,082	810,712
Transaction with equity holders of the Company directly recorded in equity							
Cash dividends during the year	*15*	-	-	-	-	(243,789)	(243,789)
Balance as at December 31, 2015		**P554,066**	**P1,197,369**	**P1,751,435**	**(P277,813)**	**P7,068,987**	**P8,542,609**

See Notes to the Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Note	2015	2014	2013
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P1,150,757**	P1,153,906	P1,286,490
Adjustments for:				
Depreciation and amortization	*8, 9, 19*	**2,200,097**	1,933,985	1,592,011
Impairment losses on, receivables, inventories, bottles and cases, machinery and equipment, and others	*5, 6, 8, 9*	**174,661**	54,452	19,079
Retirement cost	*13, 20*	**102,508**	90,045	80,864
Interest expense	*11, 26*	**68,942**	61,208	36,287
Loss on disposal of property and equipment	*9*	**13,277**	14,286	3,928
Equity in net earnings of associates	*7*	**(21,923)**	(10,870)	(10,072)
Interest income	*4, 22*	**(4,335)**	(4,870)	(5,657)
Operating profit before working capital changes		**3,683,984**	3,292,142	3,002,930
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**(86,598)**	(119,195)	(189,947)
Inventories		**(138,927)**	(495,051)	(189,665)
Due from related parties		**21,407**	10,703	(204,910)
Prepaid expenses and other current assets		**(108,608)**	(33,184)	(106,228)
Increase in accounts payable and accrued expenses		**1,388,396**	501,409	695,807
Cash generated from operations		**4,759,654**	3,156,824	3,007,987
Interest received		**4,329**	4,867	5,586
Income taxes paid		**(313,274)**	(93,893)	(141,881)
Retirement benefits paid directly to employees	*13*	**(35,920)**	(20,763)	(44,284)
Contribution to plan assets	*13*	**(30,000)**	(30,000)	(30,000)
Net cash provided by operating activities		**4,384,789**	3,017,035	2,797,408

Forward

	Note	2015	2014	2013
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**P314**	P22,941	P17,412
Additions to:				
Property, plant and equipment	*9*	**(2,585,227)**	(2,424,029)	(2,893,182)
Bottles and cases	*8*	**(1,525,783)**	(1,429,172)	(1,304,989)
Decrease (increase) in other noncurrent assets		**(52,130)**	(29,589)	7,226
Net cash used in investing activities		**(4,162,826)**	(3,859,849)	(4,173,533)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of:	*11*			
Short-term debt		**5,475,000**	4,150,000	3,650,000
Long-term debt		**-**	1,000,000	2,000,000
Repayments of:	*11*			
Short-term debt		**(5,375,000)**	(3,900,000)	(4,050,000)
Long-term debt		**(100,000)**	-	-
Cash dividends paid	*15*	**(243,789)**	-	(258,564)
Interest paid	*9, 11*	**(158,769)**	(139,848)	(61,456)
Debt issuance cost	*11*	**-**	(5,000)	(10,000)
Net cash provided by (used in) financing activities		**(402,558)**	1,105,152	1,269,980
NET INCREASE (DECREASE) IN CASH		**(180,595)**	262,338	(106,145)
CASH AT BEGINNING OF YEAR		**645,381**	383,043	489,188
CASH AT END OF YEAR	*4*	**P464,786**	P645,381	P383,043

See Notes to the Financial Statements.

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (the "Company") was incorporated as a stock corporation in the Philippines on March 8, 1989, with a corporate life of 50 years, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks (CSD), non-carbonated beverages (NCB) and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at Km. 29, National Road, Tunasan, Muntinlupa City.

On May 16, 2014 and May 30, 2014, the Company's Board of Directors (BOD) and Stockholders approved (on the respective dates) the amendments to the Article of Incorporation, particularly on its primary purpose to engage in, operate, conduct and maintain the business of manufacturing, importing, buying, selling, handling, distributing, trading or otherwise dealing in, at wholesale and (to the extent allowed by law) retail, food and food products, snacks, confectionery drinks and other beverages in bottles, cans and other containers or dispensers and other related goods of whatever nature, and any and all materials, suppliers and other goods used or employed in or related to the manufacture of such finished products as well as the amendment of the Company's principal office address. The said amendments were approved by the Securities and Exchange Commission (SEC) on August 27, 2014.

The Company is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since February 1, 2008. Lotte Chilsung Beverage Co., Ltd., with a 38.88% stake in the Company, is the largest shareholder of the Company. Quaker Global Investments B.V. is the other major shareholder with a 25.00% stake. Lotte Chilsung Beverage Co., Ltd. was organized under the laws of South Korea. Quaker Global Investments B.V. was organized under the laws of the Netherlands.

2. Basis of Preparation

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying financial statements were approved and authorized for issue by the Company's BOD on April 8, 2016. The BOD has the power to amend the financial statements after issuance.

Basis of Measurement
The financial statements have been prepared on a historical cost basis of accounting, except for the defined benefit liability which is recognized as the present value of the defined benefit obligation less fair value of plan assets.

Functional and Presentation Currency
These financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data and when otherwise indicated.

Use of Judgments and Estimates
In preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively.

Judgments
Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note 25 - Classifying financial instruments
- Note 26 - Determination of whether an arrangement contains a lease
- Note 26 - Lease classification

Assumptions and Estimation Uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year are included in the following notes:

- Note 5 - Estimation of allowance for impairment losses on receivables
- Note 6 - Determination of net realizable value (NRV) of inventories
- Note 8 - Estimation of useful lives (EUL) of the excess of cost of containers over deposit values
- Note 8 - Estimation of allowance for unusable containers
- Note 9 - EUL of property, plant and equipment
- Note 12 - Recognition of deferred tax assets
- Note 13 - Estimation of retirement liability
- Note 26 - Contingencies
- Notes 8 and 9 - Impairment of non-financial assets
- Notes 3 and 25 - Measurement of fair values

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies explained below.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years, except for the following amendments to standards which are effective and adopted by the Company as at January 1, 2015. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles* - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, *Share-based Payment*, PAS 16, *Property, Plant and Equipment*, PAS 38, *Intangible Assets*, and PAS 40, *Investment Property*. The following are the said improvements or amendments to PFRSs that are relevant to the Company, none of which has a significant effect on the financial statements of the Company:

    - *Disclosures on the aggregation of operating segments (Amendment to PFRS 8, Operating Segments)*. PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: a brief description of the operating segments that have been aggregated; and the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

    - *Definition of 'related party' (Amendment to PAS 24, Related Party Disclosures).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value. Except for financial instruments designated as at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs that are directly attributable to their acquisition cost or issue.

Classification and Measurement. The Company classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2015 and 2014, the Company does not have any financial assets and financial liabilities at FVPL, AFS financial assets, and HTM investments.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or FVPL financial assets. Such assets are recognized initially at fair value plus any incremental transaction cost. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Losses are recognized in profit or loss and reflected in the allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant account is written-off. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through amortization process. Loans and receivables are classified as current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Company's cash (excluding cash on hand), receivables and due from related parties are included in this category.

Cash includes cash in banks, which is stated at face value.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

All loans and borrowing are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the effective interest method and the unamortized portion of debt issuance costs are offset against the related carrying amount of the loan in the statements of financial position. Such amortization is booked as part of "Interest expense" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest.

When loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Included in this category are the Company's short-term and long-term debt, accounts payable and accrued expenses and finance lease liability (under "Other noncurrent liabilities" account in the statements of financial position) that meet the above definition (other than liabilities covered by other PFRSs, such as income tax payable, deferred tax liabilities and defined benefit liability).

Derecognition of Financial Instruments. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its rights to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the carrying amount of the original liability and the recognition of a new liability at fair value, and any resulting difference in the respective carrying amounts is recognized in profit or loss.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Company has an enforceable legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the statements of financial position.

Fair Value Measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, the Company uses valuation techniques that are appropriate in the circumstance and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When measuring the fair values of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Inventories

Inventories are valued at the lower of cost and NRV. The cost of inventories (finished goods, work in process and raw and packaging materials), which is determined using the standard cost method adjusted to approximate actual costs through the allocation of manufacturing variances on a periodic basis, includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing these inventories to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

The NRV of finished goods is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The NRV of raw and packaging materials, spare parts and supplies is the estimated current replacement costs.

When inventories are sold, the carrying amounts of those inventories are recognized under "Cost of Goods Sold" account in the statements of profit or loss and other comprehensive income in the period when the related revenue is recognized.

Investments in Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies and which are neither subsidiaries nor joint ventures. The financial statements include the Company's share of the total recognized earnings and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. The application of the equity method of accounting is based on the Company's beneficial interest in the net profits and net assets of the associates. Distributions received from the associates reduce the carrying amount of the investments. Income and expense resulting from transactions between the Company and the associates are eliminated to the extent of the interest in the associates. When the Company's share of losses exceeds the cost of the investment in an associate, the carrying amount of that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company's investments in associates include an amount that represents the excess of acquisition cost of investment over the fair value of the net identifiable assets of the investee companies at the date of acquisition, net of impairment in value, if any.

The financial statements of the associates are prepared for the same period as the Company's financial statements.

Bottles and Cases

Bottles and cases include returnable glass bottles and cases stated at deposit values and the excess of the acquisition costs of returnable bottles and cases over their deposit values. Bottles and cases also includes certain pallets acquired under finance lease. These assets are deferred and amortized using the straight-line method over their EUL (5 years for returnable bottles and 7 years for cases and pallets) determined principally by their actual historical breakage and trippage. Amortization of bottles and cases commences once it is available for use and is recognized in profit or loss. An allowance is provided for excess, unusable and obsolete returnable bottles and cases based on the specific identification method.

Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property, plant and equipment is carried at cost, which comprises its purchase price and any directly attributable cost in bringing the asset to working condition and location for its intended use. Subsequent costs (including costs of replacing a part of an item of property, plant and equipment) that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss as incurred.

Construction in progress represents assets under construction and is stated at cost. This includes costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use but tested for impairment losses. Assets under construction are transferred to the related property, plant and equipment account when the construction and installation and related activities necessary to prepare the property, plant and equipment for the intended use are completed and the property, plant and equipment are ready for services.

Major spare parts and stand-by equipment items that the Company expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization of these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in a manner intended by the Company).

The EUL of property, plant and equipment are as follows:

	Number of Years
Machinery and other equipment	3 - 25
Buildings and leasehold improvements	15 - 40 or term of the lease, whichever is shorter
Furniture and fixtures	10

Depreciation and amortization commences once the assets become available for use. Depreciation and amortization is computed on a straight-line basis over the EUL of the assets. Leasehold improvements are amortized over the shorter of their EUL and the corresponding lease terms.

The assets' residual values, EUL and depreciation and amortization methods are reviewed at each reporting date and adjusted, if appropriate, to ensure that the period and depreciation and amortization methods are consistent with the expected pattern of economic benefits from those assets. Any change in the expected residual values, EUL and methods of depreciation and amortization are adjusted prospectively from the time the change was determined necessary.

When an item of property, plant and equipment is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of the discounting is not material. The carrying amount of the asset is reduced through the use of an allowance account. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial asset, together with the associated allowance accounts, is written-off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. Impairment loss is recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date had no impairment loss been recognized.

Non-financial Assets
The carrying amounts of the Company's non-financial assets, such as investments in associates, bottles and cases, property, plant and equipment and other noncurrent assets, are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating unit (CGU) to which the asset belongs is written-down to its recoverable amount. Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of a non-financial asset is the greater of the asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be delivered from an asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized in profit or loss in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property, plant and equipment and bottles and cases) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss. After such reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amounts, less any residual value, on a systematic basis over its remaining life.

Provisions

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under "Finance and Other Income (Expenses)" account in statements of profit or loss and other comprehensive income.

Capital Stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The amount of contribution in excess of par value is accounted as "Additional paid-in capital." Additional paid-in capital also arises from additional capital contributions from the shareholders.

Retained Earnings and Dividend Distribution

Retained earnings represent the cumulative balance of periodic profit (loss), dividend distributions, prior period adjustments and effects of changes in accounting policy and capital adjustments.

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends for the year that are approved after the reporting date are dealt with as a nonadjusting event after the reporting date.

Other Comprehensive Income

Other comprehensive income are items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRSs.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of discounts, returns and allowances. Revenue is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing involvement with the goods. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sale is recognized. Transfer of risks and rewards of ownership coincides with the delivery of the products to the customers, and under normal credit terms.

Rental Income

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease.

Other Income
Other income is recognized in profit or loss when earned.

Cost and Expense
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the expenses are incurred.

Cost of Goods Sold
Cost of goods sold includes direct material costs, labor and manufacturing expenses. This is recognized when the goods are delivered or when the expenses are incurred.

Selling, Distribution and Marketing Expenses
Selling, distribution and marketing expenses consist of costs associated with the development and execution of marketing promotion activities and all expenses connected with selling, servicing and distributing the Company products. Selling, distribution and marketing expenses are generally recognized when the service is rendered or the expense is incurred.

General and Administrative Expenses
Expenses incurred in the general administration of the day-to-day operation of the Company are generally recognized when the service is rendered or the expense is incurred.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Benefit Plan
The Company has a funded, noncontributory, defined benefit plan covering substantially all of its employees.

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets. The Company presents the amount of expected contribution to the plan assets in the next fiscal year as current liability, while the remaining amount of the net defined benefit liability is presented as noncurrent.

The calculation of the defined benefit obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the opening net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company's plan assets that are held by entities (trustees) that are legally separate and independent from the Company and exist solely to pay or fund the defined benefit plan, are not available to the Company's own creditors (even in bankruptcy), and cannot be returned to the Company, unless the remaining assets of the fund are sufficient to meet all the defined benefit obligation of the plan or the Company.

Finance Income and Finance Cost
Finance income comprises interest income on bank deposits and dividend income. Interest income is recognized in profit or loss as it accrues, using the effective interest method. Dividend income, if any, is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance cost comprises interest expense on borrowings and foreign currency gain or loss on financial assets and liabilities. All finance costs are recognized in profit or loss as they accrue.

Leases
Determination of whether an Arrangement Contains a Lease
The determination of whether an arrangement is, or contains a lease is, based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or an extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income and expense from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Finance Leases
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of fair value of the leased property and the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance cost and reduction of the outstanding lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost is recognized in profit or loss.

Capitalized leased assets are depreciated over the shorter of the EUL of the assets and the respective lease terms, unless it is with reasonable certainty that the Company will obtain ownership by the end of the lease term, in which case the asset is depreciated over its EUL.

<u>Borrowing Costs</u>
Interest and other finance costs incurred on borrowings used to finance property development are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are completed. These costs are amortized using the straight-line method over the EUL of the related property, plant and equipment to which it is capitalized. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Other borrowing costs are generally expensed in the period in which these are incurred.

<u>Foreign Currency Transactions</u>
Transactions in foreign currencies are recorded in Philippine peso based on the prevailing exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated in Philippine peso using the exchange rates prevailing at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rates different from those at which they were previously recorded are recognized in profit or loss.

Nonmonetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of transaction.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

<u>Income Taxes</u>
Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income, respectively.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of unused net operating loss carryover (NOLCO), if any, and unused tax credits from excess minimum corporate over income tax (MCIT) over the regular corporate income tax. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of unused NOLCO, if any, and unused tax credits from excess MCIT can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Value-added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of prepaid expenses and other current assets or accounts payable and accrued expenses in the Company's statements of financial position.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the profit applicable to common stock by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is calculated by dividing the profit attributable to common equity holders by the weighted average number of common shares outstanding during the year, adjusted for the effects of any dilutive potential common shares.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the realization of income is virtually certain, the related asset is not a contingent asset and its recognition is appropriate.

When losses are expected to be reimbursed by another party, the reimbursement should be recognized when and only when, it is virtually certain that reimbursement will be received. The reimbursement shall be treated as a separate asset. The expense relating to a provision is presented net of the amount recognized for the reimbursement.

Segment Reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about the resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Standards Issued But Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new standards and amendments to standards to have any significant impact on the Company's financial statements. The relevant disclosures will be included in the notes to the financial statements when these become effective.

The Company will adopt the following new standards and amendments to standards that are relevant to the Company in the respective effective dates:

Effective January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to PAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

  The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

  The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

  - *Offsetting disclosures in condensed interim financial statements (Amendment to* PFRS 7, *Financial Instruments: Disclosures).* PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7),* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of PAS 34, *Interim Financial Reporting,* require their inclusion.

    The amendment to PFRS 7 is applied retrospectively, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

  - *Discount rate in a regional market sharing the same currency - e.g. the Eurozone (Amendment to PAS 19).* The amendment to PAS 19 clarifies that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not at the country level.

    The amendment to PAS 19 is applied from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies the amendment, with any initial adjustment recognized in retained earnings at the beginning of that period.

- *Disclosure of information "elsewhere in the interim financial report' (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

  The amendment to PAS 34 is applied retrospectively, in accordance with PAS 8.

- *Disclosure Initiative (Amendments to PAS 1, Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

  - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

  - An entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

    The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

Effective January 1, 2018

- PFRS 9, *Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39 and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company has decided not to early adopt PFRS 9 (2014) for its 2015 financial reporting. Based on management's review, the new standard will potentially have an impact on the classification of its financial assets, but will have no significant impact on the measurement of its outstanding financial assets and financial liabilities.

Pending approval of local adoption of PFRS 15, Revenue from Contracts with Customers

- PFRS 15, *Revenue from Contracts with Customers,* replaces PAS 11, *Construction Contracts,* PAS 18, *Revenue,* IFRIC 13, *Customer Loyalty Programmes,* IFRIC 18, *Transfer of Assets from Customers,* and SIC-31, *Revenue - Barter Transactions Involving Advertising Services.* The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

- PFRS 16, *Leases,* supersedes PAS 17, *Leases,* and the following Philippine Interpretations:

  - IFRIC 4, *Determining whether an Arrangement contains a Lease;*
  - SIC-15, *Operating Leases-Incentives;* and
  - SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

  The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases.

  New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is not permitted until the FRSC has adopted the new revenue recognition standard, PFRS 15.

4. Cash

Cash consists of:

	Note	2015	2014
Cash on hand		**P218,245**	P195,763
Cash in banks	*25*	**246,541**	449,618
		P464,786	P645,381

Cash in banks earns interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to P0.5 million, P1.0 million and P1.8 million in 2015, 2014 and 2013, respectively.

The Company's exposures to credit risk and interest rate risk are disclosed in Note 25 to the financial statements.

5. Receivables

Receivables consist of:

	Note	2015	2014
Trade receivables - third parties	*25*	**P1,551,778**	P1,423,451
Others	*23, 25, 26*	**376,852**	421,192
		1,928,630	1,844,643
Less allowance for impairment losses and others		**214,408**	163,598
	25	**P1,714,222**	P1,681,045

Trade receivables are all current, noninterest-bearing and are generally on a 15 to 60 days' term. Other receivables consist mainly of receivables from employees, freight, marketing related reimbursements and insurance claims which are normally collected in cash.

The Company's claim from an insurance company relating to the compensation to be received for the destruction caused by typhoon Yolanda (internationally known as "Haiyan") on one of the Company's bottling plants amounting to P32.0 million in 2014 is included as part of other receivables (see Note 26). The said insurance claim was collected in 2015.

Impairment

The Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The Company performs regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provides these with the appropriate allowance for impairment losses. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment losses being determined for each risk grouping identified by the Company. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in the allowance for impairment losses would increase the recorded operating expenses and decrease current assets.

The movements in the allowance for impairment losses on receivables are as follows:

			2015			2014	
	Note	**Trade**	**Others**	**Total**	Trade	Others	Total
Balance at beginning of year		**P116,522**	**P47,076**	**P163,598**	P104,621	P47,998	P152,619
Impairment losses recognized during the year	*17*	**40,736**	**11,086**	**51,822**	12,284	6,098	18,382
Provision for sales returns		**1,478**	**-**	**1,478**	-	-	-
Write-offs during the year		**(2,229)**	**(261)**	**(2,490)**	(383)	(7,020)	(7,403)
Balance at end of year		**P156,507**	**P57,901**	**P214,408**	P116,522	P47,076	P163,598

Impairment losses recognized during the period are included as part of "Selling and distribution expenses" under "Operating Expenses" account in the statements of profit or loss and other comprehensive income.

The Company's exposure to credit risk related to receivables is disclosed in Note 25 to the financial statements.

6. Inventories

Inventories consist of:

	2015	2014
Raw and packaging materials	**P977,414**	P915,979
Finished goods	**777,572**	721,537
Spare parts and supplies	**141,401**	142,686
Work in process	**12,600**	12,683
	P1,908,987	P1,792,885

Raw and packaging materials, finished goods and work in process included in "Cost of Goods Sold" account in the statements of profit and loss and other comprehensive income amounted to P15.2 billion in 2015, P14.0 billion in 2014 and P12.2 billion in 2013 (see Note 16).

In determining the NRV of inventories, the Company considers inventory obsolescence based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Company adjusts the cost of inventories to NRV at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Company reviews, on a continuous basis, the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written-down to NRV. The amount and timing of recorded expense for any period would differ if different judgments were made or different estimates were utilized. The increase in inventory obsolescence and market decline would increase the recorded cost of goods sold and decrease current assets.

The cost of inventories stated at NRV are as follows:

	2015	2014
Raw and packaging materials	**P1,007,159**	P925,569
Finished goods	**796,162**	740,452
Spare parts and supplies	**144,805**	149,135
	P1,948,126	P1,815,156

Write-down of inventories to NRV amounted to P22.8 million, P2.7 million and P15.1 million for the years ended December 31, 2015, 2014 and 2013, respectively. The write-down of inventories to NRV is included as part of "Cost of Goods Sold" account in the statements of profit and loss and other comprehensive income.

In 2013, the Company has written-off inventories amounting to P27.6 million, recorded as part of "Other income - net" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income, resulting from the destruction brought by typhoon Yolanda (see Note 26).

7. Investments in Associates

Investments in associates consist of investments in other companies, which are incorporated under Philippine Laws, as follows:

	Percentage (%) of Ownership		Amount	
	2015	2014	**2015**	2014
Acquisition cost:				
Nadeco Realty Corporation (NRC)	**40%**	40%	**P231,490**	P231,490
Nadeco Holdings Corporation (NHC)	**40%**	40%	**132**	132
			231,622	231,622
Accumulated equity in net earnings:				
Balance at beginning of year			**316,732**	305,862
Equity in net earnings for the year			**21,923**	10,870
Balance at end of year			**338,655**	316,732
			P570,277	P548,354

The financial statements of the associates are prepared for the same reporting period as the Company's financial statements. The financial statements used for the purpose of applying equity method are the most recent management accounts of the associates as at December 31, 2015 and 2014.

None of the Company's equity-accounted associates are publicly listed entities and consequently, do not have published price quotations.

As at December 31, 2015 and 2014, the undistributed earnings of the associates included in the Company's retained earnings amounting to P338.7 million and P316.7 million is not available for distribution to stockholders unless declared by the associates. Equity in net earnings from investments in associates amounted to P21.9 million, P10.9 million and P10.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Summarized below is the financial information pertaining to the Company's associates:

	As at December 31, 2015 and For the Year Ended December 31, 2015					
	Current Assets	**Noncurrent Assets**	**Current Liabilities**	**Noncurrent Liabilities**	**Revenues**	**Profit/Total Comprehensive Income**
NRC	**P194,820**	**P1,267,921**	**P767,133**	**P135,273**	**P40,968**	**P21,845**
NHC (consolidated)	**201,396**	**1,268,251**	**771,261**	**135,273**	**42,693**	**22,316**

	As at December 31, 2014 and For the Year Ended December 31, 2014					
	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Revenues	Profit/Total Comprehensive Income
NRC	P154,731	P1,267,921	P750,502	P133,660	P25,957	P10,707
NHC (consolidated)	153,650	1,267,921	747,221	133,660	25,957	11,014

The associates do not have contingent liabilities incurred jointly with other investors. Also, the Company is not severally liable for all or part of the liabilities of the associates.

8. Bottles and Cases

Bottles and cases consist of:

	2015	2014
Deposit values of returnable bottles and cases on hand - net of allowance for unusable containers of P22,784 and P20,373 as at December 31, 2015 and 2014, respectively.	**P631,208**	P549,260
Excess of cost over deposit values of returnable bottles and cases - net of accumulated amortization*	**4,034,796**	3,904,260
	4,666,004	4,453,520
Bottles and cases in transit	**172,333**	26,762
	P4,838,337	P4,480,282

*This includes pallets with net book value of P326.4 million and P292.7 million as at December 31, 2015 and 2014, respectively.

The rollforward of excess of cost over deposit values of returnable bottles and cases is as follows:

	Note	**2015**	2014
Gross Carrying Amount*			
Balance at beginning of year		**P11,200,420**	P9,818,744
Additions		**1,292,944**	1,381,676
Balance at the end of year		**12,493,364**	11,200,420
Accumulated Amortization*			
Balance at beginning of year		**7,296,160**	6,294,039
Amortization for the year	*16, 17*	**1,170,544**	1,013,620
Other movements		**(8,136)**	(11,499)
Balance at the end of year		**8,458,568**	7,296,160
Carrying Amount*			
Balance at end of year		**P4,034,796**	P3,904,260

*This includes pallets with gross carrying amount of P574.5 million and P477.0 million as at December 31, 2015 and 2014, respectively, with related accumulated amortization amounting to P248.1 million and P184.3 million as at December 31, 2015 and 2014, respectively, and net book value of P326.4 million and P292.7 million as at December 31, 2015 and 2014, respectively.

