08 August 2019

Securities & Exchange Commission
Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila

Philippine Stock Exchange
Disclosure Department
6/F PSE Tower, 28th Street corner 5th Avenue,
BGC, Taguig City, Metro Manila

Philippine Dealing & Exchange Corporation
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave. corner Paseo de Roxas
Makati, 1226 Metro Manila, Philippines

Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Market and Securities Regulation Department
Securities & Exchange Commission

Ms. Janet Encarnacion
Head - Disclosure Department
Philippine Stock Exchange

Atty. Joseph B. Evangelista
Head - Issuer Compliance and Disclosure Department (ICDD)

Gentlemen and Madam:

We are herewith submitting the Company's second quarter report for period ended 30 June 2019 (SEC 17-Q) in compliance with the Securities Regulation Code and Revised Disclosure Rules.

Thank you and warm regards.

Very truly yours,

Atty. Socorro Ermac Cabreros
Corporate Secretary

COVER SHEET

A	2	0	0	2	0	7	2	8	3	

S.E.C. Registration Number

P-	H-	O-	E-	N-	I-	X		P	E	T	R	O	L	E	U	M				
P	H	I	L	I	P	P	I	N	E	S		I	N	C	.					

P-H-O-E-N-I-X Petroleum Philippines, Inc.
(Company's Full Name)

S	T	E	L	L	A		H	I	Z	O	N		R	E	Y	E	S		R	D.
B	O.		P	A	M	P	A	N	G	A		L	A	N	A	N	G			
D	A	V	A	O		C	I	T	Y											

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

DENNIS A. UY
Contact Person

(082) 235-8888
Company Telephone Number

1 2	3 1	SEC FORM 17-Q	3	last Friday XX
Month	Day	FORM TYPE	Month	Day

Fiscal Year Ending — Annual Meeting

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE
Secondary License Type, if applicable

Dept. Requiring this Doc

Amended Articles Number/Section

71
Total No. of Stockholders

Total Amount of Borrowings
Domestic
Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q, AS AMENDED

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 June 2019
2.	SEC identification number:	A200207283
3.	BIR Tax Identification No.	006-036-274
4.	Exact name of issuer as specified in its charter	**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
5.	Province, country or other jurisdiction of incorporation or organization	Davao City, Philippines.
6.	Industry Classification Code:	(SEC Use Only)
7.	Address of issuer's principal office:	Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City
	Postal Code:	8000
8.	Issuer's telephone number, including area code:	(082) 235-8888
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 Outstanding
COMMON	1,403,304,232.00
PREFERRED	22,000,000.00

Amount of Debt Outstanding as of 30 June 2019: Php48,062,485,609.00

11. Are any or all of the securities listed on the Stock Exchange?	Yes [✓] No [ ]
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:	Philippine Stock Exchange Common Shares Preferred Shares

12. Check whether the issuer has:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports):	Yes [✓] No [ ]
(b) has been subject to such filing requirements for the past ninety (90) days:	Yes [✓] No [ ]

TABLE OF CONTENT

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
UNAUDITED as of JUNE 30, 2019
(With Comparative Figures as of December 31, 2018
(Amounts in Philippine Pesos)

	Notes	UNAUDITED June 30, 2019	AUDITED December 31, 2018
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	6	**P 5,334,543,790**	P 7,889,708,807
Trade and other receivables - net	6	**15,218,331,696**	15,030,714,704
Inventories - net	7	**7,971,410,230**	11,135,494,286
Due from related parties - net	11	**393,719,628**	937,904,172
Restricted deposits	6	**53,910,062**	52,719,265
Input value-added tax - net		**1,558,835,010**	1,517,537,410
Prepayments and other current assets	6	**1,145,434,411**	695,698,779
Total Current Assets		**31,676,184,827**	37,259,777,423
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	**22,632,144,542**	18,715,994,505
Investment properties		**1,738,671,163**	1,739,021,205
Intangible assets - net	9	**314,766,102**	328,054,350
Investments in joint ventures		**468,725,116**	455,436,370
Goodwill - net		**5,070,794,325**	4,418,842,831
Deferred tax assets - net		**186,936,967**	147,484,516
Other non-current assets		**1,970,315,907**	1,595,667,530
Total Non-current Assets		**32,382,354,122**	27,400,501,307
TOTAL ASSETS		**P 64,058,538,949**	P 64,660,278,730
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	**P 27,685,346,789**	26,309,487,284
Trade and other payables		**5,441,880,325**	7,434,839,252
Income tax payable		**120,291,703**	99,380,682
Total Current Liabilities		**33,247,518,817**	33,843,707,218
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	**12,372,247,002**	13,590,520,166
Deferred tax liabilities - net		**613,339,407**	631,776,224
Other non-current liabilities		**1,829,380,383**	620,602,265
Total Non-current Liabilities		**14,814,966,792**	14,842,898,655
Total Liabilities		**48,062,485,609**	48,686,605,873
EQUITY			
Equity attributable to parent company	12		
Capital stock		**1,107,004,230**	1,112,004,232
Additional paid-in capital		**6,738,692,486**	7,233,692,486
Revaluation reserves		**827,510,428**	827,510,428
Other reserves		**(730,361,725)**	(730,361,725)
Accumulated translation adjustment		**6,941,525**	24,928,394
Retained earnings		**8,078,679,632**	7,542,843,961
		16,028,466,576	16,010,617,776
Non-controlling interest		**(32,413,237)**	(36,944,919)
Total Equity		**15,996,053,339**	15,973,672,857
TOTAL LIABILITIES AND EQUITY		**P 64,058,538,948**	P 64,660,278,730

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 AND 2018
UNAUDITED
(Amounts in Philippine Pesos)

	Notes	YTD January -June 2019	YTD January -June 2018	2nd Quarter (April to June) 2019	2nd Quarter (April to June) 2018
REVENUES					
Sale of goods	4,11	**P 50,782,860,885**	P 40,045,666,478	**P 26,839,249,725**	P 22,049,470,657
Fuel service and other revenues	4,11	**361,892,304**	170,046,763	**228,046,633**	95,941,517
Rent income	4,11	**55,027,089**	32,438,940	**39,851,550**	20,060,922
		51,199,780,278	40,248,152,181	**27,107,147,908**	22,165,473,096
COST AND EXPENSES					
Cost of sales and services	4	**45,556,989,894**	35,813,144,202	**23,956,756,616**	20,066,898,633
Selling and administrative expenses	4	**3,576,351,115**	2,734,468,474	**2,105,111,009**	1,203,671,564
		49,133,341,009	38,547,612,676	**26,061,867,625**	21,270,570,197
OTHER CHARGES (INCOME)					
Finance costs	4	**1,116,029,304**	659,568,608	**533,585,014**	332,930,483
Finance income	4	**(10,876,269)**	(38,549,572)	**(1,148,591)**	(30,738,653)
Equity share in net income of joint ventures		**(16,582,232)**	-	**(5,074,992)**	-
Others - net	4	**(8,777,888)**	(11,547,694)	**(2,655,865)**	(8,502,134)
		1,079,792,915	609,471,342	**524,705,566**	293,689,696
PROFIT BEFORE TAX		**986,646,354**	1,091,068,163	**520,574,717**	601,213,203
TAX EXPENSE		**89,820,056**	121,270,585	**38,419,522**	70,105,978
NET PROFIT		**P 896,826,298**	P 969,797,578	**P 482,155,195**	P 531,107,225
NET PROFIT ATTRIBUTABLE TO:					
Parent company		**P 903,936,498**	P 969,797,578	**P 486,237,567**	P 531,107,225
Non-controlling interest		**(7,110,200)**	-	**(4,082,372)**	-
		P 896,826,298	P 969,797,578	**P 482,155,195**	P 531,107,225
OTHER COMPREHENSIVE INCOME (LOSS)					
Item that will be reclassified subsequently to profit or loss					
Translation adjustment related to a foreign subsidiary		**32,272,010**	39,213,535	**61,095,956**	13,150,000
Items that will not be reclassified subsequently to profit or loss					
Gain on revaluation of land		**-**	-		
Remeasurements of post-employment defined benefit obligation		**-**	-		
Tax expense		**-**	-		
		-	-	**-**	-
Other Comprehensive Income - net of tax		**32,272,010**	39,213,535	**61,095,956**	13,150,000
TOTAL COMPREHENSIVE INCOME		**P 929,098,308**	P 1,009,011,113	**P 543,251,151**	P 544,257,225
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Parent company					
Non-controlling interest					
		-			
Basic Earnings per share		**P 0.59**	**P 0.61**		
Diluted Earnings per share		**P 0.59**	**P 0.61**		

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)

