COVER SHEET

PW-998

SEC Registration Number

MACAY HOLDINGS, INC.

(Company's Full Name)

137 Yakal Street, San Antonio Village, Makati City 1203

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

FERNANDO R. BALATBAT

(Contact Person)

893 0733

(Company Telephone Number)

0 9	3 0
Month	*Day*

(Fiscal Year)

17-Q

(Form Type)

0 5	0 8
Month	*Day*

(Annual Meeting)

NONE

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

394

Total No. of Stockholders

Domestic

Foreign

File Number

LCU

Document ID

Cashier

To be accomplished by SEC Personnel concerned

S T A M P S

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: **30 September 2015**

2. Commission identification number: **PW-998 3**. BIR Tax Identification No: **000-410-269**

4. Exact name of issuer as specified in its charter: **MACAY HOLDINGS, 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 Postal Code

   137 Yakal Street, San Antonio Village, Makati City **1203**

8. Issuer's telephone number, including area code: **(632) 893-0733**

9. Former name, former address and former fiscal year, if changed since last report

   MAYBANK ATR KIM ENG FINANCIAL CORPORATION

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	Amount of debt outstanding (Unpaid Subscription)
Common Share	1,068,393,223	None

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

    Yes [x] No [ ]

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

    THE PHILIPPINE STOCK EXCHANGE, INC.

12. Indicate by check mark whether the registrant:

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

    Yes [X] No [ ]

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

    Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1.Financial Statements.

Please see attached Financial Statements and Notes to Financial Statements.

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

Please see attached MD & A

PART II--OTHER INFORMATION

Please see disclosure at the end of MD & A

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: **MACAY HOLDINGS, INC.**

Signature and Title:

Antonio A. Panajon
President

Date: November 6, 2015

Fernando R. Balatbat
Treasurer

Date: NN 16/15

MACAY HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015
(With Comparative Figures as of December 31, 2014)

	Unaudited **Sep 30, 2015**	Unaudited **Dec 31, 2014**
ASSETS		
Current Assets		
Cash and cash equivalents	190,677,875	1,463,113,898
Short-term investments	50,000,000	20,000,000
Trade and other receivables	386,902,974	375,742,499
Inventories	2,070,428,147	1,581,183,837
Other current assets	61,891,866	136,751,323
Total Current Assets	**2,759,900,863**	**3,576,791,557**
Noncurrent Assets		
Property, plant and equipment	1,157,617,541	1,057,834,280
Deferred containers expense	1,991,643,359	1,608,008,739
Other assets	828,032,403	692,563,727
Total Noncurrent Assets	**3,977,293,303**	**3,358,406,746**
TOTAL ASSETS	**6,737,194,166**	**6,935,198,303**
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable	495,120,627	103,291,516
Trade and other payables	2,294,251,893	2,664,957,648
Income Tax Payable	176,982,300	284,701,614
Total Current Liabilities	**2,966,354,820**	**3,052,950,778**
Noncurrent Liabilities		
Retirement liability	112,433,964	89,587,068
Total Noncurrent Liabilities	**112,433,964**	**89,587,068**
Total Liabilities	**3,078,788,783**	**3,142,537,846**
Equity		
Capital stock	1,068,393,223	1,068,393,223
Additional Paid-in Capital	1,153,568,289	1,153,568,289
Other Comprehensive Income (Loss)	(26,473,732)	(26,473,732)
Retained Earnings	1,462,917,602	1,597,172,677
Total Equity	**3,658,405,382**	**3,792,660,457**
TOTAL LIABILITIES AND EQUITY	**6,737,194,165**	**6,935,198,303**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

MACAY HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED INTERIM STATEMENTS OF INCOME
FOR THE PERIOD AND QUARTER ENDED SEPTEMBER 30, 2015
(With Comparative Figures for the period and quarter ended September 30, 2014)

