PHOENIX

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

REGISTRATION STATEMENT

December 23, 2015

MARTINEZ VERGARA GONZALEZ & SERRANO

MVGS

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December 23, 2015

SECURITIES AND EXCHANGE COMMISSION
MARKET REGULATION DEPT.
DEC 23 2015
RECEIVED
BY: TIME:

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: **Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Re: **P-H-O-E-N-I-X Petroleum Philippines, Inc.**
Short Term Commercial Paper

Gentlemen,

On behalf of P-H-O-E-N-I-X Petroleum Philippines, Inc. (the "**Company**"), we submit the following documents in compliance with the letter of the Securities and Exchange Commission dated December 17, 2015 in connection to the Company's Registration Statement and Underwriting Agreement, respectively, in relation to the Company's proposed issuance of Short Term Commercial Paper worth up to Php3,500,000,000.00:

1. Final Prospectus dated December 23, 2015;
2. Underwriting Agreement; and
3. Registry and Paying Agency Agreement.

We hope you find the attached documents in order.

Very truly yours,

Phil Ivan A. Chan

Maryl Karren Ang G. Go

PHOENIX

Fuels Life

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

Stella Hizon Road, Bo. Pampanga
Lanang, Davao City
+6382 235 8888

Php 3,500,000,000 Short Term Commercial Paper

With minimum denominations of

Tranche D and E: ₱5,000,000.00 face value and increments of ₱100,000.00

Tranche F: ₱100,000.00 face value and increments of ₱10,000.00

To be listed at the Philippine Dealing and Exchange Corporation (PDEX)

Joint Issue Managers, Lead Arrangers and Underwriters

Multinational Investment Bancorporation

AB Capital and Investment Corporation

December 23, 2015

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
Stella Hizon Road, Bo. Pampanga
Lanang, Davao City
Tel No. +6382 235 8888
www.phoenixfuels.ph

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the "Issuer" or "PNX" or the "Company) is offering additional Short Term Commercial Paper (the "STCPs") in the aggregate principal amount of ₱3,500,000,000.00 (the "Offer"). This is the third issuance of STCPs by the Company. On October 24, 2014, the Company issued STCPs amounting to Two Billion Pesos (Php2, 000,000,000.00) which was oversubscribed by almost two times and will expire on October 12, 2015. On February 27, 2015, the Company issued STCP's amounting to One Billion Five Hundred Million Pesos (₱1, 500,000,000.00), which will expire on February 22, 2016.

Up to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00) in aggregate principal amount of the STCPs will be issued by the Company pursuant to the Offer upon approval and issuance by the Securities and Exchange Commission ("**SEC**") of the Certificate of Permit to Offer Securities for Sale. The STCPs, which may be issued in lump sum or in tranches, shall have an interest rate fixed prior to issuance. Among other expenses, the Company will pay a maximum of Seventeen Million Five Hundred Thousand Pesos (₱17,500,000.00) for Underwriting and Selling Fees. After deducting all the expenses, the net proceeds is estimated to be at Three Billion Four Hundred Seventy Six Million Three Hundred Sixty Eight Thousand Seven Hundred Twenty Five Pesos ((₱3,476,368,725.00).

The Company intends to use the proceeds from the Offer for working capital **purposes**. Proceeds will be used to finance regular importation of fuels and lubricants by Phoenix.

On September 10, 2015, the Company filed a Registration Statement covering the STCPs with the SEC in accordance with the provisions of the Securities Regulation Code.

Net Offer proceeds will be used by the Company for general working capital requirements to finance regular importation of fuels and lubricants by the Company.

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities, and allied services nationwide. Its products and services are distributed and marketed under the *PHOENIX Fuels Life*™ trademark.

The Company was incorporated in the Philippines on May 8, 2002 and is 63.15% owned in aggregate by PPHI, Udenna Corporation, and Udenna Management and Resources Corporation, companies organized in the Philippines, which are controlled by the Company's founder. On August 7, 2006, the SEC approved the amended articles of incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to "P-H-O-E-N-I-X Petroleum Philippines, Inc."

The Company was registered with the BOI effective November 16, 2005 as a New Industry Participant with the New Investment in Storage, Marketing and Distribution of Petroleum Products pursuant to the Downstream Oil Industry Deregulation Act. As a registered company, it is entitled to certain benefits including Income Tax Holiday for a period of five (5) years from the date of registration. The Company further avails of BOI benefits under the law as result of the additions and expansion of its storage facilities.

Under the Company's By-laws, dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock, to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law. Currently, the Company has not adopted nor implemented a specific dividend policy.

Unless otherwise stated, all information contained in this Prospectus has been supplied by the Company. The Company, through its Board, having made all reasonable inquiries, accepts full responsibility for the information contained in this Prospectus and confirms that this Prospectus contains all material information with regard to the Company, its business and operations and the STCPs, which as of the date of this Prospectus is material in the context of the Offer; that, to the best of its knowledge and belief as of the date hereof, the information contained in this Prospectus are true and correct and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and, that there are no other facts, the omission of which makes this Prospectus, as a whole or in part, misleading in any material respect. The delivery of this Prospectus shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Multinational Investment Bancorporation and AB Capital and Investment Corporation, the Joint Issue Managers, Lead Arrangers and Underwriters, warrant that each of them has, to the best of their ability, exercised the level of due diligence required under existing regulations in ascertaining that all material information contained in this Prospectus are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in this Prospectus not misleading. Except for its failure to exercise the required due diligence, the Joint Issue Managers, Lead Arrangers and Underwriters assume no responsibility for any breach of the representations of the Company.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Joint Issue Managers, Lead Arrangers and Underwriters make any representation as to the accuracy and completeness of such information.

In making an investment decision, applicants are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing potential risks in an investment in the STCPs:

PREFERRED SHARES

The registration statement covering the third tranche of the Preferred Shares filed on August 24, 2015, and approved by the SEC on October 29, 2015 relates to the sale and new issuance of up to 20,000,000 cumulative, non-voting, non-participating, non-convertible, peso-denominated, perpetual preferred shares consisting of 10,000,000 preferred shares with an option to subscribe to an additional 10,000,000 preferred shares both having a par value of ₱1.00 per share of Issuer. The offering of the Preferred Shares shall enable the Company to raise up to ₱2,000,000,000.00 in gross proceeds at ₱100.00 per share for 20,000,000 preferred shares. The whole amount of the proceeds from the preferred shares offering, net of taxes and expenses, shall be used to finance capital expenditures and/or additional working capital requirements.

The Preferred Shares Issue will improve the Company's overall gearing ratio. If the firm shares of P1.0B are fully subscribed, its projected Debt-to-Equity ratio will hover between 1.7x and 1.9x, which will show significant improvement over its historical DE ratio of 2.4x to 2.6x.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectation and projections about future events and financial trends affecting its business and operations. Words including, but not limited to "believe", "may", "will", "estimates", "continues", "anticipates", "intends", "expects", and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus may or may not occur. The Company's actual results could differ significantly from those anticipated in the Company's forward-looking statements.

The STCPs are offered solely on the basis of the information contained and the representations made in the Prospectus. No dealer, salesman or other person has been authorized by the Company or the Joint Issue Managers, Lead Arrangers and Underwriters to issue any advertisement or to give any information or make any representation in connection with the Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or the Joint Issue Managers, Lead Arrangers and Underwriters.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Company or the Joint Issue Managers, Lead Arrangers and Underwriters to subscribe for or purchase any of the STCPs. Neither may this Prospectus be used as an offer to, or solicitation by, anyone in any jurisdiction or in any circumstance in which such offer or solicitation is not authorized or lawful. The distribution of this Prospectus and the Offer in certain jurisdictions may be restricted by law. Persons who come into possession of this Prospectus are required by the Company and the Joint Issue Managers, Lead Arrangers and Underwriters to inform them about, and to observe any such restrictions.

ALL REGISTRATION REQUIREMENT HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at Stella Hizon Road, Barrio Pampang, Lanang, Davao City with telephone number +6382 235-8888. Any inquiry regarding this Prospectus should be forwarded to the Company, Multinational Investment Bancorporation or AB Capital and Investment Corporation.

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

By:

Joseph John L. Ong
Director and Chief Finance Officer

SUBSCRIBED AND SWORN to before me this DEC 2_ 2015 at PASIG CITY, affiant exhibiting to me his Passport # EC1282932 01. Jun 14 / NCR SOUTH DFA

Doc. No. 270;
Page No. 55;
Book No. I;
Series of 2015.

Maria Pilar S. Henson
Appointment No. 210 (2015-2016)
Notary Public for Pasig, Taguig, San Juan, Pateros
Until December 31, 2016
Attorneys Roll No. 48500
Suite 2401 The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR No. 0381598; 01.07.15; Pasig City
IBP Lifetime No. 08738; RSM

TABLE OF CONTENTS

DEFINITION OF TERMS

BFP....................................	The Bureau of Fire Protection of the Philippines
BIR....................................	The Bureau of Internal Revenue of the Philippines
BOI....................................	Board of Investments
BSP....................................	Bangko Sentral ng Pilipinas, the central bank of the Philippines
Chevron..............................	Chevron Texaco Phils.
Clean Air Act........................	Republic Act No. 8749 or "The Philippine Clean Air Act"
CODOs................................	Company-Owned, Dealer-Operated retail service stations
Company.............................	P-H-O-E-N-I-X Petroleum Philippines, Inc.
Directors.............................	The members of the Board of Directors of the Company
DODOs...............................	Dealer-Owned, Dealer-Operated retail service stations
DOE...................................	The Department of Energy of the Philippines
DTI....................................	The Department of Trade and Industry
ERB....................................	Energy Regulatory Board
Issuer	P-H-O-E-N-I-X Petroleum Philippines, Inc.
Joint Issue Managers, Lead Arrangers and Underwriters.....	Multinational Investment Bancorporation and AB Capital and Investment Corporation
MB......................................	Thousand Barrels
MMB..................................	Million Barrels
NPC....................................	The National Power Corporation
Offer	Up to Php3,500,000,000 Short-Term Commercial Papers
Offer Price	Discount to face value
OIMB..................................	The Oil Industry Management Bureau of the DOE
₱ or Php..............................	Philippine Pesos, the lawful currency of the Republic of the Philippines
PDEx..................................	Philippine Dealing & Exchange Corp.

PDTC.................................	Philippine Depository & Trust Corp.
Petron...............................	Petron Corporation
Philippine Nationals..............	The term shall mean any of the following: (1) a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or (2) a corporation organized under the laws of the Philippines at least sixty per cent (60%) of the capital stock outstanding and entitled to vote of which is owned and held by citizens of the Philippines; or (3) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty per cent (60%) of the fund will accrue to the benefit of the Philippine nationals. Where a corporation and its non-Filipino stockholders own stocks in an SEC-registered enterprise, at least sixty per cent (60%) of the capital stock outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least sixty per cent (60%) of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order that the corporations shall be considered a Philippine national.
Philratings...........................	Philippine Ratings Services Corporation
Phoenix System....................	The unique system relating to the establishment, development and operation of the Phoenix retail gasoline station developed by the Company. The distinguishing characteristics of the system include, but are not limited to, petroleum products, services and signages, the Phoenix Confidential Operations Manual; uniform operating methods, procedures and techniques; other confidential operation procedures; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, sales promotion, marketing and advertising; and optional operation of onsite convenience store, all of which may be changed, improved and further developed by the Company.
PPHI or Parent Company...........	P-H-O-E-N-I-X Petroleum Holdings, Inc.
PSE.....................................	The Philippine Stock Exchange, Inc.
SEC..................................	The Securities and Exchange Commission of the Philippines
Shell..................................	Pilipinas Shell Petroleum Corporation
SRC..................................	Republic Act No. 8799, otherwise known as The Securities Regulation Code
Total..................................	Total Philippines Corporation

EXECUTIVE SUMMARY

The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the Offer Shares, see the section entitled "Risk Factors" beginning on page 22 of this Prospectus.

OVERVIEW OF THE COMPANY

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the "Company") was incorporated in the Philippines on May 8, 2002 and 42% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a company organized in the Philippines. On August 7, 2006, the Philippine Securities and Exchange Commission approved the Amended Articles of Incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to "P-H-O-E-N-I-X Petroleum Philippines, Inc."

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

The Company was also registered with the BOI on 2010 and 2012 as 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 various locations. Under its registration, the Company is entitled to certain tax and non-tax incentives and required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987.Thedetails of its income tax holiday are as follows:

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

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

The Company's operations consist of Trading, Terminalling and Hauling Services. Under Trading, the Company offers its refined petroleum products (including Jet A1) and lubricants to retailers and commercial/industrial customers. As of September 30, 2015 the Company had a total of 447 service stations, one hundred sixty three (163) of which were in Luzon, sixty two (62) in Visayas and two hundred twenty two (222) in Mindanao. The retail service stations are classified as Company-Owned, Company-Dealer-Operated (CODO) or Dealer-Owned, Dealer-Operated (DODO).

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

Subsidiaries:

The Company holds 100% interests in the following subsidiaries as of September 30, 2015:

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

- **P-F-L Petroleum Management Inc. ("PFL or PPMI")** is primarily engaged in organizing, managing, administering, running and supervising the operations and marketing of various kinds of service-oriented companies such as petroleum service stations. PPMI was organized and registered on January 31, 2007. PPMI's maintains its business address at 26/F Fort Legend Towers, 3rd Ave. corner 31st Street, Bonifacio Global City, Taguig City, Metro Manila.

- **P-H-O-E-N-I-X Global Mercantile, Inc. ("PGMI")** was incorporated on July 31, 2006. It was previously engaged in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI temporarily ceased its operation and is currently dormant.

- **Phoenix Petroterminals Industrial Park Corporation. ("PPIPC")** *Formerly Bacnotan Industrial Park Corporation (BIPC)*, PPIPC was organized and registered on March 7, 1996 and is engaged in real estate development. PPIPC is also registered with the Housing and Land Use Regulatory Board (HLURB) under Executive Order No. 648 and was granted a license to sell parcels of land on March 31, 2000 covering 25.4 hectares for Phase 1 of the Phoenix Petroterminal and Industrial Park (the Park). PPIPC owns, manages and develops the Park which occupies 94 hectares of land within three (3) Calaca barangays of Salong, Puting Bato West and Lumbang Calzada and has its own port facilities. PPIPC was granted a permit to operate permanent and non-commercial port by the Philippine Ports Authority on April 6, 1999 until the expiration date of the Foreshore Lease Contract on July 22, 2022.

  PPIPC's principal place of business and registered business address is at the 26th Floor, The Fort Legend Tower, 3rd Avenue corner 31st Street, Bonifacio Global City, Taguig City.

- **Subic Petroleum Trading and Transport Phils., Inc. ("SPTT")** is engaged in the buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. It does not carry any inventory at any given time. SPTT is duly registered with Subic Bay Metropolitan Authority and was issued the Certificate of Registration and Certificate of Tax Exemption on 06 May 2013, which were effective until 05 May 2014. It was organized and registered on February 20, 2007. The registered office of SPTT, which is also its principal place of business, is at Units 113 and 115 Subic International Hotel, Alpha Building, Rizal Highway, Subic Bay Freeport Zone, Zambales. It was organized and registered on February 20, 2007. The registered office of SPTT, which is also its principal place of business, is at Units 113 and 115 Subic International Hotel, Alpha Building, Rizal Highway, Subic Bay Freeport Zone, Zambales.

- **Chelsea Shipping Corporation (CSC)** is engaged in maritime trade through conveying, carrying, loading, transporting, discharging and storing of petroleum products, goods and merchandise of every kind, over waterways in the Philippines and in the Asia-Pacific region. It has 10 vessels in its fleet, two of which serve the regional trade route (Taiwan to Philippines. Chelsea owns two of the largest Philippine-registered oil tankers: "M/T Chelsea Thelma" and M/T Chelsea Donatela with 9366 GRT each). With a total fleet size of 19,561 GRT, Chelsea is among the top 5 major petroleum tanker owners in the country. It was registered and organized on July 17, 2j006 and started commercial operations on January 1, 2007. The registered office of the CSC which is also its principal place of business is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

As of the end of 2014, the Company estimated that it has a 6.4% share of the retail service stations network in the Philippines and has captured 4.1% of the total petroleum products market based on the DOE Oil Supply/Demand Report for the full year 2014.

In the last three years, the Company's Interest Cover Ratios were 2.5, 2.1, and 1.9 for the year 2012, 2013, and 2014, respectively.

The Company benefits from this STCP issuance as it provides interest cost savings vs. higher costing short-term loans from its banks thereby improving the overall profitability of the Company. Thus, the STCP issuance has no material adverse effect on the financial condition of the Company. Being a publicly traded instrument, it provides a more transparent and market-driven credit standing and complements the Company's listed common shares by providing media mileage and public exposure.

On the other hand, the Preferred Shares Issue, that is filed on August 24, 2015 and approved by the SEC on October 29, 2015, will improve the Company's overall gearing ratio. If the firm shares of P1.0B are fully subscribed, its projected Debt-to-Equity ratio will hover between 1.7x and 1.9x, which will show significant improvement over its historical DE ratio of 2.4x to 2.6x.

The Company's net worth exceeds ₱25 million and the Company has been in business for more than three (3) years.

COMPETITIVE STRENGTHS

The Company believes that its strengths lie in the following:

- **Brand.** In an industry that has been dominated by 3 strong brands for decades, the Company is exerting huge efforts in widening the recognition of its brand. It continues to build up its brand through major marketing activities like mass media placements, celebrity endorsements, participating in trade expositions, and sponsoring key sports events. Its spending on brand equity is a necessary accompaniment to its investments in its retail and logistics infrastructure.

- **Cost-effective approach.** The Company's no-frills investment and station design approach allows a faster start-up time in putting up retail stations, allowing it to realize sales earlier than its competitors. The approach further emphasizes right-sizing in order for the Company and the dealer to realize a shorter payback on investment.

- **Simple organizational structure.** The relatively flat organizational structure allows the Company to respond faster to developments in the market. The Company's quick and proactive mindset allows it to seize opportunities as they become available. The management team has been built up with the addition of many key personnel with extensive experience in various areas of the petroleum industry.

BUSINESS STRATEGY

The Company continues to expand in other areas by building on its existing business model and by improving the alignment of its frontline revenue units with the logistics and other support areas of the organization. The Company is cognizant of the need to enhance further its profit-oriented and cost-effective approach and maintains a highly responsive organization. Its strategy focuses on the following elements:

- **Retail Network Expansion.** The increase in retail presence in viable trade areas allows the Company to increase its assured base volume of fuel sales. The retail network expansion likewise enhances the market for the Company's lubricants. A growing base volume for retail fuels also provides the Company with greater flexibility in transacting fuel importations with regional traders at more advantageous terms. The Company believes it has developed the competencies in network planning and operations necessary for efficiently managing the growth of its retail business.

  As of September 30, 2015, the Company had 447 retail service stations throughout the Philippines of which 163 are in Luzon, 62 in Visayas and 222 in Mindanao and additional 48 service stations which are under various stages of construction.

  In this regard, the Company is planning to establish more retail stations throughout the Philippines in 2015. The related expansion and strengthening of its depot, terminalling and distribution facilities will support the implementation of this business plan.

  In line with the expansion of its retail service network, the Company continues to develop and strengthen its Retail Network Management Systems in order to support its retail network expansion program in collaboration with dealers and franchisees.

- **Terminal/Depot Expansion**. The Company continues to make strategic investments in storage and transportation to support its retail network expansion program, and the broadening of its commercial customer base. Regional storage facilities will be required where the scale of the prospective retail network growth justifies the investment. Depots pay for themselves in terms of, among other things, savings in freight and handling costs, better aggregation of bulk fuel procurements and faster response time (and incremental profit margin opportunities) to upswings in trade area demand, especially for wholesale and commercial customers.

  A major investment by the Company in 2009 was the acquisition of 100% of the shares of PPIPC then known as BIPC, the owner/operator of the Park. The Company has installed a 110 million liter installation in the Park, thereby strengthening its ability to service new retail stations in Metro Manila and Southern Tagalog. The Company's expansion program calls for additional storage capacity for various sites throughout the country

- **Direct Fuels Importation**. The Company imports almost 100% of its fuel requirements. Aside from diversifying fuel supply sources, importations yield higher gross profit margins due to the multiplicity of price-competitive offshore supply sources.

- **Jet Fuel Trading & Service Business**. The Company markets itself as the logistics partner of choice for the leading domestic airlines. As the exclusive logistics partner of Cebu Pacific in Mindanao for the last ten (10) years, the Company also expanded its business with Cebu Pacific in Luzon and the Visayas. It has built a track record of delivering good service and adherence to quality standards.

- **Financial Strength**. Realizing that financial strength is a critical success factor in the fulfillment of its plans, the Company increased its equity capital from P194 million in 2006 to P7.050 billion in 2014. As of September 30, 2015, shareholder's equity amounted to P7.725 billion. The Company will continue to take advantage of the current liquidity in the financial and capital markets to improve its financial condition by lowering its average cost of capital.

THE COMPANY'S PRINCIPAL EXECUTIVE OFFICE

The Company's principal executive office is located at Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City, Philippines. The Company's telephone number at this address is (+6382) 235 8888. Information on the Company can be obtained from its website: *www.phoenixfuels.ph*.

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. The risk factors summarized below are arranged in the order of importance and separated into categories for easy reference. The risk factors will be discussed further starting on page 22. These risks include:

Risks Relating to the Company and Its Subsidiaries

Internal Factors:

1. The growth of the company depends on the successful execution of its expansion plans
2. Business and growth prospects heavily relies on the services of certain key personnel
3. Significant disruption in operations arising from casualty loss at the Company's storage and distribution facilities
4. The business is capital-intensive that may affect the leverage position and profitability of the company if it depends heavily on debt financing
5. Increase in the number or severity of claims for which the Company is insured
6. Interest of the majority shareholders may be inconsistent with those of other shareholders

External Factors:

1. Volatility of fuel prices
2. Significant competition in the downstream oil industry
3. Regulatory decisions and changes in the legal and regulatory environment
4. Tax holiday incentives
5. Effect of environmental laws on the Company's business
6. Volatility of the foreign exchange
7. Reversal of the favorable ruling on the case involving the Company's President and CEO as a reputational risk

Risks Relating to the Philippines

1. Slow growth rates and economic instability globally and in the Philippines
2. Political or social instability
3. Possible imposition of foreign exchange controls
4. Possible occurrence of natural catastrophes or major power outages
5. Philippine foreign ownership limitations
6. Fluctuations in the value of the Philippine Peso against the U.S. dollar

Risks Relating to the Short Term Commercial Paper

1. Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets
2. Price Risk - the STCPs market value moves (either up or down) depending on the change in interest rates
3. Retention of Ratings Risk - there is no assurance that the rating of the STCPs will be retained throughout the life of the STCPs

For a more detailed discussion on the risks in investing, see section on "*Risk Factors*" beginning on page 22 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the STCPs.

SUMMARY FINANCIAL INFORMATION

The following tables set forth financial and operating information of Phoenix. Prospective STCP investors should read the summary financial data below together with the financial statements, including the notes thereto, included in this Prospectus and the section "Management's Discussion and Analysis of Financial Condition and Results of Operation". The summary financial data for the three years ended December 31, 2014, 2013, 2012, as well as for the 2nd quarter of 2015, are derived from Phoenix's audited financial statements, including the notes thereto, which are found elsewhere in this Prospectus.

Income Statement Data (in P millions)	**2012****	**2013**	**2014**	**January-June 2015**
Revenues	34,586	43,552	34,734	14,408
Cost and Expenses	33,435	42,240	33,321	13,570
Other Income/ (Charges)	(479)	(646)	(794)	(399)
Income/ (Loss) Before Tax and Other Items	671	666	619	439
Pre-Acquisition Loss				
Excess of Fair Value over Acquisition Costs				
Tax Income (Expense)	(20)	(1)	(3)	(14)
Net Income	**651**	**665**	**616**	**425**

**Re-stated Figures

Consolidated Financial Position Data				
	2012**	**2013**	**2014**	**January-June 2015**
ASSETS Current Assets				
Cash and cash equivalents	439	357	555	823
Trade and other receivables	3,557	7,344	7,833	6,847
Inventories	3,689	3,813	2,871	3,502
Land held for sale	502	504	486	486
Due from related parties	8	3	10	14
Restricted deposits	83	95	70	71
Input value-added tax	393	449	604	577
Other current assets	282	490	1,147	1,108
Total Current Assets	**8,953**	**13,055**	**13,576**	**13,428**

	2012**	2013	2014	January-June 2015
Non-current Assets				
Installment Receivable				
Property, plant and equipment — net	6,998	8,628	10,688	11,256
Land held for future development	289	298	313	313
Investment in Associate		2	2	2
Goodwill	85	85	85	85
Other non-current assets – net	168	270	336	450
Total Non-current Assets	**7,540**	**9,283**	**11,424**	**12,106**
Total Assets	**16,493**	**22,338**	**25,000**	**25,534**
LIABILITIES AND EQUITY				
Current Liabilities				
Loans and borrowings	4,119	8,207	8,479	9,973
Trade and other payables	1,547	1,570	3,735	1,924
Due to related parties	86	64	17	0
Total Current Liabilities	**5,752**	**9,842**	**12,231**	**11,897**
Non-current liabilities				
Loans and borrowings	5,796	5,544	5,364	5,834
Due to related parties	-	-	-	-
Deferred Tax Liabilities-net	106	77	72	142
Other non-current liabilities – net	357	377	283	263
Total Non-current Liabilities	**6,259**	**5,998**	**5,719**	**6,238**
Total Liabilities	**12,011**	**15,840**	**17,950**	**18,135**
Equity				
Capital stock-Common	906	1,429	1,429	1,429
Preferred Stocks	5	5	5	5
Additional paid-in capital	2,052	3,368	3,368	3,368
Revaluation and Other Reserves	(341)	(350)	(251)	(232)
Retained earnings	1,860	2,046	2,499	2,829
Total Equity	**4,482**	**6,498**	**7,050**	**7,399**
Total Liabilities and Equity	**16,493**	**22,338**	**25,000**	**25,534**

**Re-stated Figures

THE OFFER

The following do not purport to be a complete listing of all the rights, obligations and privileges of the Short Term Commercial Papers. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective note holders are enjoined to perform their own independent investigation and analysis of the Issuer and the Short Term Commercial Papers. Each prospective note holder must rely on its own appraisal of the Issuer and the proposed financing and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed financing and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective note holder's independent evaluation and analysis.

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Short Term Commercial Papers. Accordingly, any decision by a prospective investor to invest in the Short Term Commercial Papers should be based on a consideration of this Prospectus as a whole. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

The Company, through the Joint Issue Managers, Lead Arrangers and Underwriters, is offering STCPs in the aggregate principal amount of Three Billion Five Hundred Million Pesos (₱3,500,000,000.00) (the "Offer"). The STCPs will be issued in minimum denominations of (a) Pesos: Five Million (₱5,000,000.00) face value and increments of Pesos: One Hundred Thousand (₱100,000.00) for 3 and 6 month tenors; and (b) Pesos: One Hundred Thousand (₱100,000.00) face value and increments of Pesos: Ten Thousand (₱10,000.00) for a 1 year tenor.

The STCPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer.

The following are the terms and conditions of the Offer:

Issuer	Phoenix Petroleum Philippines, Inc.
Joint Issue Managers and Lead Arrangers	Multinational Investment Bancorporation AB Capital and Investment Corporation
Underwriters	Multinational Investment Bancorporation AB Capital and Investment Corporation
Instrument	Registered Short Term Commercial Papers ("STCPs")

Issue Size	Up to Pesos: Three Billion Five Hundred Million (₱3,500,000,000.00], to be issued in one lump sum or multiple tranches
Tenor/Initial Issuance	Tranche D: Three (3) months from SEC approval of registration or Issue Date, in case of rollover issuances Tranche E: Six (6) months from SEC approval of registration or Issue Date, in case of rollover issuances Tranche F: Twelve (12) months from SEC approval of registration
Denomination	For Tranche D and E: Minimum of Pesos: Five Million (₱5,000,000.00) face value and increments of Pesos: One Hundred Thousand (₱100,000.00) For Tranche F: Minimum of Pesos: One Hundred Thousand (₱100,000.00) face value and increments of Pesos: Ten Thousand (₱10,000.00)
Issue Price	Discount to face value
Issue Date	The STCPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the SEC and issuance of the Permit to Offer and Sell Securities.
Interest/ Discount Rate For Initial Issuance	Tranche D: 3.7983% Tranche E: 4.1743% Tranche F: 4.1717%
Interest/Discount Rate	Tranche D: Benchmark Rate + 100 to 250 bps Tranche E: Benchmark Rate + 100 to 250 bps Tranche F: Benchmark Rate + 100 to 250 bps
Rollover Interest /Discount Rate	The rollover interest rate shall be computed based on the corresponding Benchmark Rate plus Spread of the corresponding Tenor
Benchmark Rate	The higher of the three day average PDST-R2 benchmark rate of the corresponding tenor or the closest tenor of the Special Deposit Account of the Bangko Sentral ng Pilipinas.

	The corresponding benchmark rates are as follows: Tranche D: PDST-R2 3M, or its successor benchmark rate Tranche E: PDST-R2 6M, or its successor benchmark rate Tranche F: PDST-R2 12M, or its successor benchmark rate
Rollover Spread	The spread over the benchmark shall be the following: Tranche D: 100 to 250 bps Tranche E: 100 to 250 bps Tranche F: 100 to 250 bps
Rollover Procedure	Below is an illustration of the procedure for the rollover of the STCP upon maturity of the respective tranches: 5 days before maturity: Issuer informs underwriters their intention to roll-over and provides roll-over discount rate; underwriters relay information to existing STCP holders and asks for their disposition whether they will roll or pay–out 3 days before maturity: Underwriters inform Issuer and PDTC of the amount that will be rolled over / paid out; duly completed Applications to Purchase for the roll–over days are submitted by the rolling STCP holders to the Underwriters, for further submission to the PDTC Within 3 days before maturity: Roll-over holdings of the STCP holders are recorded by PDTC On maturity date: Issuer remits net amount to be paid out, through the Registry and Paying Agent, for distribution to the relevant maturing STCP holders.
Interest Computation	The Interest/Discount Rate and Rollover Interest/Discount Rate will be calculated on a true-discount basis
Principal Repayment	The principal amount of the STCPs will be repaid in full at their respective Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof, provided that no STCPs (including rollovers) shall remain outstanding beyond one year from SEC approval. If such principal repayment is due on a day that is not a Business Day, the principal repayment date shall be made on the immediately succeeding Business Day. No additional interest will be paid in such case

Status	The STCPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least *pari passu* in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer
Form	The STCPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	As registered securities, the interest paid on the STCPs shall be subject to a 20% final withholding tax. An STCP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents. Subject to the foregoing, all payments of principal and interest with respect to the STCPs shall be made free and clear of all deductions and withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the STCP Holders will receive the full amount of principal and interest which otherwise would have been due and payable, provided however, that the Issuer shall not be liable for: (a) gross receipts tax ("GRT") (or any tax which may supersede GRT with respect to lenders which are currently subject to GRT) which may be payable by any lender on any amount to be received from the Issuer under the Issue; (b) taxes on the overall income of any STCP Holder or the Facility Agent, whether or not subject to withholding; and (c) any withholding tax on any amount payable to any STCP Holder or any entity which is a non-resident foreign corporation. Provided further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges. DST in respect of the primary issuance of the CPs and the documentation, if any, shall be for the Issuer's account
Documentation	Documentation will include (a) the Registration Statement (b) Underwriting Agreement containing, inter alia, undertakings (including negative pledge), representations and warranties and other provisions in respect of the underwriting arrangement; (c) Registry and Paying Agency Agreement; (d) Facility Agency Agreement; (e) the Commercial Papers; and (f) legal opinions from the Issuer's counsel
Registrar	Philippine Depository & Trust Corp.