		Capital Stock												
	Notes	Preferred Stock	Preferred Treasury Stock - At Cost	Common Stock	Common Treasury Stock - At Cost	Total	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Accumulated Translation Adjustment	Retained Earnings	Total Equity Attributable to the Shareholders of Parent Company	Non-controlling Interest	Total Equity
Balance at January 1, 2019		32,000,000	(10,000,000)	1,434,304,232	(344,300,000)	1,112,004,232	7,233,692,486	827,510,428	(730,361,725)	24,928,394	7,542,843,961	16,010,617,776	(36,944,919)	15,973,672,857
Cash dividends											(370,742,301)	(370,742,301)		(370,742,301)
Issuance of shares during the year												-		-
Adjustments for adoption of PFRS 16												-		-
Acquisition of shares during the year												-		-
Preferred Stock Redemption			(5,000,000)			(5,000,000)	(495,000,000)					(500,000,000)		(500,000,000)
Share-based compensation											4,427,906	4,427,906		4,427,906
Business combination												-	11,641,882	11,641,882
Translation adjustments during the year										(17,986,869)	(1,786,432)	(19,773,301)		(19,773,301)
Total comprehensive income for the year											903,936,498	903,936,498	(7,110,200)	896,826,298
Balance at June 30, 2019		32,000,000	(15,000,000)	1,434,304,232	(344,300,000)	1,107,004,232	6,738,692,486	827,510,428	(730,361,725)	6,941,525	8,078,679,632	16,028,466,578	(32,413,237)	15,996,053,341
Balance at January 1, 2018		0	0	1,431,538,232	-	1,431,538,232	5,709,303,309	(2,306,049)	-	(6,065,195)	5,524,581,532	12,657,051,829		12,657,051,829
Sale of treasury shares	28													
Cash dividends	28										(312,185,735)	(312,185,735)		(312,185,735)
Acquisition of shares during the year	28											-	720,241	720,241
Stock Options Exercised				2,201,000		2,201,000	17,020,094				(222,861)	18,998,233		18,998,233
OCI of new subsidiary									(2,199,839)			(2,199,839)		(2,199,839)
Issuance of shares during the year	28													
Share-based compensation	24													
Translation adjustments during the year	2									39,213,535	55,312,486	94,526,021		94,526,021
Total comprehensive income for the year											1,009,011,113	1,009,011,113		1,009,011,113
Balance at June 30, 2018		0	0	1,433,739,232	-	1,433,739,232	5,726,323,403	(2,306,049)	(2,199,839)	33,148,340	6,276,496,535	13,465,201,622	720,241.00	13,465,921,863

PHOENIX PETROLEUM PHILIPPINES INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	P 986,646,354	P 1,087,797,539
Adjustments for:		
Gain on revaluation of investment properties	-	
Interest expense	1,191,000,154	577,069,688
Depreciation and amortization	661,134,092	504,040,283
Unrealized foreign currency exchange losses (gains) - net	-	70,031,337
Equity share in net loss (income) of joint ventures and an associate	-	
Impairment losses on trade and other receivables	-	12,170,916
Impairment losses on other non-current assets	-	
Interest income	(13,088,517)	(6,281,830)
Provisions for lost cylinder	-	-
Gain on bargain purchase	-	-
Loss (gain) on disposal of property and equipment	-	(903,286)
Operating profit (loss) before working capital changes	2,825,692,083	2,243,924,647
Decrease (increase) in trade and other receivables	(187,616,992)	(4,759,579,538)
Decrease in inventories	3,164,084,056	6,273,952,611
Decrease (increase) in land held for sale and land development costs	-	
Increase in other current assets	(492,224,029)	358,550,612
Decrease in trade and other payables	(2,065,809,843)	(1,205,897,496)
Cash generated from operations	3,244,125,275	2,910,950,836
Cash paid for income taxes	(46,837,187)	(5,431,870)
Net Cash From Operating Activities	3,197,288,088	2,905,518,966
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of new subsidiaries	(651,951,494)	(510,355,275)
Acquisitions of property, plant and equipment	(4,553,906,588)	(2,547,370,671)
Additions to investment properties	-	
Increase in other non-current assets	(374,648,377)	(193,027,116)
Acquisitions through business combinations, net of cash acquired	-	
Advances to related parties	-	269,913,865
Translation of financial statement of foreign subsidiary	(15,241,616)	94,526,021
Additional investments in joint ventures	(13,288,746)	(45,353,131)
Proceeds from disposal of property and equipment	2,175,141	917,483
Interest received	13,088,517	6,281,830
Acquisitions of intangible assets	(11,914,391)	-
Net Cash Used in Investing Activities	(5,605,687,554)	(2,924,466,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional loans and borrowings	34,616,639,742	40,519,321,832
Repayments of interest-bearing loans and borrowings	(34,459,053,401)	(38,698,034,493)
Interest paid	(1,191,000,154)	(577,069,688)
Changes in non-controlling interests	-	
Payments made to related parties	-	
Additional borrowings from related parties	-	
Collections from related parties	-	
Employee Share Options	4,427,906	1,978,139
Declaration of cash dividends	(P 370,742,301)	(P 312,185,735)
Advances to related parties	544,184,544	
Placement of required deposits for equity swap (TRES) transaction	-	
Increase (decrease) in other non-current liabilities	1,208,778,118	128,576,907
Deposit for future stock subscription	-	
Decrease in revaluation reserves	-	
Proceeds from issuance for shares of stock	-	
Increase/decrease in APIC	(495,000,000)	17,020,094
Redemption of Preferred Stock	(5,000,002)	-
Proceeds from total return equity swap (TRES) transaction	-	-
Net Cash From Financing Activities	(146,765,548)	1,079,607,056
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,555,165,014)	1,060,659,028
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,889,708,807	1,831,542,441
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 5,334,543,793	P 2,892,201,469

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
SELECTED NOTES TO INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)
(UNAUDITED)

1. GROUP INFORMATION

1.1 Incorporation and Operations

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Parent Company) was incorporated in the Philippines on May 8, 2002 and is currently owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a Philippine company, at 41.97% of the Parent Company's outstanding capital stock.

The Parent Company is presently engaged in trading of refined petroleum products on wholesale basis and operation of oil depots, storage facilities and allied services. The registered office of the Parent Company, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City. The Parent Company is listed with the Philippine Stock Exchange (PSE) with its initial public offering on July 11, 2007. It has a total of 630 opened retail service stations, and a total of ten service stations under construction as of June 30, 2019.

On the other hand, PPHI was incorporated in the Philippines on May 31, 2006. PPHI's primary purpose is to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises. PPHI's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The ultimate parent is Udenna Corporation, which is primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing. The ultimate parent company's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

Subsidiaries, Associate, Joint Venture and their Operations

As of December 31, the Parent Company holds ownership interests in the following entities, which are all incorporated and domiciled in the Philippines or otherwise stated:

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership 2019	2018
Direct interest:			
Subsidiaries			
P-F-L Petroleum Management, Inc. (PPMI)	(a)	**100.00%**	100.00%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	(b)	**100.00%**	100.00%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	(c)	**100.00%**	100.00%
PNX Petroleum Singapore Pte. Ltd. (PNX SG)	(d)	**100.00%**	100.00%
Phoenix LPG Philippines, Inc. (PLPI)	(e)	**100.00%**	100.00%
Duta, Inc. [4]	(f)	**100.00%**	100.00%
Philippine FamilyMart CVS, Inc. (PFM) [1]	(g)	**100.00%**	-
PNX Energy International Holdings, Pte. Ltd. (PNX Energy) [1]	(h)	**100.00%**	-
Action.Able, Inc.(AAI) [1]	(i)	**74.90%**	-
Think.Able Limited (TAL) [1]	(j)	**74.90%**	-
Phoenix Pilipinas Gas and Power Inc.	(k)	**100.00%**	
Joint venture			
Phoenix Asphalt Philippines, Inc.[3]	(l)	**40.00%**	-
Indirect interest:			
Kaparangan, Inc. (Kaparangan) [2,4]	(m)	**100.00%**	100.00%
PNX (Vietnam) Pte. Ltd. (PNX Vietnam) [5]	(n)	**100.00%**	-
Phoenix Gas Vietnam [6]	(o)	**75.00%**	-
PT Phoenix Petroleum Indonesia (PNX Indonesia)[7]	(o)	**100.00%**	-
Galaxi Petroleum Fuel, Inc. (Galaxi)[7]	(p)	**51.00%**	-
Phoenix Southern Petroleum Corp. (PSPC)[8]	(q)	**51.00%**	-

Notes:
1 New subsidiaries
2 Wholly-owned subsidiary of Duta
3 Joint venture of Parent Company
4 Duta and Kaparangan, collectively known as Duta Group
5 Subsidiary of PNX Energy
6 Subsidiary of PNX (Vietnam) Pye. Ltd. (PNX VIETNAM)
7 Subsidiary of PGMI
8 Joint venture of PPMI

(a) Incorporated on January 31, 2007 and is engaged in organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations.

(b) Incorporated on July 31, 2006 to engage in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI started commercial operations in 2007 and temporarily ceased its operation in 2008 but has resumed its business in October 2015 through selling of acid oil and coconut fatty acid distillates, both are by-products from manufacturing of coconut methyl ester (CME).

(c) Incorporated on February 20, 2007 and is engaged in buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use.