	Unaudited	Unaudited	Unaudited	Unaudited
	Sep 30, 2015	**Sep 30, 2014**	**Q3 2015**	**Q3 2014**
NET SALES	**8,492,438,793**	**7,677,874,067**	**2,682,797,965**	**2,508,559,741**
COST OF GOODS SOLD	(5,462,815,201)	(5,015,455,482)	(1,749,717,119)	(1,628,462,340)
GROSS PROFIT	**3,029,623,592**	**2,662,418,585**	**933,080,845**	**880,097,401**
EXPENSES				
Selling, marketing and distribution	(772,732,925)	(688,383,383)	(259,685,270)	(235,710,211)
General and administrative	(270,246,087)	(252,947,063)	(90,538,641)	(87,411,474)
	(1,042,979,012)	(941,330,446)	(350,223,911)	(323,121,685)
OTHER INCOME (CHARGES)	41,018,983	63,030,889	5,358,384	15,805,334
INCOME BEFORE INCOME TAX	2,027,663,562	1,784,119,028	588,215,318	572,781,050
PROVISION FOR (BENEFIT FROM) INCOME TAXES				
Current	613,711,576	535,895,934	177,024,628	171,821,862
Deferred	(963,114)	(33,805,874)	(3,417,341)	1,040,198
	612,748,462	502,090,061	173,607,287	172,862,061
NET INCOME	**1,414,915,100**	**1,282,028,967**	**414,608,031**	**399,918,989**

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

MACAY HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine-month period ended Sept 30	
	2015	**2014**
	Unaudited	**Unaudited**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	2,027,663,562	1,784,119,028
Adjustments for:		
Depreciation and amortization	687,381,805	514,393,521
Provision / reversal of doubtful accounts	(1,674,838)	2,169,999
Provision for impairment losses on inventory	3,411,839	5,000,000
Unrealized foreign exchange loss (gain)	(45,673)	(4,451,925)
Interest expense	3,883,349	457,111
Write-off of CWTs	(9,736,529)	-
Interest income	(6,881,292)	(31,627,423)
Gain on sale of property and equipment	(2,315,219)	-
Operating income before working capital changes	2,701,687,004	2,270,060,311
Decrease (increase) in:	-	
Short-term investments	(30,000,000)	(821,401,524)
Trade and other receivables	(9,485,637)	(519,721,511)
Inventories	(492,656,149)	(291,316,183)
Deferred tax asset		4,001,596
Other current assets	84,595,985	(198,798,981)
Increase (decrease) in trade and other payables		
Trade and other payables	(370,705,755)	(596,475,750)
Due to related parties		2,020,560
Retirement liability	22,846,896	11,547,245
Short-term loans payable	391,829,111	(215,873,160)
Net cash generated from operations	2,298,111,455	(355,957,397)
Interest received	6,881,292	30,615,791
Interest paid	(3,883,349)	(457,111)
Income taxes paid (Note 20)	(721,430,890)	(314,905,048)
Net cash from operating activities	1,579,678,508	(640,703,765)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Deferred containers expense	(876,017,943)	(647,036,475)
Property, plant and equipment	(294,781,743)	(207,551,472)
Proceeds from sale of PPE	2,315,219	-
Decrease (increase) in:	-	-
Other noncurrent assets	(134,505,562)	(537,181,457)
Net cash used in investing activities	(1,302,990,029)	(1,391,769,404)
CASH FLOW FROM FINANCING ACTIVITY		
Dividends Paid	(1,549,170,175)	(1,442,330,851)
Net cash used in financing activity	(1,549,170,175)	(1,442,330,851)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUI	45,673	4,451,925
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,272,436,023)	(3,470,352,095)
CASH AND CASH EQUIVALENTS EXCLUDED IN NET ASSETS PURCH	-	(794,171,315)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,463,113,898	4,714,985,533
CASH AND CASH EQUIVALENTS AT END OF YEAR	190,677,875	450,462,123

MACAY HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine-Month Period Ended September 30, 2015 (Unaudited)

	Capital Stock	Additional Paid-in Capital	Equity Reserve	Remeasurement Losses on Retirement Benefits Liability	Retained Earnings	Total
Balances at January 1, 2015	**1,068,393,223**	**1,153,568,289**	**–**	**(26,473,732)**	**1,597,172,677**	**3,792,660,457**
Cash dividends	**–**	**–**	**–**	**–**	**(1,549,170,175)**	**(1,549,170,175)**
Total comprehensive income	**–**	**–**	**–**	**–**	**1,414,915,100**	**1,414,915,100**
Balances at September 30, 2015	**1,068,393,223**	**1,153,568,289**	**-**	**(26,473,732)**	**1,462,917,602**	**3,658,405,382**

For the Nine-Month Period Ended September 30, 2014 (Unaudited)