Paying Agent	Philippine Depository & Trust Corp.
Facility Agent	AB Capital and Investment Corporation – Trust and Investment Division
Secondary Trading	The STCPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the STCPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants

RISK FACTORS

General Risk Warning

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance.

There is an extra risk of losing money when securities are issued by smaller companies. There may be a big difference between the buying price and the selling price of these securities.

Investors deal in a range of investments each of which may carry a different level of risk.

Prudence Required

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the STCPs and the Company from the SEC and PSE.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high risk securities.

Risk Factors

An investment in the STCPs described in Prospectus involves a certain degree of risk. A prospective purchaser of the STCPs should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether to invest in the STCPs. This Prospectus contains forward-looking statements that involve risks and uncertainties. Phoenix adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of Phoenix, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the STCPs. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors. The risk factors summarized below are arranged in the order of importance and separated into categories for easy reference. The risk factors will be discussed further starting on page 23. These risks include:

RISKS OF INVESTING

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Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. The risk factors summarized below are arranged in the order of importance and separated into categories for easy reference. The risk factors will be discussed further starting on page 23. These risks include:

RISKS RELATING TO THE COMPANY AND ITS SUBSIDIARIES

The following discussion is not intended to be a comprehensive description of all applicable risk considerations, and is not in any way meant to disclose all risk considerations or other significant aspects of investment in the Offer Shares. Investors are encouraged to make their own independent legal, financial, and business evaluation of the Company.

INTERNAL FACTORS

1) The growth of the Company is dependent on the successful execution of its expansion plans.

Proper execution and successful implementation of the Company's expansion plans is critical to maintain the growth of the Company going forward. These plans are based on certain assumptions about oil demand, oil prices, competition, financing cost and acquiring the necessary timely regulatory approvals, among other things. The Company cannot and does not represent with absolute certainty that these assumptions would materialize as predicted. In the event that these prove to be incorrect, the Company's future financial performance may be negatively affected.

To mitigate this risk, the Company continually reviews its network expansion program by identifying and anticipating target locations, dealers and operating and logistical requirements up to a year in advance. This should enable the Company to mobilize financial and operating resources in a timely manner and allocate resources effectively to support the Company's expansion plans.

2) The Company depends on certain key personnel, and its business and growth prospects may be disrupted if their services are lost.

Certain key executives and employees are important for the efficient operation of the Company's business. Should several of these key personnel be unable or unwilling to continue their present roles, the Company may face difficulties in looking for replacements and the business and operations may be disrupted. This may result to a potential material effect on the financial condition and operating results of the Company.

To mitigate this risk, the Company ensures that its compensation and benefit packages for its officers, staff and rank-and-file are competitive with industry standards. Promotions and pay raises are merit-based and performance appraisals are conducted regularly. Key personnel are also regularly sent to training programs in the Philippines and abroad to ensure that their knowledge and skills are continually updated. The Company has also established a Company-wide succession plan.

3) Any significant disruption in operations or casualty loss at the Company's storage and distribution facilities could affect its business and results of operations and result in potential liabilities.

The Company's operation of its storage and terminal facilities and retail gasoline stations could be affected by several factors, including, but not limited to, equipment failure and breakdown, accidents, power interruption, human error, natural disasters, and other unforeseen incidents and issues. These disruptions could result in product run-outs, facility shutdown, equipment repair or replacement, increased insurance costs, personal injuries, loss of life and/or unplanned inventory build-up, all of which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company has purchased insurance policies covering a majority of foreseeable risks but do not cover all potential losses as insurance may not be available for all such risks or on commercially reasonable terms. Operational disruptions may occur going forward, and as such, insurance may not be able to adequately cover the entire scope or extent of the losses or other financial impact on the Company.
The Company aims to mitigate this risk by following best practices to prevent the occurrence of or minimize the impact of accidents or other untoward incidents. These include measures to isolate the physical effects of any incidents (for example, the dispersed locations of its storage depots and alternative storage arrangements), minimize their financial impact on the Company (by ensuring that insurance coverage is adequate) and prevent their occurrence (for example, by ensuring that maintenance and safety procedures follow ISO standards and maintaining an adequate security force).

4) The Company's business strategies require significant capital expenditures and financing, which are subject to a number of risks and uncertainties. Its financial condition and results of operations may be affected by its debt levels.

The Company's business is capital intensive, particularly the importation, storage and distribution of petroleum products. The Company's financial condition, sales, net income and cash flows, will depend on its capital expenditures for, among others, the construction of storage and wholesale distribution facilities and equipment, the construction of retail gas stations and the acquisition of tanker trucks. Its business strategies involve the construction of new terminal facilities and the expansion of its service station networks. If the Company fails to complete its capital expenditure projects on time or at all or within the allotted budget, or to operate such facilities at their designed capacity, it may be unable to maintain and increase its sales and profits or to capture additional market share as planned, and its business, results of operations and financial condition could be affected.

Financing risk is mitigated as the Company follows a conservative financing strategy to optimize its leverage and ensure that the costs of financing are well within the Company's ability to meet these costs.

5) If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the cost of damages and claims prove to be more severe than its insurance coverage, the Company's financial condition and results of operations may be materially affected.

The Company uses a combination of self-insurance and reinsurance to cover its properties and certain potential liabilities. The Company's insurance coverage includes property, marine cargo and third party liability. The Company estimates the liabilities associated with the risks retained by it in part by considering historical claims, experience and other actuarial assumptions which, by their nature, are subject to a degree of uncertainty and variability. A number of external factors affect their uncertainty and variability including, but not limited to, future inflation rates, discount rates, litigation trends, legal interpretation and actual claim settlement patterns. If the number or severity of claims for which the Company is insured increases, or if it is required to accrue or pay additional amounts because the claims prove to be more severe than its original assessment, the Company's financial condition, results of operations and cash flows may be materially affected.

To mitigate this risk, the Company continually reviews and updates its insurance policies so that it is reasonably protected from foreseeable events and risks. Insurance coverage is acquired through competitive bidding to ensure that the Company's premium costs are reasonable and at par with industry standards.

6) ***The Company's controlling shareholder may have interests that may not be the same as those of other shareholders.***

Udenna Corp., directly or indirectly with PPHI and UMRC, holds 63.15% of the Company's outstanding common equity as of September 30, 2015. Neither Udenna Corp. nor PPHI is obligated to provide the Company with financial support or to exercise its rights as a shareholder in the Company's best interests or in the best interests of the Company's other shareholders. Should there be a conflict between the interests of Udenna Corp. or PPHI and the interests of the Company, the Company may be affected by the actions of Udenna Corp.

The Company has an operating lease agreement with its parent, Udenna Corp., for the use of various properties for its operations and for office space. While the Company believes that the terms of these transactions were negotiated on an arms-length basis, there is no assurance that the Company cannot avail of better terms if it contracted with parties other than its affiliates.
To mitigate this risk, the Company follows good corporate governance standards in dealing with its shareholders and other related parties. These standards include, but are not necessarily limited to, "arms-length" practices in all commercial dealings with related interests and transparency and full disclosure in all such dealings.

7) ***The Company may not have sufficient cash flow to meet all the indebtedness incurred to support its capital expenditure program.***

The Company has incurred additional indebtedness to support its capital expenditure program. The Company's ability to follow this program and meet its debt obligations will partly depend on the ability of the business to generate cash flows from its operations and obtain additional financing. There can be no assurance that the Company will be able to generate sufficient cash flows from its operations or obtain adequate financing for its capital expenditure projects, or to meet its debt servicing obligations, on acceptable terms or at all. The inability of the Company to meet its capital expenditure program whether through unsuccessful implementation or insufficient funding could affect its business, financial condition and results of operations.

Financing risk is mitigated as the Company follows a conservative financing strategy to optimize its leverage and ensure that the costs of financing are well within the Company's ability to meet these costs.

EXTERNAL FACTORS

1) ***Volatility of the price of crude oil may have an adverse effect on the Company's business, results of operations and financial condition.***

The Company's financial results are primarily affected by the difference between the price and cost of its petroleum products, which accounts for almost 90% of the Company's total cost of goods sold. A number of domestic and international factors influence the price of petroleum products, including, but not limited to, the changes in supply and demand for crude oil, economic conditions, conflicts or acts of terrorism, weather conditions, and governmental regulation.

International crude oil prices have been volatile, particularly in 2014, and are likely to continue to be so. Dubai spot crude oil was at US$105/bbl in July 2014 and went down to under US$62/bbl in December 2014. There is no assurance that prices will remain stable over the near- and medium- term.

The Company holds about twenty (20) to thirty (30) days of inventory and uses the average method to account for its inventory. Should global fuel prices suddenly drop significantly, the Company may be constrained to sell its petroleum products at a price below acquisition cost of its existing inventory. In a period of rising crude oil prices, social and competitive concerns, and government intervention, the Company may be further constrained to keep current selling prices resulting in its inability to pass on to the consumers the price increases in a timely manner. The Government has previously intervened to restrict price increases for petroleum products, following a declaration of a state of national calamity by former President Gloria Macapagal-Arroyo after typhoons "Ondoy" and "Pepeng" left a trail of disaster. In 2013, during the declaration of a state of calamity brought about by the monsoon rains in Luzon and the earthquake in Bohol, Cebu and neighboring places, the Department of Trade and Industry issued a price freeze order on basic commodities including fuel. Another declaration of a state of national calamity may result in the Company being unable to pass on price increases effectively, which could affect profitability for the period of effectivity of such order. Such inability to pass on price increases may result to an adverse effect on the Company's business, results of operations and financial condition. Demand for the Company's products may also be affected as a result of price increases.

A sharp rise in oil prices will require higher working capital and may force the Company to acquire higher financing costs. A material adverse effect on the Company's financial condition and results of operations may follow should the Company face challenges in securing short-term financing for working capital.

To mitigate this risk, the Company closely monitors the prices of fuel in the international and domestic markets. This enables the Company to anticipate any significant price movement and plan out contingencies to hasten the disposition of its existing inventory as necessary to various distributors and wholesalers.

2) ***The Company's business, financial condition and results of operations may be affected by intense competition.***

The Company faces intense multinational, national, regional and local competition in the sale of refined petroleum products and other related products in the Philippines. Competition is driven and dictated primarily by the price, as oil is one of the basic commodities. Differences in product specifications, and other overhead costs such as transportation, distribution and marketing costs, account for the price differentials amongst industry players. Some competitors, notably Petron, Shell and Chevron, have significantly greater financial and operating resources, and access to capital than the Company, and could arguably dictate domestic marketing and selling conditions to the detriment of the Company.

As competition is mainly driven by price, the Company's business, operational and financial condition may be materially affected if it is unable to compete effectively against other players, which will be primarily driven by its ability to manage overhead costs, streamline transportation and distribution costs, and maximize utilization of its assets.

Smuggling and illegal trading activities of petroleum products have affected the domestic petroleum market. These activities have translated to lower sales price and volumes for legitimate market players in the domestic market. The Company's financial condition and results of operations may be affected if the Government is unable to properly enforce and regulate the domestic oil market.

Competition risk is primarily mitigated by the Company continually strengthening and expanding its distribution network to improve its presence in both growing and high potential markets. The Company continues to invest in building brand equity to ensure that it is consistently recognized and recalled by its target market, and improving customer service to a level at par with or superior to its competitors.

3) Regulatory decisions and changes in the legal and regulatory environment could increase the Company's operating costs and affects its business, results of operations and financial condition.

Even though the local downstream oil industry is a deregulated industry, the Government has historically intervened to limit and restrict increases in the prices of petroleum products. On October 2, 2009, a state of national calamity in view of the devastation caused by typhoons "Ondoy" and "Pepeng" was called by former President Gloria Macapagal-Arroyo. Executive Order 839 was issued which called for the prices of petroleum products in Luzon to be kept at October 15, 2009 levels effective October 23, 2009. As a result of the Executive Order, prices of oil products were kept at said levels by the Company affecting its profitability in Luzon for the period that the executive order was in effect. On November 16, 2009, the price freeze was lifted. There is no assurance that the Government will not invoke similar measures or reinstate price regulation in the future, which may affect the Company's results of operations.

The Company's operations are subject to various taxes, duties and tariffs. The oil industry in the Philippines has experienced some key changes in its tax and duty structure. Import duties for crude oil and petroleum products were increased in January 1, 2005 from 3% to 5% which was then rolled back to 3%. In 2006, an additional 12% VAT was imposed by the Government on the sale or importation of petroleum products. As of July 4, 2010, import duties on crude oil and petroleum products were lifted. Such taxes, duties and tariffs may or may not change going forward, and this could result to a material adverse effect on the Company's business, financial condition and results of operations.
As indicated in the previous item, the Company's Corporate Affairs Department is dedicated to monitoring compliance with regulations, as well as anticipating any new regulations that may be implemented by the authorities. This ensures that any additional costs resulting from changes in the legal and regulatory environment can be anticipated and prepared for by the Company.

4) ***The Company currently benefits from income tax holidays on the operation of certain depots. If the Company did not have the benefit of income tax holidays, its profitability will be affected, as it will have to pay income tax at the prevailing rates.***

Under its registration with the BOI, the Company enjoys certain benefits, including an income tax holiday ("ITH") on the operations of the Davao Extension, the Calaca (Batangas) and the Zamboanga depots. In addition, the Company secured approval in 2012 for BOI registration with corresponding ITH for its Cagayan de Oro City (Phividec) and Bacolod depots. The ITH runs for a period of five (5) years from the commencement of operations of each depot. Upon expiration of a tax holiday, the Company's income from a depot will be subject to prevailing income tax rates. In addition, if the Company fails to meet certain conditions imposed by the BOI, it may lose its right to the ITH. In such an event, the Company may not be able to continue to avail of the benefits under the ITH. The loss of the ITH would affect the Company's profitability as it may have to pay income tax at prevailing rates. In addition, there is no guarantee that the Company will be able to secure similar ITH for any new depots that it may establish in the future or for the statutes granting said ITH to be superseded or amended. For example, the Company's registration as a New Industry Participant with New Investment in Storage, Marketing and Distribution of Petroleum Products (with Certificate of Registration No. 2010-184) provides that it is entitled to ITH until 15 November 2010. After the lapse of the ITH, the Company became liable for the regular corporate income tax. Any such inability by the Company to enjoy ITH benefits may have a material effect on its business prospects, financial condition and results of operations.

The Company continuously monitors its compliance with the requirements and conditions imposed by the BOI to mitigate this risk.

5) ***Exposure to costs and liabilities arising from compliance with safety, health, environmental and zoning laws and regulations.***

The operation of the Company's business is subject to a number of national and local laws and regulations, including safety, health, environmental and zoning laws and regulations. These laws and regulations impose controls on air and water discharges, storage, handling, discharge and disposal of waste, location of storage facilities, and other aspects of the operations of the Company's business. Financial penalties, administrative and/or legal proceedings against the Company, or revocation or suspension of the Company's licenses or operation of its facilities may arise should the Company fail to comply with relevant laws and regulations.

The Company has incurred, and expects to continue to incur operating costs to comply with such laws and regulations. In addition, the Company has made and expects to continue to make capital expenditures on an ongoing basis to comply with safety, health, environmental and zoning laws and regulations.

Safety, health, environmental and zoning laws and regulations in the Philippines are becoming more and more stringent over the years. There can be no assurance that the adoption of new safety, health, environmental and zoning laws and regulations, new interpretations of existing laws, or increased governmental enforcement of safety, health, environmental and zoning laws or other developments in the future will not result in the Company being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade or relocate its facilities.

To mitigate this risk, the Company keeps itself updated on government policies and regulations pertaining to the oil industry. Through its Corporate Affairs Department, the Company maintains lines of communication with regulatory agencies to allow the Company to identify potential regulatory risks and proactively respond to these risks.

6) The Company's business and financial condition may be impacted by the fluctuations in the value of the Philippine Peso against the U.S. Dollar.

The Company's revenues are denominated in Philippine Pesos (Pesos) while the bulk of its expenses, notably the cost of its imported petroleum products, is U.S. Dollar-denominated. The Company's reporting currency in its financial statements is in Pesos. Further, the Company has several U.S. Dollar loans from certain banks which were used to finance its capital expenditures. Changes in the US Dollar-Peso exchange rate may affect the financial condition of the Company. Should the Peso depreciate, this would translate to higher foreign currency denominated costs and effectively affecting the Company's financial conditions. There can be no assurance that the Company could increase its Peso-denominated product prices to offset increases in its cost of goods sold or other costs resulting from any depreciation of the Peso. There can be no assurance that the value of the Peso will not decline or continue to fluctuate significantly against the U.S. dollar and any significant future depreciation of the Peso could have a material adverse effect on the Company's margins, results of operations and financial condition.

The Company has swapped 100% of its long-term U.S. Dollar loans to Pesos to effectively eliminate its exposure to foreign currency denominated liabilities. The risk posed by foreign exchange fluctuations in the cost of its imported petroleum products is generally mitigated by the Company's ability to pass on any such additional costs by way of adjustments to its selling prices.

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

The Department of Justice (DOJ) filed twenty-two (22) Informations against Mr. Dennis A. Uy, President of the Company, for alleged violation of the Tariff and Customs Code of the Philippines with the Regional Trial Court of Davao City.

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

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

Customs filed a Motion for Reconsideration dated August 19, 2014 of the CA Decision. On March 11, 2015, Mr. Uy filed his Comment/Opposition to the Motion for Reconsideration. On April 13, 2015, the Special Former Special 10th Division of the CA issued a Resolution stating that the foregoing Motion is submitted for resolution. Said Motion was denied for lack of merit in a Resolution promulgated by the Special Former Special 10th Division on July 2, 2015.

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

Against this reputational risk, the Company will continue to assert the same strong defenses for Mr. Uy which have been correctly upheld by the courts.

Risks Relating to the Philippines

1) ***The Company's business and sales may be negatively affected by slow growth rates and economic instability globally and in the Philippines.***

The Company, since its commencement of operations, has derived all of its revenues and operating profits from sales of its petroleum products in the Philippines. The Company's business has mostly been influenced by the Philippine economy and the level of business activity in the country.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and debt restructuring, and has been significantly affected by economic volatilities in the Asia-Pacific region. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine consumers' purchasing power, which could materially affect the Company's financial condition and results of operations.

In addition, global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause economic conditions in the Philippines to deteriorate.

A slowdown in the Philippine economy may affect consumer sentiment and lead to a reduction in demand for the Company's products. There is also no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

2) ***Political instability or acts of terrorism in the Philippines could destabilize the country and may have a negative effect on the Company.***

The Philippines has experienced political and military instability. In the past decade, political instability has been observed headlined by impeachment proceedings against former presidents Joseph Estrada and Gloria Macapagal-Arroyo, and public and military protests arising from alleged misconduct by previous administrations. There is no assurance that acts of election-related violence will not occur in the future and such events have the potential to negatively impact the Philippine economy. An unstable political environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations.

3) If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase petroleum, petroleum products, raw materials, equipment and other imported products, could be affected.

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. The Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority, during a foreign exchange crisis or in times of national emergency, to suspend temporarily or restrict sales of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee. The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations. The Company purchases some critical materials, particularly petroleum and petroleum products, and some capital equipment from abroad and needs foreign currency to make these purchases. Although the Government has from time to time made public pronouncements of a policy not to impose restrictions on foreign exchange, there can be no assurance that the Government will maintain such policy or will not impose economic or regulatory controls that may restrict free access to foreign currency. Any such restrictions imposed in the future could affect the ability of the Company to purchase petroleum and other materials and equipment from abroad in U.S. dollars.

4) The occurrence of natural catastrophes or major power outages may materially disrupt the Company's operations.

The Philippines has encountered and is expected to experience a number of major natural catastrophes including typhoons, volcanic eruptions, earthquakes, mudslides, droughts or floods. Such natural catastrophes may cause disruption to the Company's operations, and distribution of its petroleum products. Power outages are also experienced caused by insufficient power generation following strong typhoons and other natural catastrophes. These types of events may materially disrupt and affect the Company's business and operations. The Company cannot assure prospective investors that the insurance coverage it maintains for these risks will adequately compensate the Company for all damages and economic losses resulting from natural catastrophes or major power outages, including possible business interruptions.

5) The Company's Shares are subject to Philippine foreign ownership limitations.

The Philippine Constitution and related statutes restrict the grant of leases covering foreshore land to Philippine Nationals. As of the date of this Prospectus, the foreshore land over which the pier facilities of the Company's wholly-owned subsidiary, PPIPC, are located is leased from the Philippine government and, therefore, foreign ownership in the Company is limited to a maximum of 40% of the Company's issued and outstanding capital stock. Furthermore, the Company owns land which likewise subjects it to foreign ownership restrictions under the Philippine Constitution. This nationality restriction on ownership may affect the liquidity and market price of the Offer Shares to the extent international investors are restricted from purchasing the Offer Shares in normal secondary transactions. This risk is beyond the control of the Company.

Foreign ownership of common shares of the Company as of 31 July 2015 is at 14.4%. As of the same date, there is no foreign ownership of preferred shares.

RISKS RELATING TO THE SHORT TERM COMMERCIAL PAPER

1) Liquidity Risk

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the STCPs will always be active or liquid. Even if the STCPs are listed [in a fixed income exchange], trading in securities such as the STCPs may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the STCPs may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

2) Price Risk

The STCP's market value moves (either up or down) depending on the change in interest rates. The STCPs when sold in the secondary market are worth more if interest rates decrease since the STCPs have a higher interest rate relative to the market. Likewise, if prevailing interest rate increases, the STCPs are worth less when sold in the secondary market. Therefore, an investor faces possible loss if he decides to sell.

3) Retention of Ratings Risk

There is no assurance that the rating of the STCPs will be retained throughout the life of the STCPs. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

MANAGEMENT OF RISKS

In general, the Company believes that the risk factors discussed herein are mitigated by its competitive strengths and business strategies. See discussion on Competitive Strengths and Business Strategy on pages 54 and 55 of this Prospectus.

DETERMINATION OF THE OFFER PRICE

The STCPs shall be issued at a discount to face value.

Below is an illustration of the computation of the Offer Price for the Initial Issuance:

	Tranche D	Tranche E	Tranche F
Issue Date	1/14/2016	1/14/2016	1/14/2016
Maturity Date	4/13/2016	7/12/2016	1/13/2017
# of Days	90	180	365
Benchmark Rate*	2.80%	3.17%	3.17%
Interest/Discount Rate	3.798%	4.1743%	4.172%
Cost Breakdown			
Face Value	5,000,000.00	5,000,000.00	100,000.00
Interest/Discount	(47,032.14)	(102,223.93)	(4,058.00)
Tax on Interest	9,406.43	20,444.79	811.60
Cost	4,962,374.28	4,918,220.85	96,753.60
Offer Price	99.247486%	98.364417%	96.753599%

USE OF PROCEEDS

The Company estimates that its net proceeds from the Offer is expected to be approximately **₱3,476,368,725.00** after deducting the applicable fees and expenses.

Expenses related to the Offer, all of which will be for the account of the Company, are broken down as follows:

Gross Proceeds from the Offer	**₱ 3,500,000,000.00**
Less:	
SEC Filing Fees	1,451,875.00
Underwriting and Selling Fees (maximum)	17,500,000.00
Issue Management Fee	2,000,000.00
Philratings credit rating report fees	2,374,400.00
PDTC Registry fees	180,000.00
PDEx listing maintenance fees	75,000.00
Estimated Costs of Printing and Publication	50,000.00
Total expenses	₱ 23,631,275.00
Net Proceeds	**₱ 3,476,368,725.00**

No portion of the proceeds will be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced or otherwise. The Joint Issue Managers, Lead Arrangers and Underwriters shall not receive any amount from the proceeds other than the underwriting and selling fees.

In the event that the actual expenses relating to the Offer differ from the above estimates, the actual net proceeds to the Company from the Offer may be higher or lower than the expected net proceeds set forth above. Any increase or decrease in the net proceeds to the Company shall be addressed by making a corresponding increase or decrease, as the case may be, to the Company's provision for working capital requirements.

The Company intends to use the proceeds from the Offer for working capital purposes. Proceeds will be used to finance regular importation of fuels and lubricants by Phoenix. The Company will use the net proceeds from the Offer within the first quarter of 2016:

Breakdown of Usage of the PHP 3.5 B STCP	Total Amount (in PHP)	Indicative Timeline of Disbursement
Purchase/Importation of petroleum products	855,900,000.00	January 2016
	2,010,100,000.00	February 2016
	610,368,725.00	March 2016
TOTAL	**3,476,368,725**	

Note: This timetable assumes that the entire Three Billion Five Hundred Million Pesos (Php3,500,000,000.00) STCP will be fully subscribed to by investors and issued by the Company within the time frame indicated herein which enables the Company to follow the timetable.

Any material or substantial deviation/adjustment in the planned use of proceeds shall be approved by the Company's Board of Directors and the Company shall seek approval of the Commission before its implementation.

DIVIDEND POLICY

In accordance with the Corporation Code of the Philippines, a corporation, through its Board of Directors, has the authority to declare cash, property, and stock dividends or a combination thereof. For cash and property dividend declarations, only the approval of the Board is required. For stock dividend declarations, an approval of the Board as well as shareholders representing at least two-thirds (2/3) of the corporation's outstanding capital stock is required. Holders of outstanding shares on a dividend record date for such shares have the right to the full dividend declared without regard to any subsequent transfer of shares. In adherence with the Corporation Code, the corporation is only allowed to declare dividends out of its unrestricted retained earnings.

The Company has not adopted a specific dividend policy specifying a minimum dividend rate based on the net earnings. However, as a matter of practice, the Company has declared dividends, either in stock or in cash or a combination of both, paid out of the Company's unrestricted retained earnings starting 2008.

Each holder of a common share is entitled to such dividends as may be declared by the Board of Directors.

Dividend History for the Last three (3) years.

<u>**2012**</u>

For the year 2012, the Board of Directors on February 08, 2012 approved the declaration of 50% stock dividends which was duly ratified and approved by the stockholders during the Annual Stockholder's Meeting on March 08, 2012. All stockholders of record as of March 28, 2012 were entitled to said stock dividends which were paid out on April 26, 2012 with ex-date of April 23, 2012. Stock dividends totaled to 244,936,203 common shares.

On the same date of February 08, 2012, the Board of Directors likewise declared cash dividends of Php0.10 per share to all stockholders of record as of March 23, 2012 and paid out on April 23, 2012.

All of the above dividend declarations were taken out from the previous year's unrestricted retained earnings of the Company

<u>**2013**</u>

For the year 2013, the Board of Directors on January 24, 2013 approved the declaration of 30% stock dividends which was duly ratified and approved by the stockholders during the Annual Stockholder's Meeting on March 08, 2013. All stockholders of record as of May 15, 2013 were entitled to said stock dividends which were paid out on June 10, 2013, with ex-date of June 5, 2013, Stock dividends totaled to 329,717,232 common shares.

On the same date of January 24, 2013, the Board of Directors likewise declared cash dividends of Php0.10 per share to all stockholders of record as of April 11, 2013 and paid out on May 8, 2013.

All of the above dividend declarations were taken out from the previous year's unrestricted retained earnings of the Company.

2014

On 29 January 2014, the Company's Board of Directors declared a Php0.10 per share cash dividends to all stockholders of record as of 17 March 2014. Payment of said dividends was made on 11 April 2014. The Company approximately paid a total of Php142,877,723.20 in cash dividends which was taken from the previous year's unrestricted retained earnings of the Company.

No stock dividends was declared of the year.

2015

On 04 March 2015, the Company's Board of Directors declared a Php0.05 per common share cash dividends to all stockholders of record as of 18 March 2015. Payment of said dividends was made on 16 April 2015. The Company approximately paid a total of Php71,438,861.60 in cash dividends which was taken from the previous year's unrestricted retained earnings of the Company.

No stock dividends was declared for the year 2015.

Dividends for Subsidiaries

The Company's subsidiaries have not adopted specific dividend policies specifying a minimum dividend rate based on the net earnings. Except for Chelsea Shipping Corp. (CSC), all the rest of the subsidiaries have not declared any cash and/or stock dividends in the last three (3) fiscal years.

For CSC, on December 3, 2012, the stockholders and Board of Directors approved the declaration of stock dividends amounting to Php126,300,000.00 or equivalent to about 20% of the outstanding shares as of declaration date, to stockholders of record as of December 1, 2012. Payment was made on December 14, 2012. The stock dividends are taken from the Company's unrestricted retained earnings as of November 30, 2012. The SEC received the notice from the Company of the stock dividends on January 8, 2013.

PLAN OF DISTRIBUTION

The Company has engaged Multinational Investment Bancorporation and AB Capital and Investment Corporation as its Underwriters pursuant to an Underwriting Agreement (the "Underwriting Agreement"). The Underwriters have agreed to act as the Underwriters for the Offer under a 50%-50% sharing between the two (2) Underwriters and as such, distribute and sell the STCPs at the Offer Price, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses. The STCPs will be firmly underwritten by the Underwriters.

The Underwriters are duly licensed by the SEC to engage in distribution of securities to the public. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of business with the Company or other members of the Group.

Multinational Investment Bancorporation is the oldest existing independent investment house in the Philippines. It provides a full range of investment banking services that include debt and equity underwriting, loan syndication and financial advisory services for mergers and acquisitions, corporate reorganization and financial restructuring. MIB is accredited and licensed by the Commission as an Investment House under CR No. 01-2004-00161 effective January 1, 2015 to December 31, 2015.

AB Capital is an investment house that has built its capability on three major areas of strength: corporate finance, fixed-income securities dealership and fund management licensed by the SEC. In March 2011, Vicsal Investment, Inc. signed a Share Purchase Agreement with the Phinma Group for the purchase of AB Capital and Investment Corporation, and AB Capital Securities, Inc. AB Capital is accredited and licensed by the Commission as an Investment House under CR No. 01-2008-00209 effective January 1, 2015 to December 31, 2017.

