



Trip nature to

PHOENIX PETROLEUM PHILIPPINES INC. 2015 ANNUAL REPORT



TABLE OF CONTENTS

2	About Phoenix
4	Financial Highlights
5	Industry Highlights
6	Message to Shareholders
12	Q&A with the Chief Operating Officer
14	Operational Highlights
20	Subsidiaries
24	Corporate Social Responsibility
28	Board of Directors
32	Management Team
36	Corporate Governance
39	Statement of Management's Responsibility for Financial Statements
40	Report of Independent Auditors
41	Consolidated Financial Statements
46	Management's Discussion and Analysis of Financial Conditions
50	Our Products
52	Contact Us

Road trip. Laugh trip. Sound trip. Day trip. Business trip.
We've been riding together in this journey for the past 10 years.
From Mindanao to Manila, be it through rocky roads or steep heights or
unending plains, we have come a long way.
And there are many more journeys waiting for us in the years to come.
It's an amazing feeling to know that we are one in this trip.



VISION

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

MISSION

- We deliver the best value in products and services to our business partners
- We conduct our business with respect, integrity, and excellence
- We provide maximum returns to our shareholders and investors
- We create opportunities for learning, growth, and recognition to the Phoenix Family
- We build programs to nurture the environment and welfare of the communities we serve

CORE VALUES



PHOENIX PETROLEUM PHILIPPINES, INC.

Phoenix Petroleum Philippines, Inc. (PNX:PM) is the leading independent and fastest-growing oil company in the Philippines. Since its first station in 2005 in the southern region of Davao, the Company has expanded nationwide to build a wide network of retail stations and commercial and industrial clients.

Phoenix Petroleum is engaged in the business of retail and commercial sales and the trading of refined petroleum products and lubricants, operation of oil depots, storage and transport services and integrated logistic services. Its products and services are distributed and marketed under the PHOENIX Fuels Life trademark.

The company's operations are divided between trading, terminaling and hauling services. Under trading, PNX offers its refined petroleum products and lubricants to retailers and commercial clients in various industries. Phoenix also provides hauling and into-plane services of Jet A1 fuels to airports and airlines and refueling of aircraft in key cities.

Phoenix Petroleum is a publicly-listed company on the Philippine Stock Exchange since July 2007, the only oil company to do so since the Oil Deregulation Law was passed in 1998.

It is ranked 31st in the country's Top 1,000 Corporations as of 2013.



FINANCIAL HIGHLIGHTS

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.)
SUMMARY AND HIGHLIGHTS
Years 2011-2015

(All amounts expressed in Millions, unless otherwise stated)

	2011*	2012*	2013	2014	2015
Income Statement Data:					
Revenues	27,451	34,586	43,552	34,734	30,054
Cost of Sales and Services	25,328	31,962	40,248	31,144	25,269
Net Profit-TOTAL	558	651	665	616	906
Net Income-Excluding Non-Recurring Income	558	651	665	616	906
Provision for Preferred Dividends	58	58	57	41	46
EBITDA	1,246	1,597	1,864	2,084	2,882

(All amounts expressed in Millions, unless otherwise stated)

	2011*	2012*	2013	2014	2015
Balance Sheet Data:					
Current Asset	6,902	8,967	13,054	13,484	17,040
Non-current Asset	6,057	7,540	9,283	11,516	13,887
Total Assets	12,959	16,507	22,338	25,000	30,927
Current Liabilities	7,152	5,752	9,842	11,895	15,001
Total Liabilities	9,244	12,011	15,840	17,950	20,903
Stockholders' Equity	3,714	4,497	6,498	7,050	10,023

Bank Debts	5,877	9,915	13,752	13,843	16,984
-------------------	--------------	--------------	---------------	---------------	---------------

	2011*	2012*	2013	2014	2015
Financial Ratios					
Current Ratio ¹	0.97 : 1	1.56 : 1	1.33 : 1	1.13 : 1	1.14 : 1
Debt to Equity ²	2.49 : 1	2.67 : 1	2.44 : 1	2.55 : 1	2.09 : 1
Return on Equity ³	16.42%	15.86%	12.10%	9.10%	10.61%
Return on Assets ⁴	7.88%	6.90%	4.86%	3.60%	4.13%
Return on Sales	2.03%	1.88%	1.53%	1.77%	3.01%
Net Book Value Per Share ⁵	4.86	4.41	4.20	4.58	5.27
Earnings Per Share-(Adjusted) ⁶	0.40	0.48	0.45	0.40	0.60
Return on Equity-Common ⁷	14.7%	14.5%	11.1%	9.5%	12.7%

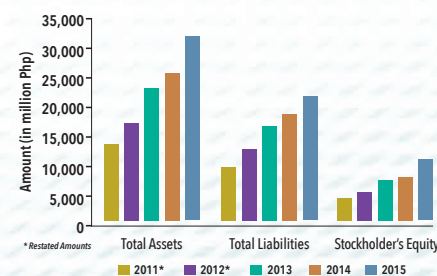
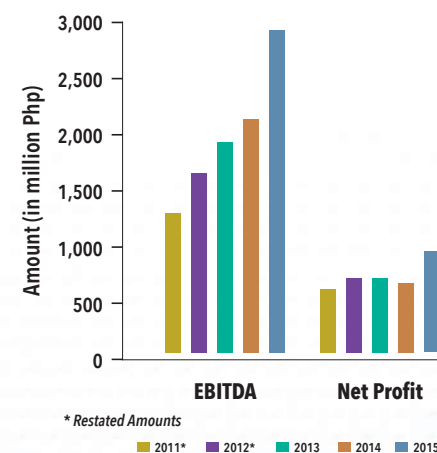
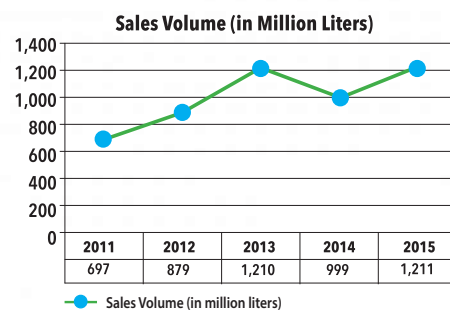
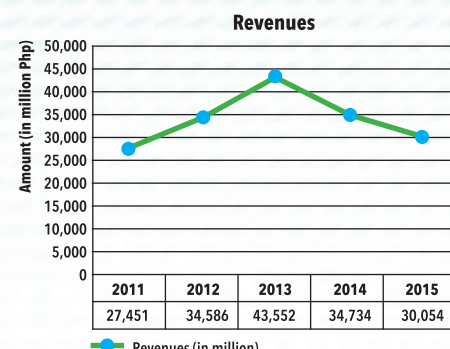
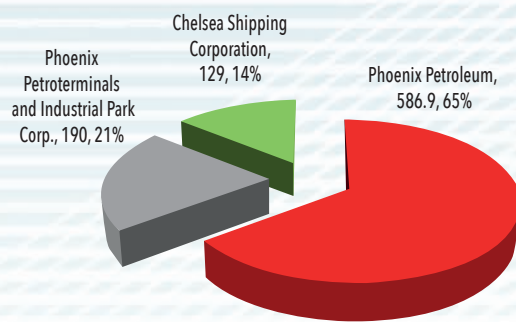
	2011*	2012*	2013	2014	2015
Stock Information:					
(Figures in millions except per share)					
Weighted Average No. of Shares- Adjusted of Stock Dividends	1,235.78	1,235.78	1,357.01	1,428.78	1,428.78
Number of Shares Issued	661.12	906.06	1,428.78	1,428.78	1,428.78
Total Number of Shares					
Outstanding-Year End	661.12	906.06	1,428.78	1,428.78	1,428.78
Market Capitalization-Year End	7,457.47	8,181.72	6,429.50	4,414.92	5,215.04
Stock Price-Closing (Year End)	11.28	9.03	4.50	3.09	3.65
Treasury Stock-Shares	-	-	-	-	-

Notes:

- 1 - Total current assets divided by current liabilities
- 2 - Total liabilities divided by tangible net worth
- 3 - Net income divided by average total stockholders' equity
- 4 - Net income divided by average total assets
- 5 - Total stockholders equity - (Common) divided by the total number of shares issued and outstanding
- 6 - Net income after tax (net of Preferred Stock Dividend Allocation) divided by weighted average number of outstanding common shares
- 7 - Net income after tax (net of Preferred Stock allocation) divided by stockholders' equity-common

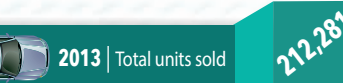
* Re-stated figures

GROUP INCOME (IN MILLIONS PHP)



INDUSTRY HIGHLIGHTS

CAR SALES GROWTH



Sources:
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI),
Association of Vehicle Importer and Distributors (AVID),
Truck Manufacturers Association (TMA)

OIL PRICE ADJUSTMENTS

Total net price adjustments of:

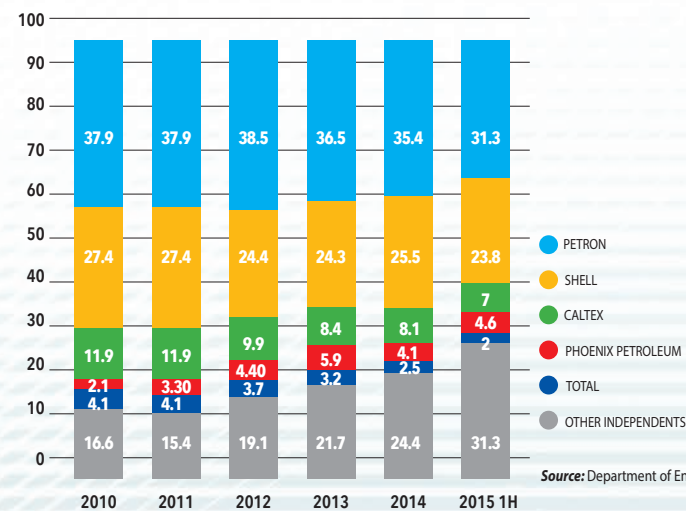
	2013	2014	2015
Gasoline per liter	3.59	-13.29	-0.8
Diesel per liter	4.68	-15.03	-7.14

Source: Department of Energy

Retail Prices in Metro Manila (P/Liter)	As of 2013, Dec. 31		As of 2014, Dec. 16		As of 2015, Dec. 29	
PRODUCTS	Price Range	Common Price	Price Range	Common Price	Price Range	Common Price
Diesel	42.20 - 47.05	45.25	29.20 - 32.55	31.4	20.55 - 23.95	21.85
Gasoline (RON 95)	50.00 - 56.35	55.5	37.85 - 43.95	42	33.20 - 40.65	39.9
LPG, P/11-kg cylinders	850.00 - 967.00		570.00 - 711.00		470.00 - 680.00	

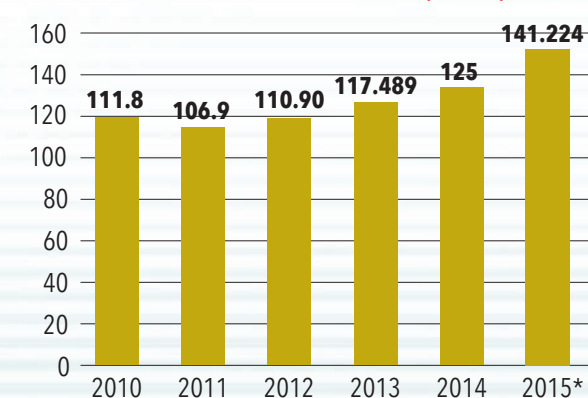
Source: Department of Energy

OIL INDUSTRY MARKET SHARE



Source: Department of Energy

PH PETROLEUM PRODUCT DEMAND (in MMB)



*Annualized estimate based on 2015 First Half's 70.612 MMB

DOMINGO T. UY
CHAIRMAN



DENNIS A. UY
PRESIDENT
& CHIEF EXECUTIVE OFFICER



2015 WAS A PIVOTAL YEAR FOR THE COMPANY AS WE FACED MANY CHALLENGES AND OPPORTUNITIES AS WE STRENGTHENED THE BUSINESS FOR THE FUTURE.