	Capital Stock	Additional Paid-in Capital	Equity Reserve	Remeasurement Losses on Retirement Benefits Liability	Retained Earnings	Total
Balances at January 1, 2014	1,068,393,223	1,153,568,289	1,795,198,536	(7,799,616)	1,194,994,559	5,204,354,991
Movement in equity reserve	–	–	(353,750,001)	–	(1,322,571,953)	(1,676,321,954)
Cash dividends	–	–	(1,441,448,535)	–	(882,316)	(1,442,330,851)
Net income					1,282,028,967	1,282,028,967
Other comprehensive (loss)	–	–	–	(9,337,058)		(9,337,058)
Balances at September 30, 2014	1,068,393,223	1,153,568,289	–	(17,136,674)	1,153,569,257	3,358,394,095

MACAY HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Macay Holdings, Inc. (the Parent Company or MHI) is a company incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on October 16, 1930 primarily to reflect the business of a holding company. Under its amended Articles of Incorporation, the corporate life of the Parent Company was extended for another 50 years up to October 16, 2030. The shares of stock of Macay Holdings, Inc. are listed and traded as "MACAY" on the Philippine Stock Exchange (PSE) starting 2013 (formerly MAKE). The Parent Company owns 100% interest and operates as the holding company of ARC Refreshments Corporation (ARC Refreshments), a beverage company.

The registered office address and principal place of business of the Parent Company is 137 Yakal Street, San Antonio Village, Makati City.

The Parent Company and its subsidiary are collectively referred to herein as the "Group".

Investment in New Business

On November 18, 2013, the Parent Company, through its Board of Directors (BOD), approved the investment in a food and beverage company. On December 3, 2013, the SEC approved the incorporation of ARC Refreshments (the subsidiary), of which the Parent Company has 100.00% ownership.

ARC Refreshments is primarily engaged in the business of trading of goods such as beverages on wholesale bases and to operate, conduct, and maintain the business of manufacturing, importing, buying, selling, handling, bottling, distribution, trading, or otherwise dealing in, at wholesale and, to the extent allowed by law, drinks and other containers or dispensers and other related goods of whatever nature, and any and all materials, supplies, and other goods used or employed in or related to the manufacture of such finished products.

On December 27, 2013, the BOD of ARC Refreshments approved (a) the acquisition of substantially the operating assets of Mega Asia consisting of machinery and equipment used in its bottling operations and (b) the acquisition of the operating assets of Asiawide Refreshments Corporation (Asiawide) consisting of machinery and equipment, bottles, inventories, receivables and other assets and the assumption of some liabilities incurred in the normal course of business.

On January 31, 2014, ARC Refreshments executed the Asset Purchase Agreements (APAs) with Mega Asia and Asiawide. The carrying values of the net assets transferred as of January 31, 2014 amounted to ₱1.0 billion and ₱0.57 billion from Asiawide and Mega Asia, respectively. Total consideration amounted to ₱1.57 billion which was settled on July 13, 2014.

On June 26, 2014, the Parent Company through its BOD, approved the additional investment in ARC Refreshments consisting of 190 million shares at ₱10 per share for a total investment of ₱1.90 billion.

Authorization for Issue of the Condensed Consolidated Financial Statements
The accompanying interim condensed consolidated financial statements of the Group as of September 30, 2015 and for the nine-month period ended September 30, 2015 and 2014 including the comparative financial statements as at December 31, 2014, were approved and authorized for issue by the BOD on November 6, 2015.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared using the historical cost basis. These financial statements are presented in Philippine peso (₱), which is the Group's functional currency. All amounts are rounded off to the nearest ₱, except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's December 31, 2014 annual consolidated financial statements.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2014, except for the following amended PAS which the Group has adopted starting January 1, 2015:

PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015.

Improvements to PFRS

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

- PFRS 2, Share-based Payment - Definition of Vesting Condition
- PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination
- PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets

- PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization
- PAS 24, Related Party Disclosures - Key Management Personnel

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

- PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements
- PFRS 13, Fair Value Measurement - Portfolio Exception
- PAS 40, Investment Property

The standards that were not adopted have no material impact on the interim condensed consolidated financial statements.

Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods
Revenue from the sale of goods is recognized when the risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue recognized is net of trade deals and pick-up discounts.

Tolling Revenues
Revenue from tolling services is recognized when the service has been rendered.

Interest Income
Interest income is recognized as it accrues using the effective interest rate (EIR) method.

Other Income
Other income is recognized when earned.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are generally recognized when the expense arises following the accrual basis of accounting.

Cost of Sales
Cost of sales, which comprise mainly of purchases of raw materials and production cost, are recognized when incurred.

Selling and Marketing Expenses
Selling and marketing expenses consist of costs associated with the development and execution of marketing promotion activities and all expenses connected with selling, servicing

and distributing company products and items purchased for resale. Selling and marketing expenses are generally recognized when the service is incurred or the expense arises.