The Company will pay the Underwriters a fee of 0.50% on the final aggregate nominal principal amount of the STCPs issued. The Underwriters have no direct relations with the Company in terms of ownership. The Underwriters have no right to designate or nominate any member of the Board of the Company.

MIB and AB Capital do not have any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto), and other than as Joint Lead Underwriters for the Offer, they do not have any relationship with the Company. Neither do they have any right to designate or nominate a member/s on the Board of Directors of the Company.

SALE AND DISTRIBUTION

The distribution and sale of the STCPs shall be undertaken by the Underwriters who shall sell and distribute the STCPs to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the STCPs for their own respective accounts. There are no persons to whom the STCPs are allocated or designated. The STCPs shall be offered to the public at large and without preference.

The obligations of each of the Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by Underwriters to carry out its obligations thereunder shall neither relieve the other

Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter.

OFFER PERIOD

The Offer Period shall commence upon approval of the SEC of the STCPs and will end upon the expiry of the license of the STCPs.

DESCRIPTION OF THE SECURITIES TO BE REGISTERED

Issue Size	Up to Pesos: Three Billion Five Hundred Million (₱3,500,000,000.00), to be issued in one lump sum or multiple tranches
Denomination	Minimum denominations of (a) Pesos: Five Million (₱5,000,000.00) face value and increments of Pesos: One Hundred Thousand (₱100,000.00) for Tranche D and E; and (b) Pesos: One Hundred Thousand (₱100,000.00) face value and increments of Pesos: Ten Thousand (₱10,000.00) for Tranche F.
Expiry Date of License	Three Hundred Sixty Five (365) days from the issuance by the SEC of the Certificate of Permit to Offer Securities for Sale
Manner of Purchase	The STCPs will be available for sale from the Underwriters, subject to minimum purchase amount with interest rate and maturity terms based on prevailing market conditions
Interest Payment	The STCP's shall be issued at a discount to face value. Sample computation provided on page 33 (Determination of Offer Price).
Delivery of the STCP	Delivery of the STCPs will be made upon full payment of the Offer Price to the Underwriters
Taxation	The purchase of the STCPs will be subject to taxation rules and regulations of the BIR pertaining to such purchase
Liabilities	The Company as the STCP issuer is liable and responsible for any obligations arising from the sale of the STCP as provided under pertinent sections of the Negotiable Instruments Law and SEC. In addition, the Issuer is jointly responsible with the Underwriters for complying with all reportorial requirements of the SEC in connection with the issuance of the STCP
Credit Ratings	The STCP has a rating of PRS Aa minus as presently assigned by Philratings last August 25, 2015. The credit rating reflected the following key considerations: (a) consistently improving cash flows, (b) integrated operations that supports its growth and (c) experienced management team, each discussed in detail as follows:

Improving cash flows

Cash was mostly internally generated. Cash balance as of end-2014 was at P555.5 million, higher by 56% compared to 2013. Funding was mostly used for the repayment of debt, as well as the acquisition of property and equipment as a result of retail network expansion, investments in new marine tankers and additional depot capacity, among others.

Cash flows from operations became positive in 2014 and were at P3.9 billion. It should be noted that from years 2012 – 2013, cash flows from operation were negative. The turn-around was driven largely by the substantial increase in trade and other payables (+137.8%), as well as the decrease in inventories. The relatively slight increase in receivables compared to previous years, resulting from the company's strategy of pushing its retail segment, likewise contributed to the positive net cash flow from its operating activities. Given the foregoing, cash flow from operations to current debt considerably improved to 0.45x, from a negative 0.29x in 2013.

Cash flows from operations are expected to be in positive territory in the years 2015 and 2016.

Integrated operations to support growth

P-H-O-E-N-I-X Petroleum Philippines, Inc.'s (Phoenix) network of retail service stations serves as the primary distribution channel for its products. As of December 31, 2014, Phoenix had a total of 418 service stations geographically spread across the Philippines. This indicated an additional 50 service stations in 2014, from the 368 recorded as at end-2013. The Mindanao region, where Phoenix originally started, remained the center of operations. Luzon and Visayas, on the other hand, continue to be viable trade areas for further expansion.

Phoenix also supplies the fuel requirements of large commercial and industrial clients in various industries such as the transportation, fishing and manufacturing industries, among others.

To support the requirements of its growing retail and commercial networks, Phoenix continuously invests in improving and expanding its storage facilities, as well as in maintaining its fleet of tanker vessels and trucks.

Phoenix has oil depots and terminals spread across the country. Each of these terminals has port facilities allowing the company to directly receive fuel imports carried by vessel tankers into its depot. With this, Phoenix minimizes the need to transport fuel by land from ports to depots and as a result, creates cost-savings for the company. In addition, the company's depots and terminals are strategically located to cover areas where demand exists.

Phoenix, through its wholly-owned subsidiary, Chelsea Shipping Corp. (CSC), manages a fleet of tanker vessels. Phoenix also has a Road Transport Group that manages its tractors and trucks. These are used for the transport and distribution of fuel and petroleum products from the supplier's terminal to the company's depot facilities and further to retail service stations.

With Phoenix's integrated supply network, which begins with importation and ends with the delivery to retail and industrial customers, the company lowers the potential risks of supply disruptions and generates savings in freight and handling costs, among others.

Experienced management team which has been able to manage/handle volatilities in the oil market

In order to address the volatility in the market, Phoenix's management closely monitors the price movements in the international and domestic markets. Some of the specific measures taken include: the timely and proper acquisition of oil supply, as well as allowing dealers to decide on the levels of fuels they keep in inventory at their respective service stations. PhilRatings notes that it is important to consider the ability of management to properly handle the company's inventory levels in the light of volatile oil prices. This reduces the risk of selling petroleum products below cost.

Application Process	1. Signify interest to avail the STCP through the underwriters during the offering Period. 2. Once the underwriters confirm the allocation, the documentary requirements, payment and settlement options and deadlines will be provided to the investor. 3. Submit completely the accomplished documentary requirements and payment. The underwriters will confirm with the investor if there are any discrepancies in the documents submitted.
Documentary Requirements	Individuals: 1. Application to Purchase form – 3 signed copies 2. PDTC Signature Cards – 2 signed copies 3. Photocopy of 2 valid government issued ID's 4. Client Information Sheet Corporation/Partnership: 1. Application to Purchase form – 3 signed copies 2. PDTC Signature Cards signed by signatory/ies – 2 signed copies 3. Photocopy of 2 valid government issued ID's of signatory/ies 4. Client Information Sheet 5. Certified True Copy of Articles of Incorporation/Partnership 6. Certified True Copy of By-laws

7. Certified True Copy of General Information Sheet
8. Photocopy of SEC Registration
9. For Tax-Exempt Corporations:
    9.1 Certified True Copy of BIR Tax-Exempt Certification
    9.2 Original Affidavit of Underwriting

All applicants must have a valid Tax Identification Number

Mode of Payment	Cheque or RTGS through the Joint Issue Managers, Lead Arrangers and Underwriters.
Secondary Trading	The STCPs are intended to be listed at the PDEX for secondary trading of the STCPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants ("Broker"). At any time after listing, the client may trade the security in the secondary market through the process flow described below. Trading process through the Secondary Market: 1. Client inquires through a broker of the best bid for the STCP. a. Info required: Volume and target YTM 2. Broker provides the best indicative bid 3. Client agrees with the terms of the trade 4. Broker sends the trade ticket to the client for their confirmation 5. Broker provides timetable and list of documentary requirements. 6. Client sends the required documents (i.e. PDTC Transfer Instruction) at least one day prior the settlement date. 7. Broker endorses the transfer form then submits to PDTC. 8. Broker checks with PDTC if all the relevant documents are clear. 9. Broker maps the trade on PDEx on settlement date, between 9am to 12nn. 10. Broker delivers/remits the settlement amount, net of applicable fees, to the client. 11. Broker delivers the Confirmation of Sale (COS) to client.
Market Information	The STCPs will be listed at the Philippine Dealing and Exchange Corporation (PDEX). The outstanding issues of the Phoenix STCP are also listed and as of September 28, 2015, there have been a total of thirty-two (32) trades with a total trade volume of Php 70,500,000.00. The trades were priced on a price per hundred (PPH) basis at a low of 97.667 and a high of 99.603."

INTEREST OF NAMED EXPERTS

All legal opinion/matters in connection with the issuance of the STCPs which are subject of this Offer shall be passed upon by Martinez Vergara Gonzalez & Serrano (MVGS), independent legal counsel for the Company. MVGS has no direct and indirect interest in the Company. MVGS may, from time to time, be engaged by the Company to advise in its transactions and perform legal services on the same basis that MVGS provides such services to its other clients.

The Philippine Depository & Trust Corporation, the Registrar and Paying Agent, has no direct and indirect interest in the Company.

INDEPENDENT AUDITORS

The Company's results of operations and financial position have been and will be affected by certain changes to Philippine Financial Reporting Standard ("PFRS"), which are intended to further align PFRS with International Financial Reporting Standards.

The financial statements of the Company for the periods ended December 31, 2014, 2013 and 2012 appearing in this Prospectus have been audited by Punongbayan & Araullo with Romualdo V. Murcia III as the partner-in-charge, independent auditors, as set forth in their report thereon appearing elsewhere herein.

The Company's Audit Committee reviews and approves the scope of audit work of the independent auditor and the amount of audit fees for a given year. The amount will then be presented for approval by the stockholders in the annual meeting. As regards the services rendered by the external auditor other than the audit of financial statements, the scope of and the amount for the same are subject to review and approval by the Audit Committee.

The Company's aggregate audit fees for each of the last two fiscal years for professional services rendered by the external auditor were and ₱ 6,102,140.00 and ₱ 6,088,090.00 for 2013 and 2014, respectively.

There is no arrangement that experts shall receive a direct or indirect interest in the Company or was a promoter, underwriter, voting trustee, director, officer, or employee of Company.

INDUSTRY OVERVIEW AND COMPETITIVE OVERVIEW

The information and data contained in this section have been taken from sources in the public domain. The Company does not have any knowledge that the information herein is inaccurate in any material respect. Neither the Company, the Joint Issue Managers, Lead Arrangers and Underwriters nor any of their respective affiliates or advisors has independently verified the information included in this section.

PHILIPPINE OIL INDUSTRY: DOE STATISTICS

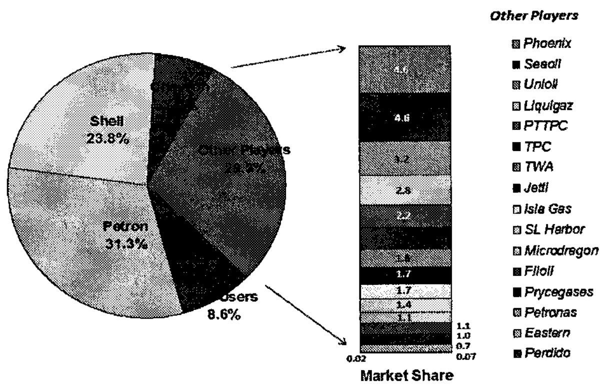
Following the enactment of the Downstream Oil Industry Deregulation Act in 1998, the deregulated Philippine downstream oil industry is currently dominated by three major players, Petron, Shell, and Chevron (who had previously converted its refinery into an import terminal in 2003 and operates as a marketing and distribution company) which accounted for 62.1% of the total market share as of the 1st half of 2015.

On the other hand, other 15 new players include foreign owned firms to such as PTT of Thailand, Petronas of Malaysia, Liquigaz of Netherlands and Total of France. While other local players including Phoenix Petroleum, Isla Gas, W. Precision, Cross Country, Ixion, Jetti, Prycegas, Seaoil Corp., TWA/Filpride, Filoil, Micro Dragon capturing 37.9% of the market for the said year.

The entry of these new players resulted in increased competition amongst local players leading to better quality products and facilities, improved service at gas stations, and a shift to a new image of retail service stations which provide amenities (i.e. convenience stores, restrooms, and automated teller machine counters, etc.) within their premises.

TOTAL PETROLEUM PRODUCTS (MARKET SHARE):

Fig. 3 1H 2015 Market Share (Total Petroleum Products)



Source: DOE website

The following activities are characterized under the Philippine downstream oil industry:

- Crude oil Importation from foreign suppliers;
- Refineries as processing and storage of intermediate and refined products;
- Logistic transfers to various bulk plants/depots through tankers barges or the Batangas-Manila pipeline; and
- Refined/finished products from depots to retail outlets and industrial clients via land distribution

DEMAND

Petroleum Product Demand

First half 2015 total demand of finished petroleum products grew by 13.8 percent to 70,612 MB from 62,069 MB 1H 2015. This can be translated to an average daily requirement of 390.1 MB compared with last year's level of 342.9 MB.

Compared with first half of 2014 figures, gasoline demand posted an increase of 13.7 percent while diesel oil demand rose by 9.6 percent. LPG and kerosene/avturbo also grew by 9.3 and 4.0 percent, respectively. As cited above, naphtha and condensate demand posted large increases in volume vis-à-vis last year (1,120 percent for naphtha and 72.6 percent for condensate). On the other hand, fuel oil demand slightly declined by 0.4 percent.

Product demand mix comprised mostly of diesel oil at 40.8 percent, gasoline at 22.4 percent, kerosene/avturbo at 10.0 percent, fuel oil at 10.0 percent, LPG at 9.8 percent, naphtha at 4.5 percent, condensate at 1.8 percent and other products at 0.7 percent share in the total product mix (Fig. 2).

Petroleum Product Exports

Total country's petroleum products exported for the first half of 2015 increased by 40.4 percent from 3,855 MB of 1H 2014 to 5,414 MB.

Condensate exports, the top exported product for the period, dropped by 19.2 percent vis-à-vis 1H 2014. On the other hand, naphtha exports grew by 15.3 percent, as well as all of the remaining products.

The total export mix comprised of condensate (31.3 percent); naphtha (24.1 percent); pygas (10.1 percent); propylene (10.0 percent); mixed xylene (7.4 percent); gasoline (7.1 percent); fuel oil (3.7 percent); toluene (3.3 percent); and benzene (2.0 percent).

The oil refiners' exports accounted for 58.6 percent of the total export mix while the remaining 41.4 percent was accounted to export of other players.

Crude Oil Exports

A total of 1,376 MB crude oil from Galoc (Palawan Light) were exported during the first half which decreased by 24.8 percent from 2014's level of 1,829 MB.

MARKET SHARE

Total Petroleum Products

The major oil companies (Petron Corp., Chevron Phils. and Pilipinas Shell Petroleum Corp.) got 62.1 percent market share of the total demand while the other industry players which include PTT Philippine Corp. (PTTPC), Total Phils., Seaoil Corp., TWA, Filpride, Phoenix, Liquigaz, Petronas, Prycegas, Micro Dragon, Unioil, Isla LPG Corp., Jetti, Eastern Corp., Perdido and Filoil Energy Co., as well as the end users who imported directly most of their requirement captured 37.9 percent of the market (Fig. 3).

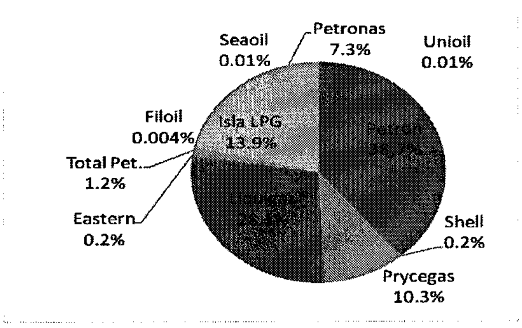
Meanwhile, the local refiners (Petron Corp. and Pilipinas Shell) captured 55.2 percent of the total market demand while 44.8 percent was credited to direct importers/distributors.

LPG

The other players' market share, with the inclusion of Isla LPG, increased to 61.1 percent. The remaining 38.9 percent was credited to the oil refiners.

Among the other LPG players, Liquigaz got the biggest market share with a 28.1 percent share, followed by Isla LPG with a share of 13.9 percent. Next was Petronas with a share of 7.3 percent (Fig. 4).

Fig. 4 1H 2015 LPG Market Share



Source: DOE website

Downstream Oil Industry Deregulation Law

RA 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998 (the "Oil Deregulation Law"), provides the regulatory framework for the country's downstream oil industry.

Under the Oil Deregulation Law, any person may import or purchase any quantity of crude oil and petroleum products from foreign and domestic sources, lease or own and operate refineries and other downstream oil facilities, and market such crude oil and petroleum products either in a generic name or in its own trade name, or use the same for its own requirement. The same law declared as policy of the state the liberalization and deregulation of the downstream oil industry in order to ensure a truly competitive market under a regime of fair prices, adequate and continuous supply of environmentally clean and high quality petroleum products. To ensure the attainment of these objectives, the DOE, in consultation with relevant Government agencies, promulgated the Implementing Rules and Regulations of the Oil Deregulation Law in March 1998 through Department Circular No. 98-03-004. The DOE is the lead Government agency overseeing the oil sector. With the enactment of the Oil Deregulation Law, the regulatory functions of the DOE were significantly reduced. Deregulating the downstream oil industry effectively removed the rate-setting function of the then Energy Regulatory Board solely to monitor prices and violations under the law, which includes prohibited acts such as cartelization and predatory pricing.

Other functions of the DOE under the Oil Deregulation Law include the following:

(a) monitoring and publishing the daily international crude oil prices, following the movements of domestic oil prices, monitoring the quality of petroleum and stopping the operation of businesses involved in the sale of petroleum products which do not comply with national standards of quality;

(b) monitoring the refining and manufacturing processes of local petroleum products to ensure clean and safe technologies are applied;

(c) maintaining a periodic schedule of present and future total industry inventory of petroleum products for the purpose of determining the level of the supply and immediately acting upon any report from any person of an unreasonable rise in prices of petroleum products; and

(d) in times of national emergency, when the public interest so requires, during the emergency and under reasonable terms, temporarily taking over or directing the operations of any person or entity engaged in the industry.

Trends in the Industry

Tighter Fuel Specifications

The Clean Air Act was enacted in 1999 which required gasoline and automotive diesel to have lower sulfur and benzene content. The Act was intended to address growing and looming concerns over the hazardous effects of gas emissions to both the environment and human health. Although local requirements lag behind international standards, local fuel specifications are expected to catch up and meet the stricter standards of developed countries going forward. Effective January 2016, the DOE will implement Euro IV fuel standard with sulfur contents reduced to 50 parts per million (ppm) from its 500 ppm specification.

Alternative Fuels

The Biofuels Act of 2006 calls for the mandatory blending of biofuels of oil companies into their oil products to offer ethanol-blended gasoline products. The Biofuels Act also calls for incentives to biofuels producers. A 5% blend of ethanol is mandated for gas by 2009 and 10% by 2011. For diesel products, a 1% blend of biodiesel was required by 2007 and 2% starting 2009.

Taxi owners and operators continue to convert their units to allow the use of LPG instead of gasoline as a means to save on costs and improve their profitability. LPG pumps are slowly increasing in retail service stations of oil companies and new companies are entering the LPG retail service station industry to capture this growing market.

Another alternative fuel being eyed is compressed natural gas (CNG). While Congress has passed the law providing incentives to producers and users of CNG, the necessary infrastructure has not yet been put in place. The planned "mother" and "daughter" natural gas stations of Shell, intended for use by public buses plying the route of Southern Luzon, are not yet operational.

Larger Retail Service Stations

Foreign-owned gasoline stations have put up retail stores following the liberalization of the retail trade industry. Larger retail service stations have since then been seen more regularly with most of them being put up in strategic areas along major expressways. These retail stations would also have retail establishments where other businesses can look to lease or rent space for their own operations and expansion. Among the common tenants of these retail establishments are quick serve businesses including the likes of Jollibee, McDonald's, KFC and Starbucks to name a few. These large retail service stations cater to retail clients who look for gasoline products, snacks and refreshments.

Furthermore, oil companies have put up their own convenience stores along side their retail service stations, carrying their own brand. Petron has "Treats", Shell has "Select" and Chevron has "StarMart". However, in recent years, these oil companies started to outsource the convenience stores to locators like 7/11, Mini-stop and other local brands.

OIL IMPORT BILL

First half 2015 estimated total oil import bill amounting to $4,670.3 million was down by 35.6 percent from 1H 2014's $7,256.4 million. This was attributed to lower import cost (for both crude and petroleum products) although import volume increased.

Total import of crude oil which amounted to $2,305.5 million dropped by 31.6 percent from $3,369.0 million of 1H 2014, due to lower CIF price per barrel from 2014's $111.281/bbl to $60.277/bbl.

Meanwhile, total product import cost dropped by 39.2 percent to $2,364.8 million at an average CIF cost of $66.098/bbl vis-à-vis 2014's $3,887.4 million at an average CIF cost of $116.443//bbl. Average dollar rate for 1H 2015 is P44.55 compared to 1H 2014's average rate at P44.49.

On the other hand, the country's petroleum exports earnings for the period fell by 32.9 percent from $619.1 million to $415.6 million in 1H 2014.

Overall, the country's 1H 2015 net oil import bill amounting to $4,254.7 million was down by 35.9 percent from 1H 2014's $6,637.3 million due to cheaper price per barrel of crude and petroleum products (about 50 percent) vis-à-vis last year.

THE COMPANY

OVERVIEW

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities and allied services. Its operations started in Southern Mindanao and soon expanded in the islands of Luzon and the Visayas. Its products and services are distributed and marketed under the *PHOENIX Fuels Life*™ trademark.

The Company was incorporated in the Philippines on May 8, 2002 under its original name of "Oilink Mindanao Distribution, Inc." On 11 January 2004, the Company amended its Articles of Incorporation changing its name from Oilink Mindanao Distribution, Inc. to "Davao Oil Terminal Services Corp." On August 7, 2006, the SEC approved the amended articles of incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to "P-H-O-E-N-I-X Petroleum Philippines, Inc." It is owned by PPHI, Udenna Corporation, and Udenna Management and Resources Corporation to the extent of 63.15% in the aggregate. These are companies organized in the Philippines which are controlled by the Company's founder.

The Company is registered with the BOI effective November 16, 2005 as a New Industry Participant with the New Investment in Storage, Marketing and Distribution of Petroleum Products pursuant to the Downstream Oil Industry Deregulation Act. As a registered company, it is entitled to certain benefits including Income Tax Holiday for a period of five (5) years from the date of registration. The Company further avails of BOI benefits under the law as result of the additions and expansion of its storage facilities.

Its operations are divided between Trading, and Terminalling and Hauling Services. Under Trading, the Company offers its refined petroleum products and lubricants to retailers and industrial customers. The Company sells its products through its network of retail service stations numbering 447 as of end September 30, 2015. The retail service stations are classified as CODOs or DODOs.

The Company's Terminalling and Hauling Services involve leasing of storage space in its terminal depot, hauling and into-plane services (hauling of Jet A1 fuel to airports and refueling of aircraft) Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City and Zamboanga City.

HISTORY

The Company was incorporated under the laws of the Republic of the Philippines and registered with the Commission on May 8, 2002.

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products, operation of oil depots and storage facilities, and allied services. The Company's operations started in the Southern Philippines in 2002 and by 2008, operations had expanded to Luzon and the Visayas. The Company's products and services are distributed and marketed under the *PHOENIX Fuels Life*™ trademark.

The Company's operations comprise trading, terminalling, depot and hauling services. Under trading, the Company sells its refined petroleum products (including Jet A1 fuel) and lubricants to retailers and commercial and industrial customers.

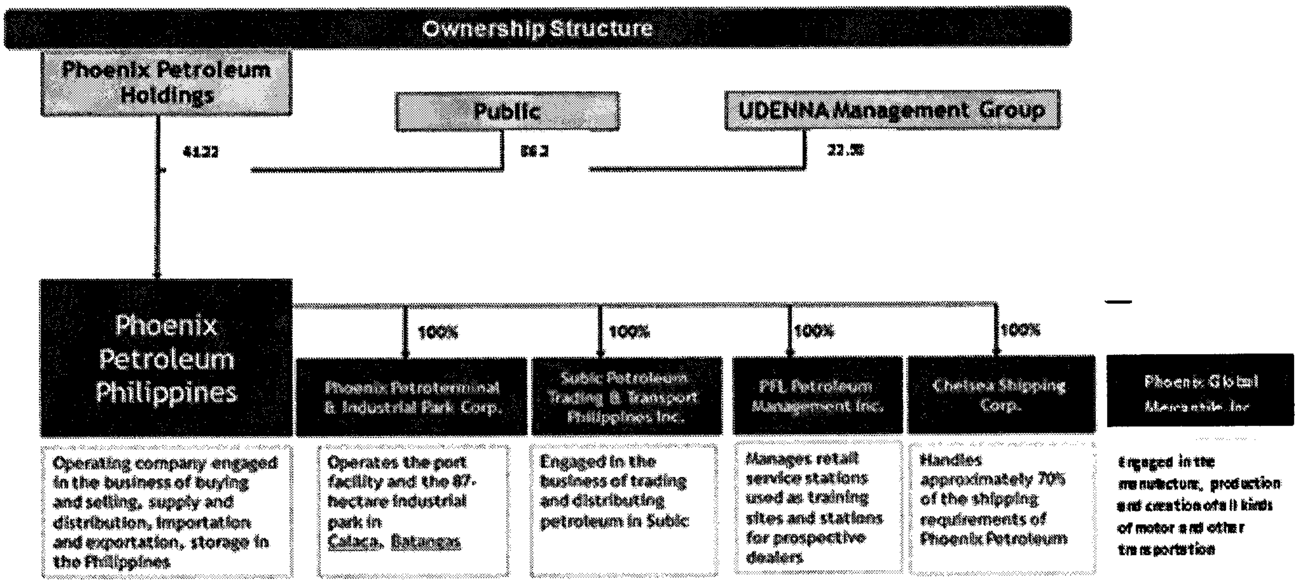
As of September 30, 2015, the Company has a total of 447 service stations with 163 service stations located in Luzon, 62 in the Visayas and 222 in Mindanao. The retail service stations are classified as CODO or DODO. Its main area of retail operations is in Mindanao, where the Company started operations in 2002. The Company presently has a nationwide network of depots and retail stations. Its industrial customers include air, land and sea transport companies and other industrial users.

The Company's terminalling, depot and hauling services involve the leasing out of storage space at its terminal depot, hauling of fuels and into-plane services (hauling of Jet A1 fuel to airports and refueling of aircraft) in Davao, Cagayan de Oro City, General Santos City, Cotabato City, Ozamis City, Pagadian City and Zamboanga City. Since 2005, the Company has been providing all of ebu's terminal, hauling and into-plane requirements for its Mindanao operations.

Since the inception of its commercial operations, the Company managed to increase its market share from zero in 2005 to 4.1% as of 2014 in total petroleum sales, based on the 2014 Oil Supply/Demand report of DOE

Corporate Structure

The Company is a publicly-listed company jointly owned by the Udenna Corporation, Udenna Management & Resources Corp., Phoenix Petroleum Holdings, Inc., and the general public. The chart below sets forth the ownership structure of the common shares of the Company as of September 30, 2015.



Phoenix Global Mercantile Inc. (PGMI) was incorporated also in July 31, 2006 and is a wholly-owned subsidiary of PPPI. Its primary purpose is to engage in the manufacture, production and creation of all kinds of motor and/or all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation.

PFL Petroleum Management Inc.(PPMI) was incorporated in January 31, 2007 and is a wholly-owned subsidiary of PPPI, that as of now has five (5) gasoline stations in operation, one (1) in Lanang, Davao City, two (2) in Panabo City, one (1) in Cebu City and one (1) in Ozamis City. Its primary purpose is to engage in and carry on the business of organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations, hauling companies and such other companies desirous of strengthening and establishing their operation processes, except management of funds, securities and portfolio and similar assets of managed utilities.

Phoenix Petroterminals & Industrial Park Corp. (PPIPC) is engaged in real estate development and is a wholly owned subsidiary of PPPI. PPIPC was registered with SEC on March 7, 1996 and with the Housing and Land Use Regulatory Board (HLURB) under Executive Order No. 648 and it was granted a license to sell parcels of land on March 31, 2000 covering 25.4 hectares for Phase 1 of PPIP located at Km. 117, National Highway, Calaca, and Batangas.

Subic Petroleum Trading and Transport Phils., Inc. (SPTT) was registered with the SEC on February 20, 2007 and is engaged in buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. It does not carry any inventory at any given time.

Chelsea Shipping Corporation (CSC) *is* engaged in maritime trade through conveying, carrying, loading, transporting, discharging and storing of petroleum products, goods and merchandise of every kind, over waterways in the Philippines and in the Asia-Pacific region. It has 12 vessels in its fleet, two of which serve the regional trade route (Taiwan to Philippines). Chelsea owns the two largest Philippine-registered oil tanker "M/T Chelsea Thelma" and" M/T Chelsea Donatela" with 9366 GRT each). With a total fleet size of 48,367.96 GRT, Chelsea is among the top 5 major petroleum tanker owners in the country. It was registered and organized on July 17, 2006 and started commercial operations on January 1, 2007. The registered office of the CSC, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

Key Competitive Strengths

The Company believes that its principal strengths include the following:

- Management strength and expertise;
- Number One (1) Independent Player and Number four (4) in the Philippine Petroleum Industry
- Leading player in the Southern Mindanao region;
- Consistent growth in volume sales;
- Integrated supply chain and logistics infrastructure;
- Over-all presence in the downstream oil industry products;
- Aggressive expansion plans;
- Strategic terminal location;
- Increasing storage capacities;
- Lean organizational structure; and
- Growing brand equity

OWNERSHIP

The Company's top twenty (20) shareholders as of September 30, 2015 are set out below.

NAME OF STOCKHOLDER	NO. OF SHARES HELD	PERCENTAGE TO TOTAL OUTSTANDING SHARES
Phoenix Petroleum Holdings Inc.	588,945,630	41.22
PCD Nominee Corporation - (Filipino)	311,473,741	21.80
Udenna Management & Resources Corp.	254,921,743	17.84
PCD Nominee Corporation - (Non-Filipino)	204,062,038	14.28
Udenna Corporation *(Formerly: Udenna Holdings Corporation)*	50,322,986	3.52
Joselito R. Ramos	4,812,600	0.33
Dennis A. Uy	3,991,811	0.27
Caroline G. Taojo	2,801,500	0.19
F. Yap Securities, Inc.	1,883,000	0.13
Udenco Corporation	1,614,787	0.11
Dennis A. Uy &/or Cherylyn C. Uy	1,098,060	0.07
Domingo T. Uy	645,919	0.04
Jose Manuel Roque Quimson	354,939	0.02
Edgardo Alvarado Alerta	318,505	0.02
Romeo B. Molano	258,262	0.01
Zenaida Chan Uy	149,058	0.01
Rebecca Pilar Claridad Caterio	148,453	0.01
Socorro Ermac Cabreros	103,316	0.01
Rosita G. Artos	82,000	0.00
Ignacia Syjuco Braga IV	71,019	0.00

COMPETITIVE STRENGTHS

The Company believes that its strengths lie in the following:

- **Brand**. In an industry that has been dominated by strong multinational brands for decades, the Company is engaged in a commensurate effort to develop and popularize the Phoenix brand. Compared to its peers among the emergent players the Company believes it has made greater headway in obtaining better brand recognition. This is centered on cost-effective media placements, participation in trade fairs, selective events sponsorships and well-managed celebrity endorsements.

