08 February 2013

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

Dear *Ms. Encarnacion*:

In relation to our Annual Stockholder's Meeting on 08 March 2013 at 2:00 o'clock in the afternoon at the Marco Polo Davao, we are herewith submitting our Company's Definitive Information Statement (SEC Form 20-IS) duly filed with and approved by the Securities & Exchange Commission.

This disclosure is made pursuant to the Security Regulations Code and the Revised Disclosure Rules.

Thank you and warm regards.

Very truly yours,

Atty. Socorro Ermac Cabreros
Corporate Secretary

NOTICE AND AGENDA

The Annual Stockholders' Meeting of P-H-O-E-N-I-X Petroleum Philippines, Inc. will be held on the following date and place:

Friday, March 08, 2013, 2:00 PM
Marco Polo Hotel
Davao City

The agenda for the Meeting shall be, as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Special Stockholders' Meeting held last September 06, 2012
4. Report of the President and Chief Executive Officer
5. Approval of the 2012 Audited Financial Statements and 2012 Annual Report
6. Approval of Corporate Actions:

    a) Proposed Investment of Php242,000,000.00 corporate funds in Chelsea Shipping Corp. for the acquisition of a brand new 14,000 DWT tanker vessel which shall support and serve the importation logistics requirement of the Corporation.

    b) Declaration of 30% stock dividends.

7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 February 2012 until 31 January 2013
8. Election of the Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

All stockholders as of **13 February 2013** shall be entitled to participate and vote in the said annual meeting.

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) 233-0168
Company Telephone Number

1	2		3	1

Month Day
Fiscal Year Ending

SEC Form 20-IS
FORM TYPE

March Last Friday
Month Day
Annual Meeting

Secondary License Type, if applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

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 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

SEC-CFD
RECEIVED
FEB - 6 2013
TIME: 1:30 pm

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [/] Definitive Information Statement

2. Name of Company as specified in its charter: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

3. Country of Incorporation: **Philippines**

4. SEC Identification Number: **A200207283**

5. BIR Tax Identification Code: **006-036-274**

6. Address of principal office: **Stella Hizon Reyes Road, Bo. Pampanga Lanang, Davao City 8000**

7. Company's telephone number, including area code: **(082) 233-0168**

8. Date, time and place of the meeting of security holders:

   March 8, 2013, 2:00 p.m.
   Marco Polo Hotel
   Davao City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **February 15, 2013**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC:

Title of Each Class	Number of Shares
Common Shares, Php1.00 par value	906,059,416
Preferred Shares, Php 1.00 par value	5,000,000

11. Are any or all of Company's securities listed on a Stock Exchange?

    Yes __X__ No _______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange, 906,059,416 Common Shares

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

(a) Date : **March 8, 2013**
Time : **2:00 p.m**.
Place : **Marco Polo Hotel**
Davao City

Mailing Address: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
Office of the Corporate Secretary
Stella Hizon Reyes Road, Bo. Pampanga
Lanang, Davao City 8000

(b) Approximate date on which the Information Statement is first to be sent or given to security holders: **February 15, 2013**

Item 2. Dissenter's Right of Appraisal

Pursuant to Section 42 in relation to Section 82 of the Corporation Code of the Philippines, a private corporation may invest its funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized when approved by a majority of the board of directors or trustees and ratified by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock upon written notice of the proposed investment including the time and date of such meeting provided that any dissenting stockholder shall have appraisal right as provided in this Code.

Under Section 82 of the same Code, a stockholder has the right to dissent and demand payment of the fair value of his shares in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence., in case of lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code, and in case of merger or consolidation. Such appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Within ten (10) days after demanding payment for his shares, a dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Company for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Company, terminate his appraisal rights. No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Company consents thereto.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

One of the proposed corporate actions is the investment of the Company in Chelsea Shipping Corp. ("CSC") of corporate funds in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) as additional capital infusion. Under Section 42 in relation to Section 82 of the Corporation Code, this may be one of the instances wherein a dissenting stockholder may exercise his right to appraisal.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) One of the matters to be acted upon during the Annual Meeting is the investment of the Company in CSC of corporate funds in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) as additional capital infusion.

    CSC is a one hundred per cent (100%) subsidiary of the Company. Domingo T. Uy, Dennis A. Uy, Jose Manuel R. Quimson and Romeo B. De Guzman own one (1) share each in CSC. All of them are also current directors of the Company. Domingo Uy and Dennis A. Uy are also principal officers of the Company, as its Chairman and President, respectively.

(b) No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company during the meeting.

B. <u>CONTROL AND COMPENSATION INFORMATION</u>

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of **31 January 2013**, the total number of shares outstanding and entitled to vote on all corporate matters to be acted upon are 1,099,059,416 common shares.

As of **31 January 2013**, the Company has a total of 5,000,000 preferred shares outstanding and entitled to vote on the investment of the Company in CSC in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00).

(b) Record Date

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Annual Meeting is **February 13, 2013**.

(c) Voting Rights

In the matters to be voted upon in the Annual Meeting, stockholders of record as of **February 13, 2013** shall be entitled to one vote per share in person or by proxy. If he will vote thru a proxy, the By-Laws of the Company requires the submission of the accomplished proxy form to the Corporate Secretary for validation and authentication at least ten (10) days before the date of the Special Meeting.

The validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent shall be convened at least five (5) days before the Annual Meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Annual Meeting.

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of **January 31, 2013.**

(1) Security Ownership of Certain Record and Beneficial Owners

As of **January 31, 2013**, the following are the owners of the Company's common stock in excess of five percent (5%) of the total outstanding shares:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Phoenix	Name of Beneficial Owners/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Phoenix Petroleum Holdings, Inc. Stella Hizon Reyes Road,	Record Owner is the direct beneficial owner	Filipino	390,035,100	43%

	Bo. Pampanga, Lanang, Davao City Majority Shareholder				
Common	Udenna Management & Resources Corp. Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City	Record Owner is the direct beneficial owner	Filipino	196,093,649	22%
Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is the indirect beneficial owner	Filipino	188,163,535	21%
Common	Udenna Corporation (Formerly Udenna Holdings Corporation) Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City Shareholder	Record Owner is the direct beneficial owner	Filipino	98,129,821	11%

As of **January 31, 2013**, there are no beneficial owners under the PCD Nominee Corp. of the Company's common stock in excess of five percent (5%) of the total outstanding shares.

The persons voting for and in behalf of the following stockholders are as follows:

Name of Stockholders	Representative
1. Phoenix Petroleum Holdings, Inc.	Domingo T. Uy
2. Udenna Corporation	Cherylyn C. Uy
3. Udenna Management & Resources Corp.	Jose Manuel R. Quimson
4. PCD Nominees/ Trading Participants	*Ultimate Beneficial Owners representing the trading participants shall be made available after lapse of the Record Date and only after submission of their respective proxy forms for validation*

(2) Security Ownership of Management

As of **January 31, 2013**, the security ownership of management is as follows:

Title of Class of Securities	Name/Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Ownership
Directors:				
Common	Dennis A. Uy Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City	3,070,624 direct beneficial owner	Filipino	0.33%
Common	Dennis A. Uy &/or Cherylyn C. Uy Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City	884,662 direct beneficial owner	Filipino	0.09%
Common	Domingo T. Uy Insular Village Phase II, Lanang, Davao City	496,861 direct beneficial owner	Filipino	0.05%
Common	Romeo B. De Guzman Hillsborough, Alabang Village, Muntinlupa City	54,600 direct beneficial owner	Filipino	0.01%
Common	Socorro T. Ermac Cabreros 223 V. Mapa St., Davao City	79,474 direct beneficial owner	Filipino	0.01%
Common	Jose Manuel R. Quimson 28 Osmeña St., Xavierville Subd., Loyola Heights, Katipunan, Quezon City	273,031 direct beneficial owner	Filipino	0.02%
Common	J.V. Emmanuel A. De Dios 95 A. Melchor St., Loyola Heights, Quezon City	1 direct beneficial owner	Filipino	0.00%
Common	Ricardo S. Pascua 3 Pebblewood cor. Fairwood, McKinely Hill Village, Taguig City	1 direct beneficial owner	Filipino	0.00%
Common	Monico V. Jacob 7th flr Philippine First Bldg,	1	Filipino	0.00%

	6764 Ayala Ave., Makati City	direct beneficial owner		
Common	Diana Pardo-Aguilar 205 Cadena de Amor Street Ayala Alabang Village Muntinlupa City	1 direct beneficial owner	Filipino	0.00 %

Senior Management:

Common	Chryss Alfonsus V. Damuy Ph2 Blk 07 Lot 07, Wellspring Highlands Subd. Catalunan Pequeno Davao City 8000	54,600 direct beneficial owner	Filipino	0.01%
Common	Alberto D. Alcid Doña Socorro St., Belisario Heights Subd., Lanang, Davao City	46,481 direct beneficial owner	Filipino	0.01%
Common	Edgardo A. Alerta Fortune Executive Homes Lanang, Davao City	245,004 direct beneficial owner	Filipino	0.03%
Common	Rebecca Pilar C. Caterio Margarita Village, Bajada, Davao City	114,195 direct beneficial owner	Filipino	0.01%
Common	Gigi Q. Fuensalida 155 Brillantes St. 5th Avenue, Caloocan City	54,600 direct beneficial owner	Filipino	0.01%
Common	Reynaldo A. Phala Block 5 Lot 20 Pioneers Village	27,300 direct beneficial owner	Filipino	0.00%

The other executive officers of the Company, Joseph John L. Ong, Alan Raymond T. Zorilla –Vice President for External Affairs, Business Development and Security, Jose Victor L. Cruz – Asst. Vice President for Retail Sales, Luzon, William M. Azarcon – Asst. Vice President, Operations & Logistics, John Henry C. Yap – Supply Manager do not own shares in the Company.

The number of aggregate shares for all directors and executive officers is Five Million Three Hundred Sixty One Thousand Four Hundred Thirty Six (5,361,436.00).

There are no persons holding more than five percent (5%) of a class under a voting trust or any similar agreements as of the date of this Report.

(e) Change in Control

The Company is not aware of any arrangements that may result in a change of control in the Company since the beginning of its fiscal year.

Item 5. Directors and Executive Officers

(a) The incumbent members of the Board of Directors and the executive officers of the Company are as follows:

Office	Name	Age	Citizenship
Directors			
Chairman	Domingo T. Uy	66	Filipino
Director/President and Chief Executive Officer	Dennis A. Uy	39	Filipino
Director/Vice President/Treasurer	Jose Manuel R. Quimson	64	Filipino
Director/Chief Operating Officer	Romeo B. De Guzman	64	Filipino
Corporate Secretary/Asst. Vice President for Corporate Legal	Socorro T. Ermac Cabreros	48	Filipino
Director	J.V. Emmanuel A. de Dios	47	Filipino
Director	Diana Pardo Aguilar	49	Filipino
Independent Director	Ricardo S. Pascua	64	Filipino
Independent Director	Monico V. Jacob	67	Filipino
Other Executive Officers			
Chief Finance Officer	Joseph John L. Ong	53	Filipino
Vice President for Finance	Chryss Alfonsus V. Damuy	39	Filipino
Vice President for Corporate Affairs, Business Development and Security	Alan Raymond T. Zorrilla	43	Filipino
Asst. Corporate Secretary	Gigi Q. Fuensalida	36	Filipino
Asst. Vice President for Commercial Sales in Visayas	Edgardo A. Alerta	58	Filipino
Asst. Vice President for Retail Sales Visayas and Mindanao	Jose Roel C. Cruz	45	Filipino
Asst. Vice President for Lubes	Alberto D. Alcid	57	Filipino
Asst. Vice President for Treasury	Reynaldo A. Phala	46	Filipino
Assistant Vice-President for Engineering, Operations and Logistics	William M. Azarcon	67	Filipino
Assistant Vice President for Credit and Collections	Rebecca Pilar C. Caterio	41	Filipino
Assistant Vice President for Retail Sales Luzon	Jose Victor L. Cruz	52	Filipino
Assistant Vice President for Commercial Sales-Luzon and Visayas	Joselito G. De Jesus	57	Filipino
Supply Manager	John Henry C. Yap	37	Filipino

Directors

The members of the Board of Directors of the Company are elected during the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until their successors have been appointed or elected and qualified. The following is the list of the incumbent members of the Board of Directors, and their business experiences during the past five (5) years:

Domingo T. Uy
Chairman

Domingo T. Uy, Filipino, 66 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also the Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

Dennis A. Uy
Director, President and Chief Executive Officer

Dennis A. Uy, Filipino, 39 years old, is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of the Company, and Udenna Corporation, the ultimate parent company. The subsidiaries of the Company are Chelsea Shipping Corp., Phoenix Petroterminals & Industrial Park Corp., Subic Petroleum Trading & Transport Philippines, Inc., PFL Petroleum Management, and Phoenix Global Mercantile, Inc. Among the subsidiaries of Udenna Corporation are Udenna Management & Resources Corp, One Subic Power, Global Synergy Trade and Distribution Corp., Udenna Development Corporation, Value Leases, Inc., Udenna Environmental Solutions, and Udenna Energy Corporation. Mr. Uy is also Chairman of F2 Logistics, Phoenix Philippines Foundation, Inc. and Udenna Foundation, Inc. He is a member of the Young Presidents Organization - Philippine chapter and the Philippine Business for Social Progress. Mr. Uy is the Honorary Consul of Kazakhstan to the Philippine since November 2011. He is a graduate of De La Salle University with a degree in Business Management.

Romeo B. De Guzman
Director, Chief Operating Officer

Romeo B. De Guzman, Filipino, 63 years old, was elected Director of the Company in 2009. He is Chief Operating Officer of the Company, bringing with him 35 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to Dec. 2006. He was with the said company holding various management and executive positions. He also worked with Getty Oil Philippines Inc. for 10 years, prior to joining Pilipinas Shell. He carries with him a Marketing Management and an MBA degree from San Sebastian College – Manila.

Jose Manuel R. Quimson
Director

Jose Manuel R. Quimson, Filipino, 64 years old, has been a Director of the Company since February 15, 2007. He is concurrently the General Manager of Phoenix Petroterminals & Industrial Park Corp and the Chief Operating Officer of Chelsea Shipping Corp. Mr. Quimson is a member of the Board of Directors of the Udenna Corporation and its subsidiaries. Previously, he was President of Petrotrade Philippines, Inc. a company providing bunkering services to international vessels. Mr. Quimson has more than 30 years of work experience in the shipping industry.

Socorro T. Ermac-Cabreros
Director, AVP for Corporate Legal and Corporate Secretary

Socorro T. Ermac-Cabreros, Filipino, 47 years old, was elected Director and appointed Corporate Secretary on February 15, 2007. She is concurrently Asst. Vice President for Corporate Legal of the Company. She is also the Corporate Secretary and member of the Board of Directors of Udenna Corporation and its subsidiaries. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She is the immediate past President for the Davao City Chapter of the Integrated Bar of the Philippines.

Atty. J.V. Emmanuel A. De Dios
Director

J.V. Emmanuel A. De Dios, Filipino, 48 years old, was elected Independent Director of the Company on February 15, 2007 and regular director on March 7, 2008. He is the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

Diana Pardo Aguilar
Director

Diana Pardo-Aguilar, 49 years old, was elected Director of the Company on December 3, 2010 as the representative of the Social Security System. She was appointed SSS Commissioner on August 2010, currently chairs the Investment Oversight Committee and is a member of the Audit Committee. She sits as Board Director in many other institutions engaged in Banking, E-Commerce, Food and Retail, Real Property Management and Education. Ms. Pardo-Aguilar possesses wide experience in investment banking, from her various stints with CLSA Exchange Capital Corporation, Exchange Capital Corporation and Jardine Fleming Exchange Capital Corporation. She holds a Masters Degree in Business Administration, major in International Finance from Pepperdine University in California and is a Computer Science graduate from the De La Salle University.

Ricardo S. Pascua
Independent Director

Ricardo S. Pascua, Filipino, 64 years old, has been Independent Director of the Company since February 15, 2007. He is Chairman of the Board of Caelum Developers, Facilities and Property Mgmt Technologies, and Lucena Biodiesel Energy Corporation. He was formerly Vice Chairman, President and Chief Executive Officer of the Metro Pacific Corporation and the Fort Bonifacio Development Corporation.

Monico V. Jacob
Independent Director

Monico V. Jacob, 67 years old, has been Independent Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Services Group and iAcademy. He is Chairman of Global Resource for Outsourced Workers (GROW), Inc., STI-Universal Workers, Inc., Accent Healthcare/ STI Banawe, Inc., and Total Consolidated Asset Management, Inc. He is a Partner of the Jacob and Jacob Law Firm and is a member of the Board of Directors of Jollibee Foods, Inc. and Philippine Dealing Systems. He is Chairman and Managing Partner of CEOs Incorporated. He was formerly Associate Commissioner of the Securities and Exchange Commission, General Manager of National Housing Authority, and CEO of the Pag-Ibig Fund. He is a former Chairman and Chief Executive Officer of Petron Corporation and of the Philippine National Oil Company.

Directorships in Other Reporting Companies

The following are directorships held by the directors and executive officers in other reporting companies during the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
Ricardo S. Pascua	Boulevard Holdings, Inc.	Independent Director
Monico V. Jacob	Jollibee Foods Corporation	Independent Director
	Chemrez Technologies, Inc.	Independent Director

Period of Directorship in the Company

Name	**Period of Service**	**Term of Office**
Dennis A. Uy	since incorporation to present	1 year
Domingo T. Uy	since incorporation to present	1 year
Soccorro T. Ermac-Cabreros	2006 to present (except 2009, 2010)	1 year
Romeo B. De Guzman	since 2009 to present	1 year
Jose Manuel R. Quimson	2007 to present	1 year
J.V. Emmanuel De Dios	2007 to present	1 year
Diana Pardo Aguilar	2010 to present	1 year
Monico V. Jacob	2008 to present	1 year
Ricardo S. Pascua	2007 to present	1 year

Certificate of Qualification of the Independent Directors

The Company will submit an updated Certificate of Qualification of all independent directors pursuant to the October 20, 2006 notice of the Commissionon on or before the Company's distribution of the Definitive Information Statement to the security holders on February 15, 2013.

Certificates of Attendance of Directors for 2012 and Compliance with the Provisions of the Manual of Corporate Governance

Copies of the Corporate Secretary's Sworn Certifications on the attendance of Directors for the year 2012 and compliance with the Provisions of the Manual of Corporate Governance are attached hereto as **Annexes "C"** and **"D"**, respectively.

Executive Officers

The following is a list of other executive officers and their business experiences during the past five (5) years:

Joseph John L. Ong , Filipino, 53 years old, married, is the Chief Finance Officer of the Company. Prior to his employment in the Company, he spent almost ten (10) years at Primeworld Digital Systems, Inc. (Pacific Internet Phils.) initially as Vice President and CFO and eventually as Executive Vice President – Operations and Chief Finance Officer from 2008 - 2009. He also worked for twelve (12) years with Ginebra San Miguel, Inc. (then known as La Tondea Distillers, Inc.), then the country's 2nd largest beverage company and a listed subsidiary of San Miguel Corporation. He was its Vice President – Treasury from 1995 – 1999, at which time he headed the team that took the company public in 1994 and was primarily responsible for institutional-investor relations. Prior to the San Miguel Group, he held various positions at the Bank of the Philippine Islands & Ayala Investment & Development Corp. (before it merged with BPI) from 1980-1986. He received his Bachelor of Science in Commerce from De La Salle University in 1980.

Chryss Alfonsus V. Damuy, Filipino, 39 years old, is the Treasurer and the Vice-President for Finance of the Company. Prior to his employment with the Company, he was the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries including the Fresh Asia Produce as Accounting Manager and the Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant of the Regional Educators Multi-purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College where as a dean's lister, he earned his Bachelor of Science Degree in Accountancy in 1997. Mr. Damuy is a Certified Public Accountant.

Alan Raymond T. Zorrilla, Filipino, 43 years of age, is the Vice President for External Affairs, Business Development and Security of the Company. Prior to his employment with the Company, he was Chief Legal Counsel of Unioil Group of Companies. He also sat as Director for Freeport Services Corporation, as 100% subsidiary of Subic Bay Metropolitan Authority. Atty. Zorrilla was engaged in the litigation practice with Pangilinan Britanico Sarmiento and Franco Law Offices before he entered corporate practice. Atty. Zorrilla is a graduate of the San Beda Law School in 1994.

Edgardo A. Alerta, Filipino, 57 years old, is the Assistant Vice President for Commercial Sales for Mindanao. Mr. Alerta is currently in his third (3rd) term as Municipal Councilor of the Municipality of Matanao, Davao Del Sur, Philippines. Mr. Alerta, who is a licensed Mechanical Engineer, has more than 25 years work experience in the energy and petroleum industries from the government and multinational corporations. Prior to joining the Company, he worked with Pilipinas Shell Petroleum Corporation for 15 years where he started as a Marketing Sales Executive and later progressed to District Sales Manager. He also worked as a Technical Services Engineer of Getty Oil Philippines and was an Energy Examiner of the Department of Energy. He holds two degrees in Engineering: Bachelor of Science Degrees Major in Mechanical Engineering and Electrical Engineering from the Cebu Institute of Technology.

Joselito G. de Jesus, Filipino, 58 years old, is the Assistant Vice-President for Commercial Sales Luzon-Visayas. Prior to joining the Company, Mr. de Jesus was the Assistant Vice-President for Reseller Trade of Petron Corporation. He joined the oil industry in late 1970's when became a

Corporate Planning Analyst, then later on Corporate planning Manager/Coordinator, of the Philippine National Oil Company (PNOC). Mr. de Jesus also became a Manager in the Corporate Planning Department of PNOC Shipping and Transport Corporation and at the same time, he was also an assistant to the Chairman of PNOC. In the late 90's Mr. de Jesus transferred to Petron Corporation and stayed with the said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from University of the Philippines and a Master of Business Administration of Ateneo Graduate School of Business.

Jose Roel C. Cruz, Filipino, 45 years old, is the Assistant Vice President-Retail Sales Visayas & Mindanao. Mr. Cruz has more than 25 years of experience in the oil industry covering retail sales, retail operations, and marketing, as well as stints in the Human Resources department when he was with Pilipinas Shell Petroleum Corporation from 1988 to 2011. The positions he handled were Retail Territory Manager, Standards Assistant, Cards Marketing Manager, Business Analyst, Recruitment Manager. Mr. Cruz set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2011. He started as a Retail Manager for the Luzon area and was subsequently promoted to his current position in August 2012. He took his college course in De La Salle University, and is a licensed Electronics and Communications Engineer.

Alberto D. Alcid, Filipino, 57 years old, is the Assistant Vice President for Lubes and Chemicals of the Company. Mr. Alcid started his professional career in the petroleum industry with Caltex Philippines, Inc. He was the Regional Manager for the Visayas and Mindanao and was later on promoted as the National Manager for Lubes and Greases of Caltex Philippines where he lead the integration of the manufacturing and marketing operations of lubes and greases and strengthened the market position of the brand in the retail, commercial and high street trades. Mr. Alcid holds a Bachelor of Science Degree Major in Mechanical Engineering from the De La Salle University.

Rebecca Pilar C. Caterio, Filipino, 41 years old, is currently the Assistant Vice President for Credit and Collection of the Company. Previously, she was the Controller of Lapanday Packaging Inc., a company engaged in the manufacturing of cartons and in the production of fresh pineapple and vegetable. She was also the Accounting Manager of Fresh Asia Produce Company International Corporation, a company which is also owned by the Lapanday Group and is primarily engaged in the trading and marketing of bananas. Ms. Caterio started her professional career with the SGV & Co. as a Staff Auditor. She is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants (PICPA) since 1993. Ms. Caterio holds a Bachelor of Science Degree in Commerce, Major in Accounting from the Ateneo De Zamboanga.

Reynaldo A. Phala Filipino, 46 years old, is the Assistant Vice President for Treasury. He joined the Company on October 16, 2008 as its Credit and Collection Manager. Before joining the Company, he was with various banks for seventeen (17) years. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He is a graduate of Bachelor of Science in Civil Engineering from the Mindanao State University-General Santos City. Mr. Phala is a licensed Civil Engineer having passed the Civil Engineering Licensure Examination last May 1989.

Jose Victor L. Cruz, Filipino, 52 years old, is currently the Assistant Vice President for Retail Sales Luzon. Mr. Cruz has more than twenty-five (25) years of experience in the oil industry covering retail, commercial, lubricants sales, international business (aviation and shipping for Chevron and Texaco), marketing and distribution, and corporate affairs. Prior to joining the Company in 2010, Mr. Cruz was Vice President for Retail Network Operations of Flying V in 2008 before he was promoted to Chief Operating Officer in 2009. He was COO of Citadel Commercial, Inc. from 2001-2002 before he ventured into private enterprise. He held various positions in Caltex Philippines Inc. from 1983 up to 1991 when he handled CPI's International Business. Eventually, Mr. Cruz was appointed Executive Assistant – Marketing Commercial in 1992. In 1994, he held the position of District Manager – Luzon South Commercial and in 1996, as DM – Luzon Retail. Mr. Cruz completed his MBA curriculum at the De La Salle University. He is a graduate of B.S. Industrial Management Engineering, Minor in Mechanical Engineering and is a Professional Industrial Engineer under the Philippine Institute of Industrial Engineers.