Non Cash Transaction
In 2013, the Company acquired pallets under finance lease agreements for a period of 5 years amounting to P118.3 million. There were no pallets acquired in 2015 and 2014 under finance lease agreements.

Amortization
Amortization was charged to:

	Note	**2015**	2014	2013
Cost of goods sold	*16, 19*	**P1,081,388**	P932,905	P818,820
Selling and distribution	*17, 19*	**89,156**	80,715	55,376
		P1,170,544	P1,013,620	P874,196

The Company annually reviews the EUL of returnable bottles and cases based on the period over which the assets are expected to be available for use, principally determined by their historical breakage and trippage. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of bottles and cases would increase the recorded amortization expense and decrease noncurrent assets.

Purchase Commitments
The Company has outstanding purchase commitment for the bottles and cases amounting to P105.4 million and P227.5 million as at December 31, 2015 and 2014, respectively.

Impairment
The Company provides an allowance for unusable containers at circulation that failed to meet the Company's quality standards and excess bottles as determined by management based on the containers profile and optimal float analyses conducted.

The movements in the allowance for unusable containers are as follows:

	Note	**2015**	2014
Balance at beginning of year		**P20,373**	P14,618
Impairment losses recognized during the year	*17*	**5,321**	4,050
Write-off (reversal of write-off) during the year		**(2,910)**	1,705
Balance at end of year		**P22,784**	P20,373

The Company assesses at each reporting date whether there is an indication that the bottles and cases may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of the recoverable amounts and may lead to future additional impairment charges. An increase in the allowance for unusable containers would increase the recorded operating expenses and decrease noncurrent assets.

Allowance for impairment losses for bottles and cases relates to excess bottles, as well as those that failed to meet the prescribed quality standards prescribed, such as chipped, faded logos and broken bottles and cases.

9. Property, Plant and Equipment

The movements in this account are as follows:

	Note	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction in Progress	Total
Gross Carrying Amount						
December 31, 2013		P11,105,050	P1,521,384	P37,868	P1,356,964	P14,021,266
Additions		1,096,588	994,557	2,735	409,116	2,502,996
Disposals/write offs	*26*	(184,423)	(19,689)	(904)	-	(205,016)
Transfers/reclassifications		938,962	-	2,395	(941,357)	-
December 31, 2014		12,956,177	2,496,252	42,094	824,723	16,319,246
Additions		1,049,740	410,017	1,372	1,213,925	2,675,054
Disposals/write-offs		(160,397)	(15,680)	(2,012)	-	(178,089)
Transfers/reclassifications		237,728	(7,198)	1,170	(231,700)	-
December 31, 2015		**14,083,248**	**2,883,391**	**42,624**	**1,806,948**	**18,816,211**
Accumulated Depreciation and Amortization						
December 31, 2013		6,311,385	612,016	28,162	-	6,951,563
Depreciation and amortization	*16, 17, 18*	849,358	68,711	2,296	-	920,365
Disposals/write-offs	26	(155,903)	(11,086)	(800)	-	(167,789)
Transfers/reclassifications		(10,701)	10,715	(14)	-	-
Impairment loss		26,264	-	-	-	26,264
December 31, 2014		7,020,403	680,356	29,644	-	7,730,403
Depreciation and amortization	*16, 17, 18*	938,018	89,449	2,086	-	1,029,553
Disposals/write-offs		(149,835)	(12,656)	(2,006)	-	(164,497)
Transfers/reclassifications		217	(966)	749	-	-
Impairment loss		102,049	-	-	-	102,049
December 31, 2015		**7,910,852**	**756,183**	**30,473**	-	**8,697,508**
Carrying Amount						
December 31, 2014		P5,935,774	P1,815,896	P12,450	P824,723	P8,588,843
December 31, 2015		**P6,172,396**	**P2,127,208**	**P12,151**	**P1,806,948**	**P10,118,703**

Depreciation
Depreciation and amortization were charged to:

	Note	**2015**	2014	2013
Cost of goods sold	*16, 19*	**P587,681**	P466,577	P311,324
Selling and distribution	*17, 19*	**396,390**	403,313	358,695
General and administrative	*18, 19*	**45,482**	50,475	47,796
		P1,029,553	P920,365	P717,815

The Company annually reviews the EUL of property, plant and equipment based on the period over which the assets are expected to be available for use and updates those expectations if actual results differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property, plant and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

The Company has ongoing corporate expansion projects or programs approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment, as well as bottles and cases (see Note 8), amounting to P4.111 billion, P3.853 billion and P4.198 billion for the years ended December 31, 2015, 2014 and 2013, respectively.

Borrowing Cost
In 2015 and 2014, the Company obtained bank loans to partially fund its capital expenditures and has capitalized borrowing costs amounting to P51.2 million, with a capitalization rate of 3.82% in 2015 and P79.0 million, with a capitalization rate of 3.54% in 2014. These costs are included as part of additions to "Property, plant and equipment" account in the statements of financial position.

Impairment
In 2013, the Company has recognized impairment loss on its property, plant and equipment (based on fair value less costs of disposal) with a cost of P36.9 million, accumulated depreciation of P14.5 million and a net book value of P22.4 million, included as part of "Other income - net" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income, resulting from the destruction caused by typhoon Yolanda (see Note 26). Fair value is based on current replacement cost.

The Company assesses at each reporting date whether there is an indication that its property, plant and equipment may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the financial position and financial performance of the Company. The preparation of the estimated future cash flows involves estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, an increase in impairment losses would decrease profit or loss and consequently, decrease equity. Except for the write-offs made by the Company of items of property, plant and equipment due to the impact of typhoon Yolanda, none of these impairment indicators exists on the Company's property, plant and equipment as at December 31, 2015 and 2014.

Disposal
Loss on disposal of property and equipment amounted to P13.3 million, P14.3 million and P3.9 million in 2015, 2014 and 2013, respectively.

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	**2015**	2014
Trade payables - third parties	*23*	**P4,386,417**	P3,334,011
Accrued contract services		**599,539**	504,858
Accrued advertising and marketing		**552,509**	411,957
Non-trade payables		**326,261**	318,037
Accrued personnel cost	*13*	**241,173**	269,345
Finance lease liability - current	*26*	**66,602**	91,512
Accrued rent		**56,387**	42,135
Accrued utilities		**52,463**	51,393
Accrued financing charges		**25,458**	22,916
Other accrued expenses		**414,925**	257,883
		P6,721,734	P5,304,047

The Company's trade payables mostly pertain to raw material purchases made by the Company with a general payment term of 30 to 90 days.

Accrued contract services pertain to accrued freight charges, tolling fees and other services.

Non-trade payables mainly consist of withholding taxes, payables to other government agencies and other items that are individually immaterial or insignificant.

Accrued personnel cost includes current portion of defined benefit liability, salaries and other employee benefits.

The Company's other accrued expenses consist of various accruals for operating expenses that are individually immaterial.

The Company's exposure to liquidity risk related to accounts payable and accrued expenses is disclosed in Note 25 to the financial statements.

11. Short-term and Long-term Debt

a. *Short-term Debt*
As at December 31, 2015, this account represents unsecured, interest-bearing short-term loans from local banks, with various maturity dates up to March 18, 2016. These short-term loans were acquired to finance its working capital requirements. Interest rates on the said loans ranged from 2.0% to 2.5% in 2015 and 1.75% to 1.90% in 2014.

Total proceeds from these short-term loans amounted to P5.475 billion and P4.150 billion in 2015 and 2014, respectively, while total payments totaled P5.375 billion and P3.900 billion in 2015 and 2014, respectively. As at December 31, 2015 and 2014, the balance of short-term debt amounted to P900 million and P800 million, respectively.

b. Long-term Debt

This account consists of:

	2015	2014
7 year P1 billion term loan from Metropolitan Bank & Trust & Co. (MBTC)	**P900,000**	P1,000,000
Two (2) 7 year P1 billion term loan each from Bank of the Philippine Islands (BPI)	**2,000,000**	2,000,000
	2,900,000	3,000,000
Less debt issuance cost	**8,799**	11,684
	P2,891,201	P2,988,316
Current	**P547,054**	P99,906
Noncurrent	**2,344,147**	2,888,410
	P2,891,201	P2,988,316

P1 Billion Term Loan form MBTC

On March 8, 2013, the Company entered into a loan agreement with MBTC to partially finance the Company's capital expenditure for its CSD and NCB business. The loan is unsecured and with a term of 7 years, payable in 20 successive quarterly principal repayments to commence at the end of the 9th quarter from the initial drawdown date and with a fixed interest rate based on PDST-F at drawdown date plus 0.75% spread. PDST-F rate is the average of the best sixty percent (60%) of the live bids of participating fixing banks in the secondary market for the 5-year Philippine peso-denominated Treasury bills and bonds.

Under the terms of the long-term loan agreement with MBTC, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than 30 days prior to such proposed date of prepayment.

The loan agreement also provides certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 2:1 based on the financial statements;
- Current ratio of at least 0.40:1 based on its financial statements; and
- The Company shall not declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders without prior written consent of the lender.

P1 Billion Term Loan from BPI

On October 16, 2013, the Company entered into a loan agreement with BPI to refinance the Company's short-term debt. The loan is unsecured and with a term of 7 years, payable in 20 successive quarterly principal repayments to commence at the end of the 8th quarter from the initial drawdown date and with a fixed interest rate which shall be determined using the base rate plus a spread of seventy (70) basis points per annum on the drawdown date.

Under the terms of the long-term loan agreement with BPI, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than 30 days prior to such proposed date of prepayment.

The loan agreement also provides certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 2:1 based on the financial statements;
- Current ratio of at least 0.40:1 based on its financial statements;
- Debt service coverage ratio of 1:1 based on the financial statements; and
- The Company shall not declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders without prior written consent of the lender.

P1 Billion Term Loan from BPI

On March 31, 2014, the Company entered into a loan agreement with BPI to refinance the Company's short-term debt. The loan is unsecured and with a term of 7 years, payable in 20 successive quarterly principal repayments to commence at the end of the 8th quarter from the initial drawdown date and with a fixed interest rate which shall be determined using the base rate plus a spread of seventy (70) basis points per annum on the drawdown date.

Under the terms of the long-term loan agreement with BPI, the Company may, at its option, prepay the loan in full or in part without penalty, together with interest due. Prepayment shall be applied against the scheduled installment payments in the inverse order of their maturity. The Company shall give a notice of such prepayment not less than 30 days prior to such proposed date of prepayment.

The loan agreement also provides certain covenants, the more significant of which are as follows:

- Debt-to-equity ratio shall not exceed 2:1 based on the financial statements;
- Current ratio of at least 0.40:1 based on its financial statements;
- Debt service coverage ratio of 1:1 based on the financial statements; and
- The Company shall not declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders without prior written consent of the lender.

As at December 31, 2015 and 2014, the Company is compliant with all of the financial covenants of its loan agreements.

Debt issuance cost paid in relation to the availment of the long-term debt amounted to nil and P5.0 million in 2015 and 2014, respectively.

Interest expense on the above loans recognized in the statements of profit or loss and other comprehensive income amounted to P61.1 million, P48.4 million and P23.3 million for the years ended December 31, 2015, 2014 and 2013, respectively. Amortization of debt issuance cost amounted to P2.9 million, P3.3 million and nil in 2015, 2014 and 2013, respectively.

Total interest capitalized in 2015 and 2014 relating to the above-mentioned long-term debt amounted to P51.2 million and P79.0 million, respectively (see Note 9).

Information about the Company's exposures to interest rate risk and liquidity risk are disclosed in Note 25 to the financial statements.

Repayment Schedule

As of December 31, 2015, the annual maturities of long-term debt are as follows:

Year	Gross Amount	Amortization of Debt Issuance Cost	Net
2016	P550,000	P2,946	P547,054
2017	600,000	2,318	597,682
2018	600,000	1,925	598,075
2019 and beyond	1,150,000	1,610	1,148,390
	P2,900,000	P8,799	P2,891,201

12. Income Taxes

The components of the income tax expense are as follows:

	2015	2014	2013
Current tax expense and final taxes on interest income	**P394,367**	P288,090	P166,702
Deferred tax expense (benefit) from origination and reversal of temporary differences and others	**(55,692)**	54,872	216,314
	P338,675	P342,962	P383,016

The details of the net deferred tax assets and liabilities are as follows:

2015	Balance at December 31, 2014	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2015		
				Net	Deferred Tax Assets	Deferred Tax Liabilities
Net defined benefit liability	P223,659	P10,976	P587	P235,222	P235,222	P -
Allowance for impairment losses on bottles and cases, inventories and others	106,231	70,414	-	176,645	237,842	(61,197)
Unamortized past service cost	5,084	(4,435)	-	649	649	-
Bottles and cases	(839,645)	(7,977)	-	(847,622)	-	(847,622)
Property, plant and equipment - net	(287,575)	(13,286)	-	(300,861)	-	(300,861)
Tax assets (liabilities) before set off	(792,246)	55,692	587	(735,967)	473,713	(1,209,680)
Set off of taxes	-	-	-		(364,374)	364,374
Net tax assets (liabilities)	(P792,246)	P55,692	P587	(P735,967)	P109,339	P845,306

2014	Balance at December 31, 2013	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31, 2014 Net	Deferred Tax Assets	Deferred Tax Liabilities
Net defined benefit liability	P185,553	P11,785	P26,321	P223,659	P223,659	P -
Allowance for impairment losses on bottles and cases, inventories and others	91,920	14,311	-	106,231	140,480	(34,249)
Unamortized past service cost	10,723	(5,639)	-	5,084	5,084	-
Bottles and cases	(776,549)	(63,096)	-	(839,645)	-	(839,645)
Property, plant and equipment - net	(275,342)	(12,233)	-	(287,575)	-	(287,575)
Tax assets (liabilities) before set off	(763,695)	(54,872)	26,321	(792,246)	369,223	(1,161,469)
Set off of taxes	-	-	-	-	(269,288)	269,288
Net tax assets (liabilities)	(P763,695)	(P54,872)	P26,321	(P792,246)	P99,935	(P892,181)

Deferred tax expense relating to remeasurements of net defined benefit liability recognized in other comprehensive income amounted to P0.6 million, P26.3 million and P23.3 million in 2015, 2014 and 2013, respectively.

Net deferred tax liabilities as at December 31, 2015 are estimated to be recovered as follows:

	Amount
To be recovered within 12 months	(P79,100)
To be recovered after more than 12 months	(656,867)
	(P735,967)

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly. The Company's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses.

The Company has no unrecognized deferred tax assets as at December 31, 2015 and 2014.

The reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense shown in the statements of profit or loss and other comprehensive income is as follows:

	2015	2014	2013
Profit before tax	**P1,150,757**	P1,153,906	P1,286,490
Tax rate at 30%	**P345,227**	P346,172	P385,947
Addition to (reductions in) income tax resulting from the tax effects of:			
Nondeductible expenses	**50**	103	182
Equity in net earnings of associates	**(6,577)**	(3,261)	(3,021)
Interest income subjected to final tax	**(25)**	(52)	(92)
	P338,675	P342,962	P383,016

13. Defined Benefit Plan

The Company has a funded, noncontributory, final salary defined benefit plan covering substantially all of its regular and full time employees. The Company has a Retirement Committee, which is composed mainly of the Company's employees, that sets the policies for the plan and has appointed two Philippine banks as trustees to manage the retirement fund pursuant to the plan. Annual cost is determined by a qualified actuary using the projected unit credit method. The latest actuarial valuation was made on December 31, 2015.

Under the existing regulatory framework, Republic Act 7641, *"The Retirement Pay Law,"* a company is required to provide retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under collective bargaining and other agreement shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The determination of the Company's net defined benefit liability and retirement cost is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Remeasurements of the net defined benefit liability are recognized in other comprehensive income and comprise actuarial gains and losses on the net defined benefit liability, return on plan assets and any change in the effect of asset ceiling, excluding amounts included in the net interest on the net defined benefit liability.

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	Defined Benefit Obligation (DBO)		Fair Value of Plan Assets		Net Defined Benefit Liability	
	2015	2014	2015	2014	2015	2014
Balance at January 1	P888,233	P747,836	(P142,703)	(P129,325)	P745,530	P618,511
Included in profit or loss						
Current service cost	72,074	62,230	-	-	72,074	62,230
Interest expense	37,816	36,530	-	-	37,816	36,530
Interest income	-	-	(7,382)	(8,716)	(7,382)	(8,716)
	109,890	98,760	(7,382)	(8,716)	102,508	90,044
Included in other comprehensive loss						
Remeasurements loss (gain):						
Actuarial loss (gain):						
- financial assumptions	(24,885)	43,382	-	-	(24,885)	43,382
- experience adjustment	24,523	37,945	-	-	24,523	37,945
Return on plan assets excluding interest income	-	-	2,320	6,411	2,320	6,411
	(362)	81,327	2,320	6,411	1,958	87,738
Other						
Contributions paid	-	-	(30,000)	(30,000)	(30,000)	(30,000)
Benefits paid directly by the Company	(35,920)	(20,763)	-	-	(35,920)	(20,763)
Benefits paid	(63,823)	(18,927)	63,823	18,927	-	-
	(99,743)	(39,690)	33,823	(11,073)	(65,920)	(50,763)
Balance at December 31	P898,018	P888,233	(P113,942)	P142,703	P784,076	P745,530

The current portion of defined benefit liability (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P28.7 million as at December 31, 2015 and 2014, respectively, while the noncurrent portion (included under "Other noncurrent liabilities" account in the statements of financial position) amounted to P755.3 million and P716.8 million as at December 31, 2015 and 2014, respectively.

Retirement cost is allocated between "Cost of Goods Sold" account in the statements of profit or loss and other comprehensive income, which amounted to P7.9 million, P6.4 million and P4.5 million for the years ended December 31, 2015, 2014 and 2013, respectively, and "Operating Expenses" account in the statements of profit or loss and other comprehensive income, which amounted to P94.6 million, P83.7 million and P76.4 million for the years ended December 31, 2015, 2014 and 2013, respectively (see Notes 16, 17, 18 and 20).

As at December 31, 2015 and 2014, the present value of defined benefit obligation amounting to P898.0 million and P888.2 million, respectively, pertains to active members.

Principal actuarial assumptions used in determining retirement cost at reporting date (expressed as weighted averages) are as follows:

	2015	2014
Discount rate	**4.75%**	4.50%
Rate of future salary increase	**5.00%**	5.00%

Plan assets at December 31 comprised:

	2015	2014
Cash and cash equivalents	**P8,720**	P23,734
Debt securities:		
Investment in government securities	**99,879**	106,423
Investment in debt securities	**1,904**	1,893
Investment in other debt securities	**-**	845
	101,783	109,161
Investment in equity securities*		
Food and drink	**2,919**	4,542
Oil and mining	**-**	2,575
Real estate	**104**	2,361
Holding Company	**330**	330
	3,353	9,808
Others	**86**	-
Total	**P113,942**	P142,703

*includes investment in NHC amounting to P330 thousand

Debt and equity instruments have quoted prices in active markets. All government bonds and securities are issued by the Philippine government, which are rated "BBB" by Standard and Poor's Financial Services.

Other financial assets held by the Plan are primarily receivables and payables.

Maturity analysis of the benefit payments:

During the Year Ending December 31	Expected Benefit Payments
2016	P16,498
2017	117,930
2018	40,084
2019	58,910
2020	88,889
2021 through December 31, 2025	328,109

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected DBO by the amounts shown below:

2015		**Sensitivity Analysis**	**Effect on DBO**
Discount rate	**5.75%**	**1.00% increase**	**-9.93%**
Discount rate	**3.75%**	**1.00% decrease**	**11.88%**
Rate of salary increase	**6.00%**	**1.00% increase**	**11.73%**
Rate of salary increase	**4.00%**	**1.00% decrease**	**-10.00%**

2014		Sensitivity Analysis	Effect on DBO
Discount rate	5.50%	1.00% increase	-10.15%
Discount rate	3.50%	1.00% decrease	12.18%
Rate of salary increase	6.00%	1.00% increase	11.99%
Rate of salary increase	4.00%	1.00% decrease	-10.19%

As at December 31, 2015 and 2014, the weighted-average duration of the defined benefit obligation is 11.63 years and 15.13 years, respectively.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The Retirement Committee reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations.

The Company's expected contribution to the plan for the year 2016 is P91.3 million. Any future contribution to the plan is determined taking into account the cash flow and financial condition as at the date of intended contribution, as well as other factors as the Company may consider relevant.

The Company's funding policy is to contribute to the Plan's fund as required under actuarial principles to maintain the fund balance in sound condition. In addition, the Company reserves the right to discontinue, suspend or change the rate and amount of the contributions to the fund at any time due to the business necessity or economic conditions.

14. Capital Stock

Capital stock consists of:

	Years Ended December 31					
	2015		2014		2013	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of year	**3,693,772,279**	**P554,066**	3,693,772,279	P554,066	3,693,772,279	P554,066

On January 21, 2008, the Company obtained a certificate of permit to offer securities for sale issued by the SEC consisting of 3,693,772,279 common shares with a maximum offer price of P3.50 per share.

On February 1, 2008, the Company's initial public offering of 1,142,348,680 shares at P3.50 per share culminated with the listing and trading of its shares of stocks under the First Board of the Philippine Stock Exchange, Inc. Of the total shares offered, 380,782,893 shares pertain to the primary offering, which resulted in an increase in capital stock amounting to P57.0 million and additional paid-in capital of P1.2 billion, net of P138.0 million transaction cost that is accounted for as a reduction in equity.

The Company has approximately 604 and 617 holders of common equity securities as at December 31, 2015 and 2014, respectively, based on the number of accounts registered with the Stock Transfer Agent. The PCD Nominee Corporation (Filipino) and (Non-Filipino) were considered as two holders.

The Company is compliant with the minimum public float of 10% that is required by the Philippine Stock Exchange, Inc. where the Company's shares are traded.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company maintains its use of capital structure using a debt-to-equity ratio which is gross debt divided by equity. The Company includes within gross debt all interest-bearing loans and borrowings, while the Company defines equity as total equity shown in the statements of financial position.

There were no changes in the Company's approach to capital management during the year. The Company is subject to debt covenants relating to its long-term debt (see Note 11).

The Company's debt to equity ratio as at reporting dates is as follows:

	2015	2014
(a) Debt*	**P3,791,201**	P3,788,316
(b) Total equity	**P8,542,609**	P7,975,686
Debt to equity ratio (a/b)	**0.44:1**	0.47:1

* Pertains to bank debts

15. Retained Earnings

On May 24, 2013, the Company's BOD approved the declaration of cash dividends, with the record date of June 7, 2013, and a payment date of June 28, 2013, amounting to P258.6 million or P0.07 per share for the year ended December 31, 2013.

On April 27, 2015, the Company's BOD approved the declaration of cash dividends, with the record date of May 12, 2015, and a payment date of June 5, 2015, amounting to P243.8 million or P0.07 per share for the year ended December 31, 2015.

The Company has a dividend policy to declare dividends to stockholders of record, which are paid out of its unrestricted retained earnings. Any future dividends it pays will be at the discretion of the BOD after taking into account the Company's earnings, cash flows, financial position, loan covenants, capital and operating progress (see Note 9), and other factors as the BOD may consider relevant. Subject to the foregoing, the policy is to pay up to 50% of the annual profit as dividends. In addition, the Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders (see Note 11). The Company obtained the consent from its lenders prior to declaring dividends in 2015 and 2013.

16. Cost of Goods Sold

Cost of goods sold consists of:

	Note	2015	2014	2013
Materials and supplies used	*6, 23*	**P15,170,281**	P13,981,687	P12,205,601
Delivery and freight		**1,996,649**	1,780,873	1,569,160
Depreciation and amortization	*8, 9, 19*	**1,669,069**	1,399,482	1,130,144
Rental and utilities	*26*	**537,809**	554,738	478,229
Personnel expenses	*13, 20*	**416,806**	414,412	379,631
Others	*6*	**1,154,846**	874,070	746,534
		P20,945,460	P19,005,262	P16,509,299

The "Others" account includes repairs and maintenance, outside services and other various items of manufacturing overhead which are individually insignificant.

17. Selling and Distribution

Selling and distribution expenses consist of:

	Note	**2015**	2014	2013
Distribution		**P911,879**	P811,531	P766,727
Delivery and freight		**709,049**	733,043	612,077
Personnel expenses	*13, 20*	**598,484**	578,136	533,644
Depreciation and amortization	*8, 9, 19*	**485,546**	484,028	414,071
Rental and utilities	*26*	**117,378**	136,215	144,080
Others	*5, 8*	**583,814**	556,763	539,822
		P3,406,150	P3,299,716	P3,010,421

The "Others" account includes various individually insignificant items.

