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)

Agustin S. Sarmiento

Contact Person

(632) 887-3774

Company Telephone Number

0	9	3	0	SEC Form 17-Q	Last Friday of May
Month		Day		FORM TYPE	Month Date

Calendar 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
	Php 3,687,564,000.00	

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Please use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2014**

2. Commission identification number **0000160968** 3. BIR Tax Identification No **000-168-541**

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

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office and Postal Code:
   Km. 29 National Road, Tunasan, Muntinlupa City 1773

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

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

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

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

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

    Yes [X] No [ ]

    Stock Exchange: **Philippine Stock Exchange**
    Securities Listed: **Common Shares of Stock**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [X] No [ ]

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

    Yes [X] No [ ]

Part 1 – Financial Information

Item 1. Financial Statements.

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

	Note	**September 30 2014 (Unaudited)**	December 31 2013 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*11*	**P300,085**	P383,043
Receivables - net	*9, 11*	**1,602,977**	1,580,479
Inventories		**1,784,041**	1,300,494
Due from related parties	*8, 11*	**618,200**	626,188
Prepaid expenses and other current assets		**150,815**	215,927
Total Current Assets		**4,456,118**	4,106,131
Noncurrent Assets			
Investments in associates		**548,840**	537,484
Bottles and cases - net		**4,472,310**	4,057,281
Property, plant and equipment - net	*6*	**8,367,724**	7,085,342
Other noncurrent assets		**231,976**	158,107
Total Noncurrent Assets		**13,620,850**	11,838,214
		P18,076,968	P15,944,345
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*9, 11*	**P4,951,336**	P4,711,872
Short-term debt	*11*	**700,000**	550,000
Income tax payable		**34,044**	-
Total Current Liabilities		**5,685,380**	5,261,872
Noncurrent Liabilities			
Long-term debt	*11*	**2,987,564**	1,990,000
Deferred tax liabilities - net		**868,265**	763,695
Other noncurrent liabilities		**691,501**	702,619`
Total Noncurrent Liabilities		**4,547,330**	3,456,314
Total Liabilities		**10,232,710**	8,718,186

Forward

	Note	**September 30 2014 (Unaudited)**	December 31 2013 (Audited)
Equity			
Share capital	*7*	**P1,751,435**	P1,751,435
Remeasurement losses on net defined benefit liability		**(216,318)**	(215,026)
Retained earnings		**6,309,141**	5,689,750
Total Equity		**7,844,258**	7,226,159
		P18,076,968	P15,944,345

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Data)

		For The Nine Months Ended September 30		For The Three Months Ended September 30	
	Note	**2014 (Unaudited)**	2013 (Unaudited)	**2014 (Unaudited)**	2013 (Unaudited)
GROSS SALES		**P21,953,191**	P19,435,536	**P7,228,039**	P6,063,331
Less sales returns and discounts		**3,316,389**	2,848,094	**1,101,712**	910,999
NET SALES		**18,636,802**	16,587,442	**6,126,327**	5,152,332
COST OF GOODS SOLD		**14,023,133**	12,149,341	**4,625,149**	3,865,792
GROSS PROFIT		**4,613,669**	4,438,101	**1,501,178**	1,286,540
OPERATING EXPENSES		**3,740,380**	3,321,610	**1,304,928**	1,108,834
PROFIT FROM OPERATIONS		**873,289**	1,116,491	**196,250**	177,706
NET FINANCE AND OTHER INCOME		**6,748**	(484)	**474**	(1,859)
PROFIT BEFORE TAX		**880,037**	1,116,007	**196,724**	175,847
INCOME TAX EXPENSE		**260,646**	335,260	**57,776**	53,048
PROFIT		**619,391**	780,747	**138,948**	122,799
OTHER COMPREHENSIVE LOSS					
Remeasurement loss on net defined benefit liability - net of deferred tax		**(1,292)**	-	**-**	-
TOTAL COMPREHENSIVE INCOME		**P618,099**	P780,747	**P138,948**	P122,799
Basic/Diluted Earnings Per Share	*5*	**P0.17**	P0.21	**P0.04**	P0.03

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, Except Per Share Data)

For The Nine Months Ended September 30

	Note	Share Capital: Capital Stock (see Note 7)	Share Capital: Additional Paid-In Capital	Share Capital: Total	Remeasurement Losses on Net Defined Benefit Liability	Retained Earnings	Total Equity
As at January 1, 2014		P554,066	P1,197,369	P1,751,435	(P215,026)	P5,689,750	P7,226,159
Total comprehensive income							
Profit		-	-	-	-	619,391	619,391
Other comprehensive losses		-	-	-	(1,292)	-	(1,292)
Total comprehensive income		-	-	-	(1,292)	619,391	618,099
As at September 30, 2014		P554,066	P1,197,369	P1,751,435	(P216,318)	P6,309,141	P7,844,258
As at January 1, 2013		P554,066	P1,197,369	P1,751,435	(P160,668)	P5,044,839	P6,635,606
Total comprehensive income							
Profit		-	-	-	-	780,747	780,747
Transaction with owners							
Cash dividends during the period	*7*	-	-	-	-	(258,564)	(258,564)
As at September 30, 2013		P554,066	P1,197,369	P1,751,435	(P160,668)	P5,567,022	P7,157,789

See Notes to the Condensed Interim Financial Information.