(d) Incorporated on October 30, 2012 in Singapore and started operations in October 2017. It is the regional trading arm of the Group. It currently holds office in Singapore and is able to buy directly from the refineries in the region due to its bigger requirements. It also sells to other local and regional buyers.

(e) Incorporated on June 20, 1995 to engage in the buying, selling, storing, distributing, and marketing at wholesale of all kinds of goods, including but not limited to liquefied petroleum gas (LPG) and other petroleum products.

(f) Incorporated on November 9, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing of land.

(g) Incorporated on November 29, 2012. PFM is engaged in the business of operating convenience stores (CVS) under the trademark "FamilyMart" either by direct operation and/or by franchise system in the Philippines and to conduct business activities related to and in support to the aforesaid CVS platforms including importation and export, advertisement and promotion, and in general, to exercise and perform any and all powers necessary, incidental, or convenient to the business.

(h) Incorporated on October 29, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses but has not yet started commercial operations as of December 31, 2018.

(i) Incorporated on May 6, 2015 to engage in the business of selling, leasing or distributing electronic devices to distributors, merchants or retailers for the purpose of digital marketing and/or ecommerce and to engage in the business of providing an outline digital network for the purpose of digital marketing and/or e-commerce accessible through electronic devices.

(j) Incorporated on May 5, 2014 and is a Hong Kong based company that handles the trademark of AAI.

(k) Incorporated on March 14, 2019 and is engaged in selling, trading, on wholesale basis, natural gas and liquified natural gas (LNG).

(l) Incorporated on March 23, 2018 and was established to import, store, manufacture, sell market, distribute bitumen, bitumen-related products and such other by-products of crude oil and such other petroleum products including the operation of terminals and depots.

(m) Incorporated on January 21, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing land.

(n) Incorporated on October 30, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses and has not yet started its commercial operations.

(o) Incorporated in Nov. 21, 1998 under the laws of Vietnam to engage in wholesale of solid, liquid, gas fuels and other related products.

(p) Incorporated on September 10, 2018 in Indonesia to serve as an avenue for the Parent Company to explore business opportunities in different parts of Indonesia. PNX Indonesia has not yet started its commercial operations.

(q) Incorporated on August 2, 2017 and is a joint venture with its previous owners. Galaxi owns and operates a number of petroleum service stations in different parts of the Philippines.

(r) Incorporated on July 5, 2018 to operate petroleum service stations in areas within Southern Luzon under the Parent Company's name and brand.

1.1 Other Corporate Information

The registered office and principal place of business of the existing subsidiaries, except those presented in below, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

SPTT	–	Units 113 and 115 Subic International Hotel, Alpha Building, Rizal Highway, Subic Bay Freeport Zone, Zambales
PNX SG	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
PNX Energy	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
PNX Vietnam	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
Phoenix Vietnam Gas LLC	_	No. 456 Phan Xich Long Street, Ward 2, Phu Nuan District, Ho Chi Minh City
PLPI	–	Phoenix Petroleum Corporate Headquarters, Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City
Duta	–	15th Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
Kaparangan	–	15th Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
PFM	–	4th Floor, Tara Building, No. 389 Sen. Gil Puyat Avenue, Makati City, Metro Manila
AAI	–	2nd Floor, Crown Center, 158 Jupiter Street Corner N. Garcia Street, Bel-Air Village, Makati City
TAL	–	Room 1902, W Wilson House, 19-27 Wyndham Street, Central, Hong Kong
PAPI and PSPC	–	25th Floor Fort Legend Tower, 3rd Avenue Fort corner 31st Street, Bonifacio Global City, Taguig City
PNX Indonesia	–	The Prominence Office Tower, 12th Floor B, Jl. Jalur Sutera Barat No. 15, Alam Sutera, Indonesia
Galaxi	–	1846 FB Harrison Street Pasay City

1.2 Approval of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements (unaudited) of the Group as of and for the six months ended June 30, 2019 (including the comparative consolidated financial information as of December 31, 2018 and for the six months ended June 30, 2019 were authorized for issue by the Parent Company's Board of Directors (BOD) on August 8, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are summarized below. The Interim Condensed Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended December 31, 2018.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the three months ended June 30, 2019 and 2018 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2018.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated. The presentation of the interim condensed consolidated financial statement is consistent with the most recent annual consolidated financials except for the amendments introduced by the new accounting standards mentioned in Note 2.2.

2.2 Adoption of New and Amended PFRS

Effective in 2019 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PFRS 16	:	Leases
PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9	:	Financial Instrument
PAS 28 (Amendments)	:	Investment in Associates – Long- Term Interest in Associates and Joint Ventures
PFRS 10 (Amendments)	:	Consolidated Financial Statements
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements – (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes
PAS 23 (Amendments)	:	Borrowing Costs
PFRS 3 (Amendments)	:	Business Combination
PFRS 11 (Amendments)	:	Joint Arrangements – Remeasurement of Previously Held Interests in Joint Operations

(i) The Group has applied PFRS 16 using the modified retrospective approach and therefore, comparative information has not been restated. This means comparative information is still reported under PAS 17 and IFRIC 4.

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

- the Group has the right to direct the use of the identified asset throughout the period of use.

- The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.
At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. A total of P115.9 million as part of the depreciation and an interest expense of P1.1 million as part of the finance cost were recorded during the first six month of 2019, as the group initially adopt PFRS 16.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. A total of P117.4 million was recognized as rent expense for short term leases during the first six months of the year.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in Other non-current liabilities.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group as a lessor

The Group also earns rental income from operating leases of its investment properties. Rental income is recognized on a straight-line basis over the term of the lease.

(ii) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

The amendments were approved by the FRSC on March 14, 2018 but is still subject to the approval by the BOA.

The management is still evaluating the impact of this pronouncement. It is not expected to have significant impact on the Group's consolidated financial statements.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective for annual period beginning or after January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

The management is still evaluating the impact of this pronouncement. It is not expected to have significant impact on the Group's consolidated financial statements.

(iv) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

(v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vi) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the amendments presented in the succeeding page are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements.

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

2.3 Financial Instruments

(a) Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

(b) Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items.

The financial assets category relevant to the Group is financial assets at amortized cost.

(c) Subsequent measurement of financial assets

Financial assets at amortized cost
Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables, due from related parties, restricted deposits and refundable rental deposit (presented as part of Other Non-Current Assets in the consolidated condensed statement financial position) fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). This category also contains an equity investment. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Group has no FVTPL as of reporting date.

Financial assets at fair value through other comprehensive income (FVOCI)
The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell; and,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in OCI will be recycled upon derecognition of the asset. The Group has no FVOCI as of reporting date.

(d) Impairment of financial assets

PFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss' (ECL) model. This replaces PAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under PFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and,
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's financial assets fall into this category. '12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The key elements used in the calculation of ECL are as follows:

- Probability of Default – is an estimate of likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the instrument has not been previously derecognized and is still in the portfolio.
- Loss Given Default – is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- Exposure at Defaults – represents the gross carrying amount of the financial instruments subject to the impairment calculation.

(e) *Classification and measurement of financial liabilities*

As the accounting for financial liabilities remains largely the same under PFRS 9 compared to PAS 39, the Group's financial liabilities were not impacted by the adoption of PFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related payables), security deposits, customers' cylinder deposits and cash bond deposits (which are presented under Other Non-Current Liabilities in the consolidated statement of financial position), are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Interest charges that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. All other interest related charges are recognized as an expense in the consolidated condensed statement of comprehensive income under the caption Finance Costs.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables (excluding tax-related payables), security deposits, customers' cylinder deposits and cash bond deposits are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Security deposits are initially recognized at fair value. Interest on security deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Costs. The excess of the principal amount of the deposit over its present value is immediately recognized as Unearned rent (presented as part of Other Non-Current Liabilities in the consolidated statement of financial position). Meanwhile, the rent income arising from subsequent amortization of unearned rent is accounted for using the straight-line method over the lease term and is presented as part of Rent and Storage Income in the consolidated statement of comprehensive income.

The Group purchases LPG cylinders, which are loaned to dealers upon payment by the latter of an amount equivalent to 44.00-77.00% of the acquisition cost of the cylinders. At the end of each reporting date, customers' cylinder deposits, shown under Other Non-Current Liabilities in the consolidated statement of financial position, are reduced for estimated non-returns. The reduction is recognized directly in profit or loss.

Obligations under finance lease (included as part of Interest-bearing Loans and Borrowings) are recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments, at the inception of the lease.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Parent Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.4 Revenues

Revenue arises mainly from the sale of goods and rendering of services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT), rebates and trade discounts.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated condensed statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated condensed statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Sale of goods* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, i.e. generally when the customer has acknowledged delivery of goods or when the customer has taken undisputed delivery of goods.

(b) *Fuel service and other revenues, and storage income* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. In addition, this includes revenue arising from port and cargo handling services.

(c) *Rent income* – Revenue is recognized on a straight-line basis over the lease term.