18. General and Administrative

General and administrative expenses consist of:

	Note	**2015**	2014	2013
Personnel expenses	*13, 20*	**P596,889**	P548,890	P495,074
Outside services		**123,595**	144,384	126,780
Rental and utilities	*26*	**107,144**	100,051	106,030
Others	*9, 19*	**285,198**	327,115	185,329
		P1,112,826	P1,120,440	P913,213

The "Others" account includes depreciation and amortization of property, plant and equipment and other items that are individually immaterial.

19. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	**2015**	2014	2013
Cost of goods sold	*16*	**P1,669,069**	P1,399,482	P1,130,144
Selling and distribution	*17*	**485,546**	484,028	414,071
General and administrative	*18*	**45,482**	50,475	47,796
		P2,200,097	P1,933,985	P1,592,011

20. Personnel Expenses

Personnel expenses consist of:

	Note	**2015**	2014	2013
Salaries and wages		**P1,509,671**	P1,451,394	P1,327,485
Retirement cost	*13*	**102,508**	90,044	80,864
		P1,612,179	P1,541,438	P1,408,349

The above amounts are distributed as follows:

	Note	**2015**	2014	2013
Selling and distribution	*17*	**P598,484**	P578,136	P533,644
General and administrative	*18*	**596,889**	548,890	495,074
Cost of goods sold	*16*	**416,806**	414,412	379,631
		P1,612,179	P1,541,438	P1,408,349

21. Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed as follows:

	2015	2014	2013
Profit for the year attributable to equity holders of the Company (a)	**P812,082**	P810,944	P903,474
Number of issued shares at beginning of the year	**3,693,772,279**	3,693,772,279	3,693,772,279
Number weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279	3,693,772,279
Basic/diluted EPS (a/b)	**P0.22**	P0.22	P0.24

As at December 31, 2015, 2014 and 2013, the Company has no dilutive equity instruments.

22. Related Party Transactions

Related party relationship exists when one party has ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprises, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

Related party transactions are shown under the appropriate accounts in the financial statements as follows:

Category	Nature of Transaction	*Note*	Year	Amount of Transactions for the Period	Outstanding Balance of Due from Related Parties	**Terms**	**Conditions**
Stockholder*	Purchases	*22a*	**2015**	**P32,893**	**P -**		
			2014	20,086	-		
			2013	9,680	-		
Associate	Advances	*22b, 22c*	**2015**	**6,644**	**594,078**	**Collectible on demand**	**Unsecured; no impairment**
			2014	7,988	615,485	Collectible on demand	Unsecured; no impairment
			2013	223,264	626,188	Collectible on demand	Unsecured; no impairment
	Various	*22b*	**2015**	**28,050**	-		
			2014	29,790	-		
			2013	24,136	-		
Key Management Personnel	Short-term Employee Benefit	*22d*	**2015**	**112,176**	-		
			2014	122,654	-		
			2013	103,227	-		
	Post-Employment Benefits	*22d*	**2015**	**3,159**	-		
			2014	2,963	-		
			2013	3,000	-		
			2015		**P594,078**		
			2014		P615,485		
			2013		P626,188		

*Entity with significant influence over the Company

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash. No impairment losses have been recognized in 2015 and 2014 in respect of amounts of due from related parties as these are considered to be collectible.

The Company has significant related party transactions which are summarized as follows:

a. The Company purchased finished goods from Lotte Chilsung Beverage Co., Ltd. a major stockholder. Total purchases for the years ended December 31, 2015, 2014 and 2013 amounted to P32.9 million, P20.1 million and P9.7 million, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Rental expenses recognized under "Cost of Goods Sold" and "Operating Expenses" accounts in the statements of profit or loss and other comprehensive income amounted to P27.0 million, P26.0 million and P20.3 million for the years ended December 31, 2015, 2014 and 2013. The Company has advances to NRC amounting to P38.0 million as at December 31, 2015 and 2014, which bear interest at a fixed rate of 10% per annum and which are unsecured and payable on demand. The related interest income amounting to P3.8 million each for the three years ended December 31, 2015, 2014 and 2013 is recognized under "Other income - net" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income. The Company also has outstanding net receivables from NRC amounting to P552.3 million and P573.7 million as at December 31, 2015 and 2014, respectively, which are unsecured and collectible on demand. The advances and receivables are included under "Due from related parties" account in the statements of financial position.

c. The Company has outstanding working capital advances to NHC, an associate, amounting to P3.8 million as at December 31, 2015 and 2014, and which are unsecured and collectible on demand. The advances are included under "Due from related parties" account in the statements of financial position.

d. In addition to their salaries, the Company also provides non-cash benefits to key management personnel and contributes to a defined benefit plan on their behalf. There are no agreements between the Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits for which they may be entitled under the Company's retirement plan.

Transactions with the Defined Benefit Plan
The Company's retirement fund is being held in trust by trustee banks.

As at December 31, 2015 and 2014, the fair value of the retirement fund amounted to P113.9 million and P142.7 million, respectively. The retirement fund consists of government and debt securities, equities and other items such as cash, receivables and payables, which accounted for 89%, 3%, and 8% of plan assets, respectively, in 2015 and 76%, 7%, and 17% of plan assets, respectively, in 2014 (see Note 13). The retirement plan has no investments in the Company or any receivables from the Company.

The Company made contributions to the retirement fund amounting to P30.0 million in 2015 and 2014, respectively.

23. Significant Agreements

The Company has exclusive bottling agreement and other transactions which are summarized below:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments B.V, a shareholder, up to year 2017 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V., up to year 2017 (as renewed). Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made thru Pepsi-Cola Far East Trade Development Co., Inc. (PCFET), a company incorporated under Philippines laws. Total net purchases from PCFET amounted to P4.915 billion, P4.618 billion and P4.035 billion for the years ended December 31, 2015, 2014 and 2013, respectively. The Company's outstanding payable to PCFET (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P322.6 million and P304.7 million as at December 31, 2015 and 2014, respectively. Total purchases from Pepsi Lipton amounted to P132.0 million, P81.8 million and P150.0 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company's outstanding payable to Pepsi Lipton (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P25.8 million and nil as at December 31, 2015 and 2014, respectively.

b. The Company has cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton thru PCFET that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. In certain instances, the Company pays for the said expenses and claims reimbursements from PepsiCo thru PCFET. The Company incurred marketing expenses amounting to P725.8 million, P801.5 million and P776.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company's outstanding receivable from PCFET included under "Receivables" account in the statements of financial position, which are unsecured and are payable on demand, amounted to P158.5 million and P198.8 million as at December 31, 2015 and 2014, respectively.

c. On April 11, 2007, the Company entered into a Performance Agreement with PepsiCo to meet certain marketing and investment levels from 2007 to 2017, as required by the bottling agreement with PepsiCo. The agreement requires the Company to: (1) spend a specified percentage with a minimum amount for the beverage products; (2) make certain investments based on a minimum percentage of the Company's sales to expand the Company's manufacturing capacity; (3) invest in a minimum number of coolers per year to support distribution expansion; and (4) expand the Company's distribution capabilities in terms of the number of active routes, the number of new routes and the number of trucks used for distribution support.

d. On December 20, 2014, the Company has Exclusive Snacks Franchising Appointment with The Concentrate Manufacturing Company of Ireland ("CMGI"), a Company incorporated in Ireland. Under the agreement, the Company is authorized to manufacture, process, package, distribute and sell the products within the territory in accordance with the agreement. In addition, CGMI shall supply the Company with the main raw materials in the production of these snacks products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, CGMI has the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of manufacturing products for 30 consecutive days, among others.

e. On December 20, 2014, the Company entered into a Business Development Agreement with CGMI to meet certain sales volume objectives through: (1) growing distribution through active sales and distribution system, (2) ensuring pack price competitive presence, and (3) growing salty share and volume. The agreement sets forth the agreed advertising and marketing activities and participation and purchase of seasoning during the years covered by the agreements. The Company incurred marketing expenses amounting to P10.5 million in 2015. Total net purchases from CGMI amounted to P6.6 million in 2015. The Company's outstanding payable to CGMI (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P6.6 million as at December 31, 2015.

24. Segment Information

As discussed in Note 1 to the financial statements, the Company is engaged in the manufacture, sales and distribution of CSD, NCB and Snacks. The Company's main products under its CSD category include brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, and Mug. The NCB brand category includes Gatorade, Tropicana/Twister, Lipton, Sting energy drink, Propel fitness water, Milkis and Let's be coffee, while Snacks category includes Cheetos and Lays. The Company operates under three (3) reportable operating segments, the CSD, NCB and Snacks categories. These categories are managed separately because they require different technology and marketing strategy. Analysis of financial information by operating segment is as follows (in millions):

	Year Ended December 31, 2015			
(Amounts in millions)	**CSD**	**NCB**	**Snacks**	**Total**
Net sales				
External sales	**P23,685**	**P8,387**	**P4**	**P32,076**
Sales returns and discounts	**(3,651)**	**(1,091)**	**-**	**(4,742)**
Net sales	**P20,034**	**P7,296**	**P4**	**P27,334**
Result				
Segment result*	**P4,688**	**P1,707**	**(P7)**	**P6,388**
Unallocated expenses				**(5,245)**
Interest and financing expenses				**(69)**
Equity in net earnings of associates				**22**
Interest income				**4**
Other income - net				**50**
Income tax expense				**(338)**
Profit				**P812**
Other information**				
Segment assets				**P19,855**
Investment in associates				**570**
Deferred tax assets - net				**109**
Other noncurrent assets				**282**
Combined total assets				**P20,816**
Segment liabilities				**P7,505**
Loans payable				**3,791**
Deferred tax liabilities - net				**845**
Income tax payable				**133**
Combined total liabilities				**P12,274**
Capital expenditures				**P4,111**
Depreciation and amortization of bottles and cases and property, plant and equipment				**2,200**
Noncash items other than depreciation and amortization				**175**

	Year Ended December 31, 2014			
	CSD	NCB	Snacks	Total
Net sales				
External sales	P21,909	P7,898	P -	P29,807
Sales returns and discounts	(3,348)	(1,134)	-	(4,482)
Net sales	P18,561	P6,764	P -	P25,325
Result				
Segment result*	P4,632	P1,688	P -	P6,320
Unallocated expenses				(5,222)
Interest and financing expenses				(61)
Equity in net earnings of associates				11
Interest income				5
Other income - net				101
Income tax expense				(343)
Profit				P811
Other information**				
Segment assets				P18,000
Investment in associates				548
Deferred tax assets - net				101
Other noncurrent assets				188
Combined total assets				P18,837
Segment liabilities				P6,080
Loans payable				3,788
Deferred tax liabilities - net				893
Income tax payable				100
Combined total liabilities				P10,861
Capital expenditures				P3,853
Depreciation and amortization of bottles and cases and property, plant and equipment				1,934
Noncash items other than depreciation and amortization				54

	Year Ended December 31, 2013			
	CSD	NCB	Snacks	Total
Net sales				
External sales	P19,266	P7,100	P -	P26,366
Sales returns and discounts	(2,957)	(947)	-	(3,904)
Net sales	P16,309	P6,153	P -	P22,462

Forward

	Year Ended December 31, 2013			
	CSD	NCB	Snacks	Total
Result				
Segment result*	P4,322	P1,631	P -	P5,953
Unallocated expenses				(4,701)
Interest and financing expenses				(36)
Equity in net earnings of associates				10
Interest income				6
Other income - net				54
Income tax expense				(383)
Profit				P903
Other information**				
Segment assets				P15,250
Investment in associates				537
Deferred tax assets - net				73
Other noncurrent assets				158
Combined total assets				P16,018
Segment liabilities				P5,415
Loans payable				2,540
Deferred tax liabilities - net				837
Income tax payable				-
Combined total liabilities				P8,792
Capital expenditures				P4,198
Depreciation and amortization of bottles and cases and property, plant and equipment				1,592
Noncash items other than depreciation and amortization				19

* Segment result is the difference between net sales and segment expenses. Segment expenses are allocated based on the percentage of each reportable segment's net sales over total net sales.
**Segment assets and liabilities relate to balances as at December 31, 2015, 2014 and 2013.

The Company presents its operating segments performance based on profit. There were no intersegment sales recognized between the three reportable segments.

The Company uses its assets and incurs liabilities to produce CSD, NCB and Snacks, hence, the assets and liabilities are not directly attributable to a segment and cannot be allocated into each segment on a reasonable basis.

The Company derived operations within the Philippines, hence, the Company does not present geographic information required by PFRS 8.

Major Customer
The Company does not have any single external customer from which sales revenue generated amounted to 10% or more of the net sales.

25. Financial Risk Management and Financial Instruments

Classifying Financial Instruments
The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

In addition, the Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Risk Management
Overview
The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures.

Risk Management Framework
The BOD of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's BOD has established the Executive Committee (EXCOM), which is responsible for developing and monitoring the Company's risk management policies. The EXCOM identifies all issues affecting the operations of the Company and reports regularly to the Company's BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has an Audit Committee, which performs oversight over financial management and internal control, specifically in the areas of managing credit, liquidity, market and other risks of the Company. The Company's Audit Committee is assisted in the oversight role by the Internal Audit (IA). The Company's IA undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

There were no changes in the Company's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk
Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks, receivables and due from related parties.

Exposure to Credit Risk
The carrying amounts of the financial assets represent the Company's maximum credit exposure before effect of any collateral and any master netting agreements. The maximum exposure to credit risk as at December 31 is as follows:

	Note	**2015**	2014
Cash in banks	*4*	**P246,541**	P449,618
Receivables - net	*5*	**1,714,222**	1,681,045
Due from related parties	*22*	**594,078**	615,485
Total credit exposure		**P2,554,841**	P2,746,148

The Company has Plant Credit Committee (PCC) for each of the plant. The PCC has established a credit policy under which each new customer is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The PCC's review includes the requirements of updated credit application documents, credit verifications through confirmation that there are no credit violations and that the account is not included in the negative list (list of blacklisted customers), and analyses of financial performance to ensure credit capacity. Credit limits are established for each customer, which serve as the maximum open amount at which they are allowed to purchase on credit, provided that credit terms and conditions are observed.

The credit limit and status of each customer's account are first checked before processing a credit transaction. Customers that fail to meet the Company's conditions in the credit checking process may transact with the Company only on cash basis.

Most of the Company's customers have been transacting with the Company for several years, and losses have occurred from time to time. Customer credit risks are monitored through annual credit reviews conducted on a per plant basis. Results of credit reviews are grouped and summarized according to credit characteristics, such as geographic location, aging profile and credit violations. Historically, credit violations have been attributable to bounced checks, denied and absconded credit accounts. Receivables from these customers are considered by the Company to be impaired.

It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

Collaterals are required from customers for credit limit applications that exceed certain thresholds. The Company has policies for acceptable collateral securities that may be presented upon submission of credit applications. Collaterals include bank guarantees, time deposits, surety bonds, real estate and/or chattel mortgages. The aggregate fair market value of these collateral securities amounted to P190.6 million and P197.0 million as at December 31, 2015 and 2014, respectively. Total amount of receivables that have collateral amounted to P153.6 million and P151.4 million as at December 31, 2015 and 2014, respectively.

To pursue timely realization of collateral in an orderly manner, the Company's policy discourages the acceptance of chattel and real estate collateral. For chattel and real estate collaterals, the Company created rules governing the acceptance of such guarantees. On instances of customer default, the PCC, with the support of the corporate legal department, is responsible for the foreclosure of collaterals in the form of real and movable personal properties. Series of demand letters are sent to the defaulting customer to command for payment and to propose for debt repayment agreements. If the customer fails to cooperate, the case will be endorsed to the legal department to facilitate the foreclosure of the collateral. The Company generally does not use non-cash collateral for its own operations.

As at December 31, the aging analysis per class of financial assets is as follows:

December 31, 2015

	Neither Past Due nor Impaired	Past Due but not Impaired: 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P246,541	P -	P -	P -	P -	P246,541
Receivables:						
Trade	916,641	381,467	88,375	8,788	156,507	1,551,778
Others	46,280	14,679	131,965	126,027	57,901	376,852
Due from related parties	594,078	-	-	-	-	594,078
	1,803,540	396,146	220,340	134,815	214,408	2,769,249
Less allowance for impairment losses	-	-	-	-	214,408	214,408
	P1,803,540	P396,146	P220,340	P134,815	P -	P2,554,841

December 31, 2014

	Neither Past Due nor Impaired	Past Due but not Impaired: 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in banks	P449,618	P -	P -	P -	P -	P449,618
Receivables:						
Trade	884,814	326,957	70,621	24,537	116,522	1,423,451
Others	237,863	11,956	14,116	110,181	47,076	421,192
Due from related parties	615,485	-	-	-	-	615,485
	2,187,780	338,913	84,737	134,718	163,598	2,909,746
Less allowance for impairment losses	-	-	-	-	163,598	163,598
	P2,187,780	P338,913	P84,737	P134,718	P -	P2,746,148

As at December 31, 2015 and 2014, there was an impairment loss of P214.4 million and P163.6 million, respectively, relating to trade and other receivables.

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk. In addition, the Company believes that the amounts of financial assets that are neither past due nor impaired are collectible, based on historic payment behavior and extensive analysis of counterparties credit risk.

The Company's exposure to credit risk arises from default of the counterparty. There is no significant concentration of credit risk within the Company.

The credit qualities of financial assets that were neither past due nor impaired are determined as follows:

- Cash in banks are based on the credit standing or rating of the counterparty.

- Total receivables and due from related parties are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

High grade cash in banks are deposited in local banks that are considered as top tier banks in the Philippines in terms of resources and profitability. Receivables and due from related parties are considered to be high grade quality financial assets, where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard grade quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and debt service payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

In addition, the Company maintains the following credit facilities:

- Total commitment as at December 31, 2015 and 2014 under the line of credit is P10.169 billion and P9.186 billion, respectively, of which the Company had drawn P4.463 billion and P4.110 billion, respectively, under letters of credit and short-term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates; and

- P1.045 billion and P870.0 million domestic bills purchased line, which are available as at December 31, 2015 and 2014.

Exposure to Liquidity Risk

The table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted amount, including estimated interest payments and excluding the impact of any netting arrangements:

	As at December 31, 2015			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	**P900,000**	**P904,140**	**P904,140**	**P -**
Accounts payable and accrued expenses *	**6,568,528**	**6,568,528**	**6,568,528**	**-**
Long-term debt	**2,891,201**	**3,216,213**	**512,322**	**2,703,891**
Other noncurrent liabilities*	**27,785**	**29,487**	**-**	**29,487**
	P10,387,514	**P10,718,368**	**P7,984,990**	**P2,733,378**

* Excluding statutory payables, accrual for operating leases and defined benefit liability

	As at December 31, 2014			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P800,000	P801,429	P801,429	P -
Accounts payable and accrued expenses *	5,087,584	5,087,584	5,087,584	-
Long-term debt	2,988,316	3,451,415	226,403	3,225,012
Other noncurrent liabilities*	59,960	66,318	-	66,318
	P8,935,860	P9,406,746	P6,115,416	P3,291,330

* Excluding statutory payables, accrual for operating leases and defined benefit liability

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Financial Assets Used for Managing Liquidity Risk

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk. To manage its liquidity risk, the Company forecasts cash flows from operations for the next six months which will result in additional available cash resources and enable the Company to meet its expected cash outflow requirements.

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and other market prices, will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates.

Exposure to Commodity Prices

The risk from commodity price changes relates to the Company's ability to recover higher product costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine beverage market and the willingness of consumers to purchase the same volume of beverages at higher prices. The Company is exposed to changes in Philippine sugar prices.

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P7.179 billion and P1.501 billion as at December 31, 2015 and 2014, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk

The Company's exposure to interest rates pertains to its cash in banks, short-term debt, long-term debt and finance lease obligation. These financial instruments bear fixed interest rates and accordingly, the Company is not significantly exposed to interest rate risk.

Exposure to Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States (U.S.) dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at December 31, 2015 and 2014.

Offsetting
The following table sets out the carrying amounts of due from related parties that are presented net of due to related parties in the statements of financial position as at December 31, 2015 and 2014:

December 31, 2015	**Gross Amount**	**Amount Offset**	**Net Amount**
Due from related parties	**P750,919**	**(P156,841)**	**P594,078**

December 31, 2014	Gross Amount	Amount Offset	Net Amount
Due from related parties	P743,758	(P128,273)	P615,485

Fair Values
As at December 31, 2015 and 2014, the carrying amounts of the financial assets and liabilities, which include cash, receivables, short-term debt and accounts payable and accrued expenses, reasonably approximate fair values due to the short-term nature of these financial instruments.

The table below shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

2015	**Valuation Technique**	**Significant Unobservable Inputs**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Type							
Finance lease liability	Discounted cash flows	Not applicable	**P94,387**	**P -**	**P89,427**	**P -**	**P89,427**
Long-term debt	Discounted cash flows	Not applicable	**2,891,201**	**-**	**2,830,774**	**-**	**2,830,774**
			P2,985,588	**P -**	**P2,920,201**	**P -**	**P2,920,201**

2014	Valuation Technique	Significant Unobservable Inputs	Carrying Amount	Level 1	Level 2	Level 3	Total
Type							
Finance lease liability	Discounted cash flows	Not applicable	P151,472	P -	P145,750	P -	P145,750
Long-term debt	Discounted cash flows	Not applicable	2,988,316	-	2,998,781	-	2,998,781
			P3,139,788	P -	P3,144,531	P -	P3,144,531

There were no transfers between level 1, 2, 3 of the fair value hierarchy.

26. Commitments, Contingencies and Losses

a. Leases

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment of whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risks and rewards incidental to ownership to the Company.

- *Operating Lease Commitments as Lessee*

  The Company leases certain warehouses and facilities for a period of one to twenty-five years, renewable for another one to twenty-five years. The Company has determined that all significant risks and rewards of ownership of these properties remain with the lessors and the lease do not provide for an option to purchase or transfer ownership of the property at the end of the lease.

  None of these leases includes contingent rentals. Rental expense (included under "Cost of Goods Sold" and "Operating Expenses" accounts in the statements of profit or loss and other comprehensive income) pertaining to these leased properties amounted to P182.8 million, P165.0 million and P209.0 million for the years ended December 31, 2015, 2014 and 2013, respectively (see Notes 16, 17, and 18).

  Future minimum lease payments under such non-cancelable operating leases are as follows:

	2015	2014	2013
Less than one year	**P123,731**	P128,112	P140,787
Between one and five years	**486,797**	550,809	577,320
More than five years	**1,147,860**	268,533	363,844
	P1,758,388	P947,454	P1,081,951

- *Finance Lease Commitments as Lessee*

  The Company entered into finance lease agreements covering pallets (see Note 8). The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it has substantially acquired all the significant risks and rewards incidental to ownership of these pallets and the provisions of the lease agreements effectively transfer ownership of the assets to the Company at the end of the lease term.

  Future minimum lease payments and their present value are as follows:

	2015			2014		
	Future Minimum Lease Payments	**Interest**	**Present Value of Minimum Lease Payments**	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Less than one year	**P70,788**	**P4,186**	**P66,602**	P99,644	P8,132	P91,512
Between one and five years	**29,486**	**1,701**	**27,785**	66,318	6,358	59,960
	P100,274	**P5,887**	**P94,387**	P165,962	P14,490	P151,472

The current portion of the obligation under finance lease, which is presented as "Finance lease liability - current" under "Accounts payable and accrued expenses" account in the statements of financial position, amounted to P66.6 million and P91.5 million as at December 31, 2015 and 2014, respectively, while the noncurrent portion, which is included under "Other noncurrent liabilities" account in the statements of financial position, amounted to P27.8 million and P60.0 million as at December 31, 2015 and 2014, respectively.

Interest rates are fixed at the contract date. The average effective interest rate contracted approximates 6.0% to 6.5% per annum. There were no unguaranteed residual values of assets leased under finance lease agreements as at December 31, 2015 and 2014. Interest expense related to the obligation under finance lease amounted to P7.8 million, P9.5 million and P13.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

- *Operating Lease Commitments as Lessor*
  The Company subleases one of the Company's warehouse for a period of fifteen (15) years, renewable for another ten (10) years. The Company has determined that it retains all significant risks and rewards of ownership of the properties which are leased out under operating lease agreements. Rental income pertaining to these leased properties amounted to P1.7 million for each of the years ended December 31, 2015, 2014 and 2013, respectively. The said rental income is recognized as part of "Other income - net" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income.

  Future minimum lease revenues under such non-cancellable operating leases are as follows:

	2015	2014	2013
Less than one year	**P1,848**	P1,722	P1,680
Between one and five years	**9,656**	9,471	7,098
More than five years	**10,266**	12,298	16,393
	P21,770	P23,491	P25,171

b. The Company is currently involved in various tax, legal and administrative proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling the Company's defense relating to these matters and is based upon an analysis of potential results. The Company received a Final Demand on Disputed Assessment from the Bureau of Internal Revenue for tax assessments relating to various taxes covering the taxable year June 30, 2010 and taxable period from July 1 to December 31, 2010 totaling to P1.5 billion. Consequently, the Company filed a petition for review before the Court of Tax Appeals. As at the reporting date, these proceedings are still ongoing. The Company does not believe that these proceedings will have material adverse effect on its financial statements. It is possible, however, that future financial performance could be affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

c. On November 9, 2013, super typhoon Yolanda has heavily damaged one of the bottling plants of the Company in Leyte province, which is located in central Philippines. Consequently, the Company recognized impairment losses on its inventories and property plant and equipment amounting to P27.6 million and P22.4 million in 2013, respectively (see Notes 6 and 9), which is included as part of "Other income - net" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income. The Company also recognized claims against the insurance company amounting to nil and P49.0 million in 2015 and 2014, which is included as part of "Other income - net" under "Finance and Other Income (Expenses)" account in the statements of profit or loss and other comprehensive income. Outstanding claims against the insurance company amounted to nil and P32.0 million (included under "Receivables" account in the statements of financial position) as at December 31, 2015 and 2014, respectively (see Note 5).

