SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

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) 235-8888**

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

   March 18, 2016, 2:00 p.m.
   Phoenix Petroleum Corporate Headquarters
   Stella Hizon Reyes Rd.
   Lanang, Davao City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **February 26, 2016**

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	1,428,777,232
Preferred Shares, Php 1.00 par value	25,000,000

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, 1,428,777,232 Common Shares
    25,000,000 Preferred 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 18, 2016**
Time : **2:00 p.m**.
Place : **Phoenix Petroleum Corporate Headquarters**
Stella Hizon Reyes Rd.
Davao City

Mailing Address: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
Office of the Corporate Secretary
Phoenix Petroleum Corporate Headquarters
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 26, 2016**

Item 2. Dissenter's Right of Appraisal

Pursuant to Section 81 of the Corporation Code of the Philippines, 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.

THERE ARE NO MATTERS THAT WILL BE PRESENTED FOR SHAREHOLDERS' APPROVAL DURING THE ANNUAL MEETING THAT MAY OCCASION THE EXERCISE OF THE RIGHT OF APPRAISAL.

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

(a) No director or officer of the Company since the beginning of the last fiscal year, nominee for election as director of the Company, nor any of their associates, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Meeting, other than election to office.

(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 2016**, the total number of shares outstanding and entitled to vote on all corporate matters to be acted upon during the Annual Meeting are 1,428,777,232 common shares.

(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 26, 2016**.

(c) Voting Rights

In the matters to be voted upon in the Annual Meeting, stockholders of record as of **February 26, 2016** 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 Annual 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.

With respect to the election of the members of the Board of Directors, cumulative voting is allowed. A stockholder may vote such number of shares for as many persons as there are directors to be elected; or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or he may distribute these shares on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of **January 31, 2016.**

(1) Security Ownership of Certain Record and Beneficial Owners

As of **January 31, 2016**, 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, Bo. Pampanga, Lanang, Davao City Majority Shareholder	Record Owner is the direct beneficial owner	Filipino	588,945,630	41.22%

Common	Udenna Management & Resources Corp. Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City Shareholder	Record Owner is the direct beneficial owner	Filipino	254,921,743	17.84%
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	312,206,041	21.85%
Common	PCD Nominee Corporation (Non-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	203,329,738	14.23%

As of **January 31, 2016**, 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.	Igna S. Braga IV
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, 2016**, the security ownership of Management is as follows:

Common

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	3,991,811 direct beneficial owner	Filipino	0.28%
Common	Dennis A. Uy &/or Cherylyn C. Uy Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City	1,098,099 direct beneficial owner	Filipino	0.08%
Common	Domingo T. Uy Insular Village Phase II, Lanang, Davao City	645,919 direct beneficial owner	Filipino	0.05%
Common	Romeo B. De Guzman Hillsborough, Alabang Village, Muntinlupa City	1,454,742 direct beneficial owner	Filipino	0.10%
Common	Socorro T. Ermac Cabreros 223 V. Mapa St., Davao City	103,316 direct beneficial owner	Filipino	0.01%
Common	J.V. Emmanuel A. De Dios 95 A. Melchor St., Loyola Heights, Quezon City	857,116 direct beneficial owner	Filipino	0.06%
Common	Joseph John L. Ong 80 Pola Bay, Southbay Gardens, Paranaque City	431,836 direct beneficial owner	Filipino	0.03%
Common	Consuelo Ynares Santiago Santiago Cruz & Associates Law Office Unit 1702 East Tower PSE Center, Pasig City	1 direct beneficial owner	Filipino	0.00%

Common	Monico V. Jacob 7th flr Philippine First Bldg, 6764 Ayala Ave., Makati City	1 direct beneficial owner	Filipino	0.00%
Common	Paul G. Dominguez Alson Development Corp. 329 Bonifacio St., Davao 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	70,980 direct beneficial owner	Filipino	0.00%
Common	Gigi Q. Fuensalida 155 Brillantes St. 5th Avenue, Caloocan City	70,980 direct beneficial owner	Filipino	0.00%
Common	Reynaldo A. Phala Block 5 Lot 20 Pioneers Village	24,830 direct beneficial owner	Filipino	0.00%

Preferred

Title of Class of Securities	**Name/Address of Beneficial Owner**	**Amount and Nature of Beneficial Ownership**			**% of Ownership**
			Number of Shares		
Directors:		**PNX3A**	**PNX3B**	**Total**	**% to total I/O shares**
Preferred	**Domingo T. Uy*** Ph2 Blk 07 Insular Village Phase II, Lanang, Davao City	-	10,000 direct beneficial owner	10,000	0.05%

Preferred	**Romeo B. De Guzman*** Hillsborough, Alabang Village, Muntinlupa City Bacaca, Davao City	25,000 Indirect beneficial owner thru Spouse	-	25,000	0.13%
Preferred	**Consuelo Ynares Santiago** Santiago Cruz & Associates Law Office Unit 1702 East Tower PSE Center, Pasig City	-	10,000 direct beneficial owner	10,000	0.05%
Preferred	**Joseph John L. Ong*** 80 Pola Bay, Southbay Gardens, Paranaque City	-	30,000 direct beneficial owner	30,000	0.15%

*named directors are likewise officers of the Company or Corporation per By-Laws

The other executive officers of the Company, Alan Raymond T. Zorrilla – VP for External Affairs, Business Development and Security, Edwin M. Jose- AVP for Sales-Mega Manila, Joselito De Jesus- Asst. Vice President Sales-Upcountry, William M. Azarcon – Vice President for Depot and retail Engineering, Ma. Rita A. Ros – Asst. Vice President for Supply, Richard Tiansay-AVP for Sales-Visayas, Ericson Inocencio-AVP for Sales-North Mindanao, Norman T. Navarro-AVP for Sales So. Mindanao, Roy Jimenez-AVP for NFRB, Celina I. Matias-AVP for Brand and Marketing, Celeste Marie G. Ong-AVP for Human Resources, Alfredo Rogelio E. Reyes-IT Manager and Joven Jesus G. Mujar-AVP for Lubes Sales & Distribution, do not own common shares in the Company.

The numbers of aggregate shares for all directors and executive officers is Eight Million Seven Hundred Forty Nine Six Hundred Thirty Two (8,749,632) for common shares and Seventy Five Thousand (75,000) for preferred shares.

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	69	Filipino
Director/President and Chief Executive Officer	Dennis A. Uy	42	Filipino
Director/Chief Operating Officer	Romeo B. De Guzman	66	Filipino
Director	***Jose Manuel R. Quimson****	67	Filipino
Corporate Secretary/Asst. Vice President for Corporate Legal	Socorro T. Ermac Cabreros	51	Filipino
Director/Chief Finance Officer	Joseph John L. Ong	57	Filipino
Director	Cherylyn C. Uy	36	Filipino
Director	J.V. Emmanuel A. de Dios	51	Filipino
Director	Paul G. Dominguez	66	Filipino
Independent Director	Consuelo Ynares Santiago	76	Filipino
Independent Director	Monico V. Jacob	71	Filipino
Other Executive Officers			
Chief Compliance Officer and Chief Corporate Counsel	***Ramon Edison C. Batacan****	57	Filipino
Treasurer/Vice President for Finance	Chryss Alfonsus V. Damuy	42	Filipino
Vice President for Corporate Affairs, Business Development and Security	Alan Raymond T. Zorrilla	47	Filipino
Vice President for Depot and Retail Engineering	William M. Azarcon	70	Filipino
Asst. Vice President for Sales-South Mindanao	Norman T. Navarro	50	Filipino
Asst. Vice President for Sales-Visayas	Richard C. Tiansay	52	Filipino
Assistant Vice President for Sales-North Mindanao	Ericson S. Inocencio	43	Filipino
Assistant Vice President for Sales-Mega Manila	Edwin M. Jose	57	Filipino
Assistant Vice President for Sales-Luzon Up-Country	Joselito G. De Jesus	60	Filipino
Assistant Vice President for Lubes Sales and Distribution	Joven Jesus G. Mujar	46	Filipino
Asst. Vice President for Non Fuel Related Business	Roy O. Jimenez	54	Filipino
Asst.Vice President for Supply	Ma. Rita A. Ros	57	Filipino
Asst. Vice President for Technical Service and Quality Product Assurance Department	Ignacio B. Romero	66	Filipino
Asst. Vice President for Treasury	Reynaldo A. Phala	49	Filipino
Asst. Vice President for Brand and Marketing	Celina I. Matias	51	Filipino
Asst. Vice President for Customer Service Unit and Corporate Communications	Debbie A. Uy-Rodolfo	37	Filipino

Asst. Vice President for Human Resources	Celeste Marie G. Ong	49	Filipino
Information Technology Manager	Alfredo E. Reyes	54	Filipono
Asst. Corporate Secretary	Gigi Q. Fuensalida	39	Filipino

**On September 22, 2015, the Company received the resignation letter of Mr. Quimson with effective date of September 1, 2015.The Company's Board of Directors accepted the resignation upon its receipt. The vacant board seat shall be filled at the appropriate time. No director has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.*

**On February 15, 2016, the Company received the resignation letter of Mr. Ramon Edison C. Batacan with effective date of February 01, 2016. The Company accepted his resignation on February 16, 2016. His position shall be temporarily filled-in by the Company's incumbent Corporate Secretary Socorro Ermac Cabreros. No Officer has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.*

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

Mr. Domingo T. Uy, Filipino, 69 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

Mr. Dennis A. Uy, Filipino, 42 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 Parent 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., P-F-L Petroleum Management, Inc. and P-H-O-E-N-I-X 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 the Chairman of F2 Logistics, Phoenix Philippines Foundation, and Udenna Foundation. 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 Philippines since November 2011. He is a graduate of De La Salle University with a degree in Business Management.

Romeo B. De Guzman
<u>Director, Chief Operating Officer</u>

Romeo B. De Guzman, Filipino, 66 years old, was elected Director of the Company in 2009. He is the 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 obtained his Marketing Management and MBA degree from San Sebastian College – Manila.

Socorro T. Ermac-Cabreros
<u>Director, AVP for Corporate Legal and Corporate Secretary</u>

Socorro T. Ermac-Cabreros, Filipino, 51 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, 51 years old, was elected Independent Director of the Company on February 15, 2007 and regular director on March 7, 2008. He is the Chief Executive Officer of GE Philippines, and prior to that was President and Chief Executive Officerof Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was the 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.

Joseph John L. Ong
Director, Chief Finance Officer

Mr. Joseph John L. Ong**,** Filipino, 57 years old, is the Chief Finance Officer of the Company. He is also a member of the Board of Directors of South Pacific, Inc., an affiliate of the Company. Prior to his employment in the Company, he spent almost 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 12 years with Ginebra San Miguel, Inc., then known as La Tondeña Distillers, Inc., the country's second largest beverage company at the time and a listed subsidiary of San Miguel Corporation. He was its Vice President for 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 and 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.

Paul G. Dominguez
Director

Paul G. Dominguez, Filipino, 66 years old, 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 in the Advisory Board for Southeast Asia of Colonial Insurance Co. and Commonwealth Bank of Australia.

Cherylyn C. Uy
Director

Ms. Cherylyn Chiong-Uy, Filipino, 36 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is 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 the Corporate Treasurer of Udenna Corporation. Ms. Uy is also the President of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is the Corporate Treasurer of Udenna Management and Resources Corp.and Chelsea Shipping Corp.

Consuelo Yñares-Santiago
Independent Director

Ms. Consuelo Ynares-Santiago, Filipino, 76 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, SMC Global Power Holdings, Inc., one of the country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp. and Top Frontier Investment Holdings, Inc. She is also a Consultant of various respectable government offices such as the Office of Vice-President Jejomar C. Binay, Office of Senate President Juan Ponce Enrile, and the 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 being admitted to the bar, she started her career as a Legal Officer of the 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, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she joined various committees, among them the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the 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.

Monico V. Jacob
Independent Director

Monico V. Jacob, Filipino, 70 years old, has been Independent Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; of Philippine Life Financial, Inc., a life insurance company, and of Republic Surety and Insurance Co., a non-life insurance Company. He likewise sits as an independent director of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2GO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc., an HMO and IAcademy.

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
Socorro T. Ermac-Cabreros	2006 to present (except 2009, 2010)	1 year
Romeo B. De Guzman	since 2009 to present	1 year
J.V. Emmanuel De Dios	2007 to present	1 year
Cherylyn C. Uy	2004 to 2006, 2013 to present	1 year
Paul G. Dominguez	2013 to present	1 year
Joseph John L. Ong	2013 to present	1 year
Monico V. Jacob	2008 to present	1 year
Consuelo Ynares Santiago	2013 to present	1 year

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
Consuelo Ynares Santiago	Anchor Insurance Brokerage Corp. SMC Global Power Holdings, Inc.	Independent Director

	South Luzon Tollway Corp. Top Frontier Investment Holdings, Inc.	
Monico V. Jacob	Jollibee Foods Corporation Century Properties Lopez Holdings, Inc. 2GO Shipping	Independent Director

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 Commission on or before the Company's distribution of the Definitive Information Statement to the security holders on February 26, 2016.

Certificates of Attendance of Directors for 2015 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 2015 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:

Alan Raymond T. Zorrilla, Filipino, 47 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 the Unioil Group of Companies where he headed the Legal, Human Resources, and Administrative Departments. He also served as Director for Freeport Services Corporation, a 100% subsidiary of Subic Bay Metropolitan Authority and was once a Legal Consultant of the Department of Environment and Natural Resources. Atty. Zorrilla was engaged in litigation practice with Pangilinan Britanico Sarmiento and Franco Law Offices before he entered corporate practice. He formerly worked as Corporate Legal Counsel of publicly-listed Fil-Estate Group of Companies inits Litigation and Labor Department. Atty. Zorrilla completed his law studies at the San Beda College of Law in 1994 and was admitted to the Philippine Bar in 1995. He also took up his masteral studies at the Ateneo Graduate School of Business. He is an Army Reservist and a concurrent Commander (Lt. Colonel) of the Philippine Coast Guard Auxiliary.

Chryss Alfonsus V. Damuy, Filipino, 42 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.

William M. Azarcon, Filipino, 70 years old, is currently the Vice President for Depot and Retail Engineering. 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.

Edwin M. Jose, Filipino, 57 years old, is the Asst. Vice President for Sales-Mega Manila. Mr. Jose has logged more than 29 years in the petroleum industry, with exposure in Retail, Commercial, LPG and Corporate Planning and Logistics of Petron Corporation. Before joining the Company, his Petron career started in Corporate Planning and Logistics. In Retail, he handled positions from Area Sales Executive, Retail Network Development and Sales Development Manager. After Retail, he was assigned to the Liquefied Petroleum Gas business where he handled the retail, commercial and independent refiller business for the entire Luzon area and his breakthrough programs in LPG such as the "one number delivery system", the "80-20 sales project" and pioneering LPG metering for commercial accounts such as Jollibee, among others, were reasons why Petron Gasul effectively captured market leadership in the retail sector. He was then assigned as Government Accounts Manager handling the National Power Corp. and other Independent Power Producers, US and Phil. Military. His last position in Petron is District Manager for Metro Manila under Reseller Trade. After his stint with Petron, he set up the franchise of two (2) 7-elevenconvenience stores that are still operational to date. He is an Industrial Engineering degree holder from the University of Sto. Tomas, and an MBA candidate at the Ateneo de Manila University.

Richard C. Tiansay, Filipino, 52 years old, is the Asst. Vice President for Sales-Visayas. Mr. Tiansay has more than 22 years of experience in the oil industry covering domestic and international operations. His last position in Royal Dutch Shell is as Global SAP IT Order to Cash Team Lead in London, U.K. This after being assigned to various key managerial positions not limited in the Philippines but as well as in a number in Asia Pacific and other countries. Mr. Tiansay completed his Bachelor of Science in Mechanical Engineering degreefrom the University of San Carlos, Cebu City.

Norman T. Navarro, Filipino, 50 years old, is presently the Asst. Vice President for Sales – South Mindanao ofthe Company. Before joining the Company, he was with Chevron Philippines, Inc. for 17 years where he held various management positions. He finished Bachelor of Science major in Architecture at the University of Santo Tomas in 1988.

Joselito G. de Jesus, Filipino, 60 years old, is the Asst. Vice-President for Sales-Luzon Up-Country. 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 said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from the University of the Philippines and holds a Mastersin Business Administration from the Ateneo Graduate School of Business.

Ericson S. Inocencio, Filipino, 43 years old, is the Asst. Vice President for Sales – North Mindanao. Eric has more than 18 years of extensive experience in the petroleum industry. Prior to joining the Company, he was connected with Chevron Phils. where he held various positions primarily leading the Commercial and Industrial business as District Sales Manager for more than five(5) years (Commercial Luzon 2008 to 2010 & Commercial VisMin 2010 to 2013) and as concurrent National Fleet Cards Sales Manager (2010 to 2013). He started his petroleum career in Caltex Phils. as a Commercial Accounts Manager covering key segments of Manufacturing, Transport, Wholesale, Power and Marine industries then progressed to different key positions and leadership roles. He handled Marketing support function for the Commercial Business in charge of developing and executing local & global process/programs which includes profitability modelling. He likewise acted as a Pricing specialist for Marketing Sales both Retail and Commercial business. Eric covered the Motor Vehicle Safety program as a Team lead for Philippines driving the program for more than three (3) years.
He is a certified Mechanical Engineer from De La Salle University and attended his MBA at Ateneo Graduate School of Business.

Joven Jesus G. Mujar, Filipino, 46 years of age, is the Assistant Vice President for Lubricant Sales and Distribution. He joined Phoenix last May 4, 2015. He brought with Him twelve and a half years of pure lubricant experience from a a major petroleum company holding various positions in sales, business development and marketing handling both B2C and B2B.Within those years, he had 2 years assignment in the Asia Pacific Region doing Channel Development Specialist work.

Roy O. Jimenez, Filipino, 54 years of age is currently the Asst. Vice-President for Non Fuel Related Business. Prior to joining the Company he was connected with Chevron Phil. Inc for almost 30 years and handled various National and District Managerial positions, as well as supervisory positions for various trades such as Retail, Commercial/Industrial, Marketing Support, Liquefied Petroleum Gas and Lubricants. He also handled regional position as a Programs Manager and have been the team lead for Philippines in various Chevron Regional projects. He was assigned as a District Manager covering various areas like North Metro Manila/North Luzon, Visayas and Mindanao. He is a licensed Mechanical Engineer and graduated in University of Santo Tomas. He has MBA units in De La Salle University and attended various Leadership and Management programs in Asian Institute of Management, as well as in-house training programs of Chevron in Asia Pacific and South Africa.

Ignacio B. Romero, Filipino, 66 years old, is currently the Asst. Vice President for Technical Service and Quality Product Assurance Department. Mr. Romero has more than 44 years of experience in the oil industry. Before joining the Company,he held the same position in National Oil Company of Indonesia, Pilipinas Shell Corporation, and Mobil Exxon. He is a graduate of Bachelor of Science in Mechanical Engineering at Cebu Institute of Technology in 1966 and is a licensed Mechanical Engineer.

Maria Rita A. Ros, Filipino, 57 years old, is currently the Asst. Vice President for Supply. Ms. Ros has more than thirty (30) years of experience in the oil industry covering materials management, supply chain management, production planning, imports-exports, warehousing and logistics. She held various positions in Petron Corporation from 1981 up to 2011 when she handled Biofuels and Special Projects, and Supply Optimization. Ms. Ros set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2013. She is a graduate of B.S. Chemical Engineering from the University of the Philippines, and is a licensed Chemical Engineer, and took up Basic Management at the Asian Institute of Management.

Celina I. Matias, Filipino, 51 years old, is presently the Asst. Vice President for Brand and Marketing Group of the Company. Ms. Matias has more than 25 years of expertise on strategic marketing and client servicing. She honed her skills from Ogilvy & Mather and Mc Cann Erickson and had worked with local Ad Agency as partner. She handled over 25 local and global brands across different product categories from petroleum, telecoms, real estate, automotive, pharmaceutical and a lot more. She finished Communication Arts major in Advertising & Public Relations in Assumption College.

Debbie A. Uy-Rodolfo, Filipino, 37 years old, is presently the Asst. Vice President for Customer Service Unit and Corporate Communications of the Company. On top of her role as head of the Corporate Communications department, Debbie leads the Customer Service Unit team in achieving their targets by determining customer service trends, determining system improvements and implementing change. She graduated with a degree in Computer Science major in IT from De La Salle University, and finished her Masters in Journalism at Ateneo de Manila University.

Reynaldo A. Phala Filipino, 49 years old, is the Asst. Vice President for Treasury. He joined the Company in 2008 as its Credit and Collection Manager. Before joining the Company, he led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He recently finished his Master in Business Administration (MBA) under the Regis Program at the Ateneo Graduate School of Business.

Celeste Marie G. Ong, Filipino, 49 years old, is currently the Asst. Vice President for Human Resources. Ms. Ong has more than 20 years of solid human resources management experience from local and multinational companies (Concrete Aggregates Inc., Van Melle Phils., Fujitsu Computer Products and Optodev, Inc.) Her expertise includes compensation management, talent acquisition, training and development, employee relations/engagement, benefits administration and HRIS. She finished A.B. Psychology from Pamantasan ng Lungsod ng Maynila and took her M.A. in Psychology at University of Santo Tomas. She completed Essilor Management Training course in Singapore & France.

Gigi Q. Fuensalida-Ty, Filipino, 39 years old, is presently the Asst. 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 (6) 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.

Alfredo E. Reyes, Filipino, 54 years old, is currently the Information Technology Manager of the Company. Mr. Reyes has been in the oil industry for the past 28 years. He worked in Pilipinas Shell Petroleum for 24 years in various management roles, regional and global, in retail and IT, his last position being Retail Lead GSAP Implementation for both Philippines and Indonesia. Prior to joining Phoenix he had a brief stint in Northgate Arinso as a Project Manager implementing HR SAP. Since joining the Company, he has overseen the SAP ERP and MSD CRM Systems which are anchoring Phoenix's aggressive sales growth with retail and commercial accounts.

Period of Service in the Company

Name	**Period of Service**
Joseph John L. Ong	November 3, 2010 to present
Ramon Edison C. Batacan	October 2013 to February 01, 2016
Socorro Ermac Cabreros	July 3 2006 to present
Chryss Alfonsus V. Damuy	January 13, 2008 to present
Reynaldo A. Phala	October 16, 2008 to present
Alan Raymond T. Zorrilla	April 1, 2009 to present
William M. Azarcon	June 1, 2009 to present
Joselito G. De Jesus	March 15, 2011 to present
Edwin M. Jose	March 1, 2013 to present
Richard C. Tiansay	March 1, 2013 to present
Eric S. Inocencio	February 15, 2014 to present
Norman T. Navarro	December 10, 2012 to present
Roy O. Jimenez	May 11, 2015 to present
Joven Jesus Mujar	May 4, 2015 to present
Ma. Rita A. Ros	November 1, 2013 to present
Ignacio B. Romero	2013 to present to present
Celeste Marie G. Ong	July 2, 2012 to present
Debbie A. Uy-Rodolfo	February 1, 2008 to present
Celina I. Matias	July 2, 2012 to present
Gigi Q. Fuensalida	2008 to present to present
Alfredo E. Reyes	April 6, 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 2016 at the forthcoming Annual Meeting:

1. Domingo T. Uy
2. Dennis A. Uy
3. Romeo B. De Guzman
4. J.V. Emmanuel A. de Dios
5. Socorro Ermac Cabreros
6. Joseph John L. Ong
7. Monico V. Jacob (Independent Director)
8. Consuelo Ynares-Santiago (Independent Director)
9. Paul Dominguez
10. Cherylyn C. Uy
11. Carolina Inez Angela S. Reyes

Retired Supreme Court Justice Consuelo Ynares-Santiago was nominated as Independent Director by Atty. J.V. Emmanuel A. de Dios. On the other hand, Mr. Monico Jacob was nominated by Mr. Romeo B. De Guzman. Atty. de Dios 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 Santiago 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: Romeo B. de Guzman as Chairman, and the following as members: Atty. J.V. Emmanuel A. de Dios, and Consuelo Ynares-Santiago.

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.

Carolina Inez Angela S. Reyes
<u>Nominee - Director</u>

Carolina Inez Angela S. Reyes, 54 years old, is the Co-Chief Executive Officer/Owner of Reyes Barbecue. She retired from Jollibee in 2007 to take over management of Reyes Barbecue, which at that time was a chain of 20 fast casual stores serving unique barbecue formulations, created and founded in 2002 by husband Francisco "Frank" Reyes. Ms. Reyes re-engineered the organization and set up a strong Head Office support services system and set-up the production and logistics capability platform to support the fast growth of stores - both franchise and company owned. She created and executed marketing initiatives to build the brand's imagery and grow the business through new products, new merchandising and improved services. Based on a 2010 market research among the food service customers, Reyes Barbecue is considered by barbecue eaters as the "Chef's Barbecue." Since then, all marketing and operational programs of the company have been geared towards strengthening this consumer imagery. From July 2002 to October 2007, Ms. Reyes served as the Vice-President for Marketing of Jollibee Foods Corporation and she was responsible for the formulation and execution of the strategic marketing plan of the company. From 1999 to 2002, Ms. Reyes also worked in The Coca-Cola Export Corporation as its Division Marketing Director of Non-Carbonated Beverages Business Unit and Director for Alternative Beverages. From 1994 to 1999, she held the following positions in La Tondena Distillers, Inc.: Vice-President Marketing Services; Vice-President Marketing and Sales Non-Liquor (Bottled Water &Juices), Assistant Vice-President, and Area Sales Director. Ms. Reyes took her Masters in Business Administration from De La Salle University Graduate School of Business and graduated from the University of the Philippines (Diliman) with a degree in A.B. Economics.

(For the individual write-ups of the other nominees, please refer to item 5 of this Information.)

(b) Significant Employees

No single person is expected to make a significant contribution to the Company's business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

(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, Debbie Uy-Rodolfo and Mr. Dennis Uy, who are related to each other by consanguinity within the second civil degree, Cherylyn C. Uy and Dennis A. Uy, who are spouses and related to each other by affinity, Domingo T. Uy and Cherylyn C. Uy who are related to each other by affinity, and Domingo T. Uy and Debbie Uy-Rodolfo who are related to each other by consanguinity within the first civil degree, and Cherylyn C. Uy and Debbie Uy-Rodolfo, 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 and Audit Committee Chairman, Mr. 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 of Petron Corporation. The case was filed after Mr. Jacob's tenure as Chairman and Chief Executive Officerof Petron (from 1992 to 1998) and is still pending with the Sandiganbayan.

The Department of Justice (DOJ) filed twenty-five (25) Informations against Dennis A. Uy, President and CEO of the Company, for alleged violations of the Tariff and Customs Code of the Philippines, twenty-two (22) of which were filed with the Regional Trial Court of Davao City, and three (3) Informations filed with the Regional Trial Court of Batangas City.

With respect to the Informations filed with the Regional Trial Court of Batangas City, upon filing by Mr. Uy on September 2, 2013 of an *Omnibus Motion for the Determination of Lack of Probable Cause*, the Regional Trial Court of Batangas City granted said motion on September 17, 2013 and dismissed all three (3) Informations. The DOJ filed a *Motion for Reconsideration with Motion for Inhibition* of Judge Ruben A. Galvez, which was subsequently denied on December 6, 2013. On July 7, 2014, the Regional Trial Court of Batangas City issued a Certificate of Finality certifying that its Order dated December 6, 2013, which denied the Motion for Reconsideration and affirmed the Order dated September 17, 2013 which dismissed the 3 Informations filed against Mr. Uy for lack of probable cause, has already become final and executory since no appeal was filed therefrom.

With respect to the Informations filed with the Regional Trial Court of Davao City, on October 4, 2013, the Regional Trial Court of Davao City ordered the dismissal of the criminal cases against Mr. Uy. The subsequent Motion for Reconsideration of the Plaintiff, People of the Philippines, was also denied in an Order dated August 18, 2014. Hence, the People of the Philippines ("Petitioner") filed on October 27, 2014 with the Court of Appeals (CA), Cagayan de Oro City a *Petition for Certiorari* under Rule 65 of the Rules of Court. On December 2, 2014, Mr. Uy received a copy of the Resolution dated November 19, 2014 directing him to file a comment on the Petition within ten (10) days from notice. On January 12, 2015, Mr. Uy filed his Comment on the Petition. On February 17, 2015, Mr. Uy received Petitioner's Reply dated February 12, 2015. The resolution of the Petition is still pending before the Special 21stDivision of the CA, Cagayan de Oro City.

Mr. Uy has questioned the basis of the filing of the above Informations by the DOJ which are the Resolutions issued by the Secretary of Justice (SOJ) dated April 24, 2013 and August 13, 2013 ("SOJ Resolutions") finding probable cause against him. Mr. Uy filed a *Petition for Certiorari* on September 4, 2013 with the Special Former Special 10thDivision of the CA, which was granted on July 25, 2014 thereby nullifying the SOJ Resolutions. The CA Decision granting the Petition further directed that the Informations be withdrawn and/or dismissed for lack of probable cause. The SOJ and the Bureau of Customs filed a Motion for Reconsideration dated August 19, 2014 of the CA Decision. On March 11, 2015, Mr. Uy filed his Comment/Opposition to the Motion for

Reconsideration. On April 13, 2015, the Special Former Special 10th Division of the CA issued a Resolution stating that the foregoing Motion is submitted for resolution. Said Motion was denied for lack of merit in a Resolution promulgated by the Special Former Special 10th Division on July 2, 2015. On August 26, 2015, the Supreme Court issued a Resolution granting the Motion for Extension to file a petition for review on certiorari by petitioners SOJ and the Bureau of Customs.

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 Prospectus 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:

- 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;

- 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;

- 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

- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Commission, 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.

Risk and Exposure of the Company in case of Reversal of the favorable ruling in the case involving the Company's President and CEO may pose a reputational risk to the Company and its business.

The Department of Justice (DOJ) filed twenty-five (25) Informations against Dennis A. Uy, President and CEO of the Company, for alleged violations of the Tariff and Customs Code of the Philippines, twenty-two (22) of which were filed with the Regional Trial Court of Davao City, and three (3) Informations filed with the Regional Trial Court of Batangas City.

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The criminal case subject of the *Petition for Certiorari* the resolution of which is currently pending before the CA, Cagayan de Oro City ("Subject Case") may pose a reputational risk to the Company considering that Mr. Uy is the chief executive of the Company. Being the face of the Company, any negative publicity against Mr. Uy may have a negative impact on the Company and its business. Against this reputational risk, the Company will continue to assert the same strong defenses for Mr. Uy which have been correctly upheld by the courts.

(e) Certain Relationships and Related Transactions

The Group's related parties include the ultimate parent company, parent company, subsuduaries, stockholders, the Group's key management and others as described below.

The Company has an operating lease agreement with its ultimate parent company, Udenna Corporation, for the use of various properties for its operations and for office space. Furthermore, the Company regularly charters the use of marine tankers from its wholly-owned subsidiary, CSC, for the hauling of its fuel products from suppliers' terminals and from its own depots to Company depots and to its customers. These contracted services are made on reasonable arms-length terms as would be obtainable from third party providers. The following are the transactions with related parties:

a.) 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:

2012	2013	2014	2015	**TOTAL**
18,189,649.93	56,934,318.17	65,545,819.59	70,723,717.38	211,393,505.07

b.) Contract of Affreightment

The Company entered into a Contract of Affreightment with CSC, a wholly owned subsidiary, to haul the Company's petroleum supplies for both regional and domestic markets.

c.) Due to and Due from Related Parties

The Company grants and obtains advances to and from its Parent Company, subsidiaries and other related companies for working capital purposes.