For the second year in a row, the price of Brent crude oil dropped sharply, closing the year down 35% from \$54.98 to \$37.74 a barrel. The decline is expected to continue amidst the supply glut and slowdown in the global economy; in January 2016 crude prices dropped to a 12-year low to below \$25.985 a barrel. This has resulted in a corresponding drop in finished products which lead to a very competitive oil industry where profitability is squeezed as inventory is sold at lower prices.

Despite the global downturn, the Philippine economy showed its resilience by growing 5.8% in 2015. The country benefited from strong private consumption, higher government spending, and sound fundamentals.

Demand for petroleum products increased 14% to 70,612 MB as of the first half of 2015. Vehicle sales recorded another high, up 28% to 347,321 units sold as new car models and affordable financing attracted buyers. Motorists enjoyed low oil prices as diesel dropped a total Php 7.14/liter for the year and gasoline decreased Php 0.80/liter.

Amidst this challenging environment, we implemented programs to protect our revenue and margins, mitigate risks, ensure stability of supply, and build a brand and company that is resilient and ready for the future.

RETAIL EXPANSION

We opened 36 new stations in 2015, increasing our network to 454 nationwide. From a market share of less than 1% when we started 10 years ago, we now have 4.6% of the fuels market as of first half of 2015, strengthening our position as the number one independent and the fourth major player in the oil industry.

In 2015, same-store sales and average station throughput combined increased by 20%, thus growing our volume from retail by a robust 30%.

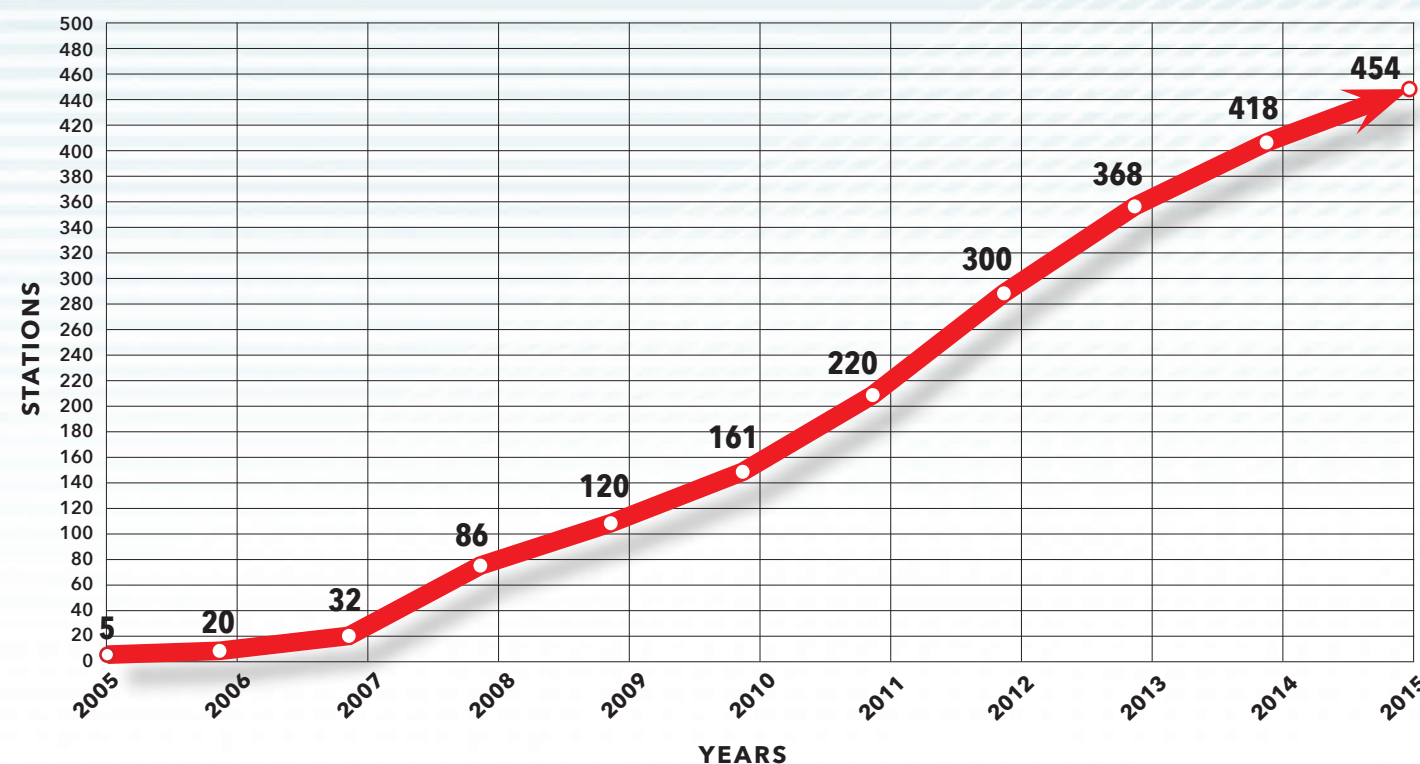
Commercial, industrial, and aviation sales grew 26%, as we continued to minimize serving the low-margin wholesale distributor segment and instead

acquired more direct accounts such as in the power, transportation, mining, agricultural, fishing, and construction sectors. In 2015, we acquired 164 new commercial accounts.

As a result of the growth in volume from our retail and commercial businesses, our total fuel sales volume increased by 27%.

In terms of supply, we developed a more cost-efficient model for delivering fuels to terminals and depots, which translates to reduced transport cost and lead-times, and optimized vessel scheduling. We also locked-in strategic suppliers to provide stable supply of products and help reduce vulnerability to price and supply volatility in the global market.

PHOENIX RETAIL STATIONS



IMPROVED FINANCIAL PERFORMANCE

In 2015, we grew our net income 47% to Php 905.9 million from Php 616.4 million the previous year.

The growth in income was driven by the 27% increase in fuel sales volume and the Php 319 million combined net income of our subsidiaries, Phoenix Petroterminals and Industrial Park Corp. (PPIPC) and Chelsea Shipping Corp. (CSC). PPIPC earned Php 190 million in income from park operations and sale of land in its industrial park in Calaca, Batangas, while CSC contributed Php 129 million from its ship chartering operations. In 2014, the combined net income of these subsidiaries was Php 134 million.

Although low oil prices decreased our revenue by 13% to Php 30 billion, this was tempered by the increase in volume and gross margin, as well as the decrease in cost of sales.

Return on sales improved to 3% in 2015 from 1.88% in 2014, as a result of better fuel sales mix in favor of retail, higher efficiencies, savings particularly from fuel trading and supply management operations, and strong income from the subsidiaries.

The better financial performance improved our balance sheet ratios: Earnings per share increased to 0.60 from 0.40 the previous year, current ratio improved 1.14 : 1 from 1.13 : 1, and debt to equity ratio decreased to 2.09 : 1 from 2.55 : 1 in 2014. This was helped by two important capital-raising activities during the year: the listing of the second set of short-term commercial papers (STCP), and the listing of Php 2-billion worth of perpetual preferred shares.

We listed in the Philippine Dealing Exchange the second set of STCPs valued at Php 1.5-billion in February, on the heels of the highly successful and oversubscribed initial listing of Php 2-billion in November 2014. The second issue was again oversubscribed.

In December, we listed in the Philippine Stock Exchange Php 2-billion worth of perpetual preferred shares, which was more than three times oversubscribed. This is the company's largest equity issue to date since our IPO in 2007. The preferred shares will materially lower the gearing ratio of the company from previous years.

OPPORTUNITIES AHEAD

As we build our company for the long-term, we continue to strengthen our infrastructure, people, and brand.

We have started a refurbishing program in key stations nationwide to upgrade and modernize the look of our stations, which are the main representation of the company and brand to motorists. We have also begun to standardize the service of our crew through the 10-Point Forecourt Service Steps, to ensure that service is consistent and always courteous.

In strategic areas, we are building big service stations that serve as one-stop destination for fuel, food, auto repairs, and other conveniences. These non-fuel related businesses will be a growing segment in our retail operations as we partner with brands both established and emerging, to provide a wide variety of products and services to our customers.

The continued expansion of our retail and commercial businesses is supported by enhancements in storage, logistics, and operations. Our nine terminals and depots situated across the country, with the newest at Calapan, Oriental Mindoro, are able to serve our growing retail and industrial clients.

We marked a safety milestone this year as we achieved 1.69 million man-hours without loss time injury. Safety, timeliness, and efficiency are critical as we strengthen our operations and distribution network.

WE MARKED A SAFETY MILESTONE THIS YEAR AS WE ACHIEVED 1.69 MILLION MAN-HOURS WITHOUT LOSS TIME INJURY. SAFETY, TIMELINESS, AND EFFICIENCY ARE CRITICAL AS WE STRENGTHEN OUR OPERATIONS AND DISTRIBUTION NETWORK.

We are building our company for the future, and key to this is developing and equipping our people to have an entrepreneurial mindset that sees opportunities and finds innovative ways to solve problems. With a team of 776 people including subsidiaries, the dynamic mix between experienced veterans and talented young professionals makes for a workplace that values discipline, diligence, and accomplishing goals together.

For the second year, we recognized employees who went the extra mile and demonstrated *malasakit* and innovation. These 11 Phoenix Heroes of the Month are inspiring examples of how to do ordinary things extraordinary well with passion and compassion.

SUBSIDIARIES

Our subsidiaries, Chelsea Shipping Corporation (CSC) and Phoenix Petroterminals and Industrial Park Corporation (PPIPC) recorded growth in 2015 from increased sales and more efficient operations.

The Chelsea Shipping Group made several major undertakings this year that resulted in better financial and operating performance. These grew the net income by 36% to Php 129 million from Php 95 million.

The Group is composed of Chelsea Shipping Corp. and its subsidiaries Bunkers Manila Inc., Michael Inc., Chelsea Ship Management & Marine Services Corp., Fortis Tugs Corporation, and PNX-Chelsea Shipping Corp. Chelsea Shipping is one of the top five major petroleum tanker owners in the country, and sails on local and regional seas.

We continue to upgrade our fleet of 12 vessels, the newest being M/T Chelsea Denise II, which we took delivery of in May and started commercial operations in November. We also completed the drydocking of three vessels and started the construction of a warehouse, electrical, and mechanical workshop.

The Chelsea Shipping Group also marked a safety achievement in June of 3 million man-hours without lost time incident.

PPIPC, the developer of the 94-hectare Phoenix Petroterminals & Industrial Park in Calaca, Batangas, grew its net income to Php 190 million, a 387% jump from Php 39 million in 2014. This was primarily due to sale of lots amounting to Php 454 million, while port revenue grew 85% to Php 139 million. Port volume increased by 80% to 1,885,242 MT with the full commercial operations of SLTEC's power plant, growth in the real estate sector for SteelAsia's steel plant, and increased volume of Phoenix Petroleum.

PPIPC will be expanding its port facility anew, to be completed in 2017, to accommodate more shipments,

allow faster discharging, and reduce waiting time. This enhances PPIPC as an ideal site for light to heavy industries, especially those that are heavily reliant on water transport.

Altogether, the Company's investments in retail, logistics, and shipping grew total assets by 24% to Php 31 billion in 2015 from Php 25 billion in 2014.

DOING GOOD

We've always believed that a good business is good to the community, which is why we continue to develop our social responsibility programs. Our programs in education, environment, health, and outreach reach many communities across the country. These benefit thousands – public school teachers, school children, residents living near watersheds, indigents who need medical care.

We are also proud of the successful first season of "Pinoy Tsuper Hero," a first of its kind advocacy program to recognize and empower inspiring Filipino drivers who protect the environment, practice safe driving habits, and are role models of their families. Out of 3,700 nominees nationwide, tricycle driver Reynaldo Samonte of Batangas City was named the first Pinoy Tsuper Hero, after an extensive selection and training process.

We thank our partners, ABS-CBN Lingkod Kapamilya Foundation (ALKFI) and Bayan Academy for Social Entrepreneurship and Human Resource Development, for their wholehearted support in the "Pinoy Tsuper Hero" program to promote driving as a noble profession.

10 YEARS ON

2015 was a significant year for us because it marked 10 years of Phoenix as a brand. It was a decade of aspiration, excitement, and possibilities as we pursued the ambitious goal to be the leading independent and the fourth major player in the industry.