- **Cost-effective approach.** The Company emphasizes an investment return approach to dealership development that centers on a no-frills right-sizing of investments in retail stations that would result in the fastest payback time at an attractive return on investment. This approach allows the dealer a shorter market launch timetable which allows the Company to generate sales earlier than its competitors. This further instills loyalty among such dealer-business partners who can invest a more affordable amount and obtain quicker returns that is invariably not possible with the major oil players.

- **Simple organizational structure.** The relatively flat organizational structure enables faster decision-making and shorter reaction time. The Company adheres to a philosophy of devolving decision-making in most of its operational processes which enables the senior management team to focus more on strategy execution and exploitation of new business and potential growth opportunities.

BUSINESS STRATEGY

The Company will continue to expand in other areas of the Philippines, apart from its stronghold in Mindanao, by building on its existing business model and further aligning its frontline revenue units with the logistics and other support areas of the organization. The Company's strategies shall focus on the following elements:

Brand Strengthening

In an industry that has been dominated by strong multinational brands for decades, the Company is focusing on broadening its brand recognition among consumers and to make its Phoenix products the brand of choice of motorists and commercial users. It continues to build up its brand through major marketing activities such as mass media placements, celebrity endorsements, participation in trade expositions and sponsorship of major sports events. The Company's expenditures for brand equity complement its investments in retail and logistics infrastructure.

Retail Network Expansion.

The increase in retail presence in viable trade areas will allow the Company to increase its assured base volume of fuel sales. The retail network expansion will likewise enhance the market for the company's lubricants. A growing base volume for retail fuels will also provide the Company with greater flexibility in transacting fuel importations with regional traders at more advantageous terms. The Company believes it has developed the competencies in network planning and operations necessary for efficiently managing the growth of its retail business.

As of September 30, 2015, the Company had 447 retail service stations throughout the Philippines of which 163 are in Luzon, 62 in Visayas and 222 in Mindanao and additional 61 service stations which are under various stages of construction.

In this regard, the Company is planning to establish more retail stations throughout the Philippines in 2015. The related expansion and strengthening of its depot, terminalling and distribution facilities will support the implementation of this business plan.

In line with the expansion of its retail service network, the Company continues to develop and strengthen its Retail Network Management Systems in order to support its retail network expansion program in collaboration with dealers and franchisees.

Expand the Depot, Terminalling and Distribution Facilities

The Company will continue to make strategic investments in storage and transportation to support its retail network expansion program, and the broadening of its commercial customer base. Regional storage facilities will be required where the scale of the prospective retail network and commercial account growth justifies the investment. Depots pay for themselves in terms of, among other things, savings in freight and handling costs, better aggregation of bulk fuel procurements and faster response time (and incremental profit margin opportunities) to upswings in trade area demand, especially for wholesale and commercial customers.

A major investment by the Company in 2009 was the acquisition of 100% of the shares of BIPC (now renamed to PPIPC), the owner/operator of the Bacnotan Industrial Park (now renamed to PPIP). The Company has installed a 50.4 million liter depot in the 94 hectare Park, thereby strengthening its ability to service new retail stations in Metro Manila and Southern Tagalog.

Direct Importation of Fuel Supplies

The Company imports almost 100% of its fuel products. Aside from diversifying fuel supply sources, importations yield higher gross profit margins due to the multiplicity of price-competitive offshore supply sources.

Strengthen the Jet Fuel Trading & Service Business

The Company markets itself as the logistics partner of choice for the leading domestic airlines. As the exclusive logistics partner of Cebu Air in Mindanao for the last ten years, the Company also expanded its business with Cebu Pacific to Luzon and eventually in the Visayas. The Company has built a track record of delivering fast and reliable service and adherence to quality standards.

Building Financial Strength

The Company increased its equity capital from P194 million in 2006 to P 7.050 billion in 2014. As of 30 September 2015, shareholder's equity amounted to P7.725 billion. The Company will continue to take advantage of the current liquidity in the financial and capital markets to improve its financial condition by lowering its average cost of capital.

BUSINESS

The Company is engaged in the business of trading refined petroleum products, lubricants and other chemical products and the operation of petrochemical depots, storage facilities and allied services nationwide. Its products are distributed and marketed under the brand name *PHOENIX Fuels Life* ™.

The operation of the Company is divided between trading, and terminalling and hauling services. Under its trading operations, the Company offers its refined petroleum products and lubricants to retail and industrial customers. Terminalling involves the storage of petroleum products, mainly refined gasoline, diesel and other petrochemical products, while hauling involves the transport and provision of fuel to industrial customers. The Company currently does not have any hedging transactions.

Trading

Retail Trading

The Company's products are sold through its network of retail service stations numbering 447 as of September 30, 2015. The retail service stations are classified as CODOs or DODOs. In a CODO retail service station, the Company provides the station itself including the site and the equipment (storage tanks, dispensing pumps, pylon, signage, and other equipment necessary to run the retail service station) and supply of petroleum products. The current standard CODO dealership agreements generally have a term of five (5) years renewable for another five (5) years. The term of the DODO dealership agreements vary but are generally for a term of five (5) to ten (10) years. CODO retail stations are normally established in locations where the Company sees the need to construct larger retail stations, based on local market evaluation, but where existing dealers cannot afford the initial outlay for construction.

In a DODO retail service station, the dealer provides the site and builds the required civil structures based on the Company's site selection criteria and station design standards. All necessary equipment and supply of petroleum products are provided by the Company. In both cases, the Company is paid a franchise fee.

The table below shows the growth in the Company's retail service stations from 2006 to 2015:

PPPI List of Stations, Fuel Products and Lubricants

Presented below is the number of stations of the Company from 2006 up to September 30, 2015.

[illegible]										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	September 2015
Mindanao	20	32	82	99	123	151	191	209	221	222
Visayas	-	-	-	1	5	11	21	47	56	62
Luzon	-	-	4	20	33	58	88	112	141	163
Total	20	32	86	120	161	220	300	368	418	447

The Company offers a wide range of petroleum products to cater to the needs of all motorists. Listed below are the different *PHOENIX* Products offered by the Company in its retail service stations:

Fuels	
Diesel	A low-sulfur product whose carbon content is no more than 2% sulfur
Premium 98	An environment-friendly premium gasoline with an octane rating of 98. Restores lost engine power.
Premium	An environment-friendly premium gasoline with an octane rating of 95.
Regular Gasoline	An environment-friendly gasoline with an octane rating of 91
Kerosene	Kerosene for use in cooking and lighting.
Jet A-1	Aviation fuel specifically described as Jet A: AFQRJOS Issue (ASTM D 1655-06 or EF STD 91-91 Issue 5, amended March 2006) commonly used by commercial airlines and general aviation.
Lubricants	
Phoenix Acceler8 Gasoline Engine Oil SAE 20W-40	A premium quality multigrade engine oil formulated to provide superior lubrication to both gasoline & diesel engines in light-duty service requiring API SG/CF performance standards.
Phoenix XHD Diesel Engine Oil SAE 40	A high performance, single grade, heavy duty diesel engine oil, specially formulated to provide premium quality service in both diesel & gasoline engines requiring API CF/SF performance standards. Formulated with advanced dispersant technology to resist oil thickening by minimizing sludge formation and effectively keeps particles in suspension to extend oil filter life.
Phoenix Cyclomax 4T SAE 20W-	A premium quality 4-stroke engine oil designed to provide excellent engine protection and ensure dependable transmission and clutch protection.
Phoenix 2T MAX	A high quality two-stroke motorcycle oil which exceeds JASO FB specifications, designed for use in tricycles and scooters.

Commercial and Industrial Trading

The Company presently services the fuel requirements of large industrial accounts in different industries throughout the Philippines. These include the air, land and sea transport sectors (Cebu Air, Bachelor Express, Davao Reyer, Lite Shipping), banana and pineapple plantations (Unifrutti Group of Companies, Sumifru Philippines Corp. and Lapanday Group of Companies), mining companies (Adnama Mining, Carrascal Mining, Apex Mining, Platinum Mining), sugar cane milling (Filinvest Farm Group), Power

Sector (Davao Light, PSALM, Napocor, Mapalad Power), Manufacturing Sector (Steel Asia) and the construction and property sectors (DMCI, Ayala Land). The products are usually delivered to the area of operations of the client. However, for high-volume accounts, the Company sets-up its own pump station within the clients' area of operations.

Terminalling and Hauling Services

The Company's terminalling and hauling services involve the leasing out of storage space at its terminal depot, hauling of fuels and into-plane services (hauling of Jet A1 fuel to airports and refueling of aircraft) in Davao, Cagayan de Oro, General Santos City, Cotabato City, Ozamis City, Pagadian City and Zamboanga City. Starting in 2005, the Company has been providing all of Cebu Air's terminalling, hauling and into-plane requirements for its Mindanao operations.

The Company's oil depots are located throughout the Philippines. The Company will have a total storage capacity in excess of 343.9 million liters to be completed by 2015 from 282 million liters in 2014.

Each of these locations has port facilities to accept sea-going fuel tankers. This allows the Company to directly receive importations into its depots, minimizing the need to transport fuel by land from remote ports to the depots. The port facilities also allow the Company to efficiently transfer fuel in between depots should the need arise.

PPPI depot location, existing and planned capacities

Depots/Terminals	Total 2014	Additions 2015	Total
INSTALLATIONS-IMPORT:			
Calaca, Batangas	117.7		117.7
Davao City	38.7		38.7
Cagayan de Oro	43.8	28.0	71.8
Subic	34.0		34.0
Sub-total	234.2	28.0	262.1
DEPOT FACILITIES:			
Zamboanga	14.0		14.0
Cebu	12.1	18.3	30.4
Bacolod	9.8		9.8
Aklan	7.8		7.8
Mindoro	4.8		4.8
General Santos City		15.0	15.0
Sub-total	48.4	33.3	81.7
Total Capacity	282.6	61.3	343.9

Franchising

Through dealership agreements, the Company offers for franchising the right to operate a Phoenix gasoline retail station and use of the Company's retail operations and management system. The Company requires new Phoenix gas stations to occupy an area of at least 800 to 1,000 square meters with at least a 30-meter frontage and be located along highways or main thoroughfares. In special cases, the Company may opt to open a station smaller than 800 sqm. depending on the economic sense. As of 30 September 2015, the Company had 447 franchisees. The Company expects to grow the number of its dealers by 60 to 80 dealers per year for the next 3 to 4 years.

The main criterion in selecting a retail station site is the viability of the proposed location of the retail service station. This should be in a high-traffic area that can support the minimum volume to keep the dealership operations profitable. While in selecting a dealer, the financial capability, business acumen and character of a prospective dealer are the main criteria in qualifying a dealer. The Company selects its dealers through a Dealership Selection Panel (DSP) composed representatives from various departments in the Company such as Sales, Legal and Finance.

In support of its franchisees, the Company provides the following assistance to the prospective business partner:

Pre-Operations

- Site Evaluation Assistance and Station Lay-Out Assistance
- Pre-opening and start-up assistance

Operations

- Provision of Station Equipment (pumps, tanks and signages)
- The Phoenix Confidential Operations Manual
- Technical Training
- Continuous research and product development
- Continuing visits, guidance and business evaluation support

Marketing

- Use of Phoenix brand, system and design
- Local marketing and promotional assistance
- Sales territory protection

Product Supply & Importation

The Company imports almost 100% of its petroleum requirements from a number of foreign regional sources. Prior to July 2009 the Company substantially sourced its petroleum requirements from PTT, a domestic supplier. Thereafter, the Company started importing its refined petroleum products from neighboring Asian countries such as Taiwan, Singapore, China, Korea and Thailand. The Company believes that the larger number of offshore suppliers allows for much greater pricing flexibility and stability of supply. The Company is not dependent on a single or limited number of suppliers for its supply of products.

Importations are conducted mainly through the issuance of letters of credit, while domestic purchases are conducted through invoices. Products are purchased based on the prevailing domestic wholesale price or on the basis of the average Mean of Platts Singapore plus an agreed premium. To maintain flexibility in supply, the Company does not maintain any long term supply contracts with its major suppliers. Imported products are offloaded directly at the Company's depots, which have port facilities of their own to accommodate fuel tankers.

Product Distribution

The Company's depots and terminals have receiving facilities and multiple product storage tanks for liquid fuels. From its oil depots, products are distributed to the various retail service stations and direct consumer accounts using 51 tanker trucks, with a total capacity of 1,068KL and a variety of smaller delivery vans & pickups for lubricants.

The Company also currently uses four (4) shipping vessels chartered/owned by a 100% owned subsidiary for the transport of petroleum products from the supplier's terminal to the Company's depot terminals in Davao and Batangas, as well as transshipments to other depots. With this easy access to critical logistical support, potential risks of supply disruptions due to scarcity of sea vessels are minimized.

Marketing

The Company's marketing organization is presently manned with marketing professionals. Retail Territory Managers (RTM) are primarily responsible for prospecting suitable locations and dealers. They also handle business dealings and maintain business relationship with the dealers as well as audit compliance to the company's standards.

On the other hand, Commercial Accounts Managers (CAM) are responsible for developing and maintaining business relationship with all other accounts except for retail station dealers.

Lubes Accounts Managers (LAM) handles high street and lubes distributor accounts for lubricants, chemicals and other car care products.

Retail Engineers attend to the logistical needs of retail service stations while Equipment Maintenance Group services the maintenance needs of the retail service stations and commercial accounts.

Supporting the Company's marketing activities is its integrated logistical facilities - receiving terminal, storage depots, lorries, delivery vans, time-chartered vessels and service stations – allowing it to service all the requirements of its clients in a seamless manner.

Integrated Supply Network

The Company has established and continues to strengthen an integrated supply network that encompasses importations, terminals, storage depots, lorries, delivery vans, time-chartered vessels and retail service stations to service the requirements of its customers in a seamless and cost-effective manner.

The Company's moves to strengthen its supply network include the following:

- **Almost 100% of petroleum and petroleum products sourced from imported sources.** The Company believes that the larger number of offshore suppliers (as compared to domestic suppliers) allows for much greater pricing flexibility and stability of supply.

- **Expanding both the geographical distribution and capacity of its storage terminals.** The Company has established storage terminals throughout the country in line with the nationwide expansion of its retail network. From a storage capacity of 282million liters by the end of 2014, the Company aims to increase its total storage capacity by 61 million liters to 343 million liters in 2015. The expansion includes the 3 future depots and terminals in Cagayan de Oro (28ML), Cebu (18ML), and General Santos City (15ML). These new storage facilities will support the Company's planned expansion of its retail stations in these areas.

- **Expanding its retail network.** The Company is targeting to expand its retail network by 60 to 80 stations per year.

- **Strengthen its hauling operations.** The Company has a fleet of 100 lorry trucks, and refueler trucks and bridging tanks to transport fuel to its retail stations, industrial customers and, in the case of refueler trucks and bridging tanks, for its into-jet operations. The Company will continue to increase its fleet as its customer base grows to ensure timely delivery of its products.

- ***Improve ERP and POS systems.*** The Company has upgraded its ERP to an SAP A1 system and invested in a CRM. It also continues to roll out a 'point-of-sale' ("POS") system that will enable it to record sales on a real-time basis, thereby allowing more efficient management of inventory and deliveries.

- **Affreightment with Affiliate Company under a long term basis.** The Company has a Contract of Affreightment with a 100% owned subsidiary, Chelsea Shipping Corp., under a long term basis for its major shipment from foreign suppliers as well as its regional trans-shipments to sub-depots strategically located in various parts of the country. This assures the Company of the steady and calculated deliveries of inventory not only to its clients but various depots that support the Company's retail and commercial network.

The Company competes with other players in the industry in terms of quality of service and products and strategic locations of its service station retail network.

The Company believes that its cost-effective approach of doing business, focus on brand building and its integrated supply network, among other things, enables it to be competitive in its target market. From 2009 to 2014 the Company's sales volume grew by an average annual growth rate in excess of 52%.

COMPETITION

The Company's main competitors are the major players in the downstream oil industry namely, Petron, Shell and Caltex, foreign players Total and PTT, and the new industry players such as Unioil, Seaoil and Flying V. While the three major players currently control about 69% of the total Philippine market the primary market of the Company currently is Southern Mindanao where it has since gained a major foothold to be a strong number four.

Please refer to the section "Industry Overview" on page 45 for a discussion on the trends in the Philippine oil industry.

The Company competes with other players in the industry in terms of pricing, quality of service and products, and strategic locations of its service station retail network.

As of September 30, 2015, the Company has a network of 447 retail service stations nationwide of which 222 are in Mindanao, 62 in Visayas and 163 in Luzon.

In terms of retail stations growth market share, the Company estimates that it obtained about 6.4% of the national petroleum market in 2014. The Company believes that its cost-effective approach of doing business and focusing on brand building, among other things, enables it to be competitive in its target market

DEPENDENCE ON DEALERS

Dealership Network
The Company's products are sold through its network of retail service stations numbering 447 as of September 30, 2015. However, the Company is not dependent upon a single or few customers, the loss of any or more or which would have a material adverse effect on its financial condition and results of operations.

Dealership Agreements
For the operation of retail service stations, the Company enters into dealership agreements with its dealers, the pertinent terms of which are as follows:

Term
The current standard dealership agreements are effective for a period of five years, renewable for another five years upon mutual agreement of the Company and the dealer.

Appointment of Dealer
In consideration of the compliance by the dealer with the requirements of the dealership agreement, the Company grants to the dealer the right to operate a retail gasoline station and use the equipment and the Phoenix System developed by the Company.

The Company provides and installs storage tanks, dispensing pumps, pylon signage and other equipment to operate the system which will be its equity, among others, while the dealership agreement is in force.

Training and Assistance
The Company makes familiarization training courses available to the dealer and his/its employees. In addition, for the first ten days of the first month of operation of the dealer's facility, the Company assigns one of its representatives to the facility, at the Company's expense, to assist the dealer in facilitating the opening of the gasoline station. During this period, such representative will also assist the dealer in establishing and standardizing procedures and techniques essential to the operation of the station and shall assist in training personnel.

The dealer may be required to attend refresher or training sessions and dealership meetings with the Company, at such duration and frequency as the Company may determine.

Confidential Operations Manual
During the term of the dealership agreement, the Company loans to the dealer a copy of the Confidential Operations Manual containing reasonable, mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by the Company for the operation of the stations and information relative to other obligations of the dealer under the dealership agreement and the operation of its facility.

Advertising and Promotions

All advertising is subject to the Company's approval and the dealer has no right to use any the Company's identification or advertising without the Company's consent.

The dealer commits to fully participate in marketing, sales promotion, advertising and other incentive programs suggested, allowed and initiated by the Company. The dealer shall pay the Company an annual advertising and promotions fee.

Standards of Quality and Performance

The dealer agrees to purchase petroleum products only from the Company and sell only petroleum products from the gasoline retail station. The dealer further agrees that should he purchase petroleum products from any other source, he is liable to pay a fine of P1,000,000 per delivery from unauthorized suppliers.

The gasoline station shall at all times be under the direct, on-premises supervision of the dealer and he shall spend at least four (4) hours daily in the station and, during his absence, be represented by a trained and competent employee acting as supervisor.

Defaults and Termination

The dealership agreement shall, at the option of the Company, terminate automatically upon delivery of notice to the dealer, if the dealer fails to meet company standards on sales, safety, customer service, payments and standard operating, financial and legal requirements as outlined in the dealership agreements and operating manual.

INTELLECTUAL PROPERTY / TRADEMARKS

The Company uses its registered trademark *PHOENIX Fuels Life* ™ to identify its brand. This trademark was registered on April 27, 2009 and will expire on April 27, 2019. Branding is a cornerstone of the Company's marketing program. It sells its refined petroleum products under the Phoenix trademark and logo. Below are the approved trademarks by the Intellectual Property Office of the Philippines (IPOPHIL) through the Bureau of Trademarks:

PRODUCT	REGISTRATION NO.	Date of Registration	Term
NEST Necessities for Life	4-2008-012149	Feb. 9, 2009	10 yrs, until 2-9-2019
CAGE Free ur Spirit	4-2008-012148	Feb. 9, 2009	10 yrs, until 2-9-2019
PHOENIX Fuels Life	4-2009-000918	April 27, 2009	10 yrs, until 4-27-2019
PHOENIX Facing East	4-2009-000917	April 27, 2009	10 yrs, until 4-27,2019
PHOENIX Flame Kerosene	4-2008-005929	Oct. 13, 2008	10 yrs, until 10-13-2018
PHOENIX Jet A-1	4-2008-005934	Oct. 27, 2008	10 yrs, until 10-27-2018
PHOENIX Magma Diesel	4-2008-005936	Oct. 13, 2008	10 yrs, until 10-13-2018
PHOENIX Raptor X Premium	4-2008-005932	Oct. 13, 2008	10 yrs, until 10-13-2018
PHOENIX Regular	4-2008-005931	Oct. 13, 2008	10 yrs, until 10-13-2018
PHOENIX Glide Super Unleaded	4-2008-005933	Oct. 13, 2008	10 yrs, until 10-13-2018
ACCELERATE Supreme	4-2012-005161	July 26, 2012	10 yrs, until 7-26-2022
ZOELO Extreme Heavy Duty Engine Oil	4-2012-005162	April 27, 2012	10 yrs, until 8-2-2022
PHOENIX Cyclomax Motorcycle	4-2012-005164	April 27, 2012	10 yrs, until 8-16-2022

Oils 4T Force			
ZOELO Diesel Oil	4-2012-005163	Aug. 16, 2012	10 yrs, until 8-16-2022
PHOENIX Cyclomax Motorcycle Oils	4-2012-005165	Jan. 03, 2013	10 yrs, until 1-3-2023
ACCELERATE Vega Fully Synthetic Motor Oil	4-2012-005169	Jan. 03, 2013	10 yrs, until 1-3-2023
CYCLE Fork Oil	4-2012-00005168	June 14, 2013	10 yrs, until 6-14-2023
2T 2-Stroke Motorcycle Oil	4-2012-00005167	Sept. 27, 2013	10 yrs, until 9-27-2023
2T MAX	4-2012-00005166	Sept. 12, 2013	10 yrs, until 9-12-2023
PHOENIX Premium 98	4-2014-002029	June 12, 2014	10 yrs, until 6-12-2024
PREMIUM 98	4-2014-002028	June 12, 2014	10 yrs, until 6-12-2024

TRANSACTIONS WITH OR DEPENDENCE ON RELATED PARTIES

The Company's related parties include its Parent Company, PPHI, affiliates, stockholders, and key management personnel. Transactions with said related parties are as follows:

Purchases of Services

The Company has an operating lease agreement with its parent Udenna Corporation for the use of various properties for its operations and for office space. Furthermore, the Company regularly charters the use of marine tankers from its affiliate, Chelsea Shipping Corporation, for the hauling of its fuel products from suppliers' terminals and from its own depots to Company depots and to its customers. The Company also avails of the freight forwarding services of another affiliate, F2 Logistics, Inc. for the deliveries of goods to customers and for internal movement of non-commercial cargo. These contracted services are made on reasonable arms-length terms as would be obtainable from third party providers.

Due to and Due from Related Parties

The Company from time to time grants and obtains advances to and from the Parent Company and its other associated companies.

Due from related parties amounted to P13.7 million and P10.4 million as of June 30, 2015 and December 31, 2014 respectively. This represents outstanding advances to Phoenix Philippines Foundation, Inc.

Total number of employees

The Company and its subsidiaries have a total of 773 employees as of September 30, 2015. This is broken down as follows:

	Company	Subsidiaries	TOTAL
Executives	23	6	29
Managers	26	7	33
Assistant Managers	41	0	41
Supervisors	186	69	255
Rank and File	319	96	415
TOTAL	**595**	**178**	**773**

In the next twelve (12) months, the Company and its subsidiaries expect to add 50 employees, mainly rank and file, to support organic growth. About 90% of them will be employed by the Company; the remaining 10% will go to its subsidiaries.

There are no labor unions in the Company and its subsidiaries nor are there any labor cases filed against the Company and its subsidiaries that may materially affect the Company's financial or operational results or position.

Aside from the statutory benefits, the Company grants group term life insurance and hospitalization benefits fully paid by the Company. It also provides free uniforms, free meals, and vacation, sick, emergency leaves and, recently, entitlement to avail of the Employee Stock Option Plan (ESOP) to all its regular employees based on annual performance evaluation.

The Commission has approved the application for exemption from the registration requirement of the Securities Regulations Code of the Company for the proposed issuance of 24,493,620 common shares for the Company's ESOP. The ESOP Committee of the Company has already approved the ESOP internal guidelines.

On 24 January 2013, the Board of Directors of the Company approved the setting of the initial offering date for the ESOP on 01 March 2013. To date, grantees of the ESOP have yet to be named by the Company.

Key Management Personnel Compensation

Included in related party transactions are items of compensation payable by the Company to its key management personnel consisting of salaries and wages, honoraria and allowances, 13th month pay and bonuses, and SSS, PHIC, HDMF, and Others as follows:

	2013	**2014**
Salaries	40,724,453	57,664,184
Honoraria and Allowances	4,447,058	
13th Month and Bonuses	4,586,418	6,567,214
SSS, PHIC, HDMF and Others	269,819	776,513
	50,027,748	65,007,911

Insurance

The Company's comprehensive insurance policies cover its terminal, depot facilities, head office building, pier and pipeline structure and its accessories, steel cylindrical tanks, and stocks of all petroleum products stored and contained inside the depot against any incidents of fire/lighting, typhoon, floods with extended coverage to include loss or damage directly caused by explosion, aircraft, vehicle and smoke.

All the trucks and tankers owned by the Company are covered with third party liability and comprehensive insurance. The products carried by these heavy equipment are covered with in-land cargo insurance. The Company believes that its insurable assets are adequately covered.

REGULATORY FRAMEWORK

Downstream Oil Industry Deregulation Act

The Company is required to obtain from the OIMB of the DOE a Certificate of Compliance with the requirements prior to engaging in the business of selling liquid petroleum products. These requirements include, among others, prior notice of the Company's intention to engage in the business of selling liquid petroleum products and submission of documentary requirements before commencement of construction and operation, such as the following:

- Fire Inspection Certificate issued by the BFP pursuant to Presidential Decree No. 1185 or The Fire Code of the Philippines; and

- ECC or Certificate of Non-Coverage issued by the DENR Environmental Management Bureau pursuant to Presidential Decree No. 1586 (Establishing an Impact Assessment System).

The Downstream Oil Industry Deregulation Act also requires all petroleum product transport containers of the Corporation to be registered with the Industrial Technology Development Institute of the Department of Science and Technology.

In addition to the foregoing, the Company is required to obtain a permit or clearance from the DENR prior to any importation of slop/used/waste oils, sludge and similar petroleum products pursuant to Republic Act No. 6969 or The Toxic Substances, Hazardous and Nuclear Wastes Control Act of 1990.

The Company believes that its facilities and operations comply in all material respects with the requirements of the Downstream Oil Industry Deregulation Act.

In respect of the operation of retail gasoline stations, the Company's dealership agreement with its dealers provide that the dealers shall be responsible for securing all the necessary permits from the BFP, DENR and OIMB as required under the Downstream Oil Industry Deregulation Act, and such other permits and licenses required by the local government unit and/or the national government.

Environmental Compliance

The Company's operations are subject to evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations address, among other things, air emissions, wastewater discharges, generation, handling, storage, transportation, treatment and disposal of oil products, workplace conditions and employee exposure to hazardous substances.

Among the permits applicable to the Company are the Environmental Compliance Certificate, Water Discharge Permit, Environmental Compliance Certificate, and the Permit to Operate a standby generator from the DENR.

Phoenix retail service stations are required to secure an Environmental Compliance Certificate prior to their start of operations.

The Company believes that its facilities comply in all material respects with all applicable safety, health and environmental laws and regulations.

The cost of complying with environmental regulations is mainly made up of the equipment and facilities required to be put up in each of the service stations. The estimated average cost of complying with environmental regulations is Php 50,000 per service station.

In respect of the operation of retail gasoline stations, the Company's dealership agreement with its dealers provide that the dealers shall be responsible for securing all the necessary permits from the BFP, DENR and OIMB as required under the Downstream Oil Industry Deregulation Act, and such other permits and licenses required by the local government unit and/or the national government.

The Company and its dealers have secured all governmental-mandated licenses and permits required for the operation of its business.

EFFECT OF EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE COMPANY'S BUSINESS

Oil industry players are required to comply with the laws discussed above, and to follow strictly the guidelines of the DENR. There can be no assurance that current laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. Although the Company endeavors to maintain compliance with applicable laws and regulations, the introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

PLANS AND PROSPECTS

For the analysis of financial condition and results of operation of the Company, please refer to "Management's Discussion and Analysis of Financial Condition and Result of Operation".

Strengthen Oil Supply Security

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

Expand the Petroleum Depot, Terminalling and Distribution Facilities

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

Expand Retail Service Station Network

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

Strengthen Retail Management Systems & Operations

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

Developing the Brand: A Marketing Cornerstone

Branding will continue to be a cornerstone of the Company's marketing campaign to make its brand *"Phoenix"* as the brand of choice of motorists and commercial users.

Expanding Product Offerings and Distribution Channels

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

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

DESCRIPTION OF PROPERTY

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

Below is the list of the Company's properties:

CORPORATE OFFICES:	
Davao Head Office:	Phoenix Bulk Depot, Lanang, Davao City 8000
Manila Office:	25th Floor, Fort Legend Towers, 3rd Avenue corner 31st Street, Fort Bonifacio Global City, Taguig City 1634
Cebu City Office:	Phoenix Maguikay Gasoline Station, M. C. Briones St., National Highway, Maguikay, Mandaue City, Cebu 6014
Bacolod City Office:	Door 5-7, round Floor, JFC Bldg., Palanca Avenue, BREDCO Reclamation Area, Bacolod City
General Santos City Office:	2nd Floor, JMP Building 1, South Osmena St., General Santos City 9500
Cagayan de Oro City Office:	Suite 1 & 2, 8th Floor, Limketkai Gateway Center, Lapasan, Cagayan de Oro City 9000
Depots and Terminals:	
Bacolod Depot:	BREDCO Port Reclamation Area Cambodia Street Bacolod City
Calaca Terminal:	Km 117 Barangay Salong Phoenix Petroterminal and Industrial Park Calaca Batangas
Calapan Depot:	Sitio Silangan Brgy. Lazareto, Calapan City

Cebu Depot:	Phoenix Petroleum Phils., Inc. MC Briones Ave., Maguikay, Mandaue City
Davao Terminal:	Stella Reyes Hizon Road B.O Pampanga Lanang Davao City
Dumaguit Depot:	Dumaguit, New Washington, Aklan
Palawan Depot:	Star Oil Depot, Rapols St., Brgy. Masipag, Parola Extension, Puerto Princesa City
Subic Terminal:	Unit 113/115 Alpha Bldg. Subic International Hotel Rizal Highway Subic Bay Freeport Zone, 2222
Villanueva Terminal:	Zone 4 Barangay Katipunan Villanueva Misamis Oriental
Zamboanga Depot:	Phoenix Bulk Depot, Dumagsa Talisayan Zamboanga City

Leased Properties

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

Following are the relevant terms of the lease contracts:

- The lease contract with Udenna Corporation shall be for a term of twenty five (25) years commencing on August 2002, subject to renewal upon terms and conditions to be agreed to by the parties; while the lease contract with the Heirs of Stella Hizon Reyes shall be effective for seventeen (17) years, commencing on March 20, 2002, subject to renewal upon terms and conditions to be agreed to by the parties.