William M. Azarcon, Filipino, 66 years old is currently the Asst. Vice President for Operational Engineering and Logistics. Mr. Azarcon has twenty-six (26) years experience in the oil industry, covering engineering operations, retail and distribution of bulk & packed products nationwide. Mr. Azarcon used to work for Pilipinas Shell Petroleum Corporation and served as Field Engineer in Operations nationwide constructing Depots & related facilities, i.e, jetties, submarine pipelines', bulk storage tanks among others. He likewise served as Head of Operations of North Luzon and transferred to Retail Engineering as Retail Engineering Manager nationwide. He also served as RVI (Retail Visual Identity) Manager. After retiring from Shell, Mr. Azarcon engaged in business as Retail Engineering Contractor of Shell. He holds a degree in Bachelor of Science in Mechanical Engineering from Mapua.

Gigi Q. Fuensalida, Filipino, 36 years old, is presently the Assistant Corporate Secretary of the Company. Prior to her employment with the Company, she was one of the Senior Associates of the Villaraza Cruz Marcelo and Angangco Law Office. For six years, Atty. Fuensalida specialized in Civil, Commercial and Criminal Litigation wherein she developed strategies for complex litigation and actively participated in the prosecution and defense of criminal cases before the regular trial courts, quasi-judicial bodies and the appellate courts. Atty. Fuensalida holds a degree in Bachelor of Arts Major in Political Science from the Ateneo de Manila University. She further obtained her Juris Doctor degree from the same institution and graduated with honors in 2002. Atty. Fuensalida is a member of the Integrated Bar of the Philippines since 2003.

John Henry C. Yap, Filipino, 38 years old, is currently the Trading and Supply Manager of the Company since 2009. Mr. Yap manages the supply function for the company's requirement for Petroleum products, coordinates and monitors the operational aspect of all importation in Batangas and Davao and reviews product availability and/or pricing information with suppliers, sales and customers. Prior to his employment with the Company, he worked as a Purchasing Manager for Golden Forum Land Inc. for about a year and also became the Supply Manager of Oilink International Corp. for four years. Mr. Yap started his professional career with Unioil Petroleum Philippines, Inc. as a Purchasing Manager for five years and eventually became their Lubricants Supply Manager. Mr. Yap has a Bachelor degree in Industrial Engineering from De La Salle University and further acquired his Masteral Degree in Business Administration from the Ateneo Graduate School of Business.

Period of Service in the Company

Name	**Period of Service**
Joseph John L. Ong	November 3, 2010 to present
Socorro Ermac Cabreros	2006 to present
Edgardo A. Alerta	2006 to present
Alberto D. Alcid	2006 to present
Chryss Alfonsus V. Damuy	2008 to present
Rebecca Pilar C. Caterio	2005 to present
Reynaldo A. Phala	2008 to present
Alan Raymond T. Zorilla	2009 to present
Gigi Q. Fuensalida	2008 to present
John Henry C, Yap	2009 to present
William M. Azarcon	2009 to present
Jose Victor L. Cruz	May 11, 2010 to present
Joselito G. De Jesus	March 15, 2011 to present
Jose Roel C. Cruz	Nov. 15, 2011 to present

Nominations of Directors and Independent Directors

The following are the final nominees who were duly screened by the nomination committee for election to the Board of Directors for the following fiscal year 2013 at the forthcoming Annual Meeting:

1. Domingo T. Uy
2. Dennis A. Uy
3. Jose Manuel R. Quimson
4. Romeo B. De Guzman

5. J.V. Emmanuel A. de Dios
6. Socorro Ermac Cabreros
7. Diana Pardo Aguilar
8. Monico V. Jacob (Independent Director)
9. Consuelo Ynares-Santiago (Independent Director)
10. Paul Dominguez
11. Cherylyn C. Uy

Retired Supreme Court Justice Consuelo Ynares-Santiago was nominated as Independent Director by Jose Manuel R. Quimson. On the other hand, Mr. Monico Jacob was nominated by Mr. Romeo B. De Guzman. Mr. Quimson and Mr. De Guzman or any of the nominated directors is not related to either Retired Justice Santiago or Mr. Jacob by consanguinity or affinity and has no professional or business dealings with them. Retired Justice Santigo and Mr. Jacob are neither officers nor substantial stockholders of the Company. They possess the qualifications and none of the disqualifications of independent directors. Retired Justice Santigo and Mr. Jacob hold only one (1) share each in the Company. Prior to being elected as Director of the Company, they have not, at any time, rendered any service to the Company.

The members of the Nomination Committee are: Atty. J.V. Emmanuel A. de Dios as Chairman, and the following as members: Diana Pardo Aguilar, Jose Manuel R. Quimson, and Allan Raymond T. Zorrilla.

For the scheduled Annual Meeting, the Committee has screened and evaluated the candidates for Independent Directors based on the Rule 38 of the Securities Regulation Code ("SRC") and the Company's amended By-laws and Manual of Corporate Governance. Amendments to the By-laws of the Company incorporating the provisions of SRC Rule 38 were approved by the SEC on February 19, 2007.

Nominees:

Consuelo Ynares-Santiago
Nominee - Independent Director

Consuelo Ynares-Santiago, Filipino, 73 years old, is a Retired Justice of the Philippine Supreme Court. Justice Santiago (Ret) is currently an independent director of Anchor Insurance Brokerage Corp., a leading insurance brokerage company based in New York, USA and SMC Global Power Holdings, Inc., one of the country's leading power company which is the power generation unit of the country's largest beverage, food and packaging industry, San Miguel Corporation. She is also a Consultant of various respectable government offices such as Office of Vice-President Jejomar C. Binay, Office of Senate President Juan Ponce-Enrile and Philippine Judicial Academy and a Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the

Philippines. After admitted to the bar, she started her career as a Legal Officer of Securities and Exchange Commission (SEC). After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional trial Court Judge, Associate Justice of Court of Appeals and became an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she joined various committees, one of those was House of Representative Electoral tribunal (HRET) as Chairperson, and a member of Presidential Electoral Tribunal. She was also a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law on 1998 Bar Examination.

Paul Dominguez
<u>Nominee - Director</u>

Paul Dominguez was Presidential Assistant for Mindanao and Chairman of the Mindanao Economic Development Council (MEDCo) during the term of President Fidel V. Ramos, tasked to oversee efforts towards accelerating development in Southern Philippines. After serving in the Ramos administration, Mr. Dominguez became the Mindanao representative to the World Trade Organization - General Tariffs and ASEAN Free Trade Area (WTO-AFTA) Philippine Advisory Commission, Honorary Chairman of the Mindanao Business Council, and Country Director for the Philippines in the Board of Directors of the BIMP-East ASEAN Business Council. Mr. Dominguez was appointed by President Gloria Macapagal-Arroyo as Presidential Adviser for Regional Development in January 2001, and in April 2002 as Senior Consultant for Mindanao. He also served as the Special Envoy to Brunei Darussalam, Indonesia and Malaysia. Mr. Dominguez started his corporate career in 1971 with the Davao Light and Power Co. In 1974, he joined the Lapanday Agricultural Development Corp., a major agribusiness firm in Mindanao, as Assistant General Manager. He continued his involvement in agribusiness with the Sarangani Agricultural Company where he served as Executive Vice President from 1979 to 1985. From 1985 to 1992, he was President of C. Alcantara and Sons, Inc. a leading wood manufacturing company in Mindanao. Mr. Dominguez currently serves as director of several Philippine corporations. He previously served on the Advisory Board for Southeast Asia of Colonial Insurance Co. and Commonwealth Bank of Australia.

Cherylyn C. Uy
<u>Nominee-Director</u>

Ms. Cherylyn Chiong-Uy, 33 years old, is a graduate of Business and Finance from Ateneo de Davao University. She started her corporate career as Corporate Secretary of a security and manpower agency in Davao City, Security Protection Investigation Detection Emergency Response Services (SPIDER). Ms. Chiong-Uy is also one of the pioneers/incorporators of Udenna Corporation, a corporation composed of 17 subsidiaries which are divided into two (2) groups, the petroleum and non petroleum group. She is also the Corporate Treasurer of Udenna Corporation. Ms. Chiong-Uy is also one of the Executive Directors of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. Ms. Chiong-Uy is the Corporate Treasurer of Udenna Management and Resources Corporation and Chelsea Shipping Corp.

(For the individual write-ups of the other nominee-directors, namely, Domingo T. Uy, Dennis A. Uy, Jose Manuel R. Quimson, Romeo B. De Guzman, J.V. Emmanuel A. de Dios, Socorro Ermac Cabreros, Diana Pardo Aguilar, and Monico V. Jacob, please refer to Item 5 of this Information Sheet)

(b) Significant Employees

There are no significant employees or personnel who are not executive officers but are expected to make a significant contribution to the business of the Company.

(c) Family Relationships

With the exception of Messrs. Domingo T. Uy and Dennis A. Uy who are related to each other by consanguinity within the first civil degree, Dennis A. Uy and Cherylyn Uy, who are spouses to each other, and Domingo T. Uy and Cherylyn Uy who are related to each other by affinity, there are no other family relationships either by consanguinity or affinity up to the fourth civil degree among the directors, executive officers, and persons nominated and chosen by the Company to become directors and executive officers of the Company.

(d) Involvement in Certain Legal Proceedings

The Company's Independent Director, Monico V. Jacob, in his capacity as then Chairman of Petron Corporation, was recently impleaded in a case together with some government officials for Violation of Republic Act 3019 otherwise known as the Anti-Graft and Corrupt Practices Act involving tax credit payments. The case is now pending with the Sandiganbayan.

On the other hand, on 05 May 2011, news reports surfaced on the alleged filing by the Bureau of Customs ("BOC") of a PHP5Billion case against Dennis A. Uy and other respondents for alleged violation of Sections 3602, 2501(l)(1) & (5), 1801, 1802 and 3604 of the Tariff and Customs Code of the Philippines. On 06 July 2011, the subpoena issued by the Department of Justice was received by Mr. Uy. On 16 November 2012, the Department of Justice dismissed the case against Dennis Uy and other respondents.

Except for the above, to the best of the Company's knowledge there has been no occurrence during the past five (5) years up to the date of this Report of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

(i) Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;

(ii) Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(iii) Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

(iv) Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Securities and Exchange Commission ("SEC"), or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

(e) Certain Relationships and Related Transactions

The Group's related parties include the ultimate parent company, parent company, stockholders, the Group's key management and others as described below and in the succeeding pages. The following are the transactions with related parties:

23.1 Rentals

The Group has an operating lease agreement with Udenna Corporation, the ultimate parent Company. The total rent expense of the Company is presented as follows:

2009	2010	2011	2012	**TOTAL**
5,348,381.39	5,187,308.72	6,273,396.64	18,189,649.93	**34,998,736.68**

23.1 Due from Related Parties

The breakdown of due from related parties as of December 31, 2011 and December 31, 2012 are as follows:

	2012	**2011**
PPHI		
Balance at beginning of year	-	

Additions		-
Collections		
Balance at end of year	**-**	**-**
UMRC		
Balance at beginning of year	9,472,308.32	14,750,494.86
Additions		9,378.84
Collections	(14,436,098.98)	(5,287,565.38)
Balance at end of year	**(4,963,790.66)**	**9,472,308.32**
Total Due from Related Parties		
Balance at beginning of year	9,472,308.32	14,750,494.86
Additions	-	9,378.84
Collections	(14,436,098.98)	(5,287,565.38)
Balance at end of year	**(4,963,790.66)**	**9,472,308**

The Group's advances to related parties are presented as Due from Related Parties in the consolidated balance sheet.

23.3 Key Management Compensations

The compensations of key management personnel are broken down as follows:

	2011	**2012**
Salaries	31,121,478	36,822,265
Honoraria and Allowances	3,000,010	4,129,412
13th Month and Bonuses	3,625,681	4,416,398
SSS, PHIC, HDMF and Others	207,850	242,700
	37,955,019	**45,610,775**

Item 6. Compensation of Directors and Executive Officers

The Company's executives are regular employees and are paid a compensation package of twelve (12)-months pay. They also receive performance bonuses similarly to those of the managerial, supervisory and technical employees.

The members of the Board of Directors who are not employees of the Company are elected for a period of one (1) year. They receive a reasonable per diem on a per meeting participation.

There are no other arrangements for which the members of the Board of Directors are compensated.

The aggregate compensation paid or incurred during the last three (3) fiscal years and estimated to be paid in the ensuing fiscal year to the executive officers of the Company are as follows:

Summary of Compensation Table

	Compensation of Executive Officers and Directors (in thousand Pesos)				
Name	**Principal Position**	**Year (s)**	**Salaries (in ₱)**	**Bonuses / 13th Month / Other Income (in ₱)**	**Total (in ₱)**
Dennis A. Uy	President and Chief Executive Officer	11			
Romeo B. De Guzman	Chief Operating Officer	4			
Joseph John L. Ong	Chief Finance Officer	2 ½			
Chryss Alfonsus V. Damuy	VP Finance & Comptroller	5			
Allan Raymond T. Zorrilla	AVP – External Affairs, HR and Branding	4			
Total 2012					**₱ 22,431**
Total 2011					**₱ 18,814**
Total 2010					**₱ 14,652**
Total 2009					**₱ 12,023**
Estimates in 2013					**₱ 25,800**

Generally, a typical employment contract executed between the Company and its named executive officers has the following terms:

1. Specification of job title, commencement date of employment, work assignment and possible need for reassignment of work or location as the need may arise;

2. A probation period of six months probationary period from commencement of employment. If the job performance is found to be satisfactory, employment shall be converted to regular basis.

3. Salary & Benefits: specifies that the executive shall receive his monthly salary and a guaranteed 13^{th} month pay less the necessary government deductions allowed by law such as but not limited to SSS premium, Philhealth, Pag-IBIG contributions. The same section likewise provides that the executive's salary shall be subject to annual review which shall take into consideration his performance and the achievement of a mutually-agreed goals.

4. Exclusivity: The employment contract provides that the executive shall render exclusive service to the Company and the prohibition to work with other companies regardless of whether such work is done outside office hours, without the consent of the Company.

5. Confidentiality: The executive/employee is duty bound to keep all information, materials and records which he or she may access in the course of his/her employment with the Company are confidential in nature and he or she may not disclose or reproduce the same without the consent of the Company.

6. Professional Conduct: The executive concerned is expected to comply with all the policies and procedures which the Company may issue from time to time. It is specifically prohibited to accept any or all kinds of gifts from suppliers and customers without the consent of the Company

Compensation Committee

The Company's Compensation Committee shall be composed of at least three (3) members of the Board, one of whom shall be an Independent Director. It is tasked with establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over remuneration of senior management and other key personnel.

The following are the members of the Compensation Committee:

Dennis A. Uy	Chairman
Domingo T. Uy	Member
Ricardo Pascua (Independent Director)	Member
Joseph John L. Ong	Member (non-voting)

Employee's Stock Options Plan

The Commission has approved the application for exemption from the registration requirement of the Securities Regulations Code of the Company for the proposed issuance of 24,493,620 common shares for the Company's Employee's Stock Options Plan (ESOP).

The ESOP Committee of the Company has already approved the ESOP internal guidelines.

On 24 January 2013, the Board of Directors of the Company approved the setting of the Initial Offering Date for the ESOP on 01 March 2013.

Item 7. Independent Public Accountants

The financial statements of the Company were audited by Punongbayan & Araullo for the years ended December 31, 2010, 2011, and 2012. Said external auditor has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Punongbayan & Araullo will be recommended for re-appointment at the scheduled Annual Meeting.

Representatives of the firm are expected to be present at the Annual Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Punongbayan & Araullo was first appointed external auditor of the Company in 2006. The Company is compliant with SRC Rule 68, paragraph 3(b)(IV) (Rotation of External Auditors). The certifying partner for the examination of the Company's financial statements for the year/s 2011 is Mr. Romualdo V. Murcia II.

<u>Audit Fees</u>

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors.

Audit and Related Fees				
		Amount in Thousands Php		
Particulars	Nature	2010	2011	2012
Punongbayan and Araullo				
	Audit of FS for the year 2008 - Parent and Subsidiaries			

Punongbayan and Araullo	Audit of FS for the year 2009 - Parent and Subsidiaries	2,098		
Punongbayan and Araullo	Audit of FS for the year 2010 –Parent and Subsidiries		3,553.19	
Punongbayan and Araullo	Audit of FS for the year 2011 - Parent and Subsidiaries		462.00	2,110.06
Punongbayan and Araullo	Audit of FS for the year 2012 - Parent and Subsidiaries			630
Sub-total		**2,098**	**4,015.19**	**2,740.06**
Tax Advisory Services				
Sycip, Gorres and Velayo	Tax Consultancy	88	122.34	119.94
Sub-total		**88**	**122.34**	**119.94**
All Other Fees				
Entia Accounting Office	Professional Fee for BOI Registration of Depot Facilities	211.8		
Sub-total		**211.8**	**-**	
GRAND TOTAL		**2,397.8**	**4,137.54**	

Audit Committee and Policies

Under the Company's By-laws, the Audit Committee is responsible for, among others, the setting-up of an internal audit department and considers the appointment of an internal auditor as well as the independent external auditor, the audit fees and any question of resignation or dismissal, and the review of the quarterly, half-year and annual financial statements before their submission to the Board of Directors.

In accordance with the Company's By-laws and Manual of Corporate Governance, in 2007, the Company formed its Audit Committee. The Company's Audit Committee shall be composed of at least three (3) members of the Board, preferable with accounting and finance background, one of whom shall be an Independent Director and another should have related audit experience. The chairman of the Audit Committee should be an independent director and he should be responsible for inculcating in the minds of the members of the Board the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The following are the members of the Audit Committee: Monico Jacob (Independent Director) as Chairman, and Domingo T. Uy and J.V. Emmanuel De Dios as members.

The Internal Audit systems of the Company are in place since 2008 but these auditing tools are strengthened this year. The Internal Audit's role and responsibilities are defined in the Audit Charter approved by the Board of Directors. Primarily, it assists the Audit Committee of the Board in fulfilling its oversight responsibility to the shareholders by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and internal control processes.

Internal Audit, in fulfilling its role, performs the following general functions: 1.) evaluating the Company's governance processes including ethics-related programs; 2.) performing an objective assessment of the effectiveness of risk management and internal control framework, identifying risk exposures and recommending strategies to mitigate them; 3.) evaluating the reliability and integrity of financial statements and the financial reporting process; 4.) analyzing and evaluating business processes and associated controls; 5.) determining compliance with applicable laws and regulations.

Changes In and Disagreements With Accountants

The Company has not had any disagreement with its previous and current external auditor/independent public accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Item 8. Compensation Plans

No action is to be taken by the Company with respect to any compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

Declaration of 30% Stock Dividends and Php0.10 Cash Dividends for Common Stocks

(A) Description of Registrant's Securities.

(1) **Common Stocks**

On 24 Janaury 2013, the Board of Directors of the Company approved the declaration of cash dividends in the amount of Ten Centavos (0.10 Php) per share and thirty per cent (30%) stock dividends for the year 2013, which shall be issued out of the Company's unrestricted retained earnings. Record date and Payment date are to be determined and announced later. The stock dividend declaration shall increase the paid-up capital of the Company. The declaration of stock dividends of the Company shall be submitted to the stockholders at the Annual Meeting for their approval.

The Board approved the declaration of stock dividends aggregating thirty per cent (30%) of the total issued and outstanding common shares of the Company of 1,099,059,416 shares. The total amount of dividend to be declared by the Company amounts to 329,707,816 common shares, more or less, amounting to Three Hundred Twenty Nine Million Seven Hundred Seven Thousand Eight Hundred Sixteen Pesos (~~Php~~329,707,816.00), more or less, out of the surplus profit of the Company as of December 31, 2012. The stock dividend declaration shall increase the paid-up capital of the Company to One Billion Two Hundred Thirty Five Million Seven Hundred Sixty Seven thousand Two Hundred Thirty Two Pesos (~~Php~~1,235,767,232.00).

(b) The Company's dividend policy is to declare at least 30% of its prior year's net income as dividends, whether in stock or in cash, payable out of its unrestricted retained earnings subject to statutory limitations.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendation will consider such factors as operating expenses, implementation of business plans, and working capital among other factors. Each holder of a common share does not have pre-emptive rights to any issue of the Company's share.

In 2011, the Company declared and paid the following dividends to all stockholders: cash dividend to all stockholders of record as of March 25, 2011 in the amount of Ten Centavos (0.10 Php) per share with payment date on April 20, 2011; and 30% stock dividends to all stockholders of record as of April 8, 2011 with payment date on May 6, 2011.

In 2012, the Company declared and paid the following dividends to all stockholders: 50% stock dividends to all stockholders of record as of March 28, 2012 with payment date on April 26, 2012; cash dividend at the rate of Php 0.10 per share to all stockholders of record as of March 23, 2012.

Each holder of a common share shall have the right to one vote, and shall be entitled to notice of any shareholders' meeting in accordance with the Company By-Laws, and shall be entitled to vote upon such matters and in such manner as may be provided by law.

Each stockholder of the Company does not have pre-emptive rights to subscribe to any issue or disposition of shares by the Company of any class.

Each holder of a common share does not have any other material right provided in the Company's Articles of Incorporation or By-Laws.

There are no provisions in the charter or by-laws that would delay, defer or prevent a change in control of the Company.

Item 10. Modification or Exchange of Securities

No action is to be taken by the Company with respect to modification or Exchange of Securities.

Item 11. Financial and Other Information

The Management Report is attached herein as **Annex B** and the financial statements of the Company as of September 30, 2012 (SEC Form 17-Q) is attached herein as **Annex "B-1";**

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No transactions to be taken by the Company with respect to any transaction involving mergers consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

Investment of the Company in CSC of Corporate Funds in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) as additional capital infusion

A. General character and location of the Property

CSC and the 14,000DWT Tanker Vessel

At the meeting of the Board of Directors held on January 24, 2013, the Board of Directors approved the investment of the Company in CSC of corporate funds in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) for the acquisition of a new 14,000DWT tanker vessel.

CSC is a one hundred per cent (100%) subsidiary of the Company with principal address at Stella Hizon Reyes Road, Barrio Pampanga, Lanang, Davao City and contact number (082) 235-8888. It is engaged in maritime trade in the conveyance or carriage of petroleum products, goods, wares, and merchandise of every kind and description, including but not limited to general cargo handling, loading, transporting, dischargingover oceans, seas, lakes, rivers, canals, bays, harbors, and other waterways in the Philippines. Currently, it has 10 vessels in its fleet, two of which serve the regional trade route (Taiwan/Singapore/Thailand to Philippines). CSC owns the largest Philippine-registered oil tanker "M/T Chelsea Thelma" with 9366 GRT.

CSC was incorporated in 2006 and commenced commercial operations in January 2007, operating out of the ports of La Union, Pangasinan, Subic Bay, Bataan, Manila, Batangas, Cebu, and Davao. Presently it has added the ports of Rapu-Rapu, Bicol, San Jose, Mindoro, Mogpog, Marinduque; Lubang Island; Semirara; Dumaguit, Aklan, Bacolod, Zamboanga, General Santos City and Cagayan de Oro to its areas of operation. In July 2009, with the acquisition of M/T Chelsea Cherylyn, CSC expanded to regional operations with voyages to China, Taiwan and Singapore. CSC’s thrust to engage in regional operations, was further bolstered by the acquisition of the 14,000 DWT M/T Chelsea Thelma in February 2012, which to date, is the largest Philippine-registered oil tanker.

With a total fleet size of 19,561 GRT, Chelsea is among the top 5 major petroleum tanker owners in the country. It serves Phoenix Petroleum, Cebu Pacific Air, PTT Philippines, National Power Corporation, Total Bulk Corporation, and Batangas Bay Carriers, Inc. and Marine Fuels Philippines, Inc. of the Magsaysay Group of Companies. Chelsea also serves the bunkering requirements of U.S. Navy vessels calling at Subic Bay, and transports coconut oil for companies in Cebu. CSC is fully compliant with the International Safety Management (ISM) System having upgraded from the National Safety Management (NSM) System.

In line with CSC’s acquisition of a brand new 14000 DWT tanker vessel with an estimated cost of $21,287,000.00, CSC requires fresh capital to cover the equity portion of the acquisition cost. CSC requires a fresh capital infusion in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) for the down-payment of the vessel .

Below are the particulars of the 14,000DWT Tanker Vessel

Length – Overall	**About 146.00 m**
Breadth, mld	**22.00 m**
Depth, mld	**10.80 m**

Design draft	**7.94 m**
DWT at design draft	**About 14000 DWT**
Speed	**About 13.0 knots**
Propulsion	**Five (5) bladed fixed pitch propeller**
Builder	**FUJIAN SHENGLONG SHIPBUILDING CO., LTD.**
Place Built	**Baima Shipyard, Wenzhou China**

Cargo Tank	
Cargo tank capacity including slop tank	16500 cbm (based on 100% filling)
Number of tanks	12 COT's and 2 slop Tanks
Cargo Pipings	
Cargo Pumps Type/Capacity	Four (4) sets horizontal type screw/500 m3/Hr x 0.8 Mpa, motor driven

B. <u>Nature and amount of consideration to be paid or received by the Company</u>

The Company will invest the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) in CSC as additional capital infusion.

C. <u>Name and address of the transferors and the nature of any material relationship</u>

CSC is a one hundred per cent (100%) subsidiary of the Company with principal address at Stella Hizon Reyes Road, Barrio Pampanga, Lanang, Davao City and contact number (082) 235-8888 and business office address at the 26th Floor, Fort Legend Tower, 3rd Avenue corner 31st Streer, Bonifacio Global City, Taguig City, Metro Manila.

