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)

Honeylin C. Castolo

Contact Person

(632) 8656-365

Company Telephone Number

03		3	1	SEC Form 17-Q	Any day in May 2009
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

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SECForm17-Q (Mar 31 2009).doc (Instructions)
February 2001

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, 2009**

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) 8656-365**

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 as of March 31, 2009
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 BALANCE SHEETS
(Amounts in Thousands)

	Note	**March 31 2009 (Unaudited)**	June 30 2008 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*9*	**P479,084**	P590,326
Receivables - net	*9*	**988,117**	882,075
Inventories		**707,667**	678,933
Due from associates	*7, 9*	**152,374**	146,898
Due from a related party	*7, 9*	**45,156**	135,652
Prepaid expenses and other current assets	*9*	**100,634**	113,252
Total Current Assets		**2,473,032**	2,547,136
Noncurrent Assets			
Investments in associates		**527,723**	525,502
Bottles and cases - net		**2,420,275**	1,972,654
Property, plant and equipment - net	*6*	**3,172,269**	2,861,459
Other assets - net		**151,304**	138,039
Total Noncurrent Assets		**6,271,571**	5,497,654
		P8,744,603	P8,044,790
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	*9*	**P500,000**	P147,100
Accounts payable and accrued expenses	*9*	**2,046,610**	2,079,994
Income tax payable		**89,393**	-
Due to an associate	*7, 9*	**62,482**	62,021
Total Current Liabilities		**2,698,485**	2,289,115
Noncurrent Liabilities			
Accrued retirement cost - net of current portion		**268,361**	186,577
Deferred tax liabilities - net		**380,349**	289,712
Total Noncurrent Liabilities		**648,710**	476,289
Total Liabilities		**3,347,195**	2,765,404

Forward

	March 31 2009 (Unaudited)	June 30 2008 (Audited)
Equity		
Capital stock	**P554,066**	P554,066
Additional paid-in capital	**1,197,369**	1,197,369
Effect of dilution of ownership	**(1,018)**	(1,018)
Retained earnings	**3,646,991**	3,528,969
Total Equity	**5,397,408**	5,279,386
	P8,744,603	P8,044,790

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	**2009**	2008	**2009**	2008
NET SALES		**P10,324,154**	P9,490,557	**P3,388,662**	P3,059,671
COST OF GOODS SOLD	*7*	**7,330,813**	6,452,970	**2,352,952**	2,089,610
GROSS PROFIT		**2,993,341**	3,037,587	**1,035,710**	970,061
OPERATING EXPENSES	*7*	**2,305,674**	2,341,468	**706,348**	663,739
INCOME FROM OPERATIONS		**687,667**	696,119	**329,362**	306,322
NET FINANCE AND OTHER INCOME (EXPENSE)	*7*	**17,529**	(11,947)	**(75)**	(388)
INCOME BEFORE INCOME TAX		**705,196**	684,172	**329,287**	305,934
INCOME TAX EXPENSE		**217,970**	187,098	**97,929**	88,134
NET INCOME		**P487,226**	P497,074	**P231,358**	P217,800
Basic Earnings Per Share	*5*	**P0.13**	P0.15	**P0.06**	P0.06

See 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 Nine Months Ended March 31	
	2009	2008
CAPITAL STOCK		
Common stock - P0.15 par value per share		
Authorized - 5,000,000,000		
Issued and outstanding - 3,693,772,279	**P554,066**	P554,066
ADDITIONAL PAID-IN CAPITAL	**1,197,369**	1,212,757
EFFECT OF DILUTION OF OWNERSHIP	**(1,018)**	(1,018)
RETAINED EARNINGS		
Balance at beginning of period	**3,528,969**	2,768,272
Net income for the period	**487,226**	497,074
Dividends declared	**(369,204)**	-
Balance at end of period	**3,646,991**	3,265,346
	P5,397,408	P5,031,151

See Notes to the Condensed Interim Financial Statements.