Along the way, we were recognized for our management, brand, and CSR initiatives by various organizations. These include the Philippine Marketing Association's Agora Award for Outstanding Achievement in Entrepreneurship, CNBC's Asia Business Leaders Award, Entrepreneur Magazine's Top 5 Outstanding Franchise Companies, Araw Values Award and Catholic Mass Media Awards for our television ads, Ernst & Young's Entrepreneur of the Year Finalist Award, Finance Asia's 3rd Best Small Cap Company in the Philippines, and Enterprise Asia's Asia Responsible Entrepreneurship Award.

And on our 10th year as a brand that started in Davao City and expanded to the rest of the country, we were awarded the "Outstanding Filipino Franchise in Retail – Large Store" in the 2015 Franchise Excellence Awards. This prestigious award from the Philippine Franchise Association affirms our business growth and serves as a model of a provincial enterprise succeeding as a national brand.

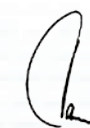
In the next decade, we will set our sights higher. We aim to be the third major oil company as we focus on network expansion and efficiency, operational excellence, quality products, reliable service, and creative branding. Our new brand campaign, "Trip Natin 'To," expresses our aspiration to be one with Filipinos in all their journeys. With the campaign, we aim to be a leading brand among young motorists and millennials who will be the decision-makers and leaders of the future.

The business, the industry, the market will keep on evolving, and we must be able to adjust, adapt, and take advantage of opportunities. The company today compared when we started is in a much better position to do this, in terms of talent, resources, and capability.

Your confidence and support to us all these years has been our inspiration and driving force. As we look to another decade ahead, trust that all our efforts are directed towards strengthening the company for growth and resilience – a Phoenix that is built for the future.



DOMINGO T. UY | CHAIRMAN



DENNIS A. UY | PRESIDENT & CHIEF EXECUTIVE OFFICER

ROMEO B. DE GUZMAN
CHIEF OPERATING OFFICER



Q HOW WOULD YOU COMPARE THE COMPANY'S OPERATIONAL PERFORMANCE IN 2015 AS AGAINST 2014?

The year 2015 was also a challenging year for us. We saw the price of oil fall to its lowest in recent memory. We had to adjust every so often to keep up with the decreasing oil prices in line with our targets for the year. Notwithstanding, we were able to grow our Retail Volume by 30% compared to 2014 while Commercial Sales grew by 26% for the same period. These fueled our Total Fuel volume up by 27%. Our network share also grew after the new stations that we have constructed in 2015, bringing our station count to 454 by yearend. We look forward to the ensuing year with more enthusiasm.

Q PHOENIX MARKED ITS 10 YEARS AS A BRAND IN 2015. WHAT TO YOU IS THE X-FACTOR THAT SETS PHOENIX APART?

I have always believed that in our decade of existence as a brand that our comparative advantage is our people. We have managed quite successfully a good combination of youth and experience in our workforce. Our young recruits have given us enthusiasm, endless energy, and did I mention a great capacity to be challenged and excited! On the other hand, experience does make things a lot easier as our senior team have years of experience in Sales, Distribution, Marketing and Operations not only in the petroleum industry but in allied industries as well. Thus, our mature hires have provided the leadership and knowledge needed for the guidance of the young professionals where we are confident that they can live up to the expectations and become part of the senior team in the future.

Q YOU'VE BEEN IN THE OIL INDUSTRY YOUR ENTIRE CAREER. WHAT DO YOU SEE HAVE BEEN ITS SIGNIFICANT EVOLUTIONS AND HOW IS PHOENIX PREPARING TO BE A MAJOR PLAYER IN THE INDUSTRY?

One of the main reasons I joined Phoenix is the fact that it is a publicly-listed company. It is this which I believe clearly defines Phoenix from the rest of the oil industry players. It is the first and only oil company that has publicly listed its shares in the era of Oil Deregulation although it is not required to do so. Some oil companies have been mandated by the Oil Deregulation Law of 1998 (Republic Act No. 8479) to make an initial public offering of their shares but have not done so until now. For this score alone, I salute Phoenix as it has already laid its foundation for a better and robust future.

To be an oil major, while we can improve and enhance more what we are successfully doing, we still need to further strengthen the "basics." That will lead to operational excellence where every person in the organization, from executives all the way down to the employees, are in unison that in their respective areas, they should be able to know the processes, implement it, and rectify it, all without requiring the assistance of management. In essence, people across the organization

should by heart know that it requires consistent and dependable execution of all processes, thus leading to efficiency, lower operating costs, and increase in revenues.

Q AMONG THE COMPANY'S CORE VALUES, WHAT DO YOU WANT TO REALLY STRENGTHEN AND HOW WOULD YOU DEFINE AND APPLY THIS CORE VALUE WITHIN THE COMPANY?

I have always emphasized the practice of the three business principles of honesty, integrity, and respect for people. In my over 41 years of experience in the oil industry, I have viewed INTEGRITY as the most important aspect. Everything emanates from integrity. If one does not have any ulterior motive while working in the Company, then I truly believe that all his actions will be above board and will all be for the good of the company. Persons who have questionable integrity have no place in Phoenix.

MAKING OUR CUSTOMERS HAPPY



We are committed to delivering consistent and reliable customer service to our customers through quality products, clean stations, and attentive forecourt service.

This year we built 36 new stations to widen our retail network to 454 stations nationwide. With a market share of 4.6%, we strengthened our position as the number one independent and the fourth biggest player in the oil industry.

By the end of 2015, our fuel products were Euro-4 standard, compliant to the government's mandate of low sulfur fuels to reduce emission from cars.

We have also started refurbishing stations in key locations, and will continue to do so in the next years as we upgrade and standardize the look of our stations.

A major project launched was the 10-Point Forecourt Service Steps to standardize the service we provide to our motorists across all stations nationwide. This is also a program to professionalize the services provided by our forecourt crew.

In 2015, we carried out three national promos: purchase of limited edition Pacquiao shirts leading up to the Manny Pacquiao-Floyd Mayweather fight; free box of paracetamol from The Generics Pharmacy for a minimum fuel purchase; and purchase of limited edition NBA Jersey Drawstring Bags. We also held various local promotions in several stations to engage with loyal motorists.



Phoenix stations are envisioned to be one-stop destinations for conveniences aside from fuel and lubricants. We continue to build partnerships with established and new brands of restaurants, fast food outlets, convenience stores, and other services. These include McDonald's, Jollibee, Shakey's, Pizza Hut, Lido Cosina Tsina, Mini-Stop, 7-Eleven, Family Mart, and many homegrown enterprises.

We also started a partnership with Don Bosco Technical Institute (DBTI) where we hired and assigned their on-the-job trainees to four Phoenix stations for five months. This helps provide our dealers with capable and skilled servicemen to operate their service bays and provide another service to drivers. We also help DBTI in their advocacy to train and provide work for these youth.

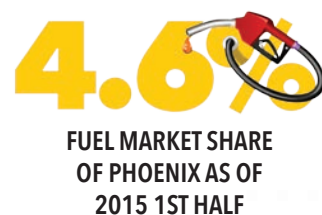
With commercial and industrial clients, we started serving blended fuel oils and regularly provide technical assistance and trainings. We serve clients in critical industries such as power, transportation, mining, manufacturing, and construction.



In recognition of our retail business growth, Phoenix Petroleum was awarded the "Outstanding Filipino Franchise in Retail - Large Store" in the 2015 Franchise Excellence Awards (FEA). FEA is the most distinguished

award in the franchising sector, given to businesses that epitomize excellence in business growth and ethical practices. It is organized by the Philippine Franchise Association and the Department of Trade and Industry in cooperation with the Philippine Retailers Association and the Philippine Chamber of Commerce and Industry.

Phoenix Petroleum was recognized for being a successful and fast-growing homegrown company in an industry dominated by majors, serving as an inspiration that provincial brands can be national players.



"Our formula to success has always been simple: Success = Passion + Compassion + Integrity. With the operations and management support, and personnel training and development program of the company, I have honed both my entrepreneurial and people management skills in a very short span of time." - Vincent Carisma of Koronadal City, Mindanao Dealer of the Year



"My choice is to work hard for something I want to achieve. For me, success is the sum of extraordinary efforts repeated every day. I am proud to declare that



I can grow old with Phoenix." - Leonora Montales of Tarlac City, North Luzon Dealer of the Year

"With Phoenix's pool of technical experts, we believe that the innovations and improvements introduced will help attain the ideal fuel quality for Mapalad Power Corporation for optimal results in our operations." - Ruben Ramilo, Plant Manager of Mapalad Power Corp. in Iligan City



STRENGTHENING SUPPLY AND LOGISTICS

We continue to build our supply and distribution network to ensure safe, timely, and efficient handling and delivery of our products. With 9 terminals and depots in strategic locations, we are able to serve our growing retail and industrial accounts across the country.

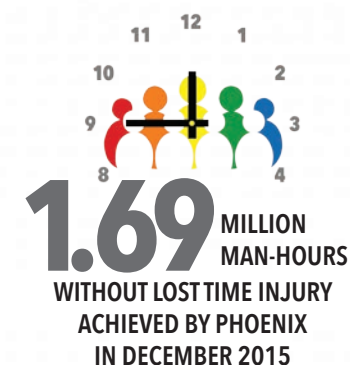
Our newest depot in Calapan, Oriental Mindoro, commissioned in March, enhances our capacity to serve the south Luzon market. From Davao City and Calaca, Batangas, we began to deliver blended fuel oils to our industrial customers.



Safety remains a priority, which is why we are strengthening our safety and product handling trainings not only to our own people, but also to our business partners, haulers, and drivers. A series of Product Unloading Workshops were conducted to station dealers, commercial clients, and designated receivers with the goals of reducing errors when unloading products and to ensure safety and preparedness. In 2015, we marked a safety milestone of 1.69 million man-hours without loss time injury, an important safety achievement for the company.



We will continue to upgrade our facilities to improve safety, operational efficiency, and to meet industry standards.



BUILDING OUR PEOPLE FOR GROWTH

Our people drive the company’s success, and it is this mix of experienced veterans and young talents from different industries that make the Phoenix workplace dynamic, energetic, and innovative.



With 776 employees of Phoenix and our subsidiaries, several initiatives are in place to develop job competency and career growth.



Continuous learning is promoted through various trainings such as on defensive driving, technical safety, product knowledge, technical seminars, and corporate branding.

We also enhanced our business partners’ knowledge through the Train the Trainer series of workshops and the Basic Pollution Control Officer (PCO) Training. A PCO for a gas station is a requirement by the government to ensure environmental protection and compliance.



In the second year of the Phoenix Hero of the Month program, we recognized employees who went the extra mile in doing acts of *malasakit* and innovation. It is our aspiration to make Phoenix an employer of choice, and we are committed to developing our team and the organization to be ready for the opportunities ahead.

Phoenix Hero of the Year



Geric Sumatra went beyond his usual work by initiating and serving as resource person on Microsoft Excel in a series of trainings to various departments. This served as new knowledge and refresher to participants in the use of the tool for reports, computations, and other tasks. His generosity in imparting knowledge and his consistent pro-activeness and reliability make him an asset to the team.

776

EMPLOYEES OF PHOENIX AND ITS SUBSIDIARIES

11

PHOENIX HEROES NAMED IN 2015, WHO DEMONSTRATED MALASAKIT AND INNOVATION IN THEIR WORK

REVITALIZING OUR LINE OF LUBRICANTS

We updated our line of lubricants and began to roll out the new products and revitalized packaging by year-end. This introduces to the market Phoenix lubricants that look modern, competitive, and consistent with industry standards.

We now have three major lubricant product lines: Phoenix Accelerate Gasoline Engine Oil for speed and power, Phoenix Zoelo Heavy Duty Diesel Engine Oil for extended engine life, and Phoenix Cyclomax Motorcycle Oil for protection of engines. Other specialty products, greases, and automotive gear oils have also been enhanced in quality and packaging.

The rollout of the new and revitalized products will be completed in 2016, bringing to our motorists, business partners, and commercial and industrial clients a line of high-quality and competitively-priced Phoenix lubricants.