(d) *Interest income*– Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Except for revenues from rentals and interest, the performance obligation for revenues arising from the rendering of services and sale of goods is determined to be satisfied at a point in time.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as of and for the year ended December 31, 2018, except on the newly applied PFRS 16.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the three months ended March 31, 2019 and as of December 31, 2018, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

4. REVENUES

All of the Group's revenues except for rentals (covered under PFRS 16, *Leases*) are transferred at a point in time.

The Group's revenue disaggregated by primary geographical markets and major goods/service lines are presented in the next page.

	Six months to June 30, 2019			
	Trading	Depot and Logistics	Real Estate	Total
Primary Geographical Markets				
Philippines	P 35,778,703	P 361,892	P 55,027	P 36,195,622
Singapore	14,563,797			14,563,797
Vietnam	440,361	-	-	440,361
	P 50,782,861	P 361,892	P 55,027	P 50,782,861
Major goods/service lines				
Fuels	P 47,854,301	P -	-	P 47,854,301
LPG	2,361,707	-	-	2,361,707
Merchandise	355,973	-	-	355,973
Lubricants	332,659	-	-	332,659
Terminalling/hauling	-	361,892	-	361,892
Rentals	-	-	55,027	55,027
POS Device	57,367	-	-	57,367
	P 50,782,861	**P 361,892**	**P 55,027**	**P 50,782,861**

	Six months to June 30, 2018			
	Trading	Depot and Logistics	Real Estate	Total
Primary Geographical Markets				
Philippines	P 32,470,185	P 170,047	P 32,439	P 32,672,671
Singapore	7,575,482			7,575,482
	40,045,667	170,047	32,439	40,248,152
Major goods/service lines				
Fuel	P 37,298,432	P -	P -	P 37,298,432
Lubricants	2,020,009	-	-	2,020,009
LPG	332,370	-	-	332,370
Rentals	-	-	32,439	32,439
Terminalling/hauling	-	170,047	-	170,047
Merchandise	373,845	-	-	373,845
POS Device	21,011	-	-	21,011
	P 40,045,667	**P 170,047**	**P 32,439**	**P 40,248,152**

5. SEGMENT INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products or services and serves different markets. The Group's trading segment is engaged in marketing, merchandising, purchasing, selling, acquiring, disposing and distribution of goods and wares such as but not limited to petroleum products (on wholesale basis), lubricants and other products.

The Group is also engaged in operating of oil depots, storage facilities and provides logistics services to various entities on its Depot and Logistics Services segment. The Group's real estate segment is involved in real estate development, management and operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

As of June 30, 2019, there have been no change from prior periods in the measurement methods used to determine operating segments and reported segment revenues, expenses and performance.

The succeeding tables present revenue and profit information regarding segments for the six months ended June 30, 2019 and 2018 and certain asset and liability information regarding segments as at June 30, 2019 and December 31, 2018 (amounts in thousands).

	Trading		Depot and Logistics		Real Estate		Total	
	June 30,	June 30,	**June 30,**	June 30,	**June 30,**	June 30,	**June**	
30,	June 30,							
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
TOTAL REVENUES								
Sales to external customers	**P 50,782,861**	P 40,077,387	**P 361,892**	P 170,047	**P 55,027**	P 718	**P 51,199,780**	P 40,248,152
Intersegment sales	**17,274,000**	23,046	**424,405**	278,737	**8,241**	8,241		
17,706,646	310,384							
Total revenues	**68,056,861**	40,100,793	**786,297**	448,784	**63,268**	8,959	**68,906,426**	40,558,536
COSTS AND OTHER OPERATING EXPENSES								
Cost of sales and services excluding depreciation and amortization	**66,006,754**	38,198,281	**195,556**	153,409	2,446	2,267	**66,204,756**	38,353,957
Depreciation and amortization	**503,979**	332,012	**131,252**	172,028		-	**635,231**	504,040
	66,510,733	38,530,293	**326,808**	325,437	**2,446**	2,267	**66,839,987**	38,857,997
SEGMENT OPERATING PROFIT (LOSS)	**P 1,546,128**	P 1,570,500	**P 459,490**	P 123,347	**P 60,822**	P 6.692	**P 2,066,439**	P 1,700,540

	Trading		Depot and Logistics		Real Estate		Total	
	June 30,	December 31,	**June 30,**	December 31,	**June 30,**	December 31,	**June 30,**	December 31,
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
ASSETS AND LIABILITIES								
Segment assets	**P 61,732,758**	P 70,099,484	**P 8,603,062**	P 564,287	**P2,019,685**	P 415,081	**P 72,335,505**	P 71,078,852
Segment liabilities	**48,063,588**	51,410,451	**2,580,919**	421,481	**714,601**	324,206	**50,644,506**	52,150,138

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its interim condensed consolidated financial statement (in thousands).

	June 30 2019 (Unaudited)	June 30 2018 (Unaudited)
Revenues		
Total segment revenues	**P 68,906,426**	P 40,558,538
Elimination of intersegment revenues	**(17,706,646)**	(310,384)
Revenues as reported in profit or loss	**P 51,199,780**	P 40,248,152
Profit or loss		
Segment operating profit	**P 2,066,439**	P 1,700,540
Other unallocated income		
Other unallocated expense	**-**	( )
Operating profit as reported in profit or loss	2,066,439	1,700,540
Finance costs	**(1,116,029)**	(659,569)
Finance/Other income	**36,236**	50,097
Profit before tax as reported in profit or loss	**P 986,646**	P 1,091,068

	June 30 2019 (Unaudited)	December 31 2018 (Audited)
Assets		
Segment assets	**P 72,662,703**	P 71,078,852
Deferred tax liabilities – net	**307,198**	307,198
Elimination of intercompany accounts	**(8,603,062)**	(6,566,058)
Total assets reported in the consolidated statements of financial position	**P 64,059,641**	P 64,819,992
Liabilities		
Segment liabilities	**P 50,644,506**	P 32,673,838
Elimination of intercompany accounts	**(2,580,919)**	
Total liabilities as reported in the consolidated statements of financial position	**P 48,063,588**	P 32,673,838

5. CATEGORIES, FAIR VALUE MEASUREMENTS AND DISCLOSURES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are presented below.

	June 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**P 5,334,543,790**	**P 5,334,543,790**	P 7,889,708,807	P 7,889,708,807
Trade and other receivables-net*	**12,006,716,419**	**12,006,716,419**	11,363,226,589	11,363,226,589
Due from related parties	**393,719,628**	**393,719,628**	937,904,172	937,904,172
Construction Bond***	-	-	5,504,822	5,504,822
Restricted deposits	**69,619,290**	**69,619,290**	52,719,265	52,719,265
Refundable rental deposits	**309,930,107**	**309,930,107**	289,572,937	289,572,937
	P 18,114,529,234	**P 18,114,529,234**	P 20,538,636,592	P 20,538,636,592
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	**P 40,057,593,791**	**P 40,057,593,791**	P 39,945,245,450	P 39,945,245,450
Trade and other payables**	**6,785,315**	**6,785,315**	7,271,897,097	7,271,897,097
Security deposits	**321,726,739**	**321,726,739**	266,616,512	266,616,512
Customers' cylinder deposits	**378,833,016**	**378,833,016**	276,285,588	276,285,588
Cash bond deposits	**52,347,829**	**52,347,829**	56,702,491	56,702,491
	P 40,817,286,690	**P 40,817,286,690**	P 47,816,747,138	P 47,816,747,138

** Excludes certain advances to suppliers and advances subject to liquidation*
*** Excludes tax-related payables*
**** Included as part of Others under Prepayments and Other Current Assets*

5.2 Fair Value Hierarchy

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

5.3 Valuation Methods and Assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale. The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model. Management regularly assesses a range of reasonably possible alternatives for the significant unobservable inputs and determines their impact on the total fair value.

5.4 Fair Value Hierarchy of Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the interim condensed consolidated statements of financial position but for which fair value is disclosed.

	June 30, 2019 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P 5,334,543,790	P -	P	P 5,334,543,790
Trade and other receivables - net	-	-	12,006,716,419	12,006,716,419
Due from related parties	-	-	393,719,628	393,719,628
Restricted deposits	69,619,290	-		69,619,290
Refundable rental deposits	-	-	309,930,107	309,930,107
	P 5,404,163,080	**P -**	**P 12,710,366,154**	**P 18,114,529,234**
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P -	P -	P 40,057,593,791	P 40,057,593,791
Trade and other payables	-	-	6,785,315	6,785,315
Cash bond deposits			52,347,829	52,347,829
Customers' cylinder deposits			378,833,016	378,833,016
Security deposits	-	-	321,726,739	321,726,739
	P -	**P -**	**P 40,817,286,690**	**P 40,817,286,690**

	December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P 7,889,708,807	P -	P -	P 7,889,708,807
Trade and other receivables - net	-	-	11,363,226,589	11,363,226,589
Due from related parties	-	-	937,904,172	937,904,172
Restricted deposits	52,719,265	-	-	52,719,265
Refundable rental deposits	-	-	289,572,937	289,572,937
	P 7,942,428,072	P -	P 12,596,208,520	P 20,538,636,592
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P -	P -	P 36,188,613,995	P 36,188,613,995
Trade and other payables	-	-	7,271,897,097	7,271,897,097
Cash bond deposits			56,702,491	56,702,491
Customers' cylinder deposits			276,285,588	276,285,588
Security deposits	-	-	266,616,512	266,616,512
	P -	P -	P 44,060,115,683	P 44,060,115,683

For financial assets with fair value included in Level 1, management considers that the carrying amount of this short-term financial instrument approximates their fair values.

6. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 5. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with its Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

6.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing

and financing activities.

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's sales to a certain customer and, fuel and tanker importations, which are primarily denominated in U.S. dollars (US$).

The liability covering the fuel importation is covered by letter of credits (LCs) which is subsequently closed to Philippine peso trusts receipts (TRs). Further, the Group has several U.S. dollar loans from certain banks, which were used to finance its capital expenditures.

The Group also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate follow:

	June 30, 2019 (Unaudited)	
	U.S. Dollar	**Singapore Dollar**
Financial assets	**P 41,666,732**	**P 49,942**
Financial liabilities	**(106,115,123)**	**-**
Net exposure	**P 64,448,391**	**P 49,942**

	December 31, 2018 (Audited)	
	U.S. Dollar	Singapore Dollar
Financial assets	P 5,361,837,054	P 5,566,810
Financial liabilities	(5,253,328,012)	14,176,750
Net exposure	(P 108,509,042)	P 8,609,940

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against U.S. dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous six and 12 months, respectively, at a 99% confidence level.

	June 30, 2019 (Unaudited)	
	U.S. Dollar	**Singapore Dollar**
Reasonably possible change in rate	**10.808%**	**14.012%**
Effect in profit before tax	**(P 4,357,137)**	**P 6,998**
Effect in equity after tax	**(3,049,996)**	**4,899**

	December 31, 2018 (Audited)	
	U.S. Dollar	Singapore Dollar
Reasonably possible change in rate	11.14%	16.28%
Effect in profit before tax	P 12,087,907	P (1,401,698)
Effect in equity after tax	8,461,535	981,189

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually made at fixed rates. As of June 30, 2019 and 2018, the Group is exposed to changes in market interest rates through its cash and cash equivalents and certain interest-bearing loans and borrowings, which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates.

The Group's objectives and policies for managing interest rate risks are described in its recent annual consolidated financial statements.

(c) Other Price Risk

The Group's market price risk arises from its purchases of fuels. It manages its risk arising from changes in market prices by monitoring the daily movement of the market price of

fuels and to some extent, using forward and other similar contracts to manage the fluctuation of the fuel price.

6.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting of loans and selling goods and services to customers including related parties; and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Estimate of the fair value of collateral held against trade and other receivables as of June 30, 2019 and December 31,2018 follows:

	June 30,2019	Dec. 31, 2018
Standby letter of credits	**P 791,138,004**	P 940,522,926
Cash bond	**334,760,473**	318,976,639
Real estate mortgage	**74,192,730**	68,138,850
	P 1,200,091,207	P 1,327,638,425

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as follows.

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash and cash equivalents	**P 5,334,543,790**	P 7,889,708,807
Trade and other receivables – net*	**12,006,716,419**	11,363,226,589
Due from related parties	**393,719,628**	937,904,172
Construction Deposit**	**-**	5,504,822
Restricted deposits	**69,619,290**	52,719,265
Refundable rental deposits	**309,930,107**	289,572,937
	P 18,114,529,234	P 20,538,636,592

**excluding certain advances to suppliers and advances subject to liquidation*
***included as part of Others under Prepayments and Other Current Assets*

The Group's management considers that all the above financial assets that are not impaired or past due for each reporting dates are of good credit quality. The Group's objectives and policies for managing credit risk are described in its recent annual consolidated financial statements.

The Group's management considers that all the above financial assets that are not impaired or past due for each reporting dates are of good credit quality.The Group's objectives and policies for managing credit risk are described in its recent annual consolidated financial statements.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corp. up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Due from Related Parties

The Group applies the PFRS 9 using internal credit ratings translated to external credit ratings [i.e. Standard & Poor's(S&P)] in order to reference/benchmark with published equivalent external cumulative PD. The Group's definition of Trade and Other Receivables and Due from Related Parties classification [known as Phoenix Risk Rating (PRR)] and corresponding credit risk ratings are presented in the next page.

<table>
<tr><th rowspan="2">Phoenix Risk Rating (PRR)</th><th colspan="2">Description (PRR)</th><th rowspan="2">Equivalent S&P Rating</th><th rowspan="2">S&P PD (%)</th></tr>
<tr><th>Financial and Business Profiles</th><th>Other Information</th></tr>
<tr><td>PRR 3A</td><td>Counterparties with both very strong financial and business profiles. Lowest risk of default in the scale.</td><td rowspan="3">These counterparties do not have a greater-than-normal risk. The track record of the client in terms of profit is very good and exhibits highest quality under virtually all economic conditions. Probability of default is quite low and it bears some degree of stability and substance. However, client may be susceptible to cyclical changes and more concentration of business risk, by product or by market.</td><td>BBB</td><td>0.01 – 0.02</td></tr>
<tr><td>PRR 2A</td><td>Counterparties with strong financial profile and very strong business profile or vice versa.</td><td>BBB</td><td>0.021 – 0.03</td></tr>
<tr><td>PRR 1A</td><td>Counterparties with a strong to adequate financial profile and very strong to adequate business profile.</td><td>BBB</td><td>0.031 – 0.08</td></tr>
</table>

PRR 3B	Counterparties with a sustainable financial profile and adequate business profile.	Counterparties whose risk elements are sufficiently pronounced to withstand normal business cycles but any prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels.	BB	0.081 – 0.26
PRR 2B	Counterparties with an average financial profile and sustainable business profile.		BB	0.261 – 0.41
PRR 1B	Counterparties with both average financial and business profile.	Credit exposure is not at risk of loss at the moment but performance of the client has weakened and unless present trends are reversed, could lead to losses.	B	0.411 – 1.13
PRR 3C	Counterparties with an average financial profile and adequate business profile.	This rating is given to a client where repayment of the receivable, through normal course of business, may be in jeopardy due to adverse events. There exists the possibility of future losses to the institution unless given closer supervision.	CCC/C	1.131 – 1.96
PRR 2C	Counterparties with a weak financial profile and adequate business profile.		CCC/C	1.961 – 3.71
PRR 1C	Counterparties with a weak financial profile and sustainable business profile.	Counterparties credits or portions thereof which exhibit more severe weaknesses. This rating is given to a counterparties	D	3.72-100
PRR D	Counterparties with a weak		D	100

	financial profile and average business profile.	whose receivables or portions thereof are considered		
PRR F	Counterparties with both weak financial profile and business profiles.	uncollectible. The collectible amount, with no collateral or which collateral is of little value, is difficult to measure and more practical to write-off than to defer even though partial recovery may be obtained in the future.	D	100

A reconciliation of the closing loss allowance for trade and other receivables and due from related parties as at June 30, 2019 and December 31, 2018 to the opening loss allowance is presented below:

	Trade and Other Receivables	Due from Related Parties
Credit Loss allowance at January1, 2019	634,396,128	P 1,908,282
Decrease in credit loss allowance during the year	(23,001,718)	2,451,245
Write-offs	-	
Recoveries	(10,708,024)	-
Credit loss allowance at June 30, 2019	**P 600,686,636**	**P 4,359,527**

	Trade and Other Receivables	Due from Related Parties
Loss allowance at December 31, 2017 – PAS 39	P 478,153,676	P -
Additional loss allowance charged to opening retained earnings	107,699,501	1,908,282
Loss allowance at January 1, 2018 – PFRS 9	585,853,177	1,908,282
Increase in credit loss allowance during the year	68,465,111	-
Write-offs	(17,153,577)	-
Recoveries	(2,768,583)	-
Credit loss allowance at December 31, 2018	**P 634,396,128**	**P 1,908,282**

The credit loss allowance provided as of June 30, 2019 is as follows:

Trade and Other Receivables						
PRR	S&P Rating	PD Rate Range		Estimated Gross Carrying Amount at Default		Credit Loss Allowance
PRR 3A	BBB	0.01 – 0. 02	P	237,206,287	P	23,722
PRR 2A	BBB	0.021 – 0. 030		324,073,360		97,222
PRR 1A	BBB	0.031 –0.080		350,248,411		280,225
PRR 3B	BB	0.081 –0.260		3,181,303,308		8,296,009
PRR 2B	BB	0.261 –0.410		1,049,186,625		4,308,418
PRR 1B	B	0.411 –1.13		592,610,891		6,797,891
PRR 3C	CCC/C	1.131 – 1.96		177,232,951		3,757,961
PRR 2C	CCC/C	1.961 – 3.71		211,035,979		7,919,204
PRR 1C/D/F	D	3.72-100		2,026,343		2,026,343
			P	6,124,924,056	P	**33,606,995**