D. <u>Material features of the Transaction</u>

(i) Rationale for the Investment

In 2012, CSC served forty per cent (47%) of the importation logistic requirements of the Company. With the acquisition of the new vessel, CSC will be able to serve eighty five per cent (85%) of the importation logistic requirements of the

Company. This is substantial considering the projected growth in volume sales of the Company.

(ii) Brief Summary of the Terms

CSC intends to acquire a brand new 14,000 DWT Tanker Vessel from China with an estimated cost of $21,287,000.00. In line with this, CSC requires fresh capital to cover the equity portion of the acquisition cost. CSC requires a fresh capital infusion in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00) for the down-payment of the vessel.

In this regard, the Company will infuse additional capital in CSC in the amount of Two Hundred Forty Two Million Five Hundred Thousand Pesos (Php242,500,000.00), which shall be used by CSC as down-payment for the acquisiriorn of the vessel.

The purchase price of the Tanker Vessel shall be financed as follows: thirty-four per cent (34 %) equity and the sixty-six per cent (66%) through bank loan.

Item 14. Reclassification of Accounts

No actions are to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports and Other Proposed Action

1. Approval of the Minutes of the 06 September 2012 Special Stockholders' Meeting covering the following matters:

   - Approval of the Minutes of the Annual Stockholders' Meeting held last 08 March 2012
   - Update on the Operation and Financial Highlights
   - Approval of Corporate Actions:

     a) Amendment of Article II on Secondary Purposes and Article VI on the number of directors contained in the Company's Articles of Incorporation
     b) Amendment of Article III Section 1(a) of the Company's By-laws on Composition of the Board of Directors
     c) Issuance of Php180,000,000.00 warrants in relation to the Issuance of Php500,000,000.00 Convertible Notes to Banco De Oro Unibank, Inc.
     d) Acquisition of 100% shares of stock in Chelsea Shipping Corp.

2. Report of the President and Chief Executive Officer
3. Approval of the 2012 Audited Financial Statements and 2012 Annual Report
4. Approval of Corporate Actions:

    a) Proposed Investment of Php242,000,000.00 corporate funds in Chelsea Shipping Corp. as additional capital infusion for the acquisition and operation of a brand new 14,000 DWT tanker vessel which shall support and serve the importation logistics requirement of the Corporation.

    b) Declaration of 30% stock dividends.

5. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 February 2012 until 31 January 2013 as set forth in **Annex "A"**

6. Election of the Members of the Board of Directors

7. Election of External Auditor.

Item 16. Matters Not Required to be Submitted

There are no actions to be taken with respect to any matter, which are not required to be submitted to a vote by security holders.

Item 17. Amendment of Articles of Incorporation, By-laws or Other Documents

There are no proposed amendment to the Articles of Incorporation or By-Laws of the Corporation that will be submitted to the stockholders for approval.

Item 18. Other Proposed Action

There are no other proposed actions to be approved*.*

Item 19. Voting Procedures

Under the Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Company shall be necessary for the approval of the proposed amendment to the Articles of Incorporation and the investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

Except in cases provided above, or where the law provides otherwise, all matters subject to vote shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

Stockholders of record are entitled to one (1) vote per share. There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done by *viva voce*, raising of hands or by balloting.

The external auditor of the Company, Punongbayan & Araullo, will validate the votes when voting is done by secret ballot. Likewise, Punongbayan & Araullo will count the number of hands raised when voting by show of hands is done.
The following items will be included in the agenda for the meeting:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Special Stockholders' Meeting held last September 6, 2012
4. Report of the President and Chief Executive Officer
5. Approval of the 2012 Audited Financial Statements and 2012 Annual Report
6. Approval of Corporate Actions:

    c) Proposed Investment of Php242,000,000.00 corporate funds in Chelsea Shipping Corp. for the acquisition and operation of a brand new 14,000 DWT tanker vessel which shall support and serve the importation logistics requirement of the Corporation.
    d) Declaration of 30% stock dividends.

7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 February 2012 until 31 January 2013
8. Election of the Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report s true, complete and correct.

This report is signed in Davao City on **February 1, 2013.**

P-H-O-E-N-I-X Petroleum Philippines, Inc.

SOCORRO T. ERMAC CABREROS
Corporate Secretary

ANNEX "A"

	ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS OF PHOENIX PETROLEUM PHILIPPINES, INC. (For the Period: 05 February 2012 to 31 January 2013)
5 February 2012	• Participation in the bidding of Supply and Delivery of Industrial Fuel Oil for Power Sector Assets and Liabilities Management ('PSALM Corporation') for CY 2012, and that if awarded the tender, the entering into a contract with PSALM Corporation
	• Entering into any contract for the renewal and extension of loans/credit facilities with PHILIPPINE BANK OF COMMUNICATIONS up to the principal amount of PESOS: SEVEN HUNDRED MILLION (Php700,000,000.00)
	• Application for a transfer of the name of Tax Declarations covered by and under the name of the company and enter into a contract, i.e., DEED OF ABSOLUTE SALE with LIMKETKAI MANUFACTURING CORPORATION over a 12,568 sq. m. parcel of land (Lot 4-A, being a portion of Lot 4) situated in the Barrio of Poblacion, Municipality of Villanueva, Province of Misamis Oriental
	• Entering into an agreement with CHINATRUST (PHILS.) COMMERCIAL BANK CORPORATION for a Salary Stretch Loan Program to be availed of by the Company's qualified employees
	• Opening, maintaining and managing, in the name of the Company, with BDO Lizada Corporation , any number of savings / current / time and other accounts with the Bank or any of its branches, hereinafter to be referred to as the "Depository Accounts"
8 February 2012	• Declaration and approval of the payment of cash dividend at the rate of Php 0.10 per share exclusively for its Common Share holders ; that the aforementioned cash dividends for the Company's Common shares shall be payable to Common Shareholders of record as of March 23, 2012 and to be paid on April 23, 2012; • Declaration and approval of the declaration of stock dividends aggregating fifty per cent (50%) of the total issued and outstanding shares of the Company to be subscribed and paid out of the surplus profit of the Company as of December 31, 2011 for stockholders of record as of March 28, 2012 and to be paid out on April 26, 2012
10 February 2012	• Causing the filing of civil and criminal cases against RICHARD T. ZAFRA and FELADELMA ZAFRA, with the appropriate courts and/or prosecutor's office of Taguig City for and in behalf of the Company
	• Causing the filing of civil and criminal cases against MARILYN YPEAR**,** with the appropriate courts and/or prosecutor's office of Pasig City for and in behalf of the corporation"
5 March 2012	• to transact with BDO Universal Bank Inc., its trust department, any of its branches, its subsidiaries and affiliates (singularly or collectively referred to as "the Bank") for the obtainment of loan facilities and availment of banking products and services
	• to enter into Deeds of Assignment with GREAT POLARIS TEXTILE MILLS, INC., MIGHTY TEXTILE INTERNATIONAL CORP., WINTEX TEXTILES INDUSTRIES, INC., DIVINE TEXTLE, FOX VALLEY KNITTING MILLS INC., SILVERTEX WEAVING CORP., PRIMEKNIT MFG. CORP., UNI-GLORY'S KNITTING CORP. CANNON TEXTILE, POWERKNIT INC., and KNITECH MFG., INC. for the assignment of their Tax Credit Certificates issued and to be issued by the Department of Finance in their respective names for the period of three (3) months, from April 2012 to June 2012 , to the Corporation under such terms and conditions as may be in the best interests of the Corporation
5 March 2012	• to claim and process for the REFUND on the Cash Advance made on Project

	22302010050103 with the MERALCO, Camarin Auxiliary Business Center, Camarin Road, cor. Zapote St., Camarin Caloocan City; Office
	• to claim for the Special License Plate (EAA 55) of the following described motor vehicle from the Land Transportation Office (LT) Davao City District Office: Model/Make/Series/Type : 2012 Mitsubishi Montero SUV Engine No. : 4D56UCCX6538 Chassis No. : MMBGYKG40CF000479 C.R. No. : 13859468-0 dtd. 10/26/2011 O.R. No. : 89326226 dtd. 10/26/2011
	• to apply, transact, negotiate and process pertinent documents and permits with various government entities/offices and Cagayan Electric Power & Light Co., Inc. (CEPALCO) relative to the company's application for a transfer of the account from Mechatrends Contractors Corporation to the company's name for the supply of the electricity to its Depot Facility in Phividec, Villanueva, Misamis Oriental
	• to participate in the bidding of Supply and Delivery of Engine Lubricating Oil requirements to NATIONAL POWER CORPORATION (NPC) SPUG Power Plants and Barges for CY 2012, and that if awarded the tender shall enter in a contract with the National Power Corporation; and in connection therewith hereby appoint its Chief Operating Officer, ROMEO B. DE GUZMAN, <u>and/or</u> Assistant Vice President for External Affairs, HRD and BMG, ATTY. RAYMOND T. ZORRILLA
	• Approved the payment of cash dividend at the rate of 11.5% per annum exclusively for its Preferred Shares holders ; and that the aforementioned cash dividends for the Company's Preferred shares shall be payable on March 21, 2012
20 March 2012	• to appear before the Bureau of Internal Revenue (BIR) particularly the Large Taxpayers Service pursuant to the letter dated 09 March 2012 from Com. Alfredo V. Misajon for an informal conference pertaining to the collection of differential income tax
10 April 2012	• to apply, transact, negotiate and process documents and permits with various government entitles./office relative to the construction and opening of a Phoenix Fuels Life Stations in Lanang, Davao City, specifically on the following lots: 1. Lot No. 2-B-1, Psd-11-012821 Area – 4,000 sq. m. TCT No. T-354327 Contract of Lease WITH UrbanEast Developments, Inc.(Lot Owner) 2. Lot No. 2-B-2-B-, Psd-11-048592 Area – 5,931 sq. m. TCT No. 392804 Contract of Lease with Udenna Corporation (Lot Owner)
	• to open and maintain a Savings or Current deposit account with the Development Bank of the Philippines (DBP) under account name, Phoenix Petroleum Philippines, Inc.
	• to borrow money, arrange and negotiate with CHINATRUST (PHILIPPINES) COMMERCIAL BANK CORPORATION (hereafter, "Bank"), for credit facilities, to secure trust receipts, to obtain other credit facilities, to enter into and assume any other financial undertaking with the Bank, with or without security, and under such terms and conditions as may be determined by its signatories / representatives, in the aggregate amount of PHILIPPINE PESOS: ONE HUNDRED THIRTY-FIVE MILLION ONLY (PHP135,000,000.00)
4 May 2012	• hereby accepts the Specific and General Terms and Conditions in connection with its application for registration for its new project as Storage, Distribution and Bulk Marketing of Petroleum Products located at Bacolod City
	• hereby accepts the Specific and General Terms and Conditions in connection with its application for registration for its new project as Storage, Distribution and Bulk

	Marketing of Petroleum Products located at Cagayan de Oro City
	• to open PESO and US DOLLAR Savings, Current, Time Deposits Accounts with United Coconut Planters Bank – Subic Bay Freeport Branch; to invest funds in Money Market placements with the said bank; to enter into with its Trust Banking Division a Trust/Investment Management Agreement (BSP-SDA/ CTD) , for the management and administration of the funds of the Corporation
	• To sign, execute and deliver any and all applications, contracts, documents, forms and other similar writings with the Bank of the Philippine Islands in connection with the Corporation's application for affiliation with BPI and To open a settlement account with any branch of the Bank of the Philippine Islands where the proceeds of credit, debit and prepaid card transactions will be credited to
	• to apply, transact, negotiate and process pertinent documents and permits with various government entities/offices relative to the construction and opening of a 70 Tons Per Day Capacity CME/Biodiesel Plant at Phoenix CDO Terminal, Brgy. Katipunan, Villanueva, Misamis Oriental
	• hereby authorized and empowered to negotiate and obtain with LAND BANK OF THE PHILIPPINES (LBP) for a renewal of its DP/DA/OA/LC/TR Line in the amount of ONE BILLION PESOS (Php1,000,000,000.00 Billion); and to negotiate for the renewal without change of its DBPL in the amount of FIFTY MILLION PESOS (P50,000,000.00) and the establishment of Standby LC in the principal amount of US$ 7.50 Million (or P330 Million based on its peso equivalent of US$1=P44.00), wherein the Standby LC shall also be usable as DP/DA/OA/LC/TR Line up to a maximum amount of P300 Million, as the need arises; wherein the DP/DA/OA/LC/TR and Standby LC shall be secured by among others, Trust Receipts on Goods and designating its President, DENNIS A. UY or Chairman, DOMINGO T. UY, as signatory/ies to the CLA, DBPLA, Promissory Note, Trust Receipt Agreement and such other documents as may be necessary to implement the approved transactions
	• hereby authorized and empowered to apply and transact for corporate accounts with the Mallberry Suites Business Hotel in Cagayan de Oro City and enter into any agreements and such other pertinent contracts and documents in connection with the said application
	• hereby authorized and empowered to claim the original copies of the Official Receipt (OR) and Certificate of Registration (CR) of the following described service vehicle of the company from UnionBank, UnionBank Plaza, Meralco Avenue cor. Onyx and Sapphire Sts., Ortigas Center, Pasig City: Unit Make : BMW Model : 740 LI Year : 2009 Serial Number : WBAKB41080C321711 Motor Number : 05457073N54B30A
	• hereby authorized and empowered to transact and apply with Cignal Digital and Broadcast (MediaScape, Inc.) a corporate account for cable subscriptions and enter into any agreements and such other pertinent contracts and documents in connection with the said applications; resolved that the following Cignal account be transferred to the company's account name with the same business address, viz: <u>From</u> — <u>To</u> DENNIS A. UY — PHOENIX PETROLEUM PHILIPPINES, INC. Account No. 1299736 Plan : 1290
	• to enter into and execute a Release, Quitclaim and Waiver in favor of APY Holdings, Inc. ('APY') to release and forever discharge and quitclaim APY, from all claims, demands, liabilities, actions, causes of actions, suits at law or equity of whatsoever kind and nature, and waive any and all rights and claims which it now or may have

	against APY arising out of the Memorandum of Agreement With Option to Take Lease dated 14 December 2011 for the lease of the portion of the 33,296 square meters property of APY located in Bo. Mamplasan, Binan, Laguna, as well as all related agreements and instruments and the termination thereof, for such amount and under such terms and conditions which may be in the best interests of the Corporation
	• to enter into a Contract of Lease with the Republic of the Philippines thru the Civil Aviation Authority of the Philippines for the lease of the 150 square meter-lot space located at Iloilo Airport for a period of three (3) years, for such amount and under such terms and conditions which may be in the best interest of the Corporation; and that the Corporation's AVP-Operation, Logistics and Eng'g, WILLIAM M. AZARCON, be hereby authorized and empowered to negotiate the terms of said lease, as well as to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all contracts, documents and instruments required to carry out the foregoing resolution."
14 May 2012	• hereby authorizes and empowers, the Corporation to file a criminal and/or civil case against RAFJUN CAGOD and MORITO N. CANOPIN for Qualified theft or for any other offenses committed against the Corporation
	• to open and maintain Deposit Accounts and/or Trust Accounts (the "Deposit Account/s") with PHILIPPINE BUSINESS BANK, INC., or any other branch of the BANK
	• hereby ratifies the authorization of the following officers of the Corporation viz: NAME — POSITION ROMEO B. DE GUZMAN — Chief Operating Officer RAYMOND T. ZORRILLA — AVP-External Affairs, HRD and BMG CHRYSS ALFONSUS V. DAMUY — VP-Finance and Comptroller to sign and execute documents for the sale and acquisition of the vehicles of the Corporation
	• to borrow, apply for, negotiate and/or secure a loan and/or other credit accommodations and facilities from UNION BANK OF THE PHILIPPINES (the "Bank") in the principal aggregate amount of PESOS: EIGHT HUNDRED MILLION AND 00/100 (PHP 800,000,000.00), as well as temporary excesses or permanent increases thereon as may be approved by the Bank from time to time, to obtain additional loans, or credit facilities and accommodations for such amounts as determined by the authorized signatories herein and approved by the Bank, discount and/or negotiate drafts, commercial papers, receivables of the Corporation of whatever nature, purchase, exchange, sell or otherwise deal in or with bills, checks, including without limitations to third party checks drawn in favor of the Corporation and/or checks otherwise endorsed by the Corporation as second endorser thereof which the Corporation agrees to be bound to the Bank in case of their dishonor upon presentment of stocks, bonds or other securities, bind the Corporation as guarantor or surety to the obligations of third persons, affiliates or subsidiaries of the Corporation
	• hereby declares and approves the payment of cash dividend at the rate of 11.5% per annum exclusively for its Preferred Shares holders ;and shall be payable on June 21, 2012
	• hereby authorized and empowered to enter into a Waiver and quitclaim, and Compromise Agreement with Milojay Ryan D. Galbo involving the rights and accounts which Mr. Galbo owes the Corporation and any amount or rights the Corporation owes Mr. Galbo
	• to participate in the bidding of Supply and Delivery of AFP Petroleum, Oil and Lubriants (POL) requirements to DEPARTMENT OF NATIONAL DEFENSE, and that if awarded the tender, shall enter in a contract with the Department of National Defense; and in connection therewith hereby appoints its Chief Operating Officer,

	ROMEO B. DE GUZMAN, and/or Assistant Corporate Secretary, ATTY. GIGI Q. FUENSALIDA, acting as duly authorized and designated representatives of the Corporation, are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the Corporation in the bidding as fully and effectively as the said Corporation might do if personally present, with full power of substitution and revocation and hereby satisfying and confirming all that the said representatives shall lawfully do or cause to be done by virtue hereof
4 June 2012	• to enter into Deeds of Assignment with GREAT POLARIS TEXTILE MILLS, INC., MIGHTY TEXTILE INTERNATIONAL CORP., WINTEX TEXTILES INDUSTRIES, INC., DIVINE TEXTLE, FOX VALLEY KNITTING MILLS INC., SILVERTEX WEAVING CORP., PRIMEKNIT MFG. CORP., UNI-GLORY'S KNITTING CORP. CANNON TEXTILE, POWERKNIT INC., KNITECH MFG., INC. and SURELUCK TEXTILE MFG. CORP. for the assignment of their Tax Credit Certificates issued and to be issued by the Department of Finance in their respective names for the period of three (3) months, from July 2012 to September 2012, to the Corporation under such terms and conditions as may be in the best interests of the Corporation
	• Authorized to participate in the bidding of PRN/CRN by the City Government of Valenzuela; and if awarded the project, shall enter into a contract with the City Government of Valenzuela; and in connection therewith hereby appoint ATTY. RAYMOND T. ZORRILLA, acting as duly authorized and designated representative of our corporation, is granted full power and authority to do, execute and perform any and all acts, necessary and/or represent the corporation in the bidding as fully and effectively as the corporation might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof
	• to apply, transact and/or renew its corporate accounts with the following hotels within Cebu: Waterfront Hotel-Lahug and Mactan, City Park Hotel, Castle Peak, Marriott Hotel and in any suitable hotels within Cebu and enter into any agreements and such other pertinent contracts and documents in connection with the said applications
	• to apply, transact and/or renew its corporate accounts with the following hotels of Davao City: Marco Polo Davao, Grand Regal Hotel, Microtel Hotel, Tropika Hotel, Waterfront Hotel, Hotel Elena, D' Leonor Hotel and Sun City Suites and in any suitable hotels within Davao City and enter into any agreements and such other pertinent contracts and documents in connection with the said applications
	• to apply, transact and/or renew its corporate accounts with the following hotels within Manila and in any suitable hotels within Manila and enter into any agreements and such other pertinent contracts and documents in connection with the said applications
	• to transact and apply with the (1) One Corporate Grand Tours; (2) AIRPHIL EXPRESS; (3) PHILIPPINE AIRLINES (PAL) credit lines/corporate accounts for E-Ticket purchases and enter into any agreements and such other pertinent contracts and documents in connection with the said applications
	• to cease its business operation in one of its depots located in Mactan-Lapu-Lapu, Cebu and to apply for its Local Business Permit Retirement or Cessation with the local government office/entity; to authorize and empower its Commercial Sales Manager, ORNESTO F. TAGUDINA, to represent, transact and negotiate in behalf of said Corporation and to further execute, sign and deliver any or all documents and instruments to implement the foregoing authority
	• Approved the payment of cash dividend at the rate of 11.5% per annum exclusively for its Preferred Shares holders ; and that the aforementioned cash dividends for the Company's Preferred shares shall be payable on June 21, 2012
6 July 2012	• to cancel the Letter of Committed Credit issued to it by BDO Unionbank, Inc. for and

		in behalf of Metro Dzel Marketing Corp. (MDMC) in order for it to be issued a Irrevocable Standby Letter of Credit in its stead by the same parties
	•	to negotiate, deal, transact with, secure , avail and obtain from Maybank Philippines, Inc. a Three Hundred Million Pesos (Php300,000,000.00) Term Loan under such terms and conditions as may be in the best interests of the Corporation
	•	to negotiate, deal, transact with BDO Universal Bank or SM/BDO Group under reasonable terms for the issuance of a Php500-million convertible notes with Php180-million warrant
	•	to acquire and purchase 6,312,500 shares or 100% shares in Chelsea Shipping Corp. (Chelsea) via Share-for-Share swap with the shareholders of Chelsea; RESOLVED, FURTHER, that for and in consideration of the share swap, exchange or assignment of Chelsea shares, the Corporation shall issue 171,250,799 new common shares to the shareholders of Chelsea, taken from the authorized but unissued shares of the stocks of the Corporation
	•	to amend its Amended Articles of Incorporation, particularly Article II thereof, amending the Secondary Purposes of the Corporation; to amend its Amended Articles of Incorporation, particularly Article VI thereof, increasing the composition of the Board of Directors from nine (9) to eleven (11) members
	•	to amend Article III Section 1(a) of the By-laws on composition of the Board of Directors increasing the number from nine (9) to eleven (11) members
	•	to authorize and empower the Corporation to engage, hire the services and appoint Evercore Asia Limited to act as Financial Adviser of the Corporation in capital raising, acquisition and such other investment relevant to the Corporation at a rate as management may deem reasonable.
	•	empowered to hold and conduct a Special Stockholders' Meeting on 06 September 2012 in Davao City at 2:00 o'clock in the afternoon
9 July 2012	•	to: (a) enter into hedging, swaps and/or derivative transactions with counterparties acceptable to the Corporation's management (the "Management") for the purpose of managing certain commercial risks of the Corporation under such terms and conditions as Management may deem beneficial to the Corporation; (b) for the purpose of the foregoing, negotiate with, and enter into an International Swaps and Derivatives Association, Inc. 2002 Master Agreement ("ISDA Master Agreement") and the Schedule to the ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") under such terms and conditions as Management may deem beneficial to the Corporation; (c) execute: (i) the letter appointment of process agent appointing TMF Corporate Services Limited as the Corporation's service process agent under the Schedule to the ISDA Master Agreement; or (ii) such other documents, as agreed upon by the Management with HSBC; and (d) deliver the duly executed ISDA Master Agreement and the Schedule of the ISDA Master Agreement, letter appointment of process agent, and such other documents required under the Schedule of the ISDA Master Agreement to HSBC
2 August 2012	•	to authorize the Corporation to apply for accreditation at Terminal 3 of the Manila International Airport Authority, in Pasay City, Metro Manila; to authorize and empower its Assistant Vice President for Engineering, Operations and Logistics, **WILLIAM M. AZARCON**, **or** his authorized representative, to represent, transact and negotiate in behalf of said Corporation and to further execute, sign and deliver any or all documents and instruments to implement the foregoing authority
5 September 2012	•	to: (a) enter into hedging, swaps and/or derivative transactions with counterparties acceptable to the Corporation's management (the "Management") for the purpose of managing certain commercial risks of the Corporation under such terms and conditions as Management may deem beneficial to the Corporation; (b) for the purpose of the foregoing, negotiate with, and enter into an International Swaps and

	Derivatives Association, Inc. 2002 Master Agreements ("ISDA Master Agreement") and the Schedules to the ISDA Master Agreements with Maybank Philippines, Inc. and Malayan Banking Berhad (the "Banks") under such terms and conditions as Management may deem beneficial to the Corporation; (c) execute: (i) the letter appointment of process agent appointing TMF Corporate Services Limited as the Corporation's service process agent under the Schedules to the ISDA Master Agreements; or (ii) such other documents, as agreed upon by the Management with the Banks; and (d) deliver the duly executed ISDA Master Agreements and the Schedules of the ISDA Master Agreements, letter appointment of process agent, and such other documents required under the Schedules of the ISDA Master Agreements to the Banks
	• to enter into Deeds of Assignment with GREAT POLARIS TEXTILE MILLS, INC., MIGHTY TEXTILE INTERNATIONAL CORP., WINTEX TEXTILES INDUSTRIES, INC., DIVINE TEXTLE, FOX VALLEY KNITTING MILLS INC., SILVERTEX WEAVING CORP., PRIMEKNIT MFG. CORP., UNI-GLORY'S KNITTING CORP. CANNON TEXTILE, POWERKNIT INC., KNITECH MFG., INC. and SURELUCK TEXTILE MFG. CORP. for the assignment of their Tax Credit Certificates issued and to be issued by the Department of Finance in their respective names for the period of three (3) months, from October 2012 to December 2012, to the Corporation under such terms and conditions as may be in the best interests of the Corporation
	• hereby authorized and empowered to negotiate, conclude and enter into contracts such as, Contract of Lease and/or sublease, Memorandum of Agreements, dealership, retail outlet contract, Owner-Contractor Agreements and other retail sales and commercial sales transactions, including any bidding transactions to be entered into and other legal transactions relative to the operation of the Corporation in Visayas and Mindanao, for and on behalf of the Corporation
	• to apply for a Certificate of Public Convenience (CPC) from the Land Transportation Franchising and Regulatory Board (LTFRB) for the Corporation's Tanker Trailers-Tractor Heads and Straight Trucks;
	• The Board hereby ratifies the authorization of the following officer of the Corporation, viz: NAME — POSITION BEETHOVEN N. SUR — Corporate Affairs Manager to sign and execute documents for the sale of the following motor vehicles of the Corporation: I. Model/Make/Type : 2011 Nissan Frontier Bravado 4x2 MT Serial/Chassis No. : CVPGLDFD22H26285 Engine : TD27-904222 Plate No. : KFZ 628 MV File No. : 1036-00000167014 II. Make/ Make/Type : 2002 Ford Explorer Pick-up Serial/Chassis No. : 1FMZU77EX1UC963351 Engine : 1UC96351 Plate No. : WSC771 Official Receipt No. : 827028602
	• hereby declares and approves the payment of cash dividend at the rate of 11.5% per annum exclusively for its Preferred Shares holders ; and that the aforementioned cash dividends for the Company's Preferred shares shall be payable on September 21, 2012;
	• to open and/or maintain with CHINATRUST (PHILIPPINES) COMMERCIAL BANK

