PEPSI-COLA PRODUCTS PHILIPPINES, INC.
Km. 29 National Road, Tunasan, Muntinlupa City 1773 Philippines • Tel. No. : (632) 850-7901

11 March 2008

Securities and Exchange Commission
Attention: Corporation and Finance Department
SEC Building, EDSA
Mandaluyong City

Philippine Stock Exchange
Attention: Atty. Pete M. Malabanan
Head, Disclosure Department
4th Floor PSE Center, Exchange Road
Ortigas Center, Pasig City

Subject: PCPPI Unaudited Results for the 1st Sem of Fiscal Year 2008 and for the Quarter Ending December 2007

Gentlemen:

PCPPI unaudited gross revenue for the 1st half of Fiscal Year 2008 (S1) amounted to ₱7.6 billion, approximately 11% increase over corresponding period in the previous year. For the quarter ended December 2008 (Q2), it amounted to ₱3.8 billion, approximately 5% growth over previous year.

For the 1st Sem Fiscal Year 2008

For the six (6) months ended Dec 2007, the revenue growths were driven by growth in Carbonated Softdrink (CSD) revenues of 7%; and Non-Carbonated Beverage (NCB) revenues of 35%. CSD revenue growth drivers were volume (+5%) and pricing mix (+2%). NCB revenue growth was driven by a 39% growth in volumes. Gross profit rate at 32.1% of sales is an improvement by 2 percentage points over corresponding period previous year. Operating expenses increased 27% for the half year. This was on account of a special one time marketing investment made during the period October-December 2007, the benefits for which are likely to be felt at a future period. Despite this special one time increase in marketing spend, net income for the Company showed a modest improvement of approximately 2% over the corresponding period in the previous year.

For the Quarter ending December 2007

Revenue growth was driven by growth in NCB revenues (+34%) while CSD revenue remained broadly flat. The NCB revenue growth was driven primarily by volume increase. Gross profit rate for the quarter was 32.6% which is an improvement of 1.8 percentage points over corresponding period in the previous year. Operating expenses grew 28% for the quarter on account of increased marketing spend as mentioned above;

leading to a decline in net income for the quarter of 21% as compared to corresponding period in the previous year.

The net debt as on 31st December was approximately ₱700 million; as compared to the cash positive position that the Company enjoyed as on 30th June 2007. This was because the Company had actioned a couple of projects in anticipation of receipts of proceeds from the IPO exercise which the Company had undertaken in February this year.

Cash from operations for the six (6) months period was ₱675 million (48% higher than the corresponding period last year); while capital expenditure for the six (6) months was ₱1.25 billion which led to the increased debt position at yearend.

Attached is the Company's Form 17Q which contains the unaudited financial statements and management's discussion and analysis for the same.

The above disclosure is being submitted in compliance with the disclosure rules of the Securities and Exchange Commission and the Philippine Stock Exchange.

Very truly yours,

Partha Chakrabarti
Chief Financial Officer

COVER SHEET

1 6 0 9 6 8

S.E.C. Registration Number

P E P S I - C O L A P R O D U C T S

P H I L I P P I N E S , I N C .

(Company's Full Name)

K m . 2 9 , N a t I o n a l R o a d

T u n a s a n , M u N t i n l u p a C i t y

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

Gualberto D. Dico

Contact Person

807-9905

Company Telephone Number

1 2 — *Month*

3 1 — *Day*

1 7 - Q

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

CFD

Dept. Requiring this Doc.

Amended Articles 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

STAMPS

Remarks = pls. use black ink for scanning purposes.

Appendix I - A

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 December 31, 2007

2. Commission identification number 160908

3. BIR Tax Identification No 000-168-541-000

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

   Manila, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   Km. 29, National Road, Tunasan, Muntinlupa City

8. Issuer's telephone number, including area code (632) 8079905

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 stock	3,312,989,386

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [ ] No [X] (As of December 31, 2007)

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

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 [ ] No [ ] Not applicable

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [ ] No [ ] Not applicable

PART I--FINANCIAL INFORMATION

Item 1. Financial statements

Attached hereto are the following:

Condensed Interim Balance Sheets	Appendix I – A
Condensed Interim Statements of Income	Appendix I – B
Condensed Interim Statements of Changes in Equity	Appendix I – C
Condensed Interim Statements of Cash Flows	Appendix I – D
Condensed Notes to the Interim Financial Statements	Appendix I – E
Aging of Accounts Receivable	Appendix I – F

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C" is attached as Appendix II.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

NONE.