The breakdown of due from related parties as of December 31, 2015 and 2014 is as follows:

	2014	**2015**
PPHI		
Balance at beginning of year		
Additions	-	-
Collections		
Balance at end of year	-	-

UMRC		
Balance at beginning of year	(4,963,790.66)	
Additions		
Collections	4,963,790.66	
Balance at end of year	**-**	**-**
Total Due from Related Parties		
Balance at beginning of year	(4,963,790.66)	
Additions	-	
Collections	4,963,790.66	
Balance at end of year	**-**	**-**

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:

	2014	**2015**
Salaries	57,664,184	57,193,300,
Honoraria and Allowances		
13th Month and Bonuses	6,567,214	6,044,344
SSS, PHIC, HDMF and Others	776,513	434,788
	65,007,911	**63,672,432**

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. The Company pays its non-executive directors a per diem of ₱30,000.00 for each meeting. There are no other arrangements for which the members of the Board of Directors are compensated.

The members of the Board of Directors are elected for a period of one (1) year.

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)				
		Year ending December 31, 2015		
Name	**Principal Position**	**Salaries (in ₱)**	**Bonuses / 13th Month / Other Income (in ₱)**	**Total (in ₱)**
Dennis A. Uy	President and Chief Executive Officer	**23,131**	**3,246**	**26,377**
Romeo B. De Guzman	Chief Operating Officer			
Joseph John L. Ong	Chief Finance Officer			
Chryss Alfonsus V. Damuy	VP - Finance & Comptroller			
Alan Raymond T. Zorrilla	VP – External Affairs, Business Development and Security			
All other officers and directors as a group unnamed		**34,062**	**3,234**	**37,926**

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ended December 31, 2014		
Name	**Principal Position**	**Salaries (in ₱)**	**Bonuses / 13th Month / Other Income (in ₱)**	**Total (in ₱)**
Dennis A. Uy	President and Chief Executive Officer	**21,553**	**2,521**	**24,074**
Romeo B. De Guzman	Chief Operating Officer			
Joseph John L. Ong	Chief Finance Officer			
Chryss Alfonsus V. Damuy	VP - Finance & Comptroller			
Alan Raymond T. Zorrilla	VP – External Affairs, Business Development and Security			
All other officers and directors as a group unnamed		**29,570**	**3,530**	**33,100**

Compensation of Executive Officers and Directors (in thousand Pesos)	
	Year ended December 31, 2013

Name	Principal Position	Salaries (in ₱)	Bonuses / 13th Month / Other Income (in ₱)	Total (in ₱)
Dennis A. Uy	President and Chief Executive Officer	**20,501**	**4,282**	**24,783**
Romeo B. De Guzman	Chief Operating Officer			
Joseph John L. Ong	Chief Finance Officer			
Chryss Alfonsus V. Damuy	VP - Finance & Comptroller			
Alan Raymond T. Zorrilla	VP – External Affairs, Business Development and Security			
All other officers and directors as a group unnamed		**22,362**	**2,710**	**25,070**

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 13th 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:

Domingo T. Uy	Chairman
Dennis A. Uy	Member
Justice (Ret) Consuelo Ynares Santiago	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. To date, grantees of the ESOP have yet to be named by the Company.

Item 7. Independent Public Accountants

The financial statements of the Company were audited by Punongbayan & Araullo for the years ended December 31, 2013, 2014, and 2015. 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 2015 is Mr. Romualdo V. Murcia II.

Audit Fees

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	2013	2014	2015
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			
Punongbayan and Araullo	Audit of FS for the year 2010 –Parent and Subsidiries			
Punongbayan and Araullo	Audit of FS for the year 2011 - Parent and Subsidiaries			
Punongbayan and Araullo	Audit of FS for the year 2012 - Parent and Subsidiaries	3,302.60	60	
Punongbayan and Araullo	Audit of FS for the year 2013 - Parent	**2,609.42**	**2,536.95**	

	and Subsidiaries			
Punongbayan and Araullo	Audit of FS for the year 2014 - Parent and Subsidiaries		**3,266.38**	**3,064.46**
Punongbayan and Araullo	Audit of FS for the year 2015 - Parent and Subsidiaries			**2,107.17**
Sub-total		**5,912.02**	**5,863.33**	**5,171.63**
Tax Advisory Services				
Sycip, Gorres and Velayo	Tax Consultancy	190.12	144.76	138.36
Sub-total		**190.12**	**144.76**	**138.36**
All Other Fees				
Entia Accounting Office	Professional Fee for BOI Registration of Depot Facilities			
Sub-total				
GRAND TOTAL		**6,102.14**	**6,008.09**	**5,309.99**

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, Paul G. Dominguez, and Cherylyn C. Uy 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

There are no authorization or issuance of securities other than for exchange for outstanding securities for the registrant.

Item 10. Modification or Exchange of Securities

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Management Report is attached herein as **Annex B** and the 3rd Quarter Financial Statements for Period ended September 30, 2015 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

No transaction to be taken by the Company with respect to the acquisition or disposition of any Property.

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 Annual Stockholders' Meeting held last 11 March 2015 covering the following matters:

2. Report of the President and Chief Executive Officer

3. Approval of the 2015 Audited Financial Statements and 2015 Annual Report

4. 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 2015 until 31 January 2016 as set forth in **Annex "A."**

5. Election of the Members of the Board of Directors

6. 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 Annual Stockholders' Meeting held last March 11, 2015
4. Report of the President and Chief Executive Officer
5. Approval of the 2015 Audited Financial Statements and 2015 Annual Report
6. 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 Feb 2015 until 31 January 2016
7. Election of the Members of the Board of Directors
8. Appointment of External Auditor
9. Other Matters
10. 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 16 February 2016**.**

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 February 1, 2015 to January 31, 2016
5 Feb 2015	• to apply and process the Company's Application for Renewal of registration of the following described motor vehicle with the Land Transportation Office (LTO), Department of Transportation & Communications (DOTC), viz: Type :Toyota Innova MV File No. : 1112-00000319067 Plate No. : LGX 772 Engine No. : 2KD6766998 Chassis No. : KUN405046897
	• to participate in the bidding of Supply of Fuels Requirements to Manila International Airport Authority (MIAA).
	• to offer and issue in scripless form up to One Billion Five Hundred Thousand Pesos (Php1,500,000.00) of Short-Term Commercial Paper (STCP) in one or more tranches within one year from approval by the Securities and Exchange Commission (SEC) for public distribution and sale within the Philippines.
	• to file and participate in all proceedings before the Bureau of Internal Revenue ('BIR') in connection with any matters relating to the Formal Letter of Demand ('FLD') dated 14 July 2014 covering calendar years 2009 and 2010 issued by the BIR against the Corporation, and any matters relating or arising thereto.
	• to file and participate in all proceedings before the Bureau of Internal Revenue ('BIR') in connection with any matters relating to the Preliminary Assessment Notice ('PAN') dated 27 November 2013 (ELTFOD-2013-7-P-2013) issued by the BIR against the Corporation, and any matters relating or arising thereto.
	• 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 (P1,000,000,000.00 billion).
	• that in relation to the investigation conducted by the Bureau of Internal Revenue (BIR) against the Corporation pertaining to its Documentary Stamp Tax Liabilities for the year ending December 31, 2012, the Corporation is hereby authorized to execute a Waiver of the Statute of Limitation prescribed under Section 203 and 222 of the National Internal Revenue Code and consent to further investigation and possible assessment and/or collection of tax or taxes of said year if proper and which may be found due after investigation at any time before or after the lapse of the period of limitations fixed by said sections of the National Internal Revenue Code but not later than December 31, 2015.
05 Mar 2015	• to open and maintain current, savings and/or time deposit account/s with Banco De Oro Unibank, Inc. (the "**Bank**") AND/OR avail itself of the products and services of the Bank's Transaction Banking Group ("TBG") such as without limitation to, integrated disbursement services ("IDS"), payment collection services, payroll services, Cash Card services, electronic banking services, corporate internet banking ("CIB") services, and such other existing and future products and services of TBG.

	• to apply and process the Company's Application for issuance plates in lieu of the lost one for the following described motor vehicle with the Land Transportation Office (LTO), Department of Transportation & Communications (DOTC), viz: (1) Make/Type : Truck/Faw Motor No. : 52175982 Chassis No. : LFWNHXPC6CIE34548 MV File No. : 1112-00000319067 Plate No. : LHG 197 CR No. : 151597015 Current OR No. 442008641 File No. : 1112-00000358648 (2) Make/Type : Truck/Faw Motor No. : 52175979 Chassis No. : LFWNHXPC3CIE34362 MV File No. : 1112-00000368643 Plate No. : LHG 198 CR No. : 161597030 Current OR No. 442282621 File No. : 1112-00000368643
	• to apply and process the renewal of registration of the following described motor vehicle with the Land Transportation Office (LTO), Department of Transportation & Communications (DOTC): Make/Type : Ford Pick-up with Canopy Plate No. : LFY 813 Engine No. : WLAT774121 CR No. : 12547954-6 dtd. 6-21-2011 OR No. : 439604141 dtd 3-05-2014
	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. hereby declares and approves the payment of cash dividend at the rate of 8.25% per annum exclusively for its Preferred Shares holders ; that the aforementioned cash dividends for the Company's Preferred shares shall be payable on March 20, 2015.
	• to open and maintain Deposit Accounts and/or Trust Accounts (the "Deposit Account/s") with PHILIPPINE BUSINESS BANK, INC.
	• that PHOENIX PETROLEUM PHILIPPINES, INC., is authorized to apply, subscribe, and enroll with THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED CHEQUE OUTSOURCING SERVICE (COS), under such terms and conditions acceptable to the Corporation's authorized representatives, and in this connection the following officers of the Corporation, signing in the manner indicated, is/are hereby appointed as the Corporation's authorized representative/s, with full power to sign, execute and deliver, via handwritten signature or otherwise, the CHEQUE OUTSOURCING SERVICE (COS)Agreement, the checks prepared by THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED . pursuant to the said CHEQUE OUTSOURCING SERVICE (COS) REQUEST FORM, Agreement, and all contracts, agreements, documents and papers necessary to effect the foregoing resolution.

	• to negotiate, transact and deal for the purchase of four parcels of land covered by TCT Nos. T- 32629, (T-9157) RT-264, TCT No. T-27081, TCT No.27082 situated in Brgy. Dumaguit, New Washington, Aklan with the registered owner.
	• to transact any and all such business with or through Philippine National Bank (PNB) at any time as may be deemed by the said officer(s) any/or other person/s transacting the same to be advisable including, without limiting the generality of the foregoing, authority to discounts and/or negotiate or other commercial paper; apply for letters or other forms of credit ; borrow money, with or w/out security; pledge or otherwise hypothecate any property of this is are/ hereby authorized, for and on behalf of this Corporation, to transact any and all with business with or through the Bank at any time/s as may be deemed by the said officer/s and/ or other person/s transacting the same to be advisable including, without limiting the generality of the foregoing, authority to discounts and/or negotiate or other commercial papers; apply for other letters or forms of credit ; borrow money with or without security; pledge or otherwise hypothecate any property of this Corporation; purchase exchange, sell or otherwise deal in or with any stocks, bonds or securities; and in reference to any of the business or transactions herein before referred to, to make, enter into, execute and deliver to the Bank such negotiable or non-negotiable instruments, indemnity or other agreements, endorsements, hypothecations, pledge receipts and/or other agreements, endorsements, as to any such officer/s or other person/s may seem to be necessary or desirable.
	• to apply for concession/accreditation at the terminals of Mactan International Airport Authority and Manila International Airport Authority under such terms and conditions which may be in the best interest of the Corporation.
	• 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 Asst. Vice President for Sales-Visayas, RICHARD C. TIANSAY, acting as the duly authorized and designated representative of the Corporation.
	• 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; that pursuant to the foregoing transaction pertaining to <u>retail and commercial in Visayas,</u> the Company designates its AVP for Sales-Visayas, RICHARD C. TIANSAY; for transaction pertaining to <u>Commercial in Mindanao</u>, its AVP for Commercial-Mindanao, ERICSON S. INOCENCIO, and transaction pertaining to <u>Retail-Mindanao</u>, its AVP for Retail Sales-Mindanao, NORMAN T. NAVARRO, as the authorized signatories.
	• to negotiate for the novation through Deed of Novation certain terms and conditions of the Sales Contract executed on January 15, 2015 between KAIROS OIL TRADING PTE LTD., PHILIPPINE AIRLINES, INC. and PHOENIX PETROLEUM PHILIPPINES, INC.
	• 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 transact, process and claim for and in behalf of the corporation with the (1) Bureau of Internal Revenue (BIR) the Certificate of Authorizing Registration (CAR) and Tax Clearance Certificate, for the transfer of ownership of Title over 4 parcels of land situated at Brgy. Dumaguit, New Washington, Aklan covered by TCT Nos. T- 32629, (T-9157) RT-264, TCT No. T-27081 and TCT No.27082, pursuant to a Deed of Sale executed by and between Nole Marie Diestro Salazar and P-h-o-e-n-i-x Petroleum Philippines, Inc.; (2) Office of the Registry of Deeds (ROD) for the transfer of the previous titles to the new owner's name
	• that the Board of Directors of P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. hereby declares and approves cash dividends at the rate of Php0. 05 per share to all its Common Share stockholders of records as of March 18, 2015; that the aforementioned cash dividends for the Company's Common Shares shall be payable on April 16, 2015.
05-06 Apr 2015	• that the corporation be empowered and authorized to apply, obtain, negotiate a Salary Loan Program under such terms and conditions as may be mutually agreed upon.
	• to participate in the bidding of Supply and Delivery of Industrial Fuel Oil with Power Sector Assets and Liabilities Management ('PSALM Corporation') for Malaya Thermal Power Plant Complex for Calendar Year 2015, and that if awarded the tender, shall enter in a contract with PSALM Corporation.
	• to participate in the bidding of Supply and Delivery of Industrial Fuel Oil with Power Sector Assets and Liabilities Management ('PSALM Corporation') for Southern Philippines Power Corporation for Calendar Year 2015, and that if awarded the tender, shall enter in a contract with PSALM Corporation.
	• to participate in the bidding of Supply and Delivery of Industrial Fuel Oil with Power Sector Assets and Liabilities Management ('PSALM Corporation') for Western Mindanao Power Corporation for Calendar Year 2015, and that if awarded the tender, shall enter in a contract with PSALM Corporation.
	• that METROPOLITAN BANK & TRUST COMPANY be, and is hereby, designated a depository of the funds/monies of the CORPORATION and that the CORPORATION be, and is hereby, authorized to open savings, time, current and/or trust accounts with METROBANK, Head Office, and/or any of its branches; to sign, execute and/or deliver applications for loan/credit accommodations, credit line/loan agreements, promissory notes, drafts, letters of credit, trust receipts, indemnity agreements, undertakings, and any all documents/agreements in connection therewith, including the amendments, renewals or extensions thereof; (ii) to discount and/or negotiate checks, drafts and/or commercial papers/instruments; and (iii) to assign, transfer, pledge, mortgage and/ or encumber the CORPORATION's savings/current/time/trust accounts, shares of stocks, bonds, securities, real or personal properties, rights and/or other assets as security for the above mentioned loans/credit accommodations and to sign, execute and/or deliver the corresponding deeds of assignment, real estate mortgages, chattel mortgages, pledge agreements, and such other document/agreements/deeds related or connected therewith; and (iv) to sign, execute and/or deliver debt restructuring agreements, assignments of properties (real and personal) in payment of the loans/credit accommodations ("Dacion en Pago") and all other documents/agreements/deeds for the settlement/payment of the loans/credit accommodations of the CORPORATION with METROBANK.

	• 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 transactions, including any bidding transactions to be entered into and other legal transactions relative to the operation of the Corporation in Visayas for the period covering April 8 to 30, 2015, under such terms and conditions which may be in the best interest of the Corporation
	• to procure a term loan facility (the "Loan") in the principal amount not exceeding, TEN MILLION US DOLLARS ($10,000,000.00) from Maybank Philippines, Inc. and/or Maybank International Labuan Branch (the "Facility"), and pursuant thereto, negotiate other documents as may be necessarily connected thereto.
	• to transact, process and enter into a Miscellaneous Lease Agreement (MLA) and apply for Environmental Compliance Certificate (ECC) with the Department of Natural Resources (DENR) and other necessary permits with the local agencies/entities relative to its business operation in Zone 4, Barangay Katipunanan, Villanueva, Misamis Oriental.
	• to authorize the Corporation to negotiate and transact and enter upon, execute, deliver, incur and faithfully fulfill obligations under, a Comprehensive Surety Agreement in favor of ASIA UNITED BANK ("Bank"), guaranteeing joint and severally with SUBIC PETROLEUM TRADING AND TRANSPORT PHILS., INC. ("Borrower"), the prompt and satisfactory payment and fulfillment of indebtedness, loans, advances, credits and obligations incurred by the Borrower including opening of letters of credit, whether previously existing or hereinafter entered upon or becoming due or owing to the Bank by the Borrower ("Obligations") in relation to the importation of fuels or operation of the Corporation.
	• to procure a term loan facility (the "Loan") in the principal amount not exceeding, TEN MILLION US DOLLARS ($10,000,000.00) from Maybank Philippines, Inc. and/or Maybank International Labuan Branch (the "Facility"), and pursuant thereto, negotiate other documents as may be necessarily connected thereto.
05 May 2015	• to participate in the bidding of Supply and Delivery of (a) Industrial Diesel Oil for Malaya Thermal Power Plant (FBAC-2015-05); and (b) Industrial Diesel Oil for Power Barge 104 (FBAC-2015-06) for Power Sector Assets and Liabilities Management Corp ('PSALM Corporation') all for CY 2015, and that if awarded the tender, shall enter in a contract with PSALM Corporation.
	• to transact, process and claim for and in behalf of the corporation with the Office of Assessors of Province of Cebu the New Tax Declaration under the Company's name pursuant to a Deed of Sale between Dunga K. Lim and the Corporation over a 32,367 square meter parcel of land located at Barangay Tayud, Municipality of Consolacion, Cebu previously covered by TCT No. TP-26106 and now under TCT No. 111-2015000611.
	• to transact, process and claim for and in behalf of the corporation with the (1) Home Development Mutual Fund (HDMF); (2) Social Security System (SSS); (3) Philippine Health Insurance Corporation (PHIC); and the (4) Bureau of Internal Revenue (BIR) account verification, employee-employer contributions, loan applications and payments.

	• to Deal with Philippine Bank of Communications to: i. Avail of loans/credit facilities; ii. Enter into any contract or agreement for the purchase or sale of any currency; iii. 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 (₱830,000.00), Philippine Currency, or the equivalent of said amount or any portion thereof in foreign currency;
04 Jun 2015	• to purchase the following described motor cycle from Marc Derrick Hubert D. De Joya, viz: Make : DUCATI Model : 1199 PANIGALE S TRICOLORE Motor No. : ZDMH800ABCB001366 Serial/Chassis No. : ZDM1198WE*001497* Plate No. : NA67319
	• to process, transact and facilitate with Davao City Water District (DCWD) over the adjustment of ITS water bill due to water leaking in the company's Phoenix station in Tierra Verde, Davao City.
	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. hereby declares and approves the payment of cash dividend at the rate of 8.25% per annum exclusively for its Preferred Shares holders; that the aforementioned cash dividends for the Company's Preferred shares shall be payable on June 20, 2015.
	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. be, as it is hereby authorized and empowered to apply and process the Company's Application for registration and/or its renewal thereof, including request for replacements of lost plates, Certificate of Registration and Official Receipts in lieu of the lost ones of the Company's vehicles with the Land Transportation Office (LTO), Department of Transportation & Communications (DOTC).
	• that the Board of Directors of the Corporation hereby approves the transfer of the Facility and the Security from MILL to MILB, together with all rights, liabilities, interest, benefits and/or obligations under the provisions of the LFSSA.
	• that the CORPORATION be authorized to enter into the following: <u>Appointment of Bankers</u> 1. That United Overseas Bank Limited and Far Eastern Bank Limited (each "the Bank" and together "the Banks") be and are hereby appointed as bankers of P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. (the "Applicant"). <u>Accounts and Services</u> That the Applicant be authorized to open any number of accounts of any type and in any currency (each an "Account" and collectively "Accounts") with either of the Banks and to use any of the banking services offered by the Bank from time to time including but not limited to business internet banking, phone banking, self-service machines, cash management, trade services or such other types of services which may be available from the Bank from time to time (each a "Service" and collectively "Services.

	• approves and accepts the offer of banking facilities ("Banking Facilities") from United Overseas Bank Limited ("the Bank") as detailed in the Bank's letter of offer dated 02 June 2015 ("Letter of Offer") and on the terms and conditions stated therein.
27 Jun 2015	• that the Corporation be represented by CHRYSS ALFONSUS V. DAMUY, Vice President for Finance, and/or ARISTON M. CURAYAG, Terminal Manager, in any and all matters respecting the filing and prosecution of a criminal complaint with the Prosecutor's Office of Davao City or in other appropriate prosecutor's office respecting the Corporation's claims against RODRIGO G. YANA,ALLAN S. CARADO, NIEL MAR B. ALEJANDRE, EDGAR V. TUMAGCAO,GULLES B. RUSTICO,RUDY I. JAVALDE, RONEY R. KILAT, EDWIN C. VICENTE, VERGILIO A. TRANGIA JR., JOEL I. JULOM, JOEL J. SULARTE, MARK JOSEPH C. TOMAS, DOMAR P. VILLANCIO, SAMUEL R. MAGAY, GERRY L. FELICIANO, ABNER B. FUSCABLO, FERDINAND G. ZAPARITA, ENRICO E. CARREON and CRIS MARK C. OPLADO for the commission of the crime of ESTAFA and/or QUALIFIED THEFT penalized under the Revised Penal Code of the Philippines, or any other case(s) or action(s) in any other court or tribunal, interconnected or interrelated with the case for Estafa and/or Qualified Theft
29 Jun 2015	• to open and maintain deposit account(s) and to avail of any related services, and/or to open and maintain placement(s) and/or to invest in government securities and other similar instruments, and/or to enter into trust and/or investment management agency transactions/arrangements and/or open and maintain trust/investment management account(s) with Australia and New Zealand Banking Group Limited, Manila Branch ("ANZ"), under such terms and conditions, as may be mutually agreed upon, where its cash funds, any credit remittances or checks issued in its favor, with or without endorsement, may be deposited or invested
03 Jul 2015	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. (The Corporation) as it is hereby authorized and empowered to transact, process and claim for and in behalf of the corporation with the (1) Home Development Mutual Fund (HDMF); (2) Social Security System (SSS); (3) Philippine Health Insurance Corporation (PHIC); and the (4) Bureau of Internal Revenue (BIR) account verification, employee-employer contributions, loan applications and payments;
	• That, in view of the termination of the dealership of PFL MANAGEMENT, INC. with the Corporation and the appointment of a new Dealer, MR. JELVIN A. WONG, in the Phoenix Retail Station in Maguikay, Mandaue City, Cebu, the Corporation be, as it is hereby, authorized and empowered to apply for the retirement of its business permit with the local government for the said Station, as well as other relevant consents required by the appropriate government agencies and/or duly constituted authorities from the Corporation, which may be required or necessary in order for the Corporation to retire its existing business permit in the City of Mandaue.
	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.., be, as it is hereby authorized and empowered to close the company's existing accounts maintained with the following Bando De Oro Unibank, Inc. branches viz: Branch — Account No. BDO-Cagayan de Oro-Osmena Branch — S/A No. 3110017878/ CA No. 003118003184 BDO-Zamboanga-Mayor Jaldon Branch — S/A No.3170066158/CA No. 003178003281 BDO-Davao-Lizada Branch — S/A No. 3750021370/ CA No. 003758004859 S/A N0. 3750025902

	that the said account be now closed and credited to the Company's BDO Lizada S/A No. 3750052748.
	• to close the company's existing account maintained with the following Branch of Asia United Bank (AUB), viz: Branch — Account No. AUB-Monteverde Branch, Monteverde, Davao City — S/A No. 303010002488 that the said account be now closed and credited to the Company's AUB-Damosa Branch, along Mamay Road, Davao City under Account No. 319110000778.
	• to authorize the Corporation to open and maintain deposit account/s with UNION BANK OF THE PHILIPPINES (the "Bank") where it shall require the combination of signatures of the following officers of the Corporation pursuant to the Board Resolution No. 06-012, Series of 2013.
	• to file its Answer/Explanation, Position Paper, motions, and/or such other pleadings as the Corporation's legal counsel may deem appropriate in the case entitled 'Arman R. Reyes, Complainant versus Phoenix Petroleum Philippines, Inc., Respondent' that is pending before the Department of Labor and Employment ('DOLE'), National Conciliation and Mediation Board, National Capital Region, Single-Entry Approach (SENA) docketed as RCMB-NCR-TAG-SENA-06-0076-2015 ('Subject Case'), and to file such action/s before any court, tribunal or agency, intertwined, interconnected or interrelated with the Subject Case.
	• to negotiate, transact and deal for the purchase of a parcel of land covered by TCT No. T-14991 situated in the Barrio of Inawayan, Sta. Cruz, Davao del Sur with the registered owner.
	• TO TRANSACT, PROCESS AND CLAIM FOR AND IN BEHALF OF THE CORPORATION WITH THE (1) BUREAU OF INTERNAL REVENUE (BIR) THE CERTIFICATE OF AUTHORIZING REGISTRATION (CAR) AND TAX CLEARANCE CERTIFICATE, FOR THE TRANSFER OF OWNERSHIP OF TITLE OVER ONE (1) PARCEL OF LAND SITUATED AT BARRIO OF INAWAYAN, STA. CRUZ, DAVAO DEL SUR, PHILIPPINES COVERED BY TCT NO. T-14991, PURSUANT TO A DEED OF SALE EXECUTED BY AND BETWEEN ASUNCION Q. BADIANA, EUFROCINA Q. DENOLAN, SEGUNDINO P. QUILATON, LILITA Q. GOLEZ, MERILYN Q. MALUBAY AND P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.; (2) OFFICE OF THE REGISTRY OF DEEDS (ROD) FOR THE TRANSFER OF THE PREVIOUS TITLE TO THE NEW OWNER'S NAME; AND CLEARANCE FROM THE DEPARTMENT OF AGRARIAN REFORM (DAR) OR IN ANY GOVERNMENT AGENCY AS MAY BE FURTHER REQUIRED.
05 Aug 2015	• that the Corporation be represented by ALAN RAYMOND T. ZORRILLA, in any and all matters relating to the cancellation of the Lease Contract with Mega Jollyworld Corporation on the 1,501 square-meter property situated along Aguinaldo Highway, Imus Cavite subject of the Contract of Lease dated 08 October 2013, with the authority to sign and deliver documents, notice of termination and such other documents, with the authority to appoint an agent or attorney-in-fact; and to perform any and all acts necessary and required, or impliedly included, for the accomplishment and performance of the powers herein above mentioned for and in the name of the Corporation.

	• to negotiate, conclude and enter into contracts in relation to retails sales and commercial sales accounts, such as, Contract of Lease and/or Sublease, Memorandum of Agreements, Supply Agreement, Supply and Equipment Lease 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, for and in behalf of the Corporation
24 Aug 2015	• to offer and issue in scripless form up to Three Billion Five Hundred Million Pesos (Php 3,500,000,000.00) of Short-Term Commercial Paper (STCP) in one or more tranches within one year from approval by the Securities and Exchange Commission (SEC) for public distribution and sale within the Philippines; to register said STCP with the SEC and apply for listing or cause the listing of the same with the Philippine Dealing & Exchange Corp. (PDEx): to the offer and issue of the STCP, the Corporation hereby authorizes and empowers the appointment of MULTINATIONAL INVESTMENT BANCORPORATION AND AB CAPITAL AND INVESTMENT CORPORATION as Joint Issue Managers, Bookrunners and Underwriters and PHILIPPINE DEPOSITORY & TRUST CORPORATION (PDTC) as Registry and Paying Agent.
03 Sept 2015	• to open with CTBC BANK (PHILIPPINES) CORP. (hereafter, "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; to open Peso and/or US Dollars and/or other foreign currencies Current/Savings Account, Special Savings, or Time Deposit with the Bank; to transact Treasury products such as Foreign Exchange Trading, Spot Exchange, Foreign Exchange Forward, Non- deliverable Forward, and other derivative products such as swap and option, which are denominated in Peso and/or US Dollars and/or other foreign currencies; and to invest in Money Market Placements, Special Deposit Account (SDA), Government Securities and other sovereign bonds, and Corporate Bonds through the Bank.
	• that the Corporation be represented by NORMAN T. NAVARRO, in any and all matters relating to Civil Case No. 876 (15) entitled "HEIRS OF JOSE V. LAGON, SR. NAMELY: NENITA L. LAGON, MARIA JOCELYN LAGON RODRIGUEZ, ARMANDO L. LAGON, JONALD JOSE L. LAGON, JOSELITO L. LAGON, LEILANIE L. LAGON, JOSE L. LAGON, JR., MARY EMILIE LAGON-SANCHEZ, STEFANIE GRACE L. LAGON, RYAN NEIL L. LAGON AND NENITA L. LAGON, JR., VERSUS P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.", with the authority to sign and execute affidavits, pleadings, verifications; to represent the corporation and testify thereon; to admit or stipulate facts; to make admissions, offer settlement or compromise; to execute and deliver documents, compromise settlements and such other documents, with the authority to appoint an agent or attorney-in-fact; and to perform any and all acts necessary and required, or impliedly included, for the accomplishment and performance of the powers herein above mentioned for and in the name of the Corporation.
	• that the Corporation be represented by AIZA M. ACOSTA – JACABA AND/OR JOECRIS L. YPARRAGUIRRE, in any and all matters respecting the filing and prosecution of a criminal complaint with the Prosecutor's Office of Ozamis City or in other appropriate prosecutor's office respecting the Corporation's claims against PRINCEVELLE NADELA, WENCES PALER, NOEL FUENTEVILLA, JIREYLENE CANDANO, EDNAMIE CALAMBA, JEMUEL CUIZON and DOMINGO SAMONTE, for the commission of the crime of

	ESTAFA and/or QUALIFIED THEFT penalized under the Revised Penal Code of the Philippines, or any other case(s) or action(s) in any other court or tribunal, interconnected or interrelated with the case for Estafa and/or Qualified Theft and the facts giving rise to the filing of the same.
	• 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 transactions, including any bidding transactions to be entered into and other legal transactions relative to the operation of the Corporation in Visayas for the period covering December 2015 to January 2016, under such terms and conditions which may be in the best interest of the Corporation;
	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. hereby declares and approves the payment of cash dividend at the rate of 8.25% per annum exclusively for its Preferred Shares holders; RESOLVED FURTHER, that the aforementioned cash dividends for the Company's Preferred shares shall be payable on September 21, 2015.
	• to negotiate, conclude and enter into contracts such as, Contract of Lease and/or Sublease for Locators in its Retail Stations, Memorandum of Agreements and Promo Deals and other legal transactions to be entered into pertaining to the company's Non-Fuel Related Business (NFRB) transactions for Luzon, Visayas and Mindanao, under such terms and conditions which may be in the best interest of the Corporation; that the Corporation's Assistant Vice President for NFRB ROY O. JIMENEZ, be hereby authorized and empowered to negotiate the terms of said contracts, 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.
	• that the Corporation be represented ARISTON M. CURAYAG, Terminal Manager, in any and all matters respecting the filing and prosecution of a criminal complaint with the Prosecutor's Office of Dumaguit, Aklan or in other appropriate prosecutor's office respecting the Corporation's claims against Rodrigo G. Yana, Allan S. Carado, Niel Mar B. Alejandre, Edgar V. Tumagcao, Gulles B. Rustico, Rudy I. Javalde, Roney R. Kilat, Edwin C. Vicente, Joel I. Julom, Mark Joseph C. Tomas, Domar P. Villancio, Samuel R. Magay, Gerry L. Feliciano, Abner B. Fuscablo, Ferdinand G. Zaparita, Enrico E. Carreon and Cris Mark C. Oplado, for the commission of the crime of ESTAFA and/or QUALIFIED THEFT penalized under the Revised Penal Code of the Philippines, or any other case(s) or action(s) in any other court or tribunal, interconnected or interrelated with the case for Estafa and the facts giving rise to the filing of the same.
	• to enter into an agreement with CV FINANCIAL CORPORATION, with principal office address located at CVFC Corporate Center, Piooneer cor. San Rafael Streets, Brgy Kapitolyo, Pasig City, providing the former's employees with Personal Loan/s through the latter's Salary Loan Program.
	• to open and maintain Peso and dollar Savings, Current, Time Deposit and other type of deposits, placements, investments, electronic banking services, and other products, services or arrangements with ROBINSONS BANK CORPORATION.
	• to apply for, negotiate, obtain, renew loans from CHINA BANKING CORPORATION – TRUST GROUP as Trustee / Agent for its various Trust Accounts / IMA Accounts, including the renewal, extension and/or increase thereof and/or of its existing credit facilities in such amount(s) and under such terms and conditions as may be mutually agreed upon, and to secure and

	guarantee the payment of the aforesaid loans or credit facilities by means of mortgage, pledge, assignment or any other form of encumbrance upon any and all properties or assets of the corporation of whatever kind or nature, real or personal, as may be sufficient, necessary or required for the purpose.
05 Oct 2015	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. (the "Corporation") as it is hereby authorized and empowered to negotiate, conclude and enter into contracts such as Memorandum of Agreement including Service Agreement with service courier/logistics provider and other legal transactions relative to the operation of the Corporation's Credit and Collection Department, under such terms and conditions which may be in the best interest of the Corporation.
	• to open and maintain deposit account(s) and to avail of any related services, and/or to open and maintain placement(s) and/or to invest in government securities and other similar instruments, and/or to enter into trust and/or investment management agency transactions/arrangements and/or open and maintain trust/investment management account(s) with CHINA BANKING CORPORATION and/or CHINA BANKING CORPORATION – TRUST GROUP, under such terms and conditions, as may be mutually agreed upon, where its cash funds, any credit remittances or checks issued in its favor, with or without endorsement, may be deposited or invested.
	• to negotiate, transact and deal for the purchase of a parcel of land covered by TCT No. T-12855 situated in Tambler, Gen. Santos City with the registered owner; , to sign, execute and deliver an ABSOLUTE DEED OF SALE, or any addendum thereto, for the implementation of the foregoing authority.
	• to negotiate, conclude and enter into contracts such as Deed of Sale of Equipment/Instruments used for oil analysis including Memorandum of Agreement with APEX MINING COMPANY, INC., and other legal transactions relative to the operation of the Corporation's Technical Service & QAPD, under such terms and conditions which may be in the best interest of the Corporation.
	• to negotiate, conclude and enter into contracts such as Health and Medical Service Agreement with ASIAN HOSPITAL, INC. relative to its offered services, medical expertise and the use of its facilities for the benefit of the COMPANY's regular employees, under such terms and conditions set forth under the said Agreement.
02 Nov 2015	• to negotiate, conclude and enter into contracts such as MEMORANDUM OF AGREEMENTS (MOA) over a licensed software/program known as "SAP" with CHELSEA SHIPPING CORP. for its business related activities including its wholly-owned subsidiaries and other legal transactions relative to the use of the said software/program, under such terms and conditions which may be in the best interest of the Corporation.
03 Nov 2015	• that in relation to the investigation conducted by the Bureau of Internal Revenue (BIR) against the Corporation pertaining to its Documentary Stamp Tax Liabilities for the year ending December 31, 2012, the Corporation is hereby authorized to execute a Waiver of the Statute of Limitation prescribed under Section 203 and 222 of the National Internal Revenue Code and consent to further investigation and possible assessment and/or collection of tax or taxes of said year if proper and which may be found due after investigation at any time before or after the lapse of the period of limitations fixed by said sections of the National Internal Revenue Code but not later than June 30, 2016.