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

	Note	For The Nine Months Ended March 31 **2009**	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P705,196**	P684,172
Adjustments for:			
Depreciation and amortization	6	**758,043**	706,472
Allowance for probable losses in values of bottles and cases, machinery and equipment, idle assets, impairment losses, inventory obsolescence and others - net		**73,796**	69,586
Interest expense		**17,247**	32,931
Interest income		**(13,573)**	(14,413)
Share in net earnings of associates		**(2,221)**	-
Gain on sale of property and equipment		**(1,090)**	(1,940)
Operating income before working capital changes		**1,537,398**	1,476,808
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**(87,882)**	(125,801)
Inventories		**(36,717)**	(73,239)
Due from associates - net	7	**(5,015)**	(33,836)
Due from a related party	7	**90,496**	(84,764)
Prepaid expenses and other current assets		**12,618**	(1,328)
Decrease in accounts payable and accrued expenses		**(52,620)**	(288,515)
Cash generated from operations		**1,458,278**	869,325
Interest received		**14,338**	13,983
Income taxes paid		**(1,375)**	(161,022)
Interest paid		**(15,794)**	(34,987)
Net cash provided by operating activities		**1,455,447**	687,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property and equipment		**6,262**	5,214
Net additions to:			
Bottles and cases		**(824,300)**	(372,977)
Property, plant and equipment	6	**(719,082)**	(1,098,971)
Increase in other assets		**(13,265)**	(1,661)
Net cash used in investing activities		**(1,550,385)**	(1,468,395)

Forward

	For The Nine Months Ended March 31	
	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (repayments of):		
Notes payable	**P 352,900**	P406,000
Long-term debt	-	(220,833)
Issuance of common stock	-	1,210,402
Cash dividends paid	**(369,204)**	(400,000)
Net cash provided by (used in) financing activities	**(16,304)**	995,569
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(111,242)**	214,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**590,326**	632,272
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P479,084**	P846,745

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, 2009 were approved and authorized for issue by the Company's Audit Committee on April 30, 2009.

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 June 30, 2008.

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, 2008.

During the nine months ended March 31, 2009, management reassessed its estimates in respect of the following:

Estimating Allowance for Impairment Losses on Receivables

As of March 31, 2009 and June 30, 2008, allowance for impairment losses on receivables amounted to P142 million and P102 million, respectively.

Estimating Net Realizable Value of Inventories

As of March 31, 2009 and June 30, 2008, the amounts to reduce inventories to net realizable values amounted to P19 million and P9 million, respectively.

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements as of and for the year ended June 30, 2008.

Amendments to Standard and Interpretation Adopted in 2008
The following are the amendments to standards and interpretation which are effective for the nine months ended March 31, 2009, and have been applied in preparing these condensed interim financial statements:

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement,* and Philippine Financial Reporting Standard (PFRS) 7, *Financial Instruments: Disclosures,* permits an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss upon initial recognition, out of the trading category in certain circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that otherwise would have met the definition of loans and receivables, if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments to PAS 39 have no significant impact on the Company's condensed interim financial statements.

- Philippine Interpretation IFRIC-14, *PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* provides general guidance on how to assess the limit in PAS 19, *Employee Benefits,* on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The interpretation has no significant impact on the Company's condensed interim financial statements.

New Standard, Revised Standard, Amendments to Standards and Interpretation Not Yet Adopted
The following are the new standard, revised standard, amendment to standards and interpretation which have been approved and are not yet effective and have not been applied in preparing these condensed 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 in 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 requirements of the standard will be included in the Company's condensed interim financial statements upon its adoption on July 1, 2009.

- 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 the revised standard will be included in the Company's condensed interim financial statements upon its adoption on July 1, 2009.

- *Improvements to PFRSs 2008* discusses 35 amendments and is divided into two parts: a) Part I includes 24 amendments that result in accounting changes for presentation, recognition or measurement purposes; and b) Part II includes 11 terminology or editorial amendments that the IASB expects to have either no or only minimal effects on accounting. The requirements of the improvements to standards will be included in the Company's condensed interim financial statements upon its adoption on July 1, 2009.

- Amendments to PFRS 7, *Improving Disclosures about Financial Instruments,* will be effective for annual periods beginning on or after January 1, 2009. The Amendments enhances disclosures over fair value measurements relating to financial instruments, specifically in relation to disclosures over the inputs used in valuations techniques and the uncertainty associated with such valuations and improves disclosures over liquidity risk to address current diversity in practice in how such disclosure requirements are being interpreted and applied, proposing quantitative disclosures based on how liquidity risk is managed and strengthening the relationship between quantitative and qualitative liquidity risk disclosures. The requirements of the amendments to standard will be included in the Company's condensed interim financial statements upon its adoption on July 1, 2009.

