COVER SHEET

1 6 0 9 6 8

S.E.C. Registration Number

PEPSI-COLA PRODUCTS
PHILIPPINES, INC.

(Company's Full Name)

Km. 29, National Road
Tunasan, Muntinlupa City

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

Gualberto D. Dico

Contact Person

807-9905

Company Telephone Number

0 3 *Month* 3 1 *Day*

17-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 March 31, 2008

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	3,693,772,279

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

    Yes [X] No [ ]

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

    Philippine Stock Exchange   Common Shares

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 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

Date 13th May, 2008

Appendix I - A

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

	Note	March 31 2008 (Unaudited)	June 30 2007 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents		**P846,745**	P632,272
Receivables - net	*11*	**937,038**	828,277
Inventories		**645,159**	600,899
Due from a related party	*11*	**136,758**	133,286
Prepaid expenses and other current assets		**179,645**	61,045
Total Current Assets		**2,745,345**	2,255,779
Noncurrent Assets			
Investments in associates		**505,474**	505,474
Bottles and cases - net	*6*	**1,837,618**	1,687,581
Property, plant and equipment - net	*7*	**2,829,995**	2,158,107
Deferred tax – net	*10*	**-**	40,444
Other assets - net		**139,624**	137,963
Total Noncurrent Assets		**5,312,711**	4,529,569
		P8,058,056	P6,785,348
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	*8*	**P454,600**	P48,600
Accounts payable and accrued expenses		**1,942,126**	2,201,248
Income tax payable	*10*	**-**	271,130
Due to a related party	*11*	**55,597**	53,453
Current portion of long-term debt	*9*	**62,500**	241,666
Dividends payable		**-**	400,000
Total Current Liabilities		**2,514,823**	3,216,097
Noncurrent Liabilities			
Long-term debt - net of current portion	*9*	**-**	41,667
Accrued retirement cost - net of current portion		**255,422**	203,909
Deferred tax – net	*10*	**257,506**	-
Total Noncurrent Liabilities		**512,928**	245,576
Total Liabilities		**3,027,751**	3,461,673

Forward

	Note	March 31 2008 (Unaudited)	June 30 2007 (Audited)
Equity			
Capital stock	*12*	**P554,066**	P496,948
Additional paid-in capital	*12*	**1,211,911**	59,473
Effect of dilution of ownership		**(1,018)**	(1,018)
Retained earnings		**3,265,346**	2,768,272
Total Equity		**5,030,305**	3,323,675
		P8,058,056	P6,785,348

See 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)

		For The Nine Months Ended March 31		For The Three Months Ended March 31	
	Note	**2008**	2007	**2008**	2007
NET SALES		**P9,490,557**	P9,003,909	**P3,059,671**	P3,156,801
COST OF GOODS SOLD		**6,452,970**	6,185,014	**2,089,610**	2,095,823
GROSS PROFIT		**3,037,587**	2,818,895	**970,061**	1,060,978
OPERATING EXPENSES					
Selling and distribution	*7*	**1,307,023**	1,170,848	**427,186**	392,784
General and administrative		**539,025**	531,646	**149,947**	161,300
Marketing expenses		**495,420**	328,416	**86,606**	157,016
		2,341,468	2,030,910	**663,739**	711,100
INCOME FROM OPERATIONS		**696,119**	787,985	**306,322**	349,878
NET FINANCE AND OTHER EXPENSE		**(11,947)**	(16,918)	**(388)**	(3,407)
INCOME BEFORE INCOME TAX		**684,172**	771,067	**305,934**	346,471
INCOME TAX EXPENSE	*10*	**187,098**	264,833	**88,134**	114,794
NET INCOME		**P497,074**	P506,234	**P217,800**	P231,677
Basic Earnings Per Share	*5*	**P0.15**	P0.15	**P0.06**	P0.07

See Notes to the Condensed Interim Financial Statements.