KPMG

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REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road
Tunasan, Muntinlupa City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Pepsi Cola Products Philippines, Inc. as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 8, 2016.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include: Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration; Map of the Group of Companies Within which the Company Belongs; Schedule of Philippine Financial Reporting Standards and Interpretations; and Supplementary Schedules of Annex 68-E. This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

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Partner
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Tax Identification No. 102-082-332
BIR Accreditation No. 08-001987-12-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 5320736MD
Issued January 4, 2016 at Makati City

April 8, 2016
Makati City, Metro Manila

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE OF RECONCILATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

For the Year Ended December 31, 2015

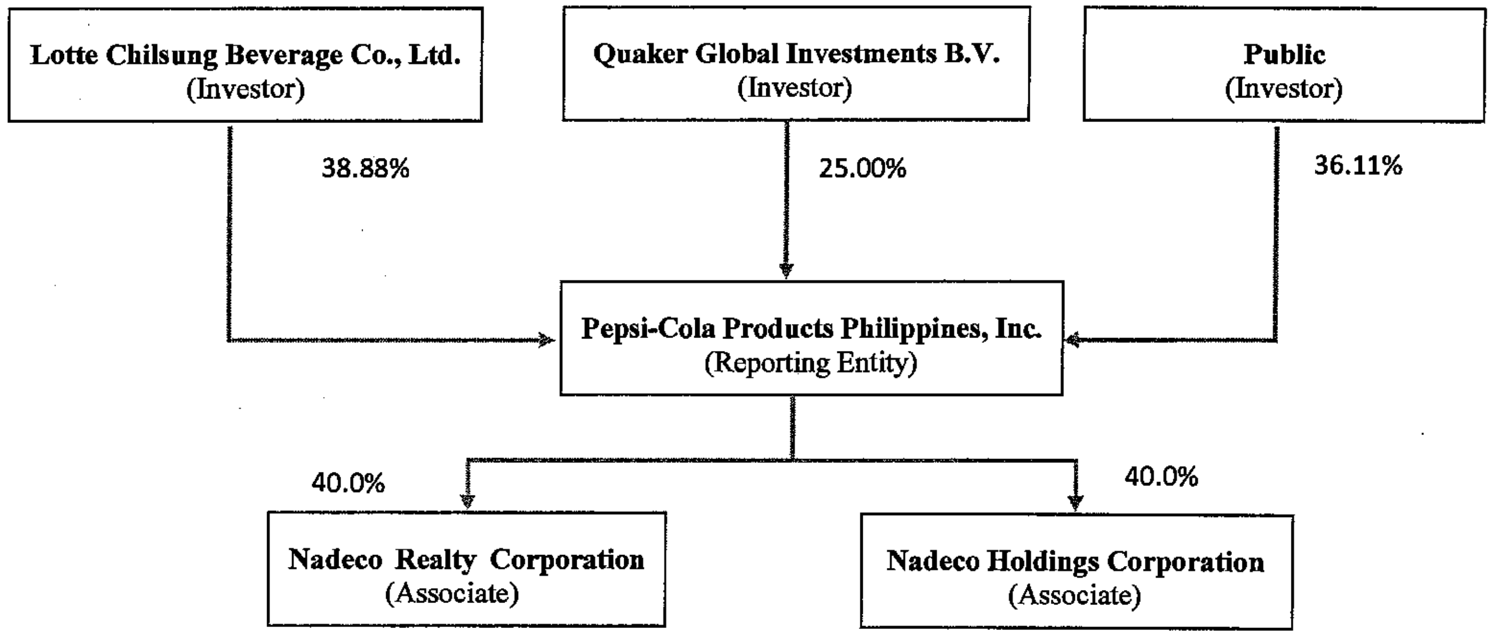
(Amounts in Thousands)

Unappropriated Retained Earnings, beginning		**P6,500,694**
Adjustments:		
Less: Equity in income of associates	P316,732	
Add: Deferred tax expense	792,246	
Unappropriated Retained Earnings, as adjusted, beginning		**6,976,208**
Net Income based on the face of AFS	812,082	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associates	21,923	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain	-	
Deferred tax benefit	55,692	
Fair value adjustments (M2M gains)	-	
Fair value adjustments of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	734,467	
Add: Non-actual losses		
Deferred tax expense	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net Income Actual/Realized		**734,467**
Unappropriated Retained Earnings, as adjusted, ending		**P7,710,675**

* *The Company must obtain prior written consent from its lenders before it can declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders.*

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

Map of Group of Companies Within which the Company Belongs
As at December 31, 2015



PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE A. FINANCIALS ASSETS

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at balance sheet date (iii)	Income received and accrued

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES).

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Nadeco Realty Corp.	P609,886,203	P12,119,580	P34,043,388	P -	P587,962,395	P -	P587,962,395
Nadeco Holdings Corp.	5,598,470	517,592	-	-	6,116,062	-	6,116,062
Employees	8,614,273	83,921,434	81,096,185	-	11,439,522	-	11,439,522
Totals	**P624,098,946**	**P96,558,606**	**P115,139,573**	**P -**	**P605,517,979**	**P -**	**P605,517,979**

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE D. INTANGIBLE ASSETS - OTHER ASSETS

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
SCHEDULE E. LONG TERM DEBT

Title of Issue and type of obligation (i)	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Interest Rates	Number of Periodic Installments	Final Maturity
Long-term debt	Metropolitan Bank Trust & Co.	P900,000,000	P199,106,340	P698,474,656	3.94% and 4.05%	20	April 2020
Long-term debt	Bank of the Philippine Islands	1,000,000,000	198,989,529	797,912,141	4.04%	20	October 2020
Long-term debt	Bank of the Philippine Islands	1,000,000,000	148,957,834	847,760,138	4.55%	20	March 2021
Totals		**P2,900,000,000**	**P547,053,703**	**P2,344,146,935**			

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

NOT APPLICABLE

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

SCHEDULE H. CAPITAL STOCK

Title of Issue (2)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates (3)	Directors, officers and employees	Others
Common Shares	5,000,000,000	3,693,772,279	-	2,359,759,103	110,009	1,333,903,167
Totals	**5,000,000,000**	**3,693,772,279**	**-**	**2,359,759,103**	**110,009**	**1,333,903,167**

PEPSI-COLA PRODUCTS PHILIPINES, INC.
SCHEDULE OF FINANCIAL SOUNDESS INDICATORS

	Years Ended December 31	
	2015	2014
Current ratio (Current assets over current liabilities)	**0.6:1**	0.8:1
Solvency ratio (Profit plus depreciation and amortization over total liabilities)	**0.2:1**	0.3:1
Bank debt-to-equity ratio (Bank debt over total equity)	**0.44:1**	0.47:1
Asset-to-equity ratio (Total assets over total equity)	**2.4:1**	2.4
Interest rate coverage ratio (Profit before interest and taxes over interest expense)	**17.6:1**	19.8:1
Operating profit margin (Operating profit over net sales)	**4.2%**	4.3%
Net profit margin (Profit over net sales)	**3.0%**	3.2%

PEPSI-COLA PRODUCTS PHILIPINES, INC.
SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS
Effective as at December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary			X	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			X
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			X
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			X
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			X
PFRS 2	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			X
PFRS 3 (Revised)	Business Combinations			X
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			X
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			X
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal		X	
PFRS 6	Exploration for and Evaluation of Mineral Resources			X
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PFRS 7: Transition			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			X
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			X
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			X
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts		X	
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements		X	
PFRS 8	Operating Segments	X		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments	X		
PFRS 9	Financial Instruments		X	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39		X	
PFRS 9 (2014)	Financial Instruments		X	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements			X
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			X
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			X
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		X	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		X	
PFRS 11	Joint Arrangements			X
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			X
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations		X	
PFRS 12	Disclosure of Interests in Other Entities	X		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			X
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			X
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		X	
PFRS 13	Fair Value Measurement	X		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	X		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception			X
PFRS 14	Regulatory Deferral Accounts			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements			X
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			X
	Amendments to PAS 1: Disclosure Initiative		X	
PAS 2	Inventories	X		
PAS 7	Statement of Cash Flows	X		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Reporting Period	X		
PAS 11	Construction Contracts			X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			X
PAS 16	Property, Plant and Equipment	X		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment			X
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			X
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		X	
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants		X	
PAS 17	Leases	X		
PAS 18	Revenue	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits	X		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		X	
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone		X	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation			X
PAS 23 (Revised)	Borrowing Costs	X		
PAS 24 (Revised)	Related Party Disclosures	X		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			X
PAS 27 (Amended)	Separate Financial Statements	X		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			X
	Amendments to PAS 27: Equity Method in Separate Financial Statements		X	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	X		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		X	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		X	
PAS 29	Financial Reporting in Hyperinflationary Economies			X
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			X
PAS 33	Earnings per Share	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting	X		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			X
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report'		X	
PAS 36	Impairment of Assets	X		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	X		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets			X
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	X		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		X	
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			X
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			X
	Amendments to PAS 39: The Fair Value Option			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			X
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			X
	Amendment to PAS 39: Eligible Hedged Items			X
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			X
PAS 40	Investment Property			X
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			X
PAS 41	Agriculture			X
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	X		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			X
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			X
IFRIC 9	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			X
IFRIC 10	*Interim Financial Reporting and Impairment*	X		
IFRIC 12	Service Concession Arrangements			X
IFRIC 13	Customer Loyalty Programmes			X
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			X
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			X
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			X
IFRIC 17	Distributions of Non-cash Assets to Owners			X
IFRIC 18	Transfers of Assets from Customers			X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			X
IFRIC 21	Levies			X
SIC-7	Introduction of the Euro			X
SIC-10	Government Assistance - No Specific Relation to Operating Activities			X
SIC-15	Operating Leases - Incentives	X		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			X
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	X		
SIC-29	Service Concession Arrangements: Disclosures.			X
SIC-31	Revenue - Barter Transactions Involving Advertising Services			X
SIC-32	Intangible Assets - Web Site Costs			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			X
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			X
PIC Q&A 2007-01-Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			X
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			X
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			X
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			X
PIC Q&A 2008-01-Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	X		
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			X
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			X
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			X
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			X
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	X		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			X
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position			X
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			X
PIC Q&A 2011-03	Accounting for Inter-company Loans	X		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares			X
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			X
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of investment properties - asset acquisition or business combination?			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			X
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			X
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			X
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			X
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			X

101112016001746

SECURITIES AND EXCHANGE COMMISSION

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Industry Classification	
Company Type	Stock Corporation

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COVER SHEET

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S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

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

Ma. Rosario C.Z. Nava	**750-9687**
Contact Person	**Company Telephone Number**

1	2	3	1	SEC Form – ACGR (Consolidated ACGR for 2015)	Last Friday of May
Month		Day		FORM TYPE	Month Date
Fiscal Year					Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

Total No. of Stockholders **Domestic** **Foreign**

To be accomplished by SEC Personnel concerned

File Number **LCU**

Document I.D. **Cashier**

Remarks = pls. Use black ink for scanning purposes

PCPPI
Pepsi-Cola Products Philippines, Inc.

Pepsi-Cola Products Philippines, Inc.
Km. 29, National Road, Tunasan, Muntinlupa City, 1773 Philippines
Tel: (632) 8873774 • www.pepsiphilippines.com

11 January 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills,
Mandaluyong City, Metro Manila

Attention: Ms. Justina F. Callangan
Director
Corporate Governance and Finance Department

Re: Consolidated Annual Corporate Governance Report of Pepsi-Cola Products Philippines, Inc. for 2015

Dear Ms. Callangan:

We submit the Consolidated Annual Corporate Governance Report as of 31 December 2015 of Pepsi-Cola Products Philippines, Inc. ("Corporation") duly approved by the Corporation's Board of Directors in its Special Board Meeting held today, 11 January 2016, in compliance with SEC Memorandum Circular No. 12, Series of 2014. The attached 2015 ACGR bear the original signatures of the Corporation's Chairman and Independent Director, Mr. Oscar S. Reyes, its Chief Executive Officer, Mr. Yongsang You, its Independent Director, Mr. Rafael M. Alunan III, and its Compliance Officer, Atty. Ma. Rosario C.Z. Nava, and are duly notarized.

This ACGR shall be posted in the Corporation's website. With this submission to your office and the posting of this ACGR in the Corporation's website, we trust that we have fully complied with the SEC's requirement for all publicly-listed companies to consolidate all changes and updates in the information contained in the ACGR for the year 2015.

Thank you.

Very truly yours,

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

By:

MA. ROSARIO C.Z. NAVA
Compliance Officer

Encl. :a/s

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

CONSOLIDATED ANNUAL CORPORATE GOVERNANCE REPORT
AS OF 31 DECEMBER 2015

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

CONSOLIDATED ANNUAL CORPORATE GOVERNANCE REPORT
AS OF 31 DECEMBER 2015

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter **PEPSI-COLA PRODUCTS PHILIPPINES, INC.**

3. **Km. 29 National Road, Tunasan, Muntinlupa City** — **1773**
   Address of Principal Office — Postal Code

4. SEC Identification Number **0000160968**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **000-168-541**

7. **(632) 887-3774**
   Issuer's Telephone number, including area code

8. **N/A**
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	**9**

Actual number of Directors for the year	**9**

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director[2]
Yongsang You	ED	Lotte Chilsung Beverage Co., Ltd.	Lotte Chilsung Beverage Co., Ltd.	15 June 2015	15 June 2015	Special Board Meeting	1
Furqan Ahmed Syed	ED	Quaker Global Investments B.V.	Quaker Global Investments B.V.	28 March 2014 effective 1 April 2014	28 May 2015	Annual	2
JaeHyuk Lee	NED	Lotte Chilsung Beverage Co., Ltd.	Lotte Chilsung Beverage Co., Ltd.	25 March 2011	28 May 2015	Annual	5
TaeWan Kim	NED	Lotte Chilsung Beverage Co., Ltd.	Lotte Chilsung Beverage Co., Ltd.	2 March 2015	28 May 2015	Annual	1
Byoung Tak Hur	NED	Lotte Chilsung Beverage Co., Ltd.	Lotte Chilsung Beverage Co., Ltd.	21 February 2012	28 May 2015	Annual	4
Praveen Someshwar	NED	Quaker Global Investments B.V.	Quaker Global Investments B.V.	28 March 2014	28 May 2015	Annual	2
Mannu Bhatia	NED	Quaker Global Investments B.V.	Quaker Global Investments B.V.	19 July 2013	28 May 2015	Annual	3

[1] Reckoned from the election immediately following January 2015. All information herein is deemed given as at 31 December 2015.
[2] The no. of years served as director is counted regardless of the actual no. of months served within the year so that a portion of a 12-month period is deemed one (1) full year of service.

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director[2]
Rafael M. Alunan III	ID	N/A	Veronica G. De Jesus and Jocelyn P. Amado; no relationship with nominators	17 August 2007	28 May 2015	Annual	9
Oscar S. Reyes	ID	N/A	Veronica G. De Jesus and Jocelyn P. Amado; no relationship with nominators	7 September 2007	28 May 2015	Annual	9

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Corporation's Manual on Corporate Governance ("Manual"), which was adopted on 21 June 2007, revised on 14 April 2010 and on 25 March 2011, and most recently revised on 31 July 2014, details the standards by which the Corporation conducts sound corporate governance that is coherent and consistent with relevant laws and regulatory rules, and constantly strives to create value for its stockholders and stakeholders.

The Manual reflects the principles of good corporate governance and best practices to which the Board, the Management, employees, and shareholders of the Corporation have committed themselves, acknowledging that the same may guide the attainment of their corporate goals. They adhere to the belief that corporate governance is a necessary component of what constitutes sound strategic business management and will undertake every effort to create awareness of the need and importance of good corporate governance within the organization. The Management shall review from time to time business processes and practices being performed within the departments and business units of the Corporation and shall propose appropriate revisions thereof to the Board for its approval in order to ensure consistency and compliance with the corporate governance principles embodied in the Manual.

Compliance with the principles of good corporate governance shall start with the Board which is primarily and ultimately responsible for the governance of the Corporation. While the Board sets the policies for the attainment of the corporate objectives, it shall also provide an independent check on the Management of the Corporation. To assist the Board in complying with the principles of good corporate governance, the Board has constituted and maintains three (3) standing committees apart from the Executive Committee, each charged with oversight into specific areas of its business activities. Compliance with the Manual's standards is monitored by the Corporation's Compliance Officer.

Stockholders' Rights and Protection of Minority Stockholders' Interests

The Board shall respect the rights of the stockholders of the Corporation as provided in the Corporation Code and subject to the qualifications made in the Corporation's Articles of Incorporation and By-Laws, namely:

a. Right to vote on all matters that require their consent or approval;

b. Right to inspect corporate books and records;
c. Right to information;
d. Right to dividends; and
e. Appraisal right.

The Board should be transparent and fair in the conduct of annual and special stockholders' meetings of the Corporation. Subject to the requirements of the Corporation's By-Laws, the exercise of the stockholder's right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

Reportorial or Disclosure System of Corporation's Corporate Governance Policies

The reports or disclosures required under the Manual shall be prepared and submitted to the Securities and Exchange Commission ("SEC") by the responsible committee or officer through the Corporation's Compliance Officer.

All material information, i.e., anything that could adversely affect the viability of the Corporation or the interest of its stockholders and other stakeholders, shall be publicly disclosed in a timely manner. Such information shall include, among others, earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes in ownership.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management, and corporate strategy, among others.

All disclosed information shall be released via the approved stock exchange procedure for company announcements, as well as through the annual report.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

Board Responsibilities

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its corporate objectives and in the best interests of its stockholders and other stakeholders. The Board is primarily accountable to the stockholders and other stakeholders of the Corporation. It should provide them with a balanced and comprehensive assessment of the Corporation's performance, position and prospects on a periodic basis through reports as may be required by law or regulation. To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities and should formulate the Corporation's vision, mission, strategic objectives, policies, and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

In particular, the duties and functions of the Board are:

a. Install a process of selection to ensure a mix of competent directors and officers;
b. Provide sound strategic policies and guidelines on major capital expenditures of the Corporation;
c. Establish programs that can sustain the Corporation's long-term viability and strength;
d. Periodically evaluate and monitor the implementation of the abovestated policies and strategies, including business plans, operating budgets and Management's overall performance;
e. Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
f. Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy on communicating or relating with them;
g. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation;
h. Adopt a system of internal checks and balances;
i. Identify key risk areas and key performance indicators and monitor these factors with due diligence;

j. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
k. Properly discharge Board functions by meeting at such times or frequency as may be needed. Independent views during Board meetings shall be encouraged and given due consideration and all such meetings shall be duly minuted;
l. Formulate a policy that encourages alternative dispute resolution which can amicably settle conflicts or differences between the Corporation and its stockholders, and between the Corporation and third parties, including regulatory authorities; and
m. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

For purposes of evaluating compliance with the Manual, the Corporation has adopted the self-rating form prescribed by the SEC. The Corporation has complied with its Manual through the election of two (2) independent directors to the Board; the constitution of the Audit Committee, Compensation and Remuneration Committee, and Nomination Committee pursuant to its By-laws, and the election of the Chairman and members of such committees, which include the independent directors; the conduct of regular meetings of the Board and the various committees of the Board abovestated; adherence to the written Code of Conduct prepared by the Corporation's Human Resources Department; and adherence to applicable accounting standards and disclosure requirements.

The Corporation adheres to a business plan, budget and marketing plan. Management prepares and submits to the Board, on a regular basis, financial and operational reports which enable the Board and the Management to assess the effectiveness and efficiency of the Corporation.

While the Corporation has fulfilled its corporate governance obligations and there has been no deviation from the Manual as of date, it continues to evaluate and review its Manual to ensure that best practices on corporate governance are being adopted.

(c) How often does the Board review and approve the vision and mission?

The Board reviews and approves the vision and mission statements of the Corporation as often as required.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[3]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group: N/A

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
-		

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

[3] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Oscar S. Reyes	Manila Electric Company	Executive
	Philippine Long Distance Telephone Company	Non-Executive
	Bank of the Philippine Islands	Independent
	Manila Water Company Inc.	Independent
	Basic Energy Corporation	Independent

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Yongsang You	Lotte Chilsung Beverage Co., Ltd.	Employment
JaeHyuk Lee	Lotte Chilsung Beverage Co., Ltd.	Employment
TaeWan Kim	Lotte Chilsung Beverage Co., Ltd.	Employment
Byoung Tak Hur	Lotte Chilsung Beverage Co., Ltd.	Employment
Furqan Ahmed Syed	Quaker Global Investments B.V.	Employment with PepsiCo Inc., the ultimate parent of Quaker Global Investments B.V.
Praveen Someshwar	Quaker Global Investments B.V.	Employment with PepsiCo Inc., the ultimate parent of Quaker Global Investments B.V.
Mannu Bhatia	Quaker Global Investments B.V.	Employment with PepsiCo Inc., the ultimate parent of Quaker Global Investments B.V.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Corporation has not expressly set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously. The Corporation does not expressly impose and observe the limit of five (5) board seats in other publicly listed companies.

However, the Nomination Committee is mandated under the Manual to determine the number of allowable directorships of the members of the Board taking into consideration (i) the nature of the business of the corporations where he is a director; (ii) the age of the director; (iii) the number of directorships/active memberships and officerships in other corporations or organizations; and (iv) possible conflict of interest. The optimum number shall be related to the capacity of a director to perform his duties diligently in general. The President and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Please refer to the above explanation. This is in consonance with the Revised Code of Corporate Governance. The adoption of guidelines on the number of directorships is not mandatory but only permissive.	
Non-Executive Director		
CEO		

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar S. Reyes	1	N/A	Nil
Yongsang You	1	N/A	Nil
Furqan Ahmed Syed	1	N/A	Nil
JaeHyuk Lee	1	N/A	Nil
TaeWan Kim	1	N/A	Nil
Byoung Tak Hur	1	N/A	Nil
Praveen Someshwar	1	N/A	Nil
Mannu Bhatia	1	N/A	Nil
Rafael M. Alunan III	1	N/A	Nil
TOTAL	9		Nil

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [x] No [ ]

Identify the Chair and CEO:

Chairman of the Board	Oscar S. Reyes
CEO	Yongsang You

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role Accountabilities Deliverables	a. By-Laws - Preside at all meetings of the Board of Directors and Stockholders; and - To the extent required by law or regulation, designate a Compliance Officer who shall hold the position of a Vice-President or its equivalent. b. Manual - Ensure that the meetings of the	a. By-Laws - In charge of the general management of the business and affairs of the Corporation. Along with the senior management team reporting to him, he shall be fully responsible for the day-to-day operations of the business of the Corporation. - Develop the Annual Operating

	Chairman	Chief Executive Officer
	Board are held in accordance with the Corporation's By-Laws or as the Chair may deem necessary; - Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, the Chief Executive Officer, Management, and the directors; and - Maintain qualitative and timely lines of communication and information between the Board and the Management.	Plan ("AOP"), and present the AOP to the Executive Committee and Board of Directors for review and approval; - Be fully responsible for executing the AOP; - Charged with maximizing the Corporation's business results, identifying issues affecting its business, and developing and executing plans to enhance the Corporation's performance; - Perform all such other duties as are incident to his office or are properly required of him by the Board of Directors; and - Sign contracts and other instruments of the Corporation as are proper and necessary for the transaction of the ordinary business of the Corporation. b. Manual - Shall lead the Management team; - Ultimately accountable for the Corporation's organizational and operational controls; - Must work and deal fairly and objectively with all the constituencies of the Corporation, namely, the Board, Management, stockholders and other stakeholders; and - Ensure that Management will provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to its stockholders. c. Job Summary and Responsibilities in Appointment Letter - In partnership with the Board,

	Chairman	Chief Executive Officer
		ensure the accomplishment of the organization’s mission and vision; - Manage the organization’s infrastructure towards the realization of its strategic goals; - Create, communicate and implement the organization's vision, mission, and overall direction; - Lead the development and implementation of the overall organization's strategy; - Ensure the development of an annual operating plan in support of the strategic plans and the achievement of such; - Provide the Board with the organizational information it needs for its governance responsibilities; and - Maintain and develop teamwork within the management staff.

