

21 February 2017

Mr. Jose Valeriano B. Zuño III
OIC-Head, Disclosure Department
Philippine Stock Exchange
PSE Plaza, Ayala Triangle Plaza
Makati City, Metro Manila

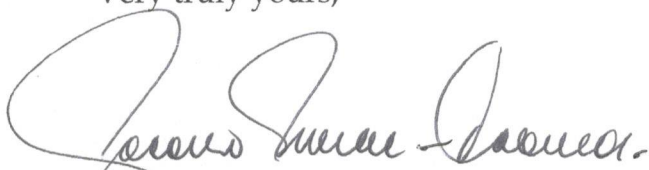
Dear Mr. Zuño:

We would like to submit our recently concluded Audited Financial Statement for period ended 31 December 2016 as will be attached to our Definitive Information Statement (SEC Form 20-IS) and distributed to our shareholders.

We shall be submitting our Annual Report (SEC Form 17-A) once completed.

Thank you and warm regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

SEC Registration Number

	A	2	0	0	2	0	7	2	8	3
--	---	---	---	---	---	---	---	---	---	---

Company Name

[illegible]

Principal Office (No./Street/Barangay/City/Town/Province)

[illegible]

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, If Applicable

N	/	A	
---	---	---	--

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

(082) 235-8888

Mobile Number

[illegible]

No. of Stockholders

61

Annual Meeting
Month/Day

Any day in March

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

MR. CHRYSS ALFONSUS V. DAMUY

Email Address

chryss.damuy@phoenixfuels.ph

Telephone Number/s

(082) 235-8888

Mobile Number

Contact Person's Address

Stella Hizon Reyes Road, Bo. Pampanga, Davao City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2. All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015
(Amounts in Philippine Pesos)

	Notes	2016	2015
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	6	P 2,338,780,526	P 1,631,788,201
Trade and other receivables - net	7	8,789,006,059	10,810,058,968
Inventories	8	2,998,780,146	2,638,614,688
Land held for sale and land development costs	9	-	462,489,197
Due from related parties	27	1,506,997,926	12,260,843
Restricted deposits	10	50,925,404	70,972,207
Input value-added tax - net		731,735,790	774,235,845
Prepayments and other current assets	11	595,963,599	639,111,710
Total Current Assets		17,012,189,450	17,039,531,659
NON-CURRENT ASSETS			
Property, plant and equipment - net	12	9,002,313,141	12,843,003,318
Intangible assets - net	13	275,037,490	72,384,461
Land held for future development	14	-	390,209,655
Investment in a joint venture	15	-	158,689,632
Goodwill - net	16	10,221,849	84,516,663
Deferred tax assets - net	26	46,191,775	-
Other non-current assets	17	192,084,216	338,272,674
Total Non-current Assets		9,525,848,471	13,887,076,403
TOTAL ASSETS		P 26,538,037,921	P 30,926,608,062
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	18	P 11,262,858,843	P 11,740,698,156
Trade and other payables	19	3,332,936,059	3,260,472,746
Total Current Liabilities		14,595,794,902	15,001,170,902
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	18	1,921,565,000	5,243,300,684
Trade and other payables	19	-	317,810,700
Deferred tax liabilities - net	26	-	93,712,913
Other non-current liabilities	20	258,584,286	247,250,680
Total Non-current Liabilities		2,180,149,286	5,902,074,977
Total Liabilities		16,775,944,188	20,903,245,879
EQUITY			
Capital stock	28	1,123,097,449	1,453,777,232
Additional paid-in capital		5,320,816,182	5,320,816,182
Revaluation reserves		(12,148,102)	559,295,266
Other reserves		(730,361,725)	(622,952,239)
Retained earnings		4,060,689,929	3,312,425,742
Total Equity		9,762,093,733	10,023,362,183
TOTAL LIABILITIES AND EQUITY		P 26,538,037,921	P 30,926,608,062

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
REVENUES				
Sale of goods	27	P 29,471,907,077	P 28,620,971,473	P 34,025,744,606
Charter fees and other charges	2	624,704,375	562,523,731	392,681,626
Fuel service and other revenues	2	205,587,559	186,661,739	56,184,644
Rent and storage income	31	148,340,733	122,425,059	100,583,267
Port revenues	2	126,128,262	105,565,142	84,647,031
Sale of real estate	2	-	455,692,000	74,543,322
		<u>30,576,668,006</u>	<u>30,053,839,144</u>	<u>34,734,384,496</u>
COST AND EXPENSES				
Cost of sales and services	21	25,123,949,229	25,268,851,163	31,143,992,369
Selling and administrative expenses	22	<u>3,339,789,045</u>	<u>2,724,906,711</u>	<u>2,177,337,743</u>
		<u>28,463,738,274</u>	<u>27,993,757,874</u>	<u>33,321,330,112</u>
OTHER CHARGES (INCOME)				
Finance costs	23	1,019,277,024	968,682,307	804,137,896
Finance income	23	(207,687,618)	(7,553,833)	(3,394,843)
Equity share in net loss of a joint venture	15	50,068,966	16,310,368	-
Others		(11,006,428)	(9,069,835)	(6,842,368)
		<u>850,651,944</u>	<u>968,369,007</u>	<u>793,900,685</u>
PROFIT BEFORE TAX		1,262,277,788	1,091,712,263	619,153,699
TAX EXPENSE	26	<u>169,802,891</u>	<u>185,843,550</u>	<u>2,790,727</u>
NET PROFIT		<u>1,092,474,897</u>	<u>905,868,713</u>	<u>616,362,972</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment defined benefit obligation	24	15,360,800	18,116,705	(31,217,753)
Revaluation of tankers	28	-	202,245,220	180,637,550
Tax expense	26	(4,608,240)	(13,304,602)	(29,334,251)
Other Comprehensive Income - net of tax		<u>10,752,560</u>	<u>207,057,323</u>	<u>120,085,546</u>
TOTAL COMPREHENSIVE INCOME		P 1,103,227,457	P 1,112,926,036	P 736,448,518
Basic and Diluted Earnings per share	29	<u>P 0.64</u>	<u>P 0.60</u>	<u>P 0.40</u>