ENGAGING THE DIGITAL GENERATION

The internet and social media have become this generation's meeting places, where people express themselves and freely share their opinions.

Our various brand and marketing initiatives in 2015 tapped the digital space to reach the millennial generation.

Leading up to and during the much-anticipated fight between Manny Pacquiao and Floyd Mayweather, we encouraged conversations using our hashtag #KayMannyKami, to show solidarity to our boxing hero win or lose. This was complemented by a national promo selling special edition Pacquiao shirts at our stations, a roving standee of Pacquiao, and special viewing parties in Davao, Cebu, Bacolod, and Metro Manila.



We also sponsored the successful 1st UFC Fight Night in Manila, with a Fighter Tour of Alistair Overeem and a raffle of UFC tickets and items to our retail patrons in Metro Manila. Consistent with our drive to fuel dreams through sports, we supported two amateur fighters, Jimboy Malita and Gelli Bulaong, and documented their mixed martial arts journey in three online videos, "Chase the Dream," "Live the Dream," and "Fuel the Dream," which won a Silver Anvil Award.



As the official fuel partner of the NBA, we supported the Jr. NBA and Jr. WNBA in Bacolod, the NBA 3X Philippines, and arranged a meet and greet with NBA star Danny Green at the Phoenix San Dionisio, Parañaque station with customers.



In December, marking our 10th anniversary as a brand, we launched our new campaign, "Trip Natin 'To" to express our aspiration to be part of the many journeys of Filipinos across the country.



445
YOUNG BASKETBALL PLAYERS
AND 70 COACHES FROM
NEGROS AND OTHER PLACES
IN VISAYAS WHO JOINED
THE JR. NBA AND JR. WNBA
BACOLOD LEG HOSTED
BY PHOENIX

"I was looking for a new gasoline that time because my Expedition became troublesome after I used other gasoline. I wanted the best for my car. I tried using Premium 98 and until now it really gives a different performance to my car. It's cooling to the machine and has extraordinary power. The brand that one is using is important. Right now, I'm bringing the name of Phoenix Premium 98 whenever I race."

Anwar-el Salvador

"I always fuel up at Phoenix. I have proven its fuel to run my car smoothly, and the station is wide and always clean."

Taxi driver at Phoenix Amang Rodriguez, Pasig

"Thank you @phoenixfuels for powering my dream to watch #UFCManila #FuelTheDream"

Vanessa Vizcarra

"My son and I enjoyed our time at the NBA 3X. A great experience for him. I will never be able to thank you enough Phoenix Petroleum. We are blessed to meet you all guys that cared about us. Nothing like meeting them NBA players (Danny Green and Kenneth Faried) and having a fun time with my son at the same time. Maraming salamat po uli. Blessings will come left and right back at you all. #Humbled #Grateful"

"Aside from fuel efficiency, I also love the good service of the Phoenix crew to their customers. That's why I always make sure to gas up at Phoenix."

Ghem Pantoliano

"I tried refilling full tank in one of your stations in Ilocos and my Montero GLX felt very responsive and quieter compared to the other diesel fuel that I am using. I wonder what additives you have which seem to be better."

Apple Gaviola

"@phoenixfuels thanks for bringing in @Alistairovereem. You made Sunday for fans and families really special! #UFCManila"

Raffy Francisco

Louie Amongo



Phoenix Petroterminals & Industrial Park Corp.



PPIPC is the developer of Phoenix Petroterminals & Industrial Park (PPIP) located in Calaca, Batangas. The industrial park covers 94 hectares of land, spanning the three barangays Salong, Puting Bato West, and Lumbang Calzada in Calaca. It hosts the biggest depot nationwide of Phoenix Petroleum. It is also home to the steel manufacturing plant of Steel Asia Manufacturing, power plant of South Luzon Thermal Energy Corp., bulk solid warehouse of Arvin International Marketing, and the chemical storage facilities of Asian Chemicals Corporation and Philippine Prosperity Chemicals.

PPIP operates an ISPS-compliant, multi-purpose port facility capable of accommodating up to 60,000 DWT vessels with draft of 14 meters. The port caters to both domestic and international cargoes composed mainly of petroleum products, coal, salt in bulk, steel billets, industrial chemicals and molasses.

In 2015, PPIPC grew its net income to Php 190 million, a 387% jump from Php 39 million in 2014.

Gross lot sales for 2015 was recorded at Php 454 million. Two major lot sales were to South Pacific, Inc. (SPI) which bought 4.4 hectares to put up an LPG storage facility, and to McMAI which purchased 1.1 hectares to build storage tanks for its sulfuric acid importations.



Port volume of PPIP grew by 80% from 1,045,661 MT in 2014 to 1,885,242 MT in 2015 brought about by the full commercial operations of SLTEC's 2 x 135MW power plant, growth in the real estate sector for SteelAsia's steel plant, and increased volume of Phoenix Petroleum. Consequently, port revenues also grew by 85% from Php 75 million in 2014 to Php 139 million in 2015.

Shipcalls grew by 57% from 244 in 2014 to 382 in 2015, even as some port users brought in bigger-sized vessels in terms of length and weight.

With the growth from existing locators and the forthcoming volumes of prospective locators, PPIP will embark on another expansion of its port facility at Phase I that will increase the pier deck by another 70 meters from the existing 192 meters, and construct additional breasting dolphins and mooring dolphins. With this development, the port facility at Phase I will be able to handle two handy-max vessels with length over all (LOA) of 200 meter each at the same time at its outer berths. Target completion is within 18-22 months. After completion, PPIP will be able to handle and accommodate more shipments, allow faster discharging, and reduce waiting time.

PPIP is ideal to host light to heavy industries, especially those that are heavily reliant on water transport. Site visits and inquiries are welcome for companies that are looking for an ideal site for their warehouse, storage tanks and manufacturing plants. As of end 2015, about 43 hectares are still available for sale or for lease from interested locators.



Chelsea Shipping Corp.

The Chelsea Shipping Group is composed of Chelsea Shipping Corp. and its subsidiaries Bunkers Manila Inc., Michael Inc., Chelsea Ship Management & Marine Services Corp., Fortis Tugs Corporation, and PN-X-Chelsea Shipping Corp.

Chelsea Shipping is one of the top five major petroleum tanker owners in the country, serving Phoenix Petroleum Philippines, Inc., Cebu Pacific Air, Petron, Seaoil, Marine Fuels, and Batangas Bay Carriers, among other companies, and sailing on local and regional seas.

In 2015, the Group posted income of Php 129 million, up 36% from Php 95 million the previous year.

A total of 91% of the Group's revenue comes from chartering and demurrage charges, and 8% from tugboat fees. Of the 91%, 70% are generated by company-owned vessels. In order to augment the requirements of the market and ensure quality service to our customers, we secure third party vessels to compensate for vessels on drydocking and to meet the increasing demands of the market.

The majority of the Group's services are to our parent company PPPI and its subsidiary SPTT, with other customers being Cebu Pacific, Petron, and Seaoil.

The Chelsea Shipping Group's 2015 achievements include the following:

- Drydocking and lengthening of M/T Chelsea Denise
- Delivery of the 4,000 DWT (2,990 GT) M/T Chelsea Denise II, the 12th vessel in the Chelsea Shipping Fleet, on May 2015
- Attainment of 3,000,000 No Lost

Time Incident (LTI) on June 12

- Standardization of Crew Salary
- Charter by Seaoil of M/T Chelsea Thelma
- Commencement of construction of Warehouse/Electrical/Mechanical Workshop in October
- Start of commercial operations of M/T Chelsea Denise II in November
- Memorandum of Agreement with Meridian Training Center for the establishment of Maritime Training Facility in Calaca, Batangas
- Commercial Operations Management Agreement with South Pacific, Inc.
- Completion of drydocking of M/T Chelsea Thelma, M/T Tug Fortis I, and M/T Ernesto Uno

The Chelsea Shipping Fleet currently has 12 vessels with a total capacity of 48,379.46 MT. These vessels are M/T Chelsea Thelma, M/T Chelsea Cherylyn, M/T Chelsea Denise, M/T Chelsea Resolute, M/T Chelsea Intrepid, M/T Chelsea Enterprise and M/T Vela owned by Chelsea Shipping Corp. (CSC), M/T Ernesto Uno and M/T Jasaan owned by Michael, Inc., M/T Patricia owned by Bunkers Manila, Inc., M/T Chelsea Donatela and M/T Chelsea Denise II owned by PN-X-Chelsea Shipping Corp. The Chelsea Shipping Fleet is being managed by Chelsea Ship Management & Marine Services Corp. (CSMMSC), with the exception of M/T Chelsea Cherylyn, which is under ship management of Transnational Uyeno Maritime, Inc. CSMMSC is a wholly-owned subsidiary of CSC, which was incorporated in March 30, 2012.

The entire Chelsea Fleet is classed by reputable Classification Associations:

- * IACS Class Bureau Veritas - M/T Chelsea Cherylyn, M/T Chelsea Donatela, M/T Chelsea Thelma and M/T Chelsea Denise II
- * Ocean Register of Shipping - M/T Chelsea Resolute, M/T Chelsea Denise, M/T Vela, M/T Chelsea Intrepid, M/T Ernesto Uno and M/T Jasaan
- * Filipino Vessels Classification System Inc. - M/T Chelsea Enterprise
- * Philippine Register of Shipping - M/T BMI Patricia

In line with the Company's vision to upgrade its entire fleet to comply with international standards, M/T Chelsea Cherylyn and M/T Chelsea Thelma are SIRE-compliant. The other remaining vessels of the Fleet are currently undergoing inspection by a SIRE-accredited inspector for SIRE qualification.

Four vessels of the Chelsea Fleet - M/T Chelsea Cherylyn, M/T Chelsea Thelma, M/T Chelsea Donatela and Chelsea Denise II - are registered with the Board of Investments and enjoy BOI incentives including Income Tax Holiday incentive.

Chelsea completed the dry docking of M/T Chelsea Thelma, MT Chelsea Denise and Fortis I in 2015. M/T Chelsea Resolute, M/T Chelsea Enterprise and M/T Intrepid are currently undergoing dry docking and expected to be completed in the first quarter of 2016.



Fortis Tugs Corporation



Fortis Tugs Corporation, a wholly-owned subsidiary of Chelsea Shipping Corp., was incorporated in April 2013, to engage 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.

Fortis Tugs currently serves the tug boat requirements of Phoenix Petroterminals and Industrial Park Corp. and other port facilities in Balayan Bay in Batangas. It also provides tug assistance to domestic and foreign vessels docking at the ports of Phoenix Petroterminals and Industrial Park, South Bay Bulk Terminal Inc., Holcim Philippines, South Point Science Park, and Balayan Distillery Inc. Fortis Tugs also serves the requirements of other ports in Batangas Bay (Keppel Batangas Shipyard, Sta Clara and Mabini) under special charter arrangements.

The Company currently operates four tug boats, M/Tug Fortis I, M/Tug Fortis II and M/Tug Joy 98 and M/Tug Copper I. M/Tug Fortis I was acquired in April 2013 from Hong Kong, while M/Tug Fortis II was acquired in June 2013 from South Korea. In June 2015, the tug boat M/Tug Joy 98 and M/Tug Copper I were bareboat chartered to Fortis Tugs to support its operational requirements.

In 2015, the Fortis Tugs posted revenues of Php 124.7 million and a net income of Php 31.3 million with a total asset base of Php 223.1 million. Revenue grew 84% from Php 67.8 million in 2014.

Our PPIPC contributes 81% of the total revenues being the exclusive tug provider on our park. A minority or 19% is from other ports of Batangas.

For 2016, Fortis Tugs intends to expand its operations by providing tug assistance in nearby ports in Balayan, Batangas. In January 2016, Fortis Tugs acquired M/Tug Joy 98, as the latest addition to the Fortis fleet.

PASSION TO DO GOOD

Phoenix Philippines Foundation is committed to do good through our various programs in education, environment, health, and outreach. By working together with communities and partner organizations, we strengthen support of these advocacies and help thousands of beneficiaries.

EDUCATION

Our major education program, Adopt-A-School, has now expanded to 18 schools in Luzon, Visayas, and Mindanao, plus three day care centers in Calaca, Batangas. Phoenix supports the monthly salaries of the teachers, which enable pre-schoolers to study for free.