PEPSI-COLA PRODUCTS PHILIPPINES, INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		For The Nine Months Ended September 30	
	Note	**2014**	2013
		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P880,037**	P1,116,007
Adjustments for:			
Depreciation and amortization		**1,407,213**	1,155,466
Retirement cost		**67,534**	60,647
Interest expense		**52,109**	46,460
Loss on sale of property and equipment		**11,505**	2,753
Allowance for (reversal of) probable losses in values of bottles and cases, machinery and equipment, impairment losses, inventory obsolescence and others – net		**10,429**	(25,748)
Equity in loss (profit) of associates		**(11,356)**	1,269
Interest income		**(3,933)**	(3,657)
Operating profit before working capital changes		**2,413,538**	2,353,197
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**(34,577)**	34,374
Inventories		**(474,581)**	(300,545)
Due from related parties		**7,988**	(211,608)
Prepaid expenses and other current assets		**9,404**	(37,590)
Increase (decrease) in accounts payable and accrued expenses		**195,900**	(112,554)
Cash generated from operations		**2,117,672**	1,725,274
Interest received		**3,887**	4,131
Interest paid		**(88,251)**	(37,788)
Income taxes paid		**(65,557)**	(125,619)
Retirement benefits directly paid by the Company		**(29,340)**	-
Contribution to plan assets		**(20,000)**	(59,347)
Net cash provided by operating activities		**1,918,411**	1,506,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property and equipment		**1,974**	6,807
Additions to:			
Property, plant and equipment	*6*	**(1,917,057)**	(1,906,565)
Bottles and cases		**(1,157,417)**	(918,288)
Increase in other noncurrent assets		**(73,869)**	(49,334)
Net cash used in investing activities		**(3,146,369)**	(2,867,380)

Forward

	Note	For The Nine Months Ended September 30 2014	2013
		(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of:			
Short-term debt		**P2,950,000**	P3,150,000
Long-term debt		**1,000,000**	1,000,000
Repayments of short-term debt		**(2,800,000)**	(2,750,000)
Debt issuance cost		**(5,000)**	(5,000)
Cash dividends paid		**-**	(258,564)
Net cash provided by financing activities		**1,145,000**	1,136,436
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(82,958)**	(224,293)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**383,043**	489,188
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*11*	**P300,085**	P264,895

See Notes to the Condensed Interim Financial Information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(Amounts in Thousands, Except per Share Data 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 with a corporate life of 50 years, primarily to engage in manufacturing, sales and distribution of carbonated soft-drinks (CSD), non-carbonated beverages (NCB) and confectionery products to retail, wholesale, restaurants and bar trades. The registered office address and principal place of business of the Company is at Km. 29, National Road, Tunasan, Muntinlupa City.

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

2. Basis of Preparation

Statement of Compliance

These condensed interim financial information have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. These condensed interim financial information do not include all of the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements of the Company as at December 31, 2013.

Basis of Measurement

These condensed interim financial information have been prepared on a historical cost basis, except for the net defined benefit liability (included as part of "Other noncurrent liabilities" account in the condensed interim statements of financial position) which is measured at the present value of the defined benefit obligation less fair value of plan assets.

Functional and Presentation Currency

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

Use of Judgments and Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements.

During the nine months ended September 30, 2014, management reassessed its estimates in respect of the following:

Estimating Allowance for Impairment Losses on Receivables
As at September 30, 2014 and December 31, 2013, allowance for impairment losses on receivables amounted to P154.8 million and P152.6 million, respectively.

Estimating Net Realizable Value of Inventories
As at September 30, 2014 and December 31, 2013, inventories amounted to P1.784 billion and P1.300 billion, respectively.

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements.

Changes in Accounting Policies
The following amendments to standards are effective for the nine months ended September 30, 2014, and have been applied in preparing these condensed interim financial information. The adoption of these amendments to standards did not have any significant impact on the Company's condensed interim financial information:

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32).* These amendments clarify that:

  - An entity currently has a legally enforceable right to set-off if that right is:
    - not contingent on a future event; and
    - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and

  - Gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
    - eliminate or result in insignificant credit and liquidity risk; and
    - process receivables and payables in a single settlement process or cycle.