Appendix I - A

SIGNATURE

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:

P. Chakrabarti

PARTHA CHAKRABARTI
Chief Financial Offer

MARCH 11TH, 2008
Date

Appendix I - A

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
CONDENSED INTERIM BALANCE SHEETS
(Amounts in Thousands)

	Note	December 31 2007 (Unaudited)	June 30 2007 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents		**P310,674**	P632,272
Receivables - net	3	**958,319**	828,277
Inventories	3	**597,254**	600,899
Due from a related party	11	**136,032**	133,286
Prepaid expenses and other current assets		**160,892**	61,045
Total Current Assets		**2,163,171**	2,255,779
Noncurrent Assets			
Investments in associates		**505,474**	505,474
Bottles and cases - net	6	**1,803,497**	1,687,581
Property, plant and equipment - net	7	**2,809,391**	2,158,107
Deferred income tax - net		-	40,444
Other assets - net	3	**147,710**	137,963
Total Noncurrent Assets		**5,266,072**	4,529,569
		P7,429,243	P6,785,348
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	8	**P901,647**	P48,600
Accounts payable and accrued expenses		**2,357,228**	2,201,248
Income tax payable	10	-	271,130
Due to a related party	11	**53,876**	53,453
Current portion of long-term debt	9	**83,333**	241,666
Dividends payable		-	400,000
Total Current Liabilities		**3,396,084**	3,216,097
Noncurrent Liabilities			
Long-term debt - net of current portion	9	-	41,667
Accrued retirement cost - net of current portion		**240,314**	203,909
Deferred income tax – net	10	**189,896**	-
Total Noncurrent Liabilities		**430,210**	245,576
Total Liabilities		**3,826,294**	3,461,673

Forward

	Note	December 31 2007 (Unaudited)	June 30 2007 (Audited)
Equity			
Capital stock		**P496,948**	P496,948
Additional paid-in capital		**59,473**	59,473
Effect of dilution of ownership		**(1,018)**	(1,018)
Retained earnings		**3,047,546**	2,768,272
Total Equity		**3,602,949**	3,323,675
		P7,429,243	P6,785,348

See Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to the Condensed Interim Financial Statements

PEPSI-COLA PRODUCTS PHILIPPINES, INC.
CONDENSED INTERIM STATEMENTS OF INCOME
(Unaudited)
(Amounts in Thousands, Except Earnings Per Share)

	Note	For The Six Months Ended December 31 2007	2006	For The Three Months Ended December 31 2007	2006
NET SALES		**P6,430,886**	P5,847,108	**P3,232,036**	P3,094,108
COST OF GOODS SOLD	*3*	**4,363,360**	4,089,191	**2,179,408**	2,140,114
GROSS PROFIT		**2,067,526**	1,757,917	**1,052,628**	953,994
OPERATING EXPENSES					
Selling and distribution	*3, 7*	**879,837**	778,063	**433,156**	403,500
General and administrative	*3*	**389,078**	370,347	**195,287**	231,577
Marketing expenses		**408,814**	171,400	**232,225**	36,903
		1,677,729	1,319,810	**860,668**	671,980
INCOME FROM OPERATIONS		**389,797**	438,107	**191,960**	282,014
NET FINANCE AND OTHER EXPENSE		**(11,559)**	(13,511)	**(15,185)**	(6,701)
INCOME BEFORE INCOME TAX		**378,238**	424,596	**176,775**	275,313
INCOME TAX EXPENSE	*10*	**98,964**	150,039	**33,312**	93,948
NET INCOME		**P279,274**	P274,557	**P143,463**	P181,365
Basic Earnings Per Share	*5*	**P0.08**	P0.08	**P0.04**	P0.05

See Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to the Condensed Interim Financial Statements