	• to borrow, apply for, negotiate and/or secure the loan and/or other credit accommodations and facilities from UNION BANK OF THE PHILIPPINES (the “Bank”) in the principal aggregate amount of PESOS: ONE BILLION FIVE HUNDRED MILLION AND 00/100 (₱1,500,000,000.00), or its Dollar equivalent, 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.
	• to participate in the bidding of SUPPLY AND DELIVERY OF OIL-BASED FUEL TO SPUG POWER PLANTS AND BARGES for the Calendar Year 2016, that if awarded the tender shall enter into a contract with the National Power Corporation.
	• in connection with the establishment of accounts of the Corporation with the UNITED COCONUT PLANTERS BANK (the “Bank”), with office address at UCPB Building, Makati Avenue, Makati City, that: 1.The Corporation be, as it is hereby, authorized to apply for and obtain with the Bank the following accommodation/s: a. DOMESTIC BILLS PURCHASE (DBP)/ DOMESTIC BILLS PURCHASE-MANAGER’S CHECK (DBP-MC) LINE in the aggregate principal amount of TWENTY FIVE MILLION PESOS (₱25,000,000.00), Philippine Currency; b. OMNIBUS LINE in the aggregate principal amount of FOUR HUNDRED MILLION PESOS (₱400,000,000.00), Philippine Currency, as well as the temporary excesses or permanent increases thereon as may be approved by the said Bank from time to time, under such terms and conditions as the Bank may require.
03 Dec 2015	• that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. hereby declares and approves the payment of cash dividend at the rate of 8.25% per annum exclusively for its Preferred Shares holders;that the aforementioned cash dividends for the Company’s Preferred shares shall be payable on December 21, 2015.
	• to transact with Petron Corporation for purchases of its fuels under such terms and conditions as may be deemed most advantageous to the Corporation
	• that in relation to the listing application of up to 20,000,000 perpetual preferred shares filed by P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC. (the Corporation) and its subsequent approval by the Securities and Exchange Commission (the Commission) on December 03, 2015 and the Philippine Stock Exchange (the Exchange) on 11 November 2015, the Corporation hereby authorizes and empowers the following persons as herein named and identified to file, deliver, execute and submit any of all documents, instruments and such other requirements for the post approval imposed or directed by the Exchange in the absence of its Corporate Secretary, Socorro Ermac Cabreros, namely:

	Name / Designation 1. Joseph John L . Ong — Chief Finance Officer 2. Gigi Q. Fuensalida-Ty — Asst. Corporate Secretary
04 Jan 2016	• to renew the Corporation's business permit for the year 2016 and the succeeding years thereafter with the local government unit where the Corporation is operating its office and/or branches.
	• to open and maintain current, savings and/or time deposit account/s with Banco De Oro Unibank, Inc. (the "Bank") AND/OR avail itself of the products and services of the Bank's Transaction Banking Group ("TBG") such as without limitation to, integrated disbursement services ("IDS"), payment collection services, payroll services, Cash Card services, electronic banking services, corporate internet banking ("CIB") services, and such other existing and future products and services of TBG (collectively, the "TBG Products/Services"), and be bound in accordance with and subject to the Bank's rules and regulations, terms and conditions and/or agreement (s) to be entered into with the Bank for the use and availment of the TBG Products/Services.
	• that BANK OF CHINA LTD. (MANILA BRANCH) (herein called "BOC) be, and hereby is, designated a depository of the fund/monies of the Corporation and that the Corporation be and hereby is, authorized to open savings, time, current and/or trust accounts with BOC head Office and/or any of its branch
	• to participate in the bidding of Supply of Fuels Requirements to MDC Concrete Inc. (MCI)
	• to participate in the bidding of Supply of Fuels Requirements to Manila International Airport Authority (MIAA)
	• that in relation to the investigation conducted by the Bureau of Internal Revenue (BIR) against the Corporation pertaining to its Internal Revenue Tax Liabilities for the year ending December 31, 2013, the Corporation is hereby authorized to execute a Waiver of the Statute of Limitation prescribed under Section 203 and 222 of the National Internal Revenue Code and consent to further investigation and possible assessment and/or collection of tax or taxes of said year if proper and which may be found due after investigation at any time before or after the lapse of the period of limitations fixed by said sections of the National Internal Revenue Code but not later than December 31, 2016.
	• to apply with the Davao Light and Power Company for installation of transformer/s for electrical power for its Davao Terminal.
	• to prosecute and file a Complaint against SPOUSES MICHELLE CONCEPCION T. OROPEZA, JOHN S. OROPEZA AND DAVAO CUSTOMS GRAFIX ADVERTISING INC. Represented by: JOHN S. OROPEZA located in the City of Davao for BREACH OF CONTRACT, RESCISSION OF CONTRACT, INJUNCTION, DAMAGES, ATTORNEY'S FEES AND COSTS OF LITIGATION WITH PRAYERS FOR THE ISSUANCE OF WRITS OF PRELIMINARY MANDATORY INJUNCTION, AND PRELIMINARY PROHIBITORY INJUNCTION and to file and prosecute such other action/s, including civil and administrative, before any court, tribunal or agency, intertwined, interconnected or interrelated with said complaint.
	• to offer and issue in scripless form up to Three Billion Five Hundred Million Pesos (Php 3,500,000,000.00) of Short-Term Commercial Paper (STCP) in one or more tranches within one year from approval by the Securities and Exchange Commission (SEC) for public distribution and sale within the Philippines; that the Corporation, be, as it is hereby, authorized to register said STCP with the SEC and apply for listing or cause the listing of the same with the Philippine

	Dealing & Exchange Corp. (PDEx): that pursuant to the offer and issue of the STCP, the Corporation hereby authorizes and empowers the appointment of MULTINATIONAL INVESTMENT BANCORPORATION AND AB CAPITAL AND INVESTMENT CORPORATION as Joint Issue Managers, Bookrunners and Underwriters and PHILIPPINE DEPOSITORY & TRUST CORPORATION (PDTC) as Registry and Paying Agent.

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 41% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI) and 17.84% owned by Udenna Management & Resources Corp. (UMRC), companies organized in the Philippines.

The Company is registered with the Board of Investments (BOI) since November 16, 2005 then 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 likewise registered with the BOI in 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 these registrations, 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 investments entitled 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 Cit	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.. As of December 31, 2013, the Company has a total of 368 service stations with 112 service stations located in Luzon, 47 in the Visayas and 209 in Mindanao. The retail service stations are classified as Company-Owned, Company-Dealer-Operated (CODO) or Dealer-Owned, Dealer-Operated (DODO). As of December 31, 2014, the company has a total of 418 stations with 221 service stations in Mindanao, 56 in Visayas and 141 in Luzon. As of third quarter of 2015, the company has 447 service stations with 222 service stations in Mindanao, 62 in Visayas and 163 in Luzon.

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. Since 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	69	Filipino
Director/President and Chief Executive Officer	Dennis A. Uy	42	Filipino
Director/Chief Operating Officer	Romeo B. De Guzman	66	Filipino
Director	***Jose Manuel R. Quimson****	67	Filipino
Corporate Secretary/Asst. Vice President for Corporate Legal	Socorro T. Ermac Cabreros	51	Filipino
Director/Chief Finance Officer	Joseph John L. Ong	57	Filipino
Director	Cherylyn C. Uy	36	Filipino
Director	J.V. Emmanuel A. de Dios	51	Filipino
Director	Paul G. Dominguez	66	Filipino
Independent Director	Consuelo Ynares Santiago	76	Filipino
Independent Director	Monico V. Jacob	71	Filipino
Other Executive Officers			
Chief Compliance Officer and Chief Corporate Counsel	***Ramon Edison C. Batacan****	57	Filipino
Treasurer/Vice President for Finance	Chryss Alfonsus V. Damuy	42	Filipino
Vice President for Corporate Affairs, Business Development and Security	Alan Raymond T. Zorrilla	47	Filipino
Vice President for Depot and Retail Engineering	William M. Azarcon	70	Filipino
Asst. Vice President for Sales South Mindanao	Norman T. Navarro	50	Filipino
Asst. Vice President for Sales-Visayas	Richard C. Tiansay	52	Filipino
Assistant Vice President for Sales-North Mindanao	Ericson S. Inocencio	43	Filipino
Assistant Vice President for Sales-Mega Manila	Edwin M. Jose	57	Filipino
Assistant Vice President for Sales-Luzon Up-Country	Joselito G. De Jesus	60	Filipino
Assistant Vice President for Lubes Sales and Distribution	Joven Jesus G. Mujar	46	Filipino
Asst. Vice-President for Non Fuel Related Business	Roy O. Jimenez	54	Filipino
Assistant Vice President for Supply	Ma. Rita A. Ros	57	Filipino
Asst. Vice President for Technical	Ignacio B. Romero	66	Filipino

Service and Quality Product Assurance Department			
Asst. Vice President for Treasury	Reynaldo A. Phala	49	Filipino
Asst. Vice President for Brand and Marketing	Celina I. Matias	51	Filipino
Asst. Vice President for Customer Service Unit and Corporate Communications	Debbie A. Uy-Rodolfo	37	Filipino
Asst. Vice President for Human Resources	Celeste Marie G. Ong	49	Filipino
Information Technology Manage	Alfredo E. Reyes	54	Filipono
Asst. Corporate Secretary	Gigi Q. Fuensalida	39	Filipino

**On September 22, 2015, the Company received the resignation letter of Mr. Quimson with effective date of September 1, 2015.The Company's Board of Directors accepted the resignation upon its receipt. The vacant board seat shall be filled at the appropriate time. No director has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.*

**On February 15, 2016, the Company received the resignation letter of Mr. Ramon Edison C. Batacan with effective date of February 01, 2016. The Company accepted his resignation on February 16, 2016. His position shall be temporarily filled-in by the Company's incumbent Corporate Secretary Socorro Ermac Cabreros. No Officer has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.*

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, 69 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

Mr. Dennis A. Uy, Filipino, 42 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, and Udenna Foundation 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 Philippines 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, 66 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.

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

Socorro T. Ermac-Cabreros, Filipino, 51 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. . 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, 51 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.

Joseph John L. Ong
Director

Mr. Joseph John L. Ong**,** Filipino, 57 years old, is the Chief Finance Officer of the Company. He is also a member of the Board of Directors of South Pacific, Inc., an affiliate of the Company. Prior to his employment in the Company, he spent almost 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 12 years with Ginebra San Miguel, Inc., then known as La Tondeña Distillers, Inc., the country's second largest beverage company at the time and a listed subsidiary of San Miguel Corporation. He was its Vice President for 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 and 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.

Paul G. Dominguez
Director

Paul G. Dominguez, Filipino, 66 years old, 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
Director

Ms. Cherylyn Chiong-Uy, 36 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is 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 the Corporate Treasurer of Udenna Corporation. Ms. Uy is also one of the Executive Directors of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. Ms. Uy is the Corporate Treasurer of Udenna Management and Resources Corporation and Chelsea Shipping Corp.

Consuelo Ynares-Santiago
Independent Director

Ms. Consuelo Ynares-Santiago, Filipino, 76 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, SMC Global Power Holdings, Inc., one of the country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp. and Top Frontier Investment Holdings, Inc. She is also a Consultant of various respectable government offices such as the Office of Vice-President Jejomar C. Binay, Office of Senate President Juan Ponce Enrile, and the 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 being admitted to the bar, she started her career as a Legal Officer of the 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, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she joined various committees, among them the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the 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.

Monico V. Jacob
Independent Director

Monico V. Jacob, 71 years old, has been Independent Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; of Philippine Life Financial, Inc., a life insurance company, and of Republic Surety and Insurance Co., a non-life insurance Company. He likewise sits as an independent director of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2GO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc, an HMO, Philippine Women's University and IAcademy.

Carolina Inez Angela S. Reyes
Nominee - Director

Carolina Inez Angela S. Reyes, 54 years old, is the Co-Chief Executive Officer/Owner of Reyes Barbecue. She retired from Jollibee in 2007 to take over management of Reyes Barbecue, which at that time was a chain of 20 fast casual stores serving unique barbecue formulations, created and founded in 2002 by husband Francisco "Frank" Reyes. Ms. Reyes re-engineered the organization and set up a strong Head Office support services system and set-up the production and logistics capability platform to support the fast growth of stores - both franchise and company owned. She created and executed marketing initiatives to build the brand's imagery and grow the business through new products, new merchandising and improved services. Based on a 2010 market research among the food service customers, Reyes Barbecue is considered by barbecue eaters as the "Chef's Barbecue." Since then, all marketing and operational programs of the company have been geared towards strengthening this consumer imagery. From July 2002 to October 2007, Ms. Reyes served as the Vice-President for Marketing of Jollibee Foods Corporation and she was responsible for the formulation and execution of the strategic marketing plan of the company. From 1999 to 2002, Ms. Reyes also worked in The Coca-Cola Export Corporation as its Division Marketing Director of Non-Carbonated Beverages Business Unit and Director for Alternative Beverages. From 1994 to 1999, she held the following positions in La Tondena Distillers, Inc.: Vice-President Marketing Services; Vice-President Marketing and Sales Non-Liquor (Bottled Water &Juices), Assistant Vice-President, and Area Sales Director. Ms. Reyes took her Masters in Business Administration from De La Salle University Graduate School of Business and graduated from the University of the Philippines (Diliman) with a degree in A.B. Economics.

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
Consuelo Ynares Santiago	Anchor Insurance Brokerage Corp. SMC Global Power Holdings, Inc. South Luzon Tollway Corp. Top Frontier Investment Holdings, Inc.	
Monico V. Jacob	Jollibee Foods Corporation Century Properties Lopez Holdings, Inc. 2GO Shipping	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
J.V. Emmanuel De Dios	2007 to present	1 year
Cherylyn C. Uy	2004 to 2006, 2013 to present	1 year
Paul G. Dominguez	2013 to present	1 year
Joseph John L. Ong	2013 to present	1 year
Monico V. Jacob	2008 to present	1 year
Consuelo Ynares Santiago	2013 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:

Alan Raymond T. Zorrilla, Filipino, 47 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 the Unioil Group of Companies where he headed the Legal, Human Resources, and Administrative Departments. He also served as Director for Freeport Services Corporation, a 100% subsidiary of Subic Bay Metropolitan Authority and was once a Legal Consultant of the Department of Environment and Natural Resources. Atty. Zorrilla was engaged in litigation practice with Pangilinan Britanico Sarmiento and Franco Law Offices before he entered corporate practice. He formerly worked as Corporate Legal Counsel of publicly-listed Fil-Estate Group of Companies inits Litigation and Labor Department. Atty. Zorrilla completed his law studies at the San Beda College of Law in 1994 and was admitted to the Philippine Bar in 1995. He also took up his masteral studies at the Ateneo Graduate School of Business. He is an Army Reservist and a concurrent Commander (Lt. Colonel) of the Philippine Coast Guard Auxiliary.

Chryss Alfonsus V. Damuy, Filipino, 42 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.

William M. Azarcon, Filipino, 70 years old, is currently the Vice President for Depot and Retail Engineering. 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.

Edwin M. Jose, Filipino, 57 years old, is the Asst. Vice President for Sales-Mega Manila. Mr. Jose has logged more than 29 years in the petroleum industry, with exposure in Retail, Commercial, LPG and Corporate Planning and Logistics of Petron Corporation. Before joining the Company, his Petron career started in Corporate Planning and Logistics. In Retail, he handled positions from Area Sales Executive, Retail Network Development and Sales Development Manager. After Retail, he was assigned to the Liquefied Petroleum Gas business where he handled the retail, commercial and independent refiller business for the entire Luzon area and his breakthrough programs in LPG such as the "one number delivery system", the "80-20 sales project" and pioneering LPG metering for commercial accounts such as Jollibee, among others, were reasons why Petron Gasul effectively captured market leadership in the retail sector. He was then assigned as Government Accounts Manager handling the National Power Corp. and other Independent Power Producers, US and Phil. Military. His last position in Petron is District Manager for Metro Manila under Reseller Trade. After his stint with Petron, he set up the franchise of two (2) 7-elevenconvenience stores that are still operational to date. He is an Industrial Engineering degree holder from the University of Sto. Tomas, and an MBA candidate at the Ateneo de Manila University.

Richard C. Tiansay, Filipino, 52 years old, is the Asst. Vice President for Sales-Visayas. Mr. Tiansay has more than 22 years of experience in the oil industry covering domestic and international operations. His last position in Royal Dutch Shell is as Global SAP IT Order to Cash Team Lead in London, U.K. This after being assigned to various key managerial positions not limited in the Philippines but as well as in a number in Asia Pacific and other countries. Mr. Tiansay completed his Bachelor of Science in Mechanical Engineering degreefrom the University of San Carlos, Cebu City.

Norman T. Navarro, Filipino, 50 years old, is presently the Asst. Vice President for Sales – South Mindanao of the Company. Before joining the Company, he was with Chevron Philippines, Inc. for 17 years where he held various management positions. He finished Bachelor of Science major in Architecture at the University of Santo Tomas in 1988.

Joselito G. de Jesus, Filipino, 60 years old, is the Asst. Vice-President for Sales-Luzon Up-Country. 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 said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from the University of the Philippines and holds a Mastersin Business Administration from the Ateneo Graduate School of Business.

Ericson S. Inocencio, Filipino, 43 years old, is the Asst. Vice President for Sales – North Mindanao. Eric has more than 18 years of extensive experience in the petroleum industry. Prior to joining the Company, he was connected with Chevron Phils. where he held various positions primarily leading the Commercial and Industrial business as District Sales Manager for more than five(5) years (Commercial Luzon 2008 to 2010 & Commercial VisMin 2010 to 2013) and as concurrent National Fleet Cards Sales Manager (2010 to 2013). He started his petroleum career in Caltex Phils. as a Commercial Accounts Manager covering key segments of Manufacturing, Transport, Wholesale, Power and Marine industries then progressed to different key positions and leadership roles. He handled Marketing support function for the Commercial Business in charge of developing and executing local & global process/programs which includes profitability modelling. He likewise acted as a Pricing specialist for Marketing Sales both Retail and Commercial business. Eric covered the Motor Vehicle Safety program as a Team lead for Philippines driving the program for more than three (3) years.
He is a certified Mechanical Engineer from De La Salle University and attended his MBA at Ateneo Graduate School of Business.

Joven Jesus G. Mujar, Filipino, 46 years of age, is the Assistant Vice President for Lubricant Sales and Distribution. He joined Phoenix last May 4, 2015. He brought with Him twelve and a half years of pure lubricant experience from a a major petroleum company holding various positions in sales, business development and marketing handling both B2C and B2B.Within those years, he had 2 years assignment in the Asia Pacific Region doing Channel Development Specialist work.

Roy O. Jimenez, Filipino, 54 years of age is currently the Asst. Vice-President for Non Fuel Related Business. Prior to joining the Company he was connected with Chevron Phil. Inc for almost 30 years and handled various National and District Managerial positions, as well as supervisory positions for various trades such as Retail, Commercial/Industrial, Marketing Support, Liquefied Petroleum Gas and Lubricants. He also handled regional position as a Programs Manager and have been the team lead for Philippines in various Chevron Regional projects. He was assigned as a District

Manager covering various areas like North Metro Manila/North Luzon, Visayas and Mindanao. He is a licensed Mechanical Engineer and graduated in University of Santo Tomas. He has MBA units in De La Salle University and attended various Leadership and Management programs in Asian Institute of Management, as well as in-house training programs of Chevron in Asia Pacific and South Africa.

Ignacio B. Romero, Filipino, 66 years old, is currently the Asst. Vice President for Technical Service and Quality Product Assurance Department. Mr. Romero has more than 44 years of experience in the oil industry. Before joining the Company,he held the same position in National Oil Company of Indonesia, Pilipinas Shell Corporation, and Mobil Exxon. He is a graduate of Bachelor of Science in Mechanical Engineering at Cebu Institute of Technology in 1966 and is a licensed Mechanical Engineer.

Maria Rita A. Ros, Filipino, 57 years old, is currently the Asst. Vice President for Supply. Ms. Ros has more than thirty (30) years of experience in the oil industry covering materials management, supply chain management, production planning, imports-exports, warehousing and logistics. She held various positions in Petron Corporation from 1981 up to 2011 when she handled Biofuels and Special Projects, and Supply Optimization. Ms. Ros set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2013. She is a graduate of B.S. Chemical Engineering from the University of the Philippines, and is a licensed Chemical Engineer, and took up Basic Management at the Asian Institute of Management.

Celina I. Matias, Filipino, 51 years old, is presently the Asst. Vice President for Brand and Marketing Group of the Company. Ms. Matias has more than 25 years of expertise on strategic marketing and client servicing. She honed her skills from Ogilvy & Mather and Mc Cann Erickson and had worked with local Ad Agency as partner. She handled over 25 local and global brands across different product categories from petroleum, telecoms, real estate, automotive, pharmaceutical and a lot more. She finished Communication Arts major in Advertising & Public Relations in Assumption College.

Debbie A. Uy-Rodolfo, Filipino, 37 years old, is presently the Asst. Vice President for Customer Service Unit and Corporate Communications of the Company. On top of her role as head of the Corporate Communications department, Debbie leads the Customer Service Unit team in achieving their targets by determining customer service trends, determining system improvements and implementing change. She graduated with a degree in Computer Science major in IT from De La Salle University, and finished her Masters in Journalism at Ateneo de Manila University.

Reynaldo A. Phala, Filipino, 49 years old, is the Asst. Vice President for Treasury. He joined the Company in 2008 as its Credit and Collection Manager. Before joining the Company, he led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He recently finished his Master in Business Administration (MBA) under the Regis Program at the Ateneo Graduate School of Business.

Celeste Marie G. Ong, Filipino, 49 years old, is currently the Asst. Vice President for Human Resources. Ms. Ong has more than 20 years of solid human resources management experience from local and multinational companies (Concrete Aggregates Inc., Van Melle Phils., Fujitsu Computer Products and Optodev, Inc.) Her expertise includes compensation management, talent acquisition, training and development, employee relations/engagement, benefits administration and HRIS. She finished A.B. Psychology from Pamantasan ng Lungsod ng Maynila and took her M.A. in Psychology at University of Santo Tomas. She completed Essilor Management Training course in Singapore & France.

Gigi Q. Fuensalida-Ty, Filipino, 39 years old, is presently the Asst. 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 (6) 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.

Alfredo E. Reyes, Filipino, 54 years old, is currently the Information Technology Manager of the Company. Mr. Reyes has been in the oil industry for the past 29 years. He worked in Pilipinas Shell Petroleum for 24 years in various management roles, regional and global, in retail and IT, his last position being Retail Lead GSAP Implementation for both Philippines and Indonesia. Prior to joining Phoenix he had a brief stint in Northgate Arinso as a Project Manager implementing HR SAP. Since joining the Company, he has overseen the SAP ERP and MSD CRM Systems which are anchoring Phoenix's aggressive sales growth with retail and commercial accounts.

Period of Service in the Company

Name	**Period of Service**
Joseph John L. Ong	November 3, 2010 to present
Ramon Edison C. Batacan	October 2013 to February 01, 2016
Socorro Ermac Cabreros	July 3 2006 to present
Chryss Alfonsus V. Damuy	January 13, 2008 to present
Reynaldo A. Phala	October 16, 2008 to present
Alan Raymond T. Zorrilla	April 1, 2009 to present
William M. Azarcon	June 1, 2009 to present
Joselito G. De Jesus	March 15, 2011 to present
Edwin M. Jose	March 1, 2013 to present
Richard C. Tiansay	March 1, 2013 to present
Eric S. Inocencio	February 15, 2014 to present
Norman T. Navarro	December 10, 2012
Roy O. Jimenez	May 11, 2015

Joven Jesus Mujar	May 4, 2015
Ma. Rita A. Ros	November 1, 2013 to present
Ignacio B. Romero	2013 to present
Celeste Marie G. Ong	July 2, 2012
Debbie A. Uy-Rodolfo	February 1, 2008
Celina I. Matias	July 2, 2012
Gigi Q. Fuensalida	2008 to present
Alfredo E. Reyes	April 6, 2011

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 2014 and 2015 are hereunder shown:

Year 2014

	Highest Close		Lowest Close	
Period	**Price**		**Price**	
First Quarter	5.45	Mar 3	4.51	Jan 2
Second Quarter	6.69	May 27	4.97	Apr 1
Third Quarter	7.03	Jul 09	5.12	Sept 3
Fourth Quarter	5.24	Oct 3	3.03	Dec 23

Year 2015

	Highest Close	Lowest Close
Period	**Price**	**Price**
First Quarter	4.40	3.09
Second Quarter	4.17	3.43
Third Quarter	3.50	3.95
Fourth Quarter	3.85	3.20

As of December 31, 2015, the market capitalization of the Company, based on the closing price of Php 3.65, was approximately 5,215,036,896.80.

Preferred Shares

The 1st tranche preferred shares of the Company were issued on September 21, 2010 by way of private placement and/or sale under SRC Rule 10.1 (k) and (l) to qualified institutional buyers, hence, exempt from the registration requirement of the SRC. Therefore, these shares were not listed with and traded in the Exchange.

The 2nd tranche preferred (PNXP) shares of the Company were registered on November 10, 2014 and subsequently listed with the Exchange on January 8, 2015. The 2ndtranche preferred shares were issued for the purpose of redeeming the

1st tranche and thus, after the 2nd tranche issuance, there are no preferred shares issued from the 1st tranche that remain outstanding. There is no recorded public trading of these shares since these were listed.

The 3rd tranche preferred shares of the Company consisting of 20,000,000 preferred shares were registered on December 3, 2015 and listed with the Exchange on December 18, 2015. The 3rd tranche were issued under the following series:

Series 3A (PNX3A) is entitled to an Optional Redemption on the 3rd Anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 5th anniversary of the Listing Date; and

Series 3B (PNX3B) is entitled to an Optional Redemption on the 5th anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 7th anniversary of the Listing Date.

Since its listing the highs and lows from December 18, 2015 until January 31, 2016 are as follows:

PNX3A

	Highest Close		Lowest Close	
Period	**Price**	**Date**	**Price**	**Date**
Fourth Quarter 2016	104.00	12/21/2015	103.00	12/29/2015
January 2016	106.00	01/25/2016	103.50	01/05/2016

PNX3B

	Highest Close		Lowest Close	
Period	**Price**	**Date**	**Price**	**Date**
Fourth Quarter 2016	106.80	12/22/2015	105.70	12/18/2015
January 2016	108.00	01/29/2016	106.00	01/08/2016

(2) Holders

Top 20 Stockholders of Common Shares
As of January 31, 2016

#	NAME OF STOCKHOLDERS	OUTSTANDING & ISSUED SHARES
1	PHOENIX PETROLEUM HOLDINGS INC.	588,945,630
2	PCD NOMINEE CORPORATION (FILIPINO)	312,202,041
3	UDENNA MANAGEMENT & RESOURCES CORP.	254,921,743
4	PCD NOMINEE CORPORATION - (NON-FILIPINO)	203,333,738
5	UDENNA CORPORATION (FORMERLY: UDENNA HOLDINGS CORPORATION)	50,322,986
6	JOSELITO R. RAMOS	4,812,600
7	DENNIS A. UY	3,991,811
8	CAROLINE G. TAOJO	2,801,500
9	F. YAP SECURITIES, INC.	1,883,000
10	UDENCO CORPORATION	1,614,787

11	DENNIS A. UY&/OR CHERYLYN C. UY	1,098,060
12	DOMINGO T. UY	645,919
13	JOSE MANUEL ROQUE QUIMSON	354,939
14	EDGARDO ALVARADO ALERTA	318,505
15	ROMEO B. MOLANO	258,262
16	ZENAIDA CHAN UY	149,058
17	REBECCA PILAR CLARIDAD CATERIO	148,453
18	SOCORRO ERMAC CABREROS	103,316
19	ROSITA G. ARTOS	82,000
20	IGNACIA S. BRAGA IV	71,019

Preferred Shares

The holders of the preferred shares (2nd tranche) of the Company as of 31 January 2016 are as follows:

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
PCD NOMINEE CORPORATION - (FILIPINO)	5,000,000	0	5,000,000	100.000	FILIPINO
GRAND TOTAL	5,000,000	0	5,000,000		

While the holders of the 3rd tranche preferred shares as of 31 January 2016 are as follows:

CLASS	NAME OF STOCKHOLDER	NO. OF SHARES SUBSCRIBED	TOTAL AMOUNT SUBSCRIBED/PAID-IN	% OF PAID-IN CAPITAL TO TOTAL AMOUNT SUBSCRIBED
CLASS A				
	PCD NOMINEE CORPORATION (FILIPINO)	12,483,400	12,483,400.0	62.417000 %
	PCD NOMINEE CORPORATION (NON-FILIPINO)	16,600	16,600.0	0.083000 %
	Sub Total	12,500,000	12,500,000.0	62.500000 %
CLASS B				
	PCD NOMINEE CORPORATION (FILIPINO)	7,495,600	7,495,600.0	37.478000 %
	PCD NOMINEE CORPORATION (NON-FILIPINO)	4,400	4,400.0	0.022000 %
	Sub Total	7,500,000	7,500,000.0	37.500000 %
	Grand Total	20,000,000	20,000,000.0	37.500000 %

The issuance of the Offer Shares shall have no effect on the amount and percentage of the present holdings of the Company's common shareholders. Neither is there any effect of this issuance on the percentage of the Company's shares beneficially owned by foreigners.