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board is part of the control environment of the Corporation, ensuring that the Corporation is properly and effectively managed and supervised. As stated in our Manual, the Board’s internal control responsibilities include: (a) defining the duties and responsibilities of the President and the CEO in accordance with the provisions of the Corporation’s By-Laws; (b) selecting the persons who possess the abilities, integrity and expertise essential for the positions of the President and the CEO; (c) evaluating proposed senior management appointments; (d) selecting and appointing qualified and competent management officers; and (e) reviewing the Corporation’s human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Our Manual provides that the membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. One of the duties and functions of the Board is to install a process of selection to ensure a mix of competent directors and officers.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Our Manual prescribes that the non-executive directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. Our directors are required to have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies. In pre-screening and shortlisting all candidates nominated to the Board, our Nomination Committee evaluates the candidates based on certain qualifications including, among others, that the candidate has a practical understanding of the Corporation, and that he or she shall have previous business experience and must be a member in good standing in a relevant industry, business or professional organization.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role Accountabilities Deliverables	a. By-Laws - The business of the Corporation shall be conducted and all its property controlled and held by the Board of Directors composed of the individual directors, executive and non-executive (including the independent directors). Together with the other members of the Board of Directors, each director is responsible for setting the overall strategic direction of the Corporation. The directors shall collectively agree in the Board upon the long-term plans, capitalization and significant investments of the Corporation, set the key strategic milestones, plans and policies for execution by the Chief Executive Officer and the senior management team, and approve the AOP. b. Manual A director's office is one of trust and confidence. He shall act in the best interest of the Corporation and in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress. A director should observe the following norms of conduct: • Conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation; • Devote time and attention necessary to	The non-executive director is subject to the same general responsibility and specific duties and responsibilities of an executive director.	The independent director is subject to the same general responsibility and specific duties and responsibilities of a director, executive or non-executive.

	Executive	Non-Executive	Independent Director
	properly and effectively discharge his duties and responsibilities; • Act judiciously; • Exercise independent judgment; • Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies; • Observe confidentiality; and • Attend all regular and special meetings of the Board of Directors.		

Provide the company's definition of "independence" and describe the company's compliance to the definition.

"Independence" as it relates to the independent director and as explained in our By-Laws and Manual, is a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Corporation and includes, among others a person who:

(1) Is not a director or officer of the Corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing). For this purpose, "related company" means another company which is: (a) its holding company; (b) its subsidiary; or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security;

(2) Does not own more than two percent (2%) of the shares of the Corporation and/or its related companies or any of its substantial shareholders;

(3) Is not related to any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

(4) Is not acting as a nominee or representative of any director or substantial shareholder of the Corporation and/or any of its related companies and/or any of its substantial shareholders;

(5) Has not been employed in any executive capacity by the Corporation, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;

(6) Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Corporation, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or

(7) Has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other person or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

With our incumbent independent directors, the Corporation is fully compliant with the above definition.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Corporation complies with SEC Memorandum Circular No. 9, Series of 2011 which limits the term of independent directors to five (5) consecutive years effective 2 January 2012. After completion of the five (5)-year service period, the independent director shall be ineligible for election as such in the Corporation unless he/she has undergone the "cooling off" period of two (2) years, provided, that during such period, the independent director has not engaged in any activity that under existing rules disqualifies a person from being elected as an independent director of the Corporation. An independent director re-elected as such in the Corporation after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned above.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Yeon-Suk No	Executive Director	15 June 2015	Resignation
Choong Ik Lee	Non-Executive Director	2 March 2015	Resignation

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The nomination of directors is conducted by the Nomination Committee prior to each annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the nominees. The Nomination Committee pre-screens the qualifications and prepares a final list of all candidates, and puts in place screening policies and parameters to enable it to effectively review the qualifications of the nominees. After the nomination, the Nomination Committee prepares a Final List of Candidates which shall contain all the information about all the nominees for directors, as	An executive director must possess the following qualifications at the minimum: a. Holder of at least (1) share of stock of the Corporation; b. He shall possess at least a college or equivalent academic degree; c. He shall be at least twenty-one (21) years old; d. He shall have been proven to possess integrity and probity; e. He shall be assiduous; f. He must have a practical understanding of the business of the Corporation; and

Procedure	Process Adopted	Criteria
	required under applicable regulations, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement in accordance with applicable rules and regulations or in such other reports that the Corporation is required to submit to the SEC. The name of the person or group of persons who nominated or recommended the nomination of the director shall be identified in such report including any relationship with the nominee. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates has been prepared and approved by the Nomination Committee. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.	g. He shall have previous business experience and must be a member in good standing in a relevant industry, business or professional organization.
(ii) Non-Executive Directors	- same -	- same -
(iii) Independent Directors	- same -	In addition to the minimum qualifications of an executive director as stated above, an independent director shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Corporation. He must also possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in its Articles of Incorporation, By-Laws, Manual, applicable laws and regulations including, but not

Procedure	Process Adopted	Criteria
		limited to, Section 38 of the Securities Regulations Code and its Implementing Rules and Regulations, as well as in the resolutions and rules passed or adopted by the Nomination Committee.
b. Re-appointment		
(i) Executive Directors	Same as item a	Same as item a
(ii) Non-Executive Directors	Same as item a	Same as item a
(iii) Independent Directors	Same as item a	Same as item a, subject to compliance with the term limits for independent directors as discussed above
c. Permanent Disqualification		
(i) Executive Directors	Subject to the resolutions and rules passed or adopted by the Nomination Committee	Grounds for Permanent Disqualification: a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code ("SRC"); (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment

Procedure	Process Adopted	Criteria
		adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities; c. Any person who is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization; d. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions; e. Any person finally found

Procedure	Process Adopted	Criteria
		by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the SRC, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP; f. Any person judicially declared to be insolvent; g. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and h. Any person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors	- same -	- same -
(iii) Independent Directors	- same -	In addition to the grounds for permanent disqualification of an executive director as stated above, an independent director will be permanently disqualified to be an independent director of the Corporation after serving as independent director thereof for ten (10) years pursuant to SEC Memorandum Circular No. 9, Series of 2011.
d. Temporary Disqualification		
(i) Executive Directors	a. Subject to the resolutions and rules passed or adopted by the Nomination Committee; and	Grounds for Temporary Disqualification: a. Refusal to comply with

Procedure	Process Adopted	Criteria
	b. Unless the temporary disqualification is automatically lifted upon the lapse of a certain period, a temporarily disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he unjustifiably fails or refuses to do so, the disqualification shall become permanent.	the disclosure requirements of the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; b. Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is justified because of illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election; c. Dismissal/termination from directorship in another corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal/termination; and d. If any of the judgments or orders mentioned in the Grounds for Permanent Disqualification has not yet become final.
(ii) Non-Executive Directors	- same -	- same -
(iii) Independent Directors	- same -	In addition to the grounds for temporary disqualification of an executive director as stated above, an independent director may be temporarily disqualified on the following grounds: a. If his beneficial equity ownership in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later

Procedure	Process Adopted	Criteria
		complied with; b. Any person who was earlier elected as an independent director of the Corporation but subsequently becomes an officer or employee of the same; and c. Any person who was an officer, employee or consultant of the Corporation within the last five (5) years immediately preceding the date of his nomination as an independent director. The disqualification shall be lifted upon the lapse of the five (5)-year period. Also, an independent director will be temporarily disqualified for two (2) years ("cooling off period") from being elected as an independent director of the Corporation after having served as independent director thereof for the last five (5) years pursuant to SEC Memorandum Circular No. 9, Series of 2011.
e. Removal		
(i) Executive Directors	The Corporation complies with the provision of the Corporation Code of the Philippines ("Corporation Code") on the removal of directors. As provided therein, a director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock at a regular meeting of stockholders or at a special meeting called for the purpose, after previous notice to stockholders of the Corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders of the Corporation for the purpose of removal of a director must be	The removal of a director may be with or without cause; Provided, that removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under the Corporation Code.

Procedure	Process Adopted	Criteria
	called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. Notice of the time and place of such meeting, as well as the intention to propose such removal must be given by publication or by written notice prescribed in the Corporation Code.	
(ii) Non-Executive Directors	- same -	- same -
(iii) Independent Directors	- same -	- same -
f. Re-instatement		
(i) Executive Directors	Same process is adopted as stated in selection/ appointment and re-appointment of directors	Same criteria is used as stated in selection/appointment and re-appointment of directors
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Same process is adopted as stated in removal of directors	Same criteria is used as stated in removal of directors
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Oscar S. Reyes (Independent)	2,912,611,350
Yeon-Suk No*	2,912,611,350
Furqan Ahmed Syed	2,912,611,350
JaeHyuk Lee	2,912,611,350
TaeWan Kim	2,912,611,350
Byoung Tak Hur	2,912,611,350
Praveen Someshwar	2,912,611,350
Mannu Bhatia	2,912,611,350
Rafael M. Alunan III (Independent)	2,912,611,350

**Replaced by Mr. Yongsang You on 15 June 2015*

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

Upon the director's election, he is made aware of his obligations, duties and responsibilities under the Corporation Code, the SRC, the Articles of Incorporation and By-Laws of the Corporation, the Manual, and relevant regulations of the Philippine Stock Exchange ("PSE") through an internal memorandum sent by the Corporate Secretary and Compliance Officer in behalf of the Board. The internal memorandum discusses the disclosure obligations specific to the Corporation, certain beneficial owners or shareholders, its directors and officers under relevant provisions of the SRC and PSE Disclosure Guidelines for Listed Companies. The directors are also furnished appropriate material by email from time to time on the structure and composition of the Corporation's Board including its committees, its procedures, their duties and responsibilities as members of the Board and Board committees, as well as provisions of the Manual and other corporate governance policies of the Corporation. Since most of the Corporation's directors are non-executive, based overseas, and travel heavily for work, the Corporation adapts to the situation by choosing to maximize the use of technology in disseminating information over having the directors attend a physical session or orientation in the Philippines. Nonetheless, the directors are encouraged by the Corporation to update themselves continually on evolving trends, standards and best practices on corporate governance by their regular attendance at seminars. The Corporation is committed to provide the appropriate support for such initiatives.

(b) State any in-house training and external courses attended by Directors and Senior Management[4] for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Furqan Ahmed Syed	21 October 2014	Securities Exchange Commission-Philippine Stock Exchange Corporate Governance Forum	Makati Shangri-La Hotel, Makati City
Oscar S. Reyes	30 October 2015	PLDT - CG Enchancement Session on Data and Information Rules: What the Board Should Know	Jose Jesus M. Disini, Jr.
	4 December 2014	PLDT and Smart Communications Inc. – CG Enchancement Sessions on What to Expect from the SEC and Corporate Governance Trends and Current Topics in Developed Economics & their Application in the Philippines & Other Asean Countries	Atty. Lourdes Rausa Chan-PLDT Atty. Elmer D. Nitura-Smart
	1 April 2014	PLDT – CG Enchancement Session on Corporate Requirements under US Laws & Regulations and the Foreign Corrupt Practices Act of 1977	Atty. Lourdes Rausa Chan
	4 February 2014	Ayala Corporation/ICD – CG and Risk Management Summit	Institute of Corporate Directors (ICD)
	12 December 2013	BPI – Money Laundering and Terrorist Financing Prevention Program (MLPP) and AML Risk Rating System	Anti-Money Laundering Council
	2 December 2013	First Pacific Leadership Academy – CG Enhancement Session	Winthrop Swenson, Managing Partner, Compliance Systems Legal Group
	26 November 2013	First Pacific Leadership Academy – CG Enhancement Session	Gretchen A. Winter, J.D., Executive Director, Center for Professional Responsibility in Business & Society University of Illinois at Urbana-Champaign
Rafael M. Alunan III	March 2014	Discussion on ASEAN	Sun Life Philippines

[4] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

		Corporate Governance scorecard	
Imran Moid	21 October 2014	Securities Exchange Commission-Philippine Stock Exchange Corporate Governance Forum	Makati Shangri-La Hotel, Makati City
Celerino T. Grecia III	12 November 2015	4th Executive Labor Updates: "The New DOLE Department Order 147-15: Application of Just and Authorized Causes of Termination"	Employers Confederation of the Philippines (ECOP)
	11 November 2015	10th National Convention on Labor Management Cooperation (LMC)	National Conciliation and Mediation Board/Phil. League of Labor-Management Cooperation Practitioners (PHILAMCORP)
	12-14 October 2015	52nd People Management Association of the Philippines (PMAP) Annual Conference	People Management Association of the Philippines (PMAP)
	20-23 March 2015	15th National Convention of Lawyers and Cebu Chapter Mandatory Continuing Legal Education (MCLE)	Integrated Bar of the Philippines
	4 November 2014	Coaching Management Workshop	PepsiCo
	3 November 2014	Speed of Trust-Franklin Covey Program	PepsiCo
Ma. Rosario C. Z. Nava	15 October 2015	Securities Exchange Commission-Philippine Stock Exchange Corporate Governance Forum	InterContinental Manila, Makati City
	2, 3, 9 and 10 July 2015	Mandatory Continuing Legal Education	Asian Center for Legal Excellence, Inc. Romulo Lounge, 25th Floor Ayala Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
	9 March 2015	SEC Corporate Governance Round Table Discussion with Publicly-Listed Companies' Compliance Officers	Crown Plaza, Manila Galleria, Ortigas Center, Quezon City
	21 October 2014	Securities Exchange Commission-Philippine Stock Exchange Corporate Governance Forum	Makati Shangri-La Hotel, Makati City
	30 June 2014	SEC Seminar on Corporate Governance For Publicly-Listed Companies (Recent Memorandum Circulars on Corporate Governance)	Securities and Exchange Commission, EDSA, Greenhills, Mandaluyong City

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Please refer to item 6 (b) above.			

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Directors, Senior Management and Employees shall avoid any activity and interest that could influence, or appear to be influenced, by personal or family interests that could significantly affect the objective or effective performance of duties and responsibilities in the Company.		
(b) Conduct of Business and Fair Dealings	Directors, Senior Management and Employees shall maintain high standards of morality, integrity, professionalism and general good character in the conduct of their daily activities.		
(c) Receipt of gifts from third parties	Directors, Senior Management and Employees are enjoined to avoid the receipt of gifts from third parties which would influence the employee to compromise the best interests of the Company and contrary to law, the giver's own policies and PCPPI's policies.		
(d) Compliance with Laws & Regulations	Directors, Senior Management and Employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations.		
(e) Respect for Trade Secrets/Use of Non-public Information	Unless authorized or legally mandated, Directors, Senior Management and Employees shall maintain and safeguard the confidentiality of any information entrusted by the Company and other parties with whom the Company relates.		
(f) Use of Company Funds, Assets and Information	Directors, officers and employees shall use company property and resources, including company funds, equipment, supplies and software, and company information and time responsibly and efficiently and only for legitimate business purposes. They shall safeguard company funds and other assets from loss, damage, misuse and theft.		
(g) Employment & Labor Laws & Policies	The Company has a Manual of Policies and Procedures which provides for employee rights and obligations and sets policies on employee-related matters and are consistent with and in accordance with relevant provisions of the Labor Code.		
(h) Disciplinary action	The Company has a Code of Conduct and Ethics and any Director, officer and employee who commits a violation shall be subject to disciplinary action (including termination) and other appropriate actions.		
(i) Whistle Blower	A Director, Senior Management or Employee can "Speak Up" through a Speak-Up Line Unit via phone or email, the numbers and address of which are appropriately advertised internally.		
(j) Conflict Resolution	The Audit Committee will handle resolution of reported illegal or unethical behavior involving Senior Management or any Board Member. The Audit Committee may ask assistance from Internal Audit and Human Resources Department (HRD) to conduct investigation of subject illegal acts or activities to further support subject reports and findings. The HRD handles the resolution of reported illegal or unethical behavior involving an employee in accordance with the Company's policies and procedures.		

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Adherence by Senior Management and employees to the above stated policies of the Corporation on business conduct and ethics is monitored by the Board mainly through the Audit Committee and the Board's adherence thereto is monitored by the Compliance Officer. The Audit Committee, which is tasked to assist the Board in monitoring compliance with applicable laws, rules and regulations and performs oversight specifically in the area of risk management, regularly meets to discuss, among others, violations or breaches of the above stated policies and recommends appropriate actions to address the same to the Board for its approval before Management implements such actions.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related party relationship exists when one party has ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprises, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

<table>
<tr><th>Related Party Transactions</th><th>Policies and Procedures</th></tr>
<tr><td>(1) Parent Company</td><td rowspan="3">The Company does not have any parent company, joint venture arrangement and any subsidiary.</td></tr>
<tr><td>(2) Joint Ventures</td></tr>
<tr><td>(3) Subsidiaries</td></tr>
<tr><td>(4) Entities Under Common Control</td><td rowspan="5">Related party transactions, including overlapping interests in the company, shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.

Related party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Corporation, its stockholders, creditors, policyholders and claimants.</td></tr>
<tr><td>(5) Substantial Stockholders</td></tr>
<tr><td>(6) Officers including spouse/children/siblings/parents</td></tr>
<tr><td>(7) Directors including spouse/children/siblings/parents</td></tr>
<tr><td>(8) Interlocking director relationship of Board of Directors</td></tr>
</table>

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

The Company has and communicates to its directors, officers and significant shareholders a clear policy governing the Company's transactions with related parties. The Board, through the Audit Committee which includes the two (2) independent directors, reviews significant related party transactions (RPTs). The Company enters into RPTs on an arm's length basis, and in the interest of transparency, consistently reports its RPTs in the Company's Annual Audited Financial Statements, Annual Reports, and Information Statements.

	Directors/Officers/Significant Shareholders
Company	(Please refer to above reply for both Company and Group.)
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[5] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Lotte Chilsung Beverage Co., Ltd. ("Lotte")	Commercial/ Contractual	The Company purchased finished goods from Lotte.
PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments, B.V., the significant shareholder	Commercial/ Contractual	The Company has Exclusive Bottling Agreements (EBAs) cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V. The Corporation also has an existing Performance Agreement with PepsiCo.

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Lotte Chilsung Beverage Co., Ltd. ("Lotte")	Commercial/ Contractual	The Company purchased finished goods from Lotte.
PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments, B.V., the significant shareholder	Commercial/ Contractual	The Company has Exclusive Bottling Agreements (EBAs) cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V. The Corporation also has an existing Performance Agreement with PepsiCo.

[5] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Lotte Chilsung Beverage Co., Ltd. ("Lotte") and PepsiCo, Inc. and Quaker Global Investments, B.V. ("PepsiCo Group")	Lotte – 38.88% Quaker – 25% Total – 63.88%	The Cooperation Agreement deals with the business operation of the Corporation.

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	For those affecting the Corporation and its shareholders, the Corporation has established an Investor Relations Office headed by the Corporation's CFO. This office addresses concerns and issues of investors and shareholders in coordination with the Office of the Corporate Secretary.
Corporation & Third Parties	For those affecting the Corporation and third parties, the Corporation has created a Corporate Affairs and Communications Office headed by a Vice-President, which handles all concerns of other stakeholders, including the community.
Corporation & Regulatory Authorities	For those affecting the Corporation and regulatory authorities, the Corporation's Legal Department headed by a Senior Vice-President ably addresses all such issues and concerns. The Corporation complies with all relevant laws, rules and regulations of regulatory authorities in the operation of its business and, in relation thereto, the resolution of issues between the Corporation and its regulators. The Corporation has adopted the policy of pro-actively engaging relevant Government agencies in resolving issues affecting the Corporation and the agencies concerned.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

   The Corporate Secretary starts preparing the meeting calendar of the Board for the following year 1 to 2 months before the end of the current year. The meeting calendar of the Board is finalized and circulated to all Directors at the beginning of the year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman/ Independent Director	Oscar S. Reyes	Last elected 28 May 2015	10	10	100%
Member	Yongsang You	Last elected 15 June 2015	3	3	100%
Member	Furqan Ahmed Syed	Last elected 28 May 2015	10	10	100%
Member	JaeHyuk Lee	Last elected 28 May 2015	10	8	80%
Member	TaeWan Kim	Last elected 28 May 2015	9	9	100%
Member	Byoung Tak Hur	Last elected 28 May 2015	10	10	100%
Member	Praveen Someshwar	Last elected 28 May 2015	10	10	100%
Member	Mannu Bhatia	Last elected 28 May 2015	10	10	100%
Independent Director	Rafael M. Alunan III	Last elected 28 May 2015	10	10	100%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? Owing to the fact that, as explained in Part A. 6)(a), most of the Corporation's non-executive directors are based overseas and travel heavily for work, they come to the Philippines only to attend the regular Board meetings and Board committee meetings of the Corporation held here. Due to time constraints while in the Philippines, there are no formal meetings of non-executive directors that take place without the presence of any of the Corporation's executives. However, it is usual for non-executive directors to have informal meetings or conferences in smaller groups before the regular Board meetings without any executive or member of Management present.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

   No. Under Article III, Section 5 of the By-Laws of the Corporation, a quorum at any meeting of the Board of Directors shall consist of a majority of the entire membership of the Board and a majority of those present shall be necessary to decide any matter that may come before a meeting, except for the election of officers which shall require the vote of a majority of all the members of the Board, or as otherwise provided for in the Articles of Incorporation, the By-Laws, or by law.

   The Twelfth Article, paragraph (e) of the Articles of Incorporation of the Corporation and Article III, Section 13 of the By-Laws of the Corporation both provide that for as long as the Appointments remain effective, at any board of directors meeting of the Corporation, the affirmative vote of three-fourths or 75% of the directors shall be required for the validity of any of the following acts:

   a. Sale of the business or any merger of the Corporation;
   b. Disposal of any assets of the Corporation which have a value in excess of 10% of the net book value of all the assets of the Corporation unless provided for in the relevant Annual Operating Plan;
   c. Substantial change in the business activities of the Corporation unless provided for in the relevant Annual Operating Plan;
   d. Any external borrowing by the Corporation unless provided for in the relevant Annual Operating Plan;

e. Issuance of any guarantee by the Corporation other than in the ordinary course of business and, even if in the ordinary course of business, to any shareholder holding at least 5% of the Corporation's issued and outstanding capital stock or any affiliate of any such shareholder;
f. Any change in the capital structure of the Corporation or any capital expenditure unless provided for in the relevant Annual Operating Plan;
g. Any related party transaction involving the Corporation and any shareholder holding at least 5% of the Corporation's issued and outstanding capital stock or its affiliate which are (i) other than on commercial arms length terms or in the ordinary course of business, or (ii) are in excess of the equivalent of US$1,000,000.00;
h. Granting by the Corporation of any warrants, conversion rights or other contingent rights to equity unless provided for in the relevant Annual Operating Plan, except for any employee stock option scheme which has been approved by the Board of Directors;
i. Declaration or payment of dividends other than in accordance with the policy that the Corporation may declare and pay dividends up to 50% (or such other percentage as may be reset by the Board) of its net profits (after allowing for provisions and other requirements of the Annual Operating Plan) on condition that it complies with the applicable Operating Targets as set out in the then current Annual Operating Plan;
j. Recruitment, hiring or otherwise changing terms of employment (including compensation, severance, or termination) for the six (6) highest paid executives, officers and/or directors of the Corporation other than such terms as recommended by the Compensation and Remuneration Committee of the Corporation;
k. Change of any accounting methods unless required by applicable law, regulation, or accounting standards;
l. Approval or modification of any Annual Operating Plan; and
m. Any amendment to or renewal of the Appointments.

5) Access to Information

(a) How many days in advance are board papers[6] for board of directors meetings provided to the board?

The board papers for the meetings of the Board of Directors, including the Notice/Agenda, are provided to the Board of Directors at least seven (7) days prior to the date of the meeting.

(b) Do board members have independent access to Management and the Corporate Secretary? Yes. As provided in our Manual, in order to provide the Board with accurate and timely information to enable the proper performance of their duties and responsibilities, the members of the Board shall have access to Management and the Corporate Secretary.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

As provided in our By-Laws, the Corporate Secretary shall have the following duties and responsibilities:

- Issue all notices of regular meetings of the Stockholders and the Board;
- Keep the minutes of all meetings of the Stockholders and the Board;
- Have charge of the corporate seal and records;
- Sign with the President all stock certificates and such instruments that require her signature; and
- Make such reports and perform such other duties as are incident to her office or as may be properly required of her by the Board.

Additionally, the Corporate Secretary of the Corporation has the following duties and responsibilities under our Manual:

[6] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its committees, as well as other official records of the Corporation;

- Gather and analyze all documents, records and other information essential to the conduct of her duties and responsibilities to the Corporation;

- As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;

- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;

- Attend all Board meetings, except when prevented by justifiable causes such as illness, death in the immediate family and serious accident, and maintain a record of the same;

- Ensure that all Board procedures, rules and regulations are strictly followed by the members;

- Work fairly and objectively with the Board, Management, stockholders and other stakeholders; and

- If she is also the Compliance Officer, perform all the duties and responsibilities of said officer as provided for in the Manual.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Yes. The incumbent Corporate Secretary is a lawyer and has sufficient knowledge, skills and experience in company secretarial work. Although not an accountant, she has adequate knowledge of financial management and accounting for corporations. Please explain should the answer be in the negative. N/A

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [x] No [ ]

Committee	Details of the procedures
Executive	The Notice/Agenda, as well as the information/materials which will be discussed in the committee meeting, are distributed to the members at least seven (7) days prior to the date of the committee meeting.
Audit	The Notice/Agenda, as well as the information/materials which will be discussed in the committee meeting, are distributed to the members at least seven (7) days prior to the date of the committee meeting.
Nomination	The Notice/Agenda, as well as the information/materials which will be discussed in the committee meeting, are distributed to the members at least seven (7) days prior to the date of the committee meeting.
Compensation and Remuneration	The Notice/Agenda, as well as the information/materials which will be discussed in the committee meeting, are distributed to the members at least seven (7) days prior to the date of the committee meeting.
Others (specify)	N/A

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

As provided in our Manual, in order to provide the Board with accurate and timely information to enable the proper performance of their duties and responsibilities, the members of the Board shall have access, in certain limited cases as deemed necessary and arranged for by Management, to independent professional advice at the Company's expense.