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	Capital Stock					Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total Equity
		Preferred Stock	Preferred Treasury Stock - At Cost	Common Stock	Common Treasury Stock - At Cost	Total					
Balance at January 1, 2016		P 30,000,000	(P 5,000,000)	P 1,428,777,232	P -	P 1,453,777,232	P 5,320,816,182	P 559,295,266	(622,952,239)	P 3,312,425,742	P 10,023,362,183
Deconsolidation of subsidiaries	1	-	-	-	-	-	-	(557,352,943)	(107,409,486)	(65,599,296)	(730,361,725)
Acquisition of shares during the year	28	-	-	-	(330,679,783)	(330,679,783)	-	-	-	-	(330,679,783)
Cash dividends	28	-	-	-	-	-	-	-	-	(309,212,179)	(309,212,179)
Share-based compensation	24	-	-	-	-	-	-	-	-	5,757,780	5,757,780
Total comprehensive income for the year		-	-	-	-	-	-	10,752,560	-	1,092,474,897	1,103,227,457
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	-	(24,842,985)	-	24,842,985	-
Balance at December 31, 2016		<u>P 30,000,000</u>	<u>(P 5,000,000)</u>	<u>P 1,428,777,232</u>	<u>(P 330,679,783)</u>	<u>P 1,123,097,449</u>	<u>P 5,320,816,182</u>	<u>(P 12,148,102)</u>	<u>(P 730,361,725)</u>	<u>P 4,060,689,929</u>	<u>P 9,762,093,733</u>
Balance at January 1, 2015		P 10,000,000	(P 5,000,000)	P 1,428,777,232	P -	P 1,433,777,232	P 3,367,916,774	P 372,138,419	(P 622,952,239)	P 2,499,345,913	P 7,050,226,099
Issuance of shares for the year	28	20,000,000	-	-	-	20,000,000	1,952,899,408	-	-	-	1,972,899,408
Cash dividends	28	-	-	-	-	-	-	-	-	(112,689,360)	(112,689,360)
Total comprehensive income for the year		-	-	-	-	-	-	207,057,323	-	905,868,713	1,112,926,036
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	-	(19,900,476)	-	19,900,476	-
Balance at December 31, 2015		<u>P 30,000,000</u>	<u>(P 5,000,000)</u>	<u>P 1,428,777,232</u>	<u>P -</u>	<u>P 1,453,777,232</u>	<u>P 5,320,816,182</u>	<u>P 559,295,266</u>	<u>(P 622,952,239)</u>	<u>P 3,312,425,742</u>	<u>P 10,023,362,183</u>
Balance at January 1, 2014		P 10,000,000	(P 5,000,000)	P 1,428,777,232	P -	P 1,433,777,232	P 3,367,916,774	P 272,621,771	(P 622,952,239)	P 2,046,541,766	P 6,497,905,304
Cash dividends	28	-	-	-	-	-	-	-	-	(184,127,723)	(184,127,723)
Total comprehensive income for the year		-	-	-	-	-	-	120,085,546	-	616,362,972	736,448,518
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	-	(20,568,898)	-	20,568,898	-
Balance at December 31, 2014		<u>P 10,000,000</u>	<u>(P 5,000,000)</u>	<u>P 1,428,777,232</u>	<u>P -</u>	<u>P 1,433,777,232</u>	<u>P 3,367,916,774</u>	<u>P 372,138,419</u>	<u>(P 622,952,239)</u>	<u>P 2,499,345,913</u>	<u>P 7,050,226,099</u>