	CORPORATION (the "Bank"), the following accounts: (1) demand deposits; (2) savings accounts; and such other types of accounts as may be necessary or desirable in the conduct of the business of the Corporation
	• that Asia United Bank ("Bank") and/or any of its branches, be as it hereby is designated depository bank of the Corporation and its officers, employees and agents be and hereby are and each of them hereby is authorized to pay, encash or otherwise honor and charge to the corporation any and all checks, bills of exchange, orders or other instruments for the payment of money or withdrawal of funds, including those which may cause overdraft when signed, made, drawn, accepted or endorsed on behalf of or in the name of the Corporation
	• to authorize the Corporation to enter into a Deed of Assignment with Subscription Agreement with Udenna Management & Resources Corp. over the 171,250,649 shares of stocks in Chelsea Shipping Corp.
	• to engage in trading relations with MULTINATIONAL INVESTMENT BANCORPORATION, under such terms and conditions that may be mutually agreed upon, and that against any such transaction that may be entered into by the Company in relation thereto, the following signatories as classified, namely: DOMINGO T. UY Chairman DENNIS A. UY President & CEO
	• hereby authorizes and empowers, the Corporation to hire security personnel for temporary or limited period only to assist in the transaction to be taken by the Company and to enter into a contract and transact with the Black Fighter Security Agency, Inc
	• to participate in the bidding of Supply and Delivery Diesel Fuel and/or Unleaded Gasoline Requirements to the CITY GOVERNMENT OF CEBU; and in connection therewith hereby appoint its Commercial Sales Manager, ERNESTO F. TAGUDIÑA, acting as the duly authorized and designated representative of the Corporation and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the Corporation in the bidding as fully and effectively as the said Corporation might do if personally present, with full power of substitution and revocation and hereby satisfying and confirming all that the said representatives shall lawfully do or cause to be done by virtue hereof
3 October 2012	• to enter into Deeds of Assignment with POLYTEXTIL, INC., CAPITAL ROLL-KNIT CORPORATION and NORTHGATE ASIA LOOMS, INC. for the assignment of their Tax Credit Certificates issued and to be issued by the Department of Finance in their respective names for the period of three (3) months, from October 2012 to December 2012 to the Corporation under such terms and conditions as may be in the best interests of the Corporation
	• to draw the Domestic Standby Letter of Credit No. 02026520049480 with Bank of the Philippine Islands in the amount of Pesos: One Million (P1,000,000.00) in view of the Accountee Sps. Celso M. and Bernadette C. Agbones' account turning past due
	• to participate in the bidding of Supply and Delivery of Additional Oil-Based Fuel Requirements of NATIONAL POWER CORPORATION (NPC) SPUG Power Plants and Barges for CY 2012, and that if awarded the tender shall enter in a contract with the National Power Corporation; and in connection therewith hereby appoint its Chief Operating Officer, ROMEO B. DE GUZMAN, and/or Assistant Vice President for Commercial Sales-Visayas & Luzon, JOSELITO G. DE JESUS, acting as duly authorized and designated representatives of the Corporation
	• to participate in the bidding of Supply and Delivery of Industrial Fuel Oil for Power Sector Assets and Liabilities Management ('PSALM Corporation') for CY 2012, and that if awarded the tender, shall enter in a contract with PSALM Corporation; and in

	connection therewith hereby appoints its Chief Operating Officer, ROMEO B. DE GUZMAN, and/or Assistant Vice President for Commercial Sales-Luzon, JOSELITO G. DE JESUS, acting as duly authorized and designated representatives of the Corporation
7 November 2012	• to offer and issue up to a principal amount of Two Billion Five Hundred Million Pesos (₱2,500,000,000.00) worth of Five (5)-Year Fixed Rate Promissory Notes (FXPN) to qualified Primary Institutional Lenders as defined by law with interest at 7.75% per annum payable quarterly in arrears
	• to Deal with PHILIPPINE BANK OF COMMUNICATIONS ("Bank") and, 1. Reavail of loans/credit facilities; 2. Enter into any contract or agreement for the purchase or sale of any currency; and/or, 3. Deal in financial derivatives transactions including but not limited to forward contracts, swaps, options and the like, both in local and foreign currency, covering currency, interest rate and credit risks, with the Bank, up to the principal amount of PESOS: EIGHT HUNDRED THIRTY MILLION (Php830,000,000.00) Philippine Currency, or the equivalent of said amount or any portion thereof in foreign currency, secured by Continuing Suretyship Agreement executed by Messrs. Domingo T. Uy and Dennis A. Uy
	• to give authority to BDO Unibank, Inc. to issue certificates of bank deposit/placement, with the following details: Account Name: P-h-o-e-n-i-x Petroleum Philippines, Inc. Account Number: 003750025902 Addressee: Embassy of People's Republic of China Address: 2/F The World Center, #330 Sen. Gil Puyat Aven Makati City Date to be Certified: 11-27-2012 Purpose: To support the Visa Applications of Rodrigo C. Lopez, and Roy B. Vallente
	• to process and submit all prescribed documentary requirements necessary for the release of SUBIC PETROLEUM TRADING & TRANSPORT PHILIPPINES, INC.'S shipments with SBMA Gate Pass but limited only in favour of Phoenix Petroleum Philippines, Inc., as importer and/or any factual documents specifically for GATEPASS purposes
	• to Deal with PHILIPPINE BANK OF COMMUNICATIONS ("Bank") to Avail of loans/credit facilities; and enter into any contract or agreement for the purchase or sale of any currency; and/or, deal in financial derivatives transactions including but not limited to forward contracts, swaps, options and the like, both in local and foreign currency, covering currency, interest rate and credit risks, with the Bank, up to the principal amount of PESOS: SEVEN HUNDRED MILLION (Php700,000,000.00) Philippine Currency, or the equivalent of said amount or any portion thereof in foreign currency, secured by Continuing Suretyship Agreement executed by Messrs. Domingo T. Uy and Dennis A. Uy.
	• to open and maintain deposit accounts and/or trust accounts with the Rizal Commercial Banking Corporation, or any other business center of the Bank, and that all checks, drafts, bills of exchange, acceptances, orders or other instruments for the withdrawal of funds from said account/s be drawn, signed, accepted or made in behalf of the Corporation
	• to obtain, negotiate, deal, and transact with Robinsons Bank Corporation (the 'Bank') under reasonable terms for the opening of the PESOS: EIGHT HUNDRED MILLION (PHP800,000,000.00) Omnibus Line Facility y
	• to obtain, negotiate, deal, and transact with Allied Banking Corporation (the 'Bank')

	under reasonable terms for the opening of the PESOS: SEVEN HUNDRED MILLION (PHP700,000,000.00) Credit Facility ('Credit Facility'), including any renewals, extensions, restructuring, roll-overs and amendments thereof; to share the said Credit Facility with SUBIC PETROLEUM TRADING AND TRANSPORT PHILIPPINES, INC. ('SPTT'), a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at Unit 113/115 Alpha Building, Subic International Hotel, Subic Bay Freeport Zone
5 December 2012	• to enter into Deeds of Assignment with GREAT POLARIS TEXTILE MILLS, INC., MIGHTY TEXTILE INTERNATIONAL CORP., WINTEX TEXTILES INDUSTRIES, INC., DIVINE TEXTLE, FOX VALLEY KNITTING MILLS INC., SILVERTEX WEAVING CORP., PRIMEKNIT MFG. CORP., UNI-GLORY'S KNITTING CORP. CANNON TEXTILE, POWERKNIT INC., KNITECH MFG., INC., SURELUCK TEXTILE MFG. CORP. and UPTEX KNITTING MFG. CORP. for the assignment of their Tax Credit Certificates issued and to be issued by the Department of Finance in their respective names for the period of three (3) months, from January 2013 to March 2013, to the Corporation under such terms and conditions as may be in the best interests of the Corporation
	• hereby declares and approves the payment of cash dividend at the rate of 11.5% per annum exclusively for its Preferred Shares holders and shall be payable on December 21, 2012
	• to borrow money, arrange and negotiate with CHINATRUST (PHILIPPINES) COMMERCIAL BANK CORPORATION (hereafter, "Bank"), for credit facilities, to secure trust receipts, to obtain other credit facilities, to enter into and assume any other financial undertaking with the Bank, with or without security, and under such terms and conditions as may be determined by its signatories / representatives, in the aggregate amount of PHILIPPINE PESO: FIVE HUNDRED TEN MILLION ONLY (PHP510,000,000.00) or its US Dollar equivalent, as well as to assume any financial undertaking with the Bank, with or without security
17 December 2012	• the Corporation be represented in the case entitled *'Ricky D. Tolete vs. Phoenix Petroleum Philippines, Inc./Dennis Uy', NLRC Case No. 10-15444-12* (the 'Subject Case') now pending with Labor Arbiter Rommel R. Veluz, NCR Regional Arbitration Branch, Quezon City, (the "Labor Arbiter") and to file and/or cause the preparation and filing of and to sign, execute and deliver the required verified Position Paper, and such other affidavits, pleadings, verification, certification against forum shopping, papers and documents as may be necessary or required to prosecute the Subject Case to conclusion at the Labor Arbiter level, including any and all pleadings on appeal with the National Labor Relations Commission, Supreme Court, Court of Appeals, and/or any administrative, quasi-judicial or judicial agency, to the best interest of the Corporation and to carry out the foregoing resolution
2 January 2013	• to authorize the Corporation to renew the Corporation's business permit for the year 2013 and the succeeding years thereafter with the local government unit where the Corporation is operating its office and/or branches
	• to negotiate and contract for Omnibus Line in the amount of Php2,000,000,000.00 available via Letters of Credit (LC) / Trust Receipts (TR) Line, FX Hedging Facility and Domestic Bills Purchase Line with the Development Bank of the Philippines (DBP)
	• to enter into a contract, i.e., MEMORANDUM OF AGREEMENT with ANUNCIACION VDA. DE OUANO, MARIO P. OUANO, LETECIA OUANO-ARNAIZ, CIELO MARTINEZ-MARCELO, represented by their Attorney-in-Fact WILLIAM W. YAP over a portion of Lot 763-A registered and covered under TCT No. 107-2012000081 situated in Lahug, Cebu City
	• to avail of RCBC's Internet-Based Banking Facility, a system that allows on-line, real time & remote banking transactions via the internet

	• to participate in the bidding of Supply of fuel requirements to Manila International Airport Authority (MIAA); and in connection therewith hereby appoint its Chief Operating Officer, ROMEO B. DE GUZMAN, and/or Assistant Vice President for Commercial Sales-Luzon, JOSELITO G. DE JESUS
	• to renew and apply for and/or obtain with the Bank for its accreditation under the SALARY LOAN PROGRAM (the "Program")) of the Bank in the aggregate principal amount of TEN MILLION PESOS ONLY (P10,000,000.00), Philippine Currency, under such terms and conditions as the Bank may require under the Program
	• to negotiate, conclude and enter into contracts such as, Contract of Lease and/or sublease, Memorandum of Agreements, dealership, retail outlet contract, Owner-Contractor Agreements and other retail sales and commercial sales transactions, including any bidding transactions to be entered into and other legal transactions relative to the operation of the Corporation in Luzon and Visayas, for and on behalf of the Corporation; that pursuant to the foregoing transaction pertaining to RETAIL the Company designates its AVP for Retail Sales-Luzon, JOSE VICTOR L. CRUZ, and transactions pertaining to commercial, its AVP for Commercial Sales Luzon and Visayas, JOSELITO G. DE JESUS
24 January 2013	• to authorize the Corporation to invest in and receive the shares of stock of CHELSEA SHIPPING CORP. of at least TWO MILLION FOUR HUNDRED TWENTY FIVE THOUSAND (2,425,000) shares at par value of One Hundred Pesos (Php 100.00) per share or at least the total amount of TWO HUNDRED FORTY-TWO MILLION FIVE HUNDRED THOUSAND PESOS (Php 242,500,000.00)
	• to approve the implementation of the Corporation's Employee Stock Option Plan (ESOP) on March 1, 2013 as its Initial Offer Date to the Corporation's employees or such other date as may be deemed appropriate by the ESOP Committee; further, to authorize the Corporation to approve the appointment of BDO Trust and Settlement Group as registry and transfer agent to monitor and assist in the implementation of the ESOP
	• to authorize and empower the Company to declare and distribute a 30% stock dividend and a Php 0.10 per share cash dividend
30 January 2013	• to enter into Deeds of Assignment with NORTHGATE ASIA LOOMS, INC., POLYTEXTIL, INC. and CAPITOL ROLL-KNIT CORP. for the assignment of their Tax Credit Certificates issued and to be issued by the Department of Finance in their respective names for the period of three (3) months, from February 2013 to March 2013, to the Corporation under such terms and conditions as may be in the best interests of the Corporation

ANNEX “B”

MANAGEMENT REPORT

I. BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIES

1. Business Description

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the "Company" or "PPPI", interchangeably) was incorporated in the Philippines on May 8, 2002 under its original name of "OILINK MINDANAO DISTRIBUTION, INC." On 11 January 2004, the Company amended its Articles of Incorporation changing its name from Oilink Mindanao Distribution, Inc. to Davao Oil Terminal Services Corp. On August 7, 2006, the Philippine Securities and Exchange Commission approved the Amended Articles of Incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to "P-H-O-E-N-I-X Petroleum Philippines, Inc.". The Company is 43% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI) and 22% owned by Udenns Management & Resources Corp. (UMRC), companies organized in the Philippines.

The Company is registered with the Board of Investments (BOI) effective November 16, 2005 as a New Industry Participant with New Investment in storage, marketing and distribution of petroleum products under Republic Act (RA) 8479 (Downstream Oil Industry Deregulation Act of 1998). Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investment Code of 1987. Under its registration, the Company is also entitled to certain tax and non-tax incentives to include Income Tax Holiday (ITH) for five (5) years from November 16, 2005.

The Company was also registered with the BOI on 2010 and 2012 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in various locations. 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.

The Company's transactions relating to the BOI registered investment entitle it to certain tax and non-tax incentives. Details of the registrations are as follows:

Location of Project	Date of Registration	Income Tax Holiday Period	Income Tax Holiday Expiry
Calaca, Batangas	February 26, 2010	5 years	February 25, 2015
Davao Expansion	May 14, 2010	5 years	May 13, 2015
Zamboanga	November 25, 2010	5 years	November 24, 2015
Bacolod City	May 10, 2012	5 Years	May 09, 2017
Cagayan de Oro City	May 10, 2012	5 Years	May 09, 2017

On July 11, 2007, the Company went public, making available twenty-five percent (25%) of its total outstanding shares. The Company thus became the first petroleum company to list in the Philippine Stock Exchange (PSE) after the enactment of the Republic Act (RA) 8479 in 1998. The aforementioned law encourages petroleum companies to be listed with the PSE.

The Company's operations consist of Trading, Terminaling and Hauling Services. Under Trading, the Company offers its refined petroleum products (including Jet A1) and lubricants to retailers and commercial/industrial customers. The Company as of December 31, 2011 has a total of 220 service stations, where fifty eight (58) service stations are located in Luzon, eleven (11) in Visayas and one hundred fifty one (151) in Mindanao. There are a total of forty seven (47) service stations under different stages of construction as of December 31, 2011. The retail service stations are classified as Company-Owned, Company-Dealer-Operated (CODO) or Dealer-Owned, Dealer-Operated (DODO). As of June 30, 2012, the Company has a total of 255 service stations with 71 service stations located in Luzon, 15 in the Visayas and 169 in Mindanao.

The Company's Terminaling and Hauling Services involves the leasing of storage space in its terminal depot, hauling and into-plane services (hauling of Jet A1 fuels to airports and refueling of aircraft) in Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City and Zamboanga City. Commencing in 2008, Cebu Air designated the Company as its exclusive logistics partner in all its Mindanao operations.

Subsidiaries:

At present, the Company has five (5) wholly-owned subsidiaries, namely:

- **P-h-o-e-n-i-x Global Mercantile, Inc.** ("PGMI") was incorporated on July 31, 2006. It was previously engaged 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 temporarily ceased its operation and is currently dormant.

- **PFL Petroleum Management Inc.** ("PFL or PPMI") was incorporated on January 31, 2007 and is currently engaged in the management of the three retail service stations which are being used as training sites and stations for prospective dealers.

- **Phoenix Petroterminals & Industrial Park Corp. (PPIPC)** *Formerly Bacnotan Industrial Park Corporation (BIPC)* is engaged in real estate development. PPIPC was registered with the SEC on March 7, 1996. PPIPC is also registered with the Housing and Land Use Regulatory Board (HLURB) under Executive Order No. 648 and was granted a license to sell parcels of land on March 31, 2000 covering 25.4 hectares for Phase 1 of the Phoenix Petroterminals & Industrial Park (formerly Batangas Union Industrial Park) ("PPIP") located at Km. 117, National Highway, Calaca, Batangas. PPIPC owns, manages and develops the PPIP, which occupies 94 hectares and is situated within three Calaca barangays of Salong, Puting Bato West and Lumbang Calzada and has its own port facilities. PPIPC was granted a permit to operate permanent and non-commercial port by the Philippine Ports Authority on April 6, 1999 until the expiration date of the Foreshore Lease Contract on July 22, 2022.

- **Subic Petroleum Trading and Transport Phils., Inc. (SPTT)** was registered with the SEC on February 20, 2007 and is engaged in the buying and selling, supply and distribution, importation and exportation, and the storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. It does not carry any inventory at any given time. SPTT is duly registered with Subic Bay Metropolitan Authority ("SBMA") and was issued the Certificate of Registration and Tax Exemption on 01 June 2012, which is effective until 31 May 2013 and renewable by SPTT. It is classified as a Subic Bay Freeport Enterprise for the purpose of and with permit to operate the business of engaging in the business of importation, warehousing, transshipment, export, distribution of liquor, wines and spirits, tobacco and cigarettes and general merchandise and commodities such as but not limited to groceries, canned goods and pre-paid cards; convenience store for selling and distribution of gasoline and other petroleum products and other liberalized items.

- **Chelsea Shipping Corporation** (CSC) was incorporated in the Philippines on July 07, 2006 and started operations on January 1, 2007. It is engaged in maritime trade through conveying, carrying, loading, transporting, discharging, and storing petroleum products, goods and merchandise of every kind, over waterways in the Philippines and in the Asia-Pacific region. CSC has 10 vessels in its fleet, two of which serve the regional trade route (Taiwan to Philippines. Chelsea owns the largest Philippine-registered oil tanker "M/T Chelsea Thelma" with 9366 GRT. With a total fleet size of 19,561 GRT, Chelsea is among the top 5 major petroleum tanker owners in the country.

2. Directors and Officers

(a) The incumbent members of the Board of Directors and the executive officers of the Company are as follows:

Office	Name	Age	Citizenship
Directors			
Chairman	Domingo T. Uy	66	Filipino
Director/President and Chief Executive Officer	Dennis A. Uy	39	Filipino
Director/Vice President/Treasurer	Jose Manuel R. Quimson	64	Filipino
Director/Chief Operating Officer	Romeo B. De Guzman	64	Filipino
Corporate Secretary/Asst. Vice President for Corporate Legal	Socorro T. Ermac Cabreros	48	Filipino
Director	J.V. Emmanuel A. de Dios	47	Filipino
Director	Diana Pardo Aguilar	49	Filipino
Independent Director	Ricardo S. Pascua	64	Filipino
Independent Director	Monico V. Jacob	67	Filipino
Other Executive Officers			
Chief Finance Officer	Joseph John L. Ong	53	Filipino
Vice President for Finance	Chryss Alfonsus V. Damuy	39	Filipino
Vice President for Corporate Affairs, Business Development and Security	Alan Raymond T. Zorrilla	43	Filipino
Asst. Corporate Secretary	Gigi Q. Fuensalida	36	Filipino
Asst. Vice President for Commercial Sales in Visayas	Edgardo A. Alerta	58	Filipino
Asst. Vice President for Retail Sales Visayas and Mindanao	Jose Roel C. Cruz	45	Filipino
Asst. Vice President for Lubes	Alberto D. Alcid	57	Filipino
Asst. Vice President for Treasury	Reynaldo A. Phala	46	Filipino
Assistant Vice-President for Engineering, Operations and Logistics	William M. Azarcon	67	Filipino
Assistant Vice President for Credit and Collections	Rebecca Pilar C. Caterio	41	Filipino
Assistant Vice President for Retail Sales Luzon	Jose Victor L. Cruz	52	Filipino

Assistant Vice President for Commercial Sales-Luzon and Visayas	Joselito G. De Jesus	57	Filipino
Supply Manager	John Henry C. Yap	37	Filipino

Directors

The members of the Board of Directors of the Company are elected during the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until their successors have been appointed or elected and qualified. The following is the list of the incumbent members of the Board of Directors, and their business experiences during the past five (5) years:

Domingo T. Uy
Chairman

Domingo T. Uy, Filipino, 66 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also the Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

Dennis A. Uy
Director, President and Chief Executive Officer

Dennis A. Uy, Filipino, 39 years old, is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of the Company, and Udenna Corporation, the ultimate parent company. The subsidiaries of the Company are Chelsea Shipping Corp., Phoenix Petroterminals & Industrial Park Corp., Subic Petroleum Trading & Transport Philippines, Inc., PFL Petroleum Management, and Phoenix Global Mercantile, Inc. Among the subsidiaries of Udenna Corporation are Udenna Management & Resources Corp, One Subic Power, Global Synergy Trade and Distribution Corp., Udenna Development Corporation, Value Leases, Inc., Udenna Environmental Solutions, and Udenna Energy Corporation. Mr. Uy is also Chairman of F2 Logistics, Phoenix Philippines Foundation, Inc. and Udenna Foundation, Inc. He is a member of the Young Presidents Organization - Philippine chapter and the Philippine Business for Social Progress. Mr. Uy is the

Honorary Consul of Kazakhstan to the Philippine since November 2011. He is a graduate of De La Salle University with a degree in Business Management.

Romeo B. De Guzman
Director, Chief Operating Officer

Romeo B. De Guzman, Filipino, 63 years old, was elected Director of the Company in 2009. He is Chief Operating Officer of the Company, bringing with him 35 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to Dec. 2006. He was with the said company holding various management and executive positions. He also worked with Getty Oil Philippines Inc. for 10 years, prior to joining Pilipinas Shell. He carries with him a Marketing Management and an MBA degree from San Sebastian College – Manila.

Jose Manuel R. Quimson
Director

Jose Manuel R. Quimson, Filipino, 64 years old, has been a Director of the Company since February 15, 2007. He is concurrently the General Manager of Phoenix Petroterminals & Industrial Park Corp and the Chief Operating Officer of Chelsea Shipping Corp. Mr. Quimson is a member of the Board of Directors of the Udenna Corporation and its subsidiaries. Previously, he was President of Petrotrade Philippines, Inc. a company providing bunkering services to international vessels. Mr. Quimson has more than 30 years of work experience in the shipping industry.

Socorro T. Ermac-Cabreros
Director, AVP for Corporate Legal and Corporate Secretary

Socorro T. Ermac-Cabreros, Filipino, 47 years old, was elected Director and appointed Corporate Secretary on February 15, 2007. She is concurrently Asst. Vice President for Corporate Legal of the Company. She is also the Corporate Secretary and member of the Board of Directors of Udenna Corporation and its subsidiaries. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She is the immediate past President for the Davao City Chapter of the Integrated Bar of the Philippines.

Atty. J.V. Emmanuel A. De Dios
Director

J.V. Emmanuel A. De Dios, Filipino, 48 years old, was elected Independent Director of the Company on February 15, 2007 and regular director on March 7, 2008. He is the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

Diana Pardo Aguilar
Director

Diana Pardo-Aguilar, 49 years old, was elected Director of the Company on December 3, 2010 as the representative of the Social Security System. She was appointed SSS Commissioner on August 2010, currently chairs the Investment Oversight Committee and is a member of the Audit Committee. She sits as Board Director in many other institutions engaged in Banking, E-Commerce, Food and Retail, Real Property Management and Education. Ms. Pardo-Aguilar possesses wide experience in investment banking, from her various stints with CLSA Exchange Capital Corporation, Exchange Capital Corporation and Jardine Fleming Exchange Capital Corporation. She holds a Masters Degree in Business Administration, major in International Finance from Pepperdine University in California and is a Computer Science graduate from the De La Salle University.