Due From Related Parties						
PRR	S&P Rating	PD Rate Range		Estimated Gross Carrying Amount at Default		Credit Loss Allowance
PRR 2A	BBB	0.01 – 0.03	P	1,103,681,266	P	331,104
PRR 1A	BBB	0.04 – 0.08		949,700,010		759,826
PRR 3B	BB	0.09 – 0.26		746,964,443		1,942,107
PRR 2B	BB	0.27 – 0.41		9,589,608		39,317
PRR 3C	CCC/C	0.42 - 1.96		996,816		20,288
PRR 2C	CCC/C	1.97 – 3.71		34,147,800		1,266,883
			P	2,845,079,945	P	**4,359,527**

The credit loss allowance provided as of December 31, 2018 is as follows:

Trade and Other Receivables						
PRR	S&P Rating	PD Rate Range		Estimated Gross Carrying Amount at Default		Credit Loss Allowance
PRR 3A	BBB	0.14 – 0.62	P	52,149,981	P	215,228
PRR 2A	BBB	0.14 – 0.62		2,436,112,580		5,789,403
PRR 1A	BBB	0.14 – 0.62		3,376,579,304		5,932,107
PRR 3B	BB	0.63 – 1.90		3,228,077,625		21,232,653
PRR 2B	BB	0.63 – 1.90		1,569,274,748		6,774,836
PRR 1B	B	3.16 – 6.53		405,322,564		25,020,588
PRR 3C	CCC/C	17.97 – 22.33		68,521,800		13,649,151
PRR 2C	CCC/C	17.97 – 22.33		335,572,541		64,998,979
PRR 1C/D/F	D	100		490,783,183		490,783,183
			P	11,962,394,326	P	**634,396,128**

Due From Related Parties				
PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3A	BBB	0.14 – 0.62	P 61,149,279	P 85,609
PRR 1A	BBB	0.14 – 0.62	808,510,976	1,414,100
PRR 3B	BB	0.63 – 1.90	70,152,199	408,573
			P 939,812,454	**P 1,908,282**

Some of the unimpaired trade and other receivables are past due at the end of the reporting date. The age of financial assets past due but not impaired is presented below.

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Not more than one month	**P 969,489,769**	P 577,035,340
More than one month but not more than two months	**944,378,629**	681,732,537
More than two months but not more than six months	**645,949,970**	1,475,835,606
More than six months but not more than one year	**464,033,625**	579,628,183
More than one year	**704,077,917**	455,810,155
	P 3,727,929,611	P 3,770,041,821

In respect of due from a related party, the Group has assessed that these advances are collectible and the credit risk exposure is considered to be low.

6.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Group maintains cash and cash equivalents to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

This compares to the maturity of the Group's financial liabilities as of June 30, 2019 (Unaudited) as presented below.

	Current		**Non-current**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**More than 5 years**
Interest-bearing loans and borrowings	P 26,297,013,455	P 1,388,333,333	P 6,791,666,667	P 5,580,580,335
Trade and other payables (excluding tax-related payables)		6,785,313,175	-	
Security deposits	-	-	321,726,739	-
Customers' cylinder deposits	-	-	-	378,833,016
Cash bond	-	-	-	52,347,829
	P 26,297,013,455	**P** 8,173,646,508	**P** 7,113,393,406	P 6,011,761,180

As of December 31, 2018 (Audited), the Group's financial liabilities have contractual maturities which are summarized as follows:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P 21,479,255,558	P 6,272,692,441	P 11,302,340,399	P 4,925,525,000
Trade and other payables (excluding tax-related payables)	819,565,247	6,452,331,850	-	-
Security deposits	-	-	266,616,512	-
Customers' cylinder deposits	-	-	-	276,285,588
Cash bond	-	-	-	56,702,491
	P 22,316,820,805	P 12,725,024,291	P 11,568,956,911	P 5,258,513,079

7. INVENTORIES

Inventories which are stated at cost, which is lower than its net realizable value, are broken down as follows:

	June 30, 2019 (Unaudited)	**December 31, 2018 (Audited)**
At cost:		
Fuels	**P 7,159,691,094**	P10,303,317,190
Lubricants	**453,630,017**	427,496,011
LPG	**262,510,185**	157,495,582
Others	**95,578,934**	247,185,503
	P 7,971,410,230	P11,135,494,286

Under the terms of agreements covering the liabilities under trust receipts, inventories with carrying amount of P**4,803.5** million and P3,045.6 million as of June 30, 2019 and December 31, 2018, respectively, have been released to the Group in trust for by the bank.

The Group is accountable to the bank for the trusted inventories or their sales proceeds.

There was no Inventory write-down in June 30, 2019 and December 31, 2018.

8. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amounts of property, plant and equipment is shown below.

	June 30,		December 31,
	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Balance at beginning of period	P 18,715,994,505	13,400,687,345	P 13,400,687,345
Business combination – net	215,698,587*	310,465,153	370,140,357
Additions	3,364,227,055	2,200,903,352	4,779,363,474
Revaluation Increments			1,219,846,043
PFRS 16 Leases (Right to Use recognition)	973,980,946		
Disposals – net	(2,175,141)	(1,820,769)	(28,844,956)
Depreciation and amortization	(635,581,410)	(484,457,851)	(1,025,197,758)
Balance at end of the period	P 22,632,144,542	P 15,425,777,230	P 18,715,994,505

*Related to PhoenixVietnam Gas LLC

9. INTANGIBLE ASSETS

The reconciliation of the carrying amounts of intangible assets is shown below.

	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period	**P 328,054,350**	P 274,931,452	P 274,931,452
Additions	**11,914,391**	37,808,739	-
Amortization expense for the period	**(25,202,639)**	(19,232,393)	(53,122,898)
Balance at end of the period	**P 314,766,102**	P 293,507,798	P 328,054,350

10. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are broken down as follow:

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current:		
Liabilities under LC and TR	**P 5,063,645,606**	P 3,045,567,756
Term loans	**19,283,190,301**	16,667,005,937
Liabilities under short-term commercial papers	**3,338,510,882**	6,596,913,591
	27,685,346,789	26,309,487,284
Non-current –		
Obligations under finance lease*		
Term loans	**12,372,247,002**	13,590,520,166
	P 40,057,593,791	P39,900,007,450

**first time adoption of PFRS 16 (leases)*

10.1 Liabilities under Letters of Credits and Trust Receipts

The Group avails of LC and TR lines with local banks to finance its purchases of inventories. These short-term trust receipts bear interests based on prevailing market interest rates at an average of **6.81%** and 6.14% per annum as of June 30, 2019 and December 31, 2018, respectively.

10.2 Borrowings and Repayments

The Group has term loan with outstanding balance as of June 30, 2019 of P12,372.0 million. The loans bear interest ranging from 5.5 % to 7.6% and is repayable in various dates until 2025.

As of June 30, 2019, repayments of term loans amounting to P 671,666.6 million were made in line with previously disclosed repayment terms.

11. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate Parent Company, PPHI, stockholders, the Group's key management personnel, entities under common ownership by the ultimate parent Company and others as described below and in the succeeding pages.

The summary of the Group's transactions with its related parties for the periods ended June 30, 2019 and 2018 and the related outstanding balances as of June 30, 2019 and December 31, 2018 is presented below.

	Amount of Transactions		Outstanding Balance	
Related Party Category	**June 30, 2019 (Unaudited)**	June 30, 2018 (Unaudited)	**June 30, 2019 (Unaudited)**	December 31 2018 (Audited)
Other related parties under common Ownership				
Sale of subsidiaries			**P**	P 500,000,000
Sale of goods	**17,273,555,852**	1,976,953,702		1,851,288,462
Purchases of services				2,467,366
Advances to suppliers		-	-	-
Management fees	**162,576,436**		**243,999,368**	86,598,808
Rentals		40,886,212		5,774,879
Due from related parties	-			929,271,644
Due to related parties	**-**	-	**-**	-
Donations	**-**	-	**-**	-
Udenna Corporation				
Advances to suppliers	**-**	-		1,167,194,841
Rentals	-	3,842,000	-	710,545
Associate				
Technical ship Services	-	-	**-**	-
Key management personnel				
Salaries and employee benefits	**122,899,802**	73,372,350	-	-

11.1 Sale of Goods

The Group sells products to certain related parties under common ownership. Goods are sold on the basis of the price lists in force with non-related parties. The outstanding receivables from related parties are unsecured, do not bear any interest and collectible in cash on demand. No impairment loss was recognized for the three months ended June 30, 2019 and 2018 based on management's assessment.

11.2 Purchases of Goods and Services

The Group purchased goods and services from related parties on the basis of price lists in force with non-related parties. The outstanding balances are unsecured, non-interest bearing, payable on demand and normally settled in cash.

In addition, the Group advances certain amount to certain related parties for the purchase of services. The amount is credited upon the performance of the contractual obligation by the related parties. Management has assessed that there are no impairment losses required to be recognized on the advances to suppliers as of the three months ended June 30, 2019.

11.3 Due from Related Parties

The Group grants and obtains unsecured advances to and from related parties under common ownership for working capital requirements and other purposes. Due from Related Parties (excluding advances to CISC) are either receivable in cash or paid through offsetting, unsecured non-interest-bearing liabilities and are expected to be paid within one year.