General and Administrative Expenses

General and administrative expenses are incurred in the normal course of business and are generally recognized when the services are used or expenses arise.

Cash

Cash includes cash on hand and cash with banks earn interest at floating rates based on daily bank deposit rates.

Financial Instruments

Financial instruments are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting. Financial instruments are recognized initially at fair value (in the case of an asset) or received (in the case of a liability). The initial measurement of financial instruments, except for those classified as at FVPL, includes transaction cost.

The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) financial assets, loans and receivables and AFS financial assets. The Group classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the financial assets were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date. As of September 30, 2014 and December 31, 2013, the Group has no AFS financial assets, financial assets at FVPL,HTM financial assets and financial liabilities at FVPL.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of comprehensive income unless it qualifies for the recognition as some other type of asset. In cases where data which is not observable is used, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

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 classified as financial assets held for trading, designated as AFS financial assets or designated at FVPL. This accounting policy relates to the

Group's "Cash and cash equivalents", "Trade and other receivables" and "Deposits with suppliers" accounts.

Loans and receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are measured at amortized cost using the EIR method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization, if any, is included in interest income under "Interest income" account in the statement of comprehensive income. The losses arising from impairment of receivables are recognized in the statement of comprehensive income under "General and administrative expenses" account. The level of allowance for impairment losses is evaluated by management on the basis of factors that affect the collectability of accounts (see accounting policy on Impairment of Financial Assets Carried at Amortized Cost).

Loans and receivables are classified as current assets when they are expected to be realized within 12 months from the reporting date or within the normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

Other Financial Liabilities
Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. Other financial liabilities are initially recorded at fair value, less directly attributable transaction costs. After initial measurement, other financial liabilities are measured at amortized cost using the EIR 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 EIR. Any effects of restatement of foreign currency-denominated liabilities, if any, are recognized in "Foreign exchange loss (gain)" account in the statements of comprehensive income.

Other financial liabilities are classified as current liabilities when they are expected to be settled within 12 months from the reporting date or when the Group has an unconditional right to defer settlement for at least twelve months from reporting date. Otherwise, they are classified as noncurrent liabilities.

This accounting policy applies primarily to the Group's "Trade and other payables" and "Short-term loans payable" accounts that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and retirement liability).

Impairment of Financial Assets Carried at Amortized Cost
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has or have occurred after initial recognition of the asset (an incurred "loss event") and that loss has an impact on the estimated future cash flows of the financial asset or the group of financial asset

that can be reliably estimated. Objective evidence of impairment may include indications that borrower is experiencing significant financial difficulty, default or delinquency reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as charges in arrear or economic condition that correlate with default.

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

If there is objective evidence that an impairment loss on receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of comprehensive income.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired receivables are derecognized when they are assessed as uncollectible. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Instruments

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

1. the rights to receive cash flows from the asset have expired;

2. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,

3. the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has entered into a "pass through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statement of comprehensive income.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amount and there is an intention 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 statement of financial position.

<u>Inventories</u>
Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving-average method and includes expenditures incurred in bringing the materials and supplies to their existing location and condition. NRV is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Any write-down of materials and supplies to NRV is recognized as an expense in statement of comprehensive income in the year incurred.

<u>Deferred Containers</u>
Deferred containers are recognized upon the purchase of bottles, pallets and shells. This represents the cost of inventories not covered by the deposit value. Deferred containers are carried at cost less accumulated amortization and any impairment in value.

Deferred containers are amortized over 4 years using the straight-line method to allocate the cost of bottles, pallets and shells over its estimated useful life.

<u>Property, Plant and Equipment</u>
Property, plant and equipment, except for land, are carried at cost less accumulated depreciation, depletion and any impairment in value. Land is carried at cost.

The initial cost of property, plant and equipment consists of construction cost, and its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life.

The average estimated useful lives of property, plant and equipment are as follows:

Category	Number of Years
Machineries and equipment	10
Building	15 - 20
Leasehold improvement	5 or lease term, whichever is shorter
Vehicles	5
Waste water facility	2 - 5
Tools	3
Laboratory equipment	2
Office and other equipment	2 - 3

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are disposed of, or are permanently withdrawn from use and no future economic benefits are expected from their disposals, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Fully depreciated property plant and equipment are retained in the accounts until these are no longer in use.

Impairment of Nonfinancial Assets

Property, plant and equipment and deferred containers are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the profit or loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used value in use to assess the recoverable amount of an asset.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the statement of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Input Value-Added Tax (VAT)

Input VAT represents VAT imposed to the Group by its suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations.