Ricardo S. Pascua
Independent Director

Ricardo S. Pascua, Filipino, 64 years old, has been Independent Director of the Company since February 15, 2007. He is Chairman of the Board of Caelum Developers, Facilities and Property Mgmt Technologies, and Lucena Biodiesel Energy Corporation. He was formerly Vice Chairman, President and Chief Executive Officer of the Metro Pacific Corporation and the Fort Bonifacio Development Corporation.

Monico V. Jacob
Independent Director

Monico V. Jacob, 67 years old, has been Independent Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Services Group and iAcademy. He is Chairman of Global Resource for Outsourced Workers (GROW), Inc., STI-Universal Workers, Inc., Accent Healthcare/ STI Banawe, Inc., and Total Consolidated Asset Management, Inc. He is a Partner of the Jacob and Jacob Law Firm and is a member of the Board of Directors of Jollibee Foods, Inc. and Philippine Dealing Systems. He is Chairman and Managing Partner of CEOs Incorporated. He was formerly Associate Commissioner of the Securities and Exchange Commission, General Manager of National Housing Authority, and CEO of the Pag-Ibig Fund. He is a former Chairman and Chief Executive Officer of Petron Corporation and of the Philippine National Oil Company.

Directorships in Other Reporting Companies

The following are directorships held by the directors and executive officers in other reporting companies during the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
Ricardo S. Pascua	Boulevard Holdings, Inc.	Independent Director
Monico V. Jacob	Jollibee Foods Corporation	Independent Director
	Chemrez Technologies, Inc.	Independent Director

Period of Directorship in the Company

Name	Period of Service	Term of Office
Dennis A. Uy	since incorporation to present	1 year
Domingo T. Uy	since incorporation to present	1 year
Soccorro T. Ermac-Cabreros	2006 to present (except 2009, 2010)	1 year
Romeo B. De Guzman	since 2009 to present	1 year
Jose Manuel R. Quimson	2007 to present	1 year
J.V. Emmanuel De Dios	2007 to present	1 year
Diana Pardo Aguilar	2010 to present	1 year
Monico V. Jacob	2008 to present	1 year
Ricardo S. Pascua	2007 to present	1 year

Executive Officers

The following is a list of other executive officers and their business experiences during the past five (5) years:

Joseph John L. Ong , Filipino, 53 years old, married, is the Chief Finance Officer of the Company. Prior to his employment in the Company, he spent almost ten (10) years at Primeworld Digital Systems, Inc. (Pacific Internet Phils.) initially as Vice President and CFO and eventually as Executive Vice President – Operations and Chief Finance Officer from 2008 - 2009. He also worked for twelve (12) years with Ginebra San Miguel, Inc. (then known as La Tondea Distillers, Inc.), then the country's 2^{nd} largest beverage company and a listed subsidiary of San Miguel Corporation. He was its Vice President – Treasury from 1995 – 1999, at which time he headed the team that took the company public in 1994 and was primarily responsible for institutional-investor relations. Prior to the San Miguel Group, he held various positions at the Bank of the Philippine Islands & Ayala Investment & Development Corp. (before it merged with BPI) from 1980-1986. He received his Bachelor of Science in Commerce from De La Salle University in 1980.

Chryss Alfonsus V. Damuy, Filipino, 39 years old, is the Treasurer and the Vice-President for Finance of the Company. Prior to his employment with the Company, he was the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries including the Fresh Asia Produce as Accounting Manager and the Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant of the Regional Educators Multi-purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College where as a dean's lister, he earned his Bachelor of Science Degree in Accountancy in 1997. Mr. Damuy is a Certified Public Accountant.

Alan Raymond T. Zorrilla, Filipino, 43 years of age, is the Vice President for External Affairs, Business Development and Security of the Company. Prior to his employment with the Company, he was Chief Legal Counsel of Unioil Group of Companies. He also sat as Director for Freeport Services Corporation, as 100% subsidiary of Subic Bay Metropolitan Authority. Atty. Zorrilla was engaged in the litigation practice with Pangilinan Britanico Sarmiento and Franco Law Offices before he entered corporate practice. Atty. Zorrilla is a graduate of the San Beda Law School in 1994.

Edgardo A. Alerta, Filipino, 57 years old, is the Assistant Vice President for Commercial Sales for Mindanao. Mr. Alerta is currently in his third (3^{rd}) term as Municipal Councilor of the Municipality of Matanao, Davao Del

Sur, Philippines. Mr. Alerta, who is a licensed Mechanical Engineer, has more than 25 years work experience in the energy and petroleum industries from the government and multinational corporations. Prior to joining the Company, he worked with Pilipinas Shell Petroleum Corporation for 15 years where he started as a Marketing Sales Executive and later progressed to District Sales Manager. He also worked as a Technical Services Engineer of Getty Oil Philippines and was an Energy Examiner of the Department of Energy. He holds two degrees in Engineering: Bachelor of Science Degrees Major in Mechanical Engineering and Electrical Engineering from the Cebu Institute of Technology.

Joselito G. de Jesus, Filipino, 58 years old, is the Assistant Vice-President for Commercial Sales Luzon-Visayas. Prior to joining the Company, Mr. de Jesus was the Assistant Vice-President for Reseller Trade of Petron Corporation. He joined the oil industry in late 1970's when became a Corporate Planning Analyst, then later on Corporate planning Manager/Coordinator, of the Philippine National Oil Company (PNOC). Mr. de Jesus also became a Manager in the Corporate Planning Department of PNOC Shipping and Transport Corporation and at the same time, he was also an assistant to the Chairman of PNOC. In the late 90's Mr. de Jesus transferred to Petron Corporation and stayed with the said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from University of the Philippines and a Master of Business Administration of Ateneo Graduate School of Business.

Jose Roel C. Cruz, Filipino, 45 years old, is the Assistant Vice President-Retail Sales Visayas & Mindanao. Mr. Cruz has more than 25 years of experience in the oil industry covering retail sales, retail operations, and marketing, as well as stints in the Human Resources department when he was with Pilipinas Shell Petroleum Corporation from 1988 to 2011. The positions he handled were Retail Territory Manager, Standards Assistant, Cards Marketing Manager, Business Analyst, Recruitment Manager. Mr. Cruz set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2011. He started as a Retail Manager for the Luzon area and was subsequently promoted to his current position in August 2012. He took his college course in De La Salle University, and is a licensed Electronics and Communications Engineer.

Alberto D. Alcid, Filipino, 57 years old, is the Assistant Vice President for Lubes and Chemicals of the Company. Mr. Alcid started his professional career in the petroleum industry with Caltex Philippines, Inc. He was the Regional Manager for the Visayas and Mindanao and was later on promoted as the National Manager for Lubes and Greases of Caltex Philippines where he lead the integration of the manufacturing and marketing operations of lubes and greases and strengthened the market position of the brand in the retail, commercial and high street trades. Mr. Alcid holds a Bachelor of Science Degree Major in Mechanical Engineering from the De La Salle University.

Rebecca Pilar C. Caterio, Filipino, 41 years old, is currently the Assistant Vice President for Credit and Collection of the Company. Previously, she was the Controller of Lapanday Packaging Inc., a company engaged in the manufacturing of cartons and in the production of fresh pineapple and vegetable. She was also the Accounting Manager of Fresh Asia Produce Company International Corporation, a company which is also owned by the Lapanday Group and is primarily engaged in the trading and marketing of bananas. Ms. Caterio started her professional career with the SGV & Co. as a Staff Auditor. She is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants (PICPA) since 1993. Ms. Caterio holds a Bachelor of Science Degree in Commerce, Major in Accounting from the Ateneo De Zamboanga.

Reynaldo A. Phala Filipino, 46 years old, is the Assistant Vice President for Treasury. He joined the Company on October 16, 2008 as its Credit and Collection Manager. Before joining the Company, he was with various banks for seventeen (17) years. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He is a graduate of Bachelor of Science in Civil Engineering from the Mindanao State University-General Santos City. Mr. Phala is a licensed Civil Engineer having passed the Civil Engineering Licensure Examination last May 1989.

Jose Victor L. Cruz, Filipino, 52 years old, is currently the Assistant Vice President for Retail Sales Luzon. Mr. Cruz has more than twenty-five (25) years of experience in the oil industry covering retail, commercial, lubricants sales, international business (aviation and shipping for Chevron and Texaco), marketing and distribution, and corporate affairs. Prior to joining the Company in 2010, Mr. Cruz was Vice President for Retail Network Operations of Flying V in 2008 before he was promoted to Chief Operating Officer in 2009. He was COO of Citadel Commercial, Inc. from 2001-2002 before he ventured into private enterprise. He held various positions in Caltex Philippines Inc. from 1983 up to 1991 when he handled CPI's International Business. Eventually, Mr. Cruz was appointed Executive Assistant – Marketing Commercial in 1992. In 1994, he held the position of District Manager – Luzon South Commercial and in 1996, as DM – Luzon Retail. Mr. Cruz completed his MBA curriculum at the De La Salle University. He is a graduate of B.S. Industrial Management Engineering, Minor in Mechanical Engineering and is a Professional Industrial Engineer under the Philippine Institute of Industrial Engineers.

William M. Azarcon, Filipino, 66 years old is currently the Asst. Vice President for Operational Engineering and Logistics. Mr. Azarcon has twenty-six (26) years experience in the oil industry, covering engineering operations, retail and distribution of bulk & packed products nationwide. Mr. Azarcon used to work for Pilipinas Shell Petroleum Corporation and served as Field Engineer in Operations nationwide constructing Depots & related facilities, i.e, jetties, submarine pipelines', bulk storage tanks among others. He likewise served as Head of Operations of North Luzon and transferred to Retail Engineering as Retail Engineering Manager nationwide. He also served as RVI (Retail Visual Identity) Manager. After retiring from Shell, Mr. Azarcon engaged in business as Retail Engineering Contractor of Shell. He holds a degree in Bachelor of Science in Mechanical Engineering from Mapua.

Gigi Q. Fuensalida, Filipino, 36 years old, is presently the Assistant Corporate Secretary of the Company. Prior to her employment with the Company, she was one of the Senior Associates of the Villaraza Cruz Marcelo and Angangco Law Office. For six years, Atty. Fuensalida specialized in Civil, Commercial and Criminal Litigation wherein she developed strategies for complex litigation and actively participated in the prosecution and defense of criminal cases before the regular trial courts, quasi-judicial bodies and the appellate courts. Atty. Fuensalida holds a degree in Bachelor of Arts Major in Political Science from the Ateneo de Manila University. She further obtained her Juris Doctor degree from the same institution and graduated with honors in 2002. Atty. Fuensalida is a member of the Integrated Bar of the Philippines since 2003.

John Henry C. Yap, Filipino, 38 years old, is currently the Trading and Supply Manager of the Company since 2009. Mr. Yap manages the supply function for the company's requirement for Petroleum products, coordinates and monitors the operational aspect of all importation in Batangas and Davao and reviews product availability and/or pricing information with suppliers, sales and customers. Prior to his employment with the Company, he worked as a Purchasing Manager for Golden Forum Land Inc. for about a year and also became the Supply Manager of Oilink International Corp. for four years. Mr. Yap started his professional career with Unioil Petroleum Philippines, Inc. as a Purchasing Manager for five years and eventually became their Lubricants Supply Manager. Mr. Yap has a Bachelor degree in Industrial Engineering from De La Salle University and further acquired his Masteral Degree in Business Administration from the Ateneo Graduate School of Business.

Period of Service in the Company

Name	**Period of Service**
Joseph John L. Ong	November 3, 2010 to present
Socorro Ermac Cabreros	2006 to present
Edgardo A. Alerta	2006 to present
Alberto D. Alcid	2006 to present
Chryss Alfonsus V. Damuy	2008 to present
Rebecca Pilar C. Caterio	2005 to present
Reynaldo A. Phala	2008 to present
Alan Raymond T. Zorilla	2009 to present
Gigi Q. Fuensalida	2008 to present
John Henry C, Yap	2009 to present
William M. Azarcon	2009 to present
Jose Victor L. Cruz	May 11, 2010 to present
Joselito G. De Jesus	March 15, 2011 to present
Jose Roel C. Cruz	Nov. 15, 2011 to present

II. Market price of and Dividends on required by Part V of Annex C, as amended

(1) Market Information

The Company's common shares were listed and traded at the Philippine Stock Exchange ("PSE") starting on July 11, 2007. The high and low sale prices of each period for years 2011 and 2012 are hereunder shown:

Year 2011

	Highest Close		**Lowest Close**	
Period	**Price**	**Date**	**Price**	**Date**
First Quarter	11.51	Mar-29	8.54	Jan-10
Second Quarter	15.00	May-03	11.31	Apr-01
Third Quarter	11.98	Jul 5 & 22	10.48	Aug-09
Fourth Quarter	12.50	Dec-05	10.40	Nov-02

Year 2012

	Highest Close		**Lowest Close**	
Period	**Price**	**Date**	**Price**	**Date**
First Quarter	14.88	Mar-12	9.50	Mar-30
Second Quarter	9.74	Apr-10	8.09	Jun-15
Third Quarter	8.95	Jul -16	8.09	Sep-28
Fourth Quarter	9.29	Dec-06	8.05	Oct-08

As of December 31, 2012, the market capitalization of the Company, based on the closing price of P 9.03, was approximately P9,924,506,526.48.

(2) Holders

Top 20 Stockholders*
As of January 31, 2013

#	NAME OF STOCKHOLDER	NO. OF SHARES	% OWNERSHIP
1	PHOENIX PETROLEUM HOLDINGS INC.	390,035,100.00	43
2	UDENNA MANAGEMENT & RESOURCES CORP.	196,093,649.00	22
3	PCD NOMINEE CORPORATION - (FILIPINO)	188,163,535.00	21
4	UDENNA CORPORATION (FORMERLY: UDENNA HOLDINGS CORPORATION)	98,129,821.00	11
5	PCD NOMINEE CORPORATION - (NON-FILIPINO)	20,447,168.00	2
6	JOSELITO R. RAMOS	3,702,000.00	0
7	DENNIS A. UY	3,070,624.00	0
8	CAROLINE G. TAOJO	2,155,000.00	0
9	UDENCO CORPORATION	1,242,144.00	0
10	DENNIS A. UY &/OR CHERYLYN C. UY	844,662.00	0
11	DOMINGO T. UY	496,861.00	0
12	JOSE MANUEL ROQUE QUIMSON	273,000.00	0
13	EDGARDO ALVARADO ALERTA	245,004.00	0
14	ZENAIDA CHAN UY	114,660.00	0
15	REBECCA PILAR CLARIDAD CATERIO	114,195.00	0
16	EMMANUEL M. CABUSAO	111,720.00	0
17	ORLANDO T. LANSANGAN	102,000.00	0
18	ROMEO B. MOLANO	96,048.00	0
19	SOCORRO ERMAC CABREROS	79,474.00	0
20	CRISTINA C. PERTIERRA ITF MICHAEL PERTIERRA	59,040.00	0

* disclosure based on records of the Stock Transfer Agent, BDO-Equitable Trust Co., as of January 31, 2013.

(3) Dividends

The Company's dividend policy is to declare at least 30% of its prior year's net income as dividends, whether in stock or in cash or a combination of both, payable out of its unrestricted retained earnings subject to statutory limitations.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the Board of Directors. Such recommendation will consider such factors as operating expenses, implementation of business plans, and working capital among other factors.

The Board of Directors approved last May 8, 2008 and duly ratified by the stockholders on July 16, 2008, a 30% stock dividend for stockholders of record as of July 11, 2008 to be issued from the Company's unrestricted retained earnings. Distribution date was August 6, 2008. Number of shares issued was 43,000,198 valued at Par Value of ₱ 1.00 per share or a total of ₱ 43,000,198.00.

On April 12, 2010, the Company's Board of Directors approved a ₱ 0.05 per share cash dividend. Details are as follows:

Ex-Date	July 12, 2010
Record Date	July 15, 2010
Payment Date	August 10, 2010
Total Amount	₱ 13,656,430

On July 15, 2010, the Company's stockholders ratified and approved a 40% stock dividend (or a total of 107,664,266 shares), valued at par of ₱1.00 per share and distributed on October 20, 2010 to all stockholders of record as of September 24, 2010.

In the year 2011, the Board of Directors declared Cash Dividend for Common Shareholders with details as follows:

Dividend Rate	Php 0.10/share
Ex Date	March 22, 2011
Record Date	March 25, 2011
Payment Date	April 20, 2011
Total Amount Distributed	₱ 37,682,494

For the year 2010, the Board of Directors declared and distributed total of Php 43,125,000.00 dividends for Preferred Stockholders. Preferred shares issuance by the Company are not listed and traded in the Philippine Stock Exchange.

On March 15, 2011, a 30% Stock Dividend was declared by the Board of Directors and subsequently approved by the Stockholders during the March 11, 2011 Annual Stockholders' meeting. All stockholders of record as of April 8, 2011 were entitled to said stock dividends which were distributable on May 6, 2011. Total distributed for this dividend is 113,047,475 shares.

In year 2011, the Board of Directors declared and approved the payment of cash dividend at the rate of 11.5% per annum to all preferred shareholders totaling to ₱ 57,500,000.00.

On 08 February 2012, the Company's Board of Directors approved a ₱ 0.10 per share cash dividend. Details are as follows:

Ex-Date	April 23, 2012
Record Date	March 23, 2012
Payment Date	April 23, 2012
Total Amount	48,987,241.50

In March 8, 2012, the Company's stockholders ratified and approved the declaration of 50% stock dividend (or a total of 244,936,203 shares) to all stockholders of record as of March 28, 2012 with payment date on April 26, 2012.

In year 2012, the Board of Directors declared and approved the payment of cash dividend at the rate of 11.5% per annum to all preferred shareholders totaling to Php57,500,00.00.

(4) Recent Sale of Unregistered Securities or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold or transferred any securities that is not registered under the Code nor did it issue any additional securities in exchange for any properties, services and other securities.

III. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE.

Corporate powers and governance of the Company is exercised by the Board of Directors which consists of eleven (11) members, two (2) of whom are independent directors. As a matter of policy and based on good corporate practice, unless a special meeting is called upon for a specific purpose, the Board regularly meets every quarter wherein which the relevant corporate issues may be raised for discussion and voted by the members of the Board.

Last March 07, 2008, during the regular meeting of the Board, the Manual of Corporate Governance which incorporated the best practices was approved and adopted to establish the principles of good corporate governance for the entire Corporation. The adoption of the new Manual of Corporate Governance replaces the old manual of corporate governance prescribed by the SEC which was then observed and followed by the Company. Moreover, the adoption of the new Manual now complies with the SEC requirement that before assuming office, a director must attend a seminar on corporate governance conducted by a duly recognized government or private institution.

Last January 30, 2008, the Company through the Corporate Secretary has submitted a document certifying the attendance of the members of the Board of

Directors in all regular meetings for the year 2007 as well as the compliance to the provisions of the Manual of Corporate Governance prescribed by the SEC as adopted by the Company.

March 03, 2009 was the submission and compliance with the Certification of the Company's Compliance Officer to the extent of compliance with its Manual for Corporate Governance.

As part of the Corporate Governance, the Group works on the early disclosures of quarterly and annual reports tot SEC and PSE.

Internal Audit Group of the Company conducts regular internal audit review to both processes, compliance to Company policies and procedures and risk analysis. Reports and recommendations submitted for board review and actions.

The Company plans on constantly improving corporate governance. The Company recognizes that corporate governance is not just a set of rules but a way of life, not just for the directors and officers of the Company but for every single employee. The Company intends to continuously re-evaluate its existing policies, implement reforms, emulate and improve on the best existing corporate practices of industry leaders in order to improve the quality of life of every employee, maximize returns to shareholders, to improve its relationship with business partners, and strengthen and widen the reach of its corporate social responsibility programs.

AS PART OF THE CORPORATE GOVERNANCE, THE COMPANY WILL PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY OF THE COMPANY AT THE ADDRESS LISTED ON THE COVER PAGE OF THIS INFORMATION STATEMENT, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, INCLUDING THE FINANCIAL STATEMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012. HOWEVER, UPON THE DISCRETION OF THE MANAGEMENT OF THE COMPANY, A CHARGE MAY BE MADE FOR EXHIBITS REQUESTED, WHICH CHARGE SHALL BE LIMITED TO REASONABLE EXPENSES THAT MAY BE INCURRED BY THE COMPANY IN FURNISHING SUCH EXHIBITS.

IV. THIRD (3RD) QUARTER FINANCIAL STATEMENTS AS OF SEPT. 30, 2012 (SEC FORM 17-Q)

(Please see attached **Annex "B-1"**)

COVER SHEET

A	2	0	0	2	0	7	2	8	3

S.E.C. Registration Number

P- H- O- E- N- I- X PETROLEUM
PHILIPPINES INC.

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

STELLA HIZON REYES RD.
BO. PAMPANGA LANANG
DAVAO CITY

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

Dennis A. Uy	(082) 235-8888
Contact Person	Company Telephone Number

12	31	SEC FORM 17-Q	3	last Friday XX
Month	Day	FORM TYPE	Month	Day
Fiscal Year Ending			Annual Meeting	

N/A
Secondary License Type, if applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders — 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:	September 30, 2012
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) 233-0168
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	1,099,059,416.00
PREFERRED	5,000,000.00

Amount of Debt Outstanding as of September 30, 2012:	P 9,787,189,192.00

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
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
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND DECEMBER 31, 2011
(Amounts in Philippine Pesos)

	Notes	September 30, 2012 (Unaudited)	December 31, 2011 (Audited/Restated)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	6	P 711,523,209	P 924,008,515
Trade and other receivables - net	7	2,431,727,164	2,663,773,067
Inventories	8	2,700,988,642	2,132,622,404
Land held for sale and land development costs	9	451,587,118	451,587,118
Due from related parties	23	9,856,490	25,927,401
Restricted deposits	10	81,604,771	69,036,837
Input value-added tax - net		418,512,916	226,507,521
Other current assets	11	243,005,738	206,594,230
Total Current Assets		7,048,806,048	6,700,057,093
NON-CURRENT ASSETS			
Installment contract receivable		-	9,002,788
Land held for future development	13	278,304,276	271,981,834
Advances for future investment	23.9		-
Property and equipment - net	12	6,078,780,381	5,457,456,046
Deferred tax assets	22	22,624,295	22,778,363
Appraisal Increment		443,135,211	578,187,204
Other non-current assets	14	243,118,167	212,792,028
Total Non-current Assets		7,065,962,330	6,552,198,262
TOTAL ASSETS		P 14,114,768,378	P 13,252,255,356
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	P 5,552,612,324	P 4,031,200,956
Trade and other payables	16	1,282,061,454	2,937,551,913
Due to parent company	24	-	-
Total Current Liabilities		6,834,673,778	6,968,752,869
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	2,632,938,177	1,846,117,207
Other non-current liabilities	17	319,577,237	398,591,749
Total Non-current Liabilities		2,952,515,414	2,244,708,956
Total Liabilities		9,787,189,192	9,213,461,824
EQUITY			
Common stock*	24	906,059,416	661,123,014
Preferred stock	24	5,000,000	5,000,000
Additional paid-in capital	24	2,051,923,794	2,051,723,794
Advances for Future Subscription	24		-
Other Reserves		(379,817,027)	(368,562,796)
Retained earnings	25	1,744,413,003	1,689,509,520
Total Equity		4,327,579,186	4,038,793,532
TOTAL LIABILITIES AND EQUITY		P 14,114,768,378	P 13,252,255,356

* *Subscribed Capital Stock-Common is 1,099,059,416 shares, Paid-up is 906,059,416 shares.*

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
(A Subsidiary of P-H-O-E-N-I-X Petroleum Holdings, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	For Nine Months January to September 30		For Three Months July 01 to September 30	
		2012	2011	2012	2011
		Unaudited	Unaudited	Unaudited	Unaudited
REVENUES					
Sale of goods - net		P 24,584,436,890	P 20,186,130,302	P 7,810,181,442	P 6,311,985,855
Sale of Real Estate			333,825,000	-	333,825,000
Fuel service, storage income and other revenue		357,029,192	379,910,536	107,858,393	114,331,589
		24,941,466,082	20,899,865,839	7,918,039,835	6,760,142,444
COST AND EXPENSES					
Cost of sales and services	17, 18	22,967,866,265	19,034,808,321	7,128,740,162	5,962,825,811
Cost of Sales on Real Estate			264,078,415		264,078,415
Selling and administrative expenses	18	1,086,336,423	853,716,546	407,206,063	312,264,291
	18	24,054,202,689	20,152,603,282	7,535,946,225	6,539,168,517
OTHER INCOME (CHARGES)					
Finance costs-Net		(344,588,615)	(294,342,314)	(115,434,260)	(97,910,222)
Others		(12,547,350)	52,071,428	(8,130,365)	59,178,912
		(357,135,965)	(242,270,886)	(123,564,625)	(38,731,311)
INCOME BEFORE TAX		530,127,428	504,991,671	258,528,985	182,242,617
PROVISION FOR INCOME TAX	22	(14,377,741)	(13,711,082)	(6,124,311)	(8,406,370)
NET PROFIT		P 515,749,687	P 491,280,588	P 252,404,674	P 173,836,247
				-	
Earnings per share	25	P 0.59	P 0.73		