We also expanded the Phoenix Library by adding three elementary schools in Visayas, for a total of eight across the country.



The Phoenix Livelihood Program at the F. Bangoy Central Elementary School in Davao City has produced 537 scholars who graduated from courses such as Basic Welding, Computer Technology, Electrical Wiring, and Beauty and Hair Styling.



Phoenix is also an active participant in the Brigada Eskwela, the Department of Education's annual school clean-up and refurbishment program. We supported the Brigada Eskwela in 15 adopted and partner schools.



18
ADOPTED PRE-SCHOOL SCHOOLS AROUND THE COUNTRY

8
PHOENIX LIBRARIES IN THE COUNTRY

537
GRADUATES OF THE PHOENIX LIVELIHOOD PROGRAM

15
SCHOOLS REFURBISHED AS PART OF BRIGADA ESKWELA

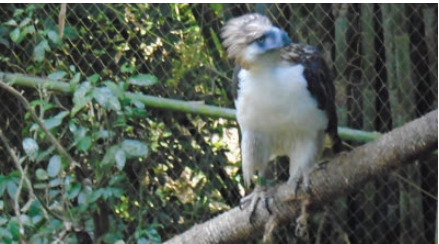
ENVIRONMENT

We continue to expand our Adopt-A-Watershed program in six sites in Davao, Cagayan, Cebu, Bacolod, Batangas, and Butuan, as part of our commitment to plant or rehabilitate denuded areas. In each of these five-hectare watersheds, we plant seedlings such as mangrove, lauan, and fruit-bearing trees. Our area partners, residents, and accredited cooperatives oversee the growth of the seedlings to ensure the upkeep of the watershed.



In our annual Plant-A-Tree activity, Phoenix and subsidiaries' employees and partner volunteers planted 20,910 trees in various areas around the country.

We also continue to actively participate in the Coastal Clean-Up in Batangas, Cebu, Davao, Aklan, Cagayan de Oro, and Bacolod.



Since 2011, we have adopted the Philippine Eagle "Phoenix" at the Philippine Eagle Foundation (PEF) in Davao City. "Phoenix" is active in breeding activities with his pair Marikit.



The Phoenix Petroterminals and Industrial Park also hosts the marine turtle hatchery of the Pawikan Conservation Project. In 2015, we tagged 7 adult turtles and released 6 hatchlings. We are strengthening our information and education campaign to raise awareness on the plight of these endangered marine turtles.

7
SITES WHERE WE HELD COASTAL CLEAN-UP

6
ADOPTED WATERSHEDS IN THE COUNTRY

20,910
TREES PLANTED BY PHOENIX EMPLOYEES AND PARTNERS IN 2015

1
ADOPTED "PHOENIX" PHILIPPINE EAGLE

6
PAWIKAN HATCHLINGS RELEASED AND 7 ADULT TURTLES TAGGED AT OUR MARINE TURTLE HATCHERY IN BATANGAS

HEALTH

We conducted several medical and dental missions around the country, which reached 2,317 beneficiaries. In Calaca, Batangas, the barangays of Salong, Lumbang Calzada, and Putting Bato West were also given medicine subsidy through the Barangay Health Center.



Our various bloodletting activities in Luzon, Visayas, and Mindanao collected 1,270 blood bags, in partnership with other organizations. A bloodletting was also conducted at the PPIPC grounds in coordination with the local government and PPIPC locators.



OUTREACH

The Christmas Gift-Giving for Kids is an annual tradition of the foundation, and this year the beneficiaries were our adopted schools. Close to 2,000 children received Christmas joy in school supplies.



2,317
BENEFICIARIES OF OUR
MEDICAL AND DENTAL
MISSIONS NATIONWIDE



1,270
BAGS OF BLOOD
COLLECTED FROM VARIOUS
BLOOD-LETTING
PROGRAMS



1,634
CHILDREN BROUGHT JOY TO
IN OUR CHRISTMAS
GIFT-GIVING

PINOY TSUPER HERO



“Pinoy Tsuper Hero” is the first of its kind advocacy program aimed at drivers for the protection of the environment, formation of stronger Filipino families, and development of an accident-free community. It is a program initiated and powered by Phoenix Petroleum in collaboration with ABS-CBN Lingkod Kapamilya Foundation (ALKFI) and Bayan Academy for Social Entrepreneurship and Human Resource Development.

Pinoy Tsuper Hero is a nationwide search for inspiring Filipino drivers who go beyond their call of duty and serve as outstanding role models. The program aims to bring out the “superhero” in every driver and promote driving as a noble profession.

The first season was launched in November 2014 and successfully ended in May 2015 with the awarding of Reynaldo Samonte, a driver from Batangas, as first Pinoy Tsuper Hero.

Samonte and other finalists from around the country went through a series of trainings and interviews and presented their plans for a campaign advocacy during the finals.



A jubilant Reynaldo Samonte accepts his title as the first Pinoy Tsuper Hero. He won a cash prize of 140,000 pesos, 50,000 pesos worth of fuel and lube cards from Phoenix Petroleum, a million pesos worth of family accident insurance for a year, and a brand new tricycle with franchise.

REYNALDO SAMONTE, FIRST PINOY TSUPER HERO



Even before Reynaldo Samonte worked as a tricycle driver, he had always wanted to serve his community. It was his childhood dream to become a soldier.

After finishing his training at the Philippine Air Force in 1986, it would seem this dream of becoming a defender of his country would finally come true. Unfortunately, the military

insurrections at that time led him to forego joining the armed services.

But this did not stop him from pursuing his passion to serve.

He worked at his godfather's funeral parlor business, transporting funeral equipment and even cadavers occasionally. And to better support his wife and two children, he worked as a tricycle driver on the side.

Samonte's perseverance did not go to waste, as his children fulfilled his dream and became members of the Philippine Air Force.

He continued to serve his community as a tricycle driver. An active TODA member, he initiated a successful raffle contest for TODA and community members that would give a variety of prizes and a jackpot livelihood package of a tricycle with franchise. This earned a considerable income for TODA members.

One day when he fueled at Phoenix San Sebastian, Batangas, he was invited to nominate himself for the “Pinoy Tsuper Hero” program.

“I thought it was only a small matter,” he said. “I didn't realize what a big contest this was.”

With other drivers and vehicle operators in Batangas, he attended a two-day seminar by Bayan Academy that reinforced the Pinoy Tsuper Hero responsibility of taking care of the environment and passengers. Samonte was afterwards chosen as the finalist to represent his province.

On May 28, 2015, the 10 finalists from around the country gathered at the Dolphy Theater in Manila for the awarding of the first Pinoy Tsuper Hero. The judges had reviewed each finalist and looked for all the qualities of a modern day driver hero – disciplined, drives safely, respectful to passengers, compassionate to the environment, and loving to one's family.

Possessing all these qualities, Samonte bested the other finalists and was declared the first Pinoy Tsuper Hero.

“I did not think much about the prize because what I was thinking about was the huge responsibility I would be carrying if I will be awarded the Pinoy Tsuper Hero title. I realized that I have to live by the values that the title embodies,” he said.

He promises to fulfill his mission of beautification – that is, to make all roads and vehicles cleaner and more accommodating to all commuters.

“Number one for me is cleanliness, cleaning of terminals and using the right urinals,” he said. “If we drivers look clean, we become more approachable to passengers. We also help the environment.”



CITIES COVERED IN THE
FIRST SEASON



3,737
NOMINATION FORMS
RECEIVED



1,779
QUALIFIED NOMINEES



From left to right: **CONSUELO YNARES-SANTIAGO** INDEPENDENT DIRECTOR | **J.V. EMMANUEL A. DE DIOS** DIRECTOR | **DOMINGO T. UY** CHAIRMAN | **ROMEO B. DE GUZMAN** DIRECTOR | **DENNIS A. UY** VICE CHAIRMAN, PRESIDENT, AND CEO | **CHERYLYN C. UY** DIRECTOR | **JOSEPH JOHN L. ONG** DIRECTOR | **PAUL G. DOMINGUEZ** DIRECTOR | **SOCORRO T. ERMAC-CABREROS** CORPORATE SECRETARY

Not in photo: **MONICO V. JACOB** INDEPENDENT DIRECTOR

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 a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

DENNIS A. UY

VICE CHAIRMAN, 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, 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, the Philippine Business for Social Progress, and the newly-organized Jr. NBA Asia Advisory Council. 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

Mr. 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 almost 40 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 holds a Marketing Management and MBA degrees from San Sebastian College – Manila.

SOCORRO T. ERMAC-CABREROS

CORPORATE SECRETARY

Atty. 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 a former president of the Davao City Chapter of the Integrated Bar of the Philippines.

J.V. EMMANUEL A. DE DIOS

DIRECTOR

Atty. 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. 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

Mr. 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 Company. 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, Filipino, 36 years old, is a graduate of Business and Finance from Ateneo de Davao University. She is one of the pioneers/incorporators of Udenna Corporation, a corporation composed of 17 subsidiaries which are divided into two groups, the petroleum and non-petroleum groups. 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. She 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, Filipino, 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.

ADVISER TO THE BOARD:



MR. STEPHEN CU-UNJIENG

CHAIRMAN – ASIA
EVERCORE PARTNERS

MANAGEMENT TEAM



From left to right:

YELLOW SHIRT:	RED SHIRT:	WHITE SHIRT:
IGNA S. BRAGA IV CHELSEA SHIPPING CORP. VICE PRESIDENT FOR FINANCE	RAMSON E. LLANTO PPIPC MARKETING MANAGER	MARCIAL QUIRICO C. AMARO III CHELSEA SHIP MANAGEMENT & MARINE SERVICES CORP. VICE PRESIDENT FOR SHIP MANAGEMENT
CARMELO R. BASCUGUIN PPIPC OPERATIONS & MAINTENANCE MANAGER	SOCORRO T. ERMAC-CABREROS ASST. VICE PRESIDENT FOR CORPORATE LEGAL	MA. HENEDINA V. SAN JUAN CHELSEA SHIPPING CORP. ASST. VICE PRESIDENT FOR BUSINESS DEVELOPMENT & CORPORATE AFFAIRS
ROY O. JIMENEZ ASST. VICE PRESIDENT FOR NON-FUEL RELATED BUSINESS	MARIA RITA A. ROS ASST. VICE PRESIDENT FOR SUPPLY	CELESTE MARIE G. ONG ASST. VICE PRESIDENT FOR HUMAN RESOURCES
JOSEPH JOHN L. ONG CHIEF FINANCE OFFICER	ALAN RAYMOND T. ZORRILLA VICE PRESIDENT FOR EXTERNAL AFFAIRS, BUSINESS DEVELOPMENT, AND SECURITY	WILLIAM M. AZARCON VICE PRESIDENT FOR OPERATIONS, TRANSPORT, AVIATION, AND ENGINEERING
ERICSON S. INOCENCIO ASST. VICE PRESIDENT FOR SALES NORTH MINDANAO	DENNIS A. UY PRESIDENT AND CHIEF EXECUTIVE OFFICER	CHRYSS ALFONSUS V. DAMUY VICE PRESIDENT FOR FINANCE
JOSELITO G. DE JESUS ASST. VICE PRESIDENT FOR SALES LUZON UPCOUNTRY	ALFREDO E. REYES ASST. VICE PRESIDENT FOR INFORMATION TECHNOLOGY	REYNALDO A. PHALA ASST. VICE PRESIDENT FOR TREASURY
Not in photo: (Resigned as of February 1, 2016) RAMON EDISON C. BATACAN CHIEF CORPORATE COUNSEL AND CHIEF COMPLIANCE OFFICER	MARIA CELINA I. MATIAS ASST. VICE PRESIDENT FOR BRAND AND MARKETING	ROMEO B. DE GUZMAN CHIEF OPERATING OFFICER
	DEBBIE U. RODOLFO ASST. VICE PRESIDENT FOR CUSTOMER SERVICE AND CORPORATE COMMUNICATION	IGNACIO B. ROMERO ASST. VICE PRESIDENT FOR TECHNICAL SERVICES AND QAPD
	RICHARD C. TIANSAY ASST. VICE PRESIDENT FOR SALES VISAYAS	EDWIN M. JOSE ASST. VICE PRESIDENT FOR SALES MEGA MANILA
	JOVEN JESUS G. MUJAR ASST. VICE PRESIDENT FOR LUBRICANTS SALES AND DISTRIBUTION	NORMAN T. NAVARRO ASST. VICE PRESIDENT FOR SALES SOUTH MINDANAO

Phoenix Petroleum Philippines, Inc. believes in conducting its business activities in accordance with the utmost degree of governance and control to ensure that its vision and mission are achieved in the strictest standard of competence, excellence and integrity.