- Philippine Interpretation IFRIC-17, Distributions of Noncash Assets to Owners, will be effective for annual periods beginning on or after July 1, 2009. This interpretation provides guidance on the accounting for non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. It also applies to distributions in which the owners may elect to receive either the non-cash asset or a cash alternative. The liability for the dividend payable is measured at the fair value of the assets to be distributed. This interpretation is not expected to have any significant impact on the Company's condensed 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	
	2009	2008	**2009**	2008
		(Unaudited)		
Net income (a)	**P487,226**	P497,074	**P231,358**	P217,800
Weighted average number of shares outstanding (b)	**3,693,772,279**	3,397,607,807	**3,693,772,279**	3,566,844,648
Basic EPS (a/b)	**P0.13**	P0.15	**P0.06**	P0.06

As of March 31, 2009 and 2008, the Company has no dilutive debt or equity instruments.

6. 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, 2008 / July 1, 2008 (Audited)	P6,290,757	P658,272	P212,236	P26,608	P7,187,873
Additions	557,494	59,217	99,986	2,385	719,082
Disposals/write-offs	(69,335)	(9,050)	-	(162)	(78,547)
March 31, 2009 (Unaudited)	**6,778,916**	**708,439**	**312,222**	**28,831**	**7,828,408**
Accumulated depreciation, amortization and impairment losses:					
June 30, 2008 / July 1, 2008 (Audited)	3,893,794	411,598	-	21,022	4,326,414
Depreciation and amortization	375,462	26,849	-	789	403,100
Disposals/write-offs	(66,331)	(6,888)	-	(156)	(73,375)
March 31, 2009 (Unaudited)	**4,202,925**	**431,559**	-	**21,655**	**4,656,139**
June 30, 2008 (Audited)	P2,396,963	P246,674	P212,236	P5,586	P2,861,459
March 31, 2009 (Unaudited)	**P2,575,991**	**P276,880**	**P312,222**	**P7,176**	**P3,172,269**

No impairment loss was recognized for the Company's property, plant and equipment for the nine months ended March 31, 2009 and 2008.

Change in Estimated Useful Life of Marketing Equipment
During the fiscal year 2009, the Company reassessed the estimated useful life of marketing equipment. Consistent with estimated useful life used by other PepsiCo, Inc. businesses, the estimated useful lives of marketing equipment, which is included under "Machinery and Other Equipment" account, was changed from five years to seven years from the date of purchase. The effect of change in depreciation expense for the current and future years is as follows:

	2009*	2010	2011	2012	Later
Increase (decrease) in depreciation expense	(P91,548)	(P70,604)	(P48,103)	(P19,312)	P229,567

* For the nine months ended March 31, 2009, the effect of change in depreciation expense amounted to P70 million.

7. Related Party Transactions

The Company has significant related party transactions which are summarized as follows:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), which has 29.49% beneficial interest in the Company, up to year 2017 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo, up to year 2012. Under the agreements, we are authorized to bottle, sell and distribute PepsiCo and Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials 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 appointment 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 other things. Total net purchases from PepsiCo amounted to P1.8 billion and P1.4 billion for the nine months ended March 31, 2009 and 2008, respectively. Total purchases from Pepsi Lipton amounted to P98 million and P70 million for the nine months ended March 31, 2009 and 2008, respectively.

   The Company have cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton that set 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 claim reimbursement from PepsiCo. As of June 30, 2008, reimbursable marketing charges amounted to P99 million and as of March 31, 2009, the Company has no outstanding reimbursable marketing charges.

b. On April 11, 2007, the Company entered into a Performance Agreement with PepsiCo, Orion Brands International ("Orion Brands"), Guoco Assets (Philippines), Inc. and Hong Way Holdings, Inc. to meet certain marketing and investment levels from 2007 to 2017, as required by the Exclusive Bottling Agreements with PepsiCo. The Performance 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 our sales to expand the our manufacturing capacity; (3) invest in a minimum number of coolers per year to support distribution expansion; and (4) expand our distribution capabilities in terms of the number of active routes, the number of new routes and the number of trucks used for distribution support.

c. Certain parcels of land properties of Nadeco Realty Corporation (NRC), an associate, were mortgaged to secure portion of the Company's notes payable. The Company leases certain parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to P8 million and P5 million for the nine months ended March 31, 2009 and 2008, respectively. NRC has advances amounting to P38 million which bears interest at a fixed rate of 10% per annum. The Company's outstanding balances with NRC and Nadeco Holdings Corporation, an associate, are unsecured and payable on demand.