11.4 Disposal and Acquisition of Subsidiaries / Joint Ventures

On February 21, 2019, Pnx Vietnam, a subsidiary of Phoenix Energy International Holdings Pte. Ltd. based in Singapore completed the purchase of 75% shares of Phoenix Gas Vietnam LLC (PGV LLC). PGV LLC is engaged in LPG business operating based in Ho Chi Minh City, Vietnam.

On March 14, 2019, Phoenix Pilipinas Gas and Power Inc. was incorporated. Its primary business purpose is to engage in trading and selling in wholesale basis of natural gas and liquefied natural gas.

There is no disposal of subsidiaries for the six months ended June 30, 2019.

12. EQUITY

12.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	For the six months Ended June 30, (Unaudited)		For the year ended December 31, 2018	For the six months ended June 30, (Unaudited)		For the year ended December 31, 2018
	2019	2018	(Audited)	**2019**	2018	(Audited)
Preferred – cumulative, nonvoting, non-participating, non-convertible into common shares - P1 par value						
Authorized:	**50,000,000**	50,000,000	50,000,000	**P 50,000,000**	P 50,000,000	P 50,000,000
Issued:						
Balance at beginning of year	**22,000,000**	30,000,000	30,000,000	**P 22,000,000**	P 30,000,000	P 30,000,000
Issuance during the year	**-**	-	2,000,000	**-**	-	2,000,000
Balance at end of year	**22,000,000**	30,000,000	32,000,000	**22,000,000**	30,000,000	32,000,000
Treasury shares	**(5,000,000)**	(5,000,000)	(10,000,000)	**(5,000,000)**	(5,000,000)	(10,000,000)
Issued and outstanding	**17,000,000**	25,000,000	22,000,000	**P 17,000,000**	P 25,000,000	P 22,000,000
Common – P1 par value						
Authorized:	**2,500,000,000**	2,500,000,000	2,500,000,000	**P2,500,000,000**	P2,500,000,000	P 2,500,000,000
Issued:						
Balance at beginning of year	**1,090,004,232**	1,431,538,232	1,428,777,232	**P 1,090,004,232**	P1,431,538,232	P 1,431,538,232
Issuance during the year		2,201,000	2,766,000		2,201,000	2,766,000
Balance at end of year	**1,090,004,232**	1,433,739,232	1,431,538,232	**1,090,004,232**	1,433,739,232	1,434,304,232
Treasury shares			(31,000,000)	**-**		(344,300,000)
Issued and outstanding	**1,090,004,232**	1,433,739,232	1,403,304,232	**P 1,090,004,232**	P1,433,739,232	P 1,090,004,232
				P 1,107,004,232	P1,458,739,232	P 1,112,004,232

12.2 Employee Stock Options

On January 24, 2013, the Parent Company's BOD approved the ESOP for its eligible employees.

The initial offering date of the option was on July 1, 2016 and will vest five years from the date of grant. Pursuant to this ESOP, on July 1, 2016, the Parent Company granted share options to certain key executives to subscribe to 24.5 million common shares of the Parent Company equivalent to 2.2% of the total issued shares, at an exercise price of P5.68 per share.

Stock options will be granted in two tranches until July 1. 2021. The allocation for Tranche 1 every year is computed at 10.0% of the total available shares for exercise. Meanwhile, the allocation for Tranche 2 is based on the forecasted assessment of the executives' performance rating for five years.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Life of the option		5 years
Current share price at grant date	P 6.25	
Exercise price at grant date		P 5.68
Standard deviation of the rate of return	0.4	
Risk-free interest rate		3.80%

The underlying expected volatility was determined by reference to historical date of the Group's shares over a period of time consistent with the option life.

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of P7.2 million and P11.6 million share-based executive compensation is recognized in 2018 and 2017, respectively, and presented as part of Employee benefits under Selling and Administrative Expenses account in 2017 and 2016 consolidated statements of comprehensive income, respectively, with a corresponding credit to Retained Earnings account.

12.3 Cash Dividends

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, for the six months ended June 30 (unaudited) are as follows:

	2019	2018
Common shares	**P -**	P 214,730,735
Preferred shares	**370,742,301**	97,455,000
	P 370,742,301	P 312,185,735

12.4 Other Interim Disclosures

The Group's management is not aware of the following or is not applicable to the Group's interim operations:

- Unusual items that materially affect the Group's interim condensed consolidated assets, liabilities, equity, net income or cash flows because of their size, nature or incidents;
- Material changes in contingent liabilities or contingent assets since the last annual balance sheet date;
- Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period;
- Events that will trigger direct or contingent material financial obligations to the Group;
- Material off-balance sheet transactions, arrangements, obligations (direct or contingent) and other relationships of the Group;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Material events subsequent to end of the reporting period that have not been reflected
- in this report;
- Material changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries, restructurings and discontinuing operations; and,
- Any seasonal aspect that had a material effect on the consolidated financial condition or results of operation.

12.5 Earnings Per Share

EPS were computed as follows:

	For the six months ended June 30, (Unaudited)		For the year ended December 31, 2018
	2019	2018	(Audited)
a) Net profit pertaining to common shares	**P 526,083,997**	P 872,342,578	P 2,455,907,552
b) Net profit attributable to common shares and potential common shares	**526,083,997**	872,342,578	2,455,907,552
c) Weighted average number of outstanding common shares	**1,403,304,232**	1,436,881,267	1,424,576,265
d) Weighted average number of outstanding common and potential common shares	**1,403,304,232**	1,441,664,302	1,426,593,300
Basic EPS (a/c)	**P 0.59**	P .61	P 1.72
Diluted EPS (b/d)	**P 0. 59**	P .61	P 1.72

13. COMMITMENTS AND CONTINGENCIES

As of June 30, 2019 and December 31, 2018, the Group has commitments of more than P3,000.0 million and P6,000.0 million, respectively, for expansion on petroleum retail network, depot, terminalling and logistics facilities, information technology infrastructure and other major expansions related to its business development. The Group has a network of 630 and 615 operating retail service stations as of June 30, 2019 and December 31, 2018, respectively. An additional of 10 and 8 retail service stations are opened and under various stages of completion as of June 30, 2019 and December 31, 2018, respectively.

The Group plans to expand further its petroleum retail service stations and carry out its investments in its subsidiaries to put up depot and terminalling facilities in strategic locations and complete its chain of logistical support to strengthen its foothold in the industry.

As of June 30, 2019 and December 31, 2018, the Parent Company has unused LCs amounting to P11,507.8 million and P17,111.3 million, respectively.

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial statements. Management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its interim condensed consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

14. EVENTS AFTER THE REPORTING PERIOD

There are no material events that occurred subsequent to the interim period that is required to be recorded or disclosed in these interim condensed consolidated financial statements.

15. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

Item II: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Comparable discussion on Material Changes in Results of Operations for the Period Ended June 30, 2019 vs. June 30, 2018.

Revenues, Cost of Sales and Gross Margins

The Group's **Revenues** during the first half of 2019 grew to ₱51.200 billion, about 27.2% higher compared to the ₱40.248 billion generated in the same period of 2018. This was mainly due to the 28.0% growth in total volume sold for the comparative six-month period (2019: 1,623 million liters vs. 2018: 1,271 million liters). In addition, the second round of increase in the excise tax rates of petroleum products under the Tax Reform for Acceleration and Inclusion (TRAIN) law was implemented starting January 2019 resulting in the rise of domestic oil prices. This was augmented by the ₱0.637 billion sales contributed by Philippine Family Mart CVS, Inc. (PFM) and ₱57 million sales contributed by Action Able, Inc.

The 352 million liters incremental sales volume was mainly attributable to the additional 180 million liters sold by Pnx Singapore to third parties as well as the 21 million liters sold by PNX Vietnam. Moreover, volume sold by both the parent company and Phoenix LPG Philippines, Inc. (PLPI) were higher by 112 million liters (12.9%) and 12 million liters (24.4%), respectively, during the comparative years.

Similarly, **Cost of Sales and Services** increased by 27.2%, from ₱35.813 billion in the first half of 2018 to ₱45.557 billion in the same period of 2019, as a result of the volume growth and the imposition of the new excise tax rates.

Consequently, **Gross Margin** rose by 27.2% or ₱1.208 billion, with Gross Margin Rate sustained at 11%.

Operating Expenses, Non-operating Expenses, Recurring Income

Selling and Administrative Expenses grew by 30.8% to ₱3.576 billion during the first half of 2019 vis-à-vis the ₱2.734 billion 2018 level in spite of the 21.0% growth in volume sold. The company continued to implement cost-effective programs aimed to streamline its processes and reduce cost.

On the other hand, **Net Non-operating Charges** of ₱1.080 billion was ₱0.470 billion more than the ₱0.609 billion incurred in 2018. The 77.2% increment was mainly on account of the combined effect of the increase in benchmark lending rates implemented starting in May 2018, as well as the additional debts incurred to finance the company's network expansion program, including its support systems and facilities.