- Recoverable Amount Disclosures for Non-Financial Assets *(Amendments to PAS 36).* These narrow-scope amendments to PAS 36, *Impairment of Assets,* address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

New Standards and Amendments to Standards Not Yet Adopted

The new standards and amendments to standards discussed below is effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these condensed interim financial information.

To be Adopted on January 1, 2015

- PFRS 9, *Financial Instruments* (2009), PFRS 9, *Financial Instruments* (2010) and PFRS 9, *Financial Instruments* (2013). PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities.

  PFRS 9 (2013) introduces the following amendments:

  - A substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
  - Changes to address the so-called 'own credit' issue that were already included in PFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
  - Removes the January 1, 2015 mandatory effective date of PFRS 9 to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2015 with early adoption permitted.

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

To be Adopted on January 1, 2016

- *Annual Improvements to PFRSs: 2010 – 2012 and 2011 and 2013 Cycles.* Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, *Share Based Payment,* PAS 16, *Property, Plant and Equipment,* PAS 38, *Intangible Assets* and PAS 40, *Investment Property*.

  - *Measurement of Short-term Receivables and Payables (Amendments to PFRS 13).* The amendments clarify that, in issuing PFRS 13 and making consequential amendments to PAS 39 and PFRS 9, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

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

To be on Adopted January 1, 2017

- *PFRS 15, Revenue from Contracts with Customers.* This replaces most of the detailed guidance on revenue recognition that currently exists under IFRS. The core principle of PFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities will apply a five-step model to determine when to recognize revenue, and at what amount. The new standard provides application guidance on numerous topics, including warranties and licenses. It also provides guidance on when to capitalize costs of obtaining or fulfilling a contract that are not addressed in other accounting standards - e.g. for inventory.

  PFRS 15 is effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted under PFRS. The standard may be adopted retrospectively, or as of the application date by adjusting retained earnings at that date and disclosing the effect of adoption on each line of profit or loss (the 'cumulative effect approach'). Practical expedients are available to those taking a retrospective approach.

4. Seasonality of Operations

The Company's sales are subject to seasonality. Sales are generally higher in the hot, dry months from March through June and lower during the wetter monsoon months of July through October. While these factors lead to a natural seasonality on the Company's sales, unseasonable weather could also significantly affect sales and profitability compared to previous comparable periods. Higher sales are likewise experienced around the Christmas/New Year holiday period in late December through early January. Consequently, the Company's operating results may fluctuate. In addition, the Company's results may be affected by unforeseen circumstances, such as production interruptions. Due to these fluctuations, comparisons of sales and operating results between periods within a single year, or between different periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of the Company's performance.

5. Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed as follows:

	For The Nine Months Ended September 30	
	2014 (Unaudited)	2013
Profit (a)	**P619,391**	P780,747
Issued shares at the beginning of the year/weighted average number of shares outstanding (b)	**3,693,772**	3,693,772
Basic/Diluted EPS (a/b)	**P0.17**	P0.21

As at September 30, 2014 and 2013, the Company has no dilutive equity instruments.

6. Property, Plant and Equipment

The movements in this account are as follows:

	Machinery and Other Equipment	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction in Progress	Total
Measurement basis	*Cost*	*Cost*	*Cost*	*Cost*	
Gross carrying amount					
December 31, 2013 (Audited)	P11,105,050	P1,521,384	P37,868	P1,356,964	P14,021,266
Additions	759,044	370,344	1,679	834,623	1,965,690
Disposals	(145,599)	(463)	(476)	-	(146,538)
Transfers/reclassifications	847,748	536,018	2,263	(1,386,029)	-
September 30, 2014 (Unaudited)	**12,566,243**	**2,427,283**	**41,334**	**805,558**	**15,840,418**
Accumulated depreciation and amortization					
December 31, 2013 (Audited)	6,295,746	612,016	28,162	-	6,935,924
Depreciation and amortization	620,666	47,499	1,664	-	669,829
Disposals	(132,297)	(372)	(390)	-	(133,059)
Transfers/reclassifications	137	(124)	(13)	-	-
September 30, 2014 (Unaudited)	**6,784,252**	**659,019**	**29,423**	-	**7,472,694**
Carrying Amount					
December 31, 2013 (Audited)	P4,809,304	P909,368	P9,706	P1,356,964	P7,085,342
September 30, 2014 (Unaudited)	**P5,781,991**	**P1,768,264**	**P11,911**	**P805,558**	**P8,367,724**

No impairment indicators exist on the Company's property, plant and equipment as at September 30, 2014 and December 31, 2013.

The Company has ongoing corporate expansion projects or programs approved by the Board of Directors (BOD). As result of this expansion program, the Company spent for property, plant and equipment as well, as bottles and shells, amounting to P3.074 billion as at and for the nine months ended September 30, 2014.