- The Company shall pay Udenna Corporation a monthly rental at the rate of Php12.00 per square meter, or a total of Php 132,000 per month, plus 10% value-added tax and 5% withholding tax. The rate shall be subject to a 10% increase every succeeding year commencing on August 2005. For the property leased from the Heirs of Stella Hizon Reyes, the Company shall pay a monthly rental at the rate of ₱10.00 per square meter for the first two years of the contract and shall be increased at a rate of 10% after every two years until the termination of the contract.

- The leased premises shall be used exclusively by the Company for its storage of petroleum and fuel products and for its pier facilities or any other related business. The Company is prohibited from using the leased premises for any other purpose without the prior written consent of lessors.

- The Company may not introduce improvements or make alterations or changes without the written consent of Udenna Corporation, except the construction of the necessary offices, storage tanks and other improvements required by the business of the Company.

- Udenna Corporation shall have the right to pre-terminate the Sublease on any of the following grounds: (a) non-payment of rentals for at least two (2) consecutive months; (b) if the Company, at any time, fails or neglects to perform or comply with any of the covenants, conditions, agreements, or restrictions stipulated in the lease contract; or (c) if the Company shall become insolvent. Udenna Corporation shall give the Corporation one (1) month notice prior to the intended date of termination. The Company may pre-terminate the lease, upon prior thirty-day written notice to Udenna Corporation.

Lease of Properties where CODOs are Located

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

- The lease shall be for a term of ten to fifteen years, subject to renewal upon such terms and conditions as may be agreed upon in writing and signed by the parties.

- The Company shall pay monthly rentals plus applicable real estate and government taxes and such rent is subject to yearly escalation of 3% to 10%.

- The leased premises may be occupied and used by the Company exclusively as a gasoline service station. It may include convenience stores, coffee shops, service bays and other businesses.

- The Company is permitted to assign or sublet the leased premises upon the written approval of the lessors.

Future Acquisitions

The Company intends to establish Terminal Operations in other locations, expand its dealership network and its services as well as the necessary logistical requirements to support these activities. For this purpose, the Company intends to increase its gasoline stations and acquire equipment and other depot and logistic facilities. For such acquisition, the Company projects to spend ₱1,639,953,893.00 which shall be financed from the proceeds of the offer of the Preferred Shares. Should the Company obtain substantially less than the maximum proceeds from the Offer, the Company intends to finance the shortfall by availing of loans from its existing credit lines.

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

LEGAL PROCEEDINGS

The Department of Justice (DOJ) filed twenty-two (22) Informations against Dennis A. Uy, President of the Company, for alleged violation of the Tariff and Customs Code of the Philippines with the Regional Trial Court of Davao City.

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

Mr. Uy has questioned the basis of the filing of the above Informations by the DOJ which are the Resolutions issued by the Secretary of Justice (SOJ) dated April 24, 2013 and August 13, 2013 ("SOJ Resolutions") finding probable cause against him. Mr. Uy filed a *Petition for Certiorari* on September 4, 2013 with the Special Former Special 10th Division of the CA, which was granted on July 25, 2014 thereby nullifying the SOJ Resolutions. The CA Decision granting the Petition further directed that the Informations be withdrawn and/or dismissed for lack of probable cause. The SOJ and the Bureau of Customs filed a Motion for Reconsideration dated August 19, 2014 of the CA Decision. On March 11, 2015, Mr. Uy filed his Comment/Opposition to the Motion for Reconsideration. On April 13, 2015, the Special Former Special 10th Division of the CA issued a Resolution stating that the foregoing Motion is submitted for resolution. Said Motion was denied for lack of merit in a Resolution promulgated by the Special Former Special 10th Division on July 2, 2015. On August 26, 2015, the Supreme Court issued a Resolution granting the Motion for Extension to file a petition for review on certiorari by petitioners SOJ and the Bureau of Customs.

Other court cases typical and customary in the course of business operations of every company such as those, among others, involving collection, B.P. 22, qualified theft and reckless imprudence have been filed by the Company and/or its subsidiaries against its employees and/or third parties. These proceedings have no material and adverse effect on the financial condition or the business of the Company and/or its subsidiaries.

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

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

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

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

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

MARKET INFORMATION AND DIVIDENDS ON REGISTRANT'S SHARES AND RELATED STOCKHOLDERS MATTERS

Common Shares

Market Information

The Company's common shares were listed and traded at the Exchange starting on July 11, 2007. The high and low sale prices of the Company's common shares for each quarter within the last two fiscal years and subsequent interim periods are:

Year 2015

	Highest Close		Lowest Close	
Period	Price	Date	Price	Date
First Quarter	4.15	March 31, 2015	3.13	January 6, 2015
Second Quarter	4.16	April 7, 2015	3.48	June 30, 2015
July 1-31, 2015	3.45	July 22, 2015	3.15	July 10, 2015
August 1-31, 2015	3.45	August 10, 2015	3.17	August 25, 2015

Year 2014

	Highest Close		Lowest Close	
Period	Price	Date	Price	Date
First Quarter	5.45	March 3, 2014	4.51	January 2, 2014
Second Quarter	6.69	May 27, 2014	4.97	April 1, 2014
Third Quarter	7.03	July 9, 2014	5.12	September 3, 2014
Fourth Quarter	5.24	October 3, 2014	3.03	December 23, 2014

Year 2013

	Highest Close		Lowest Close	
Period	Price	Date	Price	Date
First Quarter	11.08	February 7, 2013	8.89	January 10, 2013
Second Quarter	10.60	April 12, 2013	5.00	June 25, 2013
Third Quarter	6.19	July 12, 2013	5.00	August 29, 2013
Fourth Quarter	5.57	October 23, 2013	4.35	December 18, 2013

As of December 10, 2015, the common shares of the Company had a closing trading price of ₱3.80.

Preferred Shares

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

The 2nd tranche preferred shares of the Company were registered on November 10, 2014 and subsequently listed with the Exchange on January 8, 2015. The 2nd tranche preferred shares were issued for the purpose of redeeming the 1st tranche and thus, after the 2nd tranche issuance, there are no preferred shares issued from the 1st tranche that remain outstanding. There is no recorded public trading of these shares since these were listed.

Holders

Common Shares

The holders of the common shares of the Company as of September 30, 2015 are as follows:

NAME OF STOCKHOLDER	NO. OF SHARES HELD	PERCENTAGE TO TOTAL OUTSTANDING SHARES
Phoenix Petroleum Holdings Inc.	588,945,630	41.22
PCD Nominee Corporation - (Filipino)	311,473,741	21.8
Udenna Management & Resources Corp.	254,921,743	17.84
PCD Nominee Corporation - (Non-Filipino)	204,062,038	14.28
Udenna Corporation *(Formerly: Udenna Holdings Corporation)*	50,322,986	3.52
Joselito R. Ramos	4,812,600	0.33
Dennis A. Uy	3,991,811	0.27
Caroline G. Taojo	2,801,500	0.19
F. Yap Securities, Inc.	1,883,000	0.13
Udenco Corporation	1,614,787	0.11
Dennis A. Uy &/or Cherylyn C. Uy	1,098,060	0.07
Domingo T. Uy	645,919	0.04
Jose Manuel Roque Quimson	354,939	0.02
Edgardo Alvarado Alerta	318,505	0.02
Romeo B. Molano	258,262	0.01
Zenaida Chan Uy	149,058	0.01
Rebecca Pilar Claridad Caterio	148,453	0.01
Socorro Ermac Cabreros	103,316	0.01
Rosita G. Artos	82,000	0
OTHERS	717,865	0.05
TOTAL	1,428,777,232	100%

Preferred Shares

The holders of the preferred shares of the Company as of September 30, 2015 are as follows:

NAME OF SUBSCRIBERS AFTER	No of Shares Subscribed	Amount Subscribed	Amount Paid
Penta Capital & Investment Corporation	3,000,000	₱ 300,000,000.00	₱ 300,000,000.00
BDO Private Bank Inc. – Wealth and Advisory Trust Group	1,400,000	140,000,000.00	140,000,000.00
Pioneer Life Inc.	280,000	28,000,000.00	28,000,000.00
Prandial Corporation	200,000	20,000,000.00	20,000,000.00
Easter Foundation, Inc.	20,000	2,000,000.00	2,000,000.00
RCBC Trust and Investments Division	100,000	10,000,000.00	10,000,000.00
Grand Total	**5,000,000**	**₱500,000,000.00**	**₱500,000,000.00**

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

DIVIDENDS

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

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

The Company's dividend policy on preferred shares is to declare and pay dividends in accordance with the terms and conditions of its issuance.

The dividend policy of the Company's subsidiaries is to declare and pay dividends from unrestricted retained earnings subject to the discretion of their respective Board of Directors.

History of Dividend Income Payment

1. Company

   a. Dividends on Common Shares

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

   b. Cash Dividend on Preferred Shares

Since the issuance of the preferred shares of the Company in September 21, 2010 (the first tranche), the Company has declared quarterly dividends fixed at 11.50% per annum, calculated in respect of each share with reference to the Issue Price thereof on each dividend period. This translates to a cash dividend amounting to P2.875 per share per quarter. The cash dividends were paid on September 21, December 21, March 21 and June 21 of each year starting December 21, 2010 until the preferred shares were redeemed on December 20, 2013.

1st Tranche				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
December 5, 2013	₱2.875 per share	N/A	December 20, 2013	₱14,375,000.00
September 5, 2013	₱2.875 per share	N/A	September 21, 2013	₱14,375,000.00
June 5, 2013	₱2.875 per share	N/A	June 21, 2013	₱14,375,000.00
Mar 5, 2013	₱2.875 per share	N/A	March 21, 2013	₱14,375,000.00
December 5, 2015	₱2.875 per share	N/A	December 21, 2012	₱14,375,000.00
September 5, 2012	₱2.875 per share	N/A	September 21, 2012	₱14,375,000.00
June 4, 2012	₱2.875 per share	N/A	June 21, 2012	₱14,375,000.00
March 05, 2012	₱2.875 per share	N/A	March 21, 2012	₱14,375,000.00
December 1, 2011	₱2.875 per share	N/A	December 21, 2011	₱14,375,000.00
August 12, 2011	₱2.875 per share	N/A	September 21, 2011	₱14,375,000.00
May 12, 2011	₱2.875 per share	N/A	June 21, 2011	₱14,375,000.00
March 11, 2011	₱2.875 per share	N/A	March 21, 2011	₱14,375,000.00
September 21, 2010	₱2.875 per share	N/A	December 21, 2010	₱14,375,000.00

On December 20, 2013, in order to redeem the first tranche of preferred shares, the Company issued the second tranche of preferred shares with the same amount and features except for the rate, which was reduced to 8.25% per annum. The dividends are calculated on a 30/360 day basis and have a priority in the payment of dividends at the fixed rate of 8.25% per annum at the time of issuance, which translates to a cash dividend amounting to P2.0625 per share per quarter. These shares are also preferred in the distribution of corporate assets in the event of liquidation and dissolution of the Company.

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

2. Subsidiaries

Except for CSC which declared a 20% stock dividend on December 3, 2012 to all stockholders of record of CSC as of December 1, 2012 and paid said dividends on December 14, 2012, no other subsidiary of the Company has declared dividends for the past three years.

Restrictions in the payment of dividends

The Company is restricted from declaring and paying dividends to its stockholders (other than dividends payable solely in shares of its capital stock) or retain, retire, purchase or otherwise acquire any class of its capital stock or make any other capital and asset distribution to its stockholders, unless all payments under certain loan facility agreements are current and updated and the Company is in compliance with these agreements.

UNREGISTERED OR EXEMPT SECURITIES

Below are the exempt securities issued by the Company:

Securities Sold	Purchasers	Underwriters	Date of Issuance of Confirmation of exemption	Resolution No.	Description of Transaction	No. of Shares	Amount (₱)
Preferred Shares	• PentaCapital • BDO Private Bank Inc. – Wealth and Advisory Trust Group • Pioneer Life Inc. • Prandial Corporation • Easter Foundation, Inc. • RCBC Trust and Investments Division	PentaCapital	March 19, 2014	DS-669	Shares issued in relation to the issuance of preferred shares for purposes of redeeming the first tranche of preferred shares (the Offer) <u>Offer price</u>: ₱100.00 per share <u>Total underwriting discounts/ commissions</u>: ₱10,000,000.00 Exemption under Section 10.1 (k) and (l) of SRC	5,000,000	500,000,000.00
Common Shares	All common stockholders of the Company as of May 15, 2013	N/A	June 05, 2013	DS-643	Shares issued pursuant to the 30% stock dividends for 2013 Exemption under Section 10.1 (d)	329,717,816	329,717,816.00
Common Shares	PPHI and all common stockholders of the Company as of March 28, 2012	N/A	April 02, 2013	DS-637	Additional shares issued pursuant to increase in capital stock from 800,000,000 to 2,550,000,000andpursuant to the 50% stock dividends for 2012 Exemption	437,936,202	437,936,202.00

					under Section 10.1 (d) and (i)		
Common Shares	Stockholders of CSC	N/A	October 10, 2012	DS-607, series of 2012	Shares issued in relation to the acquisition of CSC via share-for-share swap Exemption under Section 10.1 (g)	171,250,799	171,250,799.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements, including the related notes, contained in this Prospectus. This Prospectus contains forward-looking statements that are based largely on the Company's current expectations and projections about future events and trends affecting its business and operations. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors." In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors."

The Company holds ownership interest in the following entities as of September 30, 2015 and December 31, 2014:

	September 30, 2015	December 31, 2014
P-F-L Petroleum Management, Inc. (PPMI)	100%	100%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	100%	100%
Phoenix Petroterminals & Industrial Park Corp. (PPIPC)	100%	100%
South Pacific, Inc. (SPI) ***	20%	0
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	100%	100%
Chelsea Shipping Corp. (CSC)	100%	100%
Bunkers Manila, Inc. (BMI)*	100%	100%
Michael. Inc. (MI)*	100%	100%
PNX – Chelsea Shipping Corp. (PNX-Chelsea)*	100%	100%
Chelsea Ship Management Marine Services Corp. (CSMMSC)*	100%	100%
Fortis Tugs Corp. (FTC)*	100%	100%
Norse/Phil Marine Services Corp. (NPMSC)**	45%	45%

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

The selected financial information set forth in the following table has been derived from the Company's audited consolidated financial statements for the years ended December 31, 2014, 2013 and 2012 and from its Second Quarterly Financial Report for the year 2015 ending on June 30, 2015.

The Company's financial statements were audited by Punongbayan & Araullo for 2014, 2013 and 2012, in accordance with Philippine Financial Reporting Standards.

In ₱ Millions, except for per share amounts

	As of and for the years ended December 31			January-June	
Income Statement Data:	**2012**	**2013**	**2014**	**2014**	**2015**
Revenues..................................	34,586	43,552	34,734	18,515	14,408
Cost of sales..............................	31,962	40,248	31,405	16,898	12,558
Net profit...................................	651	665	616	402	425
Balance Sheet Data:					
Current Assets............................	8,967	13,054	13,576	11,001	13,428
Non-current Assets......................	7,540	9,283	11,424	10,408	12,106
Total Assets	16,507	22,338	25,000	21,409	25,534
Total Liabilities............................	12,010	15,840	17,950	14,680	18,135
Stockholders' Equity....................	4,497	6,498	7,050	6,729	7,399
Earnings per share-adjusted..........	0.48	0.45	0.40	0.27	0.28
Book Value per share..................	4.93	4.54	4.96		

Comparable discussion on Material Changes in Results of Operations for the Six Months' Period Ended June 30, 2015 vs. June 30, 2014.

Revenues

The Group generated total revenues of ₱14.408 billion in 2015 which is 22% lower than its 2014 level of ₱18.514 billion, primarily due to the decline in average fuel prices in 2015 by 40% of the comparative period. This is in spite of the increase by 25% on 2015 first half volume compared to the same period of last year. The revenue decline was marginally mitigated by higher revenues from fuels service, shipping, storage and other revenue, which grew by 50% from the same period in 2014.

Sales revenues from trading and distribution of petroleum products decreased by 23% from ₱14.134 billion in 2014 to ₱18.332 billion in 2015 resulting principally from the decrease in average selling prices. The effect was however mitigated by a 31% increase in in retail (station) volume sales due to a wider distribution network and growth in same store sales. The Commercial and industrial segment also increased by 29% despite lower sales to wholesalers and distributors. The Company had four hundred forty three (447) Phoenix retail service stations as of September 30, 2015 compared to four hundred five (405) retail stations as of the same period last year. The Company has a number of retail stations undergoing construction and projected to be opened within the year.

The Group generated ₱273 million in net income from its fuels service, storage, port and other income in 2015 versus ₱182 million in 2014, a 50% increase compared to the same period last year. This due to a 50% increase in revenues from storage services and hauling and into-plane services compared with the same period last year.

Cost and expenses

The Group recorded cost of sales and services of ₱12.558 billion in 2015, a decline of 25.68% from its 2014 level of ₱16.898 billion primary due to a 40% decrease in the average price of petroleum products but mitigated by the 25% increase volume. This year, retail volume as a percentage to total sales grew from 33% in 2014 to 39% in 2015. Retail sales margins are generally higher vs. commercial/industrial sales due to the latter's higher sales mix of gasoline products in lieu of diesel.
Selling and administrative expenses increased by 13.58% as a result of higher rentals, depreciation, salaries & wages as a result of the continuous expansion of the Group's business operations. With its growing retail presence nationwide and the scaling-up of operations, the Company incurred increases in manpower, and logistics costs thus resulted to the aforementioned increase.

Net Income

The Group's net income for the first half of 2015 was ₱425.2 million versus ₱401.8 million or a 6% increase vs. the same period last year. Despite lower selling prices by 40%, the Company was able to grow profit as a result of its improving sales mix and higher efficiencies in its trading and supply management. In summary, the growth in net income was a combination of the 25% increase in volume and a better sales mix in favor of the more profitable Retail sales volume.

The Company is registered with the BOI 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 Company obtained additional registration approval from the BOI under R.A. 8479 or Oil Industry Deregulation Law for its Calaca, Batangas Terminal. This entitled the Company to an 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 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 Company was also registered with the BOI on November 25, 2010 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 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 Company gets new approvals with the BOI for its two (2) new facilities. Both the Cagayan de Oro City and the Bacolod City were registered and issued certification by the BOI last May 12, 2012. The registration entitles the Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI registered entity.

Financial Condition
(As of June 30, 2015 versus December 31, 2014)

Total resources of the Group as of June 30, 2015 stood at ₱25.5 billion, higher by 12% compared to ₱25.0 billion as of December 31, 2014. This is mainly due to an increase in Property, Plant, and Equipment driven by the continuous expansion in retail stations, storage and shipping assets.

Cash and cash equivalents this year increased by 48% from ₱556 million in December 31, 2014 to ₱823 million. This is due to the timing of collection of receivables as against payment of various liabilities and the maintenance of a minimum daily cash balance.

Trade and other receivables decreased marginally by 12.59% from ₱7.832 billion as of December 31, 2014 to ₱6.847 billion as of June 30, 2015. This is due to lower receivables as a result of lower prices.

Inventories stood at ₱3.502 billion representing a 22% increase as of June 30, 2015 compared to ₱2.871 billion in December 31, 2014. This is attributed to the combination of the arrival of traditional imports and additional inventory for a new product line. The Company targets to maintain an average of one month worth of inventory to ensure stable supply in retail stations and commercial/industrial clients. However, the actual level varies depending on the timing of the actual arrival dates of the fuel tankers.

Due to related parties increased by 32% from ₱10.373 million to ₱13.685 million in June 30, 2015 versus December 31, 2014 due to higher charges made during the period.

Input taxes-net decreased by 4.42% in June 30, 2015 resulting from the offsetting of higher output taxes this year against input taxes on capital expenditures and paid input taxes from higher inventory levels.

Other current assets, representing prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance, creditable withholding taxes, and other current assets, decreased from ₱1.147 billion as of December 31, 2014 to ₱1.108 billion as of June 30, 2015.

As of June 30, 2015, the Group's property and equipment, net of accumulated depreciation, increased to ₱11.257 billion compared to ₱10.869 billion as of December 31, 2014 due to investments in a new marine tanker to support domestic logistics requirements, additional depot capacity in existing and new areas, and new retail stations in various stages of completion in Luzon, Mindanao, and Visayas as part of the Company's objective to further expand its retail station network.

Interest bearing Current Liabilities increased to ₱9.972 billion as of June 30, 2015 from ₱8.479 billion as of December 31, 2014. This increase of about ₱1.493 billion resulted from the availment of working capita lines and issuance of short-term commercial papers to finance inventories, accounts receivables and trade payables.

Interest bearing Non-current liabilities increased by ₱469 million to ₱5.833 billion as of June 30, 2015 from ₱5.364 billion in December 31, 2014 due to the increase in the term loans from ₱1.307 billion as of June 30, 2015 from ₱1.036 billion as of yearend 2014. There was an additional availment of a long-term loan by the Company to US$10.0 million during the current year. Non-current portion of Installment and Notes Payable likewise increased from ₱4.320 billion in December 31, 2014 to ₱4.525 billion as of the second half of 2015. The Company consolidated all the non-current term loans and installment and notes payable under "Term Loans" in the interest-bearing non-current portion f its June 30, 2015 financial statements.

The foregoing accounts for the 14% increase in the level of Loans and Borrowings of the Company to ₱15.805 billion as of June 30, 2015 from ₱13.843 billion as of December 31, 2014.

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

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

On September 12, 2007, the Group entered into a MOA with China Shipbuilding & Exports Corporation for the construction of a single oil tanker in the amount of US$15.0 million. In connection with the MOA, the Group entered into a TLA amounting to US$13.0 million with DBP, the proceeds of which was used exclusively to finance the construction of the vessel. In February 2008 and May 2009, DBP granted to loan amounting to US$3.9 million (P159.0 million) and US$9.1 million (₱432.5 million), respectively. The loan was payable over five years in equal quarterly principal installments, with one quarter grace period on principal commencing November 2009 and was subject to 10.5% rate per p.a. The loan was fully settled in 2014.

On October 30, 2014, the Group entered into a loan agreement with DBP amounting to P140.0 million to finance the drydocking, repairs and maintenance expenses of MT Chelsea Resolute, MT Chelsea Cherylyn, MT Chelsea Denise and MT Jasaan. The loan is subject to an interest rate of 5.0% p.a. and payable in ten (10) equal quarterly installments commencing on the first quarter from the initial drawdown or on February 28, 2015. The outstanding balance of the loan as of December 31, 2014 and June 30, 2015 stood at P140 million and P112 million, respectively.

In addition, the Group obtained P160.0 million loan for CSC's working capital requirements. The loan bears a fixed interest rate of 5.0% p.a. and is payable in eight (8) equal quarterly instalments commencing on February 28, 2015. The outstanding balance of the loan as of December 31, 2014 and June 30, 2015 stood at ₱160 million and ₱120 million, respectively.

Both loans are secured by a chattel mortgage on a certain vessel (MT Chelsea Cherylyn) of the Group with net book value amounting to ₱824 million and ₱776.5 million as of December 31, 2014 and 2013, respectively. The loans are also secured by certain collateral on receivables of CSC and guaranteed by certain stockholders [see Notes 7 and 26.6(b) of June 30, 2015 financial statements.]

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

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

The loan is secured by a chattel mortgage on one of the vessels (MT Chelsea Denise) of the Group with net book value amounting to P114.7 million and 124.2 million as of December 31, 2014 and 2013, respectively, and receivables of CSC from certain customer (see Note 7). The loan is also guaranteed by certain stockholders (See Note 26.6(b) of June 30, 2015 financial statements]. The outstanding principal balance of the note as of December 31, 2014 and June 30, 2015 amounted to P56.8 million and P50.8 million respectively.

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

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

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

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

The outstanding balance of the loan as of December 31, 2014 and June 30, 2015 amounted to P165.0 million and P105.0 million, respectively.

As of December 31, 2014 and 2013, the Group has complied with its debt covenants with the bank.

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

On November 20, 2013, the Company entered into a TLA amounting to US$24.0 million with Maybank International Labuan Branch to fund various capital expenditures. The total amount of the loans is broken down into US$14.0 million (tranche 1) which is due in five years and US10.0 million (tranche 2) with a term of three years.

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

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

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

The balance of the principal loan amounted to P524.7 million and P390.78 million, translated into Philippine Peso using the closing rate as of December 31, 2014 and June 30, 2015, respectively.

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

On April 22, 2015, the Company entered into another TLA with MILB amounting to US$10.0 million with a maturity of five years from date of drawdown. Used to finance various capital expenditures of the Company, the loan was drawn on April 29, 2015 and will mature on April 29, 2020. Its interest rate is based on the 90-day LIBOR plus a spread of 3.75% p.a. while the principal is to be paid in equal quarterly amortizations commencing on July 29, 2015. The outstanding principal balance as of June 30, 2015 remained at US$10 million or P450.9 million translated into Philippine Peso using the closing rate of June 30, 2015.

(e) TLA with Asia United Bank (AUB)

In 2013, the Group obtained interest-bearing loans from AUB to partially finance the acquisition of tug boats amounting to P100 million. The loan bears a fixed interest rate at 7.00% p.a. for the first three years from the initial drawdown date, and shall be repriced at the end of the third year from the initial drawdown date (the "Repricing Date"). The repriced rate shall be based on the relevant 26 PDST-F as of the Repricing Date, plus a spread of 2.00% subject to a floor of 7.00%. The loan is payable in 18 quarterly instalments over a period of five years. The first payment will commence on the third interest payment date from the initial drawdown date. The last quarterly instalment on the loan is due on November 6, 2018.

The interest-bearing loans amounted to P88.9 million and P100.0 million as of December 31, 2014 and 2013, respectively, of which P22.2 million and P11.1 million, respectively, was presented under the Current Liabilities section in the consolidated statements of financial position.

Interest expense related to the loans amounted to P7.3 million and P1.1 million in 2014 and 2013, respectively, and is shown as part of the Finance Cost under Other Charges (Income) in the consolidated statements of comprehensive income.

Certain trade receivables amounting to P20.2 million and P8.2 million as of December 31, 2014 and 2013, respectively, were assigned to secure the payment of these interest-bearing loans (see Note 7).

The outstanding balance of the principal of the note as of December 31, 2014 and June 30, 2015 amounted to P88.9 million and P77.8 million, respectively.

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

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

The outstanding balance of the principal of the note as of December 31, 2014 and June 30, 2015 amounted to P166.8 million and P178.5 million, respectively.

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

One of the items under Installment and notes payable is a loan incurred by PNX-Chelsea in 2014 with Unibank, Inc. PNX-Chelsea, a subsidiary of Chelsea Shipping Corp., entered into a Memorandum of Agreement with China Shipbuilding & Exports Corporation for the importation of a single oil tanker (MT

Chelsea Denise II) in the amount of US$7.3 million. In connection with the acquisition of the oil tank vessel, PNX – Chelsea entered into an Omnibus Line and Security Agreement (OLSA) amounting to P300 million with BDO, the proceeds of which was used to partly finance the importation of the vessel. The loan was fully drawn on February 2015.

The loan is payable for a period of five years from initial drawdown date in quarterly principal installment of P11,540,000 each and the outstanding balance on maturity date, with two quarter grace period, commencing after the second tranche. The loan carries an interest rate of 5.3% p.a.

Interest incurred on these loans amounted to P4.95 million and P29.2 million in June 30, 2015 and December 31, 2014, respectively, and is shown as part of the Finance Costs – net account in the consolidated statements of comprehensive income.

The loan is secured by a chattel mortgage of MT Chelsea Denise II. The carrying cost of MT Chelsea Denise II, presented as part of the Property and Equipment – Construction in Progress, amounted to P279.2 million and P89.6 million as of June 30, 2015 and December 31, 2014, respectively.

The OLSA requires PNX-Chelsea to maintain a debt-to-equity (DE) ratio of not more than 2:0:1 and debt servicing coverage ratio (DSCR) of at least 1.20 except on dry-docking year where minimum DSCR shall be 1.00. On January 27, 2014, the Company received the creditor's waiver that adjusted the DE ratio requirement of PNX-Chelsea Shipping Corp. from 1.5x to 2.0x.

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

On April 26, 2011, the Group entered into a MOA with China Shipbuilding & Exports Corporation for the purchase and importation of a single oil tanker (MT Chelsea Thelma) in the amount of US$19.8 million. This was partly financed by BDO for US$14.5 million, payable in 27 equal principal amortizations starting in August 2012 at an interest rate based on a one-year LIBOR plus a spread of 2.5% p.a.

The loan is secured by a chattel mortgage on certain tankers (MT Chelsea Thelma and Vela) of the Group with a net carrying amount of P834.6 million and P1,100.4 million as of June 30, 2015 and December 31, 2014, respectively.

Related debt issuance costs amounted to P8.2 million of which P0.54 million and P1.4 million were amortized in June 30, 2015 and December 31, 2014, respectively, using effective interest rate of 5.02%. Amortized debt issuance costs were recognized as part of interest expense on bank loans under Finance Costs under Other Charges (Income) account in the consolidated statements of comprehensive income. The unamortized debt issuance costs are included as part of the current and non-current portion of the related loan.

The outstanding balance of the principal of the note as of June 30, 2015 and December 31, 2014 stood at P363.2 million and P404.4 million, respectively.

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

Trade and other payables decreased by 48% from P3.735 billion as of December 31, 2014 to P1.924 billion as of June 30, 2015 mainly due to lower prices and timing of booking trust receipts.

Total Stockholders' Equity increased by P7.399 billion as of June 30, 2015 from P7.050 billion as of December 31, 2014 as a result of the period net income less the case dividend declared and paid during the period for both common and preferred shares.

Loans and Borrowings, both current and non-current, increased by 14% from ₱13.843 billion as of December 31, 2014 to ₱15.821 billion as of June 30, 2015. The increase of ₱1.978 billion resulted from the availment of working capital lines to finance inventories, accounts receivable and decline in trade payables. In addition, a ₱500 million long-term debt was availed of during the year to partly finance this year's capital expenditures.

