

To be an indispensable partner in the journey of everyone
whose life we touch.



26 February 2015

Ms. Janet A. Encarnacion
Head, Disclosure Department
Philippine Stock Exchange
3/F PSE Center
Ayala Triangle Plaza
Ayala Ave., Makati City

Dear *Ms. Encarnacion*:

We would like to submit our recently concluded Audited Financial Statement for period ended 31 December 2015 as will be attached to our Definitive Information Statement (SEC Form IS-20) 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,

A handwritten signature in blue ink, appearing to read "Socorro Ermac Cabreros".

Atty. Socorro Ermac Cabreros
Corporate Secretary

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(With Corresponding Figures as of January 1, 2014)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2015</u>	<u>December 31, 2014 (As Restated - see Note 2)</u>	<u>January 1, 2014 (As Restated - see Note 2)</u>
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	6	P 1,631,788,201	P 555,508,720	P 357,220,520
Trade and other receivables - net	7	10,810,058,968	7,855,177,146	7,366,258,881
Inventories	8	2,638,614,688	2,870,829,069	3,812,532,673
Land held for sale and land development costs	9	462,489,197	485,985,811	503,672,474
Due from a related party	27	12,260,843	10,373,356	2,747,994
Restricted deposits	10	70,972,207	70,406,743	95,419,646
Input value-added tax - net		774,235,845	603,608,784	448,838,093
Prepayments and other current assets	11	639,111,710	1,032,341,254	466,049,951
		<u>17,039,531,659</u>	<u>13,484,230,883</u>	<u>13,052,740,232</u>
NON-CURRENT ASSETS				
Property, plant and equipment - net	12	12,843,003,318	10,716,463,034	8,634,948,096
Intangible assets - net	13	72,384,461	86,437,156	17,405,599
Land held for future development	14	390,209,655	312,617,496	297,942,281
Investment in an associate and a joint venture	15	158,689,632	2,250,000	2,250,000
Goodwill - net	16	84,516,663	84,516,663	84,516,663
Other non-current assets	17	338,272,674	313,645,563	247,750,095
		<u>13,887,076,403</u>	<u>11,515,929,912</u>	<u>9,284,812,734</u>
TOTAL ASSETS		<u>P 30,926,608,062</u>	<u>P 25,000,160,795</u>	<u>P 22,337,552,966</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	18	P 11,740,698,156	P 8,479,025,750	P 8,207,229,484
Trade and other payables	19	3,260,472,746	3,398,959,105	1,285,402,413
Due to related parties	27	-	17,204,725	64,161,243
		<u>15,001,170,902</u>	<u>11,895,189,580</u>	<u>9,556,793,140</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	18	5,243,300,684	5,363,617,647	5,544,509,333
Trade and other payables	19	317,810,700	335,610,890	285,024,914
Deferred tax liabilities - net	26	93,712,913	71,872,184	76,530,691
Other non-current liabilities	20	247,250,680	283,644,395	376,789,584
		<u>5,902,074,977</u>	<u>6,054,745,116</u>	<u>6,282,854,522</u>
Total Non-current Liabilities		<u>5,902,074,977</u>	<u>6,054,745,116</u>	<u>6,282,854,522</u>
Total Liabilities		<u>20,903,245,879</u>	<u>17,949,934,696</u>	<u>15,839,647,662</u>
EQUITY				
Capital stock	28	1,453,777,232	1,433,777,232	1,433,777,232
Additional paid-in capital		5,320,816,182	3,367,916,774	3,367,916,774
Revaluation reserves		559,295,266	372,138,419	272,621,771
Other reserves		(622,952,239)	(622,952,239)	(622,952,239)
Retained earnings		3,312,425,742	2,499,345,913	2,046,541,766
		<u>10,023,362,183</u>	<u>7,050,226,099</u>	<u>6,497,905,304</u>
Total Equity		<u>10,023,362,183</u>	<u>7,050,226,099</u>	<u>6,497,905,304</u>
TOTAL LIABILITIES AND EQUITY		<u>P 30,926,608,062</u>	<u>P 25,000,160,795</u>	<u>P 22,337,552,966</u>