(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.

History of Dividend Income Payment

1. Company

a. Dividends on Common Shares

Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
March 4, 2015	Cash Dividend of ₱0.05 per share	March 18, 2015	April 16, 2015	₱71,438,861.60
January 29, 2014	Cash Dividend of ₱0.10 per share	March 17, 2014	April 11, 2014	₱142,877,723.20
January 24, 2013	30% Stock Dividend	May 15, 2013	June 10, 2013	₱329,717,232.00
	Cash Dividend of ₱0.10 per share	April 11, 2013	May 8, 2013	₱103,605,941.60
February 08, 2012	50% Stock Dividend	March 28, 2012	April 26, 2012	₱244,936,203.00
	Cash Dividend of ₱0.10 per share	March 23, 2012	April 23, 2012	₱48,973,955.30

b. Cash Dividend on Preferred Shares

Since the issuance of the preferred shares of the Company on September 21, 2010 (the 1st tranche), the Company has declared quarterly dividends fixed at 11.50% per annum, calculated in respect of each share with reference to the Issue Price thereof on each dividend period. This translates to a cash dividend amounting to ₱2.875 per share per quarter. The cash dividends were paid on September 21, December 21, March 21 and June 21 of each year starting December 21, 2010 until the preferred shares were redeemed on December 20, 2013.

1st Tranche				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
December 5, 2013	₱2.875 per share	N/A	December 20, 2013	₱14,375,000.00
September 5, 2013	₱2.875 per share	N/A	September 21, 2013	₱14,375,000.00
June 5, 2013	₱2.875 per share	N/A	June 21, 2013	₱14,375,000.00
Mar 5, 2013	₱2.875 per share	N/A	March 21, 2013	₱14,375,000.00
December 5, 2012	₱2.875 per share	N/A	December 21, 2012	₱14,375,000.00
September 5, 2012	₱2.875 per share	N/A	September 21, 2012	₱14,375,000.00
June 4, 2012	₱2.875 per share	N/A	June 21, 2012	₱14,375,000.00
March 05, 2012	₱2.875 per share	N/A	March 21, 2012	₱14,375,000.00
December 1, 2011	₱2.875 per share	N/A	December 21, 2011	₱14,375,000.00
August 12, 2011	₱2.875 per share	N/A	September 21, 2011	₱14,375,000.00
May 12, 2011	₱2.875 per share	N/A	June 21, 2011	₱14,375,000.00
March 11, 2011	₱2.875 per share	N/A	March 21, 2011	₱14,375,000.00
September 21, 2010	₱2.875 per share	N/A	December 21, 2010	₱14,375,000.00

On December 20, 2013, in order to redeem the 1st tranche of preferred shares, the Company issued the 2nd tranche of preferred shares with the same amount and features except for the rate,which was reduced to 8.25% per annum. The dividends are calculated on a 30/360 day basis and have a priority in the payment of dividends at the fixed rate of 8.25% per annum at the time of issuance, which translates to a cash dividend amounting to ₱2.0625 per share per quarter. These shares are also preferred in the distribution of corporate assets in the event of liquidation and dissolution of the Company.

2nd Tranche				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
November 10, 2015	₱2.0625 per share	November 26, 2015	December 20, 2015	₱10,312,500.00
August 10, 2015	-₱2.0625 per share	August 25, 2015	September 21, 2015	₱10,312,500.00
May 12, 2015	₱2.0625 per share	May 26, 2015	June 22, 2015	₱10,312,500.00
February 6, 2015	₱2.0625 per share	February 24, 2015	March 20, 2015	₱10,312,500.00
N/A	₱2.0625 per share	N/A	December 22, 2014	₱10,312,500.00
N/A	₱2.0625 per share	N/A	September 22, 2014	₱10,312,500.00
N/A	₱2.0625 per	N/A	June 20, 2014	₱10,312,500.00

	share			
N/A	₽2.0625 per share	N/A	March 20, 2014	₽10,312,500.00

(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. (A) 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, 2015 vs. September 30, 2014.

Revenues

The Group generated total revenues of P 22.488 billion in 2015 which is 16% lower than its 2014 level of P 26.929 billion, primarily due to the decline in average fuel prices during the first three quarters of 2015 by 43% compared to the same period of last year. The revenue decline was marginally mitigated by higher revenues from fuels service, shipping, storage and other revenue, which grew by 30% from the same period in 2014.

Revenues from trading and distribution of petroleum products decreased by 18% fromP26.489 billion in 2014 to P 21.600 billion in 2015 resulting principally from the decrease in average selling prices. The effect was however mitigated by the 29% increase in total fuel sales volume. This year, a 33% increase in retail (station) sales volume was recorded as a result of a wider distribution network and growth in same store sales. The Commercial and industrial segment also increased sales volume by 38% despite lower sales to wholesalers and distributors. The Parent Company had four hundred forty seven (447) Phoenix retail service stations as of September 30, 2015 compared to four hundred twelve (412) 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 and in 2017.

The Group generated P485 million in net revenue from its fuels service, storage, port and other income in 2015 versus P379 million in 2014, a 28% increase compared to the same period last year. This due to increase in volume of port revenue and service revenues for storage.

This year, the Group, through PPIPC, generated revenue from sale of land amounting to P402 million, compared to P 61 million in 2014.

Cost and expenses

The Group recorded cost of sales and services of P 19.535 billion in 2015, a decline of 20% from its 2014 level of P 24.408 billion primarily due to a 44% decrease in the

average price of petroleum products but mitigated by the 29% increase in volume.. This year, the ratio of retail sales volume compared to commercial/industrial (C&I) sales volumes improved from 36.2% to 37.2%. Retail sales margins are generally higher vs. commercial/industrial sales due to the latter's higher sales mix of gasoline products in lieu of diesel and the absence of
volume discounts.

Selling and administrative expenses increased by 16.35% as a result of higher rentals, depreciation, salaries & wages as a result of the continuous expansion of the Group's business operations. With its growing retail presence nationwide and the scaling-up of operations, the Company also incurred increases in manpower, and logistics.

Net Income

The Group's net income for the first three quarters of 2015 was P758 million versus P506 million or a 50% increase vs. the same period last year. Incremental net income of P22million came from the aforementioned sale of land. Margins from sales of petroleum remained a challenge this year due to the continuous decline of oil prices in the world market.

The lower margins were mitigated by the Company through more efficient inventory management and prudent pricing strategies for sales. 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 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 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 received new approvals from the BOI for its two (2) latest 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, 2015 versus December 31, 2014)

Total resources of the Group as of September 30, 2015 stood at Php 26.2 billion, higher by 5% compared to the Php 25.0 billion as of December 31, 2014. This is mainly due to increase in Property, Plant, and Equipment and Other Assets driven by the continuous expansion in retail stations, storage and shipping assets.

Cash and cash equivalents this year increased by 55% from Php 556 million in December 31, 2014 to Php 863 million due to timing of collection of receivables as against payment of various liabilities.

Trade and other receivables was marginally lower unchanged at Php 7.832 billion as of December 31, 2014 vs. Php 7.820 billion as of September 30, 2015 due to an increase in volume offset by the lower prices.

Inventories declined by 15% to Php 2.437 billion as of September 30, 2015 from Php 2.871billion as of December 31, 2014. This is due to lower average prices and timing of importation arrivals. The Company targets to maintain an average of one month worth of inventory to ensure stable supply in retail stations and commercial/industrial clients and mitigate price volatility. However, the actual level varies depending on the timing of the actual arrival dates of the fuel tankers.
Due to related parties marginally decreased by 2% to Php 0.182 million from Php 10.373 million to Php 10.192 million in September 30, 2015 vs. December 31, 2014 due to some net collection during the year.

Input taxes-net decreased by 19% in September 30, 2015 due to the offsetting of higher output taxes this year due to input taxes on capital expenditures, and paid input taxes on inventory. Other current assets amounted to Php 1.378 billion and Php 1.147 billion as of September 30,2015 and December 31, 2014 respectively.

The increase represents prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance, creditable withholding taxes,
and other current assets.

As of September 30, 2015, the Group's property and equipment, net of accumulated depreciation, increased to Php 11.567 billion compared to Php 10.869 billion as of December 31, 2014 due to investments in a new marine tanker to support domestic logistics requirements, additional depot capacity in existing and new areas, and new retail stations in various stages of completion in Luzon, Mindanao, and Visayas as part of the Company's expansion of its retail
station network.

Loans and Borrowings, both current and non-current, increased by 17% from Php 13.843 billion as of December 31, 2014 to Php16.184 billion as of September 30, 2015. The increase of Php 2.341 billion was a result of the timing of availments of various working capital facilities to finance inventories, accounts receivable and decline in trade payables. In addition, a Php 500 million long-term debt was availed during the year to partly finance this year's capital expenditures.

The salient terms and conditions of the Term Loans, which were obtained to finance various capital expenditures of the Company, are as follows:

(a) Term Loan Agreement (TLA) with Development Bank of the Philippines (DBP)

On September 12, 2007, the CSC entered into a MOA with China Shipbuilding & Exports Corporation for the construction of one unit of oil tanker in the amount of US$15.0 million. In connection with the MOA, CSC entered into a TLA amounting to US$13.0 million with DBP, the proceeds of which shall be exclusively used to finance the construction of the vessel.

In February 2008 and May 2009, DBP granted the loan amounting to US$3.9 million (P159.0million) and US$9.1 million (P432.5 million), respectively. The loan is payable over five years in equal quarterly principal installments, with one quarter grace period on principal, commencing November 2009 and was subject to 10.5% interest rate per annum. The loan was fully settled in 2014.

On October 30, 2014, CSC entered into a loan agreement with DBP amounting to P140.0 million to finance the drydocking and repairs and maintenance expenses of MT Chelsea Resolute, MT Chelsea Cherylyn, MT Chelsea Denise and MT Jasaan. The loan is subject to annual interest rate of 5.0% and is payable in eight equal quarterly instalment commencing onthe first quarter from the initial drawdown.

In addition, CSC obtained P160.0 million loan for its working capital requirements. The loan bears a fixed interest rate of 5.0% per annum and is payable in ten equal quarterly instalments commencing on February 28, 2015.

The loan is secured by a chattel mortgage on certain vessel (MT Chelsea Cherylyn) of CSC with net book value amounting to P894.7 million and P824.8 million as of September 30, 2015 and December 31, 2014, respectively. The loan is also secured by certain collateral on receivables of CSC and guaranteed by certain stockholders [see Notes 7 and 26.6*(b)*].

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P198 million and P222.1 million, respectively.

(b) Loan Agreement with Robinsons Bank Corporation (RBC)

In 2014, the Group obtained three bank loans from RBC totaling P62.2 million to finance the drydocking costs of MT Chelsea Denise. The loan is subject to annual interest rate of 6.3% and is payable in twelve equal monthly installments commencing on the first month from the initial drawdown.

The loan is secured by a chattel mortgage on one of the vessels (MT Chelsea Denise) of the Group with net book value amounting to P161.1 million and P114.7 million as of September 30, 2015 and December 31, 2014, respectively, and receivables of CSC from certain customer (see Note 7). The loan is also guaranteed by certain stockholders [see Note 26.6*(b)*].
The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P47.8 million and P56.8 million, respectively.

(c) TLA with Maybank Philippines, Inc. (MPI)

On July 18, 2012, the Company signed with Maybank Philippines, Inc. a five year clean term loan amounting to P300.0 million to be used exclusively for capital expenditure and permanent working capital. The loan is subject to an interest rate of 6.0% p.a. and is payable in twenty equal quarterly installments.

In connection with the TLA, all existing and future advances to the Company by its stockholders or related parties are subordinated to the loan. The Company agrees that any and all of its obligations relative to the TLA shall be settled first before any of its financial obligations to such shareholders' and related parties' advances are paid.

The TLA also requires the Company to maintain debt-to-equity ratio of not more than 3:1, current ratio of at least 1:1 and debt coverage ratio of at least 1.5.

The outstanding balance of the loan as of September 30, 2015 and December 31, 2014 amounted to P120.0 million and P165.0 million, respectively. On October 28, 2014 and November 4, 2014, the Company obtained unsecured, interest bearing loans from Maybank Philippines, Inc. amounting to P100 million for CSC's working capital requirements.

(d) TLA with Maybank International Labuan Branch (MILB)

On November 20, 2012, the Company entered into a TLA amounting to US$ 24.0 million with Maybank International Labuan Branch to fund various capital expenditures. The total amount of the loan is broken down into US$14.0 million (tranche 1) which is due in five years and US$10.0 million (tranche 2) with a term of three years.

The loan is subject to interest computed at one-year LIBOR plus applicable margin of 4.25% p.a., or cost of funds plus a margin of 2.0% per annum, whichever is higher. Interest payments are to be serviced quarterly in arrears. Maybank International Labuan Branch. reserves the right to vary, at its absolute discretion from time to time, such rate of interest, which variation may take place by varying the LIBOR or the margin or spread above the LIBOR, or both.

The TLA also requires the Company to maintain debt-to-equity ratio of not more than 3:1, current ratio of at least 1:1 and debt coverage ratio of at least 1.5. Moreover, Maybank International Labuan Branch has the right of first refusal and right to match any fund raising exercise that may be required to refinance the U.S. dollar-denominated term loan facility either via follow-on offering of the Company's shares or a syndicated termloan.

The balance of the principal of the loan amounted to P333.4 million and P451.2 million, translated into Philippine Peso using the closing rate as of September 30, 2015 and December 31, 2014, respectively.

On 22 April 2015, the Company entered into another TLA with Maybank International Labuan Branch amounting to US$ 10.0 million with a maturity of five (5) years from date of drawdown.

Used to finance various capital expenditures of the Company, the loan was drawn on 29 April 2015 and will mature on 29 April 2020. Its interest rate is based on the 90-day LIBOR plus a spread of 3.75% p.a. while the principal is to be paid in equal quarterly amortizations, commencing on 29 July 2015. The outstanding principal balance as of September 30, 2015 stood at $9.5 million or P444.03 million translated into Philippine Peso using the closing rate of September 30, 2015.

e) TLA with Asia United Bank (AUB)

In 2013, the Group obtained interest-bearing loans from AUB to partially finance the acquisition of tug boats amounting to P100 million. The loan bears a fixed interest rate at 7.00% p.a. for the first three years from the initial drawdown date, and shall be repriced at the end of the third year from the initial drawdown date (the "Repricing

Date"). The repriced rate shall be based on the relevant 2Y PDST-F as of the Repricing Date, plus a spread of 2.00% subject to a floor of 7.00%. The loan is payable in 18 quarterly installments over a period of five years. The first payment will commence on the third interest payment date from the initial drawdown date. The last quarterly installment of the loan is due on November 6, 2018.

The interest-bearing loans amounted to P72.2 million and P88.9 million as of September 30, 2015 and December 31, 2014, respectively, of which P22.2 million was presented under current liabilities section in the consolidated statements of financial position.

Interest expense related to the loans amounted to P4.5 million and P7.3 million in 2015 and 2014, respectively, and is shown as part of Finance Cost under Other Charges (Income) in the consolidated statements of comprehensive income. Certain trade receivables were assigned to secure the payment of this loan. (see Note 7).

(e) Loan Agreement with Multinational Investment Bancorporation (MIB)

On December 29, 2014, the Group obtained an unsecured, interest-bearing loans from MIB totaling to P166.8 million for the CSC's working capital requirements. The loan is subject to annual interest rate of 4.3% and is payable in 30 days.

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P176.1 million and P166.8 million, respectively.

(f) Omnibus Loan and Security Agreement of PNX-Chelsea with BDO Unibank, Inc. (BDO) for importation of MT Chelsea Denise II

One of the items under Installment and notes payable is a loan incurred by PNX-Chelsea in 2014 with BDO Unibank, Inc. PNX – Chelsea, a subsidiary of Chelsea Shipping Corp., entered into a Memorandum of Agreement with China Shipbuilding & Exports Corporation for the importation of a single oil tanker (MT Chelsea Denise II) in the amount of US$7.3M million. In connection with the acquisition of the oil tank vessel, PNX – Chelsea entered into an Omnibus Line and Security Agreement (OLSA) amounting to Php 300M million with BDO, the proceeds of which was used to partly finance the importation of the vessel. The loan was fully drawn on February 2015.

The loan is payable for a period of five years from initial drawdown date in quarterly principal installments of Php 11,540,000 each and the outstanding balance on maturity date, with two quarter grace period, commencing after the second tranche. The loan carries an interest rate of 5.3% p.a. Interest incurred on these loans amounted to P9.9 million and P29.2 million in September 30, 2015 and December 31, 2014, respectively, and is shown as part of Finance Costs – net account in the consolidated statements of comprehensive income.

The loan is secured by a chattel mortgage of MT Chelsea Denise II. The carrying amount of MT Chelsea Denise II, presented as part of Property and Equipment – Construction in Progress, amounted to P385.1 million and P2.5 million as of September 30, 2015 and December 31, 2014, respectively.

The OLSA requires PNX – Chelsea to maintain a debt-to-equity (DE) ratio of not more than 2.0:1 and debt service coverage ratio (DSCR) of at least 1.20, except on dry-docking year where minimum DSCR shall be 1.00. On January 27, 2014, the Company received the creditor's waiver that adjusted the DE ratio requirement of PNX-Chelsea Shipping Corp. from 1.5x to 2.0x.

(g) Omnibus Loan and Security Agreement of CSC with BDO Unibank, Inc. (BDO) for acquisition of MT Chelsea Thelma

For the acquisition of MT Chelsea Thelma, Chelsea Shipping Corp. (CSC) is required to maintain a DE ratio and a DSCR of 1.5x and 1.2x, respectively, except on dry-docking year wherein DSCR is 1x. In 2014, CSC complied with these loan covenants with DE and DSCR at 1.08x and 1.3x, respectively.

Deferred Tax Liabilities increased by 101% to Php 144 million in 2015 compared to Php 72 million in 2014 due to recording of deferred tax on Marine Tanker appraisals. Trade and other payables decreased by 47% from Php 3.735 billion as of December 31, 2014 to Php 1.981 billion as of September 30, 2015 mainly due to lower prices, timing of booking trust receipts and the availment of STCPs to finance trade payables.

Other non-current liabilities decreased by 6% due mainly to the reduction of cash bonds from wholesale distributors. Total Stockholders' Equity increased to Php 7.626 billion as of September 30, 2015 from Php7.050 billion as of December 31, 2014 as a result of net income for the three quarters ending September 30, 2015 less the cash dividend declared and paid during the period for both common and preferred shares.

Key Performance Indicators and Relevant Ratios

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

	September 30, 2015	December 31, 2014
Current Ratio[1]	1.06 : 1	1.11 : 1
Debt to Equity-Total[2]	2.39 : 1	2.55 : 1
Return on Equity-Common[3]	10.2%*	9.01%**
Net Book Value Per Share[4]	5.40	4.93
Earnings Per Share-Adjusted [5]	0. 51*	0.40**

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

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

* three (3) quarters figure
** One (1) year figure

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

The Company's debt to equity (DE) ratio for 2015 improved to 2.39 : 1 as a result of the period earnings. 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 (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, 2015 compared to December 31, 2014 (Increase/decrease of 5% or more)

55% increase in Cash and Cash Equivalents
This is a result of the timing of collections and disbursements during the period. Minimum levels of Cash are also maintained to support day-to-day requirements.
15% decrease in inventory
Due to lower prices of petroleum products plus the timing of importation arrivals.

5% decrease in Land held for sale and land development costs Result of sales for the year.

19% increase in input VAT Incremental Input VAT on CAPEX and Inventories.

20% increase in prepayments and other assets Increase in Various Deposits-Current

8% increase in property, plant and equipment
Due to vessel acquisition, retail network expansion, storage expansions and other capital expenditures.

42% Increase in other non-current asset Increase in deposit for capital expenditures.

11% Increase in Interest-bearing loans and borrowings-Current
Use of STCP and Trust Receipts to finance inventory.

50% decrease in Trade and other payables
Factor of lower prices of imported petroleum products.

100% decline on Due to related parties
Settlement of various advances from prior years.

101% increase in Deferred Tax Assets
Deferred Tax Assets on Vessel Appraisals

6% reduction on non-current liability
Due to some retirement of cash security deposits in favor of other form of security.

Material changes to the Group's Income Statement as of September 30, 2015 compared to September 30, 2014 (Increase/decrease of 5% or more)

18% decrease in Sales for petroleum products
Principally due to 44% lower selling prices compared to 2014 in spite of the 29% increase in volume this year.

28% increase in fuel service, shipping, storage income, and other revenue

Higher turnover on service volume specifically on storage volume of new terminal, additional revenue from time charters, port operations and tugboat revenue.

20% decrease in cost of sales
Primarily due to lower prices of Petroleum Products compared to 2014.

7.6% increase in Finance Costs (net)
Due to higher levels of interest bearing debt to finance working capital and capital expenditures.

99% decrease in other income/Costs
Mainly due to lower inventory losses arising from improved monitoring and controls.

69% increase in income tax provision
Due to the increase of income not subject to BOI tax incentives such as but not limited to land sale in PPIPC.

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.

PLANS AND PROSPECTS

Strengthen Oil Supply Security

The Company intends to eventually form strategic partnerships with foreign-refined petroleum products producers and traders, and domestic wholesalers.

Expand the Petroleum Depot, Terminalling and Distribution Facilities

The Company plans to establish additional petroleum depot, terminalling and distribution facilities in other strategic locations in key areas of the Luzon, Visayas and Mindanao regions to support its expanded market presence both in wholesale distribution as well as its retail network development. Specific suitable locations have already been identified and negotiations for some are in their final stages, and more sites are under consideration.

Expand Retail Service Station Network

The Company plans to increase the current number of retail service stations by sixty (60) to eighty (80) stations per year.Specific suitable locations have already been identified and are now in different stages of negotiations, development andconstruction. The related expansion and strengthening of its depot, terminalling and distribution facilities will support the implementation of this business plan.

Strengthen Retail Network Management System andOperations

The Company shall continue to develop and strengthen its existing Retail Network Management System in order to support its retail network expansion program in collaboration with its dealers and franchisees.

Developing the Brand: A Marketing Cornerstone

Branding will continue to be a cornerstone of the Company's marketing campaign to make Phoenixthe brand of choice of customers and commercial users.

Expand Product Offerings and Distribution Channels

As part of the Company's thrust to strengthen thebrand, more products led by its lubricants line will be launched. These product offerings, covering the vehicles' needs (except spare parts) as well as driving-related requirements, will be made available in selected Company retail servicestations andalso through other traditional distribution channels of these products.

The Company has also started to aggressively penetrate the bunker fuel market specifically to cater to industrial customers such as power plants and shipping companies.

DESCRIPTION OF PROPERTY

The Company's properties consist mainly of its terminal, depot facilities, head office building, pier and pipeline structure and its accessories, steel cylindrical tanks, and stocks of all petroleum products stored and contained inside the depot.

Below is the list of the Company's properties:

Corporate Offices:

Davao Head Office:	Phoenix Bulk Depot, Lanang, Davao City 8000
Manila Office:	25th Floor, Fort Legend Towers, 3rd Avenue corner 31st Street, Fort Bonifacio Global City, Taguig City 1634
Cebu City Office:	Phoenix Maguikay Gasoline Station, M. C. Briones St., National Highway, Maguikay, Mandaue City, Cebu 6014
Bacolod City Office:	Door 5-7, Ground Floor, JFC Bldg., Palanca Avenue, BREDCO Reclamation Area, Bacolod City
General Santos City Office:	2nd Floor, JMP Building 1, South Osmeña St., General Santos City 9500
Cagayan de Oro City Office:	Suite 1 & 2, 8th Floor, Limketkai Gateway Center, Lapasan, Cagayan de Oro City 9000

Depots and Terminals:

Bacolod Depot:	BREDCO Port Reclamation Area, Cambodia Street, Bacolod City
Calaca Terminal:	Km. 117 Barangay Salong, Phoenix Petroterminal and Industrial Park, Calaca, Batangas
Calapan Depot:	Sitio Silangan, Brgy. Lazareto, Calapan City
Cebu Depot:	Phoenix Petroleum Phils., Inc. MC Briones Ave., Maguikay, Mandaue City
Davao Terminal:	Stella Reyes Hizon Road, Bo. Pampanga, Lanang, Davao City
Dumaguit Depot:	Dumaguit, New Washington, Aklan
Palawan Depot:	Star Oil Depot, Rapols St., Brgy. Masipag, Parola

	Extension, Puerto Princesa City
Subic Terminal:	Unit 113/115 Alpha Bldg. Subic International Hotel, Rizal Highway Subic Bay Freeport Zone, 2222
Villanueva Terminal:	Zone 4 Barangay Katipunan, Villanueva, Misamis Oriental
Zamboanga Depot:	Phoenix Bulk Depot, Dumagsa, Talisayan, Zamboanga City

Leased Properties

The Company's headquarters, where substantially all of its operations are conducted, is currently located at Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City. The premises are covered by existing lease contracts with Udenna Corporation as sub-lessor and the Heirs of Stella Hizon Reyes as lessors.

The relevant terms of the lease contracts are as follows:

- The lease contract of sublease with Udenna Corporation shall be for a term of twenty-five (25) years commencing on August 2002, subject to renewal upon terms and conditions to be agreed by the parties; while the contract of lease with the Heirs of Stella Hizon Reyes shall be effective for seventeen (17) years, commencing on March 20, 2010, subject to renewal upon terms and conditions to be agreed by the parties.
- The Company shall pay Udenna Corporation a monthly rental at the rate of ₽12.00 per square meter, or a total of ₽132,000.00 per month, plus 10% value-added tax and 5% withholding tax. The rate shall be subject to a 10% increase every succeeding year commencing on August 2005. For the property leased from the Heirs of Stella Hizon Reyes, the Company shall pay a monthly rental at the rate of ₽18.00 per square meter for the first two (2) years of the contract and shall be increased at a rate of 10% after every two years until the termination of the contract.
- The leased premises shall be used exclusively by the Company for its storage of petroleum and fuel products, and for its pier facilities or any other related business. The Company is prohibited from using the leased premises for any other purpose without the prior written consent of the lessors.
- The Company may not introduce improvements or make alterations or changes without the written consent of Udenna Corporation, except the construction of the necessary offices, storage tanks and other improvements required by the business of the Company.
- Udenna Corporation shall have the right to pre-terminate the lease on any of the following grounds: (a) non-payment of rentals for at least two (2) consecutive months; (b) if the Company, at any time, fails or neglects to perform or comply with any of the covenants, conditions, agreements, or restrictions stipulated in the lease contract; or (c) if the Company shall become insolvent. Udenna Corporation shall give the Company one (1) month notice prior to the intended date of termination. The Company may pre-terminate the lease, upon prior thirty-day written notice to Udenna Corporation.

Lease of Properties where CODOs are Located

In addition to the lease covering the premises where the Company's headquarters arelocated, the Company has existing lease contracts with various property owners covering the properties where its CODOs are situated. Relevant terms of said lease contracts are as follows:

- The lease shall be for a term of ten (10) to fifteen (15) years, subject to renewal upon such terms and conditions as may be agreed upon in writing and signed by the parties.
- The Company shall pay monthly rentals plus applicable real estate and government taxes and such rent is subject to yearly escalation of 3% to 10%.
- The leased premises may be occupied and used by the Company exclusively as a retailservice station. It may include convenience stores, coffee shops, service bays and other businesses.
- The Company is permitted to assign or sublet the leased premises subject to notice to the lessors.

Future Acquisitions

The Company intends to establish terminal operations in other locations, expand its dealership network and its services as well as the necessary logistical requirements to support these activities. For this purpose, the Company intends to increase its retail servicestations and acquire equipment and other depot and logistic facilities. For such acquisition, the Company projects to spend ₱1,640,000,000.00, which shall be financed from the proceeds of this Offer (please refer to "Use of Proceeds" on page **Error! Bookmark not defined.**).Should the Company obtain substantially less than the maximum proceeds from the Offer, the Company intends to finance the shortfall by availing of loans from its existing credit lines.

Generally, the Company conducts competitive bids to determine where to source its equipment and facilities. The main considerations are the cost, compatibility with the existing equipment and facilities, and whether they meet the Company's specifications.