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

		For The Six Months Ended December 31	
	Note	**2007**	2006
CAPITAL STOCK		**P496,948**	P496,948
ADDITIONAL PAID-IN CAPITAL		**59,473**	59,473
EFFECT OF DILUTION OF OWNERSHIP		**(1,018)**	-
RETAINED EARNINGS			
Balance at beginning of period		**2,768,272**	1,899,249
Net income for the period		**279,274**	274,557
Balance at end of period		**3,047,546**	2,173,806
		P3,602,949	P2,730,227

See Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to the Condensed Interim Financial Statements

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

		For The Six Months Ended December 31	
	Note	**2007**	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P378,238**	P424,596
Adjustments for:			
Depreciation and amortization		**458,041**	395,233
Provisions for probable losses in values of bottles and cases, machinery and equipment, idle assets, impairment losses, inventory obsolescence and others – net	*3, 7*	**54,289**	69,810
Interest expense		**18,940**	27,618
Interest income		**(5,488)**	(7,758)
Gain on sale of property and equipment		**(1,323)**	(2,043)
Operating income before working capital changes		**902,697**	907,456
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**(148,210)**	(126,716)
Inventories		**(17,343)**	15,470
Prepaid expenses and other current assets		**(99,847)**	(12,480)
Due from a related party – net	*11*	**(2,323)**	(3,847)
Increase (decrease) in accounts payable and accrued expenses		**193,017**	(147,664)
Cash generated from operations		**827,991**	632,219
Interest received		**5,825**	7,709
Interest paid		**(19,572)**	(26,309)
Income taxes paid		**(139,754)**	(157,600)
Net cash provided by operating activities		**674,490**	456,019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property and equipment		**2,900**	3,215
Net additions to:			
Property, plant and equipment	*7*	**(924,023)**	(427,806)
Bottles and cases	*6*	**(318,265)**	(257,911)
Increase in other assets		**(9,747)**	(32,815)
Net cash used in investing activities		**(1,249,135)**	(715,317)

Forward

	Note	2007	2006
		For The Six Months Ended December 31	
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from (repayments of):			
Notes payable	*8*	**P853,047**	P250,000
Long-term debt	*9*	**(200,000)**	(25,000)
Cash dividends paid		**(400,000)**	-
Net cash provided by financing activities		**253,047**	225,000
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(321,598)**	(34,298)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**632,272**	477,827
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P310,674**	P443,529

See Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to the Condensed Interim Financial Statements

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares and Par Value per Share and When Otherwise Stated)

1. Reporting Entity

Pepsi-Cola Products Philippines, Inc. (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 (CSD) and non-carbonated beverages (NCB) to retail, wholesale, restaurants and bar trades. The Company's registered office and principal place of business is at Km. 29, National Road, Tunasan, Muntinlupa City.

The condensed interim financial statements of the Company as of and for the six months ended December 31, 2007 were authorized for issue by the Company's Chief Financial Officer, as designated by the Audit Committee of the Board on 06 March 2008.

2. Basis of Preparation

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed interim financial statements do not include all of the information required for a complete set financial statements, and should be read in conjunction with the annual financial statements of the Company as of and for the year ended June 30, 2007 and the audited interim financial statements of the Company as of and for the period ended September 30, 2007 and 2006.

Use of Judgments and Estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts reported in the condensed interim financial statements. 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 applied to the annual financial statements as of and for the year ended June 30, 2007.

During the six months ended December 31, 2007, management reassessed its estimates in respect of the following:

Estimated Allowance for Impairment Losses on Receivables

For the six months ended December 31, 2007, additional allowance for impairment losses on receivables amounting to P18 million was provided by management. The carrying value of trade receivables amounted to P958 million and P828 million as of December 31, 2007 and June 30, 2007, respectively.

Estimated Net Realizable of Inventories
During the six months ended December 31, 2007, inventories amounting to P17 million were written off attributable to spoiled products and materials. Inventories were written down by P21 million during the six months ended December 31, 2007 for identified expired raw materials. The carrying value of inventories amounted to P597 million and P601 million as of December 31, 2007 and June 30, 2007, respectively.