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
(A Subsidiary of P-H-O-E-N-I-X Petroleum Holdings, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		530,127,428	504,991,671
Adjustments for:			
Interest expense		374,822,907	262,198,639
Depreciation and amortization	12	210,163,849	177,365,090
Interest income		(4,219,984)	(4,311,459)
Impairment losses			
Operating income before working capital changes		1,110,894,199	940,243,941
Decrease in trade and other receivables		232,045,904	192,476,882
(Increase) in inventories		(568,366,238)	(750,748,362)
Decrease (increase) in restricted deposits		(12,567,934)	7,162,121
Increase in input value-added tax		(192,005,395)	(106,086,505)
Increase in other current assets		(36,411,508)	(56,710,579)
(Decrease) in Installment Receivable		9,002,788	18,005,640
Decrease (Increase) in deferred tax assets		154,068	-
(Decrease) in trade and other payables		(1,655,490,459)	(830,829,825)
Cash generated from (used in) operations		(1,112,744,576)	(586,486,687)
Provision for Taxes		(14,377,741)	(13,711,082)
Net Cash From (Used in) Operating Activities		(1,127,122,317)	(600,197,769)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisitions of property and equipment	12	(831,488,184)	(766,767,501)
Increase in land held for future development		(6,322,442)	36,141,932
Net increase in other non-current assets		(30,326,139)	(700,393,294)
Interest received		4,219,984	4,311,459
(Payment) Collections from related parties		16,070,912	36,375,893
Net Cash From (Used) in Investing Activities		(847,845,869)	(1,390,331,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Increase increase in loans and borrowings		2,308,232,338	1,884,006,646
Interest paid		(374,822,907)	(172,436,644)
Borrowings from related parties	24		(53,106,188)
(Decrease) in non-current liabilities		(79,014,511)	
Increase in additional paid-in capital	25	200,000	
Increase (Decrease) in non-current liabilities			130,191,334
Additions/Adjustment on Common Stock	25	201	
Payments of cash dividends	25	(92,112,242)	(80,807,494)
Net Cash From (Used) Financing Activities		1,762,482,880	1,707,847,654
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(212,485,306)	(282,681,626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	924,008,515	615,860,623
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	711,523,209	333,178,997

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
(A Subsidiary of P-H-O-E-N-I-X Petroleum Holdings, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED SEPTEMBER 30, 2012 AND 2011
(Amounts in Philippine Pesos)

	Note	September 30, 2012 (Re-stated)	September 30, 2011 (Re-stated)
COMMON STOCK	24		
Balance at beginning of year		P 489,872,215	P 376,824,940
Stock dividends		244,936,202	113,047,475
Additional/Adjustment during the period		171,250,999	171,250,599
Balance at end of year*		906,059,416	661,123,014
PREFERRED STOCK	24		
Balance at beginning of year		5,000,000	P 5,000,000
Balance at end of period		P 5,000,000	5,000,000
ADDITIONAL PAID-IN CAPITAL	24		
Balance at beginning of year		2,051,723,794	802,778,234
Additions		200,000	1,248,945,560
Balance at end of period		2,051,923,794	2,051,723,794
DEPOSITS ON FUTURE STOCK SUBSCRIPTIONS	24	-	-
Other Reserves	24		
Balance at beginning of period		(368,562,796)	-
Additions		(11,254,231)	(368,562,796)
Balance at end of period		(379,817,027)	(368,562,796)
RETAINED EARNINGS			
Balance at beginning of year		1,565,711,759	1,276,604,552
Net profit		515,749,687	491,280,588
Stock dividends	24	(244,936,202)	(113,047,475)
Cash dividends	24	(92,112,242)	(80,807,494)
Balance at end of period		1,744,413,003	1,574,030,171
TOTAL EQUITY		P 4,327,579,186	P 3,923,314,183

* *Subscribed Capital Stock-Common is 932,808,617 shares, Paid-up is 906,059,416 shares.*

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND DECEMBER 31, 2011
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Parent Company) was incorporated in the Philippines on May 8, 2002 with its principal office located along Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City. Its primary business purpose is the trading of petroleum products on wholesale basis and the operation of oil depots, storage facilities and allied services. The Parent Company sells its products through its network of retail service stations numbering 275 as of September 30, 2012 spread throughout the country as follows: 81 service stations in Luzon, 21 in Visayas and 173 in Mindanao. There are 55 additional service stations which are presently under construction as of September 30, 2012.

On July 11, 2007, the Parent Company listed its shares with the Philippine Stock Exchange. Currently, 54% *(based on paid-up capital)* of the Parent Company's shareholdings is owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a company likewise organized in the Philippines. With the acquisition of Chelsea Shipping Corp. (Chelsea or CSC), PPHI's ownership is now reduced to 43%.

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 along Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The ultimate parent of the Parent Company and PPHI is Udenna Corporation (Udenna) which is engaged in the purchase, acquisition, development, management and operation of any right, asset, business and property of any person, firm, association, partnership or corporation carrying on any business which is it authorized to carry on and possessed under law.. Udenna's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The Parent Company holds 100% interests in the following subsidiaries as of September 30, 2012 and December 31, 2011:

P-F-L Petroleum Management, Inc. (PPMI)
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)
Phoenix Petroterminals & Industrial Park Corp. (PPIPC)
(Formerly Bacnotan Industrial Park Corporation)
Subic Petroleum Trading and Transport Phils., Inc. (SPTT).
Chelsea Shipping Corp. (CSC)

All the subsidiaries were organized and incorporated in the Philippines.

PPMI is primarily engaged in organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations. PPMI was registered with the SEC on January 31, 2007 and holds its principal office at Penthouse, Valero Tower, 122 Valero Street, Salcedo Village, Makati City.

PGMI which was registered with SEC on July 31, 2006 and was previously engaged 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, as of September 30, 2012, temporarily has no business operations.

PPIPC is engaged in real estate development. PPIPC was registered with SEC on March 7, 1996 and holds its principal place of business at the 26th Floor, The Fort Legend Tower, 3rd Avenue corner 31st Street, The Fort Global City, Taguig City. PPIPC is also registered with the Housing and Land Use Regulatory Board (HLURB) under Executive Order No. 648 and was granted to sell parcels of land on the Group's project, the Phoenix Petroleum Industrial Park (the Park).

SPTT was registered with the SEC on February 20, 2007 and holds its principal place of business at Units 113 and 115 Subic International Hotel, Alpha Building, Rizal Highway, Subic Bay Freeport Zone, Zambales. It 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. It does not carry any inventory at any given time.

CSC or Chelsea was incorporated in the Philippines on July 17, 2006 and holds its principal place of office along Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City. It started commercial operations on January 1, 2007. CSC is engaged in maritime trade through conveying, carrying, loading, transporting, discharging and storing of petroleum products, goods and merchandise of every kind, over waterways in the Philippines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 *Basis of Preparation of Consolidated Financial Statements*

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine

Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single consolidated statement of comprehensive income. Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency, the currency of the primary economic environment in which the Group operates.

2.2 *Adoption of New Interpretations, Revisions and Amendments to PFRS*

(a) Effective in 2011 that are Relevant to the Group

In 2011, the Group adopted the following amendments, interpretations and annual improvements to PFRS that are relevant to the Group and effective for the consolidated financial statements for the annual period beginning on or after July 1, 2010:

PAS 24 (Amendment)	:	Related Party Disclosures
PAS 34 (Amendment)	:	Interim Financial Reporting
Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) 14 (Amendment)	:	Prepayment of a Minimum Funding Requirement
IFRIC 19	:	Extinguishing Financial Liabilities with Equity Instruments
PFRS 3 (Amendment)	:	Business Combination
Various Standards	:	2010 Annual Improvements to PFRS

Discussed below and in the next pages are the effects on the consolidated financial statements of the new and amended standards.

(i) PAS 24 (Revised), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of a related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant changes on the Group's disclosures of related parties in its consolidated financial statements.

(ii) PAS 34 (Amendment), *Interim Financial Reporting – Significant Event and Transactions* (effective from January 1, 2011). The amendment provides further guidance to illustrate how to apply disclosure principles under PAS 34 for significant events and transactions to improve interim financial reporting. It requires additional disclosures covering significant changes to fair value measurement and classification of financial instruments, and to update relevant information from the most recent annual report. The adoption of the amendment did not have material effect on the Group's consolidated financial statements.

(iii) Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14* (effective from January 1, 2011). This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a surplus for defined benefit plans based on PAS 19, *Employee Benefits*, that are subject to a minimum funding requirement. The Group is not subject to minimum funding requirements and it does not usually make substantial advance contributions to its retirement fund, hence, the adoption of the revised standard has no material effect on its consolidated financial statements.

(iv) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of a financial liability through issuance of equity instruments to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*;

- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;

- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,

- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

The adoption of the interpretation did not have a material effect on the Group's consolidated financial statements as it did not extinguish financial liabilities through equity swap during the year.

(v) PFRS 3 (Amendment), *Business Combinations* (effective from July 1, 2010). The revised standard continues to apply the acquisition method to business combination with significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share in the acquiree's identifiable net assets. All acquisition-related costs should be expensed. The Group had business acquisition during the year and duly complied with the provision of the amended standard.

(vi) 2010 Annual Improvements to PFRS. The FRSC has adopted the *2010 Improvements to PFRS*. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments that are effective July 1, 2010 were identified to be relevant to the Group's consolidated financial statements but which did not have any material impact on its consolidated financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statement of Changes in Equity* (effective from July 1, 2010). The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. As the Group currently has no other comprehensive income, the Group, however, has elected to continue presenting each item of other comprehensive income, if any, in the consolidated statement of changes in equity.

- PAS 27 (Amendment), *Consolidated and Separate Financial Statements* (effective from July 1, 2010). This amendment clarifies that the consequential amendments made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investment in Associate*, and, PAS 31, *Investment in Joint Ventures*, arising from the PAS 27 (2008) amendments apply prospectively, to be consistent with the related PAS 27 transition requirements.

- PFRS 7 (Amendment), *Financial Instruments: Clarification of Disclosures* (effective from January 1, 2011). The amendment clarifies the disclosure requirements which emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks arising from financial instruments. It also amends the required disclosure of financial assets including the financial effect of collateral held as security.

(b) Effective in 2011 that are not Relevant to the Group

The following amendments to published standards are mandatory for accounting periods beginning on or after July 1, 2010 or January 1, 2011 but are not relevant to the Group's consolidated financial statements:

PAS 32 (Amendment)	:	Financial Instruments: Presentation - Classification of Rights Issues
PFRS 1 (Amendments)	:	First-Time Adoption of PFRS
IFRIC 13 (Amendment)	:	Customer Loyalty Programmes – Fair Value Awards Credits

(c) Effective Subsequent to 2011 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2011. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its consolidated financial statements:

i. PFRS 7 (Amendment), *Financial Instruments: Disclosures* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group does not usually enter into this type of arrangement with regard to transfer of financial asset, hence, the amendment may not significantly change the Group's disclosures in its consolidated financial statements.

ii. PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements of the Group and is committed to conduct a comprehensive study of the potential impact of this standard early in 2012 to assess the impact of all changes.

iii. PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

iv. PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in Other Comprehensive Income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this will not affect the presentation of items in other comprehensive income, since currently the Group has not recognized any other comprehensive income.

v. PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (effective from January 1, 2012). The amendment provides an exception to the existing principle in PAS 12 that recovery of the carrying amount of investment property measured at fair value under PAS 40, *Investment Property*, will be or normally be through sale. The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset on an investment property measured at fair value should reflect the tax consequence of recovering the carrying amount entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) measured at fair value that is held with an objective to consume substantially the economic benefits embodied in the asset over time, rather than through sale. As a result of the amendment, Standard Interpretation Committee (SIC) 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets,* is accordingly withdrawn. This amendment is not expected to have an effect on the Group's consolidated financial statements as the Group has no investment property.

vi. PAS 19 (Amendment), *Employee Benefits* (effective from January 1, 2013). The amendment made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all gains and losses arising in the reporting period;
- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,
- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

Currently, the Group is using the corridor approach and its unrecognized actuarial losses as of December 31, 2011 amounted to P0.3 million which will be retrospectively recognized as losses in other comprehensive income in 2013.

vii. Consolidation Standards

- PFRS 10, *Consolidated Financial Statements* (effective from January 1, 2013). This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 12, *Disclosure of Interest in Other Entities* (effective from January 1, 2013). This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Revised), *Separate Financial Statements* (effective from January 1, 2013). This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements standard have been transferred and included in the new PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Revised), *Investments in Associate and Joint Venture* (effective from January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*.

The Group is currently reviewing the impact of the above consolidation standards on its consolidated financial statements in time for its adoption in 2013.

2.3 *Basis of Consolidation*

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries (see Note 1) after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate an impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Group, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries as follows:

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Group obtains control until such time that such control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Parent Company, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, which is the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill (see Note 14). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain are presented as excess of fair value of net assets acquired over acquisition cost in the profit or loss (see Note 29).

2.4 *Financial Assets*

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets (AFS). Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

A more detailed description of the loans and receivable category of financial assets relevant to the Group is as follows:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group 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 assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables, Due from Related Parties, Restricted Deposits, Installment Contract Receivables and Refundable Rent Deposits (presented as part of Other Non-Current Assets in the consolidated statement of financial position). Cash and cash equivalents are defined as cash on hand, savings and demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the consolidated statement of comprehensive income.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.5 *Inventories*

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. The cost of inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.6 *Land Held for Sale and Land Development Costs*

Land held for sale and land development costs are valued at the lower of cost and net realizable value. Land held for sale and land development costs includes the cost of land and actual development costs incurred up to the end of reporting period. Interest incurred during the development of the project is capitalized (see Note 2.17).

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of developing and the estimated costs necessary to make the sale.

2.7 *Land Held For Future Development*

Land held for future development is valued at the lower of cost and net realizable value. Cost includes purchase price and other costs directly attributable to the acquisition of land.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of developing and estimated costs necessary to make the sale.

2.8 *Property and Equipment*

Land is stated at cost less any impairment in value. All other property and equipment are carried at acquisition cost less accumulated depreciation and amortization and any impairment in value.

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.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings, depot and pier facilities	5-25 years
Tanker Vessel	30 years
Transportation and other equipment	1-10 years
Hauling and heavy equipment	1-5 years
Gasoline station equipment	1-5 years
Office furniture and equipment	1-3 years

Leasehold and land improvements are amortized over the terms of the related leases or the useful lives of the improvements, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.17)and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted, if appropriate, at the end of each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss the year the item is derecognized.

2.9 *Drydocking Costs*

Drydocking costs are considered major repairs that preserve the life of the vessel. The costs associated with drydocking are amortized over the expected period of benefit which is 24 months based on industry practice or until the next scheduled drydocking occurs, whichever is earlier. When the next scheduled drydocking occurs, any remaining unamortized balance of the deferred cost from the previous drydocking is charged to profit or loss for the period.

Amortization of drydocking costs starts only when the process has been completed and the related vessel is ready for use.

The carrying amount of drydocking costs, presented as part of the Other Non-current Asset in the consolidated statement of financial position, is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount .

The carrying amount of drydocking costs is derecognized upon derecognition of the related vessel. The computed gain or loss arising on derecognition of the vessel takes into consideration the carrying amount of drydocking costs and is included in the statement of comprehensive income in the year the related vessel is derecognized.

2.10 *Financial Liabilities*

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables, Due to Parent Company and Security Deposits (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-bearing loans and borrowings are raised for long-term funding of operations. Finance charges, which includes 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 added to the carrying amount of the instrument while it is outstanding computed from date of inception to date of settlement.

Trade and other payables, due to parent company and security 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.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration of the Group.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after 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 twelve months after 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.

2.11 *Provisions*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.12 *Business Combinations*

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.15).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.13 *Revenue and Expense Recognition*

Revenue comprises revenue from the sale of goods and the 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) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. 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. when the customer has acknowledged delivery of goods.

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

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

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

Cost and expenses are recognized in the profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.17).

The cost of real estate sold, if any, before the completion of the development is determined based on the actual costs incurred to date which include the cost of land plus estimated costs to complete the project development. The estimated expenditures for the development of sold real estate, as determined by project engineers, are charged to Cost of Sales and Services account in the consolidated statement of comprehensive income with a corresponding credit to accrued expenses presented under Trade and Other Payables account in the consolidated statement of financial position. Effects of any revisions in the total project cost estimates are recognized in the year in which the changes become known.

2.14 *Leases*

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases, which transfer substantially all risks and benefits incidental to the ownership of the leased items to the Group, are classified as finance lease, and recognized as assets and liabilities in the consolidated statement of financial position at amounts either equal to the fair value of the leased property at the inception of the lease or, if lower, to the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are directly charged against profit or loss. Capitalized leased assets are depreciated either over the estimated useful life of the asset or the lease term, whichever is shorter

Leases, which do not transfer substantially all the risks and benefits of ownership to the Group, are classified as operating lease. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) *Group as Lessor*

Leases, wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item, are classified as finance leases, and presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding with respect to the finance lease.

Leases, which do not transfer substantially all the risks and benefits of ownership of the asset to the lessee, are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment whether the fulfilment of the arrangement depends on the use of a specific asset(s) or it conveys a right to use the asset.

2.15 *Foreign Currency Transactions*

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of income or loss from operations.

2.16 *Impairment of Non-financial Assets*

The Group's property and equipment and goodwill (presented as part of Other Non-Current Assets) and advances for future investment are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels where there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized when the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the fair value less costs to sell and its value in use, whichever is higher. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss, which was previously recognized, no longer exists. The carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.17 *Employee Benefits*

(a) Post-employment Benefits

Post-employment benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement. It usually depends on one or more factors such as age, years of service and salary. The legal obligation for any benefit from this kind of post-employment plan remains with the Group, even if plan assets, if any, have been acquired to fund the defined benefit plan. Plan assets, if any, may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment benefit pension plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of reporting period less unrecognized actuarial losses. The DBO shall be calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

(b) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(c) Share-Based Payments

All regular employees of the Parent Company receive remuneration in the form of share-based awards - equity instruments of the Parent Company, in consideration for the services that they render to the Parent Company.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the market price of the Parent Company's shares listed in the PSE.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the consolidated statement of comprehensive income for the year represents the movement in cumulative expense recognized at the beginning and end of that year.

No expense is recognized for awards that do not ultimately vest.

2.18 ***Borrowing Costs***

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs 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 cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.19 ***Income Taxes***

Tax income or expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of each reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax income in profit or loss.

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as component of tax income in the consolidated statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

2.20 *Related Party Transactions*

Related party transactions are transfer of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group;
(b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic steering committee; its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 27 which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches.
All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 is the same as those used in its consolidated financial statements, except that the following, if there is any, are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses; and,
- expenses relating to share-based payments

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.22 *Equity*

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Deposits on future stock subscriptions include all amounts received for future stock subscriptions.

Treasury shares are stated at the cost of re-acquiring such shares irrespective of whether these are acquired below or above par value.

Retained earnings include all current and prior period results of operations as disclosed in the profit or loss section of the consolidated statement of comprehensive income.

2.23 *Basic Earnings per Share*

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. The Group has no dilutive potential common shares outstanding that would require disclosure of diluted earnings per share in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(b) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.10 and relevant disclosure is presented in Note 28.

(c) Qualifying Assets on Borrowing Costs

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Determining if an asset is a qualifying asset will depend on the circumstances and requires the use of judgment in each case. In making judgment, the Management takes into account its intention when it determines whether the asset is a qualifying asset and considers the facts and circumstances and uses its judgment to determine whether an asset takes a substantial period of time to get ready for its intended use or sale. Based on the facts and circumstances affecting the Group's qualifying asset, the Management concludes that the Group's retail station and depot facilities are qualifying assets as the management assesses that it takes substantial period of time for the completion of those assets.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Allowance for Impairment of Trade and Other Receivables

Adequate amount of allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 7.

(b) Determining Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventories as presented in Note 8 is affected by price changes and action from the competitors. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next financial year.

(c) Determining Net Realizable Value of Land Held for Sale and Land Development Costs and Land Held for Future Development

In determining the net realizable value of land held for sale and land development costs and land held for future development, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of land held for sale and development costs and land held for future development are affected by price changes and demand from the target market segments. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments within the next financial year.

(d) Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analyzed in Note 12. Based on management's assessment as at September 30, 2012 and December 31, 2011, there is no change in the estimated useful lives of the property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

The Group's policy on estimating the impairment of non-financial assets is discussed in Note 2.15. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

The management has assessed that there are no impairment losses to be provided on property and equipment and goodwill in 2012 and 2011.

(f) Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The carrying value of deferred tax assets as of December 31, 2011 and 2010 is disclosed in Note 23.

(g) Liability for Land Development

Obligations to complete development of real estate are based on actual costs and project estimates of contractors and Group's technical staff. These costs are reviewed at least annually and are updated if expectations differ from previous estimates. Liability to complete the project for sold units included in the determination of cost of sales are presented as part of accrued expenses under Trade and Other Payables account in the consolidated statements of financial position amounted to P59.9 million and P1.1 million as of December 31, 2011 and 2010, respectively (see Note 16).

(h) Retirement and Other Benefits

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 and include, among others, discount rates and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 21.2.

(i) Estimating Development Costs

The accounting for real estate requires the use of estimates in determining costs and gross profit recognition. Cost of real estate sold includes estimated costs for future development. The development cost of the project is estimated by the Group's technical staff. At the end of reporting period, these estimates are reviewed and revised to reflect the current conditions, when necessary.

4. 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 Board of Directors, 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.

4.1 Market Risk

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

(a) Foreign Currency Sensitivity

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 importation, which are primarily denominated in U.S. dollars. The liability covering the importation is covered by letter of credits which is subsequently closed to Philippine peso trusts receipts (TRs). As of December 31, 2011 and 2010, the Group has no U.S. dollar denominated liabilities. 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, translated into Philippine pesos at the closing rate amounted to P589.8 million and P4.9 million as of December 31, 2011 and 2010, respectively.

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 12 months at a 99% confidence level.

	Reasonably possible change in rate	Profit before tax	Effect in equity before tax
2011	**16%**	**P 94,371,883**	**P 66,060,318**
2010	18%	879,227	615,460

(b) Interest Rate Sensitivity

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowing interest rates range from 6.4% to 10.25% per annum. At September 30, 2012 and December 31, 2011, the Group is exposed to changes in market interest rates through its cash and cash equivalents and bank borrowings, which are subject to variable interest rates (see Notes 6 and 15). All other financial assets and liabilities have fixed rates.

The table below illustrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates of +/- 1.82% in 2011 and 1.90% in 2010 and 2009 for Philippine peso and +/- 0.88% in 2011 and 0.90% in 2010 and 2009 for U.S. dollar. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	2011		2010		2009	
	+ 182/80	**- 182/80**	+190/ 90	-190/ 90	+190/ 90	-190/ 90
Profit before tax	**(P57,476,490)**	**P57,476,490**	(P 55,383,622)	P55,383,622	(P34,489,575)	P 34,489,575

(c) Market 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.

4.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers 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.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	**September 30, 2012**	December 31, 2011
Cash and cash equivalents (excluding cash on hand)	6	**P 711,523,209**	P 924,008,515
Trade and other receivables - net	7	**2,431,727,164**	2,663,773,067
Due from related parties	24.4	**9,856,490**	25,927,401
Restricted deposits	10, 14	**81,604,771**	69,036,837
Refundable rent deposits	14	**75,838,481**	71,878,456
Installment contract receivable		**42,691,105**	9,002,788
		P 3,353,241,220	P 3,763,627,064

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.

(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.

As part of the Group's policy, bank deposits are only maintained with reputable financial institutions. For the determination of credit risk, cash do not include cash on hand amounting to P3.3 million as of September 30, 2012 and P6.0 million as of December 31, 2011 (see Note 6). Cash in banks, which are insured by the Philippine Deposit Insurance Corporation up to maximum coverage of P500,000 per depositor per banking institution, as provided for under Republic Act (RA) 9302, *Charter of Philippine Deposit Insurance Corporation*, are still subject to credit risk.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The Group has a Credit Committee which approves credit lines given to its customers. The Group's Credit and Collection Department, which regularly reports to the Credit Committee, continuously monitors customers' performance and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

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 as follows:

	September 30, 2012	December 31, 2011
Not more than one month	**P 171,862,569**	P 202,814,458
More than one month but not more than two months	**38,286,132**	2,732,378
More than two months but not more than six months	**24,296,590**	17,211
More than six months but not more than one year	**17,906,016**	66,612,974
More than one year	**43,108,857**	106,972,582
	P 295,460,164	P 379,149,603

4.3 Liquidity Risk Analysis

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 period. 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.

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Notes	**September 30, 2012**		December 31, 2011	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	6	**P 711,523,209**	**P 711,523,209**	P 924,008,515	P 924,008,515
Trade and other receivables - net	7	**2,431,727,164**	**2,431,727,164**	2,663,773,067	2,663,773,067
Due from related parties	24.4	**9,856,490**	**9,856,490**	25,927,401	25,927,401

	Notes				
Restricted deposits	10, 14	**81,604,771**	**81,604,771**	69,036,837	69,036,837
Refundable rent deposits	14	**95,838,481**	**95,838,481**	71,878,456	71,878,456
Installment contract receivable		**42,691,105**	**42,691,105**	9,002,788	9,002,788
		P3,373,627,064	**P3,373,627,064**	P3,763,627,064	P3,763,627,064
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	15	**P 8,185,550,501**	**P 8,185,550,501**	P 5,877,318,163	P 5,877,318,163
Trade and other payables	16	**1,282,061,454**	**1,282,061,454**	2,937,551,913	2,937,551,913
Security deposits	17	**214,719,018**	**214,719,018**	147,463,104	147,463,104
		P9,682,330,973	**P9,682,330,973**	P 8,962,333,180	P 8,962,333,180

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of September 30, 2012 and December 31, 2011:

	September 30, 2012	December 31, 2011
Cash on hand	**P 3,431,758**	P 14,512,101
Cash in banks	**416,606,299**	527,020,436
Short-term placements	**291,485,151**	382,475,978
	P 711,523,208	P 924,008,515

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have maturity ranging from 7 to 90 days and earn effective interest ranging from 2.1% to 4.8% per annum in 2012 and 2011.