8. Segment Information

As discussed in Note 1, the Company is engaged in the manufacture, sales and distribution of CSD and NCB. Since its start of commercial operations in 1989, the Company's main products are CSD which include brands like Pepsi-Cola, 7Up, Mountain Dew and Mirinda.

The Company began its distribution of NCB products to its consumers following the installation of NCB production lines in the Muntinlupa Plant in December 2004. The NCB brand category includes Gatorade, Tropicana/Twister, Lipton and the recently introduced Sting energy drink and Propel fitness water.

Accordingly, the Company operates in two (2) reportable business segments, which include the CSD and NCB categories, and only one (1) reportable geographical segment which is the Philippines. Thus, a secondary geographic reporting format is not applicable.

Analysis of financial information by business segment is as follows:

	For the Nine Months Ended March 31					
	Carbonated Soft Drinks		Noncarbonated Beverages		Combined	
(In 000,000's)	2009	2008	2009	2008	2009	2008
Net Sales						
External sales	P9,211	P9,102	P2,876	P2,045	P12,087	P11,147
Sales discounts and returns	(1,468)	(1,436)	(294)	(221)	(1,762)	(1,657)
Net sales	P7,743	P7,666	P2,582	P1,824	P10,325	P9,490
Result						
Segment result*	P2,245	P2,453	P748	P584	P2,993	P3,037
Unallocated expenses					(2,306)	(2,341)
Interest and financing expenses					(18)	(33)
Interest income					13	14
Equity in net earnings of associates					2	-
Foreign exchange loss - net					1	(4)
Other income (expenses) - net					20	11
Income tax expense					(218)	(187)
Net income					P487	P497
Other Information						
Segment assets					P7,914	P7,235
Investments in and advances to associates					680	672
Other assets					151	138
Combined total assets					P8,745	P8,045
Segment liabilities					P2,467	P2,328
Notes payable					500	147
Deferred tax liabilities					380	290
Combined total liabilities					P3,347	P2,765
Capital expenditures					P719	P1,098
Depreciation and amortization and impairment of property, plant and equipment					758	706
Non-cash items other than depreciation and amortization					74	70

* Segment expenses were allocated through the percentage of each reportable segment's net sales over the total net sales.

9. Financial Instruments and Financial Risk Management

The Company's financial instruments are measured as described below:

Cash and cash equivalents. Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Financial Assets at fair value through profit and loss (FVPL). Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in the statements of income. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Company has no investments classified as financial assets at FVPL.

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 or financial asset at FVPL. Loans and receivables are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through amortization process.

The Company's trade and other receivables and due from related parties are included in this category.

HTM Investments. HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. Where the Company sells other than an insignificant amount of HTM investments, the entire category would be tainted and classified as AFS investments. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. 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. Gains and losses are recognized in the statements of income when the HTM investments are derecognized or impaired, as well as through the amortization process.

The Company has no investments classified under this category.

AFS. AFS investments are non-derivative financial assets that are designated in this category or are not classified in any of the other categories. Subsequent to initial recognition, AFS investments are carried at fair value in the balance sheets. Changes in the fair value of such assets are reported in the equity section of the balance sheets until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statements of income. Interest earned on holding AFS investments are recognized in the statements of income using the effective interest method. The Company has no investments classified under this category.

Financial Liability at FVPL. Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Company elects to designate a financial liability under this category.

The Company has no designated financial liability at FVPL.

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

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Included in this category are the Company's notes payable, accounts payable and accrued expenses, due to related party and dividends payable.

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.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The 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. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. 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 Audit Committee performs oversight over financial management functions, specifically in the areas of managing credit, liquidity, market and other risks of the Company. The Audit Committee directly interfaces with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Company. The results of procedures performed by Internal Audit are reported to the Audit Committee.