Appendix I - C

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

		For The Nine Months Ended March 31	
	Note	**2008**	2007
CAPITAL STOCK			
Balance at beginning of period		**P496,948**	P496,948
Additional issuance of 380,782,893 shares	*12*	**57,118**	-
Balance at end of period		**554,066**	496,948
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period		**59,473**	59,473
Additional issuance of 380,782,893 shares	*12*	**1,152,438**	-
Balance at end of period		**1,211,911**	59,473
EFFECT OF DILUTION OF OWNERSHIP		**(1,018)**	(1,018)
RETAINED EARNINGS			
Balance at beginning of period		**2,768,272**	1,899,249
Net income for the period		**497,074**	506,234
Balance at end of period		**3,265,346**	2,405,483
		P5,030,305	P2,960,886

See Notes to the Condensed Interim Financial Statements.

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

		For The Nine Months Ended March 31	
	Note	**2008**	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P684,172**	P771,067
Adjustments for:			
Depreciation and amortization	*6, 7*	**706,472**	586,598
Provisions for probable losses in values of bottles and cases, machinery and equipment, idle assets, impairment losses, inventory obsolescence and others – net		**69,586**	150,113
Interest expense		**32,931**	41,005
Interest income		**(14,413)**	(12,252)
Gain on sale of property and equipment		**(1,940)**	(3,000)
Operating income before working capital changes		**1,476,808**	1,533,531
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**(125,801)**	(147,930)
Inventories		**(73,239)**	(52,492)
Prepaid expenses and other current assets		**(118,600)**	(14,066)
Due from a related party – net	*11*	**(1,328)**	-
Increase (decrease) in accounts payable and accrued expenses		**(287,669)**	71,638
Cash generated from operations		**870,171**	1,390,681
Interest received		**13,983**	11,716
Interest paid		**(34,987)**	(267,201)
Income taxes paid		**(161,022)**	(57,578)
Net cash provided by operating activities		**688,145**	1,077,618
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property and equipment		**5,214**	3,000
Net additions to:			
Property, plant and equipment	*7*	**(1,098,971)**	(591,302)
Bottles and cases	*6*	**(372,977)**	(482,346)
Investments in associates		**-**	(632)
Decrease (increase) in other assets		**(1,661)**	(76,330)
Net cash used in investing activities		**(1,468,395)**	(1,147,610)

Forward

		For The Nine Months Ended March 31	
	Note	**2008**	2007
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		**P1,209,556**	P -
Net proceeds from (repayments of):			
Notes payable	*8*	**406,000**	250,000
Long-term debt	*9*	**(220,833)**	(70,833)
Cash dividends paid		**(400,000)**	-
Net cash provided by financing activities		**994,723**	179,167
NET INCREASE IN CASH AND CASH EQUIVALENTS		**214,473**	109,175
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**632,272**	477,827
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P846,745**	P587,002

See 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 nine months ended March 31, 2008 were authorized for issue by the Company's Chief Financial Officer, as designated by the Board of Directors (BOD), on May 13, 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 periods ended September 30, 2007 and 2006 and the unaudited interim financial statements as of and for the period ended December 31, 2007.

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 nine months ended March 31, 2008, management reassessed its estimates in respect of the following:

Estimated Allowance for Impairment Losses on Receivables

For the nine months ended March 31, 2008, additional allowance for impairment losses on receivables amounting to P17 million was provided by management. The carrying amounts of receivables amounted to P937 million and P828 million as of March 31, 2008 and June 30, 2007, respectively.

Estimated Net Realizable Value of Inventories
During the nine months ended March 31, 2008, inventories amounting to P32 million were written off attributable to spoiled products and materials. The carrying amounts of inventories amounted to P645 million and P601 million as of March 31, 2008 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 P0.5 million for the nine months ended March 31, 2008.

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 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. There were no material changes to the Company's exposure to risks arising from financial instruments for the nine months ended March 31, 2008.

- 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 amendment were included in the audited interim financial statements as of and for the period ended September 30, 2007. There were no changes to the

Company's capital management objectives, policies and processes during the nine months ended March 31, 2008.

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 a 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 from 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 around 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 Nine Months Ended March 31		For The Three Months Ended March 31	
	2008	2007	**2008**	2007
		(Unaudited)		
Net income (a)	**P497,074**	P506,234	**P217,800**	P231,677
Weighted average number of shares outstanding (b)	**3,397,007,807**	3,312,989,386	**3,566,244,648**	3,312,989,386
Basic EPS (a/b)	**P0.15**	P0.15	**P0.06**	P0.07

As of March 31, 2008 and 2007, the Company has no dilutive debt or equity instruments.