On March 7, 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.

On April 1, 2011, the Company disclosed and submitted to the Commission and the Exchange a Revised Corporate Governance Manual pursuant to the SEC Memorandum Circular No. 6 Series of 2009 which shall now apply to registered corporation that have assets in excess of Fifty Million Pesos and whose equity securities are listed on an Exchange.

Pursuant to July 31, 2014, pursuant to SEC Memorandum Circular No. 9, series of 2014, the Company submitted its Revised Corporate Governance Manual expounding on definition of terms including defining the role of the Board of Directors in corporate governance and emphasis on policies pertaining to independent checking on management.

BOARD STRUCTURE AND PROCESS

KEY ROLES

Under the Revised Corporate Governance Code, corporate governance continues to rest on the Board of Directors. Not only should the terms and conditions as stated in the previously adopted Manual adhere to transparency and accountability to consequently enhance shareholder's value but likewise the Board of Directors will be primarily responsible for setting the polices for the accomplishment of the corporate objectives by providing an independent check on Management.

Consistent with the amendment of its Corporation's By-laws, the Revised Code now acknowledges the composition of the Board of Directors from 9 to 11 members with at least 20% consisting of independent directors. Currently, the Board has 2 independent directors which competently complies with the said Code.

The duties and functions of the Board of Directors more specifically lay out a detailed and minute management of the Corporation's affairs from providing for its mission, vision,

policies, mechanism for effective monitoring of management's performances, establishment of programs that can sustain its long term viability and strength to effective implementation in the selection of directors that can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, effective adoption of a system of check and balance within the Board and a regular review of such system to ensure the integrity of the decision-making.

Effectively the function of the Board of Directors has expanded to ensure a more comprehensive monitoring of the implementation of its policies to ensure and foster the success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and protects the best interest of its stakeholders.

Internal Control for the corporation is likewise emphasized from Chief Executive Officer who shall be ultimately accountable to the Corporation's organizational and operations control.

Practical management of the Corporation's governance standard is exercised through the Board's committees:

- Executive Committee.** The Executive Committee, in accordance with the Company's By-laws and by majority vote of all of its members, acts on specific matters within the competence of, or as may be delegated by the Board of Directors except as specifically limited by law to the Board of Directors.
- Compensation Committee.** The Compensation Committee shall ensure that levels of remuneration shall be sufficient to attract and retain the directors and officers needed to run the Company successfully. A proportion of executive directors' or officers' remuneration may be structured so as to link rewards to corporate and individual performance. It also establishes a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers and provides oversight over remuneration of senior management and other key personnel.
- Nomination Committee.** The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board. The decision of the Nomination Committee as to the nominees to the Board of Directors, once confirmed by the Board of Directors, shall be final and binding upon the shareholders and may no longer be raised during the stockholder's meeting.

The Nomination Committee shall likewise promulgate the guidelines or criteria to govern the conduct of nominations; provided, that any such promulgated

guidelines or criteria governing the conduct of the nomination of Independent Directors shall be properly disclosed in the Corporation's information or proxy statement or such other reports required by the Securities and Exchange Commission.

- Audit Committee.** The Audit Committee provides oversight financial management function in managing credit, market, liquidity, operations, legal and other risks of the Corporation. The committee also oversees Phoenix Petroleum Philippines' internal control, financial reporting and risk management processes on behalf of the Board of Directors. Furthermore, the committee checks all financial reports against its compliance with both the internal financial management policies and pertinent accounting standards including regulatory requirements. The Committee has given its recommendation on the appointment of Punongbayan and Araullo (P&A) as the Company's external auditors since 2008.

COMPOSITION

Corporate powers and governance of the Company is exercised by the Board of Directors which consists of 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. On March 11, 2015, the stockholders elected the following stockholders to the Board of Directors namely: DOMINGO T. UY, DENNIS A. UY, ROMEO B. DE GUZMAN, J.V. EMMANUEL A. DE DIOS, SOCORRO ERMAC CABREROS, JOSE MANUEL R. QUIMSON (resigned as of September 1, 2015), JOSEPH JOHN L. ONG, CHERYLYN C. UY, PAUL DOMINGUEZ, JUSTICE (RET.) CONSUELO YNARES-SANTIAGO, and MONICO V. JACOB.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman presides at all meetings of the Board of Directors and of the stockholders. The Chairman shall have general supervision, administration and management of the business of the Corporation. The Chairman shall establish general administrative and operating policies and guidelines.

INDEPENDENT DIRECTORS

As a publicly-listed Company, Phoenix Petroleum conforms to the requirement to have at least two independent directors or at least 20% of its board size, whichever is less. Of the 11 directors, two sit as independent directors, Monico V. Jacob and Justice (Ret.) Consuelo Ynares Santiago.

The Company defines an "Independent Director" as a person independent of management and free from any business

or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. The Company complies with the rules of the Securities & Exchange Commission with regard to the nomination and election of the independent director.

BOARD PERFORMANCE

Regular Board Meetings are held at least once a quarter. The Board has separate and independent access to the Corporate Secretary who, among other functions, oversees the adequate flow of information to the Board prior to meetings and serves as an adviser to the directors on their responsibilities and obligations.

Discussions during Board meetings are open, and independent views are given due consideration.

In 2015, the Board conducted four meetings.

Board of Directors

Board	Name	# of Meetings Held During the Year	# of Meetings Attended	%
Chairman	Domingo T. Uy	4	4	100%
Member/President	Dennis A. Uy	4	4	100%
Member/COO	Romeo B. de Guzman	4	4	100%
Member/CFO	Joseph John L. Ong	4	4	100%
Member	Cherylyn C. Uy	4	4	100%
Member/Corp. Sec	Socorro T. Ermac Cabrerros	4	4	100%
Member	Jose Manuel R. Quimson*	4	2	50%
Member	Paul G. Dominguez	4	4	100%
Member	J.V. Emmanuel A. de Dios	4	4	100%
Independent Dir.	Consuelo Ynares Santiago	4	4	100%
Independent Dir.	Monico V. Jacob	4	3	75%

*Resigned as of Sept. 1, 2015

Committee Members

The members of each Committee are set forth in the matrix below.

Name	Executive Committee	Nomination Committee	Audit Committee	Compensation Committee
Domingo T. Uy			M	C
Dennis A. Uy	C			M
Romeo B. de Guzman	M	C		
Jose Manuel R. Quimson		M		
J.V. Emmanuel A. de Dios		M		
Socorro Ermac Cabrerros				
Paul G. Dominguez			M	
Consuelo Ynares Santiago		M		M
Monico V. Jacob			C	
Cherylyn C. Uy			M	
Joseph John L. Ong	M			M
Chryss Alfonsus V. Damuy	M			
Ramon Edison C. Batacan*	M			
Raymond T. Zorrilla	M			

*Resigned as of Feb. 1, 2016

C = Chairman M = Member N/A = Not Applicable

ACCOUNTABILITY AND AUDIT

INDEPENDENT PUBLIC ACCOUNTANTS

The principal accountants and external auditors of the Company is the accounting firm of Punongbayan and Araullo (P&A). Mr. Ramilito L. Nañola has been the Partner In-Charge since 2006.

The Audit Committee is empowered to independently review the integrity of the Company's financial reporting against compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.

Phoenix Petroleum Philippines paid or accrued the following fees, including VAT, to its external auditors in the past two years.

(in Thousands PHP)	Audit & Audit-related Fees
2015	5,171.63
2014	5,863.33

Punongbayan & Araullo was engaged by the Company to audit its annual financial statements.

Phoenix Petroleum Philippines' financial statements comply with Philippine Accounting Standards and Philippine Financial Reporting standards which are in compliance with International Accounting Standards (IAS).

COMPLIANCE SYSTEM

Phoenix Petroleum Philippines adheres to the highest corporate principles and best practices. On October 21, 2013, Atty. Ramon Edison C. Batacan was appointed as Chief Corporate Counsel and Chief Compliance Officer.

The responsibilities of the Compliance Officer include monitoring, identifying, and controlling compliance risks; monitoring compliance between the Company and the Securities and Exchange Commission (SEC) as well as the Philippine Stock Exchange (PSE) regarding the disclosures and for whatever summons; and determining and citing violations of the Company code of ethics and recommending penalty for review and approval by the Board of Directors.

DISCLOSURE AND TRANSPARENCY

The Company complies with all disclosure requirements under the law. The most basic and all-encompassing disclosure requirement is that all material information, i.e., anything that could potentially affect share price, should be publicly disclosed in the manner provided by law. Such information would include earning results, acquisition or disposal of major assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

The Corporate Secretary regularly updates the SEC and PSE on any matters that affect the stock price of the company.

The Company has a transparent ownership structure. It regularly discloses the top 20 stockholders of the common equity securities of the company. Other information disclosed includes total remuneration of all directors and senior management, corporate strategy, and off-balance sheet transactions.

INTERNAL AUDIT

In 2010, the Company established the Internal Audit to assist 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.

The Internal Audit's role and responsibilities are defined in the Audit Charter approved by the Board of Directors. In fulfilling its role, the Internal Audit performs the following general functions:

- Evaluating the Company's governance processes including ethics-related programs;
- Performing an objective assessment of the effectiveness of risk management and internal control framework, identifying risk exposures and recommending strategies to mitigate them;
- Evaluating the reliability and integrity of financial statements and the financial reporting process;
- Analyzing and evaluating business processes and associated controls;
- Determining compliance with applicable laws and regulations.



The management of **P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015, 2014, and 2013, in accordance with Philippine Financial Reporting Standards, including the following additional supplementary information which is filed separately from the basic consolidated financial statements:

- Supplementary schedule required under Annex 68-E of the SRC
- Map showing the relationship between and among related entities
- Schedule of Philippine Financial Reporting Standards and Interpretations adopted by the Securities and Exchange Commission and the Financial Reporting Standards Councils as of 31 December 2015
- Schedule showing financial soundness indicators
- Schedule showing reconciliation of Retained Earnings available for dividend declaration


Management's responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders for the period December 31, 2015, 2014, and 2013, has examined the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing and, in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed on this 18th day of February 2016, Davao City


DOMINGO T. UY
Chairman of the Board


DENNIS A. UY
President and Chief Executive Officer


JOSEPH JOHN L. ONG
Chief Finance Officer

REPORT OF INDEPENDENT AUDITORS

The Board of Directors

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

 Stella Hizon Reyes Road,
 Barrio Pampanga, Davao City

We have audited the accompanying consolidated financial statements of P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

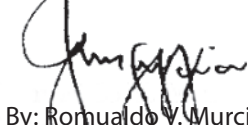
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO


 By: Romualdo V. Murcia III
 Partner

 CPA Reg. No. 0095626
 TIN 906-174-059
 PTR No. 5321731, January 4, 2016, Makati City
 SEC Group A Accreditation
 Partner - No. 0628-AR-2 (until Sept. 5, 2016)
 Firm - No. 0002-FR-4 (until Apr. 30, 2018)
 BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
 Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

February 17, 2016

 Certified Public Accountants
 Punongbayan & Araullo (P&A) is the Philippine member firm within Grant Thornton International Ltd.

Offices in Cebu, Davao, Cavite

 BOA/PRC Cert. of Reg. No. 0002
 SEC Group A Accreditation No. 0002-FR-3

DECEMBER 31, 2015 AND 2014

(With Corresponding Figures as of January 1, 2014)
(Amounts in Philippine Pesos)

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

See Notes to Consolidated Financial Statements.