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, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	<u>2015</u>	<u>2014</u> (As Restated - see Note 2)	<u>2013</u> (As Restated - see Note 2)
REVENUES				
Sale of goods	27	P 28,620,971,473	P 34,025,744,606	P 43,132,314,819
Charter fees and other charges	2	562,523,731	392,681,626	205,235,733
Sale of real estate	2	455,692,000	74,543,322	7,377,000
Fuel service and other revenues	2	186,661,739	56,184,644	62,643,613
Rent and storage income	31	122,425,059	100,583,267	79,208,786
Port revenues	2	105,565,142	84,647,031	65,206,403
		<u>30,053,839,144</u>	<u>34,734,384,496</u>	<u>43,551,986,354</u>
COST AND EXPENSES				
Cost of sales and services	21	25,268,851,163	31,143,992,369	40,204,457,744
Selling and administrative expenses	22	2,724,906,711	2,177,337,743	2,035,168,478
		<u>27,993,757,874</u>	<u>33,321,330,112</u>	<u>42,239,626,222</u>
OTHER CHARGES (INCOME)				
Finance costs	23	968,682,307	804,137,896	669,030,064
Equity share in net loss of a joint venture	15	16,310,368	-	-
Finance income	23	(7,553,833)	(3,394,843)	(8,481,577)
Others		(9,069,835)	(6,842,368)	(14,625,113)
		<u>968,369,007</u>	<u>793,900,685</u>	<u>645,923,374</u>
PROFIT BEFORE TAX		1,091,712,263	619,153,699	666,436,758
TAX EXPENSE	26	<u>185,843,550</u>	<u>2,790,727</u>	<u>1,379,153</u>
NET PROFIT		<u>905,868,713</u>	<u>616,362,972</u>	<u>665,057,605</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of tankers	28	202,245,220	180,637,550	6,847,358
Remeasurements of post-employment defined benefit obligation	24	18,116,705	(31,217,753)	(3,147,836)
Tax expense	26	(13,304,602)	(29,334,251)	(1,109,855)
Other Comprehensive Income - net of tax		<u>207,057,323</u>	<u>120,085,546</u>	<u>2,589,667</u>
TOTAL COMPREHENSIVE INCOME		<u>P 1,112,926,036</u>	<u>P 736,448,518</u>	<u>P 667,647,272</u>
Basic and Diluted Earnings per share	29	<u>P 0.60</u>	<u>P 0.40</u>	<u>P 0.45</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, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

Note	<u>Capital Stock</u>			Total	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total Equity
	<u>Preferred Stock</u>	<u>Treasury Stock - At Cost</u>	<u>Common Stock</u>						
Balance at January 1, 2015	P 10,000,000	(P 5,000,000)	P 1,428,777,232	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 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 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 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>
Balance at January 1, 2013	P 5,000,000	P -	P 906,059,416	P 911,059,416	P 2,051,723,794	P 282,423,030	(P 622,952,239)	P 1,859,916,993	P 4,482,170,994
Issuance of shares during the year	28 5,000,000	-	193,000,000	198,000,000	1,316,192,980	-	-	-	1,514,192,980
Acquisition of shares	-	(5,000,000)	-	(5,000,000)	-	-	-	-	(5,000,000)
Stock dividends	28 -	-	329,717,816	329,717,816	-	-	-	(329,717,816)	-
Cash dividends	28 -	-	-	-	-	-	-	(161,105,942)	(161,105,942)
Total comprehensive income for the year	-	-	-	-	-	2,589,667	-	665,057,605	667,647,272
Transfer of revaluation reserves absorbed through depreciation, net of tax	-	-	-	-	-	(12,390,926)	-	12,390,926	-
Balance at December 31, 2013	<u>P 10,000,000</u>	<u>(P 5,000,000)</u>	<u>P 1,428,777,232</u>	<u>P 1,433,777,232</u>	<u>P 3,367,916,774</u>	<u>P 272,621,771</u>	<u>(P 622,952,239)</u>	<u>P 2,046,541,766</u>	<u>P 6,497,905,304</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, 2015, 2014 AND 2013
(Amounts in Philippine Pesos,