6. Bottles and Cases

	March 31 2008 (Unaudited)	June 30 2007 (Audited)
Deposit values of returnable bottles and cases on hand - net of allowance for probable losses of P5,767 as of March 31, 2008	**P331,491**	P312,097
Excess of cost over deposit values of returnable bottles and cases - net of accumulated amortization of P2,574,490 as of March 31, 2008 and P2,291,810 as of June 30, 2007	**1,432,211**	1,341,914
	1,763,702	1,654,011
Bottles in transit	**73,916**	33,570
	P1,837,618	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	372,977
Balance at March 31, 2008 (Unaudited)	**4,006,701**
Accumulated amortization:	
Balance at June 30, 2007/July 1, 2007 (Audited)	2,291,810
Amortization for the period	282,663
Other movements	17
Balance at March 31, 2008 (Unaudited)	**2,574,490**
Carrying amount:	
Balance at June 30, 2007 (Audited)	P1,341,914
Balance at March 31, 2008 (Unaudited)	**P1,432,211**

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	675,524	86,200	335,938	1,309	1,098,971
Disposals/write-offs	(31,195)	(2,816)	-	-	(34,011)
Transfers	343,297	8,628	(351,925)	-	-
March 31, 2008 (Unaudited)	**5,892,615**	**658,909**	**439,965**	**25,960**	**7,017,449**
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	397,041	26,222	-	546	423,809
Disposals/write-offs	(28,049)	(2,688)	-	-	(30,737)
March 31, 2008 (Unaudited)	**3,762,512**	**404,122**	-	**20,820**	**4,187,454**
Carrying amount:					
June 30, 2007 (Audited)	P1,511,469	P186,309	P455,952	P4,377	P2,158,107
March 31, 2008 (Unaudited)	**P2,130,103**	**P254,787**	**P439,965**	**P5,140**	**P2,829,995**

A substantial portion of the Company's property, plant and equipment and certain parcels of land owned by an associate, Nadeco Realty Corporation, 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 nine months ended March 31, 2008. For the nine months ended March 31, 2007, an impairment loss amounting to P5 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).

Interest rates ranged from 6% to 6.5% for the nine months ended March 31, 2008.

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 8), 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 March 31, 2008, the Company is in compliance with these loan covenants.

Interest rates ranged from 7% to 7.6% for the nine months ended March 31, 2008 and 8.3% to 10.1% for the nine months ended March 31, 2007.

10. Income Taxes

The components of the income tax expense are as follows:

	For The Nine Months Ended March 31	
	2008 (Unaudited)	2007
Current tax expense (benefit) and final taxes on interest income:		
Current period	**P60,384**	P212,460
Prior period	**(171,236)**	-
Deferred income tax expense from origination and reversal of temporary differences	**297,950**	52,373
	P187,098	P264,833

As of March 31, 2008 and June 30, 2007, the Company has no unrecognized deferred 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 Nine Months Ended March 31	
	2008 (Unaudited)	2007
Income before income tax	**P684,172**	P771,067
Expected tax at 35%	**P239,460**	P269,873
Additions to (reductions in) income tax resulting from the tax effects of:		
Nondeductible expenses	**1,697**	1,248
Change in tax rate	**(50,018)**	(3,004)
Interest income subjected to final tax	**(4,041)**	(3,284)
	P187,098	P264,833

11. Related Party Transactions

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

	For The Nine Months Ended March 31	
	2008 (Unaudited)	2007
Purchases		
PepsiCo, Inc. (PepsiCo)	**P1,379,707**	P1,338,525
Pepsi Lipton International Limited	**69,622**	-
Reimbursements from PepsiCo	**62,202**	81,034
Lease expense attributable to lease of land from NRC	**5,436**	4,795
	P1,516,967	P1,424,354

The Company also made working capital advances to NRC during the period.