Input taxes, which are included under the “Other noncurrent assets” account in the statement of financial position and stated at their estimated net realizable value, will be used to offset against the Group’s output VAT liabilities.

Provisions

Provisions are recognized when (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Capital Stock

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings

The amount included in retained earnings includes profit attributable to the Group’s stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are declared. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by transitional provisions of new accounting standards

Leases

Determination of Whether an Arrangement Contains a Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Operating Leases - The Group as a Lessee
Operating leases represent those leases under which substantially all risks and rewards of ownership of the leased assets remain with the lessors. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Retirement Liability
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
• Service cost
• Net interest on the net defined benefit liability or asset
• Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in other comprehensive income until full settlement of the obligation.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange at the balance sheet date. Foreign exchange differences between rate at transaction date and rate at settlement date or balance sheet date are recognized in the parent company statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Income Taxes

Current Income Tax

Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

Deferred Income Tax

Deferred income tax is provided, using the reporting liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and as other comprehensive income in the statement of comprehensive income and not as part of net income.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

3. Management's Use of Judgment and Estimates

The preparation of the financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Determining Functional Currency
The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be the Philippine Peso. It is the currency of the primary economic environment in which the Group primarily operates.

Determining Operating Lease Commitments - Group as Lessee
The Group has determined that the lessor retains all significant risks and rewards of ownership of these properties. These lease agreements are accounted for as operating leases.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Estimating Impairment Losses on Receivables
The Group assesses at each reporting date whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the affiliated companies and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the financial asset, as well as historical loss experience. Allowance for impairment loss is provided when management believes that the receivable balance cannot be collected or realized after exhausting all efforts and courses of action.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk and industry, as well as identified structural weaknesses or deterioration in cash flows.

As of September 30, 2015 and December 31, 2014, trade and other receivables, net of allowance for probable losses, amounted to ₱386.90 million and ₱375.74 million, respectively. Allowance for probable losses on receivables amounted to ₱0.50 million as of September 30, 2015.

Estimating Useful Lives of Property, Plant and Equipment
The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The Group recognized depreciation expense amounting to ₱195.00 million and ₱152.86 million as at September 30, 2015 and 2014, respectively. The carrying amounts of property, plant and equipment amounted to ₱1,157.62 million and ₱1,057.83 million as of September 30, 2015 and December 31, 2014, respectively.

Estimating Useful Lives of Deferred Containers
The Group estimates the useful lives of deferred containers based on the trip lives of containers which is four years. The estimated useful lives of deferred containers are based on industry practice and are reviewed periodically as determined by management based on the containers profile and optimal float analyses conducted by the Group. Change in accounting estimates shall be recognized prospectively in the statements of comprehensive income.

The Group recognized amortization expense amounting to ₱492.38 million and ₱361.53 million as at September 30, 2015 and 2014, respectively. The carrying amounts of deferred containers as of September 30, 2015 and December 31, 2014 amounted to ₱1,991.64 million and ₱1,608.01 million, respectively.

Estimating Pension Cost
The determination of the Group's obligation and cost for pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with Revised PAS 19, *Employee Benefits*, actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension and other pension obligations.

4. Seasonality of Operations

Similar to other beverage company, the Group's sales are subject to seasonality. Sales are at a peak during summer from March through June and lower during the rainy season of July to October. Higher sales are likewise experienced around the Christmas/New Year period in the middle of December through early January. These may cause the Group's results to fluctuate. In addition, the Group's performance maybe affected by unforeseen events such as production interruptions. Consequently, comparisons of Sales and operating results between periods within a single year, or between different periods in different financial years may be pointless and should not be relied upon as indicators.

5. Financial Risk Management and Capital Management

The Group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, due to and from related parties, short-term loans payable, trade and other payables excluding statutory payables. The main purpose of the Group's dealings in financial instruments is to fund its operations and capital expenditures.

The risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management policies. The Finance & Accounting Manager is responsible for developing and monitoring the Group's risk management policies. Issues affecting the operations of the Group are reported regularly to the BOD.

Management addresses the risks faced by the Group in the preparation of its annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, 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.

Credit Risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk exposure arises principally from the possibility that the counterparties may fail to fulfill their agreed obligations. To manage such risk, the Group monitors its receivables on an ongoing basis. The objective is to reduce the risk of loss through default of counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective allowance is determined based on historical data of payment statistics for similar financial assets.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and receivables, the Group's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amounts of these instruments.