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	P	1,262,277,788	P 1,091,712,263	P 619,153,699
Adjustments for:				
Depreciation and amortization	22	1,002,088,441	821,733,247	660,281,915
Interest expense on bank loans and other borrowings	23	863,399,371	786,929,274	728,178,999
Unrealized foreign exchange currency loss (gain) - net		(171,372,659)	(3,370,552)	22,600,496
Impairment losses on trade and other receivables	23	112,986,854	79,208,744	40,077,464
Share in net loss of an indirectly-owned joint venture	15	50,068,966	16,310,368	-
Interest income	23	(7,110,105)	(5,540,995)	(3,394,843)
Employee share options	24	5,757,780	-	-
Loss on sale of investment in an associate		-	2,250,000	-
Loss on settlement of insurance claims	23	-	-	3,898,441
Operating profit before working capital changes		3,118,096,436	2,789,232,349	2,070,795,271
Decrease (increase) in trade and other receivables		528,697,133	(3,030,720,044)	(552,746,672)
Decrease (increase) in inventories		(370,318,364)	232,214,381	941,703,604
Increase in land held for sale and land development costs		22,667,290	23,496,614	17,686,663
Decrease (increase) in restricted deposits		20,046,803	(565,464)	25,012,903
Increase in input value-added tax		(36,265,532)	(170,627,061)	(154,770,691)
Decrease (increase) in prepayments and other current assets		(637,592,575)	393,229,544	566,185,587
Increase (decrease) in trade and other payables		(288,096,189)	(334,848,958)	2,161,394,674
Cash generated from (used in) operations		2,357,235,002	(98,588,609)	3,942,890,165
Cash paid for income taxes		(4,508,301)	(712,198)	(610,696)
Net Cash From (Used in) Operating Activities		2,352,726,701	(99,300,807)	3,942,279,469
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of subsidiaries	27	2,450,000,000	-	-
Acquisitions of property, plant and equipment	12	(2,155,960,542)	(2,704,508,788)	(2,481,654,558)
Advances to related parties	27	(944,762,083)	(5,448,932)	(7,625,362)
Acquisitions of intangible assets	13	(203,908,603)	(27,672,355)	(82,433,776)
Increase in land held for future development		(151,281,172)	(77,592,159)	(14,675,215)
Increase in other non-current assets		(15,994,274)	(27,854,741)	(122,883,739)
Interest received		3,777,233	3,402,894	2,750,997
Proceeds from disposal of property, plant and equipment		2,434,359	4,946,617	949,543
Collections from related parties	27	25,000	3,561,445	-
Additional investment in an indirectly-owned joint venture	15	-	(107,250,000)	-
Net Cash Used in Investing Activities		(1,015,670,082)	(2,938,416,019)	(2,705,573,010)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings		720,684,209,975	(36,164,656,734)	(35,776,965,093)
Proceeds from additional interest-bearing loans and borrowings		(19,886,544,848)	39,306,012,177	35,866,969,673
Interest paid		(801,737,593)	(848,790,538)	(798,899,617)
Acquisition of treasury shares		(330,679,783)	-	-
Payments of cash dividends	28	(309,212,179)	(112,689,360)	(184,127,723)
Increase (decrease) in other non-current liabilities		13,900,134	(21,573,921)	(99,338,981)
Proceeds from issuance of shares of stock	28	-	1,972,899,408	-
Repayments to related parties	27	-	(17,204,725)	(46,956,518)
Net Cash From (Used in) Financing Activities		(630,064,294)	4,113,996,307	(1,038,418,259)
NET INCREASE IN CASH AND CASH EQUIVALENTS		706,992,325	1,076,279,481	198,288,200
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,631,788,201	555,508,720	357,220,520
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	2,338,780,526	P 1,631,788,201	P 555,508,720

Supplemental Information on Non-cash Investing and Financing Activities:

- 1) Certain hauling and heavy equipment with carrying amount of P3.1 million and P12.4 million as of December 31, 2016 and 2015, respectively, are accounted for under finance leases (see Notes 12.4 and 18.5).
- 2) The Group's tankers were revalued by an independent appraiser in each year from 2009. Revaluation reserves amounted to nil and P582.4 million as of December 31, 2016 and 2015, respectively (see Notes 12.1 and 28.5). The Group did not take up any revaluation in 2016 due to the deconsolidation.
- 3) Interest payments amounting to P61.7 million, P61.9 million and P70.7 million in 2016, 2015 and 2014, respectively, were capitalized as part of the cost of property, plant and equipment (see Notes 12.2 and 18.2).
- 4) In 2015, the Group reclassified certain amount from construction-in-progress under Property, Plant and Equipment to Drydocking cost under Other Non-Current Assets in the consolidated statements of financial position (see Notes 12 and 17).
- 5) In 2015 and 2014, the Group has formalized a joint venture agreement with certain entity. Total investment in a joint venture in 2015 amounted to P175.0 million, P67.8 million of which was advanced in 2014 and is previously recorded as part of Other Non-Current Assets in the 2014 consolidated statement of financial position (see Notes 15 and 17).
- 6) On November 24, 2016, the Parent Company sold its entire investments in Chelsea Shipping Corp. and Phoenix Petroterminals and Industrial Park, Inc. to related parties under common ownership for a total consideration of P3,000.0 million (see Note 1.4). The outstanding receivable from the sale of subsidiaries amounted to P550.0 million, and is presented as part of the Due from Related Parties in 2016 consolidated statement of financial position (see Note 27.4). The disposal of the subsidiaries resulted to a recognition of Other Reserves, accounted as the difference between the net asset values of the subsidiaries and consideration received (see Notes 1.4 and 2.14).

See Notes to Consolidated Financial Statements.