7. Equity

Share Capital

This account consists of:

	September 30, 2014 (Unaudited)		December 31, 2013 (Audited)	
	Shares	**Amount**	Shares	Amount
Authorized - P0.15 par value per share	**5,000,000,000**	**P750,000**	5,000,000,000	P750,000
Issued, fully paid and outstanding balance at beginning/end of period	**3,693,772,279**	**P554,066**	3,693,772,279	P554,066

Retained Earnings

The BOD approved the declaration of cash dividends on May 24, 2013, with the record date of June 7, 2013, and a payment date of June 28, 2013, amounting to P258.6 million or P0.07 per share for the year ended December 31, 2013.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain reasonable growth by applying free cash flow to selective investments that would further the Company's product and geographic diversification. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The Chief Financial Officer has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company maintains its use of capital structure using a debt-to-equity ratio which is gross debt divided by equity. The Company includes within gross debt all interest-bearing loans and borrowings, while the Company defines equity as total equity shown in the condensed interim statements of financial position.

There were no changes in the Company's approach to capital management during the year. The Company is subject to debt covenants relating to its long-term debt (see Note 11).

The Company's bank debt to equity ratio as at reporting dates is as follows:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
(a) Debt*	**P3,687,564**	P2,540,000
(b) Total equity	**P7,844,258**	P7,226,159
Bank debt to equity ratio (a/b)	**0.47:1**	0.35:1

* Pertains to bank debts

8. Related Party Transactions

Related party relationship exists when one party has ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprises, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

Related party transactions are shown under the appropriate accounts in the condensed interim financial information as at and for the period ended September 30, 2014 and 2013 are as follows:

Category	Nature of Transaction	***Note***		Amount of Transactions for the Period	Outstanding balance of Due from Related Parties	Terms	Conditions
Stockholder*	Purchases	*8a*	**2014**	**P8,370**	**P -**		
			2013	9,680	-		
Associates	Advances	*8b, 8c*	**2014**	**9,418**	**618,200**	**Collectible on demand**	**Unsecured; no impairment**
			2013	223,264	626,188	Collectible on demand	Unsecured; no impairment
	Various	*8b*	**2014**	**23,292**	-		
			2013	24,136	-		
			2014		**P618,200**		
			2013		P626,188		

* Entity with significant influence over the Company

The above outstanding balances of due from related parties are unsecured and expected to be settled in cash.

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

a. The Company purchased finished goods from Lotte Chilsung Beverage Co. Ltd., a major stockholder. Total purchases for each of the nine months ended September 30, 2014 and 2013 amounted to P13.2 million and P9.7 million, respectively.

b. The Company leases parcels of land where some of its bottling plants are located. Lease expenses recognized amounted to P19.5 million and P7.9 million for the nine months ended September 30, 2014 and 2013, respectively. The Company has advances to Nadeco Realty Corporation (NRC) amounting to P38.0 million, which bear interest at a fixed rate of 10% per annum and which are unsecured and payable on demand. The related interest income amounted to P2.9 million each for the nine months ended September 30, 2014 and 2013. The Company also has outstanding net receivables from NRC amounting to P576.3 million and P584.4 million as at September 30, 2014 and December 31, 2013, respectively, which are unsecured and payable on demand. The advances and receivables are included under “Due from related parties” account in the condensed interim statements of financial position.

c. The Company has outstanding working capital advances to Nadeco Holdings Corporation, an associate, amounting to P3.8 million as at September 30, 2014 and December 31, 2013, and which are unsecured, noninterest-bearing and payable on demand. The advances are included under “Due from related parties” account in the condensed interim statements of financial position.

9. Significant Agreements

The Company has exclusive bottling agreement and other transactions which are summarized below:

a. The Company has Exclusive Bottling Agreements with PepsiCo, Inc. ("PepsiCo"), the ultimate parent of Quaker Global Investments B.V, a shareholder, up to year 2017 and Pepsi Lipton International Limited ("Pepsi Lipton"), a joint venture of PepsiCo and Unilever N.V., up to year 2017 (as renewed). Under the agreements, the Company is authorized to bottle, sell and distribute PepsiCo and Pepsi Lipton beverage products in the Philippines. In addition, PepsiCo and Pepsi Lipton shall supply the Company with the main raw materials (concentrates) in the production of these beverage products and share in the funding of certain marketing programs. The agreements may be renewed by mutual agreement between the parties. Under the agreements, PepsiCo and Pepsi Lipton have the right to terminate the contracts under certain conditions, including failure to comply with terms and conditions of the agreement subject to written notice and rectification period, change of ownership control of the Company, change of ownership control of an entity which controls the Company, discontinuance of bottling beverages for 30 consecutive days, occurrence of certain events leading to the Company's insolvency or bankruptcy, change in management and control of the business, among others. Purchases made from PepsiCo is made thru Pepsi-Cola Far East Trade Development Co., Inc. (PCFET), a company incorporated under Philippines laws. Total net purchases from PCFET amounted to P3.4 billion and P2.9 billion for the nine months ended September 30, 2014 and 2013, respectively. The Company's outstanding payable to PCFET (included under "Accounts payable and accrued expenses" account in the condensed interim statements of financial position) amounted to P321.5 million and P220.8 million as at September 30, 2014 and December 31, 2013, respectively. Total purchases from Pepsi Lipton amounted to P49.2 million and P106.8 million for each of the nine months ended September 30, 2014 and 2013, respectively. The Company's outstanding payable to Pepsi Lipton (included under "Accounts payable and accrued expenses" account in the statements of financial position) amounted to P15.5 million and P9.8 million as at September 30, 2014 and December 31, 2013, respectively.

b. The Company has cooperative advertising and marketing programs with PepsiCo and Pepsi Lipton thru PCFET that sets forth the agreed advertising and marketing activities and participation arrangement during the years covered by the bottling agreements. The Company incurred marketing expenses amounting to P595.3 million and P535.2 million for the nine months ended September 30, 2014 and 2013, respectively. The Company's outstanding receivable from PCFET included under "Receivables" account in the condensed interim statements of financial position, which are unsecured and are payable on demand, amounted to P234.1 million and P154.3 million as at September 30, 2014 and December 31, 2013, respectively.

c. On April 11, 2007, the Company entered into a Performance Agreement with PepsiCo to meet certain marketing and investment levels from 2007 to 2017, as required by the bottling agreement with PepsiCo. The agreement requires the Company to: (1) spend a specified percentage with a minimum amount for the beverage products; (2) make certain investments based on a minimum percentage of the Company's sales to expand the Company's manufacturing capacity; (3) invest in a minimum number of coolers per year to support distribution expansion; and (4) expand the Company's distribution capabilities in terms of the number of active routes, the number of new routes and the number of trucks used for distribution support.

10. Segment Information

As discussed in Note 1 to the condensed interim financial information, the Company is engaged in the manufacture, sales and distribution of CSD and NCB. The Company's main products under its CSD category include brands Pepsi-Cola, 7Up, Mountain Dew, Mirinda, and Mug. The NCB brand category includes Gatorade, Tropicana/Twister, Lipton, Sting energy drink and Propel fitness water. The Company operates under two (2) reportable operating segments, the CSD and NCB categories. These categories are managed separately because they require different technology and marketing strategy. Analysis of financial information by operating segment is as follows:

	For the Nine Months Ended September 30					
	Carbonated Soft Drinks		Noncarbonated Beverages		Combined	
(In Millions)	**2014 (Unaudited)**	2013 (Unaudited)	**2014 (Unaudited)**	2013 (Unaudited)	**2014 (Unaudited)**	2013 (Unaudited)
Net Sales						
External sales	**P16,006**	P14,102	**P5,947**	P5,334	**P21,953**	P19,436
Sales returns and discounts	**(2,460)**	(2,160)	**(857)**	(688)	**(3,316)**	(2,848)
Net sales	**P13,546**	P11,942	**P5,090**	P4,646	**P18,637**	P16,588
Result						
Segment result*	**P3,354**	P3,195	**P1,260**	P1,243	**P4,614**	P4,438
Other income - net					**44**	43
Equity in net earnings of associates					**11**	(1)
Interest income					**4**	4
Unallocated expenses					**(3,740)**	(3,322)
Income tax expense					**(261)**	(335)
Interest and financing expenses					**(52)**	(46)
Profit					**P620**	P781
Other Information**						
Segment assets					**P17,296**	P13,965
Investments in associates					**549**	526
Other noncurrent assets					**232**	215
Combined total assets					**P18,077**	P14,706
Segment liabilities					**P5,643**	P4,452
Loans payable					**3,688**	2,350
Income tax payable					**34**	28
Deferred tax liabilities					**868**	718
Combined total liabilities					**P10,233**	P7,548
Capital expenditures					**P3,074**	P2,825
Depreciation and amortization and impairment of property, plant and equipment and bottles and cases					**1,407**	1,155
Non-cash items other than depreciation and amortization					**10**	(26)

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

** Segment assets and liabilities relate to balances as at September 30, 2014 and 2013

There were no intersegment sales recognized between the two reportable segments.

The Company uses its assets and incurs liabilities to produce both carbonated soft drinks and non-carbonated beverages; hence, the assets and liabilities are not directly attributable to a segment and cannot be allocated into each segment on a reasonable basis.