Key Performance Indicators and Relevant Ratios

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

	June 30, 2015	December 31, 2014
Current Ratio[1]	1.13 : 1	1.11 : 1
Debt to Equity-Total[2]	2.45 : 1	2.55 : 1
Return on Equity-Common[3]	5.89%*	9.01%**
Net Book Value Per Share[4]	5.05	4.93
Debt to Equity-Interest Bearing[5]	2.14 : 1	1.96 : 1

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)

* two (2) quarters figure

** One (1) year figure

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

The Company's debt to equity (DE) ratio for 2015 improved to 2.45:1 as a result of the period earnings.

Material Changes to the Group's Balance Sheet as of June 30, 2015 compared to December 31, 2014
(Increase/decrease of 5% or more)

- 48% increase in Cash and Cash Equivalents

This is a result of the timing of collections and disbursements during the period. Minimum levels of Cash are also maintained to support day-to-day requirements.

- 13% decrease in Trade and other receivable

This is a result of lower prices and improved collection

- 22% increase in inventory

Build-up due to timing of importations and an additional product line.

- 32% increase in Due from related parties

Various charges and billings during the period-net.

- 5% increase in property, plant and equipment

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

- 34% Increase in other non-current asset

Increase in deposit for capital expenditures.

- 48% decrease in Trade and other payables

Factor of lower prices and timing of booking to trust receipts the trade Payable to foreign suppliers for purchases of inventory

- 100% decline on Due to related parties

Settlement of various advances from prior years.

- 98% increase in Deferred Tax Assets

Deferred Tax Assets on Vessel Appraisals

- 18% increase in interest-bearing current liabilities

This is a result of the increase in the availment of letters of credit and trust receipts and the issuance of additional short-term commercial papers

- 26% increase in interest- bearing non-current loans

The increase is due to the additional availment of long-term loans to finance various capital expenditures of the Company.

- 9% increase in interest-bearing non-current liabilities

  This is attributable to the increase in the availment of additional long-term notes payable and term loans.

- 14% increase in the total interest-bearing loans and borrowing

The issuance of additional short-term commercial papers and the increase in the availment of long-term notes payables and term loans resulted to the increase of the level of loans and borrowings.

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

- 23% decrease in Sales for petroleum products

Principally due to 40% lower selling prices compared to 2014 in spite of the 25% increase in volume this year. However, it was partly offset by the higher service revenue

- 50% increase in fuel service, shipping, storage income, and other revenue

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

- 26% decrease in cost of sales

Primarily due to decreased sales of petroleum products and lower unit prices this year compared to 2014.

- 27% increase in Finance Costs (net)

Due to interest on the installment payables, bank term loans used for expansion, plus Trust receipts availed to finance inventory.

- 321% decrease in other income/Costs

Due to improvement periodic inventory losses during the period plus other various costs.

- 7% increase in income tax

Due to the increase of income not related to its BOI registered activity.

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.

Analysis of Results of Operations for 2014 and 2013

Revenues
The Group generated total revenues of ₱34.734 billion in 2014, which is 20% lower than its 2013 level of P43.552 billion, primarily due to the 18% decrease in sales volume of refined petroleum products coupled with the decline in average selling price in 2014. However, this was minimized due to the higher revenues from fuels service, shipping, storage and other revenue by 54%.

Sales revenues from trading and distribution of petroleum products decreased by 21% from ₱43.14 billion in 2013 to ₱34.10 billion in 2014 mostly from lower sales volume for wholesale accounts. However, the lower sales volume to wholesale accounts was minimized by sales volume to retail (station sales) accounts that increased by 22% due to growth in the distribution network and same store sales. The decrease in sales volume to wholesale accounts was a conscious effort of the Company to prudently manage resources and focus more on profitability. The Company had four hundred eighteen (418) Phoenix Fuels Life retail service stations as of December 31, 2014 compared to three hundred sixty-eight (368) retail stations as of the same period last year. As of December 31, 2014, the Company has a number of retail stations undergoing various stages of construction that are projected to be opened early next year.

The Group generated ₱634 million revenues from its fuels service, storage, port and other revenues in 2014 versus ₱412 million in 2013, a 54% increase compared to the same period last year. This is due to the increase in storage rentals and time charter revenue from third parties compared to the previous year, and revenue from tug-boat operations.

Cost and expenses

The Group recorded cost of sales and services of ₱31.405 billion, a decline of 22% from its 2013 level of ₱40.248 billion, primary due to an 18% decrease in the sales volume of petroleum products. The higher decline in percentage of costs of sales by 22% compared to the decline of 18% in volume is a result of the lower average costs of petroleum products for this year. This year's average cost for the three major petroleum products such as Gasoil (Diesel), MOGAS (Gasoline) and Kerosene (JETA1) is lower by 8% compared to the same period of 2013. Furthermore, for 2014, the sales ratio of retail accounts compared to commercial/industrial (C&I) accounts improved compared to the same period in 2013 due to the Company's deliberate strategy to push more volume to retail accounts. Retail stations normally sell more premium products like gasoline compared to C&I which is predominantly diesel.

Selling and administrative expenses declined by 3.5% as a result of lower variable costs but offset by the increase in rentals, depreciation, salaries and 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 an increase in operating costs.

Net Income

The Group's net income for the year 2014 is ₱616 million versus 2013 net income of ₱665 million, a decrease of 7%. The Company was able to temper the 18% drop in sales volume by improving its sales mix in favor of retail sales and improve margins by increasing efficiencies and savings particularly from its trading and supply management operations. With the better sales mix and higher selling margins, the net income to sales ratio (return on sales) improved to 1.77% in 2014 compared to 1.53% in 2013.

Analysis of Financial Condition

(As of December 31, 2014 versus December 31, 2013)

Total assets as of December 31, 2014 stood at ₱25 billion, higher by 12% compared to the ₱22.3 billion as of December 31, 2013. This is mainly due to increase in Property, Plant, and Equipment with the continuous expansion in retail stations, storage and shipping assets.

Cash and cash equivalents increased by 56% from ₱357 million in December 31, 2013 to ₱556 million due to timing of collection of receivables as against payment of various liabilities and the maintenance of a minimum cash balance for day to day operations.

Trade and other receivables increased marginally by 7% from ₱7.344 billion as of December 31, 2013 to ₱7.832 billion as of December 31, 2014, due to an increase in credit sales to customers.

Inventories declined by 25% at ₱2.871 billion as of December 31, 2014 from ₱3.812 billion as of December 31, 2013. The volume year-on-year is comparably at the same level for both years. However, the average unit price in 2014 year-end inventory ended lower by 37% compared to 2013 due to lower global prices. The Company targets to maintain an average of one month worth of inventory to ensure stable supply in retail stations and commercial/industrial clients. However, the actual level varies depending on the timing of the actual arrival dates of the fuel tankers.

Due to related parties in December 31, 2014 and December 31, 2013 is P17.205 million and P64.161 million respectively. The decrease of P 46.956 million or 73% is due to charges made during the year.

Input taxes-net increased by 34% to ₱603.6 million in December 31, 2014. This is a result of the net of lower output taxes and higher input taxes from capital expenditures and increase in inventory levels.

Other current assets amounted to ₱1,147 million and ₱489.9 million as of December 31, 2014 and December 31, 2013 respectively. The increase represents prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance, creditable withholding taxes, and other current assets.

As of December 31, 2014, the Group's property and equipment, net of accumulated depreciation, increased to ₱10.689 billion compared to ₱8.628 billion as of December 31, 2013 due to investments in a new marine tanker for fuel importations, additional depot capacity in existing and new areas, and new retail stations in various stages of completion in Luzon, Mindanao, and Visayas as part of the Company's objective to further expand its retail station network.

Loans and Borrowings, both current and non-current, increased marginally by 1% from ₱13.752 billion as of December 31, 2013 to ₱13.843 billion as of December 31, 2014. The slight increase of P90 million was a result of the timing of availments of working capital lines.

Trade and other payables increased by 138% from P1.570 billion as of December 31, 2013 to ₱3.735 billion as of December 31, 2014. This is the result of longer suppliers' credit.

Total Stockholders' Equity increased to ₱7.050 billion as of December 31, 2014 from ₱6.498 billion as of December 31, 2013 as a result of the net income for the period net of cash dividends declared and paid during the year for both common shares and preferred shares.

Key Performance Indicators and Relevant Ratios

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

	December 31, 2014	December 31, 2013
Current Ratio[1]	1.11 : 1	1.33 : 1
Debt to Equity-Total[2]	2.55 : 1	2.44 : 1
Return on Equity-Common[3]	9.01%	12.10%
Net Book Value Per Share[4]	4.93	4.54
Debt to Equity-Interest Bearing[5]	1.96 : 1	2.12 : 1
Earnings Per Share-Adjusted [6]	0.40	0.45

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

B. Phoenix Petroterminals & Industrial Park Corp. ("PPIPC") (formerly Bacnotan Union Industrial Park Corporation)

	December 31, 2014	December 31, 2013
Current Ratio	0.58:1	0.68:1
Debt to Equity	0.78:1	0.76:1
Return on Equity-Common	5%	1%
Net Book Value Per Share	1.15	1.09
Earnings Per Share	0.06	0.01

Notes:

- PPIPC's revenues increased more than 100% from ₱83M in 2013 to ₱168M in 2014. This was mainly due to the sale of industrial lots. It was also attributed to the surge in port services rendered for its parent, the Company, as its importation of petroleum products surge due to increased sales volume.

- Current Ratio is less than 1. Trade Payables increased by 8% from ₱494M in 2013 to ₱534M in 2014. PPIPC's current assets are mainly Land Held for Sale and Development Cost; whereas its current liabilities consist mainly of Trade Payables. In 2013, PPIPC started the development of phase 2 of its industrial park, which included various buildings, improvements and port facilities. The construction lasted until 2014. This led to the 8% increase in its payable to contractors that was booked under Trade Payables. However, any development cost pertaining to phase 2 of the industrial park was booked under Property and Equipment, which is a non-current asset. Hence, it resulted to a lower current ratio.

- PPIPC does not have bank debts. Its expansion projects had been financed by equity and internally generated funds, particularly from the proceeds of the sale of industrial lots.

C. Subic Petroleum Trading & Transport Philippines, Inc. (SPTT)

	December 31, 2014	December 31, 2013
Current Ratio	0.94:1	0.98:1
Debt to Equity	-176:5:1	-337.7:1
Return on Equity-Common	-55%	-420%
Net Book Value Per Share	-27.40	-42.39
Earnings Per Share	14.99	178.23

Notes:

- SPTT recorded a Net Income of ₱3M in 2014. This is a decrease of more than 91% from P35.6M in 2013, mainly attributed to the increase in Other Charges, which comprises of interest expense amounting to ₱57M in 2014 versus ₱1M in 2013.

- Current Assets in 2014 stood at ₱913M, a reduction by 67% from ₱2.8B in 2013 due to the collection of its huge receivable of more than ₱1.5B from Cebu Pacific Air and the decrease in fuel prices that eventually brought down the cost of its inventory at yearend by more than ₱340M.

- Current Liabilities stood at ₱967M in 2014, a 66% decrease from ₱2.9B in 2013 as SPTT settled more than ₱400M of bank debts and reversed almost ₱1.6B of its advances to its parent, the Company. SPTT purchases petroleum products through the Company. Most of these transactions are treated as Advances and reversed periodically.

D. P-F-L Petroleum Management, Inc.

	December 31, 2014	December 31, 2013
Current Ratio	0:1	0:1
Debt to Equity	-2.33:1	-2.36:1
Return on Equity-Common	19%	21%
Net Book Value Per Share	-1.19	-0.96
Earnings Per Share	-0.22	-0.20

Notes:

- PPMI posted Revenues of ₱141 M in 2014, a 42% decrease from ₱183M in 2013 to. PPMI runs the retail stations of its parent, the Company, that are awaiting accreditation of franchisee dealers. Its revenues vary with the number of outlets being managed. Hence, a reduction in retail station under its interim management reflects the Company's ability to find a suitable franchisee dealer to run these stations. Apparently, PPMI operated more stations in 2013 than in 2014.

- Current Assets increased by 21% from ₱37M in 2013 to P45.6M in 2014. PPMI acquired more direct commercial customers and granted them credit terms; this resulted in the increase of its accounts receivable by ₱1.6M from ₱18.6M in 2013 to ₱20.2M in 2014. On the other hand, PPMI beefed up its inventories by ₱1.3M in preparation for the long weekend towards yearend, resulting in the increase of inventory from ₱7M in 2013 to ₱8.3M in 2014.

- Current Liabilities increased by 21% from ₱85M in 2013 to ₱103.6M in 2014 as PPMI was granted longer credit terms by the Company in their desire to beef up their inventory position towards yearend.

- Current Ratio is less than 1:1. This is mainly due to the longer credit terms with its parent, the Company, compared with shorter sales terms to customers.

- Accumulated equity deficit increased by 22%. PPMI incurred an ₱8M loss in 2014. This was mainly attributed to the rise in service fees extended to third parties who operated the retail stations.

E. Chelsea Shipping Corp.

	December 31, 2014	December 31, 2013
Current Ratio	0.19:1	0.28:1
Debt to Equity	1.08:1	1.07:1
Return on Equity-Common	6%	11%
Net Book Value Per Share	1.70	1.51
Earnings Per Share	0.10	0.16

Notes:

- CSC posted a Net Income of ₱103M in 2014, a 35% decrease from ₱160M in 2013. CSC contracted third party vessels via voyage charter to serve the increased requirements of its parent, the Company, for its regional and domestic shipping requirements. The costs of chartering were lodged under Cost of Sales and Services, increasing by 22.7% or some ₱86M to ₱465M in 2014 from P379M the previous year. Also, CSC paid ₱13.3M more taxes in 2014 than the previous year.
- Non-current Assets increased by 15% from ₱2.87B in 2013 to ₱2.3B in 2014. CSC acquired a new vessel in 2014, thereby increasing its Net Property and Equipment by ₱247M. Likewise, CSC invested in its wholly owned subsidiaries PNX Chelsea and Michael, Inc. for ₱150M and ₱14M, respectively.
- Current Liabilities increased by 36% from ₱936M in 2013 to ₱1.28B in 2014 as CSC incurred additional debts amounting to more than ₱300M to finance various dry-docking costs in 2014.
- Net Income decreased by 35.6% from ₱160M in 2013 to ₱103M in 2014 due to higher operating costs.

F. Phoenix Global Mercantile, Inc.

	December 31, 2014	December 31, 2013
Current Ratio	0:1	0:1
Debt to Equity	-1.03:1	-1.03:1
Return on Equity-Common	7%	6%
Net Book Value Per Share	-1.11	-1.04
Earnings Per Share	-0.08	-0.06

Note:

- PGMI has been dormant for the last 8 years.

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

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

One of the items under Installment and Notes Payable is a loan incurred by PNX-Chelsea in 2014 with BDO Unibank, Inc. PNX-Chelsea, a subsidiary of Chelsea Shipping Corp., entered into a Memorandum of Agreement with China Shipbuilding & Exports Corporation for the importation of a single oil tanker (MT Chelsea Denise II) in the amount of US$7.3 million. In connection with the acquisition of the oil tanker vessel, PNX_- Chelsea entered into an Omnibus Line and Security Agreement (OLSA) amounting to Php300 million with BDO, the proceeds of which was used to partly finance the importation of the vessel.

The loan is payable for a period of five years from initial drawdown date in quarterly principal installments of Php11,450,000 each and the outstanding balance on maturity date, with two quarter grace period, commencing after the second tranche. The loan carries an interest rate of 5.3% p.a.

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

The loan is secured by a chattel mortgage of MT Chelsea Denise II. The carrying cost of MT Chelsea Denise II, presented as part of Property and Equipment – Construction in Progress, amounted to P89.6 million in December 31, 2014.

The OLSA requires PNX – Chelsea to maintain a debt-to-equity (DE) ratio of not more than 2:0:1 and debt service coverage ratio (DSCR) of at least 1.20, except on dry-docking year where minimum DSCR shall be 1.00. On January 27, 2014, the Company received the creditor's waiver that adjusted the DE Ratio requirement of PNX-Chelsea Shipping Corp. from 1.5x to 2.0x.

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

On April 26, 2011, the Group entered into a MOA with China Shipbuilding & Exports Corporation for the importation of a single oil tanker (MT Chelsea Thelma) in the amount of US$19.8 million.

This was partly financed by BDO for US$14.5 million, payable in 27 equal principal amortizations starting in August 2012 at an interest rate based on a one-year LIBOR plus a spread of 3.5% p.a.

The loan is secured by a chattel mortgage on certain tankers (MT Chelsea Thelma and Vela) of the Group with a net carrying amount of P1,100.4 million and P1,059.8 million as of December 31, 2014 and December 31, 2013, respectively.

Related debt issuance costs amounted to P8.2 million of which P1.4 million and P2.3 million was amortized in December 31, 2014 and December 31, 2013, respectively, using effective interest rate of 5.02%. Amortized debt issuance costs were recognized as part of interest expense on bank loans under Finance Costs under the Other Charges (Income) account in the consolidated statements of comprehensive income (see Note 22.1). The unamortized debt issuance costs are included as part of the current and non-current portion of the related loan. The outstanding balance of the principal of the note as of December 31, 2014 and December 31, 2013 amounted to P404.4 million and P496.9 million, respectively.

For the acquisition of MT Chelsea Thelma, Chelsea Shipping Corp. (CSC) is required to maintain a DE Ratio and DSCR of 1.5x and 1.2x, respectively, except on dry-docking year wherein DSCR is 1x. In 2014, CSC complied with these loan covenants with DE and DSCR at 1.0x and 1.3x, respectively.

Material Changes to the Group's Balance Sheet as of December 31, 2014 compared to December 31, 2013 (Increase/decrease of 5% or more)

- 56% increase in Cash and Cash Equivalents

This is a result of the timing of collections and disbursements during the period. Minimum levels of Cash are also maintained to support maturing obligations.

- 7% increase in Trade and other receivables

Primarily due to increase in advances to suppliers as a result of the differences in the initial value of various shipments in transit versus the final price computation.

- 25% decrease in inventory

A result of lower average price per unit by 37% in 2014.

- 277% increase in Due from related parties

Various charges and billings during the period-net.

- 47% increase in other current assets

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

- 34% increase in Value Added Tax-net

Increase in Input VAT as a result of higher inventory plus accumulated Input Taxes on capital expenditures.

- 134% increase in other current assets

Increase in Prepayments, Creditable Withholding Taxes and Supplies Inventories.

- 24% increase in property, plant and equipment

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

- 138% increase in Trade and other payables

Trade Payable to foreign suppliers for purchases of inventory.

- 73% decline on Due to related parties

Settlement of various advances from prior years.

- 6% decrease in deferred tax liability

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

- 25% reduction on non-current liability

Due to some retirement of cash security deposits in favor of other form of security.

Material changes to the Group's Income Statement as of December 31, 2014 compared to December 31, 2013
(Increase/decrease of 5% or more)

- 21% decrease in Sales for petroleum products

Principally due to 18% lower sales volume compared to 2013. However, it was partly offset by the higher service revenue.

- 54% increase in fuel service, shipping, storage income, and other revenue

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

- 22% decrease in cost of sales

Primarily due to decreased sales of petroleum products and lower unit prices this year compared to 2013.

- 20.2% increase in Finance Costs (net)

Due to interest on the installment payables, bank term loans used for expansion, plus Trust receipts availed to finance inventory.

- 53.2% increase in other income/Costs

Due to periodic inventory losses recorded during the period plus other various costs.

- 102% increase in income tax

Due to the increase of income not related to its BOI registered activity.

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.

Analysis of Results of Operations for 2013 and 2012

Revenues

The Group generated total revenues of ₱43.552 billion in 2013 which is 26% higher than its 2012 level of ₱34.586 billion, primarily due to the 31% increase in sales volume of fuel products. However, this was minimized due to the lower revenues from fuels service, rent, storage and other revenue. Substantial volume for these aforementioned services was reclassified to an "all-in" product which formed part of sales volume of fuel products starting third quarter of 2012 with full year impact in 2013.

Revenues from sale of petroleum products increased by 27% from ₱34.080 billion in 2012 to ₱43.139 billion in 2013 from a wider distribution network, expanded institutional customer base and improved price competitiveness. In spite of the 31% increase in sales volume, revenue is only up by 27%, as a result of a lower average selling price due to lower MOPS prices in 2013 for gasoline and diesel compared to year 2012. The Company had 368 retail service stations as of December 31, 2013 compared to 300 retail stations as of end-December 2012.

The Group generated ₱207.05 million from its fuels services, storage, port and other revenue in 2013 from ₱304.01 million in 2012, a 32% decline. This was caused by the conversion of service revenue for Mindanao, except Davao City, to an all-in-sales of Jet A1 arrangement instead of mere service which in turn contributed to the volume and revenue growth of the Company.

Cost and expenses
The Group recorded cost of sales and services of ₱40.248 billion for 2013, an increase of 26% from ₱31.962 billion in 2012 primarily due to a 31% increase in the sales volume of petroleum products. The average unit cost for 2013 was lower compared to 2012 due to lower petroleum product prices.

Selling and administrative expenses increased by 35% as a result of higher volume and the continuous expansion of the Group's business operations. With its growing retail presence nationwide and the scaling-up of operations, the Company incurred increases in manpower, and logistics costs including depreciation of additional new stations and facilities.

Net Income and Comprehensive Income
The Group posted a net income of ₱665.057 million in 2013 versus ₱651.310 million in 2012, a 2.11% increase. The Company managed its profitability in spite of price volatility due to improved inventory, trading and supply management.

Total comprehensive income is lower in 2013 by 24% from ₱874 million in 2012 to ₱667 million in 2013 attributable to the revaluation of vessel tankers in year 2012.

Analysis of Financial Condition and Balance Sheet Accounts
(As of December 31, 2013 versus December 31, 2012)

Total assets of the Group as of December 31, 2013 stood at ₱22.338 billion, a growth of 35% over the ₱16.493 billion as of December 31, 2012.

Cash and cash equivalents decreased by 19% from ₱438 million in December 31, 2012 to P357 million due to timing of collections of receivables as against payment various liabilities and prudent management of cash level enough to cover maturing liabilities.

The Group's liquidity position continued to be strong with Current Assets amounting to ₱13.054 billion as of December 31, 2013, up from ₱8.953 billion as of December 31, 2012.

Trade and other receivables increased by 106%, from ₱3.557 billion as of December 31, 2012 to ₱7.344 billion as of December 31, 2013, which were mainly due to increase in trade receivable as a result of increasing sales revenue. Bulk sales to government and airline were also consummated at year end of 2013 which forms big bulk of the trade receivable. The Group continues to enhance its credit policies to minimize overdue accounts.

Inventories increased by only 3%, from ₱3.689 billion as of December 31, 2012 to ₱3.813 billion as of December 31, 2013. The Company maintains an average of around one month worth of inventory to ensure stable supply in retail stations and commercial/industrial clients.

Due from related parties in December 31, 2013 and December 31, 2012 is ₱2.748 million and ₱8.300 million respectively. The decrease of ₱5.552 million is due to collection of prior period charges to related parties.

Input taxes-net increased by 14% in December 31, 2013 is the result of slight increase in inventory which input taxes is paid and the input taxes on additional capital expenditures during the year.

Other current assets are at ₱489.9 million and ₱282.4 million as of December 31, 2013 and December 31, 2012 respectively. The increase represents creditable withholding taxes, supplies inventory, prepaid rentals on leased retail service stations properties and depot sites, prepaid insurance and other current assets.

As of December 31, 2013, the Group's property and equipment, net of accumulated depreciation, increased to ₱8.629 billion compared to P6.999 billion as of December 31, 2012 due to investments in additional depot capacity in existing areas and new sites. For the year, the Company completed its Depot facility expansion in Davao City and additional storage tanks in Calaca, Batangas and Zamboanga City. New depot sites are also being developed in various sites. In addition, more retail stations were also constructed and or under construction in Luzon, Mindanao and Visayas as of end 2013.

Other non-current assets increased by 61% from ₱167.8 million in 2012 to ₱270.4 million December 31, 2013 as a result of additional rental and security deposits of various lease agreements.

Loans and Borrowings increased by 39% from ₱9.915 billion as of December 31, 2012 to ₱13.752 billion as of December 31, 2013. The increase was a product of short term financing (LC/TR) to cover inventory purchases and trade receivables.

Trade and other payables increased by 2%, from ₱1.547 billion as of December 31, 2012 to ₱1.570 billion as of December 31, 2013. This slight increase in spite of increasing sales volume is the result of more trade payables being booked to short-term financing with banks under trust receipts.

Total Stockholders' Equity increased to ₱6.498 billion as of December 31, 2013 from ₱4.482 billion as of December 31, 2012 as a result of the combination of a ₱1.188 billion equity placement, and income earned during the period net of cash dividends paid to both common and preferred shares.

Key Performance Indicators and Relevant Ratios

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

	2013	2012
Current Ratio	1.33 : 1	1.56 : 1
Debt to Equity	2.43 : 1	2.67 : 1
Return on Equity	12.08%	15.86%
Net Book Value Per Share	4.55	4.96
Earnings Per Share-Adjusted	0.45	0.48

B. Phoenix Petroterminals & Industrial Park Corp. ("PPIPC") (formerly Bacnotan Union Industrial Park Corporation)

	December 31, 2013	December 31, 2012
Current Ratio	0.68:1	1.79:1
Debt to Equity	0.76:1	0.23:1
Return on Equity-Common	1%	-2%
Net Book Value Per Share	1.09	1.08
Earnings Per Share	0.01	-0.02

Notes:

- PPIPC posted Revenues of ₱83.14 in 2013, representing a 46% increase from ₱56.9M in 2012. PPIPC rendered more port services in 2013 relative to the increase in importation by its parent, the Company. It also posted a ₱12M rent income for the operating leases on certain parcels of land in its industrial park.

- Trade Payables increased by 231% or ₱344M from ₱150M in 2012 to ₱494M in 2013. PPIPC's current assets are mainly Land Held for Sale and Development Cost; whereas its current liability is mainly Trade Payables. In 2013, PPIPC started the development of phase 2 of its industrial park, including various buildings and improvements and port facilities. This led to the 231% increase in its payable to contractors that was booked under Trade Payables. However, any development cost relative to phase 2 of the industrial park was booked under Property and Equipment. Hence, it resulted in the low current ratio.

- PPIPC does not have bank debts. Its expansion projects had been financed by equity and internally generated funds, particularly from the proceeds of the sale of industrial lots.

C. Subic Petroleum Trading & Transport Philippines, Inc. (SPTT)

	December 31, 2013	December 31, 2012
Current Ratio	0.98:1	0.92:1
Debt to Equity	-337.73:1	-13.64:1
Return on Equity-Common	-420%	88%
Net Book Value Per Share	-42.39	-300.07
Earnings Per Share	178.23	-264.34

Notes:

- SPTT's Revenues increased more than 780% or ₱5.149B from ₱ 652M in 2012 to P5.8B in 2013. This was mainly brought about by fuel sales to Cebu Pacific Air (CPA) that was delivered from Subic beginning 2013. In prior years, sales to CPA were being undertaken by its parent, the Company.

- SPTT recovered its operations from a loss of ₱37M in 2012 to an income of ₱35.6M in 2013. This was chiefly due to the increase in sales and improvement in gross margins from negative 6.3% in 2012 to positive 2.6% in 2013.

- Current Assets increased by 273% or ₱2B from ₱752M in 2012 to ₱2.8B in 2013. SPTT had to keep a certain level of inventory to serve the requirements of CPA. This resulted in the increase of its inventory level from ₱242M in 2012 to ₱2.2B in 2013.

- Current Liabilities increased by 250% or ₱2.045B from ₱818M in 2012 to ₱2.863B in 2013. SPTT had to finance its inventory by bank debts and advances from its parent, the Company. In 2013, SPTT had limited credit facilities to import petroleum products. This constraint was shouldered by its parent, the Company. In so doing, advances had to be booked in SPTT to reflect inter-company transactions.

D. P-F-L Petroleum Management, Inc.

	December 31, 2013	December 31, 2012
Current Ratio	0.:1	0:1
Debt to Equity	-2.36:1	-2.69:1
Return on Equity-Common	21%	22%
Net Book Value Per Share	-0.96	-0.76
Earnings Per Share	-0.20	-0.16

Notes:

- PPMI's registered Revenues of ₱183M in 2013, reflecting a 47.3% drop from ₱347M in 2012. PPMI operates the retail stations of its parent company, PPPI, that are awaiting accreditation of franchisee dealers. Its revenues vary with the number of outlets being managed. Hence, a reduction in retail station under its interim management reflects the Company's ability to find a suitable franchisee dealer to run these stations. Apparently, PPMI operated more stations in 2012 than in 2013.

- Current Liabilities increased by 11.4% or ₱8.7M from ₱76.4M in 2012 to ₱85M in 2013 due to the increase in trade payables with its parent, the Company, during the period.

- PPMI recorded a Net Loss of ₱7.5M in 2013, representing a 19% increase from ₱6.3M loss in 2012. Most retail stations managed by PPMI were operating in highly competitive but less profitable areas. Pump prices had to be adjusted to compete with other players, resulting in very low gross margins of 1.15% and 1.3% for 2012 and 2013, respectively. Aside from this, it had to pay standard fees to contracted parties to keep the operations of these retail stations going while awaiting the accreditation of franchisee dealers.

E. Chelsea Shipping Corp.

	December 31, 2013	December 31, 2012
Current Ratio	0.28:1	0.19:1
Debt to Equity	1.07:1	1.7:1
Return on Equity-Common	11%	11%
Net Book Value Per Share	1.51	1.46
Earnings Per Share	0.16	0.16

Notes:

- CSC posted a Net Income of ₱160M in 2013, representing a 34% increase from ₱119M in 2012 as CSC was able to save more than ₱37M from port expenses and some ₱90M from bunkering.. CSC was able to convert some contracts into a time charter which enabled CSC to pass on the bunkering to the charterer, thereby relieving CSC from this cost.

- Current Assets increased by 18.8% from P218M in 2012 to P259M in 2013. This was mainly due to the advances extended to related parties.

- Current Liabilities decreased by 18.5% or ₱214M from ₱1.15B in 2012 to ₱936M in 2013. CSC paid more than ₱40M and ₱100M of its short-term bank debts and suppliers, respectively, in 2013.

- Current Ratio is less than 1:1. Much of its dry-docking expenses, which are long-term in nature, were financed by short-term debts.

F. Phoenix Global Mercantile, Inc.

	December 31, 2013	December 31, 2012
Current Ratio	0:1	0:1
Debt to Equity	-1.03:1	-1.03:1
Return on Equity-Common	6%	3%
Net Book Value Per Share	-1..4	-1.08
Earnings Per Share	-0.06	-0.03

Notes:

- PGMI has been dormant since 2008.

