



November 12, 2007

Atty. Pete M. Malabanan
Head, Disclosure Department
Philippine Stock Exchange
PSE Center, Exchange Road
Ortigas, Pasig City

Dear Atty. Malabanan:

We are herewith submitting our third quarterly report under SEC Form 17Q for 2007 ending September 2007. The same contains the required aging of accounts receivables and the correct comparative figures for the statement of cashflows and changes in the equity of the stockholders.

Thank you and best regards

Very truly yours,

Atty. Socorro Ermac-Cabreros
Director for Corporate Legal

PHOENIX PETROLEUM PHILIPPINES, INC.

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www.phoenixfuelslife.com

COVER SHEET

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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) 233-0168
 Company Telephone Number

1 2 3 1
 Month Day
 Fiscal Year Ending

SEC 17-Q
 FORM TYPE

6 last Thursday
 Month Day
 Annual Meeting

 Secondary License Type, if applicable

 Dept. Requiring this Doc

 Amended Articles Number/Section

 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

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

1. For the quarterly period ended: **September 30, 2007**
2. SEC identification number: **A200207283**
3. BIR Tax Identification No.
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: **(63) (82) 233-0168**
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
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	145,000,000

Amount of debt outstanding as of September 30, 2007: **P288,346,034.00**

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

Yes No

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

Philippine Stock Exchange **145,000,000 common shares**

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

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PART I - FINANCIAL INFORMATION
Item I - Financial Statements

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
BALANCE SHEET
September 30, 2007
(With Comparative Figures as at December 31, 2006)

	Notes	Unaudited	Audited
		September 30, 2007	December 31, 2006
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	P 214,703,985	P 90,965,420
Accounts receivable	3	263,645,595	207,765,925
Inventories		42,982,065	43,542,512
Due from related parties	14	61,043,878	55,734,363
Other current assets	4	31,299,692	15,342,904
		<hr/>	<hr/>
Total Current Assets		613,675,215	413,351,124
NON CURRENT ASSETS			
Investment in and advances to subsidiaries	5	61,983,825	-
Property and Equipment - net		153,285,473	93,370,359
Other non-current assets		1,015,386	922,918
		<hr/>	<hr/>
Total Non Current Assets		216,284,684	94,293,277
		<hr/>	<hr/>
TOTAL ASSETS		P 829,959,900	P 507,644,401
		<hr/>	<hr/>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Mortgage payable	6	P 832,072	P 3,334,918
Notes payable	7	113,402,661	140,348,495
Trade and other payables	8	167,518,665	168,756,093
Due to related parties		-	140,200
		<hr/>	<hr/>
Total Current Liabilities		281,753,398	312,579,706
NON CURRENT LIABILITIES			
Customers' deposit		3,750,000	
Mortgage Payable	6	2,842,638	1,316,443
		<hr/>	<hr/>
Total Non-current liabilities		6,592,638	1,316,443
		<hr/>	<hr/>
Total Liabilities		288,346,036	313,896,149
EQUITY			
Paid up capital	15	145,000,000	116,000,000
Additional paid in capital		221,276,460	-
Deposit for future subscription		-	-
Total		366,276,460	116,000,000
		<hr/>	<hr/>
Retained earnings		175,337,405	77,748,252
		<hr/>	<hr/>
Total Equity		541,613,865	193,748,252
		<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		P 829,959,900	P 507,644,401
		<hr/>	<hr/>

See Notes to Financial Statements

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007
(With Comparative Figures for 2006)

	Notes	For the nine months ended September 30		For the three months July to September 30	
		2007	2006	2007	2006
REVENUES					
Sale of goods - net	P	1,452,810,023	P 1,032,939,655	P 474,272,783	P 434,504,611
Fuel service and storage income		36,852,768	18,883,083	20,794,526	5,840,892
Interest income		3,694,091	771,722	2,879,607	364,289
Other income		-	-	-	-
		1,493,356,882	1,052,594,461	497,946,916	440,709,792
COST AND EXPENSES					
Cost of sales	9	1,302,755,710	953,599,686	425,792,835	400,393,163
Selling and administrative expenses	10	93,012,018	52,403,274	37,195,850	25,707,217
		1,395,767,728	1,006,002,960	462,988,685	426,100,380
INCOME BEFORE TAX		97,589,153	46,591,501	34,958,231	14,609,412
TAX EXPENSE	12	-	-	-	-
NET INCOME		P 97,589,153	P 46,591,501	P 34,958,231	P 14,609,412