(B) 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, 2015. 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 QUARTER FINANCIAL STATEMENTS (SEC FORM 17-Q) FOR PERIOD ENDED SEPTEMBER 30, 2015

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

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		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

Month

3	1

Day

Fiscal Year Ending

SEC Form 17-Q
FORM TYPE

last Friday

Month	Day
3	**XX**

Annual Meeting

Secondary License Type, if applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q, AS AMENDED

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

1.	For the quarterly period ended:	30 September 2015
2.	SEC identification number:	A200207283
3.	BIR Tax Identification No.	006-036-274
4.	Exact name of issuer as specified in its charter	**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
5.	Province, country or other jurisdiction of incorporation or organization	Davao City, Philippines.
6.	Industry Classification Code:	(SEC Use Only)
7.	Address of issuer's principal office:	Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City
	Postal Code:	8000
8.	Issuer's telephone number, including area code:	(082) 235-8888
9.	Former name, former address and former fiscal year, if changed since last report:	Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of Shares Outstanding
COMMON	1,428,777,232.00
PREFERRED	10,000,000.00

Amount of Debt Outstanding as of 30 September 2015: Php 18,479,445,954.00

11. Are any or all of the securities listed on the Stock Exchange? Yes [✓] No [ ]

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

12. Check whether the issuer has:

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

(b) has been subject to such filing requirements for the past ninety (90) days: Yes [✓] No [ ]

TABLE OF CONTENT

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2015 AND December 31, 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	6	**P 862,849,335**	P 555,508,720
Trade and other receivables - net	7	**P 7,819,534,907**	7,832,712,191
Inventories	8	**P 2,436,646,706**	2,870,829,069
Land held for sale and land development costs	9	**P 461,686,690**	485,985,811
Due from related parties	26	**P 10,191,832**	10,373,356
Restricted deposits	10	**P 70,840,045**	70,406,743
Input value-added tax - net		**P 717,653,489**	603,608,784
Prepayments and other current assets	11	**P 1,379,763,798**	1,146,632,540
Total Current Assets		**13,759,166,801**	13,576,057,214
NON-CURRENT ASSETS			
Land held for future development	14	**312,617,496**	312,617,496
Property and equipment - net	12	**11,567,961,598**	10,688,608,904
Investment in an associate	13	**2,250,200**	2,250,000
Goodwill - net	16	**84,516,463**	84,516,663
Other non-current assets	15	**478,709,117**	336,110,518
Total Non-current Assets		**12,446,054,874**	11,424,103,581
TOTAL ASSETS		**P 26,205,221,676**	P 25,000,160,795
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	**P 11,091,906,495**	P 8,479,025,750
Trade and other payables	18	**1,883,576,275**	3,734,569,995
Due to related parties	26	-	17,204,725
Total Current Liabilities		**12,975,482,770**	12,230,800,470
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	**5,091,738,272**	5,363,617,647
Deferred tax liabilities - net	24	**144,460,735**	71,872,184
Other non-current liabilities	19	**267,764,177**	283,644,395
Total Non-current Liabilities		**5,503,963,184**	5,719,134,226
Total Liabilities		**18,479,445,954**	17,949,934,696
EQUITY	27		
Common stock		**1,428,777,232**	1,428,777,232
Preferred stock		**5,000,000**	5,000,000
Additional paid-in capital		**3,367,916,774**	3,367,916,774
Revaluation reserves		**391,651,876**	372,138,419
Other reserves		**(622,952,239)**	(622,952,239)
Retained earnings		**3,155,382,079**	2,499,345,913
Total Equity		**7,725,775,722**	7,050,226,099
TOTAL LIABILITIES AND EQUITY		**P 26,205,221,676**	P 25,000,160,795

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2015 & 2014
(Amounts in Philippine Pesos)

		YTD (January-September Unaudited		3rd Quarter (July-September) Unaudited	
		2015	2014	2015	2014
	Notes				
REVENUES					
Sale of goods - NET		22,002,457,682	26,550,079,097	7,868,687,853	8,217,965,931
Fuel service, storage income and other revenue		485,250,864	379,138,735	211,315,781	196,422,875
		22,487,708,545	**26,929,217,832**	**8,080,003,635**	**8,414,388,806**
COST AND EXPENSES					
Cost of sales and services	19	19,469,786,360	24,407,533,721	6,911,678,652	7,509,667,283
Selling and administrative expenses	20	1,670,353,800	1,435,591,362	658,111,602	544,361,623
		21,140,140,160	**25,843,125,083**	**7,569,790,253**	**8,054,028,906**
OTHER INCOME (CHARGES)					
Finance costs - net		(562,428,118)	(522,721,378)	(166,346,463)	(210,306,217)
Others		(437,629)	(42,075,660)	2,071,402	(43,209,108)
		(562,865,747)	**(564,797,038)**	**(164,275,061)**	**(253,515,325)**
PROFIT BEFORE TAX		**784,702,639**	**521,295,711**	**345,938,321**	**106,844,575**
TAX INCOME (EXPENSE)		(26,290,111)	(15,530,723)	(12,747,643)	(2,912,798)
NET PROFIT		**758,412,528**	**505,764,988**	**333,190,678**	**103,931,777**
Earnings Per Share		**0.51**	**0.33**		

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Period Ended September 30, 2015 and 2014
(Amounts in Philippine Pesos)

	Notes	September 30 2015	September 30 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 784,702,639	P 521,295,711
Adjustments for:			
Interest expense	22	621,916,662	524,168,979
Depreciation and amortization	12, 15	550,197,279	430,392,521
Impairment losses	22	10,663,615	600,000
Interest income	22	(1,878,229)	(1,447,601)
Operating profit before working capital changes		1,965,601,965	1,475,009,610
Decrease in trade and other receivables		2,513,669	3,667,385,789
Decrease (increase) in inventories		434,182,363	(15,120,798)
Decrease (increase) in land held for sale and land development costs		24,299,121	15,725,034
Decrease (increase) in restricted deposits		(433,302)	45,859,825
Increase in input value-added tax		(114,044,705)	(231,781,600)
Increase in prepayments and other current assets		(233,131,258)	(230,556,359)
Decrease (increase) in installment contract receivable		-	(63,515,254)
Increase (decrease) in trade and other payables		(1,850,993,720)	788,720,190
Cash generated from (used in) operations		227,994,134	5,451,726,437
Cash paid for income taxes		-	(15,530,723)
Net Cash From (Used in) Operating Activities		227,994,134	5,436,195,713
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	12	(1,429,549,973)	(2,035,074,207)
Increase in other non-current assets		(142,598,599)	5,956,200
Increase in land held for future development		-	2,681,599
Advances to related parties	26	181,524	496,435
Interest received		1,878,229	1,447,601
(Recognition) Derecognition of Investment from/to Associate	26	-	2,250,000
Proceeds from disposal of property and equipment		15,833,076	-
Net Cash Used in Investing Activities		(1,554,255,744)	(2,022,242,373)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from additional interest-bearing loans and borrowings		-	
Net (decrease) in interest-bearing loans and borrowings		2,341,001,371	(2,537,466,739)
Interest paid		(621,916,662)	(524,168,979)
Payments of cash dividends	27	(102,376,362)	(173,815,223)
Increase (Decrease) in other non-current liabilities		30,418,221	(48,865,611)
Repayments to related parties	26	(17,204,725)	(64,161,243)
Proceeds from issuance of shares of stock	27	-	-
Proceeds from borrowings from related parties	26		
Prior Period adjusments		3,680,381	(5,509,660)
Increase (Decrease) on Other reserves			4,893,593
Net Cash From (Used in) Financing Activities		1,633,602,225	(3,349,093,861)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		307,340,615	64,859,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		555,508,720	357,220,520
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 862,849,335	P 422,079,999

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 PERIOD ENDED SEPTEMBER 30, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note	Sept. 30, 2015 (Unaudited)	Sept. 30, 2014 (Unaudited)
CA COMMON STOCK	25		
Balance at beginning of year		P 1,428,777,232	P 1,428,777,232
Stock dividends			
Issuance during the period		-	-
Balance at end of year*		1,428,777,232	1,428,777,232
CA PREFERRED STOCK	25		
Balance at beginning of year		5,000,000	P 5,000,000
Stock dividends		-	
Additional issuance during the year		-	-
Balance at end of period		P 5,000,000	5,000,000
ADDITIONAL PAID-IN CAPITAL	25		
Balance at beginning of year		3,367,916,774	2,051,723,794
Additions		0	1,316,192,980
Balance at end of period		3,367,916,774	3,367,916,774
Revaluation Reserves	25	391,651,875	277,515,364
Other Reserves	25	(622,952,239)	(622,952,239)
RETAINED EARNINGS			
Balance at beginning of year		2,499,345,913	2,046,541,766
Net profit		758,412,528	505,764,988
Stock Dividend			
Adjustments from Prior year	25		(5,509,660)
Cash dividends	25	(102,376,362)	(173,815,223)
Balance at end of period		3,155,382,079	2,372,981,871
TOTAL EQUITY		P 7,725,775,721	P 6,829,239,002

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, 2015 AND DECEMBER 31, 2014
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Parent Company) was incorporated with the Securities & Exchange Commission (SEC) in Davao City, Philippines on May 8, 2002 and is 41% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a company likewise organized and incorporated in the Philippines.

The Parent Company's shares of stock are listed with the Philippine Stock Exchange (PSE) since July 2007. The Parent Company is presently engaged in trading of petroleum products on wholesale and operating of gas stations, oil depots, storage facilities and allied services. The registered office of the Parent Company, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

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

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

The Parent Company has a total of 447 operating retail service stations, comprising of 163 service stations in Luzon, 62 in the Visayas and 222 in Mindanao and a total of 48 service stations under construction as of September 30, 2015.

1.2 Subsidiaries, Associate and their Operations

The Parent Company holds ownership interests in the following entities as of September 30, 2015 (the Parent Company and the subsidiaries are collectively referred to as "the Group"):

	2015	2014
P-F-L Petroleum Management, Inc. (PPMI)	**100%**	100%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	**100%**	100%
Phoenix Petroterminals & Industrial Park Corp. (PPIPC)	**100%**	100%
South Pacific, Inc. (SPI)***	**20%**	0%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	**100%**	100%

Chelsea Shipping Corp. (CSC)	**100%**	100%
Bunkers Manila, Inc. (BMI)*	**100%**	100%
Michael, Inc. (MI)*	**100%**	100%
PNX – Chelsea Shipping Corp. (PNX – Chelsea)*	**100%**	100%
Chelsea Ship Management Marine Services Corp. (CSMMSC)*	**100%**	100%
Fortis Tugs Corp. (FTC)*	**100%**	100%
Norse/Phil Marine Services Corp. (NPMSC)**	**45%**	45%

** Wholly-owned subsidiaries of CSC*
***Associate of CSC*
**** Associate of PPIPC*

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. PPMI serves as a transient operator for the Company's retail station awaiting qualified dealer to operate it. PPMI's registered office is located at Penthouse, Valero Tower, 122 Valero Street, Salcedo Village, Makati City and its principal place of business is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

PGMI was registered with the SEC on July 31, 2006 primarily to engage in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI has temporarily ceased its operation since 2008.

PPIPC 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 to sell parcels of land on the Group's project, the Phoenix Petroleum Industrial Park (the Park). PPIPC owns, manages and develops the Park, which occupies 94 hectares of land and is situated within three (3) Calaca barangays of Salong, Putting Bato West and Lumbang Calzada, with its own port facilities. PPIPC was granted a permit to operate a permanent and non-commencial port by the Philippine Ports Authority on April 6, 1999 until the expiration date of the Foreshore Lease Contract on July 22, 2022. PPIPC's principal place of business is at Km. 117, National Highway, Calaca, Batangay, 4212 Philippines.

SPI was registered with the SEC on March 27, 2014 and is engaged in bulk or wholesale supply and distribution of liquefied petroleum gas and other petroleum products, including importation, storage, and wholesale, refilling thereof, and accordingly to operate and maintain storage terminals, equipment, and transportation facilities to use therein.

SPTT was registered with the SEC on February 20, 2007 and is engaged in buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. SPTT is duly registered with Subic Bay Metropolitan Authority and was issued the Certificate of Registration and Tax Exemption on May 7, 2015 effective until May 6, 2016, subject to annual renewal by SPTT. The principal and registered address of SPTT is at Units 113 and 115 Subic International Hotel, Alpha Building, Rizal Highway, Subic Bay Freeport Zone, Zambales. SPTT imports petroleum products from Singapore, Thailand, and Taiwan and sells petroleum products to companies operating inside Subic Freeport Zone in Zambales

CSC was incorporated in the Philippines on July 17, 2006 and 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 and in the Asia-Pacific Region. It started commercial operations on January 1, 2007. It has 12 vessels in its fleet, two of which serve the regional trade route (Taiwan to Philippines). Chelsea owns the two largest Philippine-registered oil tankers "M/T Chelsea Thelma" and "M/T Chelsea Donatela" with 9,366 gross tonnage each. With a total fleet size of 48,367.96 GRT, Chelsea is among the top 5 major petroleum tanker owner in the country. Its principal and registered office is located at Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City.

BMI was registered with the SEC on March 7, 2000 to serve the growing demand of marine fuel (bunker) of foreign vessels calling on the ports of the Philippines. Aside from international bunkering, BMI also ventures into hauling of marine fuel and petroleum products for major oil companies.

MI, which was registered with the SEC on December 26, 1957 and whose corporate life was approved to be extended for another 50 years by the SEC on May 6, 2008, is engaged in the business of acquiring and operating floating equipment for charter or hire and for the conveyance and carriage of goods, wares, and merchandise of every description in the Philippines coastwise traffic without any fixed schedule. MI is also engaged in the trading of fuel oil.

PNX – Chelsea was incorporated on February 2, 2011 and is engaged in the ownership and operation of vessels for domestic trade for the purpose of conveyance or carriage of petroleum products, goods, wares and merchandise of every kind and description.

CSMMSC was incorporated on March 30, 2012 to carry on the business of ship management and to act as agent, broker, ship chandler or representative of foreign/domestic shipping corporations and individuals for the purpose of managing, operating, supervising, administering and developing the operation of vessels.

FTC was incorporated on April 8, 2013 and started commercial operations on November 8, 2013. It is engaged in the towage and salvage of marine vessels and other crafts including their cargoes upon seas, lakes, rivers, canals, bays, harbours, and other waterways between the various ports of the Philippines, and to acquire by purchase, charter, lease or modes recognized by law of obtaining title to or use of such equipment and properties, real or personal, which may be necessary to achieve such purpose.
The registered address of CSMMSC and FTC, which is also their principal place of business, is located at the 26/F, Fort Legend Towers, 3rd Ave. corner 31st St., Bonifacio Global City, Taguig City.

NPMSC was incorporated on January 30, 2013 to engage in the business of providing technical ship services and to act as agent, broker, ship handler or representative of foreign/domestic shipping corporations and individuals for the purpose of operating, supervising, administering and developing the operation of vessels belonging to or which are or may be leased or operated by said shipping corporations and individuals, and to equip any and all kinds of ships, barges and vessels of every class and description owned by any shipping corporation. NPMSC started commercial operations on June 10, 2013. Its registered office, which is also its principal place of business, is located at 2/F Harbor Centre II Bldg., Railroad and Delgado Sts., South Harbor, Port Area, Manila.

1.3 Acquisition of CSC

On September 6, 2012, CSC became a wholly owned subsidiary of the Parent Company upon the approval of the Parent Company's stockholders of the acquisition of the 100% of CSC's outstanding shares from Udenna Management Resources Corp. (UMRC), a related party under common ownership (see Note 27.3). The acquisition was initially approved by the Parent Company's Board of Directors (BOD) on July 6, 2012 and was subsequently ratified by the Parent Company's stockholders on September 6, 2012.

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, and approved by the Philippine Board of Accountancy (BOA).

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 Consolidated 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.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(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. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2014 that are Relevant to the Group

In 2014, the Group adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Group and effective for the consolidated financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instrument: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
PFRS 10, 12 and PAS 27 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, Separate Financial Statements – Exemption from Consolidation for Investment Entities
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed in the succeeding pages are the relevant information about these amended standards and interpretation.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions. The Group's existing offsetting and settlement arrangements for its financial instruments with its counterparties are not affected by the amendment; hence, such did not have an impact on the presentation of financial assets and financial liabilities on the Group's consolidated financial statements for any periods presented.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the consolidated financial statements. This amendment did not result in additional disclosures in the consolidated financial statements since the Group did not recognize or reverse impairment losses on its non-financial assets during the year.

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Group neither enters into transactions involving derivative instruments nor does it applies hedge accounting, the amendment did not have any impact on the Group's consolidated financial statements.

(iv) PFRS 10, PFRS 12 and PAS 27 (Amendments), *Consolidated Financial Statements, Disclosures of Interests in Other Entities, Separate Financial Statements – Exemption from Consolidation for Investment Entities*. The amendments define the term "investment entity" and provide to such an investment entity an exemption from the consolidation of particular subsidiaries and instead require to measure investment in each eligible subsidiary at fair value through profit or loss in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, both in its consolidated or separate financial statements, as the case maybe. The amendments also require additional disclosures about the details of the entity's unconsolidated subsidiaries and the nature of its relationship and certain transactions with those subsidiaries. This amendment had no significant impact on the Group's consolidated financial statements as the Group does not have investment entities.

(v) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the consolidated financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2014 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2014 which are adopted by the FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements in accordance with their transitional provisions, and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the consolidated financial statements. Accordingly, it clarifies that materiality applies to the whole consolidated financial statements and an entity shall not reduce the understandability of the consolidated financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the consolidated financial statements.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iv) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vi) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

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 arrangements, 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 amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Group does not expect to implement and adopt any version of PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vii) FFRS 12 (Amendment), *Disclosures of Interests in Other Entities – Investment Entities: Applying the Consolidation Exception* (effective from January 1, 2016). The amendment clarifies that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12.

(viii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect those to have a material impact on the Group's consolidated financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

(a) PAS 16 (Amendment), *Property, Plant and Equipment.* The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

(b) PAS 24 (Amendment), *Related Party Disclosures.* The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the consolidated financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

(c) PFRS 3 (Amendment), *Business Combinations.* The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

(d) PFRS 8 (Amendment), *Operating Segments*. The amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

(e) PFRS 13 (Amendment), *Fair Value Measurement.* The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

(a) PFRS 3 (Amendment), *Business Combinations*. The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11, *Joint Arrangement*, in the financial statements of the joint arrangement itself.

(b) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

(c) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3.

Annual Improvements to PFRS (2012-2014 Cycle)

(a) PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to

determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries (see Note 1) after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

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

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

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control indicated above. Accordingly, entities are deconsolidated from the date that 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 recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill (see Note 16). If the consideration received 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 in profit or loss (see Note 2.13).

On the other hand, business combinations arising from transfers or acquisition of interests in entities that are under the common control of the shareholder that controls the Group are normally accounted for under the pooling-of-interests method and reflected in the consolidated financial statements as if the business combination had occurred at the beginning of the earliest comparative period presented, or if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognized in the Group's consolidated financial statements at the carrying amounts previously recognized. The difference between the consideration transferred and the net assets of the subsidiary acquired is recognized as Other Reserves as part of the equity (see Notes 2.13 and 2.24).

(b) Investment in an Associate

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.17).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

The Parent Company holds interests in various subsidiaries and in an associate as presented in Notes 1 and 13.

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 FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets. 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 the related transaction costs are recognized in profit or loss.

Currently, the financial assets category relevant to the Group are loans and receivables.

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 those with maturities greater than 12 months after the end of each reporting period which are classified as non-current assets.

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, and Refundable Rental Deposits (presented as part of Other Non-Current Assets in the consolidated statement of financial position). Cash and cash equivalents include cash on hand, savings and demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Refundable rental deposits are initially recognized at fair value. Interest on the rental deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Income under Other Charges (Income) in the consolidated statement of financial position. The excess of the principal amount of the deposit over its present value is immediately recognized as deferred minimum lease payments (presented as part of Other Non-Current Assets in the consolidated statement of financial position). Meanwhile, rent expense arising from subsequent amortization of deferred minimum lease payments is accounted for using the straight-line method over the lease term and is presented as part of Rent under Selling and Administrative Expenses in the consolidated statement of comprehensive income.

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 (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

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 to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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 as at the end of reporting period. Interest incurred during the development of the project is capitalized (see Note 2.19).

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 Prepayments and Other Current Assets

Prepayments and other current assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.8 Land Held For Future Development

Land held for future development is valued at the lower of cost and net realizable value. Cost of land held for future development 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.

2.9 Property and Equipment

Land is stated at cost less any impairment in value. Tankers are measured at revalued amount less accumulated depreciation. 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 while expenditures for repairs and maintenance are charged to expense as incurred, except for periodic drydocking costs performed at least every two years on the vessel, which are capitalized (see Note 2.10).

Following initial recognition, tankers are carried at revalued amounts which are the fair values at the date of revaluation, as determined by independent appraisers, less subsequent accumulated depreciation and any accumulated impairment losses.

Revalued amounts represent fair values determined based on appraisals by external professional valuer once every two years unless more frequently if market factors indicate a material change in fair value (see Note 5.4).

Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation Reserves account in the consolidated statement of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Annually, an amount from the Revaluation Reserves is transferred to Retained Earnings for the depreciation relating to the revaluation surplus. Upon disposal of the revalued assets, amounts included in Revaluation Reserves is transferred to Retained Earnings.

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

Tankers	30 years
Buildings, depot and pier facilities	5-25 years
Transportation and other equipment	1-10 years
Vessel equipment	5 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.

Hauling and heavy equipment held under finance lease agreements (see Note 2.15) are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

Construction in progress represents properties under construction and on-going major repair works and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.19) 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 2.17).

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

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, if any, 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 in the year the item is derecognized.

2.10 Drydocking Costs

Drydocking costs are considered major repairs that preserve the life of the vessel. As an industry practice, costs associated with drydocking are amortized over two years or until the next drydocking occurs, whichever comes earlier. When significant drydocking expenditures occur prior to their expiry, any remaining unamortized balance of the preceding drydocking costs is expensed in the month of the subsequent drydocking.

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 account 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 (see Note 2.17).

The carrying amount of drydocking costs is derecognized upon derecognition of the related tanker. The computed gain or loss arising on the derecognition of the tanker takes into consideration the carrying amount of drydocking costs and is included in profit or loss in the year the related tanker is derecognized (see Note 2.9).

2.11 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related payables), due to related parties 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 charges that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset (see Note 2.19). All other interest related charges are recognized as an expense in the consolidated statement of comprehensive income under the caption Finance Costs.

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

Obligations under finance lease (included as part of Interest-bearing Loans and Borrowings) are recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments, at the inception of the lease (see Notes 2.15 and 30.5).

Trade and other payables (excluding tax-related payables), due to related parties 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.

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

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

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

2.12 Provisions and Contingencies

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 obligation 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. The increase in provision due to passage of time is recognized as interest expense. 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.

2.13 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting and pooling-of-interest method.

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 2.17).

Negative goodwill which is the excess of the Group's interest in the 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.

Under the pooling-of-interest method, similar accounts of the entities are combined on a line-by-line basis except for the equity accounts which were offset with the new shares issued by the new entity in which the difference between the net assets received and the amount of the consideration (shares issued and cash) is accounted for as Other Reserves.

2.14 Revenue and Expense Recognition

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

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. generally when the customer has acknowledged delivery of goods or when the customer has taken undisputed delivery of goods.

(b) *Charter fees* – Revenue, which consists mainly of charter income arising from the charter hire of tankers, is recognized based on the type of charter arrangement entered into, either under a time charter (TC), a continuing voyage charter (CVC), or a bareboat agreement (BB) [see Note 3.1*(d)*]. Under a TC and BB, revenue is recognized based on the terms of the contract, with the distinction that in a BB, no administration or technical maintenance is included as part of the agreement. Under a CVC, revenue is recognized upon completion of the voyage; however, appropriate accrual of revenue is made at the end of the reporting period.

(c) *Fuel service and other revenues, port revenues and storage income* – 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.

(d) *Rent income* – Revenue is recognized on a straight-line basis over the lease term (see Note 2.15).

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

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 2.19).

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 the 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.

2.15 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Finance lease obligations, net of finance charges, are included in Interest-bearing Loans and Borrowings account in the consolidated statement of financial position.

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as repairs and 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 are 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 in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset 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 of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.16 Foreign Currency Transactions and Translations

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 profit or loss.

2.17 Impairment of Non-financial Assets

The Group's property and equipment, investment in an associate, drydocking costs (presented as part of Other Non-current Assets in the consolidated statement of financial position), goodwill and other non-financial assets 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, except for goodwill that is tested for impairment at least annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which 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. 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.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. 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.

Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss, except impairment loss on goodwill (see Note 2.13), is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.18 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and a defined contribution plan, and other employee benefits which are recognized as follows:

(a) Post-employment 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, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets, if any, for funding the defined benefit plan have been acquired. 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 pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bond as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Profit-sharing and Bonus Plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) 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.

2.19 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.20 Income Taxes

Tax 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 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 expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of 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 carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets, if any, are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for land held for sale and land development costs, the carrying amount of such properties is presumed to be recovered entirely through sale, unless the presumption is rebutted, that is when the land held for sale and development costs are held within the business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.21 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.22 Related Party Transactions and Relationships

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; (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; and, (d) the Group's funded retirement plan.

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

2.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's BOD and management committee 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 29 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 are the same as those used in its consolidated financial statements, except that post-employment benefit expenses are not included in arriving at the operating profit of the operating segments.
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.

2.24 Equity

Preferred and common 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.

Revaluation reserves comprise of gains and losses arising from the revaluation of the Group's tankers and from the remeasurements of post-employment defined benefit obligation, net of applicable taxes.

Other reserves pertain to the difference between the Parent Company's cost of investment and the acquired net assets of CSC accounted for under the pooling-of-interest method (see Notes 2.3 and 2.13).

Retained earnings include all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

2.25 Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to common shareholders by the weighted average number of common shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.26 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires 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) Distinguishing Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement, either as a lessor or a lessee, as either an operating or finance lease by looking at the transfer or retention of significant risks 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. Certain hauling and heavy equipment are accounted for under finance lease.

(b) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.12 and disclosures on relevant contingencies are presented in Note 30.

(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, depot facilities, tankers and land held for sale and development costs are qualifying assets as the management assesses that it takes substantial period of time for the completion of those assets.

(d) *Revenue Recognition for Charter Fee Arrangements*

In determining the appropriate method to use in recognizing the Group's revenue from TC, CVC and BB, management considers the following criteria: (1) whether the fulfilment of the arrangement is dependent on the use of a specific vessel; and, (2) whether the arrangement conveys a right to use the vessel. Management determined that if both criteria are met, the revenue should be recognized using the straight-line method over the term of the contract (see Note 2.14). Otherwise, revenue will be recognized based on contract terms when substantial agreed tasks have been rendered.

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 reporting period:

(a) *Impairment of Trade and Other Receivables and Due from Related Parties*

Adequate amount of allowance for impairment is provided for specific and group of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual 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. The carrying value of due from related parties is shown in Note 26.4. The Group has determined that no impairment loss on Due from Related Parties account should be recognized in 2014, 2013 and 2012.

(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 reporting period.

(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 time the estimates are made. Future realization of the carrying amounts of land held for sale and development costs and land held for future development is 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 reporting period.

(d) Estimating Useful Lives of Property and Equipment and Drydocking Costs

The Group estimates the useful lives of property and equipment and drydocking costs based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and drydocking costs 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 and drydocking costs are analyzed in Notes 12 and 15, respectively. Based on management's assessment as of December 31, 2014 and 2013, there is no change in the estimated useful lives of the property and equipment and drydocking costs during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Fair Value Measurement of Tankers

The Group's tankers, presented as part of the Property and Equipment account, are carried at revalued amount at the end of the reporting period. In determining the fair values of these assets, the Group engages the services of professional and independent appraisers applying the relevant valuation methodologies as discussed in Note 5.4.

For tankers with appraisals conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of the Group's tankers.

A significant change in these elements may affect prices and the value of the assets. The amounts of revaluation and fair value gains recognized on the Group's tankers are disclosed in Note 12.

(f) Determining 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. Management assessed that the deferred tax assets recognized as of December 31, 2014 and 2013 will be fully utilized in the coming years. The carrying value of deferred tax assets as of December 31, 2014 and 2013 is disclosed in Note 25.

(g) Estimating Liability for Land Development

Obligations to complete development of real estate are based on actual costs and project estimates of the Group's contractors and technical personnel. 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 amounting to P0.1 million as of December 31, 2014 and 2013, are presented as part of accrued expenses under Trade and Other Payables account in the consolidated statements of financial position (see Note 18).

(h) Valuation of Post-employment Defined Benefit Obligation

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23 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 23.2.

(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 (under Cost of Sales and Services in the consolidated statement of comprehensive income) includes estimated costs for future development. The development cost of the project is estimated by the Group's contractors and technical personnel. Many factors influence a project development cost estimate, which include among others, the geographic location of the project, quantity of materials and item availability, general soil conditions and scheduling of resources including labor and equipment. At the end of reporting period, these estimates are reviewed and revised to reflect the current conditions, when necessary.

(j) Impairment of Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to discount such. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.17). 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.

Management has assessed that no impairment losses are required to be recognized on the Group's non-financial assets in 2014, 2013 and 2012.

(k) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

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 BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

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

4.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's sales to a certain customer and, fuel and tanker importations, which are primarily denominated in U.S. dollars (US$). The liability covering the fuel importation is covered by letter of credits which is subsequently closed to Philippine peso trusts receipts (TRs). Further, the Group has several U.S. dollar loans from certain banks which were used to finance its capital expenditures (see Note 17). The Group also holds U.S. dollar-denominated cash and cash equivalents.

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

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

	2014
Financial assets	P4,383,654,349
Financial liabilities	(2,988,051,570)
Net exposure	P1,395,602,779

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.

	2014
Reasonably possible change in rate	27.8%
Effect in profit before tax	P 387,977,573
Effect in equity after tax	271,584,301

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

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually made at fixed rates. As of December 31, 2014 and 2013, 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 17). All other financial assets and liabilities have fixed rates.

Cash in banks are tested on a reasonably possible change of +/-0.96% and +/-1.10% in 2014 and 2013, respectively. Banks loans subject to variable interest rates are tested on a reasonably possible change of +/-0.68% and +/-1.67% for Philippine peso and +/-0.31% and +/-0.69% for U.S. dollar in 2014 and 2013, respectively. These percentages have been determined based on the average market volatility of interest rates, using standard deviation, in the previous 12 months estimated at 99% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at the end of the each reporting period, with effect estimated from the beginning of the year. All other variables are held constant.

The changes in percentages would affect profit or loss before tax by +/-P68.2 million year ended December 31, 2014.

(c) Other Price Risk

The Group's market price risk arises from its purchases of fuels. It manages its risk arising from changes in market prices by monitoring the daily movement of the market price of fuels and to some extent, using forward and other similar contracts to manage the fluctuation of the fuel price.

4.2 Credit Risk

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

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

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

	Notes	SEPT 30,2015	DEC 31, 2014
Cash and cash equivalents	6	**P862,849,335**	P 555,508,720
Trade and other receivables – net*	7	**3,125,716,173**	3,789,225,134
Due from related parties	26.4	**10,191,832**	10,373,356
Restricted deposits	10, 15	**70,840,045**	71,670,538
Refundable rental deposits	15	**157,546,233**	172,226,696
		P4,227,143,618	P4,599,004,444

* *Excludes advances to supplier and advances subject to liquidation.*

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.

None of the financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash and Cash Equivalents

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

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

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:

	SEPT 30, 2015	DEC. 30, 2014
Not more than one month but not more than two months	**P 287,781,330** **112,534,840**	P 205,924,748 152,505,688
More than two months but not more than six months	**64,883,265**	87,978,949
More than six months but not more than one year	**51,424,709**	74,091,227
More than one year	**70,058,061**	86,449,908
	P 586,682,205	P 606,950,520

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

4.3 Liquidity Risk

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

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

As of September 31, 2015, the Group's financial liabilities have contractual maturities which are summarized as follows:

Current		Non-current
Within 6 months	6 to 12 months	1 to 5 years

Interest-bearing loans and borrowings	P 11,091,906,494	P	P 5,091,738,272
Trade and other payables (excluding tax-related payables)	1,883,576,275		-
Due to related parties		-	-
Security deposits	-	-	149,434,238
	P12,975,482,770	**P**	**P 5,241,172,510**

This compares to the maturity of the Group's financial liabilities as of

December 31, 2014 as presented below.

	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
Interest-bearing loans and borrowings	P 7,011,246,094	P 1,692,894,035	P 6,116,547,965
Trade and other payables (excluding tax-related payables)	3,193,805,959	517,524,441	-
Due to related parties	17,204,725		-
Security deposits	-	-	158,325,351
	P 10,222,256,778	P 2,210,418,476	P 6,274,873,316

The contractual maturities of the financial liabilities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

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

5.1 Carrying Amounts and Fair Values by Category

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

		SEPT 30, 2015		December 31, 2014	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	6	**P 862,849,335**	**P 862,849,335**	P 555,508,720	P 555,508,720
Trade and other receivables-net*	7	**3,125,716,173**	**3,125,716,173**	3,789,225,134	3,789,225,134
Due from related parties	26.4	**10,185,843**	**10,185,843**	10,373,356	10,373,356
Restricted deposits	10, 15	**70,840,045**	**70,840,045**	71,670,538	71,670,538
Refundable rental deposits	15	**157,546,233**	**157,546,233**	172,226,696	172,226,696
		P 4,227,137,629	**P 4,227,137,629**	P 4,599,004,444	P 4,599,004,444
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	17	**P 16,183,644,766**	**P 16,183,644,766**	P 13,842,643,397	P 13,842,643,397
Trade and other payables*	18	**1,883,576,275**	**1,883,576,275**	3,711,330,400	3,711,330,400
Due to related parties	26.4			17,204,725	17,204,725
Security deposits	19	**149,434,238**	**149,434,238**	158,325,351	158,325,351
		P 18,216,655,281	**P 18,216,655,281**	P 17,729,503,873	P 17,729,503,873

**Excludes Advances to Supplier and Advances Subject to Liquidation*
***Excludes tax-related payables*

See Notes 2.4 and 2.11 for a description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

5.3 Fair Instruments Measured at Amortized Cost for which Fair Value is Disclosed

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

		2014			
	Notes	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	6	P 555,508,720	P -	P -	P 555,508,720
Trade and other receivables - net	7	-	-	3,789,225,134	3,789,225,134
Due from related parties	26.4	-	-	10,373,356	10,373,356
Restricted deposits	10, 15	71,670,538	-	-	71,670,538
Refundable rental deposits	15	-	-	172,226,696	172,226,696
		P 627,179,258	**P -**	**P 3,971,825,186**	**P4,599,004,444**

	Notes	2014 Level 1	2014 Level 2	2014 Level 3	2014 Total
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	17	P -	P -	P 13,842,643,397	P 13,842,643,397
Trade and other payables	18	-	-	3,711,330,400	3,711,330,400
Due to related parties	26.4	-	-	17,204,725	17,204,725
Security deposits	19	-	-	158,325,351	158,325,351
		P -	**P -**	**P 17,729,503,873**	**P 17,729,503,873**

	Notes	2013 Level 1	2013 Level 2	2013 Level 3	2013 Total
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	6	P 357,220,520	P -	P -	P 357,220,520
Trade and other receivables - net	7	-	-	6,402,695,635	6,402,695,635
Due from related parties	26.4	-	-	2,747,994	2,747,994
Restricted deposits	10, 15	96,683,441	-	-	96,683,441
Refundable rental deposits	15	-	-	180,951,286	180,951,286
		P 453,903,961	P -	P 6,586,394,915	P7,040,298,876
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowings	17	P -	P -	P 13,751,738,817	P 13,751,738,817
Trade and other payables	18	-	-	1,269,892,478	1,269,892,478
Due to related parties	26.4	-	-	64,161,243	64,161,243
Security deposits	19	-	-	275,962,723	275,962,723
		P -	P -	P 15,361,755,261	P 15,361,755,261

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

The fair values of the financial assets and financial liabilities included in Level 3 in the preceding page, which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since not all significant inputs required to determine the fair value of the other instruments not included in Level 1 are observable, these are included in Level 3.