Material Changes to the Group's Balance Sheet as of December 31, 2013 compared to December 31, 2012 (Increase/decrease of 5% or more)

- 19% decrease in Cash and Cash Equivalents

This is a result of the timing of collections and disbursements during the period. Certain minimum levels of Cash are also maintained to support maturing obligations and immediate working capital requirements.

- 106% increase in Trade and other receivables

This is primarily due to bulk sales made to a government entity and an airline company.

- 67% decrease in Due from related parties

This arose from the settlement of advances during the year.

- 15% increase in restricted deposits

This is primarily due to additional deposits to cover some contingent obligations.

- 14% increase in Value Added Tax-net

This is due to an increase in input VAT as a result of higher inventory plus accumulated input taxes on capital expenditures.

- 74% increase in other current assets

This is a result of increased prepayments e.g. rental, insurance, etc. plus the creditable withholding taxes.

- 23% increase in property, plant and equipment

This is due to vessel acquisition, retail network expansion, storage expansions and other capital expenditures.

- 61% increase in other non-current assets

This is a result of increased refundable rental deposits for various station sites and other minor items.

- 99% increase in current interest bearing loans

This is due to the increase in Trade Payables to foreign suppliers of fuel inventory converted to trust receipt as accounts receivable and inventory increased.

- 25% decline on Due to related parties

This is due to the settlement of various advances from prior years.

- 28% decrease in deferred tax liability

This is a result of decline on the deferred tax liability for tanker vessel appraisals increments.

Material changes to the Group's Income Statement as of December 31, 2013 compared to December 31, 2012 (Increase/decrease of 5% or more)

- 27% increase in Sales for petroleum products

This is principally due to 31% higher sales volume compared to 2012. This however was tempered with lower selling price in 2013 compared to 2012.

- 18% decrease in fuel service, shipping, storage income, and other revenue

This is due to lower turnover on service volume specifically in Davao terminal when Cebu Pacific converted to "All-in" sales instead of just services. This however was minimized due additional revenue from time charters.

- 26% increase in cost of sales

This is primarily due to increased sales of petroleum products and however tempered by slightly lower unit prices this year compared to 2012.

- 35% increase in Selling and Administrative Expenses

This is primarily due to need to beef-up manpower complement to support the growth forecast of the Company. There is also increase in operating expenses of terminal/depot facilities, retail stations not limited to depreciation.

- 29% increase in Finance Costs (net)

This is due to additional interest incurred from installment payables, bank term loans used for expansion, plus Trust receipts availed to finance inventory.

- 43% decrease in other income/Costs

This is due to periodic inventory losses recorded during the period plus other various costs.

- 93% decrease in income tax

The Company is enjoying Income Tax Holiday for new projects that are granted a BOI incentive. As part of its growth strategy, PPPI continued building storage capacities in 2013 to accommodate huge importation of petroleum products in anticipation of the surge in demand. This resulted in the increase of its total storage capacity from 220 million liters in 2012 to 271 million liters in 2013. Sales emanating from these storage tanks were granted tax holiday.

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

PLANS AND PROSPECTS

Strengthen Oil Supply Security

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

Expand the Petroleum Depot, Terminalling and Distribution Facilities

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

Expand Retail Service Station Network

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

Strengthen Retail Management Systems & Operations

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

Developing the Brand: A Marketing Cornerstone

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

Expand Product Offerings and Distribution Channels

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

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

For each of the last three fiscal years (2012-2014), the aggregate revenues from the Company's wholly-owned subsidiaries consisting of charter fees from CSC, rent and storage income and port revenues from PPIPC, and sale of fuels from SPTT amount to less than two percent of the consolidated revenues of the Company.

There are no seasonal aspects of the Company's business that had a material effect on the financial condition or results of its operations

AUDIT AND AUDIT-RELATED FEES

The financial statements of the Company were audited by Punongbayan & Araullo for the years ended December 31, 2014, 2013 and 2012. Mr. Romualdo V. Murcia III is the Company's current Audit Partner and has served as such since the fiscal year ended 2011. Said external auditor has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

External Audit Fees and Services

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

		Amount in Thousands ₱		
Particulars	Nature	2012	2013	2014
Punongbayan and Araullo	Audit of FS for the year 2008 - Parent and Subsidiaries			
Punongbayan and Araullo	Audit of FS for the year 2009 - Parent and Subsidiaries			
Punongbayan and Araullo	Audit of FS for the year 2010 – Parent and Subsidiaries			
Punongbayan and Araullo	Audit of FS for the year 2011 - Parent and Subsidiaries	2,110.06		
Punongbayan and Araullo	Audit of FS for the year 2012 - Parent and Subsidiaries	630	3,302.60	60
Punongbayan and Araullo	Audit of FS for the year 2013 - Parent and Subsidiaries		2,609.42	2,536.95
Punongbayan and Araullo	Audit of FS for the year 2014 - Parent and Subsidiaries			3.266.38
Sub-total		**2,740.06**	**5,912.02**	**5,863.33**
Tax Advisory Services				
Sycip, Gorres and Velayo	Tax Consultancy	119.94	190.12	144.76
Sub-total		**119.94**	**190.12**	**144.76**
GRAND TOTAL		**2,860**	**6,102.14**	**6,088.09**

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

The following are the members of the Audit Committee: Monico Jacob (Independent Director) as Chairman, Domingo T. Uy, Cherylyn C. Uy and Paul G. Dominguez as members.

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

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

Changes In and Disagreements with Accountants

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

DIRECTORS AND SENIOR MANAGEMENT

Directors	
Chairman	Domingo T. Uy
Director/President and Chief Executive Officer	Dennis A. Uy
Director	Jose Manuel R. Quimzon*
Director/Chief Operating Officer	Romeo B. De Guzman
Corporate Secretary/Asst. Vice President for Corporate Legal	Socorro T. Ermac Cabreros
Director/Chief Finance Officer	Joseph John L. Ong
Director	Cherylyn C. Uy
Director	J.V. Emmanuel A. de Dios
Director	Paul G. Dominguez
Independent Director	Consuelo Ynares Santiago
Independent Director	Monico V. Jacob
Other Executive Officers	
Chief Compliance Officer and Chief Legal Counsel	Ramon Edison C. Batacan
Treasurer/Vice President for Finance	Chryss Alfonsus V. Damuy
Vice President for External Affairs, Business Development and Security	Alan Raymond T. Zorrilla
Vice President-Operations Engineering, Aviation & LSC	William M. Azarcon
Assistant Vice President for Retail Sales South Luzon and South Metro Manila	Jose Victor L. Cruz
Assistant Vice President for Retail Sales North Luzon and North Metro Manila	Edwin M. Jose
Asst. Vice President for Retail Sales Visayas	Richard C. Tiansay
Assistant Vice President for Retail Sales Mindanao	Norman T. Navarro
Assistant Vice President for Commercial Sales- Luzon	Joselito G. De Jesus
Asst. Vice President for Commercial Sales Mindanao.	Ericson S. Inocencio
Assistant Vice President for Technical Service & QAPD	Ignacio B. Romero
Assistant Vice President for Supply	Ma. Rita A. Ros
Assistant Vice President for Brand & Marketing	Maria Celina I. Matias
Assistant Vice President for Human Resources	Celeste Marie G. Ong
Assistant Vice President for Customer Service & Corporate Communications	Debbie U. Rodolfo
Asst. Vice President for Treasury	Reynaldo A. Phala
Assistant Vice President for Credit and Collections	Rebecca Pilar C. Caterio
Assistant Corporate Secretary	Gigi Q. Fuensalida-Ty
I.T. Manager	Alfredo Rogelio E. Reyes

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

Board of Directors

Following are descriptions of the business experience of each of the Company's directors for the past five (5) years:

Domingo T. Uy
Chairman

Mr. Domingo T. Uy, Filipino, 68 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also the Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

Dennis A. Uy
Director, President and Chief Executive Officer

Mr. Dennis A. Uy, Filipino, 41 years old, is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of the Company, and Udenna Corporation, the ultimate parent company. The subsidiaries of the Company are Chelsea Shipping Corp., Phoenix Petroterminals & Industrial Park Corp., Subic Petroleum Trading & Transport Philippines, Inc., PFL Petroleum Management, and Phoenix Global Mercantile, Inc. Among the subsidiaries of Udenna Corporation are Udenna Management & Resources Corp, One Subic Power, Global Synergy Trade and Distribution Corp., Udenna Development Corporation, Value Leases, Inc., Udenna Environmental Solutions, and Udenna Energy Corporation. Mr. Uy is also Chairman of F2 Logistics, Phoenix Philippines Foundation, and Udenna Foundation He is a member of the Young Presidents Organization - Philippine chapter and the Philippine Business for Social Progress. Mr. Uy is the Honorary Consul of Kazakhstan to the Philippines since November 2011. He is a graduate of De La Salle University with a degree in Business Management.

Romeo B. De Guzman
Director, Chief Operating Officer

Romeo B. De Guzman, Filipino, 66 years old, was elected Director of the Company in 2009. He is Chief Operating Officer of the Company, bringing with him 35 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to Dec. 2006. He was with the said company holding various management and executive positions. He also worked with Getty Oil Philippines Inc. for 10 years, prior to joining Pilipinas Shell. He carries with him a Marketing Management and an MBA degree from San Sebastian College – Manila.

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

Socorro T. Ermac-Cabreros, Filipino, 50 years old, was elected Director and appointed Corporate Secretary on February 15, 2007. She is concurrently Asst. Vice President for Corporate Legal of the Company. She is also the Corporate Secretary and member of the Board of Directors of Udenna

Corporation and its subsidiaries. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She is the immediate past President for the Davao City Chapter of the Integrated Bar of the Philippines.

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

J.V. Emmanuel A. De Dios, Filipino, 51 years old, was elected Independent Director of the Company on February 15, 2007 and regular director on March 7, 2008. He is the 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, Chief Finance Officer

Joseph John L. Ong, Filipino, 56 years old, married, is the Chief Finance Officer of the Company. Prior to his employment in the Company, he spent almost ten (10) years at Primeworld Digital Systems, Inc. (Pacific Internet Phils.) initially as Vice President and CFO and eventually as Executive Vice President – Operations and Chief Finance Officer from 2008 - 2009. He also worked for twelve (12) years with Ginebra San Miguel, Inc. (then known as La Tondena Distillers, Inc.), then the country's 2nd largest beverage company and a listed subsidiary of San Miguel Corporation. He was its Vice President – Treasury from 1995 – 1999, at which time he headed the team that took the company public in 1994 and was primarily responsible for institutional-investor relations. Prior to the San Miguel Group, he held various positions at the Bank of the Philippine Islands & Ayala Investment & Development Corp. (before it merged with BPI) from 1980-1986. He received his Bachelor of Science in Commerce from De La Salle University in 1980.

Paul Dominguez
Director

Paul Dominguez, Filipino, 66 years old, was Presidential Assistant for Mindanao and Chairman of the Mindanao Economic Development Council (MEDCo) during the term of President Fidel V. Ramos, tasked to oversee efforts towards accelerating development in Southern Philippines. After serving in the Ramos administration, Mr. Dominguez became the Mindanao representative to the World Trade Organization - General Tariffs and ASEAN Free Trade Area (WTO-AFTA) Philippine Advisory Commission, Honorary Chairman of the Mindanao Business Council, and Country Director for the Philippines in the Board of Directors of the BIMP-East ASEAN Business Council. Mr. Dominguez was appointed by President Gloria Macapagal-Arroyo as Presidential Adviser for Regional Development in January 2001, and in April 2002 as Senior Consultant for Mindanao. He also served as the Special Envoy to Brunei Darussalam, Indonesia and Malaysia. Mr. Dominguez started his corporate career in 1971 with the Davao Light and Power Co. In 1974, he joined the Lapanday Agricultural Development Corp., a major agribusiness firm in Mindanao, as Assistant General Manager. He continued his involvement in agribusiness with the Sarangani

Agricultural Company where he served as Executive Vice President from 1979 to 1985. From 1985 to 1992, he was President of C. Alcantara and Sons, Inc. a leading wood manufacturing company in Mindanao. Mr. Dominguez currently serves as director of several Philippine corporations. He previously served on the Advisory Board for Southeast Asia of Colonial Insurance Co. and Commonwealth Bank of Australia.

Cherylyn C. Uy
Director

Ms. Cherylyn Chiong-Uy, Filipino, 36 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is one of the pioneers/incorporators of Udenna Corporation, a corporation composed of 17 subsidiaries which are divided into two (2) groups, the petroleum and non-petroleum group. She is the Corporate Treasurer of Udenna Corporation. Ms. Uy is also the President of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is the Corporate Treasurer of Udenna Management and Resources Corporation and Chelsea Shipping Corp.

Consuelo Ynares-Santiago
Independent Director

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 and SMC Global Power Holdings, Inc., one of the country's leading power company which is the power generation unit of the country's largest beverage, food and packaging industry, San Miguel Corporation. She is also a Consultant of various respectable government offices such as Office of Vice-President Jejomar C. Binay, Office of Senate President Juan Ponce-Enrile and Philippine Judicial Academy and a Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the Philippines. After admitted to the bar, she started her career as a Legal Officer of Securities and Exchange Commission (SEC). After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional trial Court Judge, Associate Justice of Court of Appeals and became an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she joined various committees, one of those was House of Representative Electoral tribunal (HRET) as Chairperson, and a member of Presidential Electoral Tribunal. She was also a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law on 1998 Bar Examination.

Monico V. Jacob
Independent Director

Monico V. Jacob, Filipino, 70 years old, has been Independent Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Services Group and iAcademy. He is Chairman of Global Resource for Outsourced Workers (GROW), Inc., STI-Universal Workers, Inc., Accent Healthcare/ STI Banawe, Inc., and Total Consolidated Asset Management, Inc. He is a Partner of the Jacob and Jacob Law Firm and is a member of the Board of Directors of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2Go Shipping. He is Chairman and Managing Partner of CEOs Incorporated. He was formerly Associate Commissioner of the Securities and Exchange Commission, General Manager of National Housing Authority, and CEO of the Pag-Ibig Fund. He is a former Chairman and Chief Executive Officer of Petron Corporation and of the Philippine National Oil Company.

Stephen A. Cu Unjieng
Advisor to the Board

Mr. Stephen A. Cu Unjieng, Filipino, 56 years old, is the Advisor to the Board. Mr. Cu Unjieng is the Senior Managing Director of Evercore Partners and Chairman of Evercore Asia Limited. He has been in the corporate advisory industry since 1986 including, prior to Evercore, five years at Macquarie Capital Advisers in Hong Kong where his most recent position was Vice Chairman, ASEAN. Prior to that, he held Managing Director or Director positions in Asia for Merrill Lynch, Salomon Brothers and Morgan Grenfell. Since 2005, he has been awarded nine deal of the year awards by Finance Asia and Asia Money. Some of his more significant transactions include being sole advisor in successfully preventing the takeover of Manila Electric Company for its lead shareholder First Philippine Holdings Corporation ("FPHC"), which included restructuring FPHC's ownership and bringing in Metro Pacific and PLDT as white knights. He was also sole advisor in the sale of a 67% interest in Manila North Tollways Corporation. He led the initial public offering of SM Investments, which was the largest IPO in Asia ex-China and Japan in 2005, as well as the convertible bonds placements of SM Investments Inc. and Bangkok Dusit Hospitals Corporation. Both were the first transactions of their kind in their country for over a decade. Additionally, he advised Crescent Asian Special Opportunities Portfolio on the sale of its 45.54% equity interest in Carmen Copper Corporation to Atlas Consolidated Mining and Development Corporation for US$368 million and advised Guoco Group Limited on its all-cash £585 million takeover offer for the Rank Bank Group, resulting in the increase of Guoco's stake from 29% to 74.5%. In Resources and Energy, his experience includes lead managing or advising Semirara Mining, Energy Development Corporation, Shell, Petroleum Authority of Thailand and CNOOC. Mr. Co-Unjieng received his A.B. and Ll.B. (J.D. equivalent) from Ateneo De Manila University in the Philippines and his M.B.A. from the Wharton School of the University of Pennsylvania.

Executive Officers

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

Ramon Edison C. Batacan, Filipino, 56 years old, was appointed Chief Legal Counsel and concurrently Chief Compliance Officer of the Company in 2013. He is founder and currently Managing Partner of BM&V Law Firm. He served as member of the Board of Regents of the University of Southeastern Philippines (USeP) and currently director of the Rizal Memorial Colleges. He was past president [2001-2003] of the Integrated Bar of the Philippines, Davao City Chapter and past governor [2007-2009] of the IBP-Eastern Mindanao Region. He is also currently a faculty of the Ateneo de Davao University College of Law handling Property, Negotiable Instruments Law and Law of Natural Resources and Environmental Law. Atty. Batacan graduated with the degree in Bachelor of Science in Mechanical Engineering (BSME) at the University of Mindanao (UM) in 1979. He earned his masters degree in Business Administration (MBA) at the University of Southeastern Philippines (USEP) in 1986. He earned his law degree at the Ateneo de Davao University College of Law in 1990, *cum laude* and was admitted to the Philippine Bar in 1991.

Chryss Alfonsus V. Damuy, Filipino, 41 years old, is the Treasurer and the Vice-President for Finance of the Company. Prior to his employment with the Company, he was the Controller of Lapanday Foods Corporation and held various positions in its subsidiaries including the Fresh Asia Produce as Accounting Manager and the Mindanao Fresh Produce Services Corporation as Assistant Accounting Manager. He also worked as Chief Accountant of the Regional Educators Multi-purpose Cooperative and as its Branch Officer. Mr. Damuy started his professional career as College Instructor of the Holy Cross of Davao College where as a dean's lister, he earned his Bachelor of Science Degree in Accountancy in 1997. Mr. Damuy is a Certified Public Accountant.

Alan Raymond T. Zorrilla, Filipino, 46 years of age, is the Vice President for External Affairs, Business Development, and Security of the Company. Prior to his employment with the Company, he was Chief Legal Counsel of the Unioil Group of Companies where he headed the Legal, Human Resources, and Administrative Departments. He also served as Director for Freeport Services Corporation, a 100% subsidiary of Subic Bay Metropolitan Authority and was once a Legal Consultant of the Department of Environment and Natural Resources. Atty. Zorrilla was engaged in the litigation practice with Pangilinan Britanico Sarmiento and Franco Law Offices before he entered corporate practice. He formerly worked as Corporate Legal Counsel of publicly-listed Fil-Estate Group of Companies under its Litigation and Labor Department. Atty. Zorrilla completed his law studies at the San Beda College of Law in 1994 and was admitted to the Philippine Bar in 1995. He also took up his masteral studies at the Ateneo Graduate School of Business. He is an Army Reservist and a concurrent Commander (Lt. Colonel) of the Philippine Coast Guard Auxiliary.

William M. Azarcon, Filipino, 69 years old is currently the Vice President for Operations Engineering, Aviations and LSC. Mr. Azarcon has twenty-six (26) years experience in the oil industry, covering engineering operations, retail and distribution of bulk & packed products nationwide. Mr. Azarcon used to work for Pilipinas Shell Petroleum Corporation and served as Field Engineer in Operations nationwide constructing Depots & related facilities, i.e, jetties, submarine pipelines', bulk storage tanks among others. He likewise served as Head of Operations of North Luzon and transferred to Retail Engineering as Retail Engineering Manager nationwide. He also served as RVI (Retail Visual Identity) Manager. After retiring from Shell, Mr. Azarcon engaged in business as Retail Engineering Contractor of Shell. He holds a degree in Bachelor of Science in Mechanical Engineering from Mapua.

Jose Victor L. Cruz, Filipino, 55 years old, is currently the Asst. Vice President for Retail Sales-South Luzon and South Metro Manila. Mr. Cruz has more than twenty-five (25) years of experience in the oil industry covering retail, commercial, lubricants sales, international business (aviation and shipping for Chevron and Texaco), marketing and distribution, and corporate affairs. Prior to joining the Company in 2010, Mr. Cruz was Vice President for Retail Network Operations of Flying V in 2008 before he was promoted to Chief Operating Officer in 2009. He was COO of Citadel Commercial, Inc. from 2001-2002 before he ventured into private enterprise. He held various positions in Caltex Philippines Inc. from 1983 up to 1991 when he handled CPI's International Business. Eventually, Mr. Cruz was appointed Executive Assistant – Marketing Commercial in 1992. In 1994, he held the position of District Manager – Luzon South Commercial and in 1996, as DM – Luzon Retail. Mr. Cruz completed his MBA curriculum at the De La Salle University. He is a graduate of B.S. Industrial Management Engineering, Minor in Mechanical Engineering and is a Professional Industrial Engineer under the Philippine Institute of Industrial Engineers.

Edwin M. Jose, Filipino, 55 years old is the Asst. Vice President for Retail Sales-North Luzon and North Metro Manila. Mr. Jose has logged more than 29 years in petroleum industry, with exposure in Retail, Commercial, LPG and Corporate Planning and Logistics of Petron Corporation. Before joining Phoenix, his Petron career started in Corporate Planning and Logistics. In the Retail Trade, he handled positions from Area Sales Executive, Retail Network Development and Sales Development Manager. After Retail, he was assigned to the Liquefied Petroleum Gas business where he handled the retail, commercial and independent refiller business for the entire Luzon area and his breakthrough programs in LPG such as the "one number delivery system", the "80-20 sales project" and pioneering LPG metering for commercial accounts such as Jollibee, among others were reasons why Petron Gasul effectively captured market leadership in the retail sector. He was then given assignment as Government Accounts Manager handling the National Power Corp and other Independent Power Producers, US and Phil. Military. His last position in Petron is District Manager for Metro Manila under Reseller Trade. After his stint with Petron, he set up franchise of two 7-11 convenience stores that are still operational to date. He is an Industrial Engineering degree holder from the University of Sto. Tomas, and an MBA candidate at Ateneo de Manila University.

Richard C. Tiansay, Filipino, 51 years old, is the Asst. Vice President for Sales-Visayas. Mr. Tiansay has more than 22 years of experience in the oil industry covering domestic and international operations. His last position in Royal Dutch Shell is as Global SAP IT Order to Cash Team Lead in London, U.K. This after being assigned to various key managerial positions not limited in the Philippines but as well as in a number in Asia Pacific and other countries. Mr. Tiansay completed is Bachelor of Science in Mechanical Engineering from University of San Carlos, Cebu City.

Norman T. Navarro, Filipino, 49 years old, is presently the Asst. Vice President for Retail Sales - Mindanao of the Company. Before joining the Company, he was with Chevron Philippines, Inc. for 17 years where he held various management positions. He finished Bachelor of Science major in Architecture at the University of Santo Tomas in 1988.

Joselito G. de Jesus, Filipino, 59 years old, is the Asst. Vice-President for Commercial Sales-Luzon. Prior to joining the Company, Mr. de Jesus was the Assistant Vice-President for Reseller Trade of Petron Corporation. He joined the oil industry in late 1970's when became a Corporate Planning Analyst, then later on Corporate planning Manager/Coordinator, of the Philippine National Oil Company (PNOC). Mr. de Jesus also became a Manager in the Corporate Planning Department of PNOC Shipping and Transport Corporation and at the same time, he was also an assistant to the Chairman of PNOC. In the late 90's Mr. de Jesus transferred to Petron Corporation and stayed with the said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from University of the Philippines and a Master of Business Administration of Ateneo Graduate School of Business.

Ericson S. Inocencio, Filipino, 40 years old, is the Asst. Vice President for Commercial Sales - Mindanao. Eric has more than 18 years of extensive experience in the petroleum industry. Prior to joining the company, he was connected with Chevron Phils. where he held various positions primarily leading the Commercial and Industrial business as District Sales Manager for more than 5 years (Commercial Luzon 2008-10 & Commercial Vismin 2010-13) and as concurrent National Fleet Cards Sales Manager (2010-2013). He started his petroleum career in Caltex Phils. as a Commercial Account Manager covering key segments of Manufacturing, Transport, Wholesale, Power and Marine industries then progressed to different key positions and leadership roles. He handled Marketing support function for the Commercial Business in charge of developing and executing local & global process/programs which includes profitability modelling. He likewise acted as a Pricing specialist for Marketing Sales both Retail and Commercial business. Eric covered the Motor Vehicle Safety program as a Team lead for Philippines driving the program for more than three (3) years. He is a certified Mechanical Engineer from De La Salle University and attended his MBA at Ateneo Graduate School of Business.

Ignacio B. Romero, Filipino, 71 years old, is currently the Asst. Vice President for Technical Service and Quality Product Assurance Department. Mr. Romero has more than 44 years of experience in the oil industry. Before joining Phoenix he held the same position in National Oil Company of Indonesia, Pilipinas Shell Corporation, and Mobil Exxon. He is a graduate of Bachelor of Science in Mechanical Engineering at Cebu Institute of Technology in 1966 and is a licensed Mechanical Engineer.

Maria Rita A. Ros, Filipino, 55 years old, is currently the Asst. Vice President for Supply. Ms. Ros has more than thirty (30) years of experience in the oil industry covering materials management, supply chain management, production planning, imports-exports, warehousing and logistics. She held various positions in Petron Corporation from 1981 up to 2011 when she handled Biofuels and Special Projects, and Supply Optimization. Ms. Ros set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2013. She is a graduate of B.S. Chemical Engineering from the University of the Philippines, and is a licensed Chemical Engineer, and took up Basic Management at the Asian Institute of Management.

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

Debbie A. Uy-Rodolfo, Filipino, 36 years old, is presently the Asst. Vice President for Customer Service Unit and Corporate Communications of the Company. On top of her role as head of the Corporate Communications department, Debbie leads the Customer Service Unit team in achieving their targets by determining customer service trends, determining system improvements and implementing change. She graduated with a degree in Computer Science major in IT from De La Salle University, and finished her Masters in Journalism at Ateneo de Manila University.

Rebecca Pilar C. Caterio, Filipino, 43 years old, is currently the Asst. Vice President for Credit and Collection of the Company. Previously, she was the Controller of Lapanday Packaging Inc., a company engaged in the manufacturing of cartons and in the production of fresh pineapple and vegetable. She was also the Accounting Manager of Fresh Asia Produce Company International Corporation, a company which is also owned by the Lapanday Group and is primarily engaged in the trading and marketing of bananas. Ms. Caterio started her professional career with the SGV & Co. as a Staff Auditor. She is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants (PICPA) since 1993. Ms. Caterio holds a Bachelor of Science Degree in Commerce, Major in Accounting from the Ateneo De Zamboanga.

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

Celeste Marie G. Ong, Filipino, 48 years old, is currently the Asst. Vice President for Human Resources. Ms. Ong has more than 20 years of solid human resources management experience from local and multinational companies (Concrete Aggregates Inc., van Melle Phils. Fujitsu Computer Products and Optodev, Inc.) Her expertise includes compensation management, talent acquisition, training and development, employee relations/engagement, benefits administration and HRIS. She finished A.B. Psychology from Pamantasan ng Lungsod ng Maynila and took her M.A. in Psychology at University of Santo Tomas. She completed Essilor Management Training course in Singapore & France.

Gigi Q. Fuensalida-Ty, Filipino, 38 years old, is presently the Asst. Corporate Secretary of the Company. Prior to her employment with the Company, she was one of the Senior Associates of the Villaraza Cruz Marcelo and Angangco Law Office. For six years, Atty. Fuensalida specialized in Civil, Commercial and Criminal Litigation wherein she developed strategies for complex litigation and actively participated in the prosecution and defense of criminal cases before the regular trial courts, quasi-judicial bodies and the appellate courts. Atty. Fuensalida holds a degree in Bachelor of Arts Major in Political Science from the Ateneo de Manila University. She further obtained her Juris Doctor degree from the same institution and graduated with honors in 2002. Atty. Fuensalida is a member of the Integrated Bar of the Philippines since 2003.

Alfredo E. Reyes, Filipino, 53 years old, is currently the Information Technology Manager of the Company. Mr. Reyes has been in the oil industry for the past 28 years. He worked in Pilipinas Shell Petroleum for 24 years in various management roles, regional and global, in retail and IT, his last position being Retail Lead GSAP Implementation for both Philippines and Indonesia. Prior to joining Phoenix he had brief stint in Northgate Arinso as a Project Manager implementing HR SAP. Since joining Phoenix, he has overseen the SAP ERP and MSD CRM Systems which are anchoring Phoenix's aggressive sales growth with retail and commercial accounts.

Family Relationships

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

Significant Employees

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

Involvement in Certain Legal Proceedings

The Company's Independent Director and Audit Committee Chairman, Mr. Monico V. Jacob, in his capacity as then Chairman of Petron Corporation, was recently impleaded in a case together with some government officials for Violation of Republic Act 3019 otherwise known as the Anti-Graft and Corrupt

Practices Act involving tax credit payments of Petron Corporation. The case was filed after Mr. Jacob's tenure as Chairman and Chief Executive Officer of Petron (from 1992-1998) and is still pending with the Sandiganbayan.

The Department of Justice (DOJ) filed twenty-two (22) Informations against Dennis A. Uy, President of the Company, for alleged violation of the Tariff and Customs Code of the Philippines with the Regional Trial Court of Davao City.

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

Mr. Uy has questioned the basis of the filing of the above Informations by the DOJ which are the Resolutions issued by the Secretary of Justice (SOJ) dated April 24, 2013 and August 13, 2013 ("SOJ Resolutions") finding probable cause against him. Mr. Uy filed a *Petition for Certiorari* on September 4, 2013 with the Special Former Special 10th Division of the CA, which was granted on July 25, 2014 thereby nullifying the SOJ Resolutions. The CA Decision granting the Petition further directed that the Informations be withdrawn and/or dismissed for lack of probable cause. The SOJ and the Bureau of Customs filed a Motion for Reconsideration dated August 19, 2014 of the CA Decision. On March 11, 2015, Mr. Uy filed his Comment/Opposition to the Motion for Reconsideration. On April 13, 2015, the Special Former Special 10th Division of the CA issued a Resolution stating that the foregoing Motion is submitted for resolution. Said Motion was denied for lack of merit in a Resolution promulgated by the Special Former Special 10th Division on July 2, 2015.

In another case, the Regional Trial Court of Batangas, in its Order dated December 6, 2013 ("Order"), denied the Motion for Reconsideration with Motion for Inhibition of Judge Ruben A. Galvez filed by the DOJ. The court issued a Certificate of Finality dated July 7, 2014 stating that the above Order has become final and executory since no appeal was filed therefrom.

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

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or

otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and

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

EXECUTIVE COMPENSATION

The Company's executives are regular employees and are paid a compensation package of 12 months pay plus the statutory 13th month pay. They also receive performance bonuses similarly to that of the managerial, supervisory and technical employees.