The tables below show the credit quality by class of financial assets.

	September 30, 2015				
	Neither Past Due Nor impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents*	137,814,130	-	-	-	**137,814,130**
Short-term investments	50,000,000	-	-	-	**50,000,000**
Trade and other receivables	-	352,519,214	34,383,761	495,161	**387,398,136**
Security Deposits	-	350,349,197	-	-	**350,349,197**
Total credit risk exposure	**187,814,130**	**702,868,410**	**34,383,791**	**495,161**	**925,561,463**

**Excluding cash on hand*

	December 31, 2014				
	Neither Past Due Nor impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents*	1,345,112,861	-	-	-	**1,345,112,861**
Short-term investments	20,000,000	-	-	-	**20,000,000**
Trade and other receivables	-	375,742,499	-	2,169,999	**377,912,498**
Security Deposits	-	350,349,197	-		**350,349,197**
Total credit risk exposure	**1,365,112,861**	**726,091,696**	**-**	**2,169,999**	**2,093,374,556**

**Excluding cash on hand*

The Group has assessed the credit quality of the following financial assets:

1. Cash and cash equivalents are assessed as high grade since these are deposited with reputable banks.

2. Trade and other receivables, which pertain mainly to receivables from related parties, officers and employees and others, were assessed as standard grade and past due but not impaired since there were no history of default on the outstanding receivables as of September 30, 2015 and December 31, 2014. These were assessed based on past collection experience and the debtors' ability to pay the receivables.

3. Security deposits are considered as standard grade financial assets as these are settled on their due dates even without an effort from the Group to follow them up.

The tables below show the aging analysis per class of financial assets as at September 30, 2015 and December 31, 2014

	September 30, 2015					
	Neither past due nor impaired	1-30 days	31-60 days	more than 60 days	Impaired	**Total**
Cash and cash equivalents	137,814,130					**137,814,130**
Short-term investments	50,000,000					**50,000,000**
Trade and other receivables	352,519,214	933,159	967,276	32,483,326	495,161	**387,398,136**
Security deposits	350,349,197					**350,349,197**
	890,682,541	**933,159**	**967,276**	**32,483,326**	**495,161**	**925,561,463**

	December 31, 2014					
	Neither past due nor impaired	1-30 days	31-60 days	more than 60 days	Impaired	**Total**
Cash and cash equivalents	1,345,112,861					**1,345,112,861**
Short-term investments	20,000,000					**20,000,000**
Trade and other receivables	375,742,499				2,169,999	**377,912,498**
Security deposits	350,349,197					**350,349,197**
	2,091,204,557	**-**	**-**	**-**	**2,169,999**	**2,093,374,556**

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. To effectively manage liquidity risk, the Group has arranged for funding from related parties and continues to dispose of scrap, obsolete and excess assets to raise additional funds aside from the capital restructuring completed in 2008.

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

September 30, 2015	**Due and Demandable**	**Within 6 Months**	**6 to 12 Months**	**Over 1 Year**	**Total**
Trade and other payables	2,168,373,079	115,374,898	-	-	**2,283,747,977**
Short-term loans payable		495,120,627	-	-	**495,120,627**
	2,168,373,079	**610,495,525**	**-**	**-**	**2,778,868,604**

**Excluding statutory payables*

December 31, 2014	Due and Demandable	Within 6 Months	6 to 12 Months	Over 1 Year	Total
Trade and other payables	2,659,641,083	**-**	-	-	**2,659,641,083**
Short-term loans payable		103,291,516	-	-	**103,291,516**
	2,659,641,083	**103,291,516**	**-**	**-**	**2,762,932,599**

**Excluding statutory payables*

Foreign Exchange Risk
Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group uses the Peso (₱) as its functional currency and is therefore exposed to foreign exchange movements, primarily on the US Dollar ($). The Group follows a policy to manage this risk by closely monitoring its cash flow position and by providing forecast on its exposures in non-peso currency.