Major Customer

The Company does not have any single external customer from which sales revenue generated amounted to 10% or more of the net sales.

11. Financial Instruments and Financial Risk Management

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

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as available for sale financial assets or at fair value through profit or loss (FVPL) financial assets. Loans and receivables are carried at amortized cost, less impairment in value. Amortization is determined using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through amortization process.

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

The Company's cash and cash equivalents, receivables and due from related parties are included in this category.

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

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

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

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

Included in this category are the Company's short-term and long-term debt and accounts payable and accrued expenses that meet the above definition (other than liabilities covered by other PFRS, such as income tax payable and accrued retirement cost).

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

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. 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 and internal control, 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.

There were no changes in the Company's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

<u>Credit Risk</u>
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.

It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Plant Credit Committees have established a credit policy under which each new customer is analyzed individually for creditworthiness before standard credit terms and conditions are granted. The Company's review includes the requirements of updated credit application documents, credit verifications through confirmation that there are no credit violations and that the account is not included in the negative list, and analyses of financial performance to ensure credit capacity. Credit limits are established for each customer, which serve as the maximum open amount at which they are allowed to purchase on credit, provided that credit terms and conditions are observed.

The credit limit and status of each customer's account are first checked before processing a credit transaction. Customers that fail to meet the Company's conditions in the credit checking process may transact with the Company only on cash basis.

Most of the Company's customers have been transacting with the Company for several years, and losses have occurred from time to time. Customer credit risks are monitored through annual credit reviews conducted on a per plant basis. Results of credit reviews are grouped and summarized according to credit characteristics, such as geographic location, aging profile and credit violations. Historically, credit violations have been attributable to bounced checks, and denied, fictitious or absconded credit accounts.

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:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Cash and cash equivalents (excluding cash on hand)	**P117,257**	P64,536
Receivables - net	**1,591,411**	1,580,479
Due from related parties	**618,200**	626,188
Total credit exposure	**P2,326,868**	P2,271,203

As at September 30, 2014 and December 31, 2013, the aging analysis per class of financial assets that were past due but not impaired is as follows:

September 30, 2014

	Neither past due nor impaired	**Past due**				
		1 to 30 days	**31 to 60 days**	**More than 60 days**	**Impaired**	**Total**
Cash and cash equivalents	**P117,257**	**P -**	**P -**	**P -**	**P -**	**P117,257**
Trade and other receivables:						
Trade	**852,692**	**269,876**	**92,781**	**26,332**	**110,283**	**1,351,964**
Others	**255,418**	**17,033**	**7,444**	**69,835**	**44,506**	**394,236**
Due from related parties	**618,200**	**-**	**-**	**-**	**-**	**618,200**
	1,843,567	**286,909**	**100,225**	**96,167**	**154,789**	**2,481,657**
Less allowance for impairment losses	**-**	**-**	**-**	**-**	**154,789**	**154,789**
	P1,843,567	**P286,909**	**P100,225**	**P96,167**	**P -**	**P2,326,868**

December 31, 2013

	Neither Past Due nor Impaired	Past Due but not Impaired				
		1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash and cash equivalents	P64,536	P -	P -	P -	P -	P64,536
Receivables:						
Trade	882,691	286,769	58,651	45,014	104,621	1,377,746
Others	210,111	20,149	18,002	59,092	47,998	355,352
Due from related parties	626,188	-	-	-	-	626,188
	1,783,526	306,918	76,653	104,106	152,619	2,423,822
Less allowance for impairment losses	-	-	-	-	152,619	152,619
	P1,783,526	P306,918	P76,653	P104,106	P -	P2,271,203

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. The aggregate fair market value of these collateral securities amounted to P191.8 million and P165.3 million as at September 30, 2014 and December 31, 2013, respectively.

The Company's exposure to credit risk arises from default of the counterparty. There are no significant concentrations of credit risk within the Company.

The credit qualities of financial assets that were neither past due nor impaired are determined as follows:

- Cash in banks and cash equivalents are based on the credit standing or rating of the counterparty.

- Total receivables and due from related parties are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective credit risk assessment.

High grade cash in banks and cash equivalents are short-term placements invested or deposited in local banks that are considered as top tier banks in the Philippines in terms of resources and profitability. Receivables and due from related parties are considered to be of high grade quality financial assets, where the counter parties have a very remote likelihood of default and have consistently exhibited good paying habits. High grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard grade quality. Standard grade quality financial assets are those assessed as having minimal to regular instances of payment default due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and debt service payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

In addition, the Company has the following credit facilities:

- The total commitment as at September 30, 2014 and December 31, 2013 under the line of credit is P9.190 billion and P7.286 billion, respectively, of which the Company had drawn P4.030 billion and P3.121 billion, respectively, under letters of credit short-term loans and long term loans. All facilities under the omnibus line bear interest at floating rates consisting of a margin over current Philippine treasury rates except for the long term loan which have a fixed interest rate; and

- P870 million domestic bills purchased line, which are available as at September 30, 2014 and December 31, 2013.