► **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Amounts in Philippine Pesos)

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

See Notes to Consolidated Financial Statements.► **CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Amounts in Philippine Pesos)

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

Supplemental Information on Non-cash Investing and Financing Activities:

- 1) Certain hauling and heavy equipment with carrying amount of P12.4 million and P19.5 million as of December 31, 2015 and 2014, respectively, are accounted for under finance leases (see Notes 12.5 and 18.5).
- 2) The Group's tankers were revalued by an independent appraiser in each year from 2009. Revaluation reserves amounted to P582.4 million and P407.9 million as of December 31, 2015 and 2014, respectively (see Notes 12.2 and 28.4).
- 3) Interest payments amounting to P61.9 million, P70.7 million and P71.4 million in 2015, 2014 and 2013, respectively, were capitalized as part of the cost of property, plant and equipment (see Notes 12.3 and 18.8).
- 4) In 2015, the Group reclassified certain amount from construction-in-progress under Property, Plant and Equipment to Drydocking cost under Other Non-Current Assets in the consolidated statements of financial position (see Notes 12 and 17).
- 5) In 2015 and 2014, the Group has formalized a joint venture agreement with certain entity. Total investment in a joint venture in 2015 amounted to P175.0 million, P67.8 million of which was advanced in 2014 and is previously recorded as part of Other Non-Current Assets in the 2014 consolidated statement of financial position (see Notes 15.2 and 17).
- 6) Stock dividends declared and distributed by the Group amounted to P329.7 million in 2013 (see Note 28.6). No stock dividends were declared in 2015 and 2014.

► **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Amounts in Philippine Pesos)

	Note	Capital Stock				Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total Equity
		Preferred Stock	Treasury Stock - At Cost	Common Stock	Total					
Balance at January 1, 2015		P 10,000,000	(P 5,000,000)	P 1,428,777,232	P 1,433,777,232	P 3,367,916,774	P 372,138,419	(P 622,952,239)	P 2,499,345,913	P 7,050,226,099
Issuance of shares for the year	28	20,000,000	-	-	20,000,000	1,952,899,408	-	-	-	1,972,899,408
Cash dividends	28	-	-	-	-	-	-	-	(112,689,360)	(112,689,360)
Total comprehensive income for the year		-	-	-	-	-	207,057,323	-	905,868,713	1,112,926,036
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	(19,900,476)	-	19,900,476	-
Balance at December 31, 2015		P 30,000,000	(P 5,000,000)	P 1,428,777,232	P 1,453,777,232	P 5,320,816,182	P 559,295,266	(P 622,952,239)	P 3,312,425,742	P 10,023,362,183
Balance at January 1, 2014		P 10,000,000	(P 5,000,000)	P 1,428,777,232	P 1,433,777,232	P 3,367,916,774	P 272,621,771	(P 622,952,239)	P 2,046,541,766	P 6,497,905,304
Cash dividends	28	-	-	-	-	-	-	-	(184,127,723)	(184,127,723)
Total comprehensive income for the year		-	-	-	-	-	120,085,546	-	616,362,972	736,448,518
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	(20,568,898)	-	20,568,898	-
Balance at December 31, 2014		P 10,000,000	(P 5,000,000)	P 1,428,777,232	P 1,433,777,232	P 3,367,916,774	P 372,138,419	(P 622,952,239)	P 2,499,345,913	P 7,050,226,099
Balance at January 1, 2013		P 5,000,000	P -	P 906,059,416	P 911,059,416	P 2,051,723,794	P 282,423,030	(P 622,952,239)	P 1,859,916,993	P 4,482,170,994
Issuance of shares during the year	28	5,000,000	-	193,000,000	198,000,000	1,316,192,980	-	-	-	1,514,192,980
Acquisition of shares		-	(5,000,000)	-	(5,000,000)	-	-	-	-	(5,000,000)
Stock dividends	28	-	-	329,717,816	329,717,816	-	-	-	(329,717,816)	-
Cash dividends	28	-	-	-	-	-	-	-	(161,105,942)	(161,105,942)
Total comprehensive income for the year		-	-	-	-	-	2,589,667	-	665,057,605	667,647,272
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	(12,390,926)	-	12,390,926	-
Balance at December 31, 2013		P 10,000,000	(P 5,000,000)	P 1,428,777,232	P 1,433,777,232	P 3,367,916,774	P 272,621,771	(P 622,952,239)	P 2,046,541,766	P 6,497,905,304

See Notes To Consolidated Financial Statements.

Comparable discussion on Material Changes in Results of Operations for the Twelve Months' Period Ended December 31, 2015 vs. December 31, 2014

Revenues

The Group generated total revenues of Php 30.054 billion in 2015 which is 13% lower than its 2014 level of Php 34.734 billion, primarily due to the huge decline in petroleum prices in 2015. However, this was minimized by the higher fuels sales volume and the 102% increase in revenues from fuels service, shipping, storage and other revenue.

Sales revenues from trading and distribution of petroleum products decreased by 16% from Php 34.026 billion in 2014 to Php 28.621 billion in 2015 resulting principally from declining prices during the year. The effect was however tempered as fuel sales volume increased by 27%. Sales volume to retail stations increased by 30% due to wider distribution network, better station efficiency, and growth in same store sales. The commercial/industrial and aviation segment combined grew by 26% as a result of more accounts solicited during the year. The Parent Company had four hundred fifty-four (454) Phoenix Fuels Life retail service stations as of December 31, 2015 compared to four hundred eighteen (418) retail stations as of the same period last year. The Parent Company has a number of retail stations undergoing construction and more stations to be sourced and constructed which are projected to be opened within the year and early next year.

The Group generated revenues of Php 1,434 million from its fuel services, storage, port and other income in 2015 versus Php 709 million in 2014, a 54% increase compared to the same period last year. This is due to higher turn-over of storage services, additional revenues from third party ship charter hires, and higher revenues from port and tug-boat operations for the year.

The Group also generated Php 457 million revenue from sale of land in the industrial park in 2015 compared to Php 75 million in 2014.

Cost and expenses

The Group recorded cost of sales and services of Php 25.269 billion, a decline of 19% from its 2014 level of P 31.144 billion primarily due to the decline in the average prices of petroleum products globally. Though fuel sales volume grew by 27%, it was insufficient to mitigate the bigger decline in global prices of petroleum products. In 2015, the average decline of Gasoil (Diesel), MOGAS (Gasoline), Kerosene (JETA1) and Fuel Oil declined by an average of 43% compared to the same period of 2014.

Selling and administrative expenses increased by 25% as a result of higher variable costs and by the effect on the increase in 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 incurred increases in manpower and logistics costs, resulting to the increase in operating costs.

Net Income

The Group's net income for the year 2015 was Php 906 million versus Php 616 million for 2014 or an increase of 47%. This was driven by a 27% increase in fuel sales volume. The company's subsidiaries, Phoenix Petroterminals and Industrial Park Corp. (PPIPC) and Chelsea Shipping Corp. (CSC), contributed a combined net income of Php 319 million for 2015. PPIPC contributed Php 190 million in income from park operations and sale of land in its industrial park in Calaca, Batangas, while CSC contributed Php 129 million from its ship chartering operations. In 2014, PPIPC and CSC contributed a net income of Php 39 million and Php 95 million respectively.

Net income to sales ratio (return on sales) improved to 3% in 2015 compared to 1.88% in 2014 due to a combination of better fuel sales mix in favor of retail, higher efficiencies and savings particularly from fuel trading and supply management operations, and strong income from the subsidiaries.

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 obtained 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 also registered with the BOI on November 25, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Talisayan, Zamboanga City. Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987.

The Parent Company also obtained new approvals with the BOI for its two (2) facilities. The Cagayan de Oro City and the Bacolod City facilities were registered and issued certification by the BOI on 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 December 31, 2015 versus December 31, 2014)

Total resources of the Group as of December 31, 2015 stood at Php 30.927 billion, higher by 24% compared to the Php 25.000 billion as of December 31, 2014. This is mainly due to increase in Property, Plant and Equipment with the continuous expansion on retail station, storage and including shipping assets. The increase in current assets mainly Cash and Accounts Receivable also contributed to the total increase in assets.

Cash and cash equivalents increased by 194% from Php 556 million in December 31, 2014 to Php 1,632 million mainly due to the proceeds on the issuance of preferred shares.

The Group's liquidity position continued to be strong with Current Assets amounting to Php 17,039 billion as of December 31, 2015, compared with Php 13.484 billion as of December 31, 2014. The increase in Cash and Trade and Other Receivables contributed to the increase in Current Assets.

Trade and other receivables increased by 37%, from Php 7.855 billion as of December 31, 2014 to Php 10.810 billion as of December 31, 2015, which were mainly due to Company receivable from various customers and suppliers. The Group continues to enhance its credit policies to minimize overdue accounts.

Inventories declined by 8.09% at Php 2.638 billion as of December 31, 2015 from Php 2.871 billion as of December 31, 2014. Inventory volume in December 31, 2015 is higher compared to December 31, 2014. However, the average unit price in 2015 year-end inventory is lower by 46% compared to 2014 end year. The Company maintains an average of one month worth of inventory to ensure stable supply in retail stations and commercial/industrial clients.

Due to related parties in December 31, 2015 and December 31, 2014 was Php 12.261 million and Php 10.373 million respectively. The increase of Php 1.887 million or 18% was due to charges made during the year.

Input taxes-net increased by 28% in December 31, 2015 was the result of accumulated input taxes on capital expenditures as the company is still on expansion mode and the input taxes on operating expenses.

Other current assets were at Php 639 million and Php 1,032 million as of December 31, 2015 and December 31, 2014 respectively. The decrease represents prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance, creditable withholding taxes and other current assets.

As of December 31, 2015, the Group's property and equipment, net of accumulated depreciation, increased to Php 12.843 billion compared to Php 10.716 billion as of December 31, 2014 due to investments in additional shipping vessels, depot capacity in existing, and new sites. In the first quarter, the Group took delivery of a brand new marine tanker for domestic use. Additional retail stations were also constructed and/ or under construction in Luzon, Mindanao and Visayas as part of the Company's objective to further expand its retail network. The Company also has ongoing storage facility expansion.

Current and non-current Loans and Borrowings increased by 23% from Php 13.842 billion as of December 31, 2014 to Php 3.843 billion as of December 31, 2015. The increase of Php 3.141 billion was due to borrowings to finance capital expenditures and for working capital requirements.

Trade and other payables decreased by 4%, from Php 3.399 billion as of December 31, 2014 to Php 3.260 billion as of December 31, 2015. This is mainly due to lower prices of fuels inventory.

Total Stockholders' Equity increased to Php 10.023 billion as of December 31, 2015 from Php 7.050 billion as of December 31, 2014 as a result of the Php 2 billion preferred shares issue plus the period's net income, net of the cash dividend declared and paid during the year for both common shares 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:

	December 31, 2015	December 31, 2014
Current Ratio ¹	1.14 : 1	1.13 : 1
Debt to Equity-Total ²	2.09 : 1	2.55 : 1
Return on Equity-Common ³	13.15%	9.96%
Net Book Value Per Share ⁴	4.92	4.23
Debt to Equity-Interest Bearing ⁵	1.69 : 1	1.96 : 1
Earnings Per Share-Adjusted ⁶	0.60	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 - Interest Bearing Debts divided by Total stockholder's equity (net of Preferred)

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

The Company debt to equity (DE) ratio for 2015 is higher at 2.09 : 1 versus 2.55: 1 in 2014, and interest bearing DE this year also dropped to 1.69 : 1, compared to 1.96 : 1 in 2014 due to the issuance of preferred shares and the income generated in 2015.

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

Material Changes to the Group's Balance Sheet as of December 31, 2015 compared to December 31, 2014 (Increase/decrease of 5% or more)

193% increase in Cash and Cash Equivalents

This is mainly due to proceeds of the preferred shares issued December 18, 2015 plus the timing of general collections and disbursement during the period. Certain minimum levels of Cash are also maintained to support maturing obligations and for day-to-day operating expenses.

37.62% increase in Trade and Other Receivables

Primarily due to increase in advances to suppliers as a result of various shipment in transit and final price computation and the advances to suppliers relating to various construction projects.

8% decrease in inventory

A result of lower average price per unit by 46% in December 31, 2015 compared to December 31, 2014 despite higher inventory volume in the former.

18% increase in Due from Related Parties

Various charges and billings during the period-net.