Procedures	Details
Legal advice/opinion	Refer to the Corporate Secretary or legal counsel for advice and guidance on possible legality or implications.
Independent opinion on financial matters and related regulatory concerns.	Refer to the external auditors for proper guidance on the correct accounting treatment and other financial statement disclosure requirements.
Guidance or clarification on other matters	Refer to consultants and experts.

Since this is dealt with on a case-to-case basis and as the need arises, there is no single procedure that is followed.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
N/A	N/A	N/A

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	BOD-approved Company remuneration policies/guidelines (i.e. Company salary structure, market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities)	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	None	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	**Structure of Compensation Packages**	**How Compensation is Calculated**
Executive Directors	By-Laws: The members of the Board shall be paid *per diems,* transportation and representation allowances and/or other similar compensation as the Board may determine and fix from time to time. The members of the Board may also be granted additional compensation in such amount and manner as the Board may from time to time fix and determine; provided, further, that the Directors who serve as independent directors of the Corporation may receive such additional compensation as the Board of Directors may determine; and provided, further, that Directors who are appointed to serve on the Executive Committee and other standing committees of the Corporation may each be paid such additional compensation as the Stockholders may determine.	(see answer to "Remuneration Policy")	Subject to determination by the Board or the Stockholders in the proper case
Non-Executive Directors	-same-	-same-	-same-

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Yes, with respect only to the grant of additional compensation to directors which are not in the nature of *per diems* and similar allowances. The last time any such compensation was brought to the Stockholders for approval was on 28 May 2015 when the Stockholders approved the grant of ₱500,000.00 annual directors' fee for each director. Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Payment of ₱500,000.00 annual directors' fee for each director	28 May 2015

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	21,505,829	–	–
(b) Variable Remuneration	–	–	–
(c) Per diem Allowance	–	–	1,847,538
(d) Bonuses	–	–	–
(e) Stock Options and/or other financial instruments	–	–	–
(f) Others (Specify)	1,630,588	–	1,176,471
Total	23,136,417	–	3,024,008

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	Not Applicable		
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares: N/A

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not Applicable				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting: N/A

Incentive Program	Amendments	Date of Stockholders' Approval
Not Applicable		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Domingo F. Almazan / SVP-National Sales	PHP42,241,834
Allan A. Frias / SVP-Manufacturing & Logistics	
Celerino T. Grecia III / SVP-HR/EIR/Legal	
Samuel M. Dalisay, Jr. / VP-Supply Chain	
Angelica M. Dalupan / VP-Corporate Affairs & Communications	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	0	0		- Review the detailed financial and operating performance of the Corporation and progress against the relevant AOP and Operating Targets; - Monitor the Corporation's progress against key initiatives, pricing strategies and plans, sales and marketing plans, capital expenditure planning and key decisions on organizational structure and people; - Work with the CEO in identifying issues affecting the business of the Corporation and provide guidance to the CEO; -Work with the CEO and his senior management team to formulate and develop the AOP prior to review by the Board; and -Have and exercise all the powers of the Board during the intervals between Board meetings except for (i) approval of any action for which Stockholders' approval is also required; (ii) filling of vacancies in the Board; (iii) amendment or repeal of the By-laws or the adoption of new by-laws; (iv) amendment or repeal of any Board resolution which by its express terms is not so amendable or repealable; (v) distribution of dividends to Stockholders; and (vi) such other matters as may be specifically excluded or limited by the Board, by the Corporation Code, or by the Corporation's Articles of Incorporation or By-Laws.		
Audit	0	2	2		- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations, including supervising the formulation of rules and procedures on financial reporting and internal control ensuring that the extent of Management's responsibility in the preparation of financial statements *vis-à-vis* the responsibility of the external auditor is clearly stated, and that an effective system of internal control is maintained that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all its stockholders and other		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					stakeholders; - Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements; - Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management; - Pre-approve all audit plans, scope and frequency before the conduct of external audit; -Perform direct interface functions with the internal and external auditors; -Review the reports submitted by the internal and external auditors; -Review and approve the quarterly financial statements, as well as review the annual financial statements prior to the submission of the same to the Board for approval, with particular focus on the following matters: (i) changes in accounting policies and practices; (ii) major judgmental areas; (iii) significant adjustments resulting from the audit; (iv) going concern assumptions; (v) compliance with accounting standards; and (vi) compliance with tax, legal and regulatory requirements; - Endeavor to elevate to international standards the accounting and auditing processes, practices and methodologies in accordance with applicable laws and regulations; - Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization; and -Evaluate and determine the non-audit work, if any, of the external auditor, and periodically review the non-audit fees paid to the external		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Corporation's annual report.		
Nomination	1	1	1		- Pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications provided for in the Articles of Incorporation, By-Laws, Manual, applicable laws, regulations and resolutions and rules passed or adopted by it, the Shareholders, and the Board, including disqualifying nominees who, in the Committee's judgment, represents an interest adverse to or in direct or indirect conflict with those of the Corporation; - Advise the Board and the Shareholders, as applicable, whether the directors continue to be qualified or are disqualified from continuing as members of the Board; and - In consultation with the Executive Committee, redefine the role, duties and responsibilities of the CEO or other members of senior management by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.		
Compensation and Remuneration	1	1	2		- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors - Provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates; - Designate the amount of remuneration which shall be in a sufficient level to attract and retain senior management and directors who are needed to run the Corporation successfully. A portion of the remuneration of executive directors may be structured or be		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
					based on corporate and individual performance; - Develop a Full Business Interest Disclosure Form as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; - Disallow any director to decide his or her own remuneration; - To the extent required by law or regulation, provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid to its directors and top four (4) management officers for the previous fiscal year; and - Review (if any) or cause the development of, the existing Human Resources Development or Personnel Handbook, to strengthen the provisions on conflict of interest, salaries, and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.		

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A	N/A	N/A	N/A	N/A	N/A
Member (ED)	Yongsang You	First appointed 15 June 2015; last appointed 15 June 2015	0	0	0	1
Member (ED)	Furqan Ahmed Syed	First appointed 28 March 2014; last appointed 28 May 2015	0	0	0	2
Member (ex-officio member being the Corporation's CFO; not a Director)	Imran Moid	First appointed 28 June 2012; last appointed 28 May 2015	0	0	0	4

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rafael M. Alunan III	First appointed 24 August 2007; last appointed 28 May 2015	4	4	100%	9
Member (ID)	Oscar S. Reyes	First appointed 29 November 2007; last appointed 28 May 2015	4	4	100%	9
Member (NED)	Mannu Bhatia	First appointed 19 July 2013; last appointed 28 May 2015	4	4	100%	3
Member (NED)	JaeHyuk Lee	First appointed 27 May 2011; last appointed 28 May 2015	4	4	100%	5

Disclose the profile or qualifications of the Audit Committee members.

RAFAEL M. ALUNAN III

Mr. Alunan is the incumbent Chairman of the Audit Committee, Nomination Committee, and Compensation and Remuneration Committee of the Corporation. He has had extensive experience in the private and public sectors. He sits on the Boards of Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc., Sun Life Asset Management Company and Grepalife Asset Management Corp., and on various board committees. Mr. Alunan is a member of the Board of Directors and the Chairman of the Audit and Governance Committee of the University of St. La Salle, a Board Member of the National Mission Council of De La Salle Philippines, Inc. and sits on various board committees. He is the Chairman of the National Security Committee of the Management Association of the Philippines, and the Chairman-elect of the Harvard-Kennedy School of Government Alumni Association of the Philippines, Inc. He is a regular columnist of Business World. Mr. Alunan obtained his double degree in Business Administration and History-Political Science from the De La Salle University, attended the MBA - Senior Executive Program of the Ateneo de Manila University, and obtained a Master's degree in Public Administration from Harvard University, John F. Kennedy School of Government.

MANNU BHATIA

Mr. Bhatia is currently the Vice-President and CFO for the Asia Pacific Region of PepsiCo. His past work experience in PepsiCo included being Senior Planning Director of the Asia Pacific Region, CFO of Global Research & Development and Senior Director Financial Planning & Analysis at PepsiCo's Corporate Headquarters in the United States of America, and CFO of Frito Lay India in Delhi, India. Mr. Bhatia holds a Bachelor of Commerce degree from St. Xaviers College in Calcutta and is qualified Chartered Accountant from the Institute of Chartered Accountants of India.

JAEHYUK LEE

Mr. Lee is the current President/CEO of Lotte Chilsung Beverage Co., Ltd., Lotte Liquor Co., Ltd. and Lotte Asahi Liquor Co., Ltd. Prior positions held included being President of Lotte HQ, CEO of Lotteria Co., Ltd., and Senior Managing Director of Lotte Chilsung Beverage Co., Ltd.

OSCAR S. REYES

Mr. Reyes is the incumbent Chairman of the Board of Directors of the Corporation. He is currently the President and Chief Executive Officer, and Director of the Manila Electric Company. He is also a director and a member of board committees in the boards of various companies engaged in telecommunications, water distribution, banking, real estate, insurance, oil and gas, mining and shipping, and a Trustee of various foundations. He was Country Chairman of the Shell Companies in the Philippines and concurrently President of Pilipinas Shell Petroleum Corporation, and Managing Director of Shell Philippines Exploration B.V. for many years. He holds a Bachelor of Arts in Economics (*Cum laude*) from the Ateneo de Manila University and a Diploma in International Business from the Waterloo Lutheran University in Toronto, Canada, and completed the Program for Management Development at the Harvard Business School.

Describe the Audit Committee's responsibility relative to the external auditor.

As provided in the Manual, the Audit Committee shall assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations, and shall supervise the formulation of rules and procedures on financial reporting and internal control ensuring that the extent of Management's responsibility in the preparation of the financial statements vis-à-vis the responsibility of the external auditor is clearly stated, and that an effective system of internal control is maintained that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all its stockholders and other stakeholders. The Audit Committee is also mandated to pre-approve all audit plans, scope and frequency before the conduct of the external audit, perform direct interface functions with the external auditors, review the reports submitted by them, and review and approve the quarterly financial statements, as well as review the annual financial statements prior to submission of the same to the Board for approval with special emphasis on the matters stated in Part E, item 1 above. The Audit Committee shall also evaluate and determine the non-audit work, if any, of the external auditor and periodically review the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rafael M. Alunan III	First appointed 24 August 2007; last appointed 28 May 2015	1	1	100%	9
Member (ED)	Yongsang You	First appointed 15 June 2015; last appointed 15 June 2015	1	N/A	N/A	1
Member (NED)	Mannu Bhatia	First appointed 11 December 2013; last appointed 28 May 2015	1	1	100%	3

(d) Compensation and Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rafael M. Alunan III	First appointed 24 August 2007; last appointed 28 May 2015	1	1	100%	9
Member (ED)	Yongsang You	First appointed 15 June 2015; last appointed 15 June 2015	1	1	100%	1
Member (NED)	Mannu Bhatia	First appointed 11 December 2013; last appointed 28 May 2015	1	1	100%	3
Member (ID)	Oscar S. Reyes	First appointed 16 September 2011; last appointed 28 May 2015	1	1	100%	5

(e) Others (Specify) – N/A

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						

Member (NED)						
Member (ID)						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Yongsang You	Resignation of the previous Chief Executive Officer, Yeon-Suk No
Audit	N/A	N/A
Nomination	Yongsang You	Resignation of Yeon-Suk No
Compensation and Remuneration	Yongsang You	Resignation of Yeon-Suk No
Others (specify)	N/A	N/A

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Nothing to report	
Audit	- Reviewed and approved the audit plan and the quarterly financial reports for the first 3 quarters of 2015.	Compliance monitoring of the Corporation's system of internal control and procedures
Nomination	- Evaluated all nomination and recommendation letters of candidates to the Board and approved the Final List of Candidates for election to the Board for 2015	N/A
Compensation and Remuneration	- Discussed and approved Management's proposal for the regular salary increase for 2016	N/A
Others (specify)	N/A	N/A

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Nothing to report	
Audit	Upgrade of the Corporation's control environment with the proposal to implement the Global Control Standards (GCS) following PepsiCo's internal control systems	Upgrade of the Corporation's system of internal control and procedures for better risk management
Nomination	Pre-screen qualifications of all nominees to the Board of Directors	Ensures all nominees to the Board both regular and independent directors possess all the qualifications and none of the disqualifications enumerated under the SEC Code of Corporate

Name of Committee	Planned Programs	Issues to be Addressed
		Governance and related SRC Rule 38- Requirements on Nomination and Election of Independent Directors.
Compensation and Remuneration	Provide oversight over remuneration of senior management and other key personnel.	Review/evaluate existing remuneration policy and procedures on executives' compensation and for fixing the remuneration of directors and corporate officers.
Others (specify)	None	None

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company believes that risk management across the enterprise is an anticipatory, proactive process that should be an integral part of corporate culture and is a key component of the Company's strategic and business planning and operational management.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The directors have reviewed and discussed the adequacy of the Company's enterprise risk management framework and risk management processes and found the system effective.

(c) Period covered by the review; 2015

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

Risk Management system is reviewed annually.

(e) Where no review was conducted during the year, an explanation why not.

Risk Management system is reviewed annually.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
The Philippine economy and competitive environment of the beverage market	Keep abreast with key economic performance indicators and the competitive landscape and come up with effective strategy.	To meet our commitment to stakeholders.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
The Philippine economy and competitive environment of the beverage market	Keep abreast with key economic performance indicators and the competitive landscape and come up with effective strategy.	To meet our commitment to stakeholders.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
While there is a risk that the exercise of the controlling shareholders' voting power may be restrictive or authorizing preferences in their favor, the Board in its commitment to practice good governance, is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the right to vote on all matters that require their consent or approval, such that a director shall not be removed without cause if it will deny minority shareholders' representation in the Board. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
The Philippine economy and competitive environment of the beverage market	The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. For key risks, there is annual risk identification done through risk and control assessment. With respect to specific activities to manage and control risk, the Company does the following: (i) interview with risk owner/s; (ii) filtering of risks; (iii) risk rating and ranking; (iv) assignment of risk owner/s; and (v) monitoring and reporting by the risk owner/s.	

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Similar to the Company's control systems assessment, management and control. For key risks, there is annual risk identification done through risk and control assessment. With respect to specific activities to manage and control risk, the Company does the following: (i) interview with risk owner/s; (ii) filtering of risks; (iii) risk rating and ranking; (iv) assignment of risk owner/s; and (v) monitoring and reporting by the risk owner/s.		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework, including the development of its risk management policies. The Company's management team is responsible for implementing and monitoring the implementation of the Company's risk management policies as set by the Board. The management team identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities. The Audit Committee performs oversight over financial management and internal control, specifically in the areas of managing credit, liquidity, market and other risks of the Company. The BOD is assisted in the oversight role by the Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.		

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

PCPPI adopts the COSO definition of Internal Control System.

Internal Control System is the system or body of processes, effected by the PCPPI's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of the following business objectives:

1. Effectiveness of and efficiency of operations;
2. Reliability of financial reporting; and
3. Compliance with applicable laws and regulations.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

[Please see our response in item G (1) (c).]

(c) Period covered by the review;

The Board of Directors through the assistance of the Audit Committee, has reviewed PCPPI's internal control system for the year ended December 31, 2015 and generally, found the system in place and effectively functioning.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Board of Directors through the Audit Committee reviews quarterly the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance to laws and regulations, regularly conducts quarterly meetings with PCPPI's Controller and Audit Head, and as needed, with other PCPPI function heads, and the external auditors:

1. To review and approve the quarterly financial statements, as well as the annual financial statements, with particular focus on the following:
   - Changes in accounting policies and practices;
   - Major judgmental areas;
   - Significant adjustments resulting from the audit;
   - Compliance with accounting standards; and
   - Compliance with tax, legal and regulatory requirements.

2. Perform direct interface functions with the internal and external auditors; and
3. Review the reports submitted by the internal and external auditors, and recommend action plans to PCPPI Management.

(e) Where no review was conducted during the year, an explanation why not.
Not applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Independent appraisal function	1. Regular Audits 2. Follow-up Audits 3. Investigative audits	In-house Internal Audit	Susana A. Soliman	Quarterly reporting to the Audit Committee

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?
Yes

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

a. PCPPI's Internal Audit reports quarterly to the Audit Committee.
b. It is authorized to examine any of the activities of PCPPI and has unrestricted access to all activities, records, property, personnel and officers of the Company necessary to discharge its responsibilities.
c. It operates with independence and authority and is free from any interference in carrying out its responsibilities.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Date of Resignation	Reason
1. Jiggs G. Gandeza	December 31, 2015	Reassigned to a critical PCPPI business unit/plant (MOS) effective January 1, 2016.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Internal Audit for 2015 planned audits: • completed 12 of 21 or 57%; • has 3 or 14% on-going planned regular audits; • deferred 6 or 28% of its planned audits due to 5 unplanned/special audits
Issues[7]	1. Segregation of duties, incompatible system access and roles due to manning constraints. 2. Inadequate compliance to receivables confirmation and reconciliation procedures. 3. Inconsistent implementation of policies and procedures on Procure-to Pay cycle, Inventory, Fixed Assets and Marketing tools. 4. Certain Code of Conduct issues Management proactively addressing the above gaps through upgrading systems, policies and procedures.
Findings[8]	
Examination Trends	Based on the audit ratings, audit results are improving and Management has taken appropriate corrective actions on the findings.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:
1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

[7] "Issues" are compliance matters that arise from adopting different interpretations.
[8] "Findings" are those with concrete basis under the company's policies and rules.

Policies & Procedures	Implementation
IA derives its authority from the Board of Directors through the PCPPI Audit Committee	Implemented since 2004.
IA reports administratively to the Chief Finance Officer but audit reports are submitted and discussed with PCPPI Management and with the Audit Committee.	Implemented since 2004.
IA is authorized to examine any of the activities of PCPPI and has unrestricted access to records, property, personnel and officers of PCPPI necessary to discharge its responsibilities.	Implemented since 2004.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
External Auditor The external auditor of the Corporation shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor. The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.	Not Applicable		
Internal Auditor The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall report to the Audit Committee which, apart from establishing and identifying the reporting line of the Internal Auditor to enable the proper discharge of duties, shall ensure that in the performance of his/her work, the Internal Auditor shall be free from interference by outside parties. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.	Not Applicable		

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman, Chief Executive Officer, President and the Compliance Officer shall monitor compliance with the Corporation's Manual on Corporate Governance embodying relevant provisions of the SEC's Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Company's main priority is to provide satisfaction to the customers of Company's products.	The Corporation maintains a website www.pepsiphilippines.com which is regularly updated and checked.
Supplier/contractor selection practice	Generally, all suppliers doing business in PCPPI shall pass through the accreditation and renewal process and follow the related Approval Matrix.	A bidding process is in place where multiple suppliers or service providers are required to submit their bid proposal for review, evaluation and approval of the authorized approvers.
Environmentally friendly value-chain	The Company complies with PepsiCo's global environmental standards and policies in ensuring good quality water through community service.	The Company participates in PepsiCo's compliance-related activities. The Company also participates jointly in community related projects undertaken by other entities from time to time through donations, sponsorship and being resource speaker in certain events.
Community interaction		
Anti-corruption programmes and procedures?	The Company has a Code of Business and Ethics and does not condone any dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority.	Concerns may be raised verbally or in writing to appropriate personnel as defined in the Company's policies. These concerns are properly investigated and appropriately addressed.
Safeguarding creditors' rights	The Company manages its working capital to meet its obligations arising from trade payables and other financial liabilities.	All valid claims are settled and monitored.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Yes. Corporate Responsibility Section is included in the Annual Report, SEC Form 17A, Part lV. Corporate Governance section.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

In accordance with the regulations and international standards, PCPPI expressed its commitment to environment, health and safety in its Environment Occupational Health and Safety (EOHS) policy statements signed by the President and Chief Executive Officer. In order to fulfill its commitment, PCPPI established the EOHS Organization and hired an EOHS Director to manage the companywide EOHS programs, supported by newly hired three (3) EOHS officers assigned in Muntinlupa, Sto. Tomas and Snack plants to ensure the compliance of the respective plant.

The Company is committed to preventing injuries and illness by providing a safe and healthy work environment and dedicated to designing, constructing, maintaining and operating facilities that protect its employees and physical resources. The company abides by regulatory requirements on health and safety including health and wellness, health risk management, monitoring of health performance and reporting of incidences and investigation, drug and alcohol testing and medical clearance as conditions for fitness to work, the provision for an infirmary or other local health facility in the work premises and other facilities to address or respond to various medical emergencies.

The Company has an integrated approach to maintaining health, wellness and safety in the workplace. The Company encourages and at times sponsors sports tournaments and activities to help keep its employees fit and maintain good health.

The safety of its employees is also of paramount importance to the Company. It implements programs such as safety visits to its plants, regular fire drills, and earthquake-preparedness programs.

The Company keeps employees highly engaged and empowered by their participation in programs such as the PCPPI Annual Summit, the Speak-Up Line Unit, town hall meetings, safety meetings and other venues during which they can freely talk to their leaders. Employees are encouraged to give feedback and suggestions to the management team, which further promotes employee empowerment, accountability, and ownership of their work.

(b) Show data relating to health, safety and welfare of its employees.

The Company's production facilities maintain and implement EOHS guidelines, which prescribe, among others, the procedures for compliance with EOHS standards and practices, including the safety guidelines on hotwork, hazardous materials management, and other safety procedures including the use of personal protection equipment. Regular audits are conducted at PCPPI's production facilities to determine their compliance with the EOHS regulatory standards.

The Company also conducts/practices activities as part of its prevention and control measures against occupational safety and health hazards such as:

Safety:

- Development of standard signages and implementation in plants
- Orientation of new personnel and visitors
- Training on fire prevention and emergency response
- Fire and earthquake drills
- National training on incident investigation, EOHS performance measures, hazardous materials management
- 100 % of PCPPI PCO's and Safety officers in mandatory forty hours (40) training
- Development of fire prevention and emergency response procedure
- Hotwork guidelines
- Hazardous materials management
- Organization of EOHS Committee
- EOHS alert bulletin
- Safety tips e-mail blast
- Management of construction safety
- Compliance to Philippine National Police-Fire and Explosive Office Licensing requirement on possession, use and purchase of chemicals used in manufacturing explosives
- Installation of machine guards on moving parts/equipment
- Monitoring and control of safety/health hazards
- Dissemination of information materials on safety and health
- Trainings on safety and health for officers and workers
- Adoption of policy on random drug testing procedures, smoking control policies
- Adoption of measures to control the effect of works safety and health hazards including engineering control, and use of personal protective equipment
- Walk-around inspection conducted by EOHS Committee
- Motor vehicle safety program conducted for key employees and contractors

- Emergency management
- Provision and maintenance of emergency response safety equipment: fire extinguishers (through monthly inspections), emergency light, sprinklers, smoke detectors and fire exits

Health and Wellness:
- Wellness programs held: badminton games, dance/aerobics; participation in fun run activities
- Annual physical examination and medical consultations done; over the counter medicines provided
- Provision of clinic and occupational physician
- Vaccination program held

(c) State the company's training and development programmes for its employees. Show the data.

The Company is committed to the professional development of its employees. Training programs and other developmental interventions are implemented to enable employees to acquire the technical and leadership competencies to effectively perform their jobs and for their professional growth. Learning & development initiatives are delivered using the 70-20-10 framework: 70% on the job learning, 20% from coaching and feedback and 10% formal training. Orientation programs on the Company's policies and procedures are provided to new employees.

The following trainings and development programs were conducted in 2015:

Programs	**Count**
Pepsimula	4
Coaching Management Workshop	18
Coaching for Success	1
Leading at the Speed of trust	1
Advance MS Excel Training	5
LIFO Enhancing Collaboration & Teamwork	4
Sales Leadership Dev't Program (SLDP)	9
Mfg Management Training Program (MMTP)	29
Others (Functional Trainings)	13

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company grants performance bonus depending on the performance of the Company and also taking into consideration various qualitative and quantitative performance parameters.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

Any employee can "Speak-Up" through the Speak-Up Line Unit (SLU) via phone or email, numbers and address of which are appropriately advertised internally.

Retaliation against any Speaker or Witness is prohibited and will be dealt with in accordance with the Company's policy and other applicable laws. The Speaker or Witness may file a written Complaint on Retaliation with the Chief Compliance Officer within three (3) months from the occurrence of the last alleged act of Retaliation, submitted in a sealed envelope marked "Confidential".