The balances of the Group's financial assets and liabilities denominated in foreign currency translated in Philippine peso, as of September 30, 2015 and December 31, 2014, are as follow

	September 30, 2015		
	Original Currency in $	**Original Currency in €**	**Translated in ₱**
Financial asset:			
Cash and cash equivalents	539,111		25,300,477
		79,151	4,179,151
Financial liabilities:			
Trade and other payables	(2,458,447)		(115,374,898)
Net exposure	**(1,919,336)**	**79,151**	**(85,895,270)**

	December 31, 2014		
	Original Currency in $	**Original Currency in €**	**Translated in ₱**
Financial asset:			
Cash and cash equivalents	281,065		12,562,281
		90,418	4,913,314
Financial liabilities:			
Accounts Payable	(2,852,915)		(127,582,359)
Net exposure	**(2,571,850)**	**90,418**	**(110,106,764)**

As of September 30, 2015 and December 31, 2014, the exchange rate of the Philippine peso to the USD was ₱46.93 and ₱44.72, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in Philippine Peso/US Dollar exchange rate, with all other variables held constant, of the Group's income before income tax. There is no other impact on the Group's equity other than those affecting the statement of comprehensive income.

	Change in exchange rate		Change in exchange rate	
	$ strengthens by 5%	$ weakens by 5%	€ strengthens by 5%	€ weakens by 5%
Increase (decrease) in income before income tax and equity				
September 30, 2015	**(4,503,721)**	**4,503,721**	**208,958**	**(208,958)**
December 31, 2014	(5,751,004)	5,751,004	245,666	(245,666)

Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following financial assets and financial liabilities approximate their values as at reporting dates:

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate their fair value due to the short term maturity of these financial instruments.

Trade and other receivables, Short-term loans payable and Trade and other payables Similarly, the carrying amounts of trade and other receivable, short-term loans payable and trade and other payables, which are all subject to normal trade terms, approximate their fair values.

Deposit with suppliers

These are presented at cost since the timing and amounts of future cash flows related to the deposit with suppliers are linked to the termination of the contract which cannot be reasonably and reliably estimated.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Capital Management

The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to increase the value of shareholders' investment. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure upon commencement of its operations.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry. No changes were made in the objectives, policies or processes during the year.

The following table summarizes what the Group considers as its total capital as at reporting dates:

	September 30, 2015	December 31, 2014
Capital Stock	₱ 1,068,393,223	₱ 1,068,393,223
Additional Paid In Capital	1,153,568,290	1,153,568,289
Retained Earnings	1,462,917,602	1,597,172,678
	₱ 3,684,879,115	₱ 3,819,134,190

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

Results of Operations

The Group delivered another strong revenue performance by reaching ₱2.68 billion for the third quarter and ₱8.49 billion for the nine-month period which grew by 6.9% and 10.6% from the same period in 2014, respectively. These were mainly driven by the increase in volume brought about by the additional capacities in Kaybiga, Pampanga and Isabela which were realized during the middle of the year. Increasing demands of flavored carbonated soft drinks as well as price adjustments on our products implemented during summer of 2014 and 2015 contributed also to the revenue growth.

Cost of Goods Sold, which consist mainly of raw and packaging materials, direct labor and manufacturing overhead, increased by 7.4% for the three-month and 8.9% for the nine-month period ended September 30, 2015 compared to year ago levels. These were mainly driven by higher sales volume, increase in sugar cost, higher depreciation due to manufacturing CAPEX and higher amortization due to infusion of new bottles. On the other hand, the Group gained from the decreasing cost of caps and diesel products.

As a result of the foregoing, the Group's gross profit reached ₱933.08 million for the quarter and ₱3.03 billion for the nine-month period, an increase of 6.0% and 13.8% compared last year, respectively. As a percentage of net sales, gross profit rate slightly decreased by 0.3 percentage points (PP) for the quarter but higher by 1.0 PP for the nine-month period compared to 2014 levels.

Selling, marketing and distribution expenses increased by ₱23.98 million for the quarter and ₱84.35 million for the nine-month period equivalent to 10.2% and 12.3% versus last year, due to higher promotion and advertising as we introduced new products and strengthen our market position. Other factors that contributed to the increase are depreciation due to additional vehicles and outside manpower due to wage order and higher volume.

General and administrative expenses increased by ₱3.13 million or 3.6% for the quarter and ₱17.30 million or 6.8% for the nine-month period versus 2014 primarily due to increase in salaries and professional fees.

Other income decreased by ₱10.45 million for the quarter and ₱22.01 million for the nine-month period which is lower by 66.1% and 34.9% compared to last year, respectively. These were attributable to lower placements by the Group and higher interest expense from its short-term loan.

Provision for income tax increased by 0.4% for the quarter and 22.0% for the nine-month period compared to the same period in 2014 primarily due to the increase in taxable income and one time set-up of deferred tax asset in 2014.

Overall, the Group's net income improved by 3.7% for the quarter to ₱414.61 million and 10.4% for the nine-month period to ₱1.41 billion compared to the same period in 2014, respectively.