<u>Notes</u>	<u>2015</u>	<u>2014</u> (As Restated - see Note 2)	<u>2013</u> (As Restated - see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	P 1,091,712,263	P 619,153,699	P 666,436,758
Adjustments for:			
Depreciation and amortization	22 821,733,247	660,281,915	528,400,077
Interest expense on bank loans and borrowings	23 786,929,274	728,178,099	617,451,997
Impairment losses on trade and other receivables	23 79,208,744	40,077,464	17,959,002
Share in net loss of an indirectly-owned joint venture	15 16,310,368	-	-
Interest income	23 (5,540,995)	(3,394,843)	(8,481,577)
Unrealized foreign exchange currency gains (loss) - net	(3,370,552)	22,600,496	-
Loss on sale of investment in an associate	15 2,250,000	-	-
Loss on settlement of insurance claims	23 -	3,898,441	-
Operating profit before working capital changes	2,789,232,349	2,070,795,271	1,821,766,257
Increase in trade and other receivables	(3,030,720,014)	(552,746,672)	(3,804,750,049)
Decrease (increase) in inventories	232,214,381	941,703,604	(123,772,997)
Decrease (increase) in land held for sale and land development costs	23,496,614	17,686,663	(1,641,915)
Decrease (increase) in restricted deposits	(565,464)	25,012,903	(12,725,617)
Increase in input value-added tax	(170,627,061)	(154,770,691)	(55,869,471)
Decrease (increase) in prepayments and other current assets	393,229,544	(566,185,587)	(255,956,973)
Increase (decrease) in trade and other payables	(334,848,958)	2,161,394,674	23,322,143
Cash generated from (used in) operations	(98,588,609)	3,942,890,165	(2,409,628,622)
Cash paid for income taxes	(712,198)	(610,696)	(1,635,260)
Net Cash From (Used in) Operating Activities	(99,300,807)	3,942,279,469	(2,411,263,882)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	12 (2,704,508,788)	(2,481,654,558)	(1,982,497,176)
Additional investment in an indirectly-owned joint venture	15 (107,250,000)	-	-
Increase in land held for future development	(77,592,159)	(14,675,215)	(8,864,054)
Increase in other non-current assets	(27,854,741)	(122,883,739)	(149,078,003)
Acquisitions of intangible assets	13 (27,672,355)	(82,433,776)	(23,007,130)
Advances to related parties	27 (5,448,932)	(7,625,362)	(17,362,078)
Interest received	3,402,894	2,750,097	7,831,603
Collections from related parties	27 3,561,445	-	22,914,084
Proceeds from disposal of property, plant and equipment	4,946,617	949,543	1,834,386
Net Cash Used in Investing Activities	(2,938,416,019)	(2,705,573,010)	(2,148,228,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from additional interest-bearing loans and borrowings	39,306,012,177	35,866,969,673	29,837,925,969
Repayments of interest-bearing loans and borrowings	(36,164,656,734)	(35,776,065,093)	(26,001,508,949)
Proceeds from issuance of shares of stock	28 1,972,899,408	-	1,509,192,980
Interest paid	(848,790,538)	(798,899,617)	(688,863,445)
Payments of cash dividends	28 (112,689,360)	(184,127,723)	(161,105,942)
Increase (decrease) in other non-current liabilities	(21,573,921)	(99,338,981)	3,951,722
Repayments to related parties	27 (17,204,725)	(46,956,518)	(21,390,502)
Net Cash From (Used in) Financing Activities	4,113,996,307	(1,038,418,259)	4,478,201,833
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,076,279,481	198,288,200	(81,290,417)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	555,508,720	357,220,520	438,510,937
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 1,631,788,201	P 555,508,720	P 357,220,520

Supplemental Information on Non-cash Investing and Financing Activities:

- Certain hauling and heavy equipment with carrying amount of P12.4 million and P19.5 million as of December 31, 2015 and 2014, respectively, are accounted for under finance leases (see Notes 12.5 and 18.5).
- The Group's tankers were revalued by an independent appraiser in each year from 2009. Revaluation reserves amounted to P582.4 million and P407.9 million as of December 31, 2015 and 2014, respectively (see Notes 12.2 and 28.4).
- Interest payments amounting to P61.9 million, P70.7 million and P71.4 million in 2015, 2014 and 2013, respectively, were capitalized as part of the cost of property, plant and equipment (see Notes 12.3 and 18.8).
- 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).
- 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 15.2 and 17).
- Stock dividends declared and distributed by the Group amounted to P329.7 million in 2013 (see Note 28.6). No stock dividends were declared in 2015 and 2014.

See Notes to Consolidated Financial Statements