See Notes to Financial Statements

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007
(With Comparative Figures for 2006)

	Notes	2007 (Nine Months) Unaudited	2006 (Nine Months) Unaudited
CAPITAL STOCK	15		
Balance at beginning of period		P 116,000,000	P 10,000,000
Additional issuance during the period		<u>29,000,000</u>	<u>31,000,000</u>
Balance at end of period		<u>145,000,000</u>	<u>41,000,000</u>
ADDITIONAL PAID-IN CAPITAL	15		
Balance at beginning of period		P -	P -
Additions		<u>221,276,460</u>	<u>-</u>
Balance at end of period		<u>221,276,460</u>	<u>-</u>
RETAINED EARNINGS			
Balance at beginning of period		77,748,252	P 3,486,194
Net income		<u>97,589,153</u>	<u>46,591,501</u>
Balance at end of period		<u>175,337,405</u>	<u>50,077,695</u>
TOTAL EQUITY		P <u>541,613,865</u>	P <u>91,077,695</u>

See Notes to Financial Statements

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007
(With Comparative Figures for 2006)

	<u>2007</u> <u>(Nine Months)</u> <u>(Unaudited)</u>	<u>2006</u> <u>(Nine Months)</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P 97,589,153	P 46,591,501
Adjustments for:		
Depreciation and amortization	21,918,034	10,973,240
Interest expense	4,520,328	7,205,276
Interest income	(3,077,425)	(771,722)
Operating income before working capital changes	120,950,090	63,998,295
Decrease (increase) in:		
Trade and other receivables	(55,879,671)	(161,101,930)
Inventories	560,447	3,323,424
Other current assets	(15,956,788)	(857,095)
Increase (decrease) in:		
Notes payables	(26,945,834)	20,495,973
Trade and other payables	(1,237,428)	86,568,807
Cash generated from operations	21,490,815	12,427,474
Interest paid	(4,520,328)	(7,205,276)
Net Cash From Operating Activities	<u>16,970,488</u>	<u>5,222,197</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in and advances to subsidiaries	(61,983,825)	-
Net acquisitions of property and equipment	(81,833,148)	(31,992,793)
Interest received	3,077,425	771,722
Increase in other non-current assets	(92,468)	(684,471)
Net Cash Used in Investing Activities	<u>(140,832,017)</u>	<u>(31,905,541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in due to/from related parties	(5,449,715)	24,895,844
Mortgage payable availments / (repayments)	(976,651)	3,417,787
Increase on customers' deposits	3,750,000	-
Net proceeds from issuance of shares of stock	250,276,460	21,000,000
Net Cash From Financing Activities	<u>247,600,094</u>	<u>49,313,631</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	123,738,565	22,630,287
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>90,965,420</u>	<u>25,791,398</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>P 214,703,985</u>	<u>P 48,421,685</u>

See Notes to Financial Statements

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (PFRSC) formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared on the historical cost basis. The measurement bases are more fully described in the accounting policies that follow.

These financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts.

1.2 Separate Financial Statements and Investments in Subsidiaries

These financial statements are prepared as the Company's separate financial statements. The Company's investments in subsidiaries are accounted for in these separate financial statements at cost, less any impairment loss.

1.3 Financial Assets

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Trade and other receivables arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the

impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

1.4 Inventories

At the balance sheet date, inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing the fuel to its present location and condition is accounted at purchase cost on the basis of moving average method.

1.5 Property and Equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and amortization and any impairment losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from 1 to 15 years.

1.6 Financial Liabilities

Financial liabilities include trust receipts payable, letter of credit payable, mortgage payable and trade and other payables.

Trust receipts payable, letter of credit payable, mortgage payable and trade and other payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

1.7 Revenue and Cost Recognition

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

- Sale of goods – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.
- Fuel service and storage income – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered.
- Interest – Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).

Cost and expenses are recognized in the income statement as incurred. Finance costs are reported on an accrual basis.

1.8 Equity

Capital stock is determined using the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the income statement.