The balances of the cash on hand and in banks as of September 30, 2012 and December 31, 2011 did not include an amount of P81.6 million and P70.2 million, respectively, which are shown as Restricted Deposits account in the consolidated statements of financial position (see Notes 10 and 14). Such amount is not available for the general use of the Group in accordance with a restriction under a loan covenant (see Note 15.1).

7. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	September 30, 2012	December 31, 2011
Trade receivables	24.1	**P1,994,273,472**	P 2,440,196,034
Advances to suppliers	24.2	**326,724,039**	154,916,455
Non-trade receivables	24.5	**126,745,044**	134,124,602
Other receivables		**30,870,523**	31,511,570
		2,542,099,084	2,760,748,661
Allowance for impairment		**(89,577,019)**	(96,975,594)
		P2,431,696,453	P 2,663,773,067

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade and other receivables, which are due from customers, were found to be impaired, hence, adequate amount of allowance for impairment have been recorded.

A reconciliation of the allowance for impairment at the beginning and end of September 30, 2012 and December 31, 2011 is shown below:

	Note	September 30, 2012	December 31, 2011
Balance at beginning of year		**P 86,877,019**	P 63,287,155
Impairment loss during the year	20.1	**2,700,000**	27,010,776
Reclassification			7,474,056
Write-off of receivables			(796,393)
Balance at end of year		**P 89,577,019**	**P 96,975,594**

The carrying value of trade and other receivables is considered a reasonable approximation of fair value (see Note 5).

8. INVENTORIES

Inventories which are stated at cost are broken down as follows:

	September 30, 2012	December 31, 2011
Fuel	**P2,570,973,767**	P 1,924,942,071
Lubricants	**129,927,010**	207,656,621
Others	**87,865**	23,712
	P2,700,988,642	P 2,132,622,404

Under the terms of agreements covering the liabilities under trust receipts, inventories with carrying value of P2,571 million and P2,117 million as of September 30, 2012 and December 31, 2011, respectively, have been released to the Group in trust for the bank. The Group is accountable to the bank for the trusteed inventories or their sales proceeds (see Note 15.1).

There were no inventory write-down both in 2012 and 2011.

An analysis of the cost of inventories included in the cost of fuels and lubricants sold for the year is presented in Note 18.1.

9. LAND HELD FOR SALE AND LAND DEVELOPMENT COSTS

The land held for sale and land development costs stated at cost relate to the following as of September 30, 2012 and December 31, 2011:

Land held for sale	**P 433,484,266**
Land development costs	**18,102,852**
	P 451,587,118

The land held for sale are used as security of the Group's installment payable with Land Bank of the Philippines (LBP) (see Note 15.2).

Land development costs pertain to expenditures for the development and improvement of the land held for sale of the Park.

10. RESTRICTED DEPOSITS

This account pertains to the time deposits that are used as securities for various banking credit facilities covered by hold-out agreements (see Note 6 and 15.1) amounting to P81.6 million and P69 million as of September 30, 2012 and December 31, 2011. As such, these are restricted as to withdrawals. The proceeds from availment of the banking credit facilities by the Group are used for the purpose of purchasing fuel and lubricant supplies (see Note 15.1). Interest rates for this type of deposit range from 3.125% to 5.975% per annum both in 2012 and 2011.

11. OTHER CURRENT ASSETS

The composition of this account as of September 30, 2012 and December 31, 2011 is shown below:

	September 30, 2012	December 31, 2011
Prepayments	**P 148,371,414**	P 127,863,952
Creditable withholding tax	**63,877,936**	47,294,524
Supplies	**18,397,873**	7,220,852
Others	**12,358,515**	24,214,902
	P 243,005,738	P 206,594,230

12. PROPERTY AND EQUIPMENT

September 30, 2012		
Land		P 294,582,257
Property, Plant and Equipments	6,579,200,372	
Less: Accumulated Depreciation	(795,002,248)	5,784,198,124
Net Book Value-September 30, 2012		P 6,078,780,381

December 31, 2011		
Land		P 294,582,257
Property, Plant and Equipments	3,397,299,422	
Less: Accumulated Depreciation	(403,267,560)	2,994,031,862
Net Book Value-December 31, 2011		P 3,288,614,119

Certain property and equipment with an aggregate carrying value of P28.2 million and P26 million as of September 30, 2012 and December 31, 2011 respectively, are mortgaged with local banks (see Note 15).

13. LAND HELD FOR FUTURE DEVELOPMENT

Land held for future development represents the Group's land property totaling to 44 hectares in Phase 2 and 3 of the Park that are intended for sale once developed.

The Group's land held for future development was used as collateral for the Group's installment payable with LBP (see Note 15.2).

14. OTHER NON-CURRENT ASSETS

The composition of this account as of September 30, 2012 and December 31, 2011 is shown below:

	September 30, 2012	December 31, 2011
Refundable rent deposits	**P 96,174,307**	P 52,593,135
Deferred minimum lease payments	**21,908,319**	21,908,319
Goodwill	**85,783,624**	85,783,624
Restricted time deposits	**-**	11,285,506
Others	**39,251,917**	41,221,444
	P 243,118,167	P 212,792,028

Refundable rent deposits represent deposits of the Group for the lease of various parcels of land. These deposits are refundable at the end of the term of agreement and are measured at amortized cost. The total day one loss is determined by calculating the present value of the cash flows anticipated until the end of the lease terms using the related market interest-free rates and is amortized over the lease term. As the refundable rent deposits do not have an active market, the underlying interest rates were determined by reference to market interest rate of comparable financial instrument.

Goodwill amounting to P85.9 million and P11.5 million as of September 30, 2012 and December 31, 2011, respectively, represents the excess of acquisition cost over the Group's share in the fair value of identifiable net assets of the acquired subsidiaries at the date of the acquisition.

15. INTEREST-BEARING LOANS AND BORROWINGS

The short-term and long-term interest-bearing loans and borrowings are as follows:

	September 30, 2012	December 31, 2011
Current:		
Liabilities under letters of credits and trust receipts	**P4,988,865,679**	P 3,449,608,928
Installment and notes payable	**554,042,957**	565,849,684
Mortgage payable	**9,703,688**	15,742,344
	P 5,552,612,324	P 4,031,200,956
Non-current:		
Installment and notes payable	**P 2,622,180,437**	P 1,832,599,644
Mortgage payable	**10,757,740**	13,517,563
	P 2,632,938,177	P 1,846,117,207

15.1 Liabilities Under Letters of Credits and Trust Receipts

The Group avails of letter of credit (LC) and TR lines with local banks to finance its purchases of inventories (see Note 8). These short-term trust receipts bear interests based on prevailing market interest rates at an average of 6.7% and 8.25% per annum for 2012 and 2011 respectively.

The Group is required by the banks to maintain certain collaterals for the credit line facility provided to the Group for working capital requirements. The collaterals are in the form of compensating deposits and a surety of a stockholder (see Notes 10 and 24.7).

The carrying values of liabilities under LCs and TRs recognized as part of interest-bearing loans and borrowings in the consolidated statements of financial position are reasonable approximations of their fair values (see Note 5).

15.2 Installment and Notes Payable

On April 16, 2010, the Group availed the P580.0 million loan with LBP. The loan with LBP was used to refinance the installment payable with PHINMA Group via take-out of the outstanding installment payable to PHINMA Group. The refinanced installment payable is payable for seven years with one year grace period on principal and bears an interest rate based on the prevailing LBP rate at the time of availment subject to quarterly repricing with reference to a three month PDST-F rate plus minimum spread of 2.5%. The installment payable with LBP is secured by the Group's parcel of land with carrying value of P705.5

million and P749.3 million as of December 31, 2011 (see Notes 9 and 13), and port expansion facilities with carrying value of P231.7 million December 31, 2011 (see Note 12).

The notes payable represents borrowings from local banks with interest rates ranging from 7% to 10.25% per annum and will mature within five to seven years. The loans which are secured by the Group's certain property and equipment is payable quarterly (see Note 12).

In 2011, the Group availed the P750.0 million clean loan under the notes facility agreement entered into with BDO Capital & Investment Corporation, Banco De Oro Unibank, Inc., Maybank Philippines, Inc., Robinsons Bank Corporation and Banco de Oro Unibank, Inc. – Trust and Investment Group. The long-term loan amounting to P700.0 million with interest rate of 7.35% annually is payable on August 24, 2016 and the remaining P50.0 million with interest rate of 7.66% is payable on August 23, 2018.

The Parent Company executed a Convertible Notes Facility Agreement worth Php 500 million with warrants offering amounting to Php 180 million with BDO Unibank, Inc last, 11 July 2012 at the BDO Corporate Center, Makati City. The issuance of corporate notes is part of the Company's plan to raise long-term capital, finance capital expenditures and refinance short term debt.

The issuance of the warrants was approved by the stockholders during the Special Stockholders' Meeting last 06 September 2012.

15.3 Mortgage Payable

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 service vehicles of the Group, presented as part of Property and Equipment account in the consolidated statements of financial position (see Note 12).

15.4 Credit Line

The Parent Company has an available credit line of P10.0 billion and P8.3 billion under LC and TR, respectively. These lines obtained from various banks are being utilized by the Parent Company for procurement of inventories both local and foreign. The credit line is secured by the following:

- *(a)* Assignment of future receivables;
- *(b)* Suretyship of the PPHI and pledge of its share in the Parent Company amounting to P46,958,000 (at P1 par value);
- *(c)* Joint several signature of certain stockholders; and,
- *(d)* Negative pledge over the remaining shares of PPHI in Parent Company in favor of the bank amounting to P1.08 billion.

16. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**September 30, 2012**	December 31, 2011
Trade payables	24.2	**P1,088,872,286**	P 2,469,438,937
Accrued expenses		**136,834,672**	186,255,408
Advances from customers and locators		**-**	104,269,831
Others		**56,354,496**	177,587,737
		P 1,282,061,454	P 2,937,551,913

The advances from customers and locators include option money from two different locators amounting to P0.1 million in December 31, 2011. The said locators have the right and option to purchase subject properties under the terms and condition agreed by the said locator and the Group. However, in the event that the said locator does not exercise its right to purchase the subject properties, the option money shall be refunded to the said locator plus interest at the rate equivalent to the prevailing treasury bill rate plus 2% per annum. In addition, the advances from customers pertain to the advance payment of the Parent Company's various customers for their fuel purchases.

Accrued expenses mostly pertain to payables to various contractors for the construction of retail stations that remains unpaid at the end of the year.

The carrying amount of trade and other payables, which are expected to be settled within the next 12 months from reporting period, is a reasonable approximation of their fair value (see Note 5).

17. OTHER NON-CURRENT LIABILITIES

This account consists of:

	Note	**September 30, 2012**	December 31, 2011
Security deposits		**P 214,719,018**	P 147,463,104
Unearned rent		**57,952,388**	51,131,981
Retirement benefit obligation	21.2	**11,745,453**	17,266,395
Others		**35,160,378**	182,730,269
		P 319,160,237	P 398,591,749

Security deposits represent deposits received from dealers for the lease of retail stations and equipment that are installed in retail stations and are refundable at the end of the lease terms. The deposits are carried at amortized cost using the effective interest rates at the inception of the lease contracts. The day one gain is determined by calculating the present value of the cash flows anticipated until the end of the lease term using certain risk-free rates and is amortized over the lease terms. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rate of comparable financial instrument.

18. COST OF SALES AND SERVICES

This account is composed of the following as of September 30, 2011 and 2012:

18.1 Cost of Fuels and Lubricants Sold

The cost of fuels and lubricants sold are broken down as follows:

	Note	**September 30, 2012**	September 30, 2011
Inventories at beginning of year	8	**P 2,132,622,404**	P 1,051,658,928
Net purchases during the period		**23,128,992,830**	19,628,919,026
Goods available for sale		**25,261,615,234**	20,680,577,954
Inventories at end of the period	8	**(2,700,988,642)**	(1,802,407,290)
		P 22,560,626,592	P18,878,170,664

19. OPERATING EXPENSE BY NATURE

The details of operating expenses by nature are shown below:

	Notes	September 30, 2012	September 30, 2011
Cost of Sales			
Fuels	18.1	**22,345,725,816**	18,695,390,602
Lubricants	18.1	**214,900,776**	182,780,063
Cost of Real Estate Sales		**-**	264,078,415
Services		**407,239,673**	156,637,657
Salaries and employees' benefits	20	**128,946,545**	150,605,354
Depreciation and amortization	12	**210,163,849**	148,021,410
Trucking charges		**94,975,318**	32,051,543
Fuel, oil and lubricants		**36,941,369**	33,814,945
Advertisements and promotion		**77,351,725**	72,868,128
Rent		**167,590,509**	111,595,754
Office supplies		**5,848,172**	6,091,141
Repairs and maintenance		**26,124,847**	26,881,057
Travel and transportation		**25,172,829**	22,455,976
Professional fees		**30,277,850**	26,489,842
Taxes and licenses		**39,414,046**	31,771,530
Representation		**9,176,949**	9,871,535
Insurance		**20,833,039**	21,715,526
Documentary Stamps		**63,372,262**	46,950,286
Security fees		**19,862,674**	10,053,527
Dues and Subscription		**5,125,569**	4,921,393
Management Fee		**18,000,000**	-
Service Fee		**31,506,813**	22,994,152
Utilities		**23,766,176**	30,472,111
Bank Charges		**1,960,928**	8,035,979
Provisions for Bad Debts		**2,700,000**	2,700,000
Rebates		**30,957,086**	15,124,763
Miscellaneous		**16,267,870**	18,230,595
		24,054,202,690	**20,152,603,284**

The expenses are classified in the consolidated statements of comprehensive income as follows:

	Note	September 30, 2012	September 30, 2011
Cost of Sales and Services	18	**22,967,866,265**	19,298,886,737
Operating Expenses		**1,086,336,425**	853,716,547
		24,054,202,690	**20,152,603,284**

20. SALARIES AND EMPLOYEE BENEFITS

20.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits (see Note 19) are presented below:

	September 30, 2012	September 30, 2011
Salaries and Wages	**P 107,514,040**	P 101,973,048
13th Month Pay	**7,286,653**	18,244,181
Other Benefit and Bonuses	**14,145,851**	30,388,125
	P 128,946,545	**P** 150,605,354

20.2 Post-employment Benefits

The Group has an unfunded post-employment benefit plan covering all qualifying employees. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. The present value of the obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The amount of retirement benefit obligation, which is presented as part of Other Non-current Liabilities account (see Note 17) in the consolidated statements of financial position as of December 31, follows:

	2011
Present value of obligation	**P 11,127,336**
Unrecognized actuarial losses	**(730,265)**
	P 10,397,071

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2011
Balance at beginning of year	**P 6,251,207**
Current service cost	**3,528,000**
Interest cost	**1,061,029**
Actuarial loss	**287,100**
Balance at end of year	**P 11,127,336**

The amounts of retirement benefits expense recognized in the consolidated statements of comprehensive income are as follows:

	Note	2011
Current service cost		**P 3,528,000**
Interest cost		**1,061,029**
Actuarial loss (gain) recognized during the year		**287,100**
	21.1	**P 4,876,129**

The amount of retirement benefits expenses is presented under Selling and Administrative Expenses in the consolidated statements of comprehensive income.

Presented below is the historical information related to the present value of the retirement benefit obligation and the experienced adjustments arising on plan liabilities.

	2011
Present value of the obligation	**P 11,397,071**
Experience adjustments arising on plan liabilities	**-**

For the determination of the retirement benefit obligation, the following actuarial assumptions were used:

	2011
Discount rate	**10.44%**
Expected rate of salary increase	**10.00%**

Assumptions regarding future mortality are based on published statistics and mortality tables.

The Group will fund the retirement benefit obligation in 2012.

21. REGISTRATION WITH THE BOARD OF INVESTMENTS

21.1 BOI Registration as New Industry Participant – Davao Depot

The Parent Company was registered with the Bureau of Investments (BOI) on November 16, 2005, as a new industry participant with new investment in storage, marketing and distribution of petroleum products under RA No. 8479 (Downstream Oil Industry Deregulation Act). Under its registration, the Parent 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 Parent 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 of not more than US$10,000 to one worker and provided that this incentive shall not be availed of simultaneously with the ITH;

(c) The Parent Company may qualify to import capital requirement, spare parts and accessories at zero percent (0%) from the date of registration up to June 16, 2011 pursuant to the Executive Order No. 528 and its implementing rules and regulations.

Special transport equipment such as but not limited to tanks, trucks/lorries may be imported with incentives subject to land transportation operation requirements;

(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.

The Parent Company's ITH expired on November 16, 2010. After the expiration date, the Parent Company's transactions relating to Davao depot is subject to corporate income tax rate of 30%.

21.2 BOI Registration as New Industry Participant – Batangas Depot

The Parent Company was also registered with the BOI on February 26, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Calaca, Batangas. Under its registration, the Parent 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 Parent Company's transaction relating to Batangas depot is also entitled to certain tax and non-tax incentives as also mentioned in the previous page. The ITH will expire five years from February 26, 2010.

21.3 BOI Registration as New Industry Participant – Zamboanga Depot

The Parent Company was also registered with the BOI on November 25, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Talisayan, Zamboanga City. Under its registration, the Parent 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 Parent Company's transaction relating to Zamboanga Depot is also entitled to certain tax and non-tax incentives as also mentioned in the previous page. The ITH will expire five years from November 25, 2010.

21.4 BOI Registration for the New Investment in Downstream Oil Industry Activities – Davao Expansion

On May 14, 2010, the Parent Company was registered with the BOI for the new investment in downstream oil industry activities under RA 8479 (Downstream Oil Industry Deregulation Act) for the additional two storage tanks for petroleum products with storage capacity of 7.4 million liters in Davao depot. Under its registration, the Parent Company shall be entitled to avail of the incentives as cited in the previous page. However, ITH for five years from May 14, 2010 is subjected to the base figure of 148.2 million liters representing the Parent Company's highest attained sales volume of its existing depot facilities (in Davao Depot) prior to the filling of application for registration of new investment.

21.5 BOI Registration of CSC vessels

On November 23, 2011 and December 10, 2008, the Parent Company had registered its activity for MT Thelma and MT Cherylyn with the BOI under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987 as a new operator of domestic/interisland shipping on a pioneer status. As a registered entity, CSC is entitled to tax and non-tax incentives which include a six-year income tax holiday (ITH). For MT Cherlyn, the related tax incentives started in April 2009. Meanwhile, the tax incentive for MT Thelma started in November 2011. ITH incentives shall be limited only to the revenues generated by the registered activities.

Among the terms and conditions for the registration of MT Thelma with BOI is that CSC shall increase its authorized, subscribed and paid-up capital by at least P231.3 million or equivalent to 25% of the total project costs. In relation to this, the Parent Company received equity advances from UMRC amounting to P231.3 million

22 TAXES

The components of tax income (expense) as reported in the consolidated profit or loss follow:

	2011
Current tax expense:	
Regular corporate income tax (RCIT) at 30%	**(P 33,228,157)**
Final tax at 20%	**(1,343,955)**
Minimum corporate income tax (MCIT) at 2%	**(154,000)**
	(34,726,112)

Deferred tax income:	
Relating to tax application of NOLCO	**(13,387,056)**
MCIT	**7,433,662**
Provision of impairment loss	**1,132,848**
Deferred tax income relating to net operating loss carryover (NOLCO)	**1,097,619**
Reversal of NOLCO	**(551,441)**
Deferred tax relating to reversal of temporary difference	**-**
	(4,274,368)
	(P 39,000,480)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax income (expense) reported in the consolidated profit or loss is as follows:

	2011
Tax on pretax profit (loss) at 30%	**(P 38,013,105)**
Adjustment for income subjected to lower income tax rates	**516,890**
Reversal of NOLCO	**(238,918)**
Non-deductible interest expense	**(1,265,347)**
Tax income (expense) reported in profit or loss	**(P 39,000,480)**

The Parent Company's availment of income tax holiday pertaining to its original facilities in Davao depot expired in November 2010. Tax income for the year 2011 and 2010 pertains to the income of subsidiaries and portion of the Parent Company's income subjected to income tax (see Note 22). The tax income for the year 2009 pertains to the subsidiaries.

The deferred tax assets relate to the following as of December 31:

	Consolidated Statements of Financial Position		Consolidated Statements of Comprehensive Income	
	2011	2010	**2011**	2010
NOLCO	**P 2,102,918**	P 14,822,265	**(P 12,719,347)**	P 5,513,689
MCIT	**7,433,661**	-	**7,433,661**	-
Impairment loss	**5,452,655**	4,441,337	**1,011,318**	4,441,337
Deferred Tax Income			**P 4,274,368**	P 9,955,026
Deferred Tax Assets	**P 14,989,234**	P 19,263,602		

The amounts of NOLCO and the applicable years these are valid and deductible from the taxable income are shown below:

Taxable Years	Original Amount	Tax Effect	Valid Until
2011	P 3,658,732	P 1,097,619	2014
2010	1,655,285	496,586	2013
2009	1,695,709	508,713	2012
	P 7,009,726	P 2,102,918	

The Parent Company, PPMI and PPIPC are subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations or RCIT, whichever is higher. For the year 2011, the Parent Company, PPMI and PPIPC's MCIT was higher than RCIT.

In 2011 the Group opted to claim itemized deductions.

23 RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate parent company, the parent company, stockholders, the Group's key management, entities under common control by the ultimate parent company and others as described below and in the succeeding pages. The following are the transactions with related parties:

23.1 Sale of Goods

The Group sells products to certain related parties. Goods are purchased and sold on the basis of the price lists in force with non-related parties.

	Amount of Transactions	Outstanding Balances
	2011	**2011**
Sale of goods:		
Subsidiaries	**P 445,262,054**	**P 45,541,285**
Other related party	**128,664,820**	**43,831,665**
	P 573,926,874	**P 89,372,950**

The outstanding receivables from sales of goods to other related parties are presented as part of Trade Receivables under Trade and Other Receivables account in the statements of financial position (see Note 7). Subsequent to December 31, 2010, the Group was able to collect totaling P77.0 million from the outstanding balance.

The sales transactions with the subsidiaries are eliminated in the consolidated financial statements.

23.2 Purchase of Services

The Group purchased services from related parties on the basis of price lists in force with non-related parties.

	Amount of Transactions	Outstanding Balances
	2011	2011
Purchase of services:		
Other related party	P 391,193,996	P5,560,320

The amounts of transactions are presented as part of the Cost of Sales in the statement of comprehensive income and the related outstanding payables for services obtained in 2011 are presented as part of Trade Payables under Trade and Other Payables account (see Note 16).

23.3 Rentals

The Group has an operating lease agreement with Udenna Corporation. Total rent expense incurred in the years 2011 is P6.3 million and is presented as part of Rent account in profit or loss (see Notes 19 and 28.3).

23.4 Due from Related Parties

The Group grants and obtains unsecured advances to and from PPHI, which are eliminated in the consolidated financial statements, and other unconsolidated related companies for working capital purposes. The advances bear a 9% interest per annum and are due on demand.

The movement of due from related parties as of December 31 is as follows:

	2011
Balance at beginning of year	P 14,750,495
Collections	(5,269,692)
Additions	-
Balance at end of year	P 9,480,803

The Group's advances to related parties are presented as Due from Related Parties in the consolidated statements of financial position.

23.5 Advances Subject for Liquidation

In the normal course of business, the Group grants advances to employees subject for liquidation. The advances are presented as part of other receivables under Trade and Other Receivables – net in the consolidated statements of financial position (see Note 7).

23.6 Loan Collateral

Surety and a negative pledge over the remaining shares of a stockholder secured the liabilities under letters of credits and trust receipts (see Note 15.1).

23.7 Advances to/from Subsidiaries

The parent Company grants and obtains advances to and from its subsidiaries for working capital purposes. The advances are interest-bearing, unsecured and repayable within 12 months. The advances to subsidiaries are broken down as follows:

	2011
PPIPC	**P 35,219,104**
PPMI	**27,881,800**
SPTT	**6,226,989**
PGMI	**3,428,985**
	P 72,756,878

23.8 *Management Fees*

The Parent Company's non-trade receivable in its separate financial statement includes receivable from PPIPC representing management fees for the services rendered by the Parent Company to PPIPC. Under the Management Contract entered into by the Parent Company and PPIPC, the former will manage PPIPC:

(a) to secure and maintain a strong market position for PPIPC in the real estate industry;

(b) sustain the long-term profitability of PPIPC; and,

(c) develop a core of competent and effective management professionals in PPIPC.

In return, PPIPC will pay a certain amount of management fee annually. Total management fee recorded in 2011 amounted P23.8 million. Total receivable from PPIPC as of December 31, 2011 amounted to P50.0 million. The foregoing transactions and outstanding balances are eliminated in the consolidated financial statements.