In 2013 and 2014, the Company entered into loan agreements with various banks to partially finance the Company's capital expenditure for its carbonated and non-carbonated beverage business. The loan agreement also provides certain covenants, the more significant of which are as follows:

- Maintain a current ratio of 0.40:1
- Maintain a debt to equity ratio of not greater than 2:1
- Maintain a debt service coverage ratio of 1:1

As at September 30, 2014 and December 31, 2013, the Company is in compliance with the debt covenants in the loan agreements.

The table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted amounts:

	As at September 30, 2014 (Unaudited)			
	Carrying Amount	**Contractual Cash Flow**	**One year or less**	**More than one year**
Financial liabilities:				
Short-term debt	**P700,000**	**P702,781**	**P702,781**	**P -**
Accounts payable and accrued expenses*	**4,813,410**	**4,813,410**	**4,813,410**	**-**
Long-term debt	**2,987,565**	**3,453,924**	**227,034**	**3,226,890**
Other noncurrent liabilities*	**83,531**	**91,216**	**-**	**91,216**
	P8,584,506	**P9,061,331**	**P5,743,225**	**P3,318,106**

* Excluding statutory payables, accrual for operating leases and accrued retirement cost.

	As at December 31, 2013			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
Financial Liabilities				
Short-term debt	P550,000	P555,065	P555,065	P -
Accounts payable and accrued expenses *	4,448,493	4,448,493	4,448,493	-
Long-term debt	1,990,000	2,351,466	77,227	2,274,239
Other noncurrent liabilities*	134,108	157,235	-	157,235
	P7,122,601	P7,512,259	P5,080,785	P2,431,474

* Excluding statutory payables, accrual for operating leases and accrued retirement cost.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Financial Assets Used for Managing Liquidity Risk
The Company considers expected cash flows from financials assets in assessing and managing liquidity risk. To manage its liquidity risk, the Company forecasts cash flows from operations for the next six months which will result in additional available cash resources and enable the Company to meet its expected cash flows requirements.

<u>Market Risk</u>
Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates and currency exchange rates.

Exposure to Commodity Prices
The risk from commodity price changes relates to the Company's ability to recover higher product costs through price increases to customers, which may be limited due to the competitive pricing environment that exists in the Philippine beverage market and the willingness of consumers to purchase the same volume of beverages at higher prices. The Company is exposed to changes in Philippine sugar prices

The Company minimizes its exposure to risks in changes in commodity prices by entering into contracts with suppliers with duration ranging from six months to one year; with fixed volume commitment for the contract duration; and with stipulation for price adjustments depending on market prices. The Company has outstanding purchase commitment amounting to P1.116 billion and P1.206 billion as at September 30, 2014 and December 31, 2013, respectively. Because of these purchase commitments, the Company considers the exposure to commodity price risk to be insignificant.

Exposure to Interest Rate Risk
The Company's exposure to interest rates pertains to its cash and cash equivalents, short-term, long-term debt and finance lease obligation. These financial instruments bear fixed interest rates and accordingly, the Company is not significantly exposed to interest rate risk.

Foreign Currency Risk
The Company is exposed to foreign currency risk on purchases that are denominated in currencies other than the Philippine peso, mostly in United States (U.S.) dollar and Euro. In respect of monetary assets and liabilities held in currencies other than the Philippine peso, the Company ensures that its exposure is kept to an acceptable level, by buying foreign currencies at spot rates where necessary to address short-term imbalances. The Company considered the exposure to foreign currency risk to be insignificant. Further, the Company does not hold any investment in foreign securities as at September 30, 2014 and December 31, 2013.

Offsetting
The following table sets out the carrying amounts of due from related parties that are presented net of due to related parties in the condensed interim statements of financial position as at September 30, 2014 and December 31, 2013 is as follows:

September 30, 2014	**Gross Amount**	**Amount Offset**	**Net Amount**
Due from related parties	**P742,133**	**(P123,933)**	**P618,200**

December 31, 2013	Gross Amount	Amount Offset	Net Amount
Due from related parties	P733,886	P107,698	P626,188

Fair Values
The fair values of the financial assets and liabilities approximate their carrying amounts due to the short-term nature of these financial instruments and interest rates that they carry approximate interest rates for comparable instruments in the market.

The fair value of finance lease liability is estimated at the present value of all future cash flows discounted using the market rate at the reporting date. The discount rate used in the present value of the minimum lease payment is the interest rate implicit in the lease. The reduction on the finance lease liability is recognized using the effective interest method. The fair value of long-term debt is estimated at the present value of all future cash flows discounted using the market rate at the reporting date.