5.4 Fair Value Measurements for Non-financial Assets

a) Determining Fair Value of Tankers

The fair values of the Group's tankers, included as part of the Property and Equipment account, were determined based on the appraisal reports of a professional and independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the tanker.

In estimating the fair value of these tankers, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The Level 3 fair value of tankers was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

b) Other Fair Value Information

The reconciliation of the carrying amount of tankers included in Level 3 is presented in Note 12.2.

There has been no change to the valuation techniques used by the Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2014 and 2013.

5.5 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	December 31, 2014					
	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of fina ncial position	Related amounts not set off in the consolidated statement of financial position		
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
Trade and other receivables	P 4,031,673,199	(P 242,448,065)	P 3,789,225,134	P -	P -	P 3,789,225,134
Restricted deposits	70,406,743	-	70,406,743	(70,406,743)	-	-
	P 4,102,079,942	**(P 242,448,065)**	**P 3,859,631,877**	**(P 70,406,743)**	**P -**	**P 3,789,225,134**

	December 31, 2013					
	Gross amounts recognized in the consolidated statement of		Net amount presented in	Related amounts not set off in the consolidated statement of		

	financial position		the consolidated statement of financial position	financial position		
	Financial assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
Restricted deposits	P 95,419,646	P -	P 95,419,646	(P 95,419,646)	P -	P -

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	December 31, 2014					
	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	Net amount
Interest-bearing loans and borrowings	P 13,842,643,397	P -	P 13,842,643,397	(P 70,406,743)	P -	P 13,772,236,654
Trade and other payables	3,769,778,465	(58,448,065)	3,711,330,400	-	-	3,711,330,400
Security deposits	342,325,351	(184,000,000)	158,325,351	-	-	158,325,351
	P 17,954,747,213	**(P 242,448,065)**	**P 17,712,299,148**	**(P 70,406,743)**	**P -**	**P 17,641,892,405**

	December 31, 2013					
	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	Net amount
Interest-bearing loans and borrowings	P 13,751,738,817	P -	P 13,751,738,817	(P 95,419,646)	P -	P 13,656,319,171

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of Sept. 30:

	SEPT 30, 2015	DEC. 31, 2014
Revolving fund	**P 1,255,000**	P 1,131,815
Cash on hand	**5,283,761**	10,335,747
Cash in banks	**850,413,556**	538,072,742
Short-term placements	**5,897,018**	5,968,416
	P 862,849,335	P 555,508,720

Cash in banks generally earn interest based on daily bank deposit rates ranging from 0.25% to 3.00% per annum in all years presented. Short-term placements are made for varying periods ranging from 7 to 90 days and earn effective interest ranging from 0.25% to 1.25% per annum in all years presented. Interest income earned amounted to P1.88 million and P1.001 million in Sept. 2015 and 2014 respectively, and is included as part of Finance Income in the statements of comprehensive income (see Note 22.2).

The balances of cash in banks as of Sept. 30, 2015 and December 31, 2014 exclude restricted time deposits amounting to P70.8 million and P70.4 million, respectively, which are shown as Restricted Deposits account (see Note 10) and restricted time deposits under Other Non-current Assets (see Note 15) in the consolidated statements of financial position. Such amounts are not available for the general use of the Group under the loan agreement (see Note 17.1).

7. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**SEPT. 30,2015**	DEC. 31, 2014
Trade receivables:			
Third parties		**P 3,102,472,562**	P 3,771,130,305
Related parties	26.1	**23,243,612**	25,524,583
		3,125,716,173	3,796,654,888
Advances to suppliers:			
Third parties	30.7	**4,659,991,868**	4,001,272,283
Related parties	26.2	**8,294,800**	10,024,800
		4,688,286,668	4,011,297,083
Non-trade receivables		**265,157,036**	242,324,636
Advances subject to liquidation		**29,534,472**	32,189,974
Other receivables		**25,895,470**	34,636,908
		8,114,589,820	8,117,103,489
Allowance for impairment		**(295,054,913)**	(284,391,298)
		P 7,819,534,907	P 7,832,712,191

All of the Group's trade and other receivables have been reviewed for indications of impairment. Certain trade and other receivables, which are due from customers, were found to be impaired; hence, adequate amount of allowance for impairment has been recorded as of September 30, 2015 and December 31, 2014. Impairment losses amounted to P10.7 million, P40.1 million as of September 30, 2015 and December 31, 2014, respectively, and are presented as part of Finance Costs under the Other Charges (Income) account in the consolidated statements of comprehensive income (see Note 22.1).

A reconciliation of the allowance for impairment at the beginning and end of September 30,2015 and December 31, 2014 is shown below.

	Note	**Sept, 30,2015**	December 31,2014
Balance at beginning of year		**P 284,391,298**	P 244,313,834
Impairment loss for the year	22.1	**10,663,615**	40,077,464
Balance at end of year		**P 295,054,913**	P 284,391,298

Trade and other receivables do not bear any interest. All receivables are subject to credit risk exposure (see Note 4.2).

Advances to suppliers include amounts initially paid to foreign corporation amounting to P89.6 million (US$2.0 million) as of December 31, 2014, in relation to the Memorandum of Agreement (MOA) entered into by PNX – Chelsea for the importation of one unit of oil tanker vessel (MT Chelsea Denise II) from China for a total consideration of $7.3 million.

Non-trade receivables mostly pertain to receivable from locators and accrued rent and franchise income. Non-trade receivables also include P12.9 million worth of reimbursable costs incurred by the Group as of December 31, 2014, in relation to its TC agreement with a certain third party.

Other receivables include partial claims from an insurance company amounting to P32.9 million as of December 31, 2014, which is related to an incident encountered by certain vessels of the Group and one of FTC's tugboats. The amount represents the actual costs incurred for the vessels, net of the applicable deductible clause. In 2014, the Group received a notice of the final amount to be settled by the insurance company based on the computations provided by the adjuster. Out of the outstanding claim of the Group of P32.9 million, only P29.0 million will be collectible; hence, the remaining balance of P3.9 million was recognized as Loss on settlement of insurance claims, which is presented as part of Finance Costs in the 2014 consolidated statement of comprehensive income (see Note 22.1).

Certain trade receivables amounting to P33.3 million as of December 31, 2014, were used as collateral to the Group's interest-bearing loans and borrowings [see Notes 17.5*(a)*, 17.5*(b)* and 17.5*(e)*].

8. INVENTORIES

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

	Sept. 30,2015	Dec. 31, 2014
Fuel	**P 2,139,037,874**	P 2,564,596,748
Lubricants	**120,583,771**	306,133,400
Others	**177,025,061**	98,921
	P2,436,646,706	P 2,870,829,069

Under the terms of agreements covering the liabilities under trust receipts, inventories with carrying amount of P1,956 million and P2,138.5 million as of September 30, 2015 and December 31, 2014, 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 17.1).

There were no inventory write-down in all of the years presented.

An analysis of the cost of inventories included in the cost of fuels and lubricants sold in each year is presented in Note 20.1.

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 Sept. 30:

	Sept. 30, 2015	Dec. 31, 2014
Land held for sale	**P 450,786,035**	P 450,786,035
Land development costs	**35,199,776**	35,199,776
Sale of Land	**(24,299,121)**	
	P461,686,690	P485,985,811

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 Notes 6 and 17.1) amounting to P70.8 million and P70.4 million as of Sept. 30, 2015 and December 31,2014, respectively. 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 17.1). Interest rates for this type of deposit range from 2.40% to 5.98% per annum for all the years presented.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account as of Sept. 30 is shown below:

	Sept. 30, 2015	Dec. 31, 2014
Prepayments	**P 705,949,497**	P 577,645,850
Creditable withholding tax	**342,604,506**	353,395,385
Supplies	**101,653,764**	215,476,323
Others	**229,556, 031**	114,982
	P1,379,763,798	P 1,146,632,540

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of Sept. 30, 2015 and December 31, 2014 are shown below.

	Buildings, Depot and Pier Facilities	Leasehold and Land Improvements	Gasoline Station Equipment	Office Furniture and Equipment	Hauling and Heavy Equipment	Transportation and Other Equipment	Tankers	Vessel Equipment	Land	Construction in Progress	Total
September 30, 2015											
Cost or valuation	P 3,848,516,327	P 97,435,438	P2,509,030,217	P 77,044,188	P 597,713,584	P 45,651,065	P4,483,101,138	P 357,779,580	P 645,252,512	P 1,874,360,232	P 14,336,884,281
Accumulated depreciation and amortization	(640,449,682)	(53,366,404)	(831,649,165)	(59,388,079)	(336,763,358)	(32,128,493)	(666,836,441)	(118,341,061)	-	-	(2,768,922,683)
Net carrying amount	**P 2,978,066,645**	**P 44,069,035**	**P1,677,381,052**	**P 17,656,109**	**P 269,741,705**	**P 14,552,572**	**P 3,816,264,696**	**P 239,438,520**	**P 645,252,512**	**P 1,874,360,232**	**P 11,567,961,598**
December 31, 2014											
Cost or valuation	P 3,824,032,006	P 97,172,129	P1,946,995,014	P 84,756,860	P 579,287,791	P 75,106,949	P4,440,508,081	P 265,909,110	P 641,719,262	P 996,711,879	P 12,952,199,081
Accumulated depreciation and amortization	(793,867,463)	(47,067,752)	(372,424,732)	(67,337,047)	(293,248,875)	(66,443,159)	(548,682,231)	(74,518,918)	-	-	(2,263,590,177)
Net carrying amount	**P 3,030,164,543**	**P 50,104,377**	**P1,574,570,282**	**P 17,419,813**	**P 286,038,916**	**P 8,663,790**	**P 3,891,825,850**	**P 191,390,192**	**P 641,719,262**	**P 996,711,879**	**P 10,688,608,904**
December 31, 2013											
Cost or valuation	P P 2,940,015,956	P 68,286,414	P1,349,077,762	P 76,438,965	P 547,121,336	P 66,714,204	P3,102,998,637	P 132,261,485	P 358,163,195	P 1,643,322,006	P 10,284,399,960
Accumulated depreciation and amortization	(633,529,168)	(36,606,594)	(189,963,789)	(56,019,329)	(228,201,903)	(63,532,510)	(410,279,603)	(37,776,595)	-	-	(1,655,909,491)
Net carrying amount	P 2,306,486,788	P 31,679,820	P1,159,113,973	P 20,419,636	P 318,919,433	P 3,181,694	P 2,692,719,034	P 94,484,890	P 358,163,195	P 1,643,322,006	P 8,628,490,469

A reconciliation of the carrying amounts at the beginning and end of Sept. 30, 2015 and December 31, 2014 of property and equipment is shown below.

	Buildings, Depot and Pier Facilities	Leasehold and Land Improvements	Gasoline Station Equipment	Office Furniture and Equipment	Hauling and Heavy Equipment	Transportation and Other Equipment	Tankers	Vessel Equipment	Land	Construction in Progress	Total
Balance at January 1, 2015, net of accumulated depreciation and amortization	P 3,030,164,543	P 50,104,377	P 1,574,570,282	P 17,419,813	P 286,038,916	P 8,663,790	P 3,891,825,850	P 191,390,192	P 641,719,262	P 996,711,879	P 10,688,608,904
Additions	33,010,867	206,115	35,276,316	6,525,607	23,693,957	8,661,611	42,593,057	91,870,470	3,533,250	1,184,178,723	1,429,549,972
Revaluation increment	-	-	-	-	-	-	-	-	-	-	-
Transfers	2,863,206	-	302,054,885	395,087	1,217,193		-	-	-	(306,530,370)	-
Cost of asset disposed *	(211,389,751)	57,195	224,704,002	(14,633,336)	(6,485,357)	(37,117,495)	-	-	-	-	(44,864,772)
Accumulated depreciation of asset disposed	232,350,178	(57,194)	(233,054,684)	14,616,671	6,378,358	37,113,407	-	-	-	-	57,345,736
Depreciation and amortization charges for the year	(108,932,397)	(4,166,541)	(226,168,749)	(6,667,703)	(49,892,841)	(2,798,741)	(118,154,210)	(43,822,143)	-	-	(562,678,242)
Balance at Sept. 30, 2015, net of accumulated depreciation and amortization	**P 2,978,066,645**	**P 44,069,035**	**P1,677,381.052**	**P 17,656,109**	**P 260,950,226**	**P 14,522,572**	**P 3,816,264,696**	**P 239,438,520**	**P 645,252,512**	**P 1,874,360,232**	**P 11,567,961,598**
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 2,306,486,788	P 31,679,820	P 1,159,113,973	P 20,419,636	P 318,919,433	P 3,181,694	P 2,692,719,034	P 94,484,890	P 358,163,195	P 1,643,322,006	P 8,628,490,469
Additions	124,963,964	28,885,715	116,897,418	8,181,587	32,527,133	8,977,566	168,433,749	49,842,599	283,556,067	1,722,010,278	2,544,276,076
Revaluation increment	-	-	-	-	-	-	180,637,550	-	-	-	180,637,550
Transfers	760,494,436	-	482,071,526	174,656	308,573	-	988,438,145	83,805,026	-	(2,368,620,405)	(53,328,043)
Cost of asset disposed	(1,442,350)	-	(1,051,692)	(38,348)	(669,251)	(584,821)	-	-	-	-	(3,786,462)
Accumulated depreciation of asset disposed	1,442,350	-	361,152	38,348	614,935	380,134	-	-	-	-	2,836,919
Depreciation and amortization charges for the year	(161,780,645)	(10,461,158)	(182,822,095)	(11,356,066)	(65,661,907)	(3,290,783)	(138,402,628)	(36,742,323)	-	-	(610,517,605)
Balance at December 31, 2014, net of accumulated depreciation and amortization	P 3,030,164,543	P 50,104,377	P1,574,570,282	P 17,419,813	P 286,038,916	P 8,663,790	P 3,891,825,850	P 191,390,192	P 641,719,262	P 996,711,879	P 10,688,608,904

** Includes reclassification of asset from one class to another*

12.1 Acquisition of Vessel – MT Chelsea Donatela

In 2013, PNX – Chelsea entered into a MOA with a foreign corporation for the importation of one unit of oil tank vessel (MT Chelsea Donatela) from China for US$21.2 million [see Note 17.2(g)]. The construction of the vessel was completed in 2014 and had its first voyage on July 15, 2014.

MT Chelsea Donatela is used as collateral to secure the payment of interest-bearing loan obtained to finance the acquisition of the vessel [see Note 17.2*(g)*].

12.2 Fair Value of Tankers

The Group's tankers are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. The revaluation surplus, net of applicable deferred income taxes, is presented as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 27.5).

The information on the fair value measurement and disclosures related to the revalued tankers are presented in Note 5.4.

If the tankers were carried using the cost model, the cost, accumulated depreciation and carrying amount as of December 31 would be as follows:

	2014
Cost	**P 5,905,411,437**
Accumulated depreciation	**(848,386,914)**
	P5,057,024,523

12.3 Borrowing Costs

Construction in progress includes accumulated costs incurred on the various depot facilities and retail stations being constructed as part of the Group's expansion program, including capitalized borrowing costs of P70.7 million and P71.4 million as of December 31, 2014 representing the actual borrowing costs incurred on borrowings obtained to fund the retail stations and depot facilities.

12.4 Collaterals

As of December 31, 2014 and 2013, certain tankers owned by the Group with carrying value of P1,483.7 million and P1,420.1 million as of December 31, 2014 and 2013, respectively, were used as collaterals for the interest-bearing loans from various local commercial banks [see Notes 17.2*(c)*, 17.4, 17.5*(a)* and 17.5*(b)*].

Moreover, certain service vehicle of the Group with carrying value of P3.0 million and P40.9 million as of December 31, 2014 and 2013, respectively, was used as collateral for mortgage payable (see Note 17.7).

12.5 Finance Lease

The carrying amount of hauling and heavy equipment held under finance lease amounted to P19.5 million and P23.7 million as of December 31, 2014 and 2013, respectively (see Note 17.6).

13. INVESTMENT IN AN ASSOCIATE

The Group has 45% equity interest in NMPSC which management considered to be material to the Group. The investment in NPMSC is accounted for using the equity method in these consolidated financial statements.

The summarized financial information of NPMSC is shown below.

		2014
Total assets	**P**	**15,860,855**
Total liabilities		**5,699,029**
Total equity		**10,161,826**
Total revenues		**36,353,600**
Net profit (loss)		**6,043,958**

The Group did not recognize its share of the net profit (loss) of NPMSC in the Group's consolidated statements of comprehensive income as the Group's management deemed it to be insignificant.

No dividends were received from NPMSC in 2014 and 2013.

NPMSC is a private company and there are no quoted prices available for its shares of stocks.

The Group has a 20% equity interest in SPI which the management considered to be material to the group. The investment in SPI is accounted for using the equity method in these consolidated financial statements

SPI is a private company and there is no quoted prices available for its shares of stocks.

14. 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 is 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 was fully paid in 2014[see Note 17.2*(a)*].

15. OTHER NON-CURRENT ASSETS

The composition of this account as of Sept. 30 is shown below.

	Notes	Sept. 30,2015	Dec. 31,2014
Refundable rental deposits	26.3	**P 169,878,232**	P 172,226,696
Advances for future investment in a joint venture		**-**	67,750,000
Drydocking costs – net		**58,858,833**	58,281,453
Deferred minimum lease payments		**35,398,096**	34,379,811
Restricted time deposits	6	-	1,263,795
Others		**214,573,956**	2,208,763
		P 478,709,117	P 336,110,518

Refundable rental 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 fair values on initial recognition of the lease deposits were determined by calculating the present value of the estimated future cash flows anticipated until the end of the lease terms using the market interest rate of comparable financial instrument at the inception of the lease. Meanwhile, interest on subsequent amortization of rental deposits using effective interest method amounted to P0.6 million in 2014 and is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.2).

The excess of the principal amount of the rental deposit over its present value is recognized in the consolidated statement of financial position as Deferred Minimum Lease Payments. Rent expense on subsequent amortization of the deferred minimum lease payments amounted to P0.9 million in 2014 and is presented as part of Rent under Selling and Administrative Expenses in the consolidated statements of comprehensive income (see Note 21).

Advances for future investment in a joint venture represent the Group's payment to a certain third party for the Group's partial share in the investment in future joint venture per memorandum of agreement entered into with the said third party. The Group and the third party, through the future joint venture, are committed to construct a terminal and storage facility.

Restricted time deposits represent cash deposited with a local bank as an environmental trust fund set aside in compliance with the requirements of the Department of Environment and Natural Resources.

Presented below is a reconciliation of the carrying amount at the beginning and end of 2014 of drydocking costs.

	Notes	2014
Balance at beginning of year		**P 46,588,245**
Transfer from construction in progress	12	**53,328,043**
Additions		**8,229,538**
Amortization during the year	20.2, 21	**(49,764,310)**
Disposal		**(100,063)**
Balance at end of year		**P 58,281,453**

Amortization pertaining to drydocking costs is presented as part of depreciation and amortization under Cost of Sales and Services in the consolidated statements of comprehensive income (see Note 20.2).

Drydocking costs are being amortized over two years or until the occurrence of the next drydocking, whichever comes earlier.

16. GOODWILL

Goodwill amounting to P84.5 million as of September 2015, December 31, 2014 and 2013, 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. In 2012, the Parent Company assessed that the goodwill pertaining with PGMI is impaired, hence, full impairment loss amounting to P1.3 million was recognized.

17. INTEREST-BEARING LOANS AND BORROWINGS

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

	Sept. 30,2015	Dec. 31,2014
Current:		
Liabilities under letters of credits and trust receipts	**P3,777,170,494**	P 3,640,151,291
Installment and notes payable	**3,612,035,221**	2,163,017,181
Liabilities under short-term commercial papers	**3,499,990,000**	1,942,752,503
Bank loans & Term Loans	**197,732,849**	724,030,544
Obligations under finance lease	**2,070,344**	7,462,297
Mortgage payable	**2,907,586**	1,611,934
	P11,091,906,494	P 8,479,025,750
Non-current:		
Installment and notes payable	**P4,055,147,041**	P4,319,927,159
Term loans	**1,032,268,337**	1,036,612,418
Obligations under finance lease	**2,764,383**	5,671,371
Mortgage payable	**1,158,511**	1,406,699
	P5,091,738,272	P 5,363,617,647

17.1 Liabilities under Letters of Credits and Trust Receipts

The Group avails of letters 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 4.3712% per annum as of September 30, 2015.

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 6, 10 and 26.6*(a)*].

17.2 Installment and Notes Payable

(a) Installment Loan with LBP

On April 16, 2010, the Company availed the P580.0 million loan with LBP. The loan with LBP was used to refinance the installment payable with PHINMA Group.. The refinanced loan was 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%. It was secured by the Company's parcel of land with carrying value of P326.7 million as of December 31, 2013, which is presented as part of land held for sale (see Note 9) and land held for future development (see Note 14); and port expansion facilities with carrying value of P192.9 million as of December 31, 2013, which is presented as part of buildings, depot and pier facilities (see Note 12.4). These securities were released upon full payment of the loan on December 29, 2014.

(b) Notes Facility Agreement with BDO Group

In 2011, the Group availed of a P750.0 million clean loan under the notes facility agreement entered into with BDO Capital & Investment Corporation, Banco De Oro Unibank, Inc. (BDO), 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 outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P720 million and P727.5 million, respectively.

(c) Omnibus Loan and Security Agreement (OLSA) with PBComm

On April 26, 2011, CSC entered into a MOA with China Shipbuilding & Exports Corporation for the purchase and importation of one unit of oil tanker (MT Chelsea Thelma) in the amount of US$19.8 million. This was financed by BDO Unibank for $14.5 million, payable in 27 equal quarterly principal amortizations that started in August 2012 and subject to interest rate computed at one-year LIBOR plus a spread of 3.50% p.a.

The loan is secured by a chattel mortgage on certain tankers (MT Chelsea Thelma and Vela) of CSC with a net carrying amount of P1,070.6 million and P1,100.4 million as of September 30, 2015 and December 31, 2014, respectively.

Related debt issuance costs amounted to P8.2 million of which P1.8 million and P1.4 million and were amortized in September 30, 2015 and 2014, respectively, using effective interest rate of 5.02%. Amortized debt issuance costs were recognized as part of interest expense on bank loans under Finance Costs under the Other Charges (Income) account in the consolidated statements of comprehensive income (see Note 22.1). The unamortized debt issuance costs are included as part of the current and non-current portion of the related loan.

The OLSA requires CSC to maintain debt to equity ratio of not more than 1.5:1 and debt coverage ratio (DCR) of at least 1.20, except on drydocking year when minimum DCR shall be 1.00. CSC filed a waiver with the local bank for the debt covenant ratios. Approval of the waiver was received January 27, 2014, which eased the debt to equity ratio from 1.5:1 to 2:1.

The outstanding balance of the principal of the note as of September 30, 2015 and December 31 2014 amounted to P351.4 million and P404.4 million, respectively.

(d) OLSA with BDO – MT Chelsea Thelma

On April 26, 2011, CSC entered into a MOA with China Shipbuilding & Exports Corporation for the purchase and importation of one unit of oil tanker (MT Chelsea Thelma) in the amount of US$19.8 million. This was financed by BDO Unibank for $14.5 million, payable in 27 equal quarterly principal amortizations that started in August 2012 and subject to interest rate computed at one-year LIBOR plus a spread of 3.50% p.a.

The loan is secured by a chattel mortgage on certain tankers (MT Chelsea Thelma and Vela) of CSC with a net carrying amount of P1,070.6 million and P1,100.4 million as of September 30, 2015 and December 31, 2014, respectively.

Related debt issuance costs amounted to P8.2 million of which P1.8 million and P1.4 million and were amortized in September 30, 2015 and 2014, respectively, using effective interest rate of 5.02%. Amortized debt issuance costs were recognized as part of interest expense on bank loans under Finance Costs under the Other Charges (Income) account in the consolidated statements of comprehensive income (see Note 22.1). The unamortized debt issuance costs are included as part of the current and non-current portion of the related loan.

The OLSA requires CSC to maintain debt to equity ratio of not more than 1.5:1 and debt coverage ratio (DCR) of at least 1.20, except on drydocking year when minimum DCR shall be 1.00. CSC filed a waiver with the local bank for the debt covenant ratios. Approval of the waiver was received January 27, 2014, which eased the debt to equity ratio from 1.5:1 to 2:1.

The outstanding balance of the principal of the note as of September 30, 2015 and December 31 2014 amounted to P351.4 million and P404.4 million, respectively.

(e) Convertible Notes Facility Agreement with BDO

On July 11, 2012, the Parent Company executed a Convertible Notes Facility Agreement worth P500.0 million with warrants offering amounting to P180.0 million with BDO. The loan is subject to annual interest rate of 7.6% and is payable quarterly in arrears over its three years term. The issuance of the convertible note is part of the Group's plan to raise long-term capital, to refinance short-term debt and finance capital expenditures.

BDO is granted the option to convert all or any portion of the unpaid principal amount of the notes held by it into the conversion shares exercisable at any time upon written notice by BDO to the Parent Company specifying the time and date of the conversion. Also, BDO has the option to elect one nominee to the Parent Company's BOD which option may be exercised anytime after signing date and on or before conversion date.

For and in consideration of the subscription of BDO to the convertible notes issued by the Parent Company, the latter also granted the former the right to subscribe to the warrants to be issued by the Parent Company which is convertible into common shares of the Parent Company up to the aggregate principal amount of P180.0 million. The availment of the convertible note and the issuance of the warrant were approved by the Parent Company's stockholders during a special stockholders' meeting held on September 6, 2012. The Parent Company's stockholders also authorized the execution, delivery and performance of Subscription Agreement between the Parent Company and BDO in relation to the issuance of the warrants.

The exercise price of the option to convert the note to the Parent Company's common shares and the warrant is equivalent to a determined price base plus a premium of fifteen percent. The exercise based used was the 30-day
volume-weighted average price of the Parent Company's share on the PNX PM Equity HP page of Bloomberg from May 24, 2012 to July 5, 2012 which is equal to P8.3 per share. The exercise period consists of a two-year period commencing on the third anniversary date of the convertible notes issue date and expiring five years thereafter.

Considering that a fixed number of shares will be issued for options and warrants, the warrants and options may qualify as an equity instrument to be recorded as a separate component in the equity in the Group's consolidated financial statements. The Group's management , however, assesses that at the date of the initial recognition, the equity component has no value since the interest rate to be charged by the lender on the convertible note with warrants is similar to the interest rate of the note had it been issued without conversion options and warrants. As such, the fair value of the hybrid convertible note and the host instrument is the same resulting in the nil value of the equity component at the date of initial recognition.

Minimum financial ratios to maintain are as follows: (i) debt to equity ratio not to exceed 3:1; (ii) current ratio not to fall below 1:1 and (iii) debt service coverage ratio not to be less than 1.5:1. As of December 31, 2014 the Group has complied with its debt covenants.

The outstanding balance of the principal of the note as of December 31, 2014 stood at P500 million and it was fully paid on July 17, 2015

(f) Notes Facility Agreement with China Banking Corporation and Pentacapital Investment Corporation

On November 8, 2012, the Parent Company entered into a notes facility agreement with China Banking Corporation and Pentacapital Investment Corporation totaling P2,500.0 million. The loan is subject to a fixed annual interest rate of 7.75% which is payable in twenty quarterly payments. The net proceeds of the loan were used by the Parent Company for the roll out of the retails stations, for debt financing, to support capital expenditures and for other general corporate purposes.

By virtue of the notes facility agreement, the Parent Company affirms that it shall maintain the listing of its common shares with PSE and shall not declare or pay any dividends to stockholders (other than dividends payable solely in shares of its capital stock) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the notes are current and updated.

Minimum financial ratios to maintain are as follows: (i) debt to equity ratio not to exceed 3:1; (ii) current ratio not to fall below 1:1 and (iii) debt service coverage ratio not to be less than 1.5:1.

The outstanding balance of the principal of the note as of December 31, 2014 and 2013 amounted to P2,476.2 million and P2,468.5 million, respectively.

As of September 30,2015 and December 31, 2014, the Group has complied with its debt covenants.

(g) OLSA with BDO – MT Chelsea Donatela

In 2013, the Group entered into a MOA with China Shipbuilding & Exports Corporation for the importation of one unit oil tanker (MT Chelsea Donatela) of PNX - Chelsea in the amount of US$21.2 million (see Note 12.1). In connection with the acquisition of an oil tank vessel, PNX-Chelsea entered into an OLSA amounting to US$14 million with BDO, the proceeds of which was used to partly finance the importation of the vessel. In August 2013, BDO released the first tranche amounting to US$4 million and the second tranche amounting to US$10 million in February 2014. The loan is payable at equal US$560,000 quarterly principal installments for five years from the initial drawdown date with two (2) quarter grace period, commencing after the second tranche. Any unpaid balance will be paid full upon maturity. The loan bears effective interest rate of 5.25% per annum.

Interest incurred on these loans amounted to P26.7 million and P29.2 million in 2015 and 2014, respectively, and is shown as part of Finance Costs under Other Charges (Income) in the consolidated statements of comprehensive income. Related debt issuance costs amounted to P9.6 million of which P1.2 million and P1.5 million were amortized during 2015 and 2014, respectively, using effective interest rate of 5.58%. Amortized debt issuance cost was also recognized as part of the Finance Costs under Other Charges (Income) in the consolidated statements of comprehensive income (see Note 22.1). Unamortized debt issuance costs are included as part of the current and non-current portion of the related loan.

The loan is secured by a chattel mortgage of MT Chelsea Donatela upon its delivery and registration with the Maritime Industry Authority. The carrying amount of MT Chelsea Donatela, presented as part of construction in progress, amounted to P1,005 million and P418.6 million as of September 30, 2015 and December 31, 2014, respectively (see Note 12.1).

The OLSA requires the PNX-Chelsea to maintain debt to equity ratio of not more than 1.5:1 and debt coverage ratio (DCR) of at least 1.20, except on drydocking year when minimum DCR shall be 1.00. However, MT Chelsea Donatela only declared commercial operations in August 2014 after obtaining the necessary permits and licenses for its trading operations. Subsequently, BDO exempted PNX-Chelsea from the compliance of this covenant in 2014.

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P549.7 million and P595.1 million, respectively.

(h) OLSA with BDO – MT Chelsea Denise II

In 2014, PNX – Chelsea entered into a MOA with China Shipbuilding & Exports Corporation for the importation of one unit oil tank (MT Chelsea Denise II) in the amount of US$7.3M million. In connection with the acquisition of an oiltank vessel, PNX – Chelsea entered into an OLSA amounting to Php 300M million with BDO, the proceeds of which was used to partly finance the importation of the vessel.

In February 2015, BDO granted the loan and released the Php 300M. The loan is payable for a period of five years from initial drawdown date in Php 11,540,000 quarterly principal instalments and any unpaid balance on maturity date, with two quarter grace period, commencing after the second tranche. The loan bears effective interest rate of 5.3% per annum.

Interest incurred on these loans amounted to P9.9 million and P29.2 million in September 30, 2015 and December 31, 2014, respectively, and is shown as part of Finance Costs – net account in the consolidated statements of comprehensive income.