2. CASH AND CASH EQUIVALENTS

This account consists of the following:

	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Cash on hand and in banks	P 64,703,985	P 15,842,339
Short-term placements	<u>150,000,000</u>	<u>75,123,081</u>
	<u>P 214,703,985</u>	<u>P 90,965,420</u>

3. TRADE AND OTHER RECEIVABLES

This account consists of the following:

	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Trade receivables	P 221,275,405	P 204,974,858
Other receivables	<u>42,370,190</u>	<u>2,791,067</u>
	<u>P 263,645,595</u>	<u>P 207,765,925</u>

4. OTHER CURRENT ASSETS

The composition of this account is shown below:

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Net input value added tax	P 310,002	P 400,388
Prepayments	3,445,234	107,821
Creditable withholding tax	733,516	649,463
Restricted deposits	<u>26,810,940</u>	<u>14,185,232</u>
	<u>P 31,299,692</u>	<u>P 15,342,904</u>

5. INVESTMENT IN AND ADVANCES TO SUBSIDIARIES

The carrying values of investments in subsidiaries are accounted for under the cost methods as of September 30, 2007.

The components of the account consist of:

	<u>% Interest</u> <u>Held</u>	<u>Investment</u> <u>Amount</u>	<u>Advances</u>	<u>Total</u>
Petroterminals Philippines Corp.	100%	P 12,500,000	P 14,483,688	P 26,983,688
Phoenix Global Mercantile, Inc.	100%	6,580,956	14,144,750	20,725,706
Petrologistix Services Corporation	100%	4,046,610	9,226,566	13,273,176
Phoenix Philippines Foundation, Inc.	100%	<u>1,000,000</u>	<u>1,255</u>	<u>1,001,255</u>
Investments in and advances to Subsidiaries		<u>P 24,127,566</u>	<u>P 37,856,259</u>	<u>P 61,983,825</u>

6. MORTGAGE PAYABLE

This account consists of the following:

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Current:		
East West Banking Corporation	P 505,090	P 2,448,118
Metropolitan Bank and Trust Company	221,700	886,800
Equitable PCI	<u>105,282</u>	<u>-</u>
	<u>P 832,072</u>	<u>P 3,334,918</u>

Non-current:		
East West Banking Corporation	P 588,726	P 503,543
Metropolitan Bank and Trust Company	886,800	812,900
Equitable PCI	<u>1,367,112</u>	<u>-</u>
	<u>P 2,842,638</u>	<u>P 1,316,443</u>

The mortgage payable represents secured loans which bear interest rates ranging from 7.6% to 11.4% per annum, and with terms ranging from 18 months to 36 months. The mortgages are secured by certain vehicles of the Company.

7. NOTES PAYABLE

The Company's notes payable consist of letters of credit with a local bank. Under the terms of the agreements covering the Company's liabilities under letters of credits amounting to P113,402,661 and P140,348,495 as of September 30, 2007 and December 31, 2006, respectively, certain inventories have been released to the Company in trust for the bank. The Company is accountable to the bank for the trusted inventories or their sales proceeds.

8. TRADE AND OTHER PAYABLES

This account consists of:

	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Trade payables	P 165,950,254	P 161,580,737
Accrued expenses	-	1,948,984
Others	<u>1,568,411</u>	<u>,226,372</u>
	<u>P 167,518,665</u>	<u>P 168,756,093</u>

9. COST OF SALES

This account is composed of the following:

	<u>2007 (Nine Months)</u>	<u>2006 (One Year)</u>
Inventory at beginning of period	P 43,542,512	P 40,927,546
Net purchases during the period	<u>1,302,195,263</u>	<u>1,332,932,409</u>
Goods available for sale	1,345,737,775	1,373,859,955
Inventory at end of period	<u>(42,982,065)</u>	<u>(43,542,512)</u>
	<u>P 1,302,755,710</u>	<u>P 1,330,317,443</u>

10. SELLING AND ADMINISTRATIVE EXPENSES

The details of selling and administrative expenses by nature are shown below:

	<u>Notes</u>	2007 (Nine Months)	2006 (One Year)
Salaries and employees' benefits	11	P 28,139,799	P 15,895,572
Depreciation and amortization		21,918,035	16,270,399
Fuel, oil and lubricants		5,274,719	5,693,008
Interest	6, 7	4,570,328	3,021,158
Rent		4,093,096	3,005,065
Office supplies		3,377,206	2,066,814
Repairs and maintenance		3,154,464	10,652,681
Travel and transportation		3,091,586	2,580,270
Ads and promo		2,803,542	6,970,022
Utilities		2,651,186	1,797,820
Taxes and licenses	12, 13	2,575,129	4,146,791
Professional fees		2,361,655	2,880,189
Trucking charges		2,069,248	3,580,251
Insurance		1,681,957	1,075,309
Representation		1,367,185	3,546,070
Bank charges		1,221,932	2,547,400
Security fees		875,273	1,074,292
Impairment losses		-	1,477,272
Miscellaneous		<u>1,785,678</u>	<u>823,287</u>
		<u>P 93,012,018</u>	<u>P 89,103,670</u>