24 EQUITY

24.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	Sept. 30, 2012	2011	2010	**Sept. 30, 2012**	2011	2010
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 and outstanding	**5,000,000**	5,000,000	5,000,000	**P 5,000,000**	P 5,000,000	P 5,000,000
Common shares – P1 par value						
Authorized:						
Balance at beginning of period	**750,000,000**	750,000,000	400,000,000	**P 750,000,000**	P 750,000,000	P400,000,000
Increase in authorized stock	**1,750,000,000**	-	350,000,000	**1,750,000,000**		350,000,000
Balance at end of period	**2,500,000,000**	750,000,000	750,000,000	**P2,500,000,000**	P 750,000,000	P400,000,000
Issued and Outstanding*:						
Balance at beginning of period	**489,872,415**	376,824,940	269,160,875	**P 489,872,415**	P 376,824,940	P269,160,875
Stock dividends	244,936,202	113,043,634	73,664,065	244,936,202	113,043,634	107,664,065
Issuance	171,250,799			171,250,799		
Reclassification		3,841			3,841	
Balance at end of period	**906,059,416**	489,872,415	376,824,940	**P 906,059,416**	P489,872,415	P376,824,940

* - Paid-Up Capital at Par Value

On April 23, 2012, the SEC approved the Parent Company's increased in authorized capital stock from P800.0 milliondivided into 750.0 million common shares with par value of P1 per share and 50.0 million preferred shares with par value of P1 per share to 2,550 million divided into 2,500 million common shares with par value of P1 per share and 50.0 million preferred shares with par value of P1 per share.

On September 7, 2010, the SEC approved the Parent Company's increased in authorized capital stock from P400.0 million divided into 400.0 million common shares with a par value of P1 per share to P800.0 million divided into 750.0 million common shares with par value of P1 per share and 50.0 million preferred shares with par value of P1 per share.

The preferred shares shall have the following features:

(a) Non-convertible into common shares;

(b) Non participating in any other corporation activities or other further dividends, non-voting except in cases specified by law;

(c) No pre-emptive rights over the holders of common shares as to distribution of net assets in the event of dissolution or liquidation and in the payment of dividends at a specified rate. The Board of Directors shall determine its issued value at the time of issuance and shall determine its dividend rates and the dividends shall be paid cumulatively; and,

(d) The preferred shares shall be redeemable at the Parent Company's option under such terms as the Board of Directors may provide at the time of issuance. It shall also be re-issuable when fully redeemed.

Moreover, preferred shares have the following features among others as provided in the subscription agreement;

(a) Dividends on the Preferred Shares shall have a fixed rate of 11.50% per annum calculated in respect of each share with reference to the Issue Price thereof in respect to each dividend period.

(b) Dividends shall be payable every September 21, December 21, March 21 and June 21 of each year (each a "Dividend Payment Date"). The dividends on the Preferred Shares shall be calculated on a 30/360 day basis and shall be paid quarterly in arrears on the last day of each 3-month dividend period (each a Dividend Payment Date), as and if declared by the Board of Directors. If the Dividend Payment Date is not a banking day, dividends shall be paid on the next succeeding banking day, without adjustment as to the amounts of dividends to be paid.

(c) The Preferred Shares shall have priority in the payment of dividends at the stipulated rate at the time of issuance and in the distribution of corporate assets in the event of liquidation and dissolution of the Parent Company. As such, the Board of Directors to the extent permitted by law shall declare dividends each quarter sufficient to pay the equivalent dividend. Dividends on the shares shall be cumulative. If for any reason the Parent Company's Board of Directors does not declare a dividend on the Preferred Shares for a particular dividend period, the Parent Company shall not pay a dividend for said dividend period. However, on any future Dividend Payment Date on which dividends are declared holders of the shares shall receive the dividends accrued and unpaid to the holders of the Preferred Shares prior to such Dividend Payment Date. Holders of Preferred Shares shall not be entitled to participate in any other further dividends beyond the dividends specifically payable on the Preferred Shares.

Moreover, the subscription agreement requires that the Parent Company undertakes to maintain a long-term debt to equity ratio of 1:1 throughout the life of the preferred shares. The long-term debt to equity of the Company as of September 30, 2012 is 0.68 : 1 which more than complies the aforementioned covenant.

As of September 30, 2012 and December 31, 2011, the Parent Company has 46 stockholders owning 100 or more shares each of the Parent Company's capital stock.

24.2 Listing with PSE

On July 11, 2007, the Parent Company offered its stocks for listing with the PSE. Number of common shares registered was 145.0 million with an issue price of P9.80. As of December 31, 2011, the number of holders of such securities is 41. The market price of the Parent Company's shares as of September 30, 2012 and December 31, 2011 is P8.09 and P11.28 respectively. The September 30, 2012 is after adjustment to 50% stock dividend declared and distributed during the year.

24.3 Additional Paid-in Capital

In 2010, the Parent Company issued 5.0 million of its preferred shares at P100 per share. The excess of par value for such subscription amounting to P495.0 million was recorded as part of Additional Paid-in Capital account in the consolidated statements of financial position. In addition, the excess of the selling price over the acquisition cost of the treasury shares sold in 2010 also constitutes the Additional Paid-in Capital account.

In 2009, the Social Security System (SSS) has bought an initial 2.83% stake in the Parent Company representing 7.5 million subscribed common shares for P42.0 million or at P5.60 per share. The excess of par value for such subscription amounting to P34.5 million was recorded under Additional Paid-in Capital account in the consolidated statements of financial position.

In 2007, the Parent Company listed its shares of stock with PSE. Premiums received in excess of the par value during the public offering amounting to P227.1 million were recorded under Additional Paid-in Capital account in the consolidated statements of financial position.

24.4 Treasury Shares – At Cost

The details of this account are as follows:

	Shares			Amount		
	2011	2010	2009	**2011**	2010	2009
Balance at beginning of year	-	3,849,000	3,849,000	**P -**	P 17,252,140	P17,252,140
Issuance during the year	-	(3,849,000)	-	-	(17,252,140)	-
Balance at end of year	-	-	3,849,000	**P -**	P -	P 17,252,140

24.5 Retained Earnings

On March 08, 2012, the stockholders ratified the BOD's approval of 50% stock dividends (or a total of 244.9 million shares), valued at par and distributed on April 26, 2012 to stockholders of record as of March 28, 2012. In addition, cash dividends of 10 centavos per share totaling to P49 million were also declared and paid 2012.

On March 11, 2011, the stockholders ratified the BOD's approval of 30% stock dividends (or a total of 113.0 million shares), valued at par and distributed on May 6, 2011 to stockholders of record as of April 8, 2011. In addition, cash dividends of 10 centavos per share totaling to

P37.6 million were also declared and paid in 2011.

On March 21, 2011, June 21, 2011, September 21, 2011 and December 1, 2011, the BOD declared and approved the payment of cash dividend to preferred shareholders totaling to P70.7 million.

On June 15, 2010, the stockholders ratified the Board of Directors' approval of a 40% stock dividends (or a total of 107.7 million shares), valued at par and distributed on October 21, 2010 to all stockholders of record as of September 24, 2010. In addition, cash dividends of five centavos per share totaling to P13.7 million were also declared and paid in 2010.

On May 29, 2009, the Parent Company's stockholders ratified the Board of Directors' approval of a 40% stock dividends (or a total of 73.7 million shares), valued at par and distributed on August 3, 2009 to all stockholders of record as of July 8, 2009.

24.6 Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and,
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	September 30, 2012	December 31, 2011
Total liabilities	**P 9,787,189,192**	P 9,213,461,824
Total equity	**4,327,579,186**	4,038,793,532
Debt-to-equity ratio	**2.26 : 1.0**	2.28 : 1.0

The increase of the total liabilities in 2012 and 2011 is the result of the additional borrowings for the procurement of petroleum and construction of depot facilities and retail stations. The increase in equity is due to the accumulated earnings.

The Group's goal in capital management is to maintain a debt-to-equity structure ratio not exceeding 2.7 to 1.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

25 EARNINGS PER SHARE

Earnings per share were computed as follows:

	September 30, 2012	September 30, 2011
Net profit pertaining to common shares	**P 472,624,687**	P 448,155,588
Divided by weighted average number of outstanding common shares	**801,983,960**	609,171,249
Earnings per share	**P 0.59**	P 0.74

The Parent Company does not have dilutive shares as of September 30, 2012 and 2011. Accordingly, no diluted earnings per share was computed by the Group.

26 COMMITMENTS AND CONTINGENCIES

26.1 Capital Commitments

As of December 31, 2011, the Group has commitments of more than P1,000.0 million 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 275 opened retail service stations as of September 30, 2012. An additional of 55 retail service stations are under various stages of completion as of September 30, 2012.

In 2012, the Group plans to expand further its petroleum retail service stations and carry out its investments in it 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.

26.2 Letters of Credits

As of September 30, 2012 and December 31, 2011, the Parent Group has unused LCs amounting to P2.2 billion and P6.6 billion, respectively.

26.3 Operating Lease Commitments – Group as Lessee

The Group is a lessee under several operating leases. The leases have terms ranging from 2 to 15 years, with renewal options, and include annual escalation rates of 2% to 10%. The future minimum rentals payable under these cancelable operating leases are presented as follows:

	2011
Within one year	**P 83,832,424**
After one year but not more than five years	**222,766,728**
More than five years	**460,060,085**
	P 766,659,237

Total rent expense for the years 2011 amounted to P164.1 million (see Note 19).

26.4 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases with third parties. The leases have terms ranging from 2 to 15 years, with renewal options, and include annual escalation rates of 2% to 10%. The future minimum rentals receivables under these cancelable operating leases are presented in the next page.

	2011
Within one year	**P 27,688,937**
After one year but not more than five years	**116,896,787**
More than five years	**94,958,743**
	P 239,544,467

Rent income in 2011 amounting to P76.1 million is presented as part of Fuel Service, Storage Income and Other Revenues account in the consolidated statements of comprehensive income.

26.5 Others

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not given recognition in the consolidated financial statements. As of September 30, 2012, the management believes that losses, if any, that may arise from these commitments and contingencies will not have material effects on the consolidated financial statements.

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 three Months' Period Ended September 30, 2012 vs. September 30, 2011.

Revenues

The Group generated total revenues of ₽ 24.941 billion in 2012 which is 19% higher than its 2011 level of ₽ 20.9 billion, primarily due to the 19% increase in sales volume of refined petroleum products minimized by the total lower revenues from real estate sales, fuels service and storage revenue.

Sales revenues from trading and distribution of petroleum products increased by 22% from ₽ 20.2 billion in 2011 to ₽ 24.6 billion in 2012 resulting principally from a wider distribution network and expanded institutional customer base and also as a result of improved price competitiveness. The Parent Company had two hundred seventy five (275) Phoenix Fuels Life retail service stations as of September 30, 2012 compared to one hundred ninety-eight (198) retail stations as of the same period last year. The Parent Company has a number of retail stations undergoing construction and projected to be opened within the year.

The Group generated ₽ 357 million from its chartering revenue, fuels service, storage, port and other income in 2012 versus ₽ 380 million in 2011, a 6% decline compared to the same period last year.

There is no real estate sales this year compared to ₽ 334 million in 2011.

Cost and expenses

The Group recorded cost of sales and services of ₽ 22.968 billion, an increase of 21% from its 2011 level of P 19.035 billion primary due to 24% increase in the sales volume of petroleum products. Average unit costs this year were almost the same level compared to the same period last year as a result of higher petroleum product prices.

Selling and administrative expenses increased as a result of the increasing volume and the continuous expansion of the Group's business operations. With its growing retail presence nationwide and the scaling-up of operations, the Company incurred additions in manpower, and logistics costs including depreciation of facilities.

Net Income

The Group's net income for the first three quarters of 2012 is ₽ 516 million versus 2011 same period net income of ₽ 491 million. The increase in net income is a result of improved margin in the third quarter of 2012 which was brought about by the recovery of prices in the petroleum products in the world market. CSC also contributed 20% of the total net income of the reporting period.

The Parent 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.

The Parent Company obtain additional registration approval from the Board of Investments (BOI) under R.A. 8479 or Oil Industry Deregulation Law for its Calaca, Batangas Terminal.. This entitles the Parent Company to an Income Tax Holiday (ITH) on the revenue activities from this additional storage capacity for five (5) years starting February 2010. Another BOI registration was granted for the Davao Terminal Expansion facility effective February 2010 thus entitling the Parent Company another set of incentives including the five (5) year ITH in its Davao Terminal Marketing and Storage activities. These additional ITH incentives will allow the Company to enjoy an effective income tax rate well below 30% as it continuously expands its storage and obtains further incentives from the BOI.

The Parent Company was also registered with the BOI on November 25, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Talisayan, Zamboanga City. 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.

The Parent Company gets new approvals with the BOI for its two (2) new facilities. Both the Cagayan de Oro City and the Bacolod City were registered and issued certification by the BOI last May 12, 2012. The registration entitles the Parent Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI registered entity.

Financial Condition
(As of September 30, 2012 versus December 31, 2011)

Total resources of the Group as of September 30, 2012 stood at ₱ 14.115 billion, a growth of 7% over the ₱ 13.252 billion as of December 31, 2011. This is inclusive to the CSC asset consolidated in the Parent Company.

Cash and cash equivalents decreased by 23% from ₱ 924 million to ₱ 711 million due to timing in settling various liabilities as well as collections of receivables.

The Group's liquidity position continued to be strong with Current Assets amounting to ₱7.049 billion as of September 30, 2012, up by only 5% from ₱ 6.700 billion as of December 31, 2011.

Trade and other receivables decreased by 9%, from ₱ 2.664 billion as of December 31, 2011 to ₱ 2.432 billion as of September 30, 2012, which were mainly driven continuous improvement of collection efficiency and increasing cash sales. The Group continue to enhance its credit policies to minimize overdue customer past due accounts.

Inventories increased by 27%, from ₱ 2.133 billion as of December 31, 2011 to ₱ 2.701 billion as of September 30, 2011 as the Group's inventory strategy of maintaining inventory level ranging from 20 days to one month of average costs of sales.

Due from related parties and Due to parent company in September 30, 2012 and December 31, 2011 is ₱ 9.8 million and ₱ 25.9 million respectively. A decrease of 62% is due to various settlements from related party during the year.

Input taxes-net increased by 85% in 2012 is the result of increasing importation and the input taxes on the capital expenditures.

Other current assets are at ₱ 243 million and ₱ 207 million levels for September 30, 2012 and December 31, 2011 respectively. The increase represents the prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance and other current assets.

As of September 30, 2012, the Group's property and equipment, net of accumulated depreciation, increased to ₱ 6.079 billion compared to ₱ 5.457 billion as of December 31, 2011 due to investments in additional depot capacity in existing areas and new additional sites. During first quarter, the Parent Company has completed its Depot facility in Bacolod City, additional storage tanks in Calaca, Batangas and Davao City plus retail stations in Luzon, Mindanao and Visayas.

Appraisal Increment, as result of CSC appraisal accounting of vessels, declined 23% to ₱ 443 million from ₱ 578 as a result of amortization.

Loans and Borrowings increased by 39% from ₱ 5.877 billion as of December 31, 2011 to ₱8.185 billion as of September 30, 2012. This was driven by the increase in inventory and decrease of accounts payable trade alongside the rise in cost of sales which resulted to the increased utilization of trade facilities such as import letters of credit and trust receipts.

Trade and other payables decreased by 56%, from ₱ 2.937 billion as of December 31, 2011 to ₱1.282 billion as of September 30, 2012. Trade payables from foreign suppliers were covered by letters of credit and or then booked to trust receipts while products are still in inventory or in accounts receivable.

Total Stockholders' Equity increased to ₱ 4.328 billion as of September 30, 2012 from ₱4.039 billion as of December 31, 2011 due the income for the two quarter less the cash dividend of ₱ 77.7 million declared during the semester.

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

Selected Financial Ratios	**Nine (9) Months ended, Sept. 30, 2012**	**Twelve months ended, December 31, 2011**
Current Ratio[1]	1.03 : 1	0.96 : 1
Debt to Equity[2]	2.26 : 1	2.28 : 1
Return on Equity[3]	12.33%	17.37%
Return on Assets[4]	3.77%	5.40%
Earnings Per Share[6]	0.59	0.81
Net Book Value Per Share-Common[5]	4.78	6.11

Notes:

1 - Total current assets divided by current liabilities

2 - Total liabilities divided by tangible net worth

3 – Period or Year Net income divided by average total stockholders' equity

4 – Period or Year Net income divided by average total assets

5 –Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

6 – Period or Year Net income after tax divided by weighted average number of outstanding common shares

The foregoing 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's (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise these ratios are used to compare the Group's performance with its competitors and similar-sized companies.

Material Changes to the Group's Balance Sheet as of September 30, 2012 compared to December 31, 2011 (Increase/decrease of 5% or more)

23% decrease in Cash and Cash Equivalents
As a result of utilization of cash collection for payment of various liabilities and timing of accounts receivable collections

9% decrease in Trade and other receivables
A factor of continuous improvement of collection efficiency and ratio of cash sales .

18% increase on restricted deposits
Provision for incoming liabilities and interest income earned on restricted deposits.

85% increase in net input vat
VAT payment to importations and the accumulated input vat for capital expenditures.

18% increase in other current assets
Due to prepayments on increasing rentals of new sites for depots and retail stations. Prepaid insurance also increased with the increasing insurance coverage.

100% decrease in instalment contract receivable-non current
Account becomes current

11% increase on Property plant and equipments as a result of continuous expansion.

23% decrease in appraisal increment as a result of amortization.

14% increase in other non-current assets
Increase in refundable deposits to various retail station sites and depot sites.

39% increase in Loans and Borrowings
Increase in utilization of trade lines (LC/TR) to finance inventory purchases.

56% decrease in Trade and other payables
Trade Payable to foreign suppliers financed by trade lines (LC/TR)

20% increase in non-current liabilities
This is the result of increasing security deposits or cash bond posted by dealers and customers to secure Parent Company receivable.

Material changes to the Group's Income Statement as of September 30, 2012 compared to September 30, 2011 (Increase/decrease of 5% or more)

22% increase in Sale of petroleum products
Principally due to higher sales volume and higher selling prices compared to the same period of 2011.

21% increase in cost of sales
Primarily due to increase sales in petroleum product plus the effect of higher average costs compared to last year.

27% increase in selling and administrative expenses

The increase arose from the ongoing network and storage expansion activities, increase in trade area coverage, and higher sales volume of activity. Volume increased by 24% for this period compared to the same period of last year due to wider market coverage and additional institutional accounts.

17% increase in Finance Costs (net)
Due to interest on the instalment payable, bank term loan and TRs availed for the increasing purchases.

124% increase in other income/Costs
Due to provisioning of monthly inventory losses and various other items

5% increase in provision for income taxes
Increase in provisioning for portion of expired income tax holiday.

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 08, 2012 at the Marco Polo Hotel, Davao City, Philippines.

2. Stock Dividend declared by the Board of Directors was approved by the Stockholders during the March 08, 2012 Annual Stockholders' meeting. This entitles all stockholders of record as of March 28, 2012 and shall be distributable on April 26, 2012.

3. The Parent Company executed a Convertible Notes Facility Agreement worth Php 500 million with warrants offering amounting to Php 180 million with BDO Unibank, Inc last, 11 July 2012 at the BDO Corporate Center, Makati City. The issuance of corporate notes is part of the Company's plan to raise long-term capital, finance capital expenditures and refinance short term debt.

   The issuance of the warrants shall be subject to the consents and approvals of the stockholders during the Special Stockholders' Meeting on 06 September 2012 and the appropriate government authorities.

4. The Board of Directors of the Parent Company approved the acquisition of Chelsea Shipping Corp. (CHELSEA) as well as the terms and conditions of the transaction. Under the law, the transaction still requires the stockholders approval in a meeting duly called for that purpose as well as the approval from the appropriate government authorities. As approved also by the Board of the Parent Company, the transaction shall be taken up during a Special Stockholders' Meeting on 06 September 2012. Purchase price is P 1.578 billion of which 90% is via share-for Share swap, 10% is cash. The 10% cash component is to cover taxes and other statutory payments to be paid by the shareholder of CHELSEA.

   The 90% Share-for Share Swap wherein the Company shall issue in favor of the Sellers thirty (30) new common shares of the Parent Company for every one (1) share of CHELSEA.

   Accordingly, One Hundred Seventy One Million Two Hundred Fifty Thousand Seven Hundred Ninety Nine (171,250,799) new common shares from the unissued authorized capital stock of the Company shall be issued in favor of the Sellers in proportion to the latter's respective shareholdings in CHELSEA

5. On July 18, 2012, the Parent Company signed with Maybank Philippines Inc. a 5-year term loan amounting to P 300 million. Drawdown of the said loan was subsequently done by the Parent Company.

6. As of September 30, 2011, 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.

7. On November 08, 2012, the Parent Company concluded a ₱ 2.5 billion, 5-year Corporate notes. Penta Capital Investment Corp(PentaCapital) acted as Issue Manager with PentaCapital and China Banking Corporation (ChinaBank) as joint lead arrangers.

8. 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.

9. 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.

10. 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

JOSEPH JOHN L. ONG
Chief Finance Officer

SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS IN TWO COMPARATIVE PERIODS:

Ratios (formula)	As of Sept. 30, 2012	As of Sept. 30,2011
1. Current/Liquidity	1.03:1	1:21:1
2. Solvency, debt-to-equity	2.26:1	2:13:1
3. Asset-to-equity	3.26:1	3.13:1
4. Interest rate Coverage ratio	2.54:1	2.72:1
5. Profitability ratios		
5.1 Return on Equity	12.33%	15.85%
5.2 Return on Assets	3.77%	5.08%
5.3 Earnings per Share	0.59	0.85
6. Other Ratios		
Net Book Value per Share	4.78	5.71

Notes:
1 - Total current assets divided by current liabilities
2 - Total liabilities divided by tangible net worth
3 – Total Assets divided by Total Equity
4 – EBIT/Interest Expense
5.1 - Period or Year Net income divided by average total stockholders' equity
5.2 Period or Year Net income divided by average total assets
5.3 Period or Year Net income after tax divided by weighted average number of outstanding common shares
6. Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

Republic of the Philippines}
City of Davao } S.S.

ANNEX "C"

CERTIFICATION

I, **SOCORRO ERMAC CABREROS**, of legal age, Filipino, married and a resident of Davao City, Philippines, after having been sworn to in accordance with law, hereby depose and say:

1. I am the Corporoate Secretary of **PHOENIX PETROLEUM PHILIPPINES, INC.**, a domestic corporation duly existing and registered under and by virtue of the laws of the Republic of the Philippines with office address located along Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City, Philippines;

2. I hereby certify the attendance of each director of the Company in the board meetings conducted during the year 2012, as may be applicable:

Names of Director	January 31, 2012	February 08, 2012	March 08, 2012	July 6, 2012	November 22, 2012
Domingo T. Uy	P	P	P	P	P
Dennis A. Uy	P	P	P	P	P
Jose Manuel R. Quimson	P	P	P	P	P
Romeo B. De Guzman	P	P	P	P	P
Socorro T. Ermac Cabreros	P	P	P	P	P
J.V. Emmanuel A. De Dios	P	P	P	P	P
Diana Pardo Aguilar	P	P	A	P	P
Ricardo S. Pascua	P	P	P	P	P
Monico V. Jacob	P	P	P	P	A

P - Present
A - Absent
N/A - Not Applicable (either not yet a member or no longer a member of the Board)

3. This certification is issued in compliance with the reportorial requirement of the Securities and Exchange Commission.

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IN WITNESS WHEREOF, I have hereunto set my hand on JAN 1 1 2013 in Davao City, Philippines.

SOCORRO ERMAC CABREROS
Corporate Secretary

Noted by:

Domingo T. Uy
Chairman

SUBSCRIBED AND SWORN TO this on JAN 1 1 2013 in Davao City Philippines with affiants exhibiting to me their competent evidence of identity as follows:

	Name	Valid ID
1.	Socorro Ermac Cabreros	SSS ID No. 09-1617272-0
2.	Domingo T. Uy	SSS ID No. 09-0185238-6

The affiants further attest that the foregoing is true and correct.

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KENNETH L. DABI NOTARY PUBLIC Roll No. 47866 Davao City, Philippines

ATTY. KENNETH L. DABI
Notary Public for Davao City
Expires on December 31, 2014
Serial No. 092-2013
PTR No. 2417366; 12-11-12; D.C.
IBP No. 884261; 12-11-12; D.C.
Roll of Attorneys No. 47866

ANNEX "D"

Republic of the Philippines}
City of Davao } S.S.

CERTIFICATION

I, **SOCORRO ERMAC CABREROS**, of legal age, Filipino, married and a resident of Davao City, Philippines, after having been sworn to in accordance with law, hereby depose and say:

1. I am the Corporoate Secretary of **PHOENIX PETROLEUM PHILIPPINES, INC.,** a domestic corporation duly existing and registered under and by virtue of the laws of the Republic of the Philippines with office address located along Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City, Philippines;

2. I hereby certify that in the year 2012, the Company has substantially complied with the provisions of its Manual of Corporate Governance

3. This certification is issued in compliance with the reportorial requirement of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand on JAN 11 2013 in Davao City, Philippines.

SOCORRO ERMAC CABREROS
Corporate Secretary

Noted by:

Domingo T. Uy
Chairman

SUBSCRIBED AND SWORN TO on JAN 11 2013 in Davao City Philippines with affiants exhibiting to me their competent evidence of identity as follows:

	Name	Valid ID
1.	Socorro Ermac Cabreros	SSS ID No. 09-1617272-0
2.	Domingo T. Uy	SSS ID No. 09-0185238-6

The affiants further attest that the foregoing is true and correct.

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Series of 2013

KENNETH L. DABI NOTARY PUBLIC Roll No. 47866 Davao City, Philippines

ATTY. KENNETH L. DABI
Notary Public for Davao City
Expires on December 31, 2014
Serial No. 092-2013
PTR No. 2417366; 12-11-12; D.C.
IBP No. 884261; 12-11-12; D.C.
Roll of Attorneys No. 47866

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