The loan is secured by a chattel mortgage of MT Chelsea Denise II. The carrying amount of MT Chelsea Denise II, presented as part of Property and Equipment – Construction in Progress, amounted to P385.1 million and P2.5 million as of September 30, 2015 and December 31, 2014, respectively.

The OLSA requires PNX – Chelsea to maintain debt-to-equity ratio of not more than 2.0:1 and debt service coverage ratio (DSCR) of at least 1.20, except on drydocking year where minimum DSCR shall be 1.00.

17.3 Liabilities under Short-term Commercial Papers

On October 23, 2014, the SEC approved the Parent Company's registration, licensing and issuance of short-term commercial papers up to P2.0 billion. The short-term commercial papers bear annual interest rates ranging from 4.0% to 4.5%, which is already deducted in advance from the proceeds, and will mature on various dates until October 31, 2015. In

2014, the Parent Company fully issued and received the proceeds of the P2.0 billion short-term commercial papers, which were used to finance the Parent Company's working capital requirements.

17.4 Bank Loans

The bank loans represent secured loans from local commercial banks for working capital purposes. The loans bear annual interest rates ranging from 5.5% to 7.5% in 2015 and 2014, subject to monthly repricing. These loans are secured by certain vessels (MT Chelsea Intrepid, MT BMI Patricia and MT Ernesto Uno) owned by CSC with net revalued amount of P202.8 million and P212.1 million as of September 30, 2015 and December 31, 2014, respectively (see Note 12.4), and by certain stockholders [see Note 26.6*(b)*].

17.5 Term Loans

(a) Term Loan Agreement (TLA) with Development Bank of the Philippines (DBP)

On September 12, 2007, the CSC entered into a MOA with China Shipbuilding & Exports Corporation for the construction of one unit of oil tanker in the amount of US$15.0 million. In connection with the MOA, CSC entered into a TLA amounting to US$13.0 million with DBP, the proceeds of which shall be exclusively used to finance the construction of the vessel. In February 2008 and May 2009, DBP granted the loan amounting to US$3.9 million (P159.0 million) and US$9.1 million (P432.5 million), respectively. The loan is payable over five years in equal quarterly principal installments, with one quarter grace period on principal, commencing November 2009 and was subject to 10.5% interest rate per annum. The loan was fully settled in 2014.

On October 30, 2014, CSC entered into a loan agreement with DBP amounting to P140.0 million to finance the drydocking and repairs and maintenance expenses of MT Chelsea Resolute, MT Chelsea Cherylyn, MT Chelsea Denise and MT Jasaan. The loan is subject to annual interest rate of 5.0% and is payable in eight equal quarterly installments commencing on the first quarter from the initial drawdown.

In addition, CSC obtained P160.0 million loan for its working capital requirements. The loan bears a fixed interest rate of 5.0% per annum and is payable in ten equal quarterly installments commencing on February 28, 2015.

The loan is secured by a chattel mortgage on certain vessel (MT Chelsea Cherylyn) of CSC with net book value amounting to P894.7 million and P824.8 million as of September 30, 2015 and December 31, 2014, respectively. The loan is also secured by certain collateral on receivables of CSC and guaranteed by certain stockholders [see Notes 7 and 26.6*(b)*].

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P198 million and P222.1 million, respectively.

(b) Loan Agreement with Robinsons Bank Corporation (RBC)

In 2014, the Group obtained three bank loans from RBC totaling P62.2 million to finance the drydocking costs of MT Chelsea Denise. The loan is subject to annual interest rate of 6.3% and is payable in twelve equal monthly installments commencing on the first month from the initial drawdown.

The loan is secured by a chattel mortgage on one of the vessels (MT Chelsea Denise) of the Group with net book value amounting to P161.1 million and P114.7 million as of September 30, 2015 and December 31, 2014, respectively, and receivables of CSC from certain customer (see Note 7). The loan is also guaranteed by certain stockholders [see Note 26.6*(b)*].

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P47.8 million and P56.8 million, respectively.

(c) TLA with Maybank Philippines, Inc.

On July 18, 2012, the Parent Company signed with Maybank Philippines, Inc. a five year clean term loan amounting to P300.0 million to be used exclusively for capital expenditure and permanent working capital. The loan is subject to annual interest rate of 6.0% and is payable in twenty equal quarterly installments.

In connection with the TLA, all existing and future advances to the Parent Company by its stockholders or related parties are subordinated to the loan. The Parent Company agrees that any and all of its obligations relative to the TLA shall be settled first before any of its financial obligations to such shareholders' and related parties' advances are paid.

The TLA also requires the Parent Company to maintain debt-to-equity ratio of not more than 3:1, current ratio of at least 1:1 and debt coverage ratio of at least 1.5. As of September 30, 2015 and December 31, 2014, the Company has complied with its debt covenants with the bank.

The outstanding balance of the loan as of September 30, 2015 and December 31, 2014 amounted to P120 million and P165.0 million.

On October 28, 2014 and November 4, 2014, the Company obtained unsecured, interest-bearing loans from Maybank Philippines, Inc. amounting to P100.0 million for CSC's working capital requirements.

(d) TLA with Maybank International Ltd.

On November 20, 2012, the Parent Company entered into a TLA amounting to US$ 24.0 million with Maybank International Ltd. to fund various capital expenditures. The total amount of the loan is broken down into US$14.0 million (tranche 1) which is due in five years and US$10.0 million (tranche 2) with a term of three years.

The loan is subject to interest computed at one-year LIBOR plus applicable margin of 4.25% per annum, or cost of funds plus a margin of 2.0% per annum, whichever is higher. Interest payments are to be serviced quarterly in arrears. Maybank International Ltd. reserves the right to vary, at its absolute discretion from time to time, such rate of interest, which variation may take place by varying the LIBOR or the margin or spread above the LIBOR, or both.

The TLA also requires the Parent Company to maintain debt-to-equity ratio of not more than 3:1, current ratio of at least 1:1 and debt coverage ratio of at least 1.5. As of September 30, 2015 and December 31, 2014, the Group has complied with its debt covenants with the bank.

Moreover, Maybank International Ltd. has the right of first refusal and right to match any fund raising exercise that may be required to refinance the U.S. dollar-denominated term facility either via follow-on offering of the Parent Company's shares or a syndicated term loan.

The balance of the principal of the loan amounted to P333.4 million and P451.2 million translated into Philippine Peso using the closing rate as of September 30, 2015 and December 31, 2014, respectively.

On April 29, 2015, the Parent Company entered into another TLA amounting to US$10.0 million with Maybank International Labuan Branch to fund various capital expenditures. As of September 30, 2015, the loan stood at $9.5 million or P444.03 million using the closing rate of reporting period.

(e) TLA with Asia United Bank (AUB)

In 2013, the Group obtained interest-bearing loans from AUB to finance the acquisition of tug boats amounting to P100 million. The loan bears fixed interest rate at 7.00% for the first three years from the initial drawdown date, and shall be repriced at the end of the third year from the initial drawdown date (the "Repricing Date"). The repriced rate shall be based on the relevant 2Y PDST-F as of the Repricing Date, plus a spread of 2.00% subject to a floor of 7.00%. The loan is payable in 18 quarterly installments over a period of five years. The first payment will commence on the third interest payment date from the initial drawdown date. The last quarterly installment of the loan is due on November 6, 2018.

The interest-bearing loans amounted to P72.2 million and P88.9 million as of September 30, 2015 and December 31, 2014, respectively, of which P22.2 million was presented under current liabilities section in the consolidated statements of financial position.

Interest expense related to the loans amounted to P4.5 million and P7.3 million in 2015 and 2014, respectively, and is shown as part of Finance Cost under Other Charges (Income) in the consolidated statements of comprehensive income.

Certain trade receivables were assigned to secure the payment of this loan. (see Note 7).

(f) Loan Agreement with Multinational Investment Bancorporation (MIB)

On December 29, 2014, the Group obtained an unsecured, interest-bearing loans from MIB totaling to P166.8 million for the CSC's working capital requirements.

The loan is subject to annual interest rate of 4.3% and is payable in 30 days.

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P176.1 million and P166.8 million, respectively.

17.6 Obligations under Finance Lease

The finance lease liability has an effective interest rate of 5.1% which is equal to the rate implicit in the lease contract (see Note 30.5). Lease payments are made on a monthly basis.

17.7 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 12.4).

17.8 Credit Line

The Parent Company has a credit line of P16.54 billion under LC/TR. 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 PPHI and pledge of its share in the Parent Company amounting to P46.9 million (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 P1.1 billion.

18. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**Sept. 30, 2015**	Dec.31, 2014
Trade payables:			
Third parties		**P1,503,272,828**	P 3,375,091,069
Related parties	26.3, 26.5	**3,973,416**	9,156,631
		1,507,246,244	3,384,247,700
Accrued expenses		**197,111,153**	211,559,670
Retention payable		**65,191,256**	42,699,144
Advances from customers		**66,244,052**	19,003,143
Income tax payable		**14,155,692**	4,236,452
Non-trade payables		**17,805,752**	2,986,179
Others	30.8	**15,822,126**	69,837,707
		P1,883,576,627	P 3,734,569,995

Accrued expenses mostly pertain to payables to various contractors for the construction of retail stations that remain unpaid at the end of the year. In addition, this comprises amounts to be paid in relation to charter hire cost, repairs and maintenance, interest expense arising from loans and professional fees.

Retention payable is the amount withheld by the Group from its contractors for the construction of buildings, depot and pier facilities. The amount of retention, which is equivalent to ten percent of the total contract price, is payable upon the completion and turnover by the contractor of a construction project and the acceptance thereof by the Group.

Advances from customers pertain to the advance payment of the various customers for their fuel purchases. Advances from customers are measured at the amount of cash received from the customers and are offset against trade receivables once the related sales transactions are consummated.

19. OTHER NON-CURRENT LIABILITIES

This account consists of:

	Note	Sept. 30,2015	Dec. 31,2014
Security deposits		**P 149,434,238**	P 158,325,351
Unearned rent		**48,976,364**	48,922,071
Others		**3,136,752**	
Post-employment defined benefit obligation	23.2	**66,216,823**	76,396,793
		P 267,764,177	P 283,644,395

Security deposits represent deposits received from dealers for the lease of retail stations and equipment that are installed in retail stations. These deposits are refundable at the end of the lease terms and are measured at amortized cost. The fair values on initial recognition of the security deposits were determined by calculating the present value of the estimated future cash flows anticipated until the end of the lease terms using the market interest rate of comparable financial instrument at the inception of the lease. Meanwhile, interest on subsequent amortization of rental deposits using effective interest method amounted to P1.0 million in 2014 and is presented as part of Finance Costs in the consolidated statements of comprehensive income (see Note 22.1).

The excess of the principal amount of the security deposit over its present value is recognized in the consolidated statement of financial position as unearned rent. Subsequent amortization of the unearned rent amounted to P1.1 million in 2014and is presented as part of Rent and Storage Income in the consolidated statements of comprehensive income.

20. COST OF SALES AND SERVICES

This account is composed of the following as of Sept. 30:

	Notes	Sept. 30,2015	Sept. 30,2014
Cost of fuels and lubricants sold	20.1	**P 18,477,195,626**	P 23,975,294,368
Cost of services	20.2	**785,544,020**	416,514,319
Cost of real estate sold	21	**179,855,029**	15,725,034
	26.2	**P 19,442,594,674**	P 24,407,533,721

20.1 Cost of Fuels and Lubricants Sold

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

	Note	Sept. 30,2015	Sept. 30,2014
Inventories at beginning of year	8	**P 2,870,829,069**	P 3,812,532,673
Net purchases during the year		**18,070,204,949**	23,990,415,166
Goods available for sale		**20,941,034,018**	27,802,947,839
Inventories at end of year	8	**(2,436,646,706)**	(3,827,653,471)
		P 18,504,387,311	P 23,975,294,368

21. COSTS AND EXPENSES BY NATURE

The details of the Group's costs and expenses by nature are shown below.

	Notes	Sept. 30, 2015	Sept. 30, 2014
Cost of sales:			
Fuels & Lubricants		**P 18,504,387,311**	P 23,975,294,368
Cost of Real Estate Sold			15,725,034
Services		**785,544,020**	416,514,319
Depreciation and amortization	12, 15	**363,022,122**	318,504,149
Rent	15, 26.3, 30.3	**373,198,489**	273,286,540
Salaries and employee benefits	23.1	**209,753,732**	174,952,013
Taxes and licenses		**64,435,568**	40,807,529
Advertising and promotions		**69,347,183**	98,823,510
Repairs and maintenance		**44,823,633**	55,971,481
Rebates		**98,408,245**	48,264,531
Service fees		**57,570,268**	46,606,967
Insurance		**32,974,138**	38,826,555
Bank Charges		**8,352,678**	4,974,504
Fuel, oil and lubricants		**24,021,628**	47,544,209

Utilities		**46,998,972**	36,013,093
Professional fees		**45,247,240**	29,761,989
Provision for Bad Debts		**10,663,615**	600,000
Security fees		**51,703,521**	37,467,753
Dues and Subscription		**11,925,465**	3.949,316
Travel and transportation		**28,914,434**	29,846,136
Other expenses			
Freight charges		**12,571,181**	-
Representation		**17,278,997**	12,908,711
Office supplies		**4,739,023**	7,374,863
Sales incentives		**5,757,928**	
Trucking charges		**-**	36,070,149
Documentary Stamps		**70,208,838**	63,537,827
Miscellaneous	26.8	**18,436,901**	29,499,537
		P 21,205,140,160	P 25,843,125,083

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

	Note	**Sept. 30,2015**	Sept. 30,2014
Cost of sales and services	20	**P 19,534,786,360**	P 24,407,533,721
Selling and administrative expenses		**1,670,353,801**	1,435,591,362
		P 21,205,140,160	P 25,843,125,083

22. FINANCE INCOME (COSTS)

The breakdown of these accounts follows:

22.1 Finance Costs

	Notes	**2014**
Interest expense on bank loans and other borrowings	17	**P 728,178,099**
Impairment losses on trade and other receivables	7	**40,077,464**
Foreign currency exchange losses – net		**19,247,244**
Bank charges		**9,455,061**
Loss on settlement of insurance claims	7	**3,898,441**
Interest expense from		

post-employment defined benefit obligation – net	23.2	**2,296,995**
Interest expense from security deposits	19	**984,592**
		P 804,137,896

22.2 Finance Income

	Notes	**2014**
Interest income from cash in banks	6	**P 2,750,097**
Interest income on amortization of rental deposits	15	**644,746**
Foreign currency exchange gains – net		**-**
		P 3,394,843

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Notes	**Sept. 30,2015**	Sept. 30,2014
Short-term benefits:			
Salaries and wages		**P 167,729,888**	**P 138,191,129**
Employee welfare and other benefits		**25,014,692**	**28,003,188**
13^{th} month pay and bonuses		**17,009,153**	**8,757,696**
Post-employment defined benefit	23.2		
	21	**P 209,753,732**	**P 174,952,013**

23.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

In 2014, the Group has maintained a partially funded, tax-qualified, noncontributory post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank managed the fund in coordination with the Group's management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of 5 years of credited service. Normal retirement benefit is an amount equivalent to 75% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2014 and 2013.

The amounts of post-employment defined benefit obligation, which is presented as part of Other Non-current Liabilities account (see Note 19) in the consolidated statements of financial position, are determined as follow:

	2014
Present value of obligation	P 88,610,880
Fair value of plan assets	(12,213,907)
	P 76,396,973

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2014
Balance at beginning of year	P 51,100,685
Current service cost	10,977,276
Interest expense	2,751,078
Remeasurements:	
Actuarial losses (gains) arising from:	
Experience adjustments	14,461,165
Changes in financial assumptions	6,981,384
Changes in demographic assumptions	3,643,648
Benefits paid	(1,304,356)
Balance at end of year	P 88,610,880

The movements in the fair value of plan assets are presented below.

	2014
Balance at beginning of year	P -
Contributions to the plan	18,661,947
Return on plan assets (excluding amounts included in net interest)	(6,131,556)
Benefits paid	(770,567)
Interest income	454,083
Balance at end of year	P 12,213,907

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	2014
Cash and cash equivalents	**P 100,624**
Quoted equity securities:	
Telecommunications	**2,460,120**
Manufacturing	**2,449,440**
Unit investment trust funds (UITF)	**7,203,723**
	P 12,213,907

The fair value of the above investment is determined based on quoted market prices in active markets (classified as Level 1 in the fair value hierarchy).

The plan assets incurred a negative return of P6.1 million in 2014.

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	Notes	2014
Reported in profit or loss:		
Current service cost	23.1	**P 10,977,276**
Net interest expense	22.1	**2,296,995**
		P 13,274,271
Reported in other comprehensive income:		
Actuarial losses (gains) arising from changes in:		
Experience adjustments		**P 14,461,165**
Financial assumptions		**6,981,384**
Demographic assumptions		**3,643,648**
Return on plan assets (excluding amounts included in net interest expense)		**6,131,556**
		P 31,217,753

Current service cost is presented as part of salaries and employee benefits under Selling and Administrative Expenses in the consolidated statements of comprehensive income (see Note 23.1).

The net interest expense is included as part of Finance Costs under the Other Charges (Income) account (see Note 22.1).

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2014
Discount rates	**4.49% to 4.78%**
Expected rate of salary increases	**5.00% to 8.00%**

Assumptions regarding future mortality experience are based on published statistics and mortality tables. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has investment in cash and cash equivalents, quoted equity securities and UITF.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as of December 31:

	2014		
	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	**+/- 1.0%**	**(P 8,001,285)**	**P 9,813,193**
Salary increase rate	**+/- 1.0%**	**8,761,574**	**(7,364,342)**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. A large portion of the plan assets as of December 31, 2014 is allocated to UITF.

(iii) Funding Arrangements and Expected Contributions

As of December 31, 2014, the plan is underfunded by P76.4 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the may pose a cash flow risk in about 21 years' time when a significant number of employees is expected to retire.

The Group expects to make contribution of P1.9 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan within ten years as of December 31, follows:

		2014
Within one year	P	18,890,357
More than one year to five years		21,183,125
More than five years to ten years		39,055,703
	P	79,129,185

The weighted average duration of the defined benefit obligation at the end of the reporting period is 21 years.

24. REGISTRATION WITH THE BOARD OF INVESTMENTS

24.1 BOI Registration as New Industry Participant – Batangas Depot

The Parent Company was registered with the Board of Investments (BOI) on February 26, 2010 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*, 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 is also entitled to certain tax and non-tax incentives as follows:

(a) Income tax holiday (ITH) for five years from February 26, 2010, 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.

24.2 BOI Registration as New Industry Participant – Zamboanga Depot

The Parent Company was also registered with the BOI on November 25, 2010 as a new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 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 Note 24.1. The ITH will expire five years from November 25, 2010.

24.3 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 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.

24.4 BOI Registration for New Investment – Bacolod Storage Terminal

On May 10, 2012, the Parent Company was registered with the BOI as a new industry participant with new investment in storage, marketing and distribution and bulk marketing of petroleum products under RA 8479 for its storage terminal in Bacolod 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 Bacolod storage terminal is also entitled to certain tax and non-tax incentives as also mentioned in the previous page. The ITH will expire five years from May 10, 2012.

24.5 BOI Registration for New Investment – Cagayan De Oro City Storage Terminal

On May 10, 2012, the Parent Company was registered with the BOI as a new industry participant with new investment in storage, marketing and distribution and bulk marketing of petroleum products under RA 8479 for its storage terminal in Bacolod 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 Cagayan de Oro City storage terminal is also entitled to certain tax and non-tax incentives as also mentioned in the previous page. The ITH will expire five years from May 10, 2012.

24.6 BOI Registration for MT Chelsea Thelma and MT Cherylyn

On November 23, 2011 and December 10, 2008, CSC had registered its activity for MT Chelsea Thelma and MT Cherylyn, respectively, 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 ITH. For MT Cherylyn, the related tax incentives started in April 2009. Meanwhile, the tax incentive for MT Chelsea Thelma started in November 2011. ITH incentives shall be limited only to the revenues generated by the registered project.

24.7 BOI Registration for MT Chelsea Donatela

On September 3, 2013, PNX – Chelsea had registered its activity for MT Chelsea Donatela with the BOI under Executive Order No. 226 as a new operator of domestic/inter-island shipping on a pioneer status. As a registered entity, the PNX – Chelsea is entitled to tax and non-tax incentives which include a six-year ITH. The related tax incentives started in January 2014. ITH incentives shall be limited only to the revenues generated by the registered project.

25. TAXES

The components of tax expense as reported in the consolidated profit or loss and in the consolidated other comprehensive income follow:

		2014
Reported in profit or loss:		
Current tax expense:		
Regular corporate income tax (RCIT) at 30%	**P**	**32,174,095**
Minimum corporate income tax (MCIT) at 2%		**3,998,694**
Final tax at 20% and 7.5%		**494,713**
		36,783,485
Deferred tax expense (income) relating to origination and reversal of temporary diffferences		**(33,992,758)**
	P	**2,790,727**
Reported in other comprehensive income:		
Deferred tax expense relating to origination and reversal of temporary differences	**P**	**29,334,251**

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
2014	P 111,422,978	P 33,426,893	2017
2013	14,139,899	4,241,970	2016
2012	18,714,721	5,614,416	2015
	P 144,277,598	P 43,283,279	

Deferred tax asset on NOLCO of PGMI amounting to P0.1 million and P0.2 million as of December 31, 2014 and 2013, respectively, was not recognized since management assessed that this is not recoverable as PGMI does not expect any taxable income in the coming years.

The Group is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations or RCIT, whichever is higher. SPTT's MCIT was higher than RCIT in 2014. PPIPC's MCIT was higher than RCIT for the years 2013 and 2012. PPMI's MCIT was higher than RCIT for all the years presented.

The amounts of MCIT and the applicable years that are valid and deductible from future regular income tax payable are shown below.

Taxable Years	Normal Income Tax	MCIT	Excess of MCIT over Income Tax	Tax Effect	Valid Until
2014	P -	P 3,998,964	P 3,998,964	P 3,998,964	2017
2013	-	6,433,147	6,433,147	6,433,147	2016
2012	-	88,177	88,177	88,177	2015
	P -	**P10,520,288**	**P 10,520,288**	**P10,520,288**	

In 2014, 2013 and 2012, the Group claimed itemized deductions in computing for its income tax due.

26. RELATED PARTY TRANSACTIONS

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

The summary of the Group's transactions with its related parties as of
Sept. 30, 2015 , December 31, 2014 and 2013, and for the years ended Sept. 30, 2015, December 31, 2014, and 2013 is presented below.

Related Party Category	Notes	Amount of Transactions			Outstanding Balance	
		2015	2014	2013	**2015**	2014
Other related parties under common ownership						
Sale of goods	7, 26.1	**P 15,218,569**	P 1,473,214	P 39,139,112	**P 23,243,612**	P 25,524,583
Purchases of services	26.2	**-**	-	-	**-**	-
Advances to suppliers	7, 26.2	**17,422,687**	10,024,800	-	**8,294,800**	10,024,800
Rentals	18, 26.3	**51,568,594**	66,398,252	43,119,800	**4,360,417**	7,145,631
Due from related parties	26.4	**(187,513)**	7,625,362	(5,552,006)	**10,185,843**	10,373,356
Due to related parties	26.4		(46,956,518)	(21,390,502)		62,161,243
Donations	26.8		200,000	1,500,500	**-**	-
Associate						
Technical ship Services	18, 20.2, 26.5	-	33,584,854	15,842,825		2,011,000
Other related party						
Due to related parties	26.4	**-**	-	-	**-**	-
Key management personnel						
Salaries and employee benefits	26.7	55,311,710	54,692,790	50,027,748	45,610,775	**-**

26.1 Sale of Goods

The Group sells products to certain related parties under common ownership. Goods are sold on the basis of the price lists in force with non-related parties. Revenues arising from these transactions are presented as part of Sale of Goods in the consolidated statements of comprehensive income. The outstanding receivables from sales of goods to other related parties are presented as part of Trade Receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 7).

The outstanding receivables from related parties are unsecured, do not bear any interest and collectible in cash on demand. No impairment loss was recognized in 2014, 2013 and 2012 based on management's assessment.

26.2 Purchases of Services

In 2012, the Group purchased services from related parties under common ownership on the basis of price lists in force with non-related parties. The amount of transaction is presented as part of the Cost of Sales and Services account in the consolidated statements of comprehensive income (see Note 20). There is no related outstanding payable as of September 30, 2015 and December 31, 2014.

In 2014, the Group advanced a certain amount to a related party under common ownership for the purchase of services. The amount is credited upon the performance of the contractual obligation by the related party. The outstanding advances, which are unsecured and non-interest-bearing, are presented as part of advances to suppliers under Trade and Other Receivables account in the 2014 consolidated statement of financial position (see Note 7).

26.3 Rentals

The Group has the following lease agreements with the following related parties under common ownership:

(a) Udenna Corporation – of which total rent expense incurred in the years 2014 amounted to P7.4 million. The outstanding rental payable amounting to P3.3 million and P7.1 million in September 30, 2015 and December 31, 2014, respectively, is presented as part of trade payables under Trade and Other Payables in the consolidated statements of financial position (see Note 18).

(b) Udenna Development (UDEVCO) Corporation – of which total rent expense in 2014 amounted to P47.3 million. Rental deposit for the lease amounted to P6.4 million as of December 31, 2014 and is presented as part of refundable rental deposits under Other Non-current Assets in the consolidated statements of financial position (see Note 15).

(c) Valueleases, Inc. – of which total rent expense in 2014amounted to P11.7 million. Refundable Rental Deposits amounted to P6.1 million as of December 31, 2014 is presented as part of refundable rental deposits under Other Non-current Assets in the consolidated statements of financial position (see Note 15).

The rent expenses aforementioned are presented as part of Selling and Administrative Expenses in the consolidated statements of comprehensive income (see Notes 21 and 30.3).

26.4 Due from and Due to Related Parties

The Group grants and obtains unsecured advances to and from related parties under common ownership for working capital requirements and other purposes.

As of December 31, 2014 and 2013, the outstanding receivable and payable balances from these advances are shown as Due From Related Parties and Due to Related Parties, respectively, in the consolidated statements of financial position. Due from Related Parties and Due to Related Parties - current are either receivable in cash or paid through offsetting, unsecured non-interest-bearing liabilities and are expected to be paid within one year. Non-current Due to Related Parties, on the other hand, are unsecured non-interest-bearing liabilities. These are stated at their carrying value since the date of repayment is not currently determinable.

Due from related parties represent outstanding advances to PhoenixPhilippines Foundation, Inc. (PPFI), a foundation created by the Group, amounting to P10.4 million as of December 31, 2014.

The movement of Due from Related Parties as of Sept. 30 is as follows:

	Sept. 30,2015	Dec. 31, 2014
Balance at beginning of year	**P 10,373,356**	P 2,747,994
Additions	**3,373,932**	10,373,356
Collections	**(3,561,445)**	(2,747,994)
Balance at end of year	**P 10,185,843**	P 10,373,356

No impairment loss is recognized in 2015 and 2014 related to advances to related parties.

The breakdown of the Due to Related Parties as of Sept. 30 is as follows:

	Sept. 30, 2014	Dec. 31, 2014
Related parties under common ownership	**P 10,185,843**	P 17,204,725
Other related party	**-**	-
	P -	P 17,204,725

The movement of Due to Related Parties in 2015 and 2014 follows:

	Sept. 30, 2015	Dec. 31, 2014
Balance at beginning of year	**P 17,204,725**	P 64,161,243
Payments	**(17,204,725)**	(46,956,518)
Balance at end of year	**P -**	P 17,204,725

26.5 Technical Ship Services Agreement

On April 1, 2013, the Group entered into a Technical Ship Services Agreement (the Agreement) with NPMSC, a newly incorporated associate of CSC. Under the Agreement, NPMSC shall carry out technical services in respect of CSC's tanker vessel as agents for and on behalf of the CSC. NPMSC's responsibilities include crew management, technical management, accounting services, and the arrangement for the supply of provisions.

Total technical ship services fee incurred amounting to P33.6 million in 2014, is presented as part of Service Fees under the Cost of Sales and Services account in the consolidated statements of comprehensive income (see Note 20.2), while the related outstanding liability (unsecured and non-interest bearing) of P2.0 million as of December 31, 2014 is presented as part of Trade and Other Payables in the consolidated statements of financial position (see Note 18).

26.6 Loan Collateral

(a) Surety and a negative pledge over the remaining shares of a stockholder secured the liabilities under LC and TR

(b) (see Note 17.1).

(c) The TLA with DBP, OLSA with BDO and PBComm, loan agreement with RBC and certain banks loans of the Group were guaranteed by certain stockholders through a surety agreement with the respective banks.

27. EQUITY

27.1 Capital Stock

Capital stock consists of:

	Shares			Amount	
	Sept. 30 ,2015	2014		**Sept. 30, 2015**	2014
Preferred – cumulative, nonvoting, non-participating, non-convertible into common shares - P1 par value					
Authorized:	**50,000,000**	50,000,000		**P 50,000,000**	P 50,000,000
Issued and outstanding	**5,000,000**	5,000,000		**P 5,000,000**	P 5,000,000
Common shares – P1 par value					
Authorized:					
Balance at beginning of year	**2,500,000,000**	2,500,000,000		**P2,500,000,000**	P2,500,000,000
Increase in authorized stock	**-**	-		**-**	-
Balance at end of year	**2,500,000,000**	2,500,000,000	**P**	**2,500,000,000**	P 2,500,000,000P
Issued:					
Balance at beginning of year	**1,428,777,232**	1,428,777,232		**P 1,428,777,232**	P1,428,777,232
Issuance during the year	**-**	-		**-**	-
Stock dividends	**-**	-		**-**	-
Reclassification	**-**	-		**-**	-
Balance at end of year	**1,428,777,232**	1,428,777,232	**P**	**1,428,777,232**	P1,428,777,232
				P 1,433,777,232	P1,433,777,232

On April 23, 2012, the SEC approved the Parent Company's increase in authorized capital stock from P800.0 million divided into 750.0 million common shares with a par value of P1 and 50.0 million preferred shares with par value of P1 per share into P2,550.0 million divided into 2,500.0 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 BOD 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 BOD 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 BOD. 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 BOD 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 BOD 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, the 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.

On December 20, 2013, the Parent Company redeemed the preferred shares issued in 2010 and re-issued the same amount and features of preferred shares except for the rate, which was reduced to 8.25% per annum

Based on its plans, the BOD of the Parent Company will also declare and distribute cash dividends in 2015 out of the Parent Company's retained earnings as of December 31, 2014.

27.2 Listing with PSE

On July 11, 2007, the Parent Company offered a portion of its stocks for listing with the PSE. Number of common shares registered was 29.0 million with an issue price of P9.80. As of December 31, 2014, the number of holders of such securities is 62. The market price of the Parent Company's shares as of December 31, 2014 is P3.09. The total number of issued shares not listed with the PSE amounted to P116.0 million shares.

The history of public offerings and private placements of the shares of the Parent Company lodged at PSE are as follows:

Transaction	Subscriber	Issue Date	Number of Shares
Initial public offering	Various	July 11, 2007	29,000,000
30% stock dividends	Various	August 6, 2008	43,000,198
40% stock dividends	Various	August 3, 2009	73,660,476
Placement	Social Security System	November 13, 2009	7,500,000
40% stock dividends	Various	October 20, 2010	107,664,266
30% stock dividends	Various	May 6, 2011	113,047,475
50% stock dividends	Various	April 26, 2012	244,936,203
Shares issuance for CSC acquisition	UMRC	September 6, 2012	171,250,798
Placement	Various	March 11, 2013	130,000,000
30% stock dividends	Various	June 10, 2013	329,717,816
Payment of subscription	PPHI	October 8, 2013	63,000,000
			1,312,777,232

27.3 Additional Paid-in Capital

In 2013, the Parent Company issued 130.0 million of its common shares at P9.40 per share and 63.0 million common shares at P5.10 per share. The excess of the par value for such subscriptions amounting to P1,350.3 million was recorded as part of Additional Paid-in Capital account. In addition, direct cost of the share issuances amounting to P34.1 million was deducted from the Additional Paid-in Capital account.