28% increase on Value Added Tax-Net

Increase in Input VAT as a result of accumulated input taxes on capital expenditures.

38% increase in other Current Assets

As a result of decreased prepayments e.g. rental, insurance, etc. the creditable withholding taxes.

20% increase in Property, Plant and Equipment

Due to vessel acquisition, retail network expansion, storage expansion, and other capital expenditures.

16% decrease in Intangible Assets

Due to amortization of software and software development costs for IT upgrades and expansion projects.

25% Land Held for Future Development

As a result of additional hectares acquired as expansion area of the existing industrial park of the subsidiary.

6,953% increase in Investment in an associate and a joint venture

Is mainly due to the investment of PPIPC into South Pacific Inc.

8% increase in Other Non-Current Assets

Mainly driven by increase in rental deposits for the additional leased land for retail station sites.

38% Increase in Interest-bearing Loans and Borrowings-Short Term

Due to reclassification of the current portion of long-term debts plus the availment of trust receipts to finance inventory.

100% decline on Due to Related Parties

Settlement of various advances from prior years.

5% decline in Trade and Other Payables-Long Term

As a result of settlement of the Advances from Locators.

30% increase in Deferred Tax Liability

As a result of increase on the deferred tax liability for tanker vessel appraisals increments.

13% reduction on Non-Current Liability

Due to reduction of retirement fund payable and the unearned rent decrease.

Material changes to the Group's Income Statement as of December 31, 2015 compared to December 31, 2014 (Increase/decrease of 5% or more)

16% decrease in Sales for Petroleum Products

Principally due to the 43% lower average selling prices in 2015 compared to 2014, net of the 27% higher petroleum sales volume in 2015.

54% increase in Fuel Service, Shipping, Storage Income and Other Revenue

Higher turn-over on service volume specifically on storage volume of new terminal, additional revenue on charter hire and tugboat revenue.

19% decrease in Cost of Sales

Primarily due to decrease in average prices of petroleum products net of a 27% increase in fuels sales volume in 2015 versus 2014.

25% increase in Operating Expenses

As a result of higher variable operating expenses and by the effect of the increase in rentals, depreciation, salaries and wages as a result of the continuous expansion of the Group's business operations.

22% increase in Other Income (charges) (net)

Due to net effect of higher interest from bank term loans, and trust receipts net of interest income and other income realized during the year.

6,559% increase in Income Tax

Due to the increase of income not covered by its BOI ITH incentives such as land sale, port operations and income from transactions no longer covered (expired) by BOI incentives for both fuels and shipping operations.

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.

FUELS

AUTOMOTIVE FUELS

Biodiesel B-2
Regular 91 Gasoline
Premium 95 Gasoline
Premium Plus 97 Gasoline
Premium 98 Gasoline

AVIATION FUEL

Jet A1

LUBRICANTS & SPECIALTIES

MOTORCYCLE OILS

2T API TA 60X200ml
2T API TA 24x1L
2T API TA Pail 18L
Cyclomax Force 4T MA/SG 20W40 12X0.8L
Cyclomax Force 4T MA/SG 20W40 12X1L
Cyclomax Titan 4T MA2/SJ 20W50 12X0.8L
Cyclomax Titan 4T MA2/SJ 20W50 12X1L
Cyclomax Titan 4T SAE 20W50 Pail 18L
Cyclomax Racing 4T MA2/SL 10W40 12X1L
Cyclomax Racing 4T MA2/SL 10W40 12X0.8L
Racal 4T Motor Oil 24X1L
Cycle Fork Oil 60x200ml

PASSENGER CAR MOTOR OILS

Accelerate Fully Synthetic SM 5W40 12x1L
Accelerate Fully Synthetic SM 5W40 4x4L
Accelerate Multigrade SJ 20W50 12X1L
Accelerate Multigrade SJ 20W50 4X4L

Accelerate Multigrade SJ 20W50 1X18L
Accelerate Multigrade SJ 20W50 1X200L
Accelerate Monograde SF 40 12X1L
Accelerate Monograde SF 40 4X4L
Accelerate Monograde SF 40 1X18L
Accelerate Monograde SF 40 1X200L

HEAVY DUTY DIESEL ENGINE OILS

Zoelo Extreme CI-4/SL 15W40 12X1L
Zoelo Extreme CI-4/SL 15W40 4X4L
Zoelo Extreme CI-4/SL 15W40 1X18L
Zoelo Extreme CI-4/SL 15W40 1X200L
Zoelo Max Deo CD/SF 15W40 12X1L
Zoelo Max Deo CD/SF 15W40 4X4L
Zoelo Max Deo CD/SF 15W40 1X18L
Zoelo Max Deo CD/SF 15W40 1X200L
Zoelo Extra Deo CF/SF 40 12X1L
Zoelo Extra Deo CF/SF 40 4X4L
Zoelo Extra Deo CF/SF 40 1X18L
Zoelo Extra Deo CF/SF 40 1X200L
Zoelo Extra Deo CF/SF 30 1X18L
Zoelo Extra Deo CF/SF 30 1X200L
Zoelo Extra Deo CF/SF 10W 1X18L
Zoelo Extra Deo CF/SF 10W 1X200L
Zoelo 15W-40 Drum 200L
Zoelo 15W-40 Pail 18L
Phoenix Oil 30 24x1L
Phoenix Oil 30 Drum 200L
Phoenix Oil 40 24x1L
Phoenix Oil 40 Drum 200L
Foton Genuine Oil CI-4 15W40 24X1L
Foton Genuine Oil CI-4 15W40 6X4L

GEAR OILS

Phoenix Gear Oil GL-4 90 12X1L
Phoenix Gear Oil GL-4 90 1X18L
Phoenix Gear Oil GL-4 90 1X200L
Phoenix Gear Oil GL-4 140 12X1L
Phoenix Gear Oil GL-4 140 1X18L
Phoenix Gear Oil GL-4 140 1X200L
Phoenix Gear Oil GL-5 80W90 1X200L
Phoenix Automatic Transmission & Power Steering Fluid DIII 12X1L
Phoenix Automatic Transmission & Power Steering Fluid DIII 1X18L
Phoenix Automatic Transmission & Power Steering Fluid DIII 1X200L

GREASES

Phoenix MP3 Grease NLGI3 24X500G
Phoenix MP3 Grease NLGI3 1X180KG
Phoenix MP3 Grease NLGI3 1X16KG
Phoenix EP2 Grease NLGI2 24X500G
Phoenix EP2 Grease NLGI2 1X16KG
Phoenix EP2 Grease NLGI2 1X180KG
EP 2 Lithium Complex Pail 16KG
EP 2 Lithium Complex Drum 180KG

AUTOMOTIVE SPECIALTIES

Phoenix Radiator Coolant 12X1L
Radiator Coolant Pail 18L
Brake & Clutch Fluid DOT 3 12 X 900ML
Brake & Clutch Fluid DOT 3 36 X 170ML
Brake & Clutch Fluid DOT 3 36 X 300ML

INDUSTRIAL OILS

Industrial Gear Oil SP 150 Pail 18L
Industrial Gear Oil SP 150 Drum 200L
Industrial Gear Oil ISO VG 220 Pail 18L
Industrial Gear Oil ISO VG 220 Drum 200L
Industrial Gear Oil ISO VG 320 Pail 18L
Industrial Gear Oil ISO VG 320 Drum 200L
Industrial Gear Oil ISO VG 460 Pail 18L
Industrial Gear Oil ISO VG 460 Drum 200L

Hydraulic Oil AW ISO VG 32 Pail 18L
Hydraulic Oil AW ISO VG 32 Drum 200L
Hydraulic Oil AW ISO VG 46 Pail 18L
Hydraulic Oil AW ISO VG 46 Drum 200L
Hydraulic Oil AW ISO VG 68 Pail 18L
Hydraulic Oil AW ISO VG 68 Drum 200L
Hydraulic Oil AW ISO VG 100 200L Drum
Hydraulic Oil AW ISO VG 220 Pail 18L
Hydraulic Oil AW 220 200L Drum
Hydraulic Oil AW ISO VG 460 200L Drum
Hydraulic Oil AW ISO VG 68 200L Drum Low VI
Compressor Oil 100 Pail 18L
Compressor Oil 100 Drum 200L
Compressor Oil 68 Pail 18L
Compressor Oil 68 Drum 200L
Straight Cutting Oil Pail 18L
Straight Cutting Oil Drum 200L
Water-Soluble Cutting Oil Pail 18L
Water-Soluble Cutting Oil Drum 200L
Heat Transfer Oil Pail 18L
Heat Transfer Oil Drum 200L
Turbine Oil ISO VG 68 PAIL 18L
Transformer Oil Drum 200L

MARINE OILS

Manta Marine Engine Oil TBN10 SAE40 200L
Manta Marine Engine Oil TBN10 SAE30 200L
Manta Marine Engine Oil TBN12 SAE40 200L
Manta Marine Engine Oil TBN15 SAE30 200L
Manta Marine Engine Oil TBN15 SAE40 200L
Manta Marine Engine Oil TBN20 SAE30 200L
Manta Marine Engine Oil TBN20 SAE40 200L
Manta Marine Engine Oil TBN30 SAE40 200L
Manta Marine Engine Oil TBN30 SAE30 200L
Manta Marine Engine Oil TBN40 SAE40 200L
Manta Marine Engine Oil TBN50 SAE40 200L
Nautilus Cylinder Oil TBN70 SAE50 200L



PLDT Toll Free: 1-800-10-PNX FUEL (769-3835)
 Globe Toll Free: 1-800-8-PNXFUEL (769-3835)
 Globe Mobile Numbers: 0917-313-7011 to 18
 Smart Mobile Numbers: 0998-960-4246 to 53

E-mail: info@phoenixfuels.ph
 Website: www.phoenixfuels.ph
 Facebook: www.facebook.com/phoenixfuels.ph
 Twitter: twitter.com/phoenixfuels
 Instagram: www.instagram.com/phoenixfuels

CORPORATE OFFICES

DAVAO HEAD OFFICE:
 Phoenix Bulk Depot,
 Lanang, Davao City 8000
 Tel: +63 (82) 235-8888
 Fax: +63 (82) 233-0168

BACOLOD OFFICE:
 RAM East Gasoline Station,
 Purok Rio Vista Circumferential Road,
 Bacolod City, Negros Occidental 6100
 Telefax: +63 (034) 441-2683

MANILA OFFICE:
 25th Floor Fort Legend Towers
 3rd Avenue corner 31st Street,
 Fort Bonifacio Global City,
 Taguig City 1634
 Tel: (+632) 403-4013
 Fax: (+632) 403-4021

CAGAYAN DE ORO OFFICE:
 Suite 1 & 2, 8th Floor Limketkai Gateway Center,
 Lapasan, Cagayan de Oro City 9000
 Tel: +63 (88) 855-4527
 Fax: +63 (88) 855-4528

CEBU CITY OFFICE:
 Phoenix Maguikay Gasoline Station
 M.C. Briones St., National Highway,
 Maguikay, Mandaue City, Cebu 6014
 Tel: +63 (32) 236-8168

SUBSIDIARIES

**PHOENIX PETROTERMINALS AND
 INDUSTRIAL PARK CORPORATION:**
 26th Floor Fort Legend Towers,
 3rd Avenue corner 31st Street,
 Fort Bonifacio Global City,
 Taguig City 1634
 Telefax: +63 (02) 403-4014

SHAREHOLDER SERVICES

BANCO DE ORO
 Stock Transfer Office
 16F BDO South Tower Bldg.
 Makati Ave. corner H.V. Dela Costa St.
 Salcedo Village, Makati City
 1227 Philippines
 Tel: +63 (02) 840-7000 local 6975 to 6979

**CHELSEA SHIPPING CORP., CHELSEA SHIP
 MANAGEMENT & MARINE SERVICES CORP.,
 AND FORTIS TUGS:**
 26th Floor Fort Legend Towers,
 3rd Avenue corner 31st Street,
 Fort Bonifacio Global City,
 Taguig City 1634
 Tel: +63 (02) 403-4015
 Fax: +63 (02) 403-4022

STOCK TRADING INFORMATION

Phoenix Petroleum Philippines, Inc. is listed on the
 Philippine Stock Exchange. Ticker symbol: PNX