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 trade receivables.

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 the use of no negative record requests and list of blacklisted accounts, 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.

It is the Company's policy to conduct an annual credit review through identification and summarization of under-performing customers and review and validation of credit violation reports. Based on the summary, the Plant Credit Committees may upgrade, downgrade, suspend and cancel credit lines.

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.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

	March 31, 2009 (Unaudited)	June 30, 2008 (Audited)
Receivables trade - net	**P952,057**	P842,044
Cash in bank and cash equivalents	**349,581**	581,973
Other receivables - net	**36,060**	40,031
	P1,337,698	P1,464,048

The aging of trade receivables is as follows:

	March 31, 2009 (Unaudited)		June 30, 2008 (Audited)	
	Gross Amount	**Impairment**	Gross Amount	Impairment
Current	**P601,923**	**P -**	P518,732	P -
Past due 0-30 days	**217,215**	**-**	211,240	-
Past due 31-60 days	**68,374**	**-**	69,315	-
More than 60 days	**183,305**	**118,760**	117,985	75,228
	P1,070,817	**P118,760**	P917,272	P75,228

Various collateral securities such as bank guarantees, time deposits, surety bonds, real estate and/or chattel mortgages are held by the Company for trade receivables exceeding certain amounts.

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. 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 as of March 31, 2009:

- Omnibus line of credit with a number of Philippine banks consisting of commitments for short-term loans, letters of credit and documents against acceptances/documents against payment (DA/DP) facilities trust receipts. The total commitment under the line of credit is P2.3 billion, of which the Company had drawn P265 million under letters of credit and P500 million short-term loan as of March 31, 2009. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates; and

- P480 million domestic bills purchased line, which is currently available.

The Company has complied with the minimum requirements of the credit facilities loan agreement.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	As of March 31, 2009 (Unaudited)		
	Carrying Amount	**Contractual Cash Flow**	**6 Months or less**
Financial liabilities			
Notes payable	P500,000	P502,988	P502,988
Accounts payable and accrued expenses	2,046,610	2,046,610	2,046,610
Due to an associate	62,482	62,482	62,482
	P2,609,092	P2,612,080	P2,612,080

	As of June 30, 2008 (Audited)		
	Carrying Amount	Contractual Cash Flow	6 Months or less
Financial liabilities			
Notes payable	P147,100	P147,890	P147,890
Accounts payable and accrued expenses	2,079,994	2,079,994	2,079,994
Due to an associate	62,021	62,021	62,021
	P2,289,115	P2,289,905	P2,289,905

Market Risk

Market risk is the risk that changes in market prices, such as 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.

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's most significant commodity exposure is to the Philippine sugar price.

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.

Interest Rate Risk

The Company's exposure to the risk for changes in market interest rate relates primarily to its debt obligations with variable interest rates. The Treasury Department, through its competencies of managing debt obligations, transacts with creditors to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rate.

As of March 31, 2009, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	(Unaudited)
Financial assets	**P292,570**
Financial liabilities	**(500,000)**
	(P207,430)

Sensitivity Analysis

A 2% increase in interest rates would have decreased equity and profits for the nine months ended March 31, 2009 by P4 million.

A 2% decrease in interest rates for the same period would have had the equal but opposite effect, on the basis that all other variables remain constant.

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 U.S. dollar and EURO. In respect of monetary assets and liabilities held in currencies other that the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by maintaining short-term cash placements in U.S. dollar and buying foreign currencies at spot rates where necessary to address short-term imbalances. The management considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as of March 31, 2009 and June 30, 2008.

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.

Capital Management
The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments that would further the Company's 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 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.

There were no changes in the Company's approach to capital management during the period and the Company's capital is defined as "Total equity" as shown in the balance sheets.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as follows:

1. Total debt which is equivalent to notes payable and long-term debt, divided by
2. Total equity which comprises all components of equity including capital stock, additional paid-in capital and retained earnings.

The Company has complied with the externally-imposed capital requirement as of March 31, 2009 and June 30, 2008. This externally-imposed capital requirement arises from the Company's loans with local banks which require the Company to maintain a ratio of debt to equity of not greater than 200%.