11. EMPLOYEE BENEFITS

Expenses recognized for employee benefits (see Note 10) are presented below:

	2007 (Nine Months)	2006 (One Year)
Salaries and wages	P 23,688,104	P 10,997,855
13 th month pay and bonuses	808,722	3,038,403
Employee welfare and other benefits	<u>3,642,973</u>	<u>1,859,314</u>
	<u>P 28,139,799</u>	<u>P 15,895,572</u>

12. REGISTRATION WITH THE BOARD OF INVESTMENTS (BOI)

The Company was registered with the BOI on November 16, 2005 as new industry participant with new investment in storage, marketing and distribution of petroleum products under Republic Act (RA) 8479 (Downstream Oil Industry Deregulation Act). Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987.

Under its registration, the Company is also entitled to certain tax and non-tax incentives as follows:

- a. Income tax holiday (ITH) for five years from November 16, 2005 without extension or bonus year from the date of registration;
- b. Additional deduction from taxable income of 50% of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to number of workers set by the board not more than US\$10,000 to one worker and provided that this incentive shall not be availed of simultaneously with the ITH;
- c. Minimum duty of three percent and value added tax on imported capital equipment;
- d. Tax credit on domestic capital equipment shall be granted on locally fabricated capital equipment;
- e. Importation of consigned equipment for a period of five years from the date of registration, subject to posting of a re-export bond; and,
- f. Other non-fiscal incentives, which may be applicable.

13. REGISTRATION WITH DAVAO CITY INVESTMENT INCENTIVE CODE OF 1994

The Company was registered with the Davao City Investment Incentive Code of 1994 through Board Resolution Number 3 series of 2004 which was approved on April 29, 2004. As registered company under the said ordinance, the Company is granted the following:

- a. Exemption from payment of Building permit fees, and other fees and charges;
- b. Exemption from payment of Mayor's permit fees, local business sales taxes, and

other local fees and charges imposed under existing ordinances for a period of three years to start on the first day of operations; and

- c. Exemption from payment of the basic real property tax but excluding the barangay share for two years from the effectivity (accrual) of the property tax.

14. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, stockholders, affiliated Company as described below.

The following are the transactions with related parties:

13.1 Due to and Due from Related Parties

The Company grants and obtains advances to and from its parent company and its related parties for working capital purposes. The advances are non-interest bearing and repayable within 12 months.

The movement of due from related parties is as follows:

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Advances to parent company:		
Balance at beginning of period	P 14,347,683	P -
Additions	50,479,001	99,247,072
Collections	(31,800,572)	(84,899,389)
Balance at end of period	<u>P 33,026,112</u>	<u>P 14,347,683</u>
Advances to related parties:		
Balance at beginning of period	P 41,386,680	P -
Additions	63,798,994	55,954,885
Collections	(77,167,908)	(14,568,205)
Balance at end of period	<u>P 28,017,766</u>	<u>P 41,386,680</u>
Total advances to related parties:		
Balance at beginning of period	P 55,734,363	P -
Additions	114,277,995	155,201,957
Collections	(108,968,480)	(99,467,594)
Balance at end of period	<u>P 61,043,878</u>	<u>P 55,734,363</u>

15. EQUITY

15.1 Capital Stock

Capital stock consists of:

	Shares		Amount	
	2007	2006	2007	2006
Common shares – P1 par value				
Authorized:				
Balance at beginning of period	400,000,000	10,000,000		
Increase during the period	<u>-</u>	<u>390,000,000</u>		
Balance at end of period	<u><u>400,000,000</u></u>	<u><u>400,000,000</u></u>		
Issued:				
Balance at beginning of period	116,000,000	10,000,000	P 116,000,000	P 10,000,000
Issued during the period	<u>29,000,000</u>	<u>106,000,000</u>	<u>29,000,000</u>	<u>106,000,000</u>
Balance at end of period	<u><u>145,000,000</u></u>	<u><u>116,000,000</u></u>	<u><u>P 145,000,000</u></u>	<u><u>P 116,000,000</u></u>

Additional Paid-in Capital

	Amount	
	2007	2006
Balance at beginning of period	P -	P -
Issued / received during the period	<u>221,276,460</u>	<u>-</u>
Balance at end of period	<u><u>P 221,276,460</u></u>	<u><u>P -</u></u>

Costs and expenses incurred and directly associated with the issuance of additional shares were charged against the Additional Paid-in Capital account.