Estimated Allowance for Impairment Losses on Other Financial and Non-Financial Assets
There was an impairment loss on idle assets (included under "Other Assets" account in the condensed interim balance sheets) amounting to P0.4 million for the six months ended December 31, 2007.

3. Significant Accounting Policies

The following explains the significant accounting policies which have been adopted in the preparation of the condensed interim financial statements:

Except for the adoption of an interpretation, a new standard and an amendment to a standard as described below, the accounting policies applied by the Company in these condensed interim financial statements are the same as those applied for the Company's annual financial statements as of and for the year ended June 30, 2007:

- Philippine Interpretation - International Financial Reporting Interpretations Committee (IFRIC) 10, *Interim Financial Reporting and Impairment.* This became effective for financial years beginning on or after November 1, 2006. This interpretation prohibits the reversal of impairment losses on goodwill and available-for-sale investments recognized in interim financial reports even if the impairment is no longer present at the balance sheet date. The adoption of this interpretation had no significant impact on the condensed interim financial statements.

- PFRS 7, *Financial Instruments: Disclosures.* This became effective for financial years beginning on or after January 1, 2007. PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of quantitative and qualitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It replaces Philippine Accounting Standard (PAS) 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions,* and the disclosure requirements of PAS 32, *Financial Instruments: Disclosures and Presentation.* Additional disclosures were included in the audited interim financial statements as of and for the period ended September 30, 2007 and 2006 as a result of the adoption of this standard. The Company's financial risk management objectives and policies are consistent with that disclosed in the audited interim financial statements as of and for the period ended September 30, 2007 and 2006. There were no material changes to the Company's exposure to risks arising from financial instruments for the three months ended December 31, 2007.

- Amendment to PAS 1, *Presentation of Financial Statements - Capital Disclosures.* This will be effective for financial years beginning on or after January 1, 2007. This introduces disclosures about the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. Additional disclosures as a result of the adoption of this amended were included in the audited interim financial statements as of and for the year ended September 30, 2007 and 2006. There were no changes to the Company's capital management objectives, policies and processes during the three months ended December 31, 2007.

New and Revised Standards, Amendments to Standard and Interpretations Not Yet Adopted

The following are the new and revised standards, amendments to standard and interpretations which are not yet effective and have not been applied in preparing these interim financial statements:

- PFRS 8, *Operating Segments.* This will be effective for financial years beginning on or after January 1, 2009 and will replace PAS 14, *Segment Reporting.* This PFRS adopts a management approach to reporting segment information. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. It is required for adoption only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the SEC for the purposes of issuing any class of instruments in a public market. The Company will assess the impact of this standard to its current manner of reporting segment information when it adopts the standard on July 1, 2009.

- Philippine Interpretation - IFRIC 11, *IFRS 2 - Group and Treasury Share Transactions.* This interpretation will be effective for financial years beginning on or after January 1, 2008. This describes how to apply PFRS 2, *Share-based Payment,* to share-based payment arrangements involving an entity's own equity instruments and share-based payment arrangements of subsidiaries involving equity instruments of its parent company. This interpretation is not expected to have significant impact on the interim financial statements.

- Philippine Interpretation - IFRIC 13 *Customer Loyalty Programmes.* This interpretation will be effective for financial years beginning on or after January 1, 2009. This addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs for their customers. It relates to customer loyalty programs under which the customer can redeem credits for awards such as free or discounted goods or services. The Company will assess the impact of this interpretation upon its adoption on July 1, 2009.

- IFRIC 14 *PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* This interpretation will be effective for financial years beginning on or after January 1, 2008. This interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. The Company will assess the impact of this interpretation upon its adoption on July 1, 2008.

- Revised PFRS 3 (2008), *Business Combinations.* Revised PFRS 3 will be effective for financial years beginning on or after July 1, 2009. This revised standard includes in its scope business combinations involving only mutual entities, and those in which separate entities or businesses are brought together to form a reporting entity by contract alone. All business combinations are accounted for by applying the acquisition method (referred to previously as the purchase method). This revised standard is not expected to have significant impact on the interim financial statements.