In 2012, the Parent Company issued 171,250.8 million shares in favor of UMRC in relation to the share-for-share swap acquisition of CSC (see Note 1.3). The business combination under common control was accounted for under pooling of interest-type method. The excess of par value of such issuance amounted to P1,248.9 million was recorded as part of the beginning balance of the Additional Paid-in Capital account.

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. The preferred shares issued in 2010 were redeemed on December 20, 2013 and on the same date, the same share and value of preferred shares were issued, except for the reduced rate.

In 2009, the Social Security System 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.

27.4 Other Reserves

In 2012, the Parent Company issued 171,250.8 million common shares plus cash of P157.8 million in exchange of the net assets of CSC. The acquisition of CSC is accounted for under business combination using pooling-of-interest method wherein the difference between the consideration given up over the carrying value of the net assets of CSC is recognized as Other Reserves (see Note 2.3).

27.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below and on the succeeding page.

	Property and Equipment	Defined Benefit Obligation	Total
Balance as of January 1, 2014	P 286,554,327	(P 13,932,556)	P 272,621,771
Remeasurements of defined post-employment obligation	-	(31,217,753)	(31,217,753)
Revaluation of tankers	180,637,550	-	180,637,550
Depreciation transfer to retained earnings – revalued tankers	(29,384,140)	-	(29,384,140)
Other comprehensive income (loss) before tax	151,253,410	(31,217,753)	120,035,657
Tax income (expense)	(29,884,334)	9,365,325	(20,519,009)
Other comprehensive income (loss) after tax	121,369,076	(21,852,428)	99,516,648
Balance as of December 31, 2014	**P 407,923,403**	**(P 35,784,984)**	**P 372,138,419**

27.6 Retained Earnings

The Board of Directors approved the declaration of cash dividend of P0.05 per share. It was disclosed last March 04, 2015, the date of record is March 08,2015 and the payment date is April 16, 2015.

Further, it also declared 8.25% dividend to preferred stockholders with record date of February 24, 2015 and the payment date of March 20, 2015.

On January 29, 2014, the BOD approved the declaration of common share cash dividend of 10 centavos per share totaling to P142.9 million to stockholders of record as of March 17, 2014. In addition, total cash dividends declared and distributed to preferred stockholders amounted to P41.2 million in 2014. No stock dividends were declared and distributed in 2014.

On March 8, 2013, the stockholders ratified the BOD approval of 30% stock dividends (or a total of 329.7 million shares), valued at par and distributed on June 10, 2013 to stockholders of record as of May 15, 2013. Cash dividends of 10 centavos per common shares totaling to P103.6 million were also declared and paid in 2013. In addition, total cash dividends declared and distributed to preferred stockholders amounted to P57.5 million in 2013.

On March 8, 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 common shares totaling to P49.0 million were also declared and paid in 2012. In addition, total cash dividends declared and distributed to preferred stockholders amounted to P57.5 million in 2012.

27.7 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:

	Sept. 30, 2015	Dec. 31, 2014
Total liabilities	**P 18,479,445,954**	P 17,949,934,696
Total equity	**7,725,775,722**	7,050,226,099
Debt-to-equity ratio	**2.39 : 1.00**	2.55 : 1.00

The increase of the total liabilities in 2015 is the result of the additional borrowings for the procurement of petroleum and construction of depot facilities, tankers and retail stations. The increase in equity is due to the accumulated earnings.

The Group's internal goal in capital management is to maintain a debt-to-equity structure ratio not in excess of 2.7 to 1. All externally imposed key ratios have been complied with in all the years presented, otherwise, bank waivers had been obtained (see Note 17).

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.

28. EARNINGS PER SHARE

EPS were computed as follows:

	Sept.30, 2015	Sept. 30,2014
a) Net profit pertaining to common shares	**P 758,412,528**	P 474,827,487
b) Net profit attributable to common shares and potential common shares	**727,475,028**	474,827,487
c) Weighted average number of outstanding common shares	**1,428,777,232**	1,428,777,232
d) Weighted average number of outstanding common and potential common shares	**1,428,777,232**	1,428,777,232
Basic EPS (a/c)	**P 0.51**	P 0.33
Diluted EPS (b/d)	**P 0.51**	P 0.33

The options and warrants attached on the convertible notes do not have dilutive effect since the average market price of the common shares of the Parent Company during the year does not exceed the exercise price of the options or warrants [see Note 17.2*(e)*].

29. SEGMENT REPORTING

29.1 Business Segments

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group, namely fuels, lubricants, depot services and real estate. These are also the bases of the Group in reporting its primary segment information.

(a) Trading segment is engaged in marketing, merchandising, purchasing, selling, dealing, acquiring, disposing and distribution of goods and wares such as but not limited to petroleum products (on wholesale basis), adhesives, glues, bonding agents, epoxy

resins, lubricants and other products.

(b) Depot and logistics services segment is engaged in operating of oil depots, storage facilities and provides logistics services to various entities.

(c) Shipping and cargo services segment is engaged in hauling of petroleum products, operation of inter-island going vessels for domestic trade, chartering in and out any such vessels and providing complete marine services, either as principal or agent to ship owners, operators and managers.

(d) Real estate segment is involved in real estate development, management and operations.

30. COMMITMENTS AND CONTINGENCIES

30.1 Capital Commitments

As of Sept. 30, 2015, the Group has commitments of more than P2,000.0 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 447 operating retail service stations as of Sept. 30, 2015. An additional of 48 retail service stations are under various stages of completion as of September 30, 2015.

In this year, the Group plans to expand further its petroleum retail service stations and carry out its investments in its subsidiaries to put up depot and terminalling facilities in strategic locations and complete its chain logistics support to strengthen its foothold in the industry.

30.2 Letters of Credits

As of Sept. 30, 2015 and December 31,2014, the Parent Company has unused LCs amounting to P8.018 million and P7,131.0 million, respectively.

30.3 Operating Lease Commitments – Group as Lessee

The Group is a lessee under several operating leases. The leases have terms ranging from 2 to 25 years, with renewal options, and include annual escalation rates ranging from 2.00% to 10.00%. The future minimum rentals payable under these cancelable operating leases are presented as follows:

	2014
Within one year	P 306,965,591
After one year but not more than five years	1,019,563,212
More than five years	3,054,218,327
	P4,380,747,130

Total rent expense for the years 2014, 2013 and 2012 amounted to P390.4 million, P 364.4 million and P240.9 million, respectively (see Note 21).

30.4 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 ranging from 2.00% to 10.00%. The future minimum rentals receivables under these cancelable operating leases are presented below:

	2014
Within one year	P 77,559,213
After one year but not more than five years	241,175,866
More than five years	2,254,311
	P 320,989,390

Rent income in 2014, 2013 and 2012 amounting to P94.5 million, P47.5 million and P54.3 million, respectively, is presented as part of Rent and Storage Income account in the consolidated statements of comprehensive income.

30.5 Finance Lease Commitments – Group as Lessee

The Group is a lessee under several finance lease covering certain hauling trucks with a lease term of 2 to 5 years. The leases provide options to purchase the transportation equipment at the end of the lease terms. Future minimum lease payments (MLP) under the finance leases together with the present value (PV) of the net minimum lease payments (NMLP) is as follows:

	2014	
	Future MLP	PV of NMLP
Within one year	P 8,284,913	P7,462,297
After one year but not more than five years	5,926,834	5,671,371
	14,211,747	13,133,668
Amounts representing finance charges	(1,078,079)	-
Present value of MLP	P 13,133,668	P13,133,668

The liabilities relating to the finance leases are shown as part of Interest-bearing Loans and Borrowings (see Note 17.6).

30.6 Charter Agreements

The Group has existing commitments to charterers under TC, CVC and BB agreements for the use of its tankers in transporting oil products for a fixed period. Also associated with these charter agreements is the obligation to keep the Group's tankers in good working condition and compliant with all the shipping regulations as required by the Philippine Maritime Industry Authority.

30.7 Purchase Commitments

On September 4, 2014, PNX – Chelsea entered into a MOA with China Shipbuilding & Exports Corporation for the importation of one unit of oil tanker (MT Chelsea Denise II) for a total consideration of US$7.3 million. As of December 31, 2014, PNX – Chelsea has made an initial downpayment of US$ 2.0 million and is presented as part of Advances to suppliers under the Trade and Other Receivables account in the 2014 consolidated statement of financial position (see Note 7).

30.8 Legal Claims

The Group filed a complaint for a sum of money against one of its customers for unpaid charter fees including damages. A Writ of Garnishment on the customer's funds for the amount of P16.0 million has been issued by the trial court in favor of the Group.

The same customer filed a suit against the Group for reimbursement and damages, amounting to P13.7 million, for the loss it incurred from the contamination of its cargo, which was on board on one of the Group's vessels in 2010. In the same year, the Group made a provision in the amount of P6.9 million for the amount of probable liability that it could answer for such claim. The related liability is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position (see Note 18). No additional loss was recognized related to this claim in the succeeding years.

30.9 Others

In May 2011, the Bureau of Customs (BOC) filed before the Department of Justice (DOJ) a complaint against the Group's President and Chief Executive Officer 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. In November 2012, the DOJ dismissed the case for lack of probable cause against all respondents. In April 2013, the DOJ, upon motion for reconsideration filed by the BOC, reversed its earlier resolution and recommended the filing of Criminal Information against the respondents. Criminal Information for alleged violations of Section 3602, in relation to Sections 3601, 2530 1 (l) & 5, 1801 and 3604 of the Tariff and Customs Code of the Philippines were filed before the Regional Trial Courts (RTC) of Batangas and Davao City in August 2013. Separately, in September and October 2013, RTC Batangas and Davao City, respectively, have dismissed all charges against the Parent Company's President and Chief Executive Officer.

On October 7, 2013, the DOJ filed a Motion for Reconsideration with Motion for Inhibition of Judge Ruben A. Galvez dated October 7, 2013 with RTC Batangas. On the other hand, on November 15, 2013, the DOJ filed a Motion for Reconsideration with Motion for Inhibition of Judge George A. Omelio dated November 15, 2013 with RTC Davao. On December 6, 2013, RTC Batangas issued an Order dated December 6, 2013 denying the DOJ's Motion for Reconsideration with Motion for Inhibition. On July 7, 2014, RTC Batangas issued a Certificate of Finality of even date stating that its Order dated December 6, 2013 affirming the Order dated September 17, 2013 is now final and executory since no appeal was filed.

On August 18, 2014, RTC Davao issued an order of even date denying the DOJ's Motion for Reconsideration. The Office of the Solicitor General, on behalf of the People of the Philippines, filed the Petition for Certiorari dated October 27, 2014 with the Court of Appeals seeking the reversal of the Orders dated October 4, 2013 and August 18, 2014 issued by public respondents Judges Omelio and Hon. Loida S. Posadas-Kahulugan. The Petition for Certiorari, with Docket No. CA-G.R. SP No. 06500-MIN, is now pending with the Court of Appeals.

There is also a pending Motion for Reconsideration filed by the DOJ and the BOC, seeking the reversal of the decision dated 25 July 2014 of the Court of Appeals' Special Former Special Tenth (10^{th}) Division in the Consolidated Petitions of Dennis Uy, docketed as CA-G.R. SP No. 131702, and Jorlan Cabanes, docketed as CA-G.R. SP No. 129740, with the Court of Appeals, which involve the same basic facts and issues as those raised in CA-G.R. SP No. 06500-MIN.

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 December 31, 2014 and 2013, 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, 2015 vs. September 30, 2014.

Revenues

The Group generated total revenues of ₱ 22.488 billion in 2015 which is 16% lower than its 2014 level of ₱ 26.929 billion, primarily due to the decline in average fuel prices during the first three quarters of 2015 by 43% compared to the same period of last year. The revenue decline was marginally mitigated by higher revenues from fuels service, shipping, storage and other revenue, which grew by 30% from the same period in 2014.

Revenues from trading and distribution of petroleum products decreased by 18% from ₱26.489 billion in 2014 to ₱ 21.600 billion in 2015 resulting principally from the decrease in average selling prices. The effect was however mitigated by the 29% increase in total fuel sales volume. This year, a 33% increase in retail (station) sales volume was recorded as a result of a wider distribution network and growth in same store sales. The Commercial and industrial segment also increased sales volume by 38% despite lower sales to wholesalers and distributors. The Parent Company had four hundred forty seven (447) Phoenix retail service stations as of September 30, 2015 compared to four hundred twelve (412) 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 and in 2017.

The Group generated ₱485 million in net revenue from its fuels service, storage, port and other income in 2015 versus ₱379 million in 2014, a 28% increase compared to the same period last year. This due to increase in volume of port revenue and service revenues for storage.

This year, the Group, through PPIPC, generated revenue from sale of land amounting to ₱402 million, compared to ₱ 61 million in 2014.

Cost and expenses

The Group recorded cost of sales and services of ₱ 19.535 billion in 2015, a decline of 20% from its 2014 level of ₱ 24.408 billion primarily due to a 44% decrease in the average price of petroleum products but mitigated by the 29% increase in volume.. This year, the ratio of retail sales volume compared to commercial/industrial (C&I) sales volumes improved from 36.2% to 37.2%. Retail sales margins are generally higher vs. commercial/industrial sales due to the latter's higher sales mix of gasoline products in lieu of diesel and the absence of volume discounts.

Selling and administrative expenses increased by 16.35% as a result of higher rentals, depreciation, salaries & wages as a result of the continuous expansion of the Group's business operations. With its growing retail presence nationwide and the scaling-up of operations, the Company also incurred increases in manpower, and logistics.

Net Income

The Group's net income for the first three quarters of 2015 was ₱758 million versus ₱506 million or a 50% increase vs. the same period last year. Incremental net income of P22 million came from the aforementioned sale of land. Margins from sales of petroleum remained a challenge this year due to the continuous decline of oil prices in the world market. The lower margins were mitigated by the Company through more efficient inventory management and prudent pricing strategies for sales.

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 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 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 received new approvals from the BOI for its two (2) latest 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, 2015 versus December 31, 2014)

Total resources of the Group as of September 30, 2015 stood at Php 26.2 billion, higher by 5% compared to the Php 25.0 billion as of December 31, 2014. This is mainly due to increase in Property, Plant, and Equipment and Other Assets driven by the continuous expansion in retail stations, storage and shipping assets.

Cash and cash equivalents this year increased by 55% from Php 556 million in December 31, 2014 to Php 863 million due to timing of collection of receivables as against payment of various liabilities.

Trade and other receivables was marginally lower unchanged at Php 7.832 billion as of December 31, 2014 vs. Php 7.820 billion as of September 30, 2015 due to an increase in volume offset by the lower prices.

Inventories declined by 15% to Php 2.437 billion as of September 30, 2015 from Php 2.871 billion as of December 31, 2014. This is due to lower average prices and timing of importation arrivals. The Company targets to maintain an average of one month worth of inventory to ensure stable supply in retail stations and commercial/industrial clients and mitigate price volatility. However, the actual level varies depending on the timing of the actual arrival dates of the fuel tankers.

Due to related parties marginally decreased by 2% to Php 0.182 million from Php 10.373 million to Php 10.192 million in September 30, 2015 vs. December 31, 2014 due to some net collection during the year.

Input taxes-net decreased by 19% in September 30, 2015 due to the offsetting of higher output taxes this year due to input taxes on capital expenditures, and paid input taxes on inventory.

Other current assets amounted to Php 1.378 billion and Php 1.147 billion as of September 30, 2015 and December 31, 2014 respectively. The increase represents prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance, creditable withholding taxes, and other current assets.

As of September 30, 2015, the Group's property and equipment, net of accumulated depreciation, increased to Php 11.567 billion compared to Php 10.869 billion as of December 31, 2014 due to investments in a new marine tanker to support domestic logistics requirements, additional depot capacity in existing and new areas, and new retail stations in various stages of completion in Luzon, Mindanao, and Visayas as part of the Company's expansion of its retail station network.

Loans and Borrowings, both current and non-current, increased by 17% from Php 13.843 billion as of December 31, 2014 to Php16.184 billion as of September 30, 2015. The increase of Php 2.341 billion was a result of the timing of availments of various working capital facilities to finance inventories, accounts receivable and decline in trade payables. In addition, a Php 500 million long-term debt was availed during the year to partly finance this year's capital expenditures.

The salient terms and conditions of the Term Loans, which were obtained to finance various capital expenditures of the Company, are as follows:

(a) Term Loan Agreement (TLA) with Development Bank of the Philippines (DBP)

On September 12, 2007, the CSC entered into a MOA with China Shipbuilding & Exports Corporation for the construction of one unit of oil tanker in the amount of US$15.0 million. In connection with the MOA, CSC entered into a TLA amounting to US$13.0 million with DBP, the proceeds of which shall be exclusively used to finance the construction of the vessel. In February 2008 and May 2009, DBP granted the loan amounting to US$3.9 million (P159.0 million) and US$9.1 million (P432.5 million), respectively. The loan is payable over five years in equal quarterly principal installments, with one quarter grace period on principal, commencing November 2009 and was subject to 10.5% interest rate per annum. The loan was fully settled in 2014.

On October 30, 2014, CSC entered into a loan agreement with DBP amounting to P140.0 million to finance the drydocking and repairs and maintenance expenses of MT Chelsea Resolute, MT Chelsea Cherylyn, MT Chelsea Denise and MT Jasaan. The loan is subject to annual interest rate of 5.0% and is payable in eight equal quarterly installments commencing on the first quarter from the initial drawdown.

In addition, CSC obtained P160.0 million loan for its working capital requirements. The loan bears a fixed interest rate of 5.0% per annum and is payable in ten equal quarterly installments commencing on February 28, 2015.

The loan is secured by a chattel mortgage on certain vessel (MT Chelsea Cherylyn) of CSC with net book value amounting to P894.7 million and P824.8 million as of September 30, 2015 and December 31, 2014, respectively. The loan is also secured by certain collateral on receivables of CSC and guaranteed by certain stockholders
[see Notes 7 and 26.6*(b)*].

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P198 million and P222.1 million, respectively.

(b) Loan Agreement with Robinsons Bank Corporation (RBC)

In 2014, the Group obtained three bank loans from RBC totaling P62.2 million to finance the drydocking costs of MT Chelsea Denise. The loan is subject to annual interest rate of 6.3% and is payable in twelve equal monthly installments commencing on the first month from the initial drawdown.

The loan is secured by a chattel mortgage on one of the vessels (MT Chelsea Denise) of the Group with net book value amounting to P161.1 million and P114.7 million as of September 30, 2015 and December 31, 2014, respectively, and receivables of CSC from certain customer (see Note 7). The loan is also guaranteed by certain stockholders [see Note 26.6*(b)*].

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P47.8 million and P56.8 million, respectively.

(c) TLA with Maybank Philippines, Inc. (MPI)

On July 18, 2012, the Company signed with Maybank Philippines, Inc. a five year clean term loan amounting to P300.0 million to be used exclusively for capital expenditure and permanent working capital. The loan is subject to an interest rate of 6.0% p.a. and is payable in twenty equal quarterly installments.
In connection with the TLA, all existing and future advances to the Company by its stockholders or related parties are subordinated to the loan. The Company agrees that any and all of its obligations relative to the TLA shall be settled first before any of its financial obligations to such shareholders' and related parties' advances are paid.

The TLA also requires the Company to maintain debt-to-equity ratio of not more than 3:1, current ratio of at least 1:1 and debt coverage ratio of at least 1.5.
The outstanding balance of the loan as of September 30, 2015 and December 31, 2014 amounted to P120.0 million and P165.0 million, respectively.

On October 28, 2014 and November 4, 2014, the Company obtained unsecured, interest bearing loans from Maybank Philippines, Inc. amounting to P100 million for CSC's working capital requirements.

(d) TLA with Maybank International Labuan Branch (MILB)

On November 20, 2012, the Company entered into a TLA amounting to US$ 24.0 million with Maybank International Labuan Branch to fund various capital expenditures. The total amount of the loan is broken down into US$14.0 million (tranche 1) which is due in five years and US$10.0 million (tranche 2) with a term of three years.

The loan is subject to interest computed at one-year LIBOR plus applicable margin of 4.25% p.a., or cost of funds plus a margin of 2.0% per annum, whichever is higher. Interest payments are to be serviced quarterly in arrears. Maybank International Labuan Branch. reserves the right to vary, at its absolute discretion from time to time, such rate of interest, which variation may take place by varying the LIBOR or the margin or spread above the LIBOR, or both.

The TLA also requires the Company to maintain debt-to-equity ratio of not more than 3:1, current ratio of at least 1:1 and debt coverage ratio of at least 1.5.
Moreover, Maybank International Labuan Branch has the right of first refusal and right to match any fund raising exercise that may be required to refinance the U.S. dollar- denominated term loan facility either via follow-on offering of the Company's shares or a syndicated term loan.

The balance of the principal of the loan amounted to P333.4 million and P451.2 million, translated into Philippine Peso using the closing rate as of September 30, 2015 and December 31, 2014, respectively.

On 22 April 2015, the Company entered into another TLA with Maybank International Labuan Branch amounting to US$ 10.0 million with a maturity of five (5) years from date of drawdown. Used to finance various capital expenditures of the Company, the loan was drawn on 29 April 2015 and will mature on 29 April 2020. Its interest rate is based on the 90-day LIBOR plus a spread of 3.75% p.a. while the principal is to be paid in equal quarterly amortizations, commencing on 29 July 2015. The outstanding principal balance as of September 30, 2015 stood at $9.5 million or P444.03 million translated into Philippine Peso using the closing rate of September 30, 2015.

e) TLA with Asia United Bank (AUB)

In 2013, the Group obtained interest-bearing loans from AUB to partially finance the acquisition of tug boats amounting to P100 million. The loan bears a fixed interest rate at 7.00% p.a. for the first three years from the initial drawdown date, and shall be repriced at the end of the third year from the initial drawdown date (the "Repricing Date"). The repriced rate shall be based on the relevant 2Y PDST-F as of the Repricing Date, plus a spread of 2.00% subject to a floor of 7.00%. The loan is payable in 18 quarterly installments over a period of five years. The first payment will commence on the third interest payment date from the initial drawdown date. The last quarterly installment of the loan is due on November 6, 2018.

The interest-bearing loans amounted to P72.2 million and P88.9 million as of
September 30, 2015 and December 31, 2014, respectively, of which P22.2 million was presented under current liabilities section in the consolidated statements of financial position.

Interest expense related to the loans amounted to P4.5 million and P7.3 million in 2015 and 2014, respectively, and is shown as part of Finance Cost under Other Charges (Income) in the consolidated statements of comprehensive income.

Certain trade receivables were assigned to secure the payment of this loan. (see Note 7).

(f) Loan Agreement with Multinational Investment Bancorporation (MIB)

On December 29, 2014, the Group obtained an unsecured, interest-bearing loans from MIB totaling to P166.8 million for the CSC's working capital requirements. The loan is subject to annual interest rate of 4.3% and is payable in 30 days.

The outstanding balance of the principal of the note as of September 30, 2015 and December 31, 2014 amounted to P176.1 million and P166.8 million, respectively.

(g) Omnibus Loan and Security Agreement of PNX-Chelsea with BDO Unibank, Inc. (BDO) for importation of MT Chelsea Denise II

One of the items under Installment and notes payable is a loan incurred by PNX-Chelsea in 2014 with BDO Unibank, Inc. PNX – Chelsea, a subsidiary of Chelsea Shipping Corp., entered into a Memorandum of Agreement with China Shipbuilding & Exports Corporation for the importation of a single oil tanker (MT Chelsea Denise II) in the amount of US$7.3M million. In connection with the acquisition of the oil tank vessel, PNX – Chelsea entered into an Omnibus Line and Security Agreement (OLSA) amounting to Php 300M million with BDO, the proceeds of which was used to partly finance the importation of the vessel. The loan was fully drawn on February 2015.

The loan is payable for a period of five years from initial drawdown date in quarterly principal installments of Php 11,540,000 each and the outstanding balance on maturity date, with two quarter grace period, commencing after the second tranche. The loan carries an interest rate of 5.3% p.a.

Interest incurred on these loans amounted to P9.9 million and P29.2 million in September 30, 2015 and December 31, 2014, respectively, and is shown as part of Finance Costs – net account in the consolidated statements of comprehensive income.

The loan is secured by a chattel mortgage of MT Chelsea Denise II. The carrying amount of MT Chelsea Denise II, presented as part of Property and Equipment – Construction in Progress, amounted to P385.1 million and P2.5 million as of September 30, 2015 and December 31, 2014, respectively.

The OLSA requires PNX – Chelsea to maintain a debt-to-equity (DE) ratio of not more than 2.0:1 and debt service coverage ratio (DSCR) of at least 1.20, except on dry-docking year where minimum DSCR shall be 1.00. On January 27, 2014, the Company received the creditor's waiver that adjusted the DE ratio requirement of PNX-Chelsea Shipping Corp. from 1.5x to 2.0x.

(h) Omnibus Loan and Security Agreement of CSC with BDO Unibank, Inc. (BDO) for acquisition of MT Chelsea Thelma

For the acquisition of MT Chelsea Thelma, Chelsea Shipping Corp. (CSC) is required to maintain a DE ratio and a DSCR of 1.5x and 1.2x, respectively, except on dry-docking year wherein DSCR is 1x. In 2014, CSC complied with these loan covenants with DE and DSCR at 1.08x and 1.3x, respectively.

Deferred Tax Liabilities increased by 101% to Php 144 million in 2015 compared to Php 72 million in 2014 due to recording of deferred tax on Marine Tanker appraisals.

Trade and other payables decreased by 47% from Php 3.735 billion as of December 31, 2014 to Php 1.981 billion as of September 30, 2015 mainly due to lower prices, timing of booking trust receipts and the availment of STCPs to finance trade payables.

Other non-current liabilities decreased by 6% due mainly to the reduction of cash bonds from wholesale distributors.

Total Stockholders' Equity increased to Php 7.626 billion as of September 30, 2015 from Php 7.050 billion as of December 31, 2014 as a result of net income for the three quarters ending September 30, 2015 less the cash dividend declared and paid during the period for both common and preferred shares.

Key Performance Indicators and Relevant Ratios

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

	September 30, 2015	December 31, 2014
Current Ratio[1]	1.06 : 1	1.11 : 1
Debt to Equity-Total[2]	2.39 : 1	2.55 : 1
Return on Equity-Common[3]	10.2%*	9.01%**
Net Book Value Per Share[4]	5.40	4.93
Earnings Per Share-Adjusted [5]	0. 51*	0.40**

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

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

* three (3) quarters figure
** One (1) year figure

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

The Company's debt to equity (DE) ratio for 2015 improved to 2.39 : 1 as a result of the period earnings..

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 (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, 2015 compared to December 31, 2014 (Increase/decrease of 5% or more)

55% increase in Cash and Cash Equivalents
This is a result of the timing of collections and disbursements during the period. Minimum levels of Cash are also maintained to support day-to-day requirements.

15% decrease in inventory
Due to lower prices of petroleum products plus the timing of importation arrivals.

5% decrease in Land held for sale and land development costs
Result of sales for the year.

19% increase in input VAT
Incremental Input VAT on CAPEX and Inventories.

20% increase in prepayments and other assets
Increase in Various Deposits-Current

8% increase in property, plant and equipment
Due to vessel acquisition, retail network expansion, storage expansions and other capital expenditures.

42% Increase in other non-current asset
Increase in deposit for capital expenditures.

11% Increase in Interest-bearing loans and borrowings-Current
Use of STCP and Trust Receipts to finance inventory.

50% decrease in Trade and other payables
Factor of lower prices of imported petroleum products.

100% decline on Due to related parties
Settlement of various advances from prior years.

101% increase in Deferred Tax Assets
Deferred Tax Assets on Vessel Appraisals

6% reduction on non-current liability
Due to some retirement of cash security deposits in favor of other form of security.

Material changes to the Group's Income Statement as of September 30, 2015 compared to September 30, 2014 (Increase/decrease of 5% or more)

18% decrease in Sales for petroleum products
Principally due to 44% lower selling prices compared to 2014 in spite of the 29% increase in volume this year.

28% increase in fuel service, shipping, storage income, and other revenue
Higher turnover on service volume specifically on storage volume of new terminal, additional revenue from time charters, port operations and tugboat revenue.

20% decrease in cost of sales
Primarily due to lower prices of Petroleum Products compared to 2014.

7.6% increase in Finance Costs (net)
Due to higher levels of interest bearing debt to finance working capital and capital expenditures.

99% decrease in other income/Costs
Mainly due to lower inventory losses arising from improved monitoring and controls.

69% increase in income tax provision
Due to the increase of income not subject to BOI tax incentives such as but not limited to land sale in PPIPC.

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 11, 2015 at the Marco Polo Hotel, Davao City, Philippines.

2. The Board of Directors approved the declaration of cash dividend of P 0.05 per share. As disclosed last March 04, 2015the record date was March 08, 2015 with the payment date on April 16, 2015.

   Furthermore, it also declared an 8.25% dividend to preferred stockholders with a record date of February 24, 2015 and payment date of March 20, 2015. Additional 8.25% preferred cash dividend was declared and paid on the following dates:

   - Declaration : May 26, 2015; payment : June 22, 2015.
   - Declaration : August 25, 2015; payment : September 21, 2015.

3. In February 20, 2015, the Security and Exchange Commission (SEC) approved the Company's additional Php 1.5 billion short term commercial paper (STCP)

4. As of September 30, 2015, 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.

5. 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.

6. 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.

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

8. In August 24, 2015, the Company disclosed the approval of Board to issue 20,000,000 preferred shares with an issue price of Php 100.00/share.

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

ANNEX C

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

PHOENIX
Fuels Life

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05 January 2016

Hon. Justina F. Callangan
Director, Corporate Governance Department
Securities and Exchange Commission
SEC Bldg., Mandaluyong City

Dear *Dir. Callangan*:

Pursuant to SEC Memorandum Circular No. 1 Series of 2014, we would like to inform the Commission of the summary of attendance of the Company's Directors for the term 2015-2016 as follows:

Board	Name	Date of Election	# of Meetings Held During the Year	# of Meetings Attended	%
Chairman	Domingo T. Uy	11 Mar 2015	4	4	80%
Member/President	Dennis A. Uy	11 Mar 2015	4	4	100%
Member/COO	Romeo B. de Guzman	11 Mar 2015	4	4	100%
Member/CFO	Joseph John L. Ong	11 Mar 2015	4	4	100%
Member	Cherylyn C. Uy	11 Mar 2015	4	4	100%
Member/Corp. Sec	Socorro T. Ermac Cabreros	11 Mar 2015	4	4	100%
Member	Jose Manuel R. Quimson	11 Mar 2015	4	2	50%
Member	Paul G. Dominguez	11 Mar 2015	4	4	100%
Member	J.V. Emmanuel A. de Dios	11 Mar 2015	4	4	100%
Independent Dir.	Consuelo Ynares Santiago	11 Mar 2015	4	4	100%
Independent Dir.	Monico V. Jacob	11 Mar 2015	4	3	80%

Very truly yours,

SOCORRO ERMAC CABREROS
Corporate Secretary

Conforme:

RAMON EDISON C. BATACAN
Chief Compliance Officer

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

ANNEX D

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 Corporate 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 2015, the Company has substantially complied with the provisions of its Manual of Corporate Governance;

3. There are no changes in the Company's Manual of Corporate Governance;

4. 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 January 05, 2016 in Davao City, Philippines.

SOCORRO ERMAC CABREROS
Corporate Secretary

2016 FEB -5 P 9:39

Conforme:

RAMON EDISON C. BATACAN
Chief Compliance Officer

Noted by:

DENNIS A. UY
President

SUBSCRIBED AND SWORN TO before on January 05, 2016 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. Dennis A. Uy	SSS ID No. 09-1539399-6

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

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Series of 2016

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

ATTY. KENNETH L. DABI
Notary Public for Davao City
Expires on December 31, 2016
Serial No. 076-2015
PTR No. 6542884; 12-15-15; D.C.
IBP No. 0989181; 12-10-15; D.C.
Roll of Attorneys No. 47866