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

Results of Operations

The Company's growth continued in the third quarter, as volume grew by 17% for the quarter and 12% for the nine-month period, fuelled by strong demand across major categories and geographies. Gross Sales was up by 19% for the quarter due to combination of volume and revenue initiatives and 13% for the nine-month period, reaching P22 billion.

Sustained investments in manufacturing and marketing & distribution assets, particularly Containers, amounting to P842 million for the quarter, paved the way for impressive topline performance. Cost of goods sold increased by 20% for the quarter due to volume and higher depreciation and 15% for the nine-month period.

Consequently, Gross Profit was up by 17% for the quarter and 4% for the nine-month period to P4.6 billion.

Operating Expenses as a % of net sales were at par with year-ago level for the nine-month period.

Net Income for the quarter grew by 13%, to P139 million, as a result of strong topline growth. Net Income for the nine-month period is still behind year-ago level as a result of higher depreciation/amortization, operating expenses, and damage caused by Typhoon Yolanda. The Company will continue with its long-term strategy of sustained distribution and manufacturing investments supported by marketing programs to continue the growth momentum.

Financial Condition

The Company's financial condition remained solid. Cash flows from operating activities were used to fund capital expenditures needs and payoff a portion of the Company's bank debt. Consequently, our bank debt increased by P1.148 billion in comparison with December 31, 2013 balance.

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

1. Increase in total current assets by 9% due mainly to increases in receivables by P22 million, inventories by P484 million and decreases in cash and cash equivalents by P83 million, due from related parties by P8 million and prepaid expenses and other current assets by P65 million.

2. Increase in total noncurrent assets by 15% due mainly to increases in bottles and cases by P415 million, property, plant and equipment by P1.3 billion in line with the Company's expansion projects, other noncurrent assets by P74 million and investments in associates by P11 million.

3. Increase in total current liabilities by 8% due to increases in notes payable by P150 million, Accrued payable and accrued expenses by P239 million, and income tax payable by P34 million.

4. Increase in total noncurrent liabilities by 32% due to increases in long term loans payable by P998 million and deferred tax liabilities by P105 million and decrease in other noncurrent liabilities by P11 million.

Known Trends, Demands, or Uncertainties That May Affect Liquidity

The Company is not aware of any trend that may affect its liquidity. Refer to Note 11 to the Condensed Interim Financial Statements for a discussion of the Company's liquidity risk and financial risk management.

Events That May Trigger Direct or Contingent Obligations

The Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Off-Balance Sheet Transactions

To the Company's knowledge, there are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.

Material Commitments for Capital Expenditures

The Company has ongoing definite corporate expansion projects approved by the BOD. As a result of this expansion program, the Company spent for property, plant and equipment as well as bottles and cases amounting to P1.9 billion and P1.2 billion for the nine months ended September 30, 2014 and 2013, respectively. To this date, the Company continues to invest in major capital expenditures in order to complete the remaining expansion projects lined up in line with prior calendar year spending.

Trends or Uncertainties That May Impact Results of Operations

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

Significant Elements of Income or Loss that Did not Arise from Continuing Operations

There were no significant elements of income or loss that did not arise from continuing operations.

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

Please refer to Note 4 to the Condensed Interim Financial Statements for a discussion of the seasonality of the Company's operations.

Key Performance Indicators

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

		September 30, 2014	December 31, 2013
Current ratio	Current assets over current liabilities	0.8:1	0.8 : 1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	0.2:1	0.3 : 1
Bank debt-to-equity ratio	Bank debt over total equity	0.5:1	0.4 : 1
Asset-to-equity ratio	Total assets over equity	2.3:1	2.2 : 1

		For the nine months ended September 30		For the three months ended September 30	
		2014	2013	2014	2013
Gross sales		P22.0 billion	P19.4 billion	P7.2 billion	P6.1 billion
Gross profit margin	Gross profit over net sales	24.8%	26.8%	24.5%	25.0%
Operating margin	Profit from operations over net sales	4.7%	6.7%	3.2%	3.4%
Net profit margin	Profit over net sales	3.3%	4.7%	2.3%	2.4%
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	17.8:1	24.9:1	39.3 : 1	9.3 : 1

The changes in solvency, debt-to-equity and asset-to-equity ratios were mainly due to the increase in net income and increases in total assets and liabilities. The changes in operating margin, net profit margin and interest rate coverage ratios were attributable to the increases in cost of goods sold and operating expenses.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **Pepsi-Cola Products Philippines, Inc.**

By:

Imran Moid
Senior Vice-President and
Chief Financial Officer

Date: November 12, 2014