- Amendments to PAS 27, *Consolidated and Separate Financial Statements.* These amendments will be effective for financial years beginning on or after July 1, 2009. These relate mainly to changes in the accounting for non-controlling interest and the loss of control of a subsidiary. These amendments to the standard are not expected to have significant impact on the interim financial statements.

- Revised PAS 1, *Presentation of Financial Statements.* The revised standard will be effective for financial years beginning on or after January 1, 2009. The revised standard introduces "total comprehensive income" (i.e., changes in equity during a period, other than those changes resulting form transactions with owners in their capacity as owners), which is presented either in: (a) one statement (i.e., a statement of comprehensive income); or (b) two statements (i.e., an income statement and a statement beginning with profit or loss and displaying components of other comprehensive income). Certain requirements are also required by revised PAS 1 that are not required by the original standard. The requirements of Revised PAS 1 will be included in the Company's interim financial statements upon its adoption on July 1, 2009.

4. Seasonality of Operations

The Company's sales is 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 round the Christmas/New Year holiday period in late December through early January. Consequently, the Company's operating results may fluctuate. In addition, the seasonality of 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 Earnings Per Share (EPS)

Basic EPS is computed as follows:

	For the Six Months Ended December 31		For The Three Months Ended December 31	
	2007	2006	**2007**	2006
		(Unaudited)		
Net income (a)	**P279,274**	P274,557	**P143,463**	PP181,365
Number of shares outstanding (b)	**3,312,389,386**	3,312,389,386	**3,312,389,386**	3,312,389,386
Basic EPS (a/b)	**P0.08**	P0.08	**P0.04**	P0.05

As of December 31, 2007 and 2006, the Company has no dilutive debt or equity instruments.

6. Bottles and Cases

	December 31 2007 (Unaudited)	June 30 2007 (Audited)
Deposit values of returnable bottles and cases on hand - net of allowance for probable losses of P7,236 as of December 31, 2007	**P300,795**	P312,097
Excess of cost over deposit values of returnable bottles and cases - net of accumulated amortization of P2,478,536 as of December 31, 2007 and P2,291,810 as of June 30, 2007	**1,379,353**	1,341,914
	1,680,148	1,654,011
Bottles in transit	**123,349**	33,570
	P1,803,497	P1,687,581

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

	Amount
Gross carrying amount:	
Balance at June 30, 2007/July 1, 2007 (Audited)	P3,633,724
Additions	224,165
Balance at December 31, 2007 (Unaudited)	**3,857,889**
Accumulated amortization:	
Balance at June 30, 2007/July 1, 2007 (Audited)	2,291,810
Amortization for the period	186,879
Other movements	(153)
Balance at December 31, 2007 (Unaudited)	**2,478,536**
Carrying amount:	
Balance at June 30, 2007 (Audited)	P1,341,914
Balance at December 31, 2007 (Unaudited)	**P1,379,353**

7. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Construction in Progress	Furniture and Fixtures	Total
Measurement basis	*Cost*	*Cost*	*Cost*	*Cost*	
Gross carrying amount:					
June 30, 2007 / July 1, 2007 (Audited)	P4,904,989	P566,897	P455,952	P24,651	P5,952,489
Additions	744,255	74,022	104,543	1,203	924,023
Disposals/write-offs	(27,363)	-	-	-	(27,363)
Transfers	-	-	-	-	-
December 31, 2007 (Unaudited)	**5,621,881**	**640,919**	**560,495**	**25,854**	**6,849,149**

Accumulated depreciation, amortization and impairment losses:					
June 30, 2007 / July 1, 2007 (Audited)	3,393,520	380,588	-	20,274	3,794,382
Depreciation and amortization	254,007	16,810	-	346	271,162
Disposals/write-offs	(25,787)	-	-	-	(25,787)
Transfers					
December 31, 2007 (Unaudited)	**3,621,740**	**397,398**	-	**20,620**	**4,039,758**
Carrying amount:					
June 30, 2007 (Audited)	1,511,469	186,309	455,952	4,377	2,158,107
December 31, 2007 (Unaudited)	**P2,000,141**	**P243,521**	**P560,495**	**P5,234**	**P2,809,391**

A substantial portion of the Company's property, plant and equipment and certain parcels of land owned by NRC are mortgaged and placed in trust under two mortgage trust indentures to secure the Company's outstanding long-term debt and a portion of its notes payable (see Notes 8 and 9).