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of 31 December 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
Lotte Chilsung Beverage Co., Ltd.	1,436,315,932	38.88%	
PCD Nominee Corp (Non-Filipino)	990,148,466	26.81%	
Quaker Global Investments B.V.	923,443,071	25%	
PCD Nominee Corp (Filipino)	338,292,066	9.16%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Not Applicable			
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	NA (Disclosed in the ACGR)
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
KPMG R.G. Manabat & Co., CPAs	₱4.1 Million	₱1.6 Million

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE, IC and other regulating agencies.

5) Date of release of audited financial report:

The 2015 Financial Reports are currently being audited.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Lotte Chilsung Beverage Co., Ltd.	Stockholder	Purchase of goods	P23.7 million (as of Sep 2015)

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Related party transactions, including overlapping interests in the company, shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed.

Related party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Corporation, its stockholders, creditors, policyholders and claimants.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Stockholders representing a majority of the outstanding capital stock of the Corporation.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	The vote of a majority of the entire outstanding stock of the Corporation shall be necessary to decide any matter that may come before a meeting, unless otherwise provided by the Articles of Incorporation or by law.
Description	Simple majority, except in those cases where the Articles of Incorporation or the law requires a greater number. The Twelfth Article, paragraph (d) of the Articles of Incorporation of the Corporation and Article III, Section 12 of the By-Laws of the Corporation both provide that for as long as the Appointments (i.e., the EBAs mentioned in Part B, item 5 (a) and (b) above) provide for and remain effective, the affirmative vote of PepsiCo, as a direct or indirect Stockholder, shall be required for the validity of the following acts: a. Amendment of Articles of Incorporation and/or By-Laws insofar as such amendment affects PepsiCo's rights and interests; b. Expanding the range of products to be produced, sold or distributed by the Corporation to include any product not licensed to the Corporation by PepsiCo or its affiliate without the prior affirmative written consent of PepsiCo. Furthermore, the Corporation complies with the provisions of the Corporation Code requiring in certain instances and for specific corporate acts the vote of stockholders representing 2/3 of the total issued and outstanding voting stock of the corporation.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
N/A	N/A

Dividends

Declaration Date	Record Date	Payment Date
27 April 2015	12 May 2015	5 June 2015

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
In the Information Statement sent to all stockholders on SEC Form 20-IS, the Corporation furnishes the name and address of the Corporate Information Officer of the Corporation to whom stockholders may address their replies and queries regarding the Notice of the Annual Stockholders' Meeting (ASM) and the Information Statement. Towards the end of each ASM prior to adjournment, the Board Chairman usually opens the floor for any comments or questions coming from the stockholders and refers it to the appropriate member of the Board or the Management team present at the ASM who addresses the same.	The Corporation maintains a website www.pepsiphilippines.com which is regularly updated and checked for any email queries and concerns coming from stockholders, prospective investors, customers, and the like.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

For all the corporate decisions abovestated including item (b) which we understand to be authorization for the issuance of additional shares necessitating an increase in the authorized capital of the Corporation, the Corporation always seeks to obtain the required 2/3 affirmative vote of shareholders as provided for and in accordance with the Corporation Code.

For example, when the Corporation's Board approved the amendment of its Articles of Incorporation to include in the primary purpose "food and food products, and snacks" and the specific principal office address to comply with SEC Memorandum Circular No. 6, Series of 2014 on 16 May 2014, these amendments were referred to the stockholders for ratification/approval and the stockholders duly ratified and approved the amendments at the ASM held on 30 May 2014.

3. Does the company observe a minimum of 21 business days for giving out of notices to the ASM where items to be resolved by shareholders are taken up? Yes.

   a. Date of sending out notices: 10 April 2015 (for 2015 ASM)

   b. Date of the Annual/Special Stockholders' Meeting: 28 May 2015

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. No questions were raised by the stockholders in the last ASM held on 28 May 2015.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the previous Annual Stockholders' Meeting held on 30 May 2014	2,912,611,350		
Approval of the Audited Financial Statements for the calendar year ended 31 December 2014	2,912,611,350		
Ratification of Acts of the Board of Directors and Management for the previous year	2,912,611,350		
Election of Directors	2,912,611,350		
Approval of the Payment of Annual Directors' Fee	2,912,611,350		
Appointment of External Auditors	2,912,611,350		

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: 28 May 2015

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
N/A	N/A

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Oscar S. Reyes (Chairman/ID) Yeon-Suk No (CEO/ED) Furqan Ahmed Syed (President/ED) Rafael M. Alunan III (ID) JaeHyuk Lee (NED)	28 May 2015		0.01%	78.84%	78.85%

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
	TaeWan Kim (NED) Byoung Tak Hur (NED) Praveen Someshwar (NED) Mannu Bhatia (NED) Imran Moid (SVP and Chief Finance Officer) Domingo F. Almazan (SVP, National Sales) Allan A. Frias II (SVP, Operations) Celerino T. Grecia III (SVP, HR/EIR/Legal) Samuel M. Dalisay, Jr. (VP, Supply Chain) Angelica M. Dalupan (VP, Corporate Affairs and Communications) Jin-Pyo Ahn (SVP / CSO) Ma. Rosario C. Z. Nava (Corporate Secretary/ Compliance Officer)		*Viva voce*			
Special	N/A	N/A	N/A	N/A	N/A	N/A

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The Corporate Secretary is usually assisted by her staff and the stock transfer agent in the counting, tabulation and validation of the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Stockholders' Meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Any Stockholder may be represented by proxy at any meeting of the Stockholders. Subject to the rule on proxies and information statements under pertinent laws and rules, the proxy must be in writing, submitted to the Corporate Secretary at least three (3) days before the date of the meeting, and be substantially in the following form: "I hereby name, constitute and appoint [name of proxy] as my proxy to act and vote for me at the [annual/special] meeting of the stockholders of PEPSI-COLA PRODUCTS PHILIPPINES, INC. which will be held at Metro Manila, Philippines, on [date], or at any adjournment thereof in the transaction of any and all business that may properly come before said meeting or meetings according to the number of votes I would be entitled to cast if personally present. IN WITNESS WHEREOF, I have hereunto set my hand this [date] at [place]. ________________ Stockholder's Signature Witness: ________________" *(Article VII, Section 1 of the Corporation's By-Laws)* The Corporation also follows the provision of the Corporation Code on proxies, requiring that proxies must bear the original signature of the registered stockholder of the Corporation. Additionally, in accordance with prudent corporate practices, the Corporation requires that if the registered stockholder is a corporation, the proxy must be accompanied by a resolution of the board of directors of said corporate shareholder or a Director's or Corporate Secretary's Certificate attesting to such resolution authorizing the issuance of the proxy to attend and vote the corporation's shares at the scheduled stockholders' meeting.
Notary	Not required
Submission of Proxy	As stated in the By-Laws, the original proxy must be submitted to the office of the Corporate Secretary of the Corporation at least three (3) days before the scheduled stockholders' meeting.
Several Proxies	None
Validity of Proxy	The Corporation follows the provision of the Corporation Code that unless otherwise provided in the proxy itself, it shall be valid only for the stockholders' meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.
Proxies executed abroad	None
Invalidated Proxy	None. The Corporation pursues the policy stated in the Manual that subject to the requirements of the Corporation's By-Laws, the

	Company's Policies
	exercise of the stockholder's right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.
Validation of Proxy	At least three (3) days before the date of the scheduled stockholders' meeting.
Violation of Proxy	None

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Subject to the rule on proxies and information statements under pertinent laws and rules, notices of every annual or special meeting of stockholders shall be mailed to the last known post office address of each Stockholder not less than ten (10) days prior to any such meeting, and in case of a special meeting such notice shall state the object or objects of the meeting. Notices of special meetings shall be sent by the person or persons issuing the call. (*Article II, Section 3 of the Corporation's By-Laws)*	At least two (2) weeks prior to the first quarterly Board meeting of the Corporation each year (usually in March or early April), the Corporate Secretary in coordination with the Chairman and President of the Corporation prepares the draft Notice/Agenda for the ASM scheduled on the last Friday of May of each year per the Corporation's By-Laws. The draft Notice/Agenda is sent to the members of the Board with the proposed Board resolution confirming the date, time and venue of the ASM as well as the record date for stockholders entitled to notice of and to vote at the ASM, together with the other materials for the 1st quarterly Board meeting. Upon its approval, the Corporation immediately discloses the schedule of the ASM and the record date via the SEC Form 17-C filed with the SEC and uploaded to the OdiSy of the PSE attaching a copy of the Board-approved Notice/Agenda. The Board-approved Notice/Agenda is then included in the Information Statement filed by the Corporation with the SEC and distributed to all security holders at least fifteen (15) business days before the date of the ASM in accordance with the SRC.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	614
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	Started on 7 May 2015 and ended on 18 May 2015 (for 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	Started on 7 May 2015 and ended on 18 May 2015 (for 2015)
State whether CD format or hard copies were distributed	Copies of the Definitive Information Statement (DIS) in CD format were distributed to the

	stockholders in 2015.
If yes, indicate whether requesting stockholders were provided hard copies	For 2015, no request for hard copies of the DIS was received.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	No, it is the Definitive Information Statement distributed to the shareholders that contains these information.
The auditors to be appointed or re-appointed.	No, it is the Definitive Information Statement distributed to the shareholders that contains this information.
An explanation of the dividend policy, if any dividend is to be declared.	No, it is the Definitive Information Statement distributed to the shareholders that contains this information.
The amount payable for final dividends.	No
Documents required for proxy vote.	No. The Corporation does not request for a proxy as stated in the DIS distributed to the shareholders.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Please refer to the discussion in Part A (1) (b) of *Stockholders' Rights and Protection of Minority Stockholders' Interests.* Moreover, as stated in Part A, (5) (b), the removal of a director may be with or without cause; Provided, that removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under the Corporation Code.	The Corporation's policies with respect to the treatment of minority stockholders are embodied in the Manual and compliance therewith is monitored by the Compliance Officer.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes, the minority stockholders nominate the two (2) independent directors.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

PCPPI has a Corporate Affairs and Communications (CAC) department which handles over-all Corporate Reputation strategy for the company. This includes Internal and External Communications policies which are developed and reviewed in coordination with PCPPI's Management Committee. Any external announcements on company developments such as press statements are cleared with the CAC department.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	- To provide timely and relevant information to company stockholders as well as to the interested public in general - To consistently excite and engage current and potential stockholders in the business agenda of PCPPI
(2) Principles	- Proactively provide information to the general public following disclosures made to the SEC/PSE
(3) Modes of Communications	Annual Report, Annual Stockholders' Meeting, quarterly press releases on business results, regular press releases on company events
(4) Investors Relations Officer	Imran Moid, SVP and Chief Financial Officer Honeylin Castolo, VP for Planning and Business Development

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?
N/A

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. N/A

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

The Company has identified its overall CSR commitment with four (4) focus areas that guide the Company to streamline its CSR initiatives with its business objectives. The CSR Commitment is dubbed "TAYO NA!" wherein TAYO is an acronym from TALINO, ASENSO, YAMAN and ORAS.

T stands for talino - knowledge. We empower children by ensuring they are healthy enough to go to school and get the education they deserve. In September 2013, the Company, in partnership with Kabisig ng Kalahi, the National Competitiveness Council, and the Department of Education, launched a school-based supplemental feeding program dubbed as PEPSIGLA. This is our flagship program for our commitment to education, health and nutrition. Under the Talino CSR Commitment, the PEPSIGLA program is our battle cry to bring back vitality to undernourished Filipino kids.

A is for asenso, or progress. By providing access to livelihood, the Company helps start-up entrepreneurs who want to improve their lives and succeed. The main program under the CSR Commitment of Asenso is the Entrepreneurial Distribution System (EDS), which was started over 10 years ago. EDS helps individual entrepreneurs to buy Pepsi products and sell these at small sari-sari stores, giving them a source of livelihood.

Y stands for yaman, or wealth. With the environment as a vast source of natural wealth and resources, we have the responsibility of ensuring sustainable practices in water, land, and energy management. For almost 10 years, the Company has been engaging in business practices with minimal impact on the environment – such as rainwater harvesting, waste water treatment, watershed reforestation and biomass or steam generation. This is a big help in ensuring that the business continues to contribute to the preservation of our natural resources. New initiatives focused on repurposing PET plastic bottles to act as solar-powered LED bulbs for Liter of Light; and improvised flotation devices for *Salbabote*.

O is for oras, or time. At the Company, we encourage employees to dedicate time for volunteer work to become stewards for the community. Through the Bukluran Council, employees are empowered to extend a helping hand to the community for projects the Council deems relevant and urgent. This volunteer tradition has been going on for over 20 years – and this is a unique opportunity within the Company to touch the lives of others. Employee volunteers drive the TAYO NA initiatives as a way to engage communities and foster teamwork through such programs as Pepsigla, Brigada Eskwela and Liter of Light.

In particular, the Company's 2015 community volunteerism initiatives under TAYO NA include:

Initiative	Beneficiary
Currently implementing 34 PEPSIGLA school modules nationwide for school-year 2015-2016, covering 1,020 malnourished school-children.	Malnourished schoolchildren in schools in all plant locations.
Participated in Brigada Eskwela and Oplan Balik Eskwela of the Department of Education, where classrooms were cleaned and prepared for the schoolyear and various school supplies were donated.	Schools in all plant locations.
Employee volunteers joined Liter of Light, providing sustainable energy solutions to communities.	Communities in Tacloban, Leyte and Nueva Ecija.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The CEO and the President are evaluated by the Board primarily on their leadership, teamwork and execution of the AOP for the relevant year and attainment of the corporate objectives, particularly, the operating targets set out in said AOP. Their performance is also evaluated *vis-à-vis* their compliance with their respective duties and responsibilities as set forth in the Corporation's By-Laws, the Manual, and their respective appointments. While there has been no formal system established to measure the performance of the Board and the Board committees, the evaluation by the stockholders of the effectiveness of the Board and its committees can be seen in the vote of confidence given to the members elected to the Board from year to year.	
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

The Company promotes an environment that fosters and maintains a high level of self-discipline among all employees. It recognizes that the ultimate responsibility for meeting acceptable standards of conduct and performance rests on each employee.

Violations	Sanctions
Absences And Tardiness	Counseling to Termination
Insubordination	Suspension to Termination
Fraud And Acts Of Dishonesty	Termination*
Misconduct And Misdemeanor	Counseling to Termination
Sabotage And Damage To Property	Suspension to Termination
Negligence And Omissions	Counseling to Termination

** unless there are strong mitigating circumstances present*

Pursuant to the requirement of the Securities and Exchange Commission, this Consolidated Annual Corporate Governance Report for 2015 is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on JAN 1 1 2016.

SIGNATURES

OSCAR S. REYES
Chairman of the Board / Independent Director

YONGSANG YOU
Chief Executive Officer

RAFAEL M. ALUNAN III
Independent Director

MA. ROSARIO C. Z. NAVA
Compliance Officer

SUBSCRIBED AND SWORN to before me this JAN 1 1 2016, affiant(s) exhibiting to me their Passports as follows:

NAME/NO.		DATE OF ISSUE	PLACE OF ISSUE
OSCAR S. REYES	EB8380979	13 June 2013	DFA, Manila
YONGSANG YOU	M55826461	28 December 2011	Ministry of Foreign Affairs and Trade, Republic of Korea
RAFAEL M. ALUNAN III	EB2173485	1 April 2011	DFA, Manila
MA. ROSARIO C. Z. NAVA	EB5963851	20 March 2013	DFA, NCR-West

NOTARY PUBLIC

Doc No. 7
Page No. 03
Book No. 135
Series of 2016.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M32
UNTIL DEC. 31, 2016
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0016333-4/10/13
IBP No. 706762, LIFETIME MEMBER YR.2003
PTR No. 532-3505 JAN. 04, 2016
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY

COVER SHEET

					1	6	0	9	6	8

S.E.C. Identification No.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

(Company's Full Name)

Km. 29 National Road, Tunasan, Muntinlupa City

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

Imran Moid

Contact Person

(632) 887-37-74

Company Telephone Number

0	3		3	1

Month Day
Calendar Year

SEC Form 17-Q

FORM TYPE

Last Friday of May

Month Date
Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept. Requiring this Doc.

Amended Article Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Php4.242Billion

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

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. For the quarterly period ended **March 31, 2016**

2. Commission identification number **0000160968** 3. BIR Tax Identification No **000-168-541**

4. Exact name of issuer as specified in its charter: **PEPSI-COLA PRODUCTS PHILIPPINES, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: ______ (SEC Use Only)

7. Address of issuer's principal office and Postal Code:
Km. 29 National Road, Tunasan, Muntinlupa City 1773

8. Issuer's telephone number, including area code: **(632) 887-37-74**

9. Former name, former address and former fiscal year, if changed since last report: **not applicable**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares of Stock	**3,693,772,279**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [X] No [ ]

Stock Exchange: **Philippine Stock Exchange**
Securities Listed: **Common Shares of Stock**

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 Sections 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 twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No [ ]

Part 1 – Financial Information

Item 1. Financial Statements.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL PO SITION
(Amounts in Thousands)

	Note	**March 31 2016 (Unaudited)**	December 31 2015 (Audited)
ASSETS			
Current Assets			
Cash	*11*	**P387,526**	P464,786
Receivables - net	*9, 11*	**1,573,232**	1,714,222
Inventories		**2,359,840**	1,908,987
Due from related parties	*8, 11*	**590,846**	594,078
Prepaid expenses and other current assets		**350,027**	215,464
Total Current Assets		**5,261,471**	4,897,537
Noncurrent Assets			
Investments in associates		**576,350**	570,277
Bottles and cases - net		**5,266,294**	4,838,337
Property, plant and equipment - net	*6*	**10,619,469**	10,118,703
Deferred tax assets - net		**101,066**	109,339
Other noncurrent assets		**294,588**	282,428
Total Noncurrent Assets		**16,857,767**	15,919,084
		P22,119,238	P20,816,621
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*9, 11*	**7,370,442**	P6,721,734
Short-term debt	*11*	**1,450,000**	900,000
Current portion of long-term debt		**597,201**	547,054
Income tax payable		**156,813**	132,645
Total Current Liabilities		**9,574,456**	8,301,433
Noncurrent Liabilities			
Long-term debt - net of current portion	*11*	**2,194,786**	2,344,147
Deferred tax liabilities - net		**878,483**	845,306
Other noncurrent liabilities		**769,644**	783,126
Total Noncurrent Liabilities		**3,842,913**	3,972,579
Total Liabilities		**13,417,369**	12,274,012

Forward

	Note	**March 31 2016 (Unaudited)**	December 31 2015 (Audited)
Equity			
Share capital	*7*	**1,751,435**	1,751,435
Remeasurement losses on net defined benefit liability		**(277,813)**	(277,813)
Retained earnings		**7,228,247**	7,068,987
Total Equity		**8,701,869**	8,542,609
		P22,119,238	P20,816,621

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Data)

		For The Three Months Ended March 31	
	Note	**2016** (Unaudited)	2015
GROSS SALES		**P8,198,449**	P7,316,096
Less sales returns and discounts		**1,197,411**	1,056,220
NET SALES		**7,001,038**	6,259,876
COST OF GOODS SOLD		**5,435,999**	4,681,934
GROSS PROFIT		**1,565,039**	1,577,942
OPERATING EXPENSES		**1,334,152**	1,283,002
PROFIT FROM OPERATIONS		**230,887**	294,940
NET FINANCE AND OTHER INCOME (EXPENSES) - Net		**(5,962)**	(18,267)
PROFIT BEFORE TAX		**224,925**	276,673
INCOME TAX EXPENSE		**65,665**	84,684
PROFIT/ TOTAL COMPREHENSIVE INCOME		**P159,260**	P191,989
Basic/Diluted Earnings Per Share	*5*	**P0.04**	P0.05

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, Except Per Share Data)

(Unaudited)

For The Three Months Ended March 31

	Share Capital					
	Capital Stock (see Note 7)	Additional Paid-In Capital	Total	Remeasurement Losses on Net Defined Benefit Liability	Retained Earnings	Total Equity
As at January 1, 2016	P554,066	P1,197,369	P1,751,435	(P277,813)	P7,068,987	P8,542,609
Total comprehensive income						
Profit	-	-	-	-	159,260	159,260
As at March 31, 2016	P554,066	P1,197,369	P1,751,435	(P277,813)	P7,228,247	P8,701,869
As at January 1, 2015	P554,066	P1,197,369	P1,751,435	(P276,443)	P6,500,694	P7,975,686
Total comprehensive income						
Profit	-	-	-	-	191,989	191,989
As at March 31, 2015	P554,066	P1,197,369	P1,751,435	(P276,443)	P6,692,683	P8,167,675

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		For The Three Months Ended March 31	
	Note	**2016** (Unaudited)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P224,925**	P276,673
Adjustments for:			
Depreciation and amortization		**614,659**	530,892
Retirement cost		**27,473**	22,511
Interest expense		**26,048**	36,523
Impairment losses on receivables, inventories, bottles and cases, machinery and equipment and others		**13,756**	11,271
Loss on sale of property and equipment		**2,051**	2,719
Equity in net earnings of associates		**(6,073)**	(5,574)
Interest income		**(1,190)**	(1,212)
Operating profit before working capital changes		**901,649**	873,803
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**143,619**	210,385
Due from related parties		**3,232**	3,141
Inventories		**(459,281)**	23,064
Prepaid expenses and other current assets		**(134,563)**	(29,643)
Increase (decrease) in accounts payable and accrued expenses		**649,301**	(140,602)
Cash generated from operations		**1,103,957**	940,148
Interest received		**1,126**	1,212
Retirement benefits directly paid by the Company		**(31,333)**	(13,991)
Contribution to plan assets		**(9,974)**	(15,000)
Net cash provided by operating activities		**1,063,776**	912,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**305**	3,181
Additions to:			
Property, plant and equipment	*6*	**(781,906)**	(610,955)
Bottles and cases		**(757,509)**	(366,192)
Increase in other noncurrent assets		**(13,157)**	(3,130)
Net cash used in investing activities		**(1,552,267)**	(977,096)

Forward

		For The Three Months Ended March 31	
		2016	2015
	Note	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of Short-term debt		**P2,200,000**	P1,150,000
Payments of:			
Short-term debt		**(1,650,000)**	(1,300,000)
Long-term debt		**(100,000)**	-
Interest paid		**(38,769)**	(84,122)
Net cash provided by (used in) financing activities		**411,231**	(234,122)
NET DECREASE IN CASH		**(77,260)**	(298,849)
CASH AT BEGINNING OF PERIOD		**464,786**	645,381
CASH AT END OF PERIOD	*11*	**P387,526**	P346,532

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(Amounts in Thousands, Except per Share Data, Number of Shares
and When Otherwise Stated)

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (the "Company") was incorporated as a stock corporation in the Philippines on March 8, 1989 with a corporate life of 50 years, primarily to engage in manufacturing, sales and distribution at wholesale and (to the extent allowed by law) retail of carbonated soft-drinks (CSD), non-carbonated beverages (NCB), food and food products, snacks and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at Km. 29, National Road, Tunasan, Muntinlupa City.

The Company is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since February 1, 2008. Lotte Chilsung Beverage Co., Ltd., with a 38.88% stake in the Company, is the largest shareholder of the Company. Quaker Global Investments B.V. is the other major shareholder with a 25.00% stake. Lotte Chilsung Beverage Co., Ltd. was organized under the laws of South Korea. Quaker Global Investments B.V. was organized under the laws of the Netherlands.

2. Basis of Preparation

Statement of Compliance

These condensed interim financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed interim financial information do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements of the Company as at December 31, 2015.

Basis of Measurement

These condensed interim financial information have been prepared on a historical cost basis, except for the net-defined benefit liability (included as part of "Other noncurrent liabilities" account in the condensed interim statements of financial position) which is measured at the present value of the defined benefit obligation less fair value of plan assets.

Functional and Presentation Currency

These condensed interim financial information are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded-off to the nearest thousands, except per share data and when otherwise indicated.

Use of Judgments and Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and use assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements.

During the three months ended March 31, 2016, management reassessed its estimates in respect of the following:

Estimating Allowance for Impairment Losses on Receivables
As at March 31, 2016 and December 31, 2015, allowance for impairment losses on receivables amounted to P202.3 million and P214.4 million, respectively.

Estimating Net Realizable Value of Inventories
As at March 31, 2016 and December 31, 2015, inventories amounted to P2.360 billion and P1.909 billion, respectively.

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements.

Changes in Accounting Policies
The following amendments to standards are effective for the three months ended March 31, 2016, and have been applied in preparing these condensed interim financial information. The adoption of these amendments to standards did not have any significant impact on the Company's condensed interim financial information:

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to PAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

  The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Company's financial statements.

  - *Offsetting disclosures in condensed interim financial statements (Amendment to PFRS 7).* PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of PAS 34, *Interim Financial Reporting* require their inclusion.

    The amendment to PFRS 7 is applied retrospectively, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

  - *Disclosure of information "elsewhere in the interim financial report' (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross−reference are not made available to users of the interim financial statements on the same terms and at the same time.

The amendment to PAS 34 is applied retrospectively, in accordance with PAS 8.