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

Related Parties	**March 31 2008 (Unaudited)**	June 30 2007 (Audited)
Due from related parties:		
NRC	**P136,758**	P133,286
PepsiCo (included under "Receivables" account)	**96,432**	11,669
	P233,190	P144,955
Due to a related party:		
NRC	**P55,597**	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. Initial Public Offering and Listing of Shares

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 and Additional Paid-in Capital of P57 million and P1.2 billion, respectively.

Appendix I - F

PEPSI- COLA PRODUCTS PHILIPPINES, INC.
Aging of Accounts
As of March 31, 2008
Amount in thousands

	Current	Past Due			Total
		01 – 30 days	31 – 60 days	Over 60 days	
Trade Receivable (Gross)	P480,679	P200,382	P45,553	P127,167	P853,781

Appendix II

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 nine month period ended March 31, 2008 versus March 31, 2007.

PCPPI posted net sales of ₱9.49 billion for the nine months ended March 31, 2008, up by 5% compared to the same period of last year. The revenue growth was driven by growth in Carbonated Softdrink (CSD) revenues of 2% and Non-Carbonated Beverage (NCB) revenues of 31%.

Cost of goods sold increased by ₱268 million or 4%, from ₱6.18 billion to ₱6.45 billion for the nine months ended March 31, 2007 and 2008, respectively. The increase is in line with overall volume growth.

The Company's gross profit for the nine months ended March 31, 2008 amounted to ₱3.04 billion, an increase of ₱218.7 million or 8% from the ₱2.82 billion posted for the same period last year. The gross profit rate of 32% is an improvement by 0.7 percentage points over corresponding period previous year driven by lower cost of inputs.

Operating expenses increased by 15% for the nine month period.

Selling and distribution expenses increased by ₱136 million, from ₱1.17 billion last year to ₱1.31 billion in the same period for the current year. The increase is primarily due to increase in personnel costs as a result of increase in headcount and salary increases as well as increase in cost of outside services and depreciation of various tools of trade equipment.

General and administrative expenses increased nominally to ₱539 million in the nine month period of fiscal year 2008 from ₱532 million in the same period last year.

Marketing expense increased from ₱328.4 million in the nine month period ended March 31, 2007 to ₱495.4 million in the same period for 2008, an increase of ₱167 million or 51% on account of a special one time marketing investment made during the second quarter of the current fiscal year, the benefits for which are likely to be felt at a future period.

Consequently, income from operations dropped to ₱696 million in the nine month period of fiscal year 2008 from ₱788 million recorded in the same period fiscal year 2007.

Net finance and other expenses decreased to ₱12 million in the nine months period ended March 31, 2008 from ₱17 million in the same period last year, down 29% reflecting the decrease of long-term debt and increase in interest earned on short-term investments.

Income tax expense was ₱187 million for the nine month period ended March 31, 2008 compared to ₱265 million for the same period last year owing to a favourable ruling which we received from BIR.

The foregoing factors resulted to a 2% decrease in net income. Net income margin for the nine month period March 31, 2008 was 5.2% as compared to 5.6% in the same period in fiscal year 2007.

Financial Condition

March 31, 2008 versus June 30, 2007

The Company's total assets as of March 31, 2008 amounted to ₱8,058 million as compared to ₱6,785 million as of June 30, 2007. The increase was mainly due to proceeds from the initial public offering (IPO) of the Company in February 2008 amounting to about ₱1.2 billion.

Cash and cash equivalents stood at ₱846.7 million as of March 31, 2008, 34% higher than the balance as of June 30, 2007 at ₱632.3 million. The Company generated ₱688 million net cash from the operating activities. The Company's investing activities for the period increased significantly to ₱1.47 billion as it started its expansion projects in Cebu and San Fernando plants in anticipation of receiving the IPO proceeds. In February 2008, the Company successfully completed its initial public offering where it generated a net proceeds of ₱1.2 billion to finance its expansion activities. On receiving a "no objection" from the PSE, a portion of the IPO proceeds was temporarily used to retire some of the Company's debts. The Company paid dividends amounting to ₱400 million during the period.

PCPPI's current ratio as of March 31, 2008 is strong at 1.09:1 as well as its debt to equity ratio of 0.10:1.

As of March 31, 2008, 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.