No impairment loss was recognized for the Company's property, plant and equipment for the six months ended December 31, 2007. For the six months ended December 31, 2006, an impairment loss amounting to P19 million (included under "Selling and Distribution Expenses" in the condensed interim statements of income) was recognized for marketing equipment.

8. Notes Payable

This account represents short-term loans from various local banks which are payable in lump sum on their respective maturity dates. Interest rates on the said loans are repriced monthly based on negotiated rates or prevailing market rates. The short-term loans are secured by mortgage trust indentures on inventories, bottles and cases, and real estate, which include certain restrictions and requirements (see Note 7).

The movements in the Company's notes payable for the six months ended December 31, 2007 are as follows:

	Interest Rate	Maturity Date	Face Value	Carrying Amount
Balance at June 30, 2007/ July 1, 2007 (Audited)		2008		P48,600
Add: New issues				
Metropolitan Bank & Trust Company (Metrobank)	6%	2008	498,425	498,425
Landbank	5.8%	2008	100,000	100,000
Rizal Commercial Banking Corporation	6%	2008	100,000	100,000
China Banking Corporation	6.1%	2008	50,000	50,000
United Coconut Planters Bank	6%	2008	136,000	136,000
				933,025
Less: Repayments				
Metropolitan Bank & Trust Company (Metrobank)	6%			31,378
Balance at December 31, 2007 (Unaudited)				**P901,647**

Interest rates range from 5.8% to 6.1% for the six months ended December 31, 2007 and 8.2% to 8.6% for the six months ended December 31, 2006.

9. Long-term Debt

This account consists of obligations to local banks payable in equal quarterly installments up to October 6, 2008, with interest that are reset on 90 days MART 1 plus a designated spread, and collateralized by the Company's mortgage trust indentures in real estate.

The loan agreements and the mortgage trust indentures securing all the long-term debt from local banks and a portion of the notes payable (see Note 7), include certain restrictions and requirements with respect to, among others, changes in the Company's nature of business and business ownership, declaration of dividends, disposition and hypothecation of assets, material advances to stockholders and officers, entering into mergers and consolidations, incurrence of additional debt and maintenance of certain financial ratios. As of December 31, 2007, the Company is in compliance with these loan covenants.

The movements in the Company's long-term debt for the six months ended December 31, 2007 are as follows:

	Interest Rate	Maturity Date	Face Value	Carrying Amount
Balance at June 30, 2007/ July 1, 2007 (Audited)				P283,333
Less: Repayments				
Metrobank	7.1%	2008		125,000
Banco de Oro	7.6%	2007		75,000
Balance at December 31, 2007 (Unaudited)				**P83,333**

The long-term debt obtained from Metrobank was originally payable in equal quarterly installments up to October 6, 2009. The accelerated payment of P104 million to Metrobank shortened the term to up to October 6, 2008.

Interest rates ranged from 7% to 7.6% for the six months ended December 31, 2007 and 8.3% to 10.1% for the six months ended December 31, 2006.

10. Income Taxes

The components of the income tax expense are as follows:

	For The Six Months Ended December 31	
	2007 (Unaudited)	2006
Current tax expense (benefit) and final taxes on interest income:		
Current period	**P39,860**	P136,185
Prior period	**(171,236)**	-
Deferred income tax expense from origination and reversal of temporary differences	**230,340**	13,854
	P98,964	P150,039

Subsequent to August 10, 2007 (report date of the Company's June 30, 2007 annual financial statements), the Company received rulings from the Bureau of Internal Revenue (BIR) which allowed acceleration of deductions related to bottles and cases and marketing equipment. These reduced its current tax expense and payable by P171 million and increased its deferred tax expense and liability by P160 million. The effect of the ruling was recognized in fiscal year 2008 since this is not considered as an adjusting event of fiscal year 2007.