In 2006, the SEC approved the Company's application for the increase its authorized capital stock as follows:

1. On June 12, 2006 the Company's authorized capital stock was increased from P10,000,000 divided into 10,000,000 shares with par value of P1 per share to P50,000,000 divided into 50,000,000 shares with par value of P1 per share;
2. On August 7, 2006 the Company's authorized capital stock was increased from P50,000,000 divided into 50,000,000 shares with par value of P1 per share to P100,000,000 divided into 100,000,000 shares with par value of P1 per share;
3. On December 29, 2006 the Company's authorized capital stock was increased from P100,000,000 divided into 100,000,000 shares with par value of P1 per share to P400,000,000 divided in to 400,000,000 shares with par value of P1 per share;

As of December 31, 2006, the Company has five stockholders owning 100 or more shares each.

15.2 Deposits for Future Stock Subscriptions

The deposits for future stock subscriptions of P10 million received in 2005 were converted to common stocks by the same amount in 2006.

Phoenix Petroleum Philippines , Inc.
Aging of Accounts Receivable Trade
As of September 30,2007

CUSTOMER	TOTAL	CURRENT	1-30 DAYS	31-60 DAYS	61-120 DAYS
Retail Dealers / Franchisees	47,068,865	30,139,711	10,993,230	1,835,645	4,100,279
Commercial and Industrial customers	174,206,539	86,537,424	29,932,484	13,593,600	44,143,031
	<u>221,275,405</u>	<u>116,677,135</u>	<u>40,925,714</u>	<u>15,429,245</u>	<u>48,243,310</u>
Percent to total	100%	53%	18%	7%	22%

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 Nine Months Period Ended September 30, 2007 vs. September 30, 2006

Revenues

The Company generated total revenues of ₱1.493 Billion in 2007, resulting to a 42% increase from its 2006 level of ₱1.053 Billion. This is primarily due to increase in sales volume of petroleum products and revenues from fuels service and storage income.

Sales revenues from trading and distribution of petroleum products increased by about 41% from ₱1.033 Billion in 2006 to ₱1.453 Billion in 2007 in relation to increasing distribution network and expanded institutional customer base. The Company had twenty seven (27) operating Phoenix Fuels Life retail service stations as of September 30, 2007 compared to fourteen (14) retail stations as of September 30, 2006.

The Company generated about ₱37 million from its fuels service and lease of its storage facilities in 2007, 95% higher than its 2006 level of ₱19 million. This is principally due to higher volume.

Cost and expenses

The Company incurred total costs and expenses of ₱1.396 Billion in 2007, a 39% increase compared to the same period in 2006 of ₱1.006 Billion.

Cost of sales of ₱1.303 Billion increased by 38% from its 2006 level of ₱954 million due to the increasing sales volume of petroleum products in 2007 versus 2006.

Increasing volume as well as the intensive expansion and growth of the Company's business operations resulted in higher Selling and Administrative Expenses.

Net Income

As a result of the foregoing, the Company's net income more than doubled in 2007 amounting to about ₱98 million from ₱46.6 million in 2006.

The Company is registered with the Board of Investments on November 16, 2005 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Regulation Act) and, as such, continues to enjoy an income tax holiday for five (5) years from November 16, 2005.

Financial Condition

(As of September 30, 2007 versus December 31, 2006)

Total resources of the Company as of September 30, 2007 amounting to ₱830 million grew by 63% as compared to ₱508 million as of December 31, 2006.

Cash and cash equivalents increased by 136% from ₱90.9 million to ₱214.7 million due to proceeds from issuance of additional shares of stock through the Initial Public Offering on July 11, 2007 and net cash generated from operations.

The Company posted stronger liquidity position with Current Assets amounting to ₱613.6 million as of September 30, 2007, up from ₱413.4 million as of December 31, 2006.

Trade and other receivables increased by 27%, from ₱208 million as of December 31, 2006 to ₱264 million as of September 30, 2007 attributable to higher volume of sales and storage activities.

Due from related parties amounting to ₱61 million as of September 30, 2007 decreased by ₱ 4.76 million compared to June 30, 2007 balances but was still higher by ₱5.3 million from ₱55.7 million as of December 31, 2006. These advances were granted in support of initiatives geared towards strengthening of business opportunities and pursuits of the Company to broaden its foothold in the industry.