- *Disclosure Initiative (Amendments to PAS 1, Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

  - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

  - An entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

<u>New Standards and Amendments to Standards Not Yet Adopted</u>
The new standards and amendments to standards discussed below is effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these condensed interim financial information.

To be Adopted on January 1, 2018

- *PFRS 9, Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

  The Company has decided not to early adopt PFRS 9 (2014) for its 2014 financial reporting. Based on management's review, the new standard will potentially have an impact on the classification of its financial assets, but will have no significant impact on the measurement of its outstanding financial assets and financial liabilities.

Pending approval of local adoption of PFRS 15, Revenue from Contracts with Customers

- PFRS 15, *Revenue from Contracts with Customers,* replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue,* IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers,* and SIC-31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

- PFRS 16, *Leases,* supersedes PAS 17, *Leases,* and the following Philippine Interpretations:

  - IFRIC 4, *Determining whether an Arrangement contains a Lease;*

  - SIC-15, *Operating Leases-Incentives;* and

  - SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases.

  New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is not permitted until the FRSC has adopted the new revenue recognition standard, PFRS 15.

4. Seasonality of Operations

The Company's sales are subject to seasonality. Sales are generally higher in the hot, dry months from March through June and lower during the wetter monsoon months of July through October. While these factors lead to a natural seasonality on the Company's sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Higher sales are likewise experienced around the Christmas/New Year holiday period in late December through early January. Consequently, the Company's operating results may fluctuate. In addition, the Company's results may be affected by unforeseen circumstances, such as production interruptions. Due to these fluctuations, comparisons of sales and operating results between periods within a single year, or between different periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of the Company's performance.

5. Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed as follows:

	For The Three Months Ended March 31	
	2016 (Unaudited)	2015
Profit (a)	**P159,260**	P191,989
Issued shares at the beginning of the year/weighted average number of shares outstanding (b)	**3,693,772,279**	3,693,772,279
Basic/Diluted EPS (a/b)	**P0.04**	P0.05

As at March 31, 2016 and 2015, the Company has no dilutive equity instruments.

6. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction in Progress	Total
Gross carrying amount					
December 31, 2015 (Audited)	P14,083,248	P2,883,391	P42,624	P1,806,948	P18,816,211
Additions	475,755	110,490	1,948	206,978	795,171
Disposals	(50,309)	(1,643)	(388)	-	(52,340)
Transfers/reclassifications	492,200	2,642	(45)	(494,797)	-
March 31, 2016 (Unaudited)	**15,000,894**	**2,994,880**	**44,139**	**1,519,129**	**19,559,042**
Accumulated depreciation and amortization					
December 31, 2015 (Audited)	7,910,852	756,183	30,473	-	8,697,508
Depreciation and amortization	266,720	23,118	630	-	290,468
Disposals	(47,992)	(1,643)	(349)	-	(49,984)
Transfers/reclassifications	268	(223)	(45)	-	-
Impairment loss	1,581	-	-	-	1,581
March 31, 2016 (Unaudited)	**8,131,429**	**777,435**	**30,709**	**-**	**8,939,573**
Carrying Amount					
December 31, 2015 (Audited)	P6,172,396	P2,127,208	P12,151	P1,806,948	P10,118,703
March 31, 2016 (Unaudited)	**P6,869,465**	**P2,217,445**	**P13,430**	**P1,519,129**	**P10,619,469**

7. Equity

Share Capital

This account consists of:

	March 31, 2016 (Unaudited)		December 31, 2015 (Audited)	
	Shares	**Amount**	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of period	**3,693,772,279**	**P554,066**	3,693,772,279	P554,066

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company maintains its use of capital structure using a debt-to-equity ratio which is gross debt divided by equity. The Company includes within gross debt all interest-bearing loans and borrowings, while the Company defines equity as total equity shown in the condensed interim statements of financial position.

There were no changes in the Company's approach to capital management during the year. The Company is subject to debt covenants relating to its long-term debt (see Note 11).

The Company's bank debt to equity ratio as at reporting dates is as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
(a) Debt*	**P4,241,987**	P3,791,201
(b) Total equity	**P8,701,869**	P8,542,609
Bank debt to equity ratio (a/b)	**0.49:1**	0.44:1

* Pertains to bank debts

Subsequent Events

The Company's BOD approved the declaration of cash dividends amounting to P243.8 million or P0.066 per share on April 20, 2016 to all stockholders on record as of May 10, 2016 and a payment date of June 3, 2016.

8. Related Party Transactions

Related party relationship exists when one party has ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprises, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

Related party transactions are shown under the appropriate accounts in the condensed interim financial information as at and for the period ended March 31, 2016 and 2015 are as follows:

Category	Nature of Transaction	*Note*		Amount of Transactions for the Period	Outstanding balance of Due from Related Parties	Terms	Conditions
Stockholder*	Purchases	*8a*	**2016**	**P16,011**	**P -**		
			2015	6,947	-		
Associates	Advances	*8b, 8c*	**2016**	**2,008**	**590,846**	**Collectible on demand**	**Unsecured; no impairment**
			2015	1,585	594,078	Collectible on demand	Unsecured; no impairment
	Various	*8b*	**2016**	**8,181**	-		
			2015	7,656	-		
			2016		**P590,846**		
			2015		P594,078		

* Entity with significant influence over the Company

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash.

The Company has significant related party transactions which are summarized as follows:

a. The Company purchased finished goods from Lotte Chilsung Beverage Co. Ltd., a major stockholder. Total purchases for each of the three months ended March 31, 2016 and 2015 amounted to P16.01 million and P6.9 million, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to P7.2 million and P6.7 million for the three months ended March 31, 2016 and 2015, respectively. The Company has advances to Nadeco Realty Corporation (NRC) amounting to P38.0 million, which bear interest at a fixed rate of 10% per annum and which are unsecured and payable on demand. The related interest income amounted to P1.0 million each for the three months ended March 31, 2016 and 2015. The Company also has outstanding net receivables from NRC amounting to P549.0 million and P551.7 million as at March 31, 2016 and December 31, 2015, respectively, which are unsecured and payable on demand. The advances and receivables are included under "Due from related parties" account in the condensed interim statements of financial position.

c. The Company has outstanding working capital advances to Nadeco Holdings Corporation, an associate, amounting to P3.8 million as at March 31, 2016 and December 31, 2015 and which are unsecured, noninterest-bearing and payable on demand. The advances are included under "Due from related parties" account in the condensed interim statements of financial position.

9. Significant Agreements

The Company has exclusive bottling agreement and other transactions which are summarized below:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments B.V, a shareholder, up to year 2017 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V., up to year 2017 (as renewed). Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made thru Pepsi-Cola Far East Trade Development Co., Inc. (PCFET), a company incorporated under Philippines laws. Total net purchases from PCFET amounted to P1.321 billion and P1.084 billion for the three months ended March 31, 2016 and 2015, respectively. The Company's outstanding payable to PCFET (included under "Accounts payable and accrued expenses" account in the condensed interim statements of financial position) amounted to P2.1 million and P322.6 million as at March 31, 2016 and December 31, 2015. Total purchases from Pepsi Lipton amounted to P35.3 million and P39.1 million for each of the three months ended March 31, 2016 and 2015, respectively. The Company's outstanding payable to Pepsi Lipton (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P16.0 million and P25.8 million as at March 31, 2016 and December 31, 2015, respectively.

b. The Company has cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton thru PCFET that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. In certain instances, the Company pays for the said expenses and claims reimbursements from PepsiCo thru PCFET. The Company incurred marketing expenses amounting to P214 million and P227 million for the three months ended March 31, 2016 and 2015, respectively. The Company's outstanding receivable from PCFET included under "Receivables" account in the condensed interim statements of financial position, which are unsecured and are payable on demand, amounted to P176.6 million and P158.5 million as at March 31, 2016 and December 31, 2015, respectively.

c. On April 11, 2007, the Company entered into a Performance Agreement with PepsiCo to meet certain marketing and investment levels from 2007 to 2017, as required by the bottling agreement with PepsiCo. The agreement requires the Company to: (1) spend a specified percentage with a minimum amount for the beverage products; (2) make certain investments based on a minimum percentage of the Company's sales to expand the Company's manufacturing capacity; (3) invest in a minimum number of coolers per year to support distribution expansion; and (4) expand the Company's distribution capabilities in terms of the number of active routes, the number of new routes and the number of trucks used for distribution support.

d. On December 20, 2014, the Company has Exclusive Snacks Franchising Appointment with The Concentrate Manufacturing Company of Ireland ("CMGI"), a Company incorporated in Ireland. Under the agreement, the Company is authorized to manufacture, process, package, distribute and sell the products within the territory in accordance with the agreement. In addition, CGMI shall supply the Company with the main raw materials in the production of these snacks products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, CGMI has the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of manufacturing products for 30 consecutive days, among others.

e. On December 20, 2014, the Company entered into a Business Development Agreement with CGMI to meet certain sales volume objectives through: (1) growing distribution through active sales and distribution system, (2) ensuring pack price competitive presence, and (3) growing salty share and volume. The agreement sets forth the agreed advertising and marketing activities and participation and purchase of seasoning during the years covered by the agreements. The Company incurred marketing expenses amounting to P12 million for the three months ended March 31, 2016. Total net purchases from CGMI amounted to P43.6 million for the three months ended March 31, 2016. The Company's outstanding payable to CGMI (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P67.3 million and P6.6 million as at March 31, 2016 and December 31, 2015, respectively.

10. Segment Information

As discussed in Note 1 to the financial statements, the Company is engaged in the manufacture, sales and distribution of CSD, NCB and Snacks. The Company's main products under its CSD category include brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, and Mug. The NCB brand category includes Gatorade, Tropicana/Twister, Lipton, Sting energy drink, Propel fitness water, Milkis and Let's be coffee, while Snacks category includes Cheetos and Lays. The Company operates under three (3) reportable operating segments, the CSD, NCB and Snacks categories. These categories are managed separately because they require different technology and marketing strategy. Analysis of financial information by operating segment is as follows (in millions):

	For the Three Months Ended March 31, 2016			
(Amounts in millions)	**CSD**	**NCB**	**Snacks**	**Total**
Net sales				
External sales	**P6,027**	**P2,144**	**P27**	**P8,198**
Sales returns and discounts	**(912)**	**(282)**	**(3)**	**(1,197)**
Net sales	**P5,115**	**P1,862**	**P24**	**P7,001**
Result				
Segment result*	**P1,158**	**P422**	**(P15)**	**P1,565**
Other income - net				**13**
Equity in net earnings of associates				**6**
Interest income				**1**
Unallocated expenses				**(1,334)**
Income tax expense				**(66)**
Interest and financing expenses				**(26)**
Profit				**P159**
Other information**				
Segment assets				**P21,147**
Investment in associates				**576**
Deferred tax assets - net				**101**
Other noncurrent assets				**295**
Combined total assets				**P22,119**
Segment liabilities				**P8,140**
Loans payable				**4,242**
Income tax payable				**157**
Deferred tax liabilities - net				**878**
Combined total liabilities				**P13,417**
Capital expenditures				**P1,539**
Depreciation and amortization of bottles and cases and property, plant and equipment				**615**
Noncash items other than depreciation and amortization				**14**

(Amounts in millions)	For the Three Months Ended March 31, 2015 CSD	NCB	Snacks	Total
Net sales				
External sales	P5,396	P1,920	P -	P7,316
Sales returns and discounts	(805)	(251)	-	(1,056)
Net sales	P4,591	P1,669	P -	P6,260
Result				
Segment result*	P1,157	P421	P -	P1,578
Other income - net				12
Equity in net earnings of associates				6
Interest income				1
Unallocated expenses				(1,283)
Income tax expense				(85)
Interest and financing expenses				(37)
Profit				P192
Other information**				
Segment assets				P17,927
Investment in associates				554
Deferred tax assets - net				101
Other noncurrent assets				188
Combined total assets				P18,770
Segment liabilities				P5,885
Loans payable				3,639
Income tax payable				131
Deferred tax liabilities - net				947
Combined total liabilities				P10,602
Capital expenditures				P977
Depreciation and amortization of bottles and cases and property, plant and equipment				531
Noncash items other than depreciation and amortization				11

* Segment result is the difference between net sales and segment expenses. Segment expenses are allocated based on the percentage of each reportable segment's net sales over the total net sales.
** Segment assets and liabilities relate to balances as at March 31, 2016 and 2015

There were no intersegment sales recognized between the two reportable segments.

The Company uses its assets and incurs liabilities to produce both carbonated soft drinks and non-carbonated beverages; hence, the assets and liabilities are not directly attributable to a segment and cannot be allocated into each segment on a reasonable basis.

Major Customer
The Company does not have any single external customer from which sales revenue generated amounted to 10% or more of the net sales.

11. Financial Instruments and Financial Risk Management

Financial Instruments

The Company's financial instruments are measured as described below:

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as available for sale financial assets or at fair value through profit or loss (FVPL) financial assets. Loans and receivables are carried at amortized cost, less impairment in value. Amortization is determined using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through amortization process.

Cash includes cash on hands and in banks, which is stated at face value.

The Company's cash, receivables and due from related parties are included in this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

All loans and borrowing are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the effective interest method and the unamortized portion of debt issuance costs are offset against the related carrying amount of the loan in the condensed interim statements of financial position. Such amortization is booked as part of "Net Finance and Other Income (Expense) - net" account in the condensed interim statements of profit or loss and other comprehensive income.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest.

When loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Included in this category are the Company's short-term and long-term debt and accounts payable and accrued expenses that meet the above definition (other than liabilities covered by other PFRS, such as income tax payable and accrued retirement cost).

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Company has an enforceable legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the statements of financial position.

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures.

Risk Management Framework

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's BOD has established the Executive Committee (EXCOM), which is responsible for developing and monitoring the Company's risk management policies. The EXCOM identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has an Audit Committee, which performs oversight over financial management and internal control, specifically in the areas of managing credit, liquidity, market and other risks of the Company. The Company's Audit Committee is assisted in the oversight role by the Internal Audit (IA). The Company's IA undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

There were no changes in the Company's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks, receivables and due from related parties.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash in banks	**P184,140**	P246,541
Receivables - net	**1,573,232**	1,714,222
Due from related parties	**590,846**	594,078
Total credit exposure	**P2,348,218**	P2,554,841

The credit limit and status of each customer's account are first checked before processing a credit transaction. Customers that fail to meet the Company's conditions in the credit checking process may transact with the Company only on cash basis.

Most of the Company's customers have been transacting with the Company for several years, and losses have occurred from time to time. Customer credit risks are monitored through annual credit reviews conducted on a per plant basis. Results of credit reviews are grouped and summarized according to credit characteristics, such as geographic location, aging profile and credit violations. Historically, credit violations have been attributable to bounced checks, and denied, fictitious or absconded credit accounts.

It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Plant Credit Committees have established a credit policy under which each new customer is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Company's review includes the requirements of updated credit application documents, credit verifications through confirmation that there are no credit violations and that the account is not included in the negative list, and analyses of financial performance to ensure credit capacity. Credit limits are established for each customer, which serve as the maximum open amount at which they are allowed to purchase on credit, provided that credit terms and conditions are observed.

Collateral securities are required for credit limit applications that exceed certain thresholds. The Company has policies for acceptable collateral securities that may be presented upon submission of credit applications.

As at March 31, 2016 and December 31, 2015, the aging analysis per class of financial assets that were past due but not impaired is as follows:

March 31, 2016

	Neither past due nor impaired	**Past due**			**Impaired**	**Total**
		1 to 30 days	**31 to 60 days**	**More than 60 days**		
Cash in banks	**P184,140**	**P -**	**P -**	**P -**	**P -**	**P184,140**
Receivables:						
Trade	**878,197**	**293,308**	**48,019**	**17,550**	**146,684**	**1,383,758**
Others	**176,799**	**16,459**	**15,177**	**127,723**	**55,640**	**391,798**
Due from related parties	**590,846**	**-**	**-**	**-**	**-**	**590,846**
	1,829,982	**309,767**	**63,196**	**145,273**	**202,324**	**2,550,542**
Less allowance for impairment losses	**-**	**-**	**-**	**-**	**202,324**	**202,324**
	P1,829,982	**P309,767**	**P63,196**	**P145,273**	**P -**	**P2,348,218**

December 31, 2015

	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
Cash in banks	P246,541	P -	P -	P -	P -	P246,541
Receivables:						
Trade	916,641	381,467	88,375	8,788	156,507	1,551,778
Others	46,280	14,679	131,965	126,027	57,901	376,852
Due from related parties	594,078	-	-	-	-	594,078
	1,803,540	396,146	220,340	134,815	214,408	2,769,249
Less allowance for impairment losses	-	-	-	-	214,408	214,408
	P1,803,540	P396,146	P220,340	P134,815	P -	P2,554,841

As at March 31, 2016 and December 31, 2015, there was an impairment loss of P202.3 million and P214.4 million, respectively, relating to trade and other receivables.

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk. In addition, the Company believes that the amounts of financial assets that are neither past due nor impaired are collectible, based on historic payment behavior and extensive analysis of counterparties credit risk. The credit qualities of financial assets that were neither past due nor impaired are determined as follows:

- Cash in banks are based on the credit standing or rating of the counterparty.

- Total receivables and due from related parties are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

High grade cash in banks are deposited in local banks that are considered as top tier banks in the Philippines in terms of resources and profitability. Receivables and due from related parties are considered to be of high grade quality financial assets, where the counter parties have a very remote likelihood of default and have consistently exhibited good paying habits. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard grade quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and debt service payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

In addition, the Company has the following credit facilities:

- The total commitment as at March 31, 2016 and December 31, 2015 under the line of credit is P10.165 and P10.169 billion of which the Company had drawn P4.857 billion and P4.463 billion, respectively, under letters of credit short-term loans and long term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates except for the long term loan which have a fixed interest rate; and

- P1.045 billion domestic bills purchased line, which are available as at March 31, 2016 and December 31, 2015.

In 2013 and 2014, the Company entered into loan agreements with various banks to partially finance the Company's capital expenditure for its carbonated and non-carbonated beverage business. The loan agreement also provides certain covenants, the more significant of which are as follows:

- Maintain a current ratio of 0.40:1
- Maintain a debt to equity ratio of not greater than 2:1
- Maintain a debt service coverage ratio of 1:1
- The Company shall not declare or pay any cash dividends or redeem or repurchase any outstanding share or make any capital or asset distribution to its stockholders without prior written consent of the lender.

As at March 31, 2016 and December 31, 2015, the Company is in compliance with the debt covenants in the loan agreements.

The table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted amounts:

	As at March 31, 2016 (Unaudited)			
	Carrying Amount	**Contractual Cash Flow**	**One year or less**	**More than one year**
Financial liabilities:				
Short-term debt	**P1,450,000**	**P1,456,340**	**P1,456,340**	**P -**
Accounts payable and accrued expenses*	**7,124,708**	**7,124,708**	**-**	**-**
Long-term debt	**2,791,987**	**3,086,156**	**706,644**	**2,379,512**
Other noncurrent liabilities*	**28,137**	**29,275**	**-**	**29,275**
	P11,394,832	**P11,696,479**	**P2,162,984**	**P2,408,787**

* Excluding statutory payables, accrual for operating leases and defined benefit liability.

	As at December 31, 2015			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P900,000	P904,140	P904,140	P -
Accounts payable and accrued expenses *	6,568,528	6,568,528	6,568,528	-
Long-term debt	2,891,201	3,216,213	512,322	2,703,891
Other noncurrent liabilities*	27,785	29,487	-	29,487
	P10,387,514	P10,718,368	P7,984,990	P2,733,378

* Excluding statutory payables, accrual for operating leases and defined benefit liability.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Financial Assets Used for Managing Liquidity Risk
The Company considers expected cash flows from financials assets in assessing and managing liquidity risk. To manage its liquidity risk, the Company forecasts cash flows from operations for the next six months which will result in additional available cash resources and enable the Company to meet its expected cash flows requirements.

Market Risk
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates.

Exposure to Commodity Prices
The risk from commodity price changes relates to the Company's ability to recover higher product costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine beverage market and the willingness of consumers to purchase the same volume of beverages at higher prices. The Company is exposed to changes in Philippine sugar prices.

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P4.818 billion and P7.179 billion as at March 31, 2016 and December 31, 2015, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk
The Company's exposure to interest rates pertains to its cash in banks, short-term, long-term debt and finance lease obligation. These financial instruments bear fixed interest rates and accordingly, the Company is not significantly exposed to interest rate risk.

Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States (U.S.) dollar. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at March 31, 2016 and December 31, 2015.

Offsetting
The following table sets out the carrying amounts of due from related parties that are presented net of due to related parties in the condensed interim statements of financial position as at March 31, 2016 and December 31, 2015 is as follows:

March 31, 2016	**Gross Amount**	**Amount Offset**	**Net Amount**
Due from related parties	**P752,927**	**(P162,081)**	**P590,846**

December 31, 2015	Gross Amount	Amount Offset	Net Amount
Due from related parties	P750,919	(P156,841)	P594,078

Fair Values
The fair values of the financial assets and liabilities approximate their carrying amounts due to the short-term nature of these financial instruments and interest rates that they carry approximate interest rates for comparable instruments in the market.

The fair value of finance lease liability is estimated at the present value of all future cash flows discounted using the market rate at the reporting date. The discount rate used in the present value of the minimum lease payment is the interest rate implicit in the lease. The reduction on the finance lease liability is recognized using the effective interest method. The fair value of long-term debt is estimated at the present value of all future cash flows discounted using the market rate at the reporting date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

The Company delivered remarkable gains in the first quarter, as it posted a double digit increase in sales volume, driven by growth across major categories and geographies.

Gross sales revenue increased by 12% vs. same period last year, reaching P8.2 billion for the quarter. Revenue growth is driven by the volume growth and strong focus on revenue management despite lapping of pricing rollback from last year.

Cost of Goods Sold increased by 16% for the quarter, primarily driven by sharp increase in sugar cost versus year ago. As a result, company achieved a gross profit of P1.6 billion for the quarter, which is 80 basis points lower than same period last year.

Positive leverage on operating expenses as the increase of 4% was much lower than the revenue growth of 12%. Operating expenses expressed as a % of net sales were 144 basis points better than year ago driven by the Company's prudent cost management initiatives.

Net income decreased by 17% vs. year ago due to high sugar prices and cost related to Snacks start-up.

The Company spent significant investments in manufacturing and distribution assets amounting to P1.5Bn to sustain a strong topline performance.

The Company plans to continue the growth momentum through distribution expansion, manufacturing infrastructure and capacity development, and product innovations. The Company also plans to capitalize on strong category opportunity.

Financial Condition

The Company's financial condition remained solid. Cash flows from operating activities were used to fund capital expenditures needs and payoff a portion of the Company's bank debt. Consequently, our bank debt is increased by P451 million in comparison with December 31, 2015 balance.

Causes for Material Changes (+/-5% or more)

1. Increase in total current assets by 7% due to increases in inventories by P451 million and prepaid expenses and other current assets by P135 million and a decreases in cash and cash equivalent by P77 million, receivable – net by P141 million, and due from related parties by P3 million.

2. Increase in total noncurrent assets by 6% due to increase in investment in associates by P6 million, net bottles and cases by P428 million, property, plant and equipment by P501 million, and other noncurrent assets by P12 million.

3. Increase in total current liabilities by 15% due to increase in accounts payable and accrued expenses by P649 million, short-term debt by P550 million, current portion of long term debt by P50 million, income tax payable by P24 million.

Known Trends, Demands, or Uncertainties That May Affect Liquidity

The Company is not aware of any trend that may affect its liquidity. Refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Company's liquidity risk and financial risk management.

Events That May Trigger Direct or Contingent Obligations

The Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Off-Balance Sheet Transactions

To the Company's knowledge, there are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and cases amounting to P1.54 billion and P0.98 billion for the three months ended March 31, 2016 and 2015, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties That May Impact Results of Operations

The Company's performance will continue to hinge on the overall performance of the Philippine economy, the natural seasonality of operations, and the competitive environment of the beverage market in the Philippines. Refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Company's Financial Risk Management.

Significant Elements of Income or Loss that did not Arise from Continuing Operations

There were no significant elements of income or loss that did not arise from continuing operations.

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

Please refer to Note 4 to the Condensed Interim Financial Statements for a discussion of the seasonality of the Company's operations.

Key Performance Indicators

The following are the Company's key performance indicators. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year.

		March 31, 2016	**December 31, 2015**
Current ratio	Current assets over current liabilities	0.5 : 1	0.6 : 1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	0.1 : 1	0.2 : 1
Bank debt-to-equity ratio	Bank debt over total equity	0.49 : 1	0.44 : 1
Asset-to-equity ratio	Total assets over equity	2.5 : 1	2.4 : 1

		For the three months ended March 31	
		2016	**2015**
Gross sales		P8.3 billion	P7.3 billion
Gross profit margin	Gross profit over net sales	22.4%	25.2%
Operating margin	Operating income over net sales	3.3%	4.7%
Net profit margin	Net profit over net sales	2.3%	3.1%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	9.6:1	8.5:1

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.

Issuer: **Pepsi-Cola Products Philippines, Inc.**

By:

Imran Moid
Senior Vice-President and
Chief Financial Officer

Date: May 02, 2016