Operating, Net and Comprehensive Incomes

Notwithstanding the increase in operating expenses, the 2019 **Operating Income** of ₱2.066 billion grew by 21.5% (₱0.366 billion) compared to the 2018 Operating Income of ₱1.700 billion.

However, with the rise in Net Non-operating Charges, the 2019 **Net Income Before Tax** (NIBT) of ₱0.987 billion declined by 9.6% (₱0.104 billion) vis-à-vis the 2018 NIBT of ₱1.091 billion.

Meanwhile, for the first half of 2019, the company recorded a ₱0.032 billion translation adjustment related to Pnx SG's operations, slightly lower than the ₱0.039 billion recorded in 2018. As such, **Comprehensive Income** of ₱0.929 billion, was 7.9% lower than the ₱1.009 billion reported in the same period in 2018.

Financial Condition
(As of June 30, 2019 versus December 31, 2018)

Consolidated resources as of June 30, 2019 stood at ₱64.059 billion, slightly lower than ₱64.660 billion level as of December 31, 2018. This was mainly due to the decrease in Cash and Cash Equivalents used in the settlement of debts and partial redemption of the company's Preferred Shares.

Cash and Cash Equivalents decreased by 32% (from ₱7.890 billion in December 31, 2018 to ₱5.334 billion as of June 30, 2019) as the company settled its maturing loans and partly redeemed Preferred Shares.

Similarly, **Trade and Other Receivables** increased by 1.2% (from ₱15.031 billion as of December 31, 2018 to ₱15.218 billion as of June 30, 2019) inspire the increase in revenue resulting from the intensified collections strategy.

Inventory was 28.4% lower at ₱7.971 billion as of June 30, 2019, from ₱11.135 billion as of December 31, 2018 as the company effected strategies to reduce its days inventory.

As of June 30, 2019, the Group's **Property and Equipment**, net of accumulated depreciation, increased to ₱22.632 billion versus the ₱18.716 billion as of December 31, 2018. The 20.9% growth represented the value of the assets of the newly acquired subsidiaries, the continuing expansion program of the group and the implementation of PFRS 16.

Interest-bearing Loans and Borrowings, both current and non-current of ₱40.058 billion as of June 30, 2019 slightly increased from ₱39.900 billion as of December 31, 2018 or by 0.4%. The availment of new loans to service the working capital requirements, the bulk of which was drawn by PNX SG, as well as the company's various capital expenditures was partly offset by the settlement of debts.

Trade and Other Payables decreased by 26.8% from ₱7.435 billion as of December 31, 2018 to ₱5.447 billion as of June 30, 2019 in conjunction with the management of company's inventory.

Total Stockholders' Equity increased to ₱15.996 billion as of June 30, 2019 from ₱15.973 billion as of December 31, 2018, (by 0.1%). The 7.1% growth in retained earnings came from the ₱0.929 billion net income realized during the first six months of 2019, but partly offset by the payment of dividends on both Common and Preferred shares, as well as the partial redemption of Preferred issued in prior years.

Key Performance Indicators and Relevant Ratios

The Group's key performance indicators and relevant ratios and how they are computed are listed below:

	June 30, 2019	December 31, 2018
Current Ratio[1]	1.5x : 1x	1.1x : 1x
Debt to Equity Ratio[2]	3.0x : 1x	3.0x : 1x
Net Book Value per Share[3]	₱8.71	₱8.68
Debt to Equity Interest-Bearing[4]	2.5x : 1x	2.5x : 1x
Earnings per Share[5]	₱0.59	₱1.72

Notes:
1 - Total current assets divided by current liabilities
2 - Total liabilities divided by tangible net worth
3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding
4 - Interest Bearing Debts divided by Total stockholder's equity
5 - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and the Group's ability to maximize the value of its stockholders' investment in the Group (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of June 30, 2019 vs. December 31, 2018

32% decrease in Cash and Cash Equivalents
Settlement of debts during the period.

28% decrease in Inventory
Reduced days inventory.

65% increase in Prepayments and other current assets.
Due to the renewal of insurances and local government taxes of all the assets, prepaid rentals advertising and other services and acquisitions which will cover the periods beyond June 30, 2019.

21% increase in PPE
Due to new acquisitions, and construction of new retail and depot facilities, and the recognition of Right to Use Asset in compliance with the implementation of PFRS 16.

15% increase in Goodwill
Due to the acquisition of Phoenix Gas Vietnam.

23% increase in Non-current Asset
Due to the increase in security and rent deposit for leases and rentals.

5% increase in Interest Bearing Loans- Current
Due to the Long Term Contracts maturing within 12 months from June 30, 2019.

27% decrease in Trade Payables
In relation to the decrease in days inventory

21% increase in Income Tax Payable
Due to the increased Taxable Income of Non-ITH Subsidiaries, net of applied Withholding Tax Certificates

9% decrease in Interest Bering Loans - Non-current
Net of the settled and maturing in the next 12 months after June 30, 2019

195% increase in Non-current liabilities
Due the recognition of Finance Lease Liabilities in compliance with PFRS 16

7% decrease in Additional Paid-in Capital
Due to the Preferred Shares Redemption

72% decrease in Accumulated Translation Adjustments
Due to increased transaction of the foreign currency denominated subsidiary, Pnx Singapore.

7% increase in Retained Earnings
Increase coming from the Net Income after tax net of the dividends declared and distributed during the year.

Material (5% or more)changes to the Group's Income Statement as of June 30, 2019 vs. June 30, 2018

27% increase in Sale of Goods
Due to the revenues coming from the new subsidiaries namely; PLPI, Pnx SG and Pnx Energy, coupled with the additional volume sold relative to last year (by 34%). The parent company recorded an 8% improvement on its volume sold this year while Pnx SG volume increased by 20% compared to the same period of last year.

106% increase in fuel service, storage income, rental income and other revenue
This is due increase in into-plane services, additional rental income from new retail stations, non-fuel related businesses and from Action Able, Inc.

27% increase in Cost of Sales and Services
This mirrors the increase in the sale of goods, reflecting the price movements in the world market during the year which is little higher compared to the same period in 2018. The increase in excise tax rates on petroleum products also contributed to the increment.

69% increase in Finance Costs
A substantial portion represents interest from the P6B loan used to acquire Petronas during the last quarter of 2017 and from the 7B STCP from PNB capital.

72% increase in Finance Income and Others
Net realized and unrealized forex gains and additional income of Pnx SG.

100% increase in Equity Share in Net Income of a Joint Venture
This is the net share from PAPI, PSPC and Galaxi join ventures.

24% decrease in Other income
Lower Other and Miscellaneous Income.

26% decrease in Tax Expense
Due to the additional ITH granted to the parent company.

18% decrease in Translation Adjustments
Due to the increased forex exposure on the increased transactions of the foreign denominated subsidiary.

There are no other material changes in the Group's financial position (5% or more) and condition that will warrant a more detailed discussion. Furthermore, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the Group.

PART II – OTHER INFORMATION

1. The Parent Company held its annual stockholders' meeting last March 15, 2019 at the Phoenix Petroleum Corporate Headquarters, Lanang, Davao City, Philippines.

2. The Board of Directors approved the declaration of cash dividend of ₱0.15 per share as disclosed last March 14, 2019, with record date of April 8, 2019 and payment date of May 8, 2019.

3. The Board of Directors has declared cash dividends for the Company's preferred shares (3rd Tranche) for the first half of 2019 as follows:

Shares	Record Date	Payment Date	Interest Rate Per Annum
PNX3A	February 19, 2019	March 18, 2019	7.427%
PNX3B	February 19, 2019	March 18, 2019	8.1078%
PNX3A	May 22, 2019	June 18, 2019	7.427%
PNX3B	May 22, 2019	June 18, 2019	8.1078%

4. On December 2018, the Company obtained approval from the Securities and Exchange Commission (SEC) for the registration and listing of Short Term Commercial Papers through the Philippine Dealing and Exchange Corporation (PDEX) up to the amount of PHP 10B with a three year validity period. On December 27, 2018 it listed and raised a total of PHP 7B in two tranches: Series A-1 amounting to PHP 3.5B with a discount rate of 7.0937% and is due in 180 days, and Series A-2 amounting to PHP 3.5B with a discount rate of 7.4717% and is due in 360 days. Series A-1 was fully redeemed on June 25, 2019 and on July 26, 2019 the Company filed notice with the SEC to subscribe and list up to PHP 3.5B under Series B of the Commercial Paper Program. Series B shall have a tenor of 360 days. As of July 31, 2019 confirmed orders amounted to P3.5B at a discounted rate of 7.00%. This shall be listed on the PDEX on August 5, 2019.

5. As of June 30, 2019, there are no known trends or demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result, in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity issues. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

6. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

7. There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Parent Company.

8. There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Parent Company.

SIGNATURES

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

Registrant: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
By:

DENNIS A. UY
President and Chief Executive Officer

MA. CONCEPCION DE CLARO
Chief Finance Officer

JONAREST Z. SIBOG
Controller