The ratios of debt to equity are as follows:

	March 31, 2009 (Unaudited)	June 30, 2008 (Audited)
Total debt	**P500,000**	P147,100
Total equity	**P5,397,408**	P5,279,386
Ratio of debt to equity	**9.26%**	2.79%

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

Results of Operations

Revenues increased 9% for the comparative three months period in March 31, 2009 and 2008. Similar to previous quarters, revenue growths were driven by growth in non-carbonated beverages (NCB) in keeping with the increasing consumer preference for beverages associated with health and wellness.

The Company expanded its NCB product offerings in line with its strategy to make NCB products available at affordable packaging across the nation. Revenue from NCB products grew 43% for the quarter and 41% for the nine months period compared to year ago figures.

Notwithstanding a crowded and declining carbonated soft drinks market in the Philippines, it generated revenue growth of 1% in carbonated soft drinks over the same period last year.

Overall nine months performance ended up with 8% increase in revenues compared to year ago.

Gross profit increased by 7% for the quarter driven by the growth in sales volume. For the nine months ending March 31, 2009, gross profit is slightly lower by 1% due to the higher material and fuel prices and the depreciation of additional capital expenditure relating to the expansion projects. The gross profit margin decreased from 32% to 31% and from 32% to 29% for the three months and nine months ending March 31, 2009, respectively.

Operating expenses for the nine months period in March 2009 is 2% lower than last year. However, operating expenses for the quarter increased by 6% primarily due to the semi variable costs affected by the increase in sales volume. As a percentage to net sales, operating expenses decreased from 22% to 21% for the quarter and from 25% to 22% for the nine months period.

Consequently, net income before tax for comparative three months periods ended March 31, 2009 and 2008 increased by 8%. As a percentage of net sales, net income before tax remained at 10% and net income after tax at 7% for both periods.

Overall nine months performance showed net income before tax increased by 3%, while net income margin remained at 5%.

Financial Condition

Liquidity has remained healthy although credit sales have increased from 62% in June 2008 to 66% in March 2009. Increase in credit sales is in line with the 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 the Modern Trade business. Trade payable days have likewise remained at manageable levels.

In line with the Company's strategy to grow NCB and maintain its CSD market, the Company has continued its investment in the distribution infrastructure such as bottles and shell and powered coolers. It has recently completed the expansion projects in Cebu and San Fernando. It has also commenced expansion work in two other expansion projects.

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

1. Decrease in current assets is less than 5%
2. 9% increase in total assets mainly due to the capital expenditures of P719 million in property, plant and equipment and P824 million in bottles and shells.
3. 18% increase in total current liabilities mainly due to the following:
   a. Additional loan availment of P353 million.
   b. Decrease in accounts payable and accrued expenses by P33 million.
   c. Increase in income tax payable by P89 million.
4. 36% increase in non-current liabilities due to the following:
   a. Increase in accrued retirement costs of P82 million.
   b. Additional deferred tax liabilities of P91 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 9 of 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 Corporation with unconsolidated entities or other persons created during the reporting period.

Material Commitments for Capital Expenditures

In January 2008, it had embarked on an IPO, with net proceeds of approximately ₱1.2 billion, to fund the expansion of NCB business. In addition to maintaining a level of ongoing capital expenditures broadly consistent with that incurred in recent periods, it expects to use the net proceeds received from the IPO offering to complete the remaining expansion projects lined up.

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 9 of 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 of the Condensed Interim Financial Statements for a discussion of the seasonality of the Company's operations.

Top Five Key Performance Indicators

The table below sets forth the comparative performance indicators of the Company.

	March 31, 2009	June 30, 2008
Current ratio[1]	0.92	1.11
Ratio of debt-to-equity [2]	9.26%	2.79%

	For the nine months period ending March 31, 2009 and 2008	
	2009	2008
Gross sales	P12.1 billion	P11.1 billion
Gross profit margin[3]	29%	32%
Net income margin[4]	5%	5%

[1] Current assets / current liabilities
[2] Total debts (notes payable and long-term debt) / total stockholders' equity
[3] Gross profit / net sales
[4] Net income / net sales

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: P. Chakrabarti

Partha Chakrabarti
Senior Vice President and Chief Financial Officer

Date: May 11, 2009