Other current assets increased by 104%, from ₱15 million as of December 31, 2006 to ₱32 million as of September 30, 2007 primarily in the form of additional restricted compensating deposits relative to the Company's negotiations with commercial banks for additional credit line facilities.

As of September 30, 2007, the Company's property and equipment, net of accumulated depreciation, increased to ₱153 million compared to ₱93 million as of December 31, 2006 as the Company made substantial investments amounting to about ₱81.8 million to support its expansion program primarily in establishing additional petroleum retail network and roll-out of the nationwide distributorship network of its Lubricants & Chemicals Division.

Pursuant to its expansion strategies, the Company made investments in four (4) wholly-owned subsidiary companies amounting to ₱24.12 million and advances for initial working capital of ₱37.86 million as of September 30, 2007. The Company holds 100% interest in these companies namely Phoenix Global Mercantile Inc., Petroterminals Philippines Corporation, Petrologistix Services Corporation and Phoenix Philippines Foundation Inc.

Notes payable decreased by 24% from ₱140 million as of December 31, 2006 to ₱113 million as of September 30, 2007 due to payment of accounts in relation to improved liquidity position of the Company.

Total Stockholders' Equity increased to about ₱542 million as of September 30, 2007 from ₱194 million as of December 31, 2006 due to growth in net income realized during the nine months period amounting to ₱97.6 million and issuance of new shares of stock and Additional Paid-in Capital of ₱250 million during the Initial Public Offering.

The Company's top five (5) performance indicators and how they are computed are listed below:

Selected Financial Ratios	Nine Months ended, September 30, 2007	Twelve months ended, December 31, 2006
Current Ratio ¹	2.18	1.32
Debt to Equity ²	0.53	1.62
Return on Equity ³	27%	68%
Net Book Value Per Share ⁴	3.74	1.66
Earnings Per Share ⁵	0.67	0.63

Notes:

- 1- Total current assets divided by current liabilities
- 2- Total liabilities divided by tangible net worth
- 3- Net income divided by average total stockholders' equity
- 4- Total stockholders equity divided by the total number of shares issued and outstanding
- 5- Net income after tax divided by the total number of shares issued and outstanding

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

**Material Changes to the Company's Balance Sheet as of September 30, 2007
compared to December 31, 2006 (Increase/decrease of 5% or more)**

136% increase in Cash and cash equivalents

Largely due to proceeds from new issuance of shares through the Company's Initial Public Offering on July 11, 2007 and net cash inflows from operations.

27% increase in Trade and other receivables

Primarily due to higher sales

10% increase in Due from related parties

Due to additional advances to Parent Company to support further exploration of business opportunities

104% increase in Other current assets

Due to additional restricted deposits to secure additional credit line facilities

100% increase in Investment in subsidiaries

Due to strategic investments in four (4) wholly-owned subsidiary companies as part of the Group's expansion strategies.

These subsidiary companies and its nature of business are:

a.) Petroterminal Philippines Corp. to operate the Depot facility in Calaca, Batangas

b.) Petrologistix Services Corp. to provide ground logistics services and transport petroleum products of the Company as well as its major business partners.

c.) Phoenix Global Mercantile Inc. to handle the importation and distribution of Lubricants of international brands.

d.) Phoenix Philippines Foundation Inc. to handle the social responsibility programs of the Company

64% increase in Property and Equipment

Mainly due to substantial investments to support the Company's expansion programs primarily on growth of its petroleum retail network and nationwide distribution network of the Company's Lubricants & Chemicals Division.

19% decrease in Notes payable

Due to payment of accounts

Material changes to the Company's Income Statement as of September 30, 2007 compared to September 30, 2006 (Increase/decrease of 5% or more)

41% increase in Sale of petroleum products
Principally due to higher sales volume

95% increase in Fuel service and storage income
Due to higher volume stored and withdrawn

379% increase in interest income
Mainly due to higher amount of deposit placements on proceeds from issuance of capital stocks during the Initial Public Offering on July 11, 2007

37% increase in cost of sales
Primarily due to increase sales in petroleum product

77% increase in selling and administrative expenses
Due to increasing volume as well as the ongoing expansion and growth of the Company

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

PART II – OTHER INFORMATION

1. As of September 30, 2007, there are no know trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.
2. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
3. 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 Company.
4. There were no seasonal aspects that had a material effect on the financial condition or results of operations of the 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:



MR. DENNIS A. UY
President and Chief Executive Officer



TEODORO A. POLINGA
Chief Finance Officer