The Company's current income tax expense for the six months ended December 31, 2007 consists primarily of MCIT. As of December 31, 2007, the Company has excess MCIT over regular corporate income tax (RCIT) (included in "Deferred Income Tax - net" in the condensed interim balance sheets) amounting to P29 million which can be credited against the quarterly or annual income tax liability, whether MCIT or RCIT, for the taxable year ending June 30, 2008.

As of December 31, 2007 and June 30, 2007, the Company has no unrecognized deferred income tax assets.

The reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense shown in the interim statements of income is as follows:

	For The Six Months Ended December 31	
	2007 (Unaudited)	2006
Income before income tax	**P378,238**	P424,596
Expected tax at 35%	**P132,383**	P148,609
Additions to (reductions in) income tax resulting from the tax effects of:		
Nondeductible expenses	**526**	849
Change in tax rate	**(32,270)**	2,603
Interest income subjected to final tax	**(1,251)**	(2,022)
Others	**(424)**	-
	P98,964	P150,039

On October 10, 2007, the BIR issued Revenue Regulations No. 12-2007, which amended the timing of the calculation and payment of MCIT from an annual basis to a quarterly basis, i.e. excess MCIT from a previous quarter during the current taxable year may be applied against subsequent quarterly or current annual income tax due, whether MCIT or RCIT. However, excess MCIT from the previous taxable year/s are not creditable against MCIT due for a subsequent quarter and are only creditable against quarterly and annual RCIT.

11. Related Party Transactions

In the regular course of business, transactions with related parties consisted primarily of the following:

	For The Six Months Ended December 31	
	2007	2006
	(Unaudited)	
Purchases		
PepsiCo, Inc. (PepsiCo)	**P932,308**	P863,432
Pepsi Lipton International Limited	**50,642**	-
Marketing support from PepsiCo	**62,202**	81,034
Lease expense attributable to lease of land from Nadeco Realty Corporation (NRC)	**3,624**	3,197
	P1,048,776	P947,663

The Company also made small working capital advances to NRC.

The outstanding receivables and payables from related parties are as follows:

Related Parties	**December 31 2007 (Audited)**	June 30 2007 (Unaudited)
Due from related parties:		
NRC	**P136,032**	P133,286
PepsiCo (included under "Receivables" account)	**77,541**	11,669
	P213,573	P144,955
Due to a related party:		
NRC	**P53,876**	P53,453

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers and contributes to a defined benefit retirement plan on their behalf.

12. Events After the Balance Sheet Date

The Company initially listed and traded its shares of stocks under the First Board of the Philippine Stock Exchange, Inc. on February 1, 2008 ("the Listing Date"). The Company's initial public offering was up to 3,693,772,279 common shares, with a par value of P0.15 per share. The offer price was set at P3.50 per share and the offer shares consisted of the following:

- Primary offering of up to 380,782,893 common shares;
- Secondary offering of up to 761,565,787 common shares;
- Over-allotment option of up to 171,352,502 exercisable in whole or in part, solely to cover over-allotments, if any. The over-allotment option is exercisable from and including the Listing Date and ending on the date 30 days from the date of the Final Prospectus.

The domestic and international offer shares were 342,704,000 common shares and 799,644,680 common shares, respectively.

Appendix I - F

Aging of Accounts
Amount in thousands

	Current	Past Due			Total
		01 – 30 days	31 – 60 days	Over 60 days	
Trade Receivable (Gross)	P502,318	P225,714	P88,873	P101,859	P918,764

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF OUR BUSINESS

We are the licensed bottler of PepsiCo beverages in the Philippines. We manufacture a range of carbonated and non-carbonated beverages and distribute them to retail outlets throughout the Philippines. Our portfolio of products includes cola and flavored carbonated beverages, including low-calorie derivatives, as well as juices, iced teas, sports drinks and energy drinks. Our brands include well-known beverage brands such as Pepsi, Diet Pepsi, Pepsi Light, Pepsi Max, 7Up, Diet 7Up, Mountain Dew, Gatorade, Lipton Iced Tea, Tropicana, Propel and Sting.