This resulted in net income of ₱414.61 million for the quarter and ₱1.41 billion for the nine-month period of 2014.

Financial Condition

Sound policy on credit control and working capital management has enabled the Group to maintain a solid financial condition. Cash from operations were used to fund capital expenditures.

The Group's total assets slightly decreased by 2.9% from ₱6.94 billion in December 2014 to ₱6.74 billion in September 2015 mainly due to lower cash & cash equivalents and other current assets while there were increases in short-term investments, trade & other receivables, inventories, deferred pallets and containers, property, plant and equipment and other non-current assets.

Cash and cash equivalents decreased from ₱1,463.11 million to ₱190.68 million due to payment of cash dividends amounting to ₱1,549.17 million.

Short-term investment increased from ₱20.00 million to ₱50.00 million due to additional placements.

Trade and other receivables increased by ₱11.16 million or 3.0% brought about by higher sales transactions that supported sales growth as well as empties on loan extended to customers. Meanwhile, related party receivables were partially settled.

Inventories are higher by ₱489.24 million or 30.9% versus 2014 mainly due to increase in the purchases of containers and pallets, bottling parts and supplies, raw materials, and higher finished goods inventory level. .

Other current assets decreased by ₱74.86 million due to lower input VAT compared last year when the Group initially acquired its assets.

Property, plant and equipment increased by ₱99.78 million or 9.4% due to planned capital expenditures on bottling equipment and machineries.

Deferred containers increased from ₱1,608.00 million to ₱1,991.64 million which grew by 23.9% due to infusion of new bottles.

Other non-current assets increased from ₱692.56 million to ₱828.03 million primarily due to higher deposits on importation, higher deferred input VAT and investment in ARC Holdings, Inc.

Total liabilities decreased from ₱3,142.54 million in December 2014 to ₱3,078.79 million in September 2015 due to decrease in trade and other payables and income tax payable but increase in short-term loans payable and retirement liability.

Trade and other payables decreased by ₱370.71 million mainly due to settlement of related party payables amounting ₱444.60 million while containers deposit liability increased by ₱106.03 million.

Short-term loans payable increased by ₱391.83 million primarily due to loans obtained from the bank for working capital purposes.

Retirement liability also increased by ₱22.85 million or 25.5% representing accruals for the nine month period of 2015.

Seasonality Aspects That May Affect Financial Conditions or Results of Operations

Please refer to Note 4 of the Consolidated Interim Statements of Income for discussions on seasonality of the Group's operations.

The Group does not know of:

Any known trends or any known demands, commitments, events or uncertainties that will result or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;

Any events that will trigger direct or contingent financial obligation (including contingent obligation) that is material to the Group, including any default or acceleration of an obligation;

Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period;

Any material commitments for capital expenditures, their purpose, and sources of funds for such expenditures;

Any known trends, events, or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues, or income from continuing operations;

Any significant elements of income or loss that did not arise from the Group's continuing operations;

Key Performance indicators

The following are the Group'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.

		30-Sep-15	31-Dec-14
Current ratio	Current assets over current liabilities	.93:1	1.17:1
Solvency ratio	Net income plus depreciation and amortization over total liabilities	.68:1	0.57:1
Bank debt-to-equity ratio	Bank debt over total equity	.14:1	.03:1
Asset-to-equity ratio	Total assets over equity	1.84:1	1.83:1

		For the nine months ended Sept. 30		For the three months ended Sept 30	
		2015	2014	2015	2014
Gross sales		P 8.49 Billion	P 7.68 Billion	P 2.68 Billion	P 2.51 Billion
Gross profit margin	Gross profit over net sales	35.67%	34.68%	34.78%	35.08%
Operating margin	Operating income over net sales	23.39%	22.42%	21.73%	22.20%
Net profit margin	Net profit over net sales	16.66%	16.70%	15.45%	15.94%

Current ratio decreased mainly due to the decrease in cash and cash equivalents relative to the cash dividend pay-out. The change in solvency ratio is mainly due to increase in net income and non-cash items such as depreciation and amortization. Debt to equity ratio also increased as the Group secured short-term loan during the nine-month period. Asset to equity ratios remain unchanged with the decline in asset and equity balances almost at par.

The changes in the nine month gross profit margin and operating margin are attributable to significant increases in sales revenue brought about by higher volume and price adjustments. However 3rd quarter margins fell due to increase in cost of sugar, increase in depreciation and amortization as well as increase in costs associated with marketing, promotions and wages.