We manufacture and package our products at 11 production plants throughout the Philippines, and distribute them through 101 warehouses and 99 sales offices (generally co-located), together with an extensive third party distribution network, to approximately 300,000 outlets including supermarkets, restaurants, bars and small grocery stores. Most of our carbonated beverages and some of our non-carbonated beverages are sold in returnable glass bottles, which are returned to the retailer upon consumption of the beverage for the repayment of a deposit and subsequently collected, washed and reused.

Results of Operations

For the six month period ended December 31, 2007 versus December 31, 2006.

The Company posted net sales of ₱6.43 billion for the six months ended December 31, 2007, an increase of 10% from ₱5.85 billion net sales in the same period last year. The increase was primarily due to increase in the total sales volume by 8% which was driven by increase in volume of non-carbonated beverages (NCB) by 39% or 2 million eight-ounce case equivalents.

Cost of goods sold increased from ₱4.09 billion in the six month period ended December 31, 2006 to ₱4.36 billion in the six month period ended December 31, 2007, an increase of ₱274 million or 7%. The increase was primarily driven by volume growth.

The Company's gross profit for the first semester of fiscal year 2008 amounted to ₱2.07 billion, an increase of ₱309.61 million or 18% from the ₱1.76 billion posted for the same period last year.

Selling and distribution expenses increased by ₱102 million or 13% from ₱778 million during the first six months of fiscal year 2007 to ₱880 million in the same period of the current fiscal year. Distribution expenses increased by ₱34 million reflecting mainly the growth in business. Selling expenses increased by 13% reflecting the increase in personnel costs as a result of increase in headcount and salary increases during the current fiscal year, increase in cost of outside services, commissions for exceeding incentive targets and depreciation of various tools of trade equipment.

General and administrative expenses increased to ₱389 million in the first semester of fiscal year 2008 from ₱370 million in the same period last year. The increase was primarily due to increase in personnel costs brought about by increase in headcount and salary increases.

Our marketing expense increased from ₱171.4 million in the six month period ended December 31, 2006 to ₱408.8 million in the six month period ended December 31, 2007, an increase of ₱237.4 million or 138%. This additional one time marketing investment was made to seize opportunities that come our way that would help deliver long term business growth.

As a result of the one time marketing investment, our income from operations decreased by ₱48.3 million or 11% to ₱389.8 million in the first semester of fiscal year 2008 from ₱438.1 million recorded in the same period fiscal year 2007.

Net finance and other expenses decreased to ₱11.5 million in the six months period ended December 31, 2007 from ₱13.5 million in the same period last year or a decrease of ₱2 million or 14% mainly due to decrease of long-term debt.

Income tax expense was ₱99 million for the six month period ended December 31, 2007 as compared to ₱150 million in the six month period ended December 31, 2006. The ₱51 million or 34% decrease was a result of the favorable ruling of the Bureau of Internal Revenue which allowed the acceleration of certain deductions relating to the acquisition cost of bottles and shells.

The foregoing factors resulted to an increase in net income by ₱4.7 million or 2%. Our net income margin for the six month period December 31, 2007 was 4.3%, compared to 4.7% in the same period in fiscal year 2007.

Financial Condition

December 31, 2007 versus June 30, 2007

The Company's total assets as of December 31, 2007 amounted to ₱7,429 million compared to ₱6,785 million as of June 30, 2007. The increase was mainly due to acquisition of bottles and cases and property, plant and equipment amounting to ₱1.2 billion.

Cash and cash equivalents was at ₱310.7 million as of December 31, 2007, 51% lower than the balance as of June 30, 2007 at ₱632.3 million. The Company's fund requirements during the period have been sourced through cash flow from operating activities which generated net cash of ₱674.5 million and from the cash flow from financing activities which generated net cash of ₱253 million. The Company paid dividends amounting to ₱400 million during the period.

The Company's investment activities for the period increased significantly to P1.25 billion. In anticipation of receipt of IPO proceeds, it kicked off its expansion projects in Cebu and San Fernando plants.

Current ratio of 0.64:1 as of December 31, 2007 is within the comfortable level and so is the debt to equity ratio of 0.27:1.

As of December 31, 2007, the Company is not aware of any trends or events, which may have a material effect on the Company's short-term or long-term liquidity and a material impact on revenues or income from continuing operations.