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

The aggregate compensation paid or incurred during the last three (3) fiscal years and estimated to be paid in 2015 to the executive officers of the Company are as follows:

Summary of Compensation Table

<table>
<tr><th colspan="5">Compensation of Executive Officers and Directors (in thousand Pesos)</th></tr>
<tr><th colspan="2"></th><th colspan="3">Year ending December 31, 2015</th></tr>
<tr><th>Name</th><th>Principal Position</th><th>Salaries
(in ₱)</th><th>Bonuses / 13th Month / Other Income
(in ₱)</th><th>Total
(in ₱)</th></tr>
<tr><td>Dennis A. Uy</td><td>President and Chief Executive Officer</td><td rowspan="5">23,000*</td><td rowspan="5">3,000*</td><td rowspan="5">26,000*</td></tr>
<tr><td>Romeo B. De Guzman</td><td>Chief Operating Officer</td></tr>
<tr><td>Joseph John L. Ong</td><td>Chief Finance Officer</td></tr>
<tr><td>Chryss Alfonsus V. Damuy</td><td>VP - Finance & Comptroller</td></tr>
<tr><td>Alan Raymond T. Zorrilla</td><td>VP – External Affairs, Business Development and Security</td></tr>
<tr><td>All other officers and directors as a group unnamed</td><td></td><td>32,000*</td><td>3,800*</td><td>35,800*</td></tr>
</table>

** Estimated*

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

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ended December 31, 2013		
Name	**Principal Position**	**Salaries (in ₱)**	**Bonuses / 13th Month / Other Income (in ₱)**	**Total (in ₱)**
Dennis A. Uy	President and Chief Executive Officer	**20,501**	**4,282**	**24,783**
Romeo B. De Guzman	Chief Operating Officer			
Joseph John L. Ong	Chief Finance Officer			
Chryss Alfonsus V. Damuy	VP - Finance & Comptroller			
Alan Raymond T. Zorrilla	VP – External Affairs, Business Development and Security			
All other officers and directors as a group unnamed		**22,362**	**2,710**	**25,070**

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ended December 31, 2012		
Name	**Principal Position**	**Salaries (in ₱)**	**Bonuses / 13th Month / Other Income (in ₱)**	**Total (in ₱)**

Dennis A. Uy	President and Chief Executive Officer	**20,164**	**2,267**	**22,431**
Romeo B. De Guzman	Chief Operating Officer			
Joseph John L. Ong	Chief Finance Officer			
Chryss Alfonsus V. Damuy	VP - Finance & Comptroller			
Alan Raymond T. Zorrilla	VP – External Affairs, Business Development and Security			
All other officers and directors as a group unnamed		**17,295**	**2,340**	**19,635**

EMPLOYEES

The Company and its subsidiaries had a total of 773 employees as of September 30, 2015. The employees are broken as follows:

Position	Company	Subsidiaries	TOTAL
Executives	23	6	29
Managers	26	7	33
Assistant Managers	41	0	41
Supervisors	186	69	255
Rank and File	319	96	415
TOTAL	**595**	**178**	**773**

The Company has no collective bargaining agreements with employees and there are no organized labor organizations in the Company. The Company believes that it has maintained amicable relationships with the rank and file and does not anticipate any labor-management issues to arise in the near term.

The Company complies with the minimum compensation and benefits standards pursuant to Philippine law. The Company intends to set up a stock-based incentive plan and a retirement plan for its employees in the near term.

The Company is not dependent on the services of any particular employee. It does not have any special arrangement to ensure that any employee will remain with the Company and will not compete upon termination.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT
(as of September 30, 2015)

Title of Class of Securities	Name, address of Record Owner, and Relationship with the Issuer	Name Beneficial Owner and Relationship with the Record Owner	Citizenship	No. of Shares Held	% of Ownership
DIRECTORS:					
Common	Dennis A. Uy Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City *President & CEO, Founder*	direct beneficial owner	Filipino	3,991,811	0.28%
	(thru Udenna Corporation)	indirect beneficial owner	Filipino	56,868,767	3.98%
Common	Dennis A. Uy&/or Cherylyn C. Uy Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City *President & CEO, Founder; Director,* respectively	direct beneficial owner	Filipino	1,098,099	0.08%
	(thru Udenna Corporation)	indirect beneficial owner	Filipino	56,868,767	3.98%
Common	Domingo T. Uy Insular Village Phase II, Lanang, Davao City *Chairman of the Board*	direct beneficial owner	Filipino	645,919	0.05%

Common	Romeo B. De Guzman Hillsborough, Alabang Village, Muntinlupa City *Director, Chief Operating Officer*	direct beneficial owner	Filipino	1,454,742	0.10%
Common	Socorro T. Ermac Cabreros 223 V. Mapa St., Davao City *Director, Corporate Secretary & Asst. Vice President for Corporate Legal*	direct beneficial owner	Filipino	103,316	0.01%
Common	J.V. Emmanuel A. De Dios c95 A. Melchor St., Loyola Heights, Quezon City *Director*	direct beneficial owner	Filipino	857,116	0.06%
Common	Monico V. Jacob 7th flr Philippine First Bldg, 6764 Ayala Ave., Makati City *Independent Director*	direct beneficial owner	Filipino	1	0.00%
Common	Consuelo Yñares-Santiago Santiago, Cruz & Associates Law Office Unit 1702 East Tower, PSE Centre Pasig *Independent Director*	direct beneficial owner	Filipino	1	0.00%

Common	<u>Paul G. Dominguez</u> ALSON Dev. Corp., 329 Bonifacio Street, Davao City *Director*	direct beneficial owner	Filipino	1	0.00%
Common	<u>John Joseph L. Ong</u> Phoenix Petroleum Philippines, Inc. 25/F Fort Legend Towers, 3rd Ave. corner 31st St, Bonifacio Global City *Director, Chief Finance Officer*	direct beneficial owner	Filipino	431,863	0.03%
Senior Management:					
Common	<u>Chryss Alfonsus V. Damuy</u> Ph2 Blk 07 Lot 07, Wellspring Highlands Subd. Catalunan Pequeno Davao City 8000 *Treasurer, Comptroller*	direct beneficial owner	Filipino	70,980	0.00%
Common	<u>Gigi Q. Fuensalida</u> 155 Brillantes St. 5th Avenue, Caloocan City *Asst. Corporate Secretary & Legal Manager for Corporate Legal*	direct beneficial owner	Filipino	70,980	0.00%

Common	Ramon Edison C. Batacan Batacan Montejo &Vicencio Law Firm 7th Floor ABREEZA Corporate Center, J.P. Laurel Street, 8000, Davao City, Philippines *Chief Corporate Counsel & Chief Compliance Officer*	direct beneficial owner	Filipino	70,980	0.00%

The other executive officers of the Company, Alan Raymond T. Zorilla –Vice President for External Affairs, Business Development and Security, Jose Victor L. Cruz – Asst. Vice President for Retail Sales, Luzon, William M. Azarcon – Asst. Vice President, Operations & Logistics, Ma. Rita A. Ros – AVP, Supply do not own shares in the Company.

The number of aggregate shares for all directors and executive officers is Six Million eight hundred ninety eight thousand seven hundred thirty eight (6,898,738).

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

There are no arrangements that may result in a change in control of the Company.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company's related parties include its parent company, subsidiaries, stockholders, the Company's key management personnel and others as described below.

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

2011	2012	2013	2014	**TOTAL**
6,273,396.64	18,189,649.93	56,934,318.17	65,545,819.59	146,943,184.33

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

c.) Due to and Due from Related Parties
The Company grants and obtains advances to and from its parent company, subsidiaries and other related companies for working capital purposes.

The breakdown of due from related parties as of December 31, 2014 and 2013 is as follows:

	2013	2014
PPHI		
Balance at beginning of year	-	
Additions		-
Collections		
Balance at end of year	**-**	**-**
UMRC		
Balance at beginning of year	9,472,308.32	(4,963,790.66)
Additions		
Collections	(14,436,098.98)	4,963,790.66
Balance at end of year	**4,963,790.66**	**-**
Total Due from Related Parties		
Balance at beginning of year	9,472,308.32	(4,963,790.66)
Additions		-
Collections	(14,436,098.98)	4,963,790.66
Balance at end of year	**(4,963,790.66)**	**-**

CORPORATE GOVERNANCE

On April 5, 2002, the Commission promulgated the Code of Corporate Governance (SEC Memorandum Circular No. 2, Series of 2002) consistent with and in pursuit of the State's policy to promote corporate governance reforms aimed at raising investor confidence, developing the capital market, and helping achieve high, sustained growth for the corporate sector and the economy. This Code applies to all corporations whose securities are registered or listed, corporations which are grantees of permits/licenses and secondary franchise from the SEC. It also applies to public companies and branches or subsidiaries of foreign corporations operating in the Philippines whose securities are registered or listed. Each of these corporations is required to promulgate and adopt its corporate governance rules and principles.

The Code of Corporate Governance prescribes the detailed qualifications and disqualifications, duties, functions and responsibilities of the Board of Directors and each member thereof, the Chairman, the Chief Executive Officer, and the Corporate Secretary. It also mandates the creation of specific board committees in aid of good corporate governance, i.e. an Audit and Compliance Committee, a Nomination Committee and a Compensation Committee, and requires the Board to commit itself to the protection of the rights of stockholders.

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

The following are the members of the Compensation Committee:

Domingo T. Uy	Chairman
Dennis A. Uy	Member
Justice (Ret) Consuelo Ynares Santiago	Member
Joseph John L. Ong	Member (non-voting)

The Board of Directors of the Company adopted and approved its Corporate Governance Manual (CG Manual) on January 1, 2008. The revised CG Manual was adopted and approved on January 28, 2011 by the Company's Board of Directors.

The Company is in the process of formulating an evaluation system to determine and measure compliance with the Revised CG Manual with criteria provided in the Revised CG Manual and other rules and regulations on good governance, which shall be submitted for the approval of the Company's Board of Directors.

The Company has just completed and its Board of Directors has just approved its Audit Committee Charter. The Company shall undertake to develop the charters for the other committees of the Board, namely the Nomination Committee and the Compensation Committee.

To date, there has been no deviation from the Company's CG Manual.

MATERIAL CONTRACTS AND AGREEMENTS

The Company's principal contracts generally consist of dealership agreements and contracts of lease. Other than these, the Company is not a party to any contract or agreement of material importance and outside the usual course of business and the Directors do not know of any such contract or agreement involving the Company.

DEALERSHIP AGREEMENT

The Company has dealership agreements with all of its franchisees. The dealership agreement sets out the term for the non-exclusive right of the dealer to operate a Phoenix service station, and use the equipment and system developed by the Company. It specifies each party's responsibility as to the equipment, supplies and operation of the service station, training and assistance of personnel, standards of quality and performance, insurance coverage, among other things.

The agreement is co-terminus with the contract of lease which ranges from five to ten years and renewable for another five (5) years.

CONTRACT OF LEASE

The Company has various contracts of lease covering the lots used for the terminal depot, and Company-owned retail service stations. The average term of the lease is seven years.

SERVICE AGREEMENT

The Company has an existing service agreement with Cebu Air Incorporated ("CAI") whereby the Company provides fuel and handling services and facilities for the storage and handling of Jet A1 fuel of CAI in certain areas like Davao, General Santos City, Zamboanga, Kalibo, Iloilo, among others. This agreement is until December 31, 2017.

REGULATORY & ENVIRONMENTAL MATTERS

The DOE is the lead government agency overseeing the oil sector. It monitors prices and adherence by industry players to the Downstream Oil Industry Deregulation Act. This act deregulated the downstream oil industry by encouraging the entry of new participants in the downstream oil industry, and removed the rate-setting function of the then ERB and leaving it to market forces.

On the issue of volume regulation, in the event of supply shortage, the government may undertake supply rationing as a contingency measure. However, in recent years, this measure has not yet been invoked.

In addition, the President issued Executive Order No. 134 in October 2002 requiring oil companies to maintain sufficient level of inventory of oil. However, the said Order was relaxed in March 2003, by virtue of Department Circular No. 2003-03-002, which reduced the minimum level to only 15 days.

Importation of both crude and finished products (except for LPG) is levied a 3% import duty. Financial import barriers are low, given that there is zero tariff differential between crude and products. Physical and logistical barriers are likewise low, as there are now several import terminals operated/owned by independent storage companies or by domestic oil companies.

Any capital expenditure requires compliance with the environmental regulations in the medium term. Republic Act 8749, or the Philippine Clean Air Act, mandates the sulfur and benzene content for gasoline and automotive diesel.

More recently, Republic Act 9367 or the Biofuels Act of 2006 was passed mandating the use of biofuels (bioethanol and biodiesel). The Act mandates that within two years from its effectivity, all liquid fuels for motors and engines sold in the Philippines shall contain locally-sourced biofuels components of at least five percent bioethanol in the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the country

The DTI, through the Bureau of Products Standards, on the other hand ensures that all products comply with the requirements under the Philippine National Standards.

The BOI, where applicable, extends the same incentives granted to BOI-registered enterprises engaged in a preferred area of investments pursuant to Executive Order No. 226, otherwise known as the "Omnibus Investment Code of 1987" to persons with new investments in refining, storage, marketing and distribution of petroleum products as determined by the DOE.

The DENR, on the other hand, ensures that all projects comply with environmental laws, specifically, the Philippine Clean Air Act. The DENR, through the Environmental Management Bureau, is the agency that issues Environmental Compliance Certificate for all projects deem to have impact on the environment.

GENERAL CORPORATE INFORMATION

INCORPORATION

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on May 8, 2002.

ARTICLES OF INCORPORATION AND BY-LAWS

The Articles of the Company was approved by the SEC on May 8, 2002 and was amended on the following dates: January 11, 2004, January 12, 2006, August 7, 2006, December 29, 2006, February 19, 2007, February 22, 2010, March 8, 2010. September 7, 2010, November 30, 2010, and April 23, 2012. The latest amended Articles was approved by the SEC on November 12, 2012.

The By-Laws of the Corporation was registered with the SEC on May 8, 2002, together with the Articles of Incorporation and was amended on February 19, 2007, February 22, 2010, November 30, 2010, September 19, 2011 and November 12, 2012.

PRIMARY PURPOSE

Under the Articles, the Company's primary purpose is to "engage in, conduct and carry on the business of buying, selling, distributing, marketing at wholesale and retail, insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description and all merchandise, supplies, materials and articles, such as, but not limited to, petroleum, lubricants and other chemical products, as shall be necessary or expedient in conducting the business; to enter into all kinds of contracts for the export, import, purchase, acquisition for its own account as principal or in representative capacity as manufacturer's representative, merchandise broker, commission merchant, factors or agents, upon consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial."

Based on the Amended Articles of Incorporation, the secondary purpose for which the Company is formed is "to engage in the business of operating oil depots, storage facility and allied services."

CORPORATE TERM

The Company is authorized to exist for a term of 50 years from the date of its incorporation. This term may be renewed through an amendment to the Articles approved by the SEC.

FISCAL YEAR

The fiscal year of the Company begins on the first day of January and ends on the last day of December of each year.

APPROVALS

The issue and sale of the Short Term Commercial Paper was duly authorized by resolutions of the Board of Directors of the Company passed on .

SHORT TERM COMMERCIAL PAPER ISSUANCE

On October 24, 2014, the Company issued short term commercial paper amounting to Two Billion Pesos (Php2,000,000,000.00) which was oversubscribed by almost two times. On February 27, 2015, the Company issued an additional short term commercial paper amounting to One Billion Five Hundred Thousand Pesos (Php1,500,000.00). The STCPs were thereafter listed for secondary trading at the PDEx. The Joint Issue Managers, Lead Arrangers and Underwriters likewise acted as underwriters for said STCP issuance. The STCP issuance was assigned a PRS Aa minus rating by Philippine Ratings Services Corporation last August 28, 2015. The Company was the first oil company to issue STCPs to the public and said STCP issuance is the first STCP offered to the public in more than a decade.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Articles and By-laws are available for inspection by the Company's stockholders at the principal office of the Company, during normal business hours on any day on which such office is open for business. Copies may also be inspected at the office of the SEC.

PHILIPPINE TAXATION

Following is a general description of certain Philippine tax aspects of investment by prospective STCP Holders. This discussion is based upon Philippine tax laws, in particular the Tax Code, its implementing regulations and rulings in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective STCP Holders.

The tax treatment of a prospective STCP Holder may vary depending on such STCP Holder's particular situation and certain prospective STCP Holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a prospective STCP Holder.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of investment in the STCPs and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the STCPs under applicable tax laws of other jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the STCPs in such other jurisdictions.

EACH PROSPECTIVE STCP HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH STCP HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE STCPS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines but who is not a citizen of the Philippines; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines. The term "foreign" when applied to a corporation means a corporation which is not domestic while the term "domestic" when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

Taxation of Interest Income

The STCPs will be, under current interpretation of the Tax Code, treated as a long-term investment, in particular, as a deposit substitute instrument. Interest income thus earned by the STCP Holders shall be taxed as described in the following sections.

Interest income earned by individuals

As a general rule, interest income from deposit substitutes earned by individual citizens of the Philippines, resident aliens and non-resident aliens engaged in trade or business in the Philippines is subject to a final withholding tax at the rate of 20%.

Transfers or assignments of the STCPs by the holders are subject to a final tax on the interest income already earned by the transferor STCP Holder which shall be borne by the STCP Holder.

Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. However, such tax rate may be reduced under an applicable tax treaty.

Interest income earned by corporations

Under the present interpretation of the applicable tax laws, instruments similar to or such as the STCPs will be treated as deposit substitutes as such term is defined under the Tax Code. Accordingly, interest income earned by domestic and resident foreign corporations from the STCPs shall be subject to a final withholding tax of 20% of such interest income.

On the other hand, interest income received by a non-resident foreign corporation shall generally be subject to 30% final withholding tax effective 1 January 2009. This rate may also be reduced under an applicable tax treaty.

Interest income earned by trusts

A trust is generally taxed in the same way as an individual pursuant to the Tax Code which provides that the tax imposed upon individuals shall apply to the income of any kind of property held in trust (except qualifying employee's trust considered tax-exempt). Accordingly, since trusts are, for tax purposes, treated as an individual, interest income earned by trusts are likewise subject to the 20% final withholding tax.

The above rule applies, however, only where the trust is irrevocable. In the case of revocable trusts, interest income from investments made by revocable trusts may be exempt from the 20% final withholding tax only upon satisfaction of the following conditions:

(1) The grantor / trustor is an individual;
(2) The instrument in which the revocable trust invests in qualifies as a long-term deposit or investment certificate; and
(3) The conditions for tax exemption of interest income from long-term investments discussed above are complied with.

Tax-exempt persons

All sums payable by the Bank to tax-exempt persons shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission to the Registrar by the STCP Holder claiming the exemption of reasonable evidence of such exemption to the Registrar.

DOCUMENTARY STAMP TAXES

The Tax Code imposes a documentary stamp tax on all bonds, loan agreements and promissory notes at the rate of ₱1.00 on every ₱200, or fractional part thereof, of the face value of such securities. The Company has undertaken to pay the documentary stamp tax on the issuance of the STCPs.

VALUE-ADDED TAX AND GROSS RECEIPTS TAX

At issuance, no Value-Added Tax ("VAT") shall be imposable upon the STCPs. Subsequent transfers shall similarly be free of VAT, unless the STCP Holder is a dealer in securities. In that instance, the STCP Holder shall be liable to pay 12% VAT on the gross income derived from the trading of the STCPs.

Under Republic Act No. 9238, services rendered in the Philippines by, among others, banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies) are exempted from the coverage of the VAT. The exemption, which took effect retroactively on 1 January 2004, reverts to the application of the gross receipts tax ("GRT") regime on services rendered by banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies). Rates of GRT shall be as follows:

(1) Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions:
   (a) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
      Maturity period is five years or less – 5%
      Maturity period is more than five years – 1%
   (b) On dividends and equity shares in net income of subsidiaries – 0%
   (c) On royalties, rentals of real or personal property, profits from exchange and all other items treated as gross income under the Tax Code – 7%
   (d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments – 7%

(2) Other Non-Bank Financial Intermediaries:
   (a) On interest, commission, discounts and all other items treated as gross income under the Tax Code – 5%
   (b) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
      Maturity period is five years or less – 5%
      Maturity period is more than five years – 1%

ESTATE AND DONOR'S TAX

The transfer of the STCPs by a decedent to his heirs, whether or not such decedent was residing in the Philippines, will be subject to an estate tax which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20% if the net estate is over ₱200,000.00.

STCP Holders, whether or not citizens or residents of the Philippines, will be subject to donor's tax upon the donation of the STCPs to strangers at a flat rate of 30% of the net gifts. A "stranger" is defined as any person who is not a brother, sister (whether by whole- or half-blood), spouse, ancestor and lineal descendant or relative by consanguinity in the collateral line within the fourth degree of relationship. A donation to a non-stranger will be subject to a donor's tax at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000.00.

The estate tax, as well as the donor's tax in respect of the STCPs, shall not be collected if: (a) the deceased at the time of his death or donation was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

TAXATION OUTSIDE THE PHILIPPINES

The tax treatment of non-resident STCP Holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident holders under laws other than those of the Philippines.

UNDERWRITING AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Underwriting Agreement (the "**Agreement**") is made and executed this December 23, 2015 in Pasig City by and between:

(1) **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.** a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at the 25th Floor, Fort Legend Tower, 3rd Ave. Bonifacio Global City, Taguig City (the "**Issuer**"); and

(2) **MULTINATIONAL INVESTMENT BANCORPORATION,** a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at the 22nd Floor, Multinational Bancorporation Centre, 6805 Ayala Avenue, Makati City ("**MIB**"); and

(3) **AB CAPITAL AND INVESTMENT CORPORATION,** a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at the 10th Floor, Tower One and Exchange Plaza, Ayala Triangle, Makati City ("**AB Capital**", and together with MIB, the "**Joint Lead Arrangers, Issue Managers and Underwriters**")

RECITALS

WHEREAS, the Issuer intends to issue and register short term commercial papers ("**STCP**") up to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00) (the "**Offer**");

WHEREAS, the STCPs shall be offered and sold to the public in the Philippines through the Joint Lead Arrangers, Issue Managers and Underwriters;

WHEREAS, the Joint Lead Arrangers, Issue Managers and Underwriters have agreed to sell the STCPs on the basis of the representations and warranties of the Issuer and under the terms and conditions hereinafter set forth;

WHEREAS, the Issuer has appointed, and hereby confirms the appointment of MIB and AB Capital as Joint Lead Arrangers, Issue Managers and Underwriters for the Offer, and MIB and AB Capital have accepted the appointment and agreed to sell the STCPs under the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the foregoing, the parties hereto agree as follows:

SECTION 1
DEFINITION OF TERMS

1.1 In addition to the terms defined above, when used in this Agreement and unless the context otherwise requires:

"Agreement"	means this Underwriting Agreement and all attachments, amendments, supplements and addenda hereto.
"Applicant"	refers to a person, whether natural or juridical, who seeks to subscribe to the STCPs by submitting an Application under the terms and conditions prescribed in the Prospectus.
"Application" or *"Application to Purchase"*	means the application to purchase the STCP substantially in the form attached hereto as **Annex B,** which includes one (1) fully executed signature card, accompanying payment and other documentary requirements as may be indicated therein.
"Banking Day"	means any day in a week, except Saturday, Sunday or holidays, when banks and financial institutions are not legally required or are authorized to close for business in Makati, Philippines
"Closing Date"	means the last day of the Offer Period for the relevant issuance.
"Eligible Applicants"	means any natural person of legal age residing in the Philippines, regardless of nationality, or any corporation, association, partnership, trust account, fund or entity, regardless of nationality.
"Indemnified Person/s"	means Joint Lead Arrangers, Issue Managers and Underwriters and its directors, stockholders, officers, consultants, employees, professional advisors and agents and the directors, stockholders, officers, consultants, employees,

	professional advisors and agents of the Joint Lead Arrangers, Issue Managers and Underwriters' subsidiaries and affiliates.
"Issue Date"	means the date when the particular tranche of the STCP are issued to the public.
"Material Adverse Effect"	means a material adverse effect in the business, condition (financial or otherwise), results of operations, properties or prospects of the relevant person, whether or not arising in the ordinary course of business.
"Offer"	means the primary offering of the STCP to Eligible Applicants for subscription, under the terms and conditions contained in this Agreement, the Prospectus and the Application.
"Offer Period"	means the period during which the STCPs shall be offered for sale to the public for the relevant issuance.
"Offer Price"	means the price at which the STCP are to be sold as provided in Section 3 of this Agreement.
"Pesos" or *"₱"*	means Philippine Pesos, the lawful currency of the Republic of the Philippines for the time being.
"Prospectus"	means the information memorandum dated December 23, 2015 and circulated in connection with the Offer of the STCP, and all amendments, supplements and addenda thereto.
"Registration Statement"	means the registration statement and other supporting documents filed by the Issuer with the SEC, including the Prospectus, for the offer and sale to the public of the STCP, as the same may be amended or supplemented in accordance with the Securities Regulation Code, its implementing rules and such other applicable rules of the SEC.
"SEC"	means the Securities and Exchange Commission of the Philippines.

"SRC" or "Securities Regulation Code"	means Republic Act No. 8799 or the Securities Regulation Code of the Philippines.
"STCP"	means the up to ₱3,500,000,000.00 short term commercial paper to be offered for sale to the public in one or more issuance.
"Terms of the Offer"	means the terms and conditions of the offer, sale and distribution to the public of the Offer Shares as set forth in **Annex A**.
"Underwriting Commitment"	means the commitment of the Joint Lead Arrangers, Issue Managers and Underwriters to procure purchasers for or to purchase the STCP in accordance with the terms and conditions of this Agreement.
"Underwritten Securities"	means the STCP for the specific issuance which the Joint Lead Arrangers, Issue Managers and Underwriters commit to underwrite on a firm basis pursuant to its Underwriting Commitment.

SECTION 2
THE OFFER OF THE STCPS

2.1 The Issuer hereby agrees to offer to the public, for purchase, the STCPs in one or more issuance. On the basis of the representations, warranties and undertakings of the Issuer and subject to the terms and conditions set forth herein, the Joint Lead Arrangers, Issue Managers and Underwriters hereby undertake and commit to sell and underwrite on a firm basis the public offering, distribution and sale in the Philippines of each issuance of the STCPs.

2.2 Up to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00) worth of STCPs will be offered for sale to the public, in one or more tranches.

SECTION 3
TERMS OF THE OFFER

The offer, sale and distribution to the public of the SCTPs shall be in accordance with the following terms and conditions, and the Terms of the Offer attached hereto as **Annex A**.

3.1 *Issue Size*

Up to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00), to be issued in one lump sum or multiple tranches.

3.2 *Issue Price*

Discount to face value if yield is computed on true discount basis.

3.3 *Issue Date*

The STCPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the Securities and Exchange Commission (SEC) and issuance of the SEC Order of Registration and Permit to Sell Securities.

3.4 *Tenor*

Tranche D: three (3) months from SEC Approval or Issue Date, in case of rollover issuances
Tranche E: six (6) months from SEC Approval or Issue Date, in case of rollover issuances
Tranche F: twelve (12) months from SEC Approval or Issue Date, in case of rollover issuances

3.5 *Denomination*

The STCPs will be offered in the following denominations:

Tenor	**Minimum Denomination**	**Increment**
Tranche D	₱5,000,000.00	₱100,000.00
Tranche E	₱5,000,000.00	₱100,000.00
Tranche F	₱100,000.00	₱10,000.00

3.6 *Form*

The STCPs shall be issued scripless and will be maintained in electronic form with the registrar to be appointed for the purpose.

3.7 *Interest Rate*

The interest rate shall be computed based on the corresponding Benchmark Rate plus Spread of the corresponding Tenor. In no case shall the Interest Rate be below the BSP policy rate at the rate setting date.

The higher of the PDST-R2 benchmark rate of the corresponding tenor or the closest tenor of the Special Deposit Account of the Bangko Sentral ng Pilipinas.

The corresponding benchmark rates are as follows:

Tranche D:	PDST- R2 3M, or its successor benchmark rate
Tranche E:	PDST- R2 6M, or its successor benchmark rate
Tranche F:	PDST- R2 12M, or its successor benchmark rate

The Interest will be calculated on a true-discount basis.

3.8 *Principal Repayment*

The principal amount of the STCPs will be repaid in full at their respective Maturity Dates. If such principal repayment is due on a day that is not a Business Day, the principal repayment date shall be made on the immediately succeeding Business Day.

3.9 *Status of the STCPs*

The STCPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least *pari passu* in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.

SECTION 4
THE PROSPECTUS AND OTHER SELLING MATERIALS

4.1 For the purpose of the Offer, the Issuer hereby authorizes the use by the Joint Lead Arrangers, Issue Managers and Underwriters, or any other person or entity authorized by the Joint Lead Arrangers, Issue Managers and Underwriters, of the Prospectus dated December 23, 2015 ("Prospectus") and Registration Statement filed by the Issuer with the SEC ("SEC Application") and other sales literature that the Issuer, and the SEC have approved; provided, that the Joint Lead Arrangers, Issue Managers and Underwriters shall exert reasonable efforts to ensure that any person or entity which it has authorized to use the Prospectus, Application and other sales literature shall comply at all times with relevant laws, rules and regulations (including, without limitation, those issued by the SEC) and publicity guidelines issued by the Issuer. The Issuer shall furnish and deliver to the Joint Lead Arrangers, Issue Managers and Underwriters as many copies of the Prospectus and Application as the Joint Lead Arrangers, Issue Managers and Underwriters may reasonably request for the purpose of the Offer.

4.2 The Joint Lead Arrangers, Issue Managers and Underwriters agree not to use any selling material except the Prospectus, the Application and other sales literature approved by the Issuer and the SEC. Likewise, notices or advertisements relating to the distribution and sale of the STCPs shall be subject to the prior approval of the Issuer and the SEC.

4.3 The Issuer, with the assistance of the Joint Lead Arrangers, Issue Managers and Underwriters, shall exert reasonable efforts whenever necessary to obtain the requisite consents and approvals from the relevant regulatory bodies with respect to any advertisement or other sales literature to be used or distributed in connection with the Offer.

4.4 Notwithstanding the approval by the SEC of the Issuer's Prospectus, the SEC Application and other sales literatures, such approval shall not be construed as an endorsement, recommendation of, nor an invitation to subscribe to the STCPs. The SEC shall not be liable for any damages or liabilities that any person may suffer or incur as a result of the use of any advertisement or press release relating to the Offer.

SECTION 5
DUTIES OF THE UNDERWRITERS

5.1 On the basis of the representations, warranties and covenants of the Issuer, the Joint Lead Arrangers, Issue Managers and Underwriters hereby agrees to the following:

a. The Joint Lead Arrangers, Issue Managers and Underwriters commit and undertake to sell and underwrite the STCP of the Issuer in one or more issuance of up to Three Billion Five Hundred Million Pesos (₱3,500,000,000.00) (the "Underwriting Commitment"). This Underwriting Commitment shall be on a firm basis.

b. Unless a cease and desist order is issued by the SEC, the Joint Lead Arrangers, Issue Managers and Underwriters' Selling Commitment shall be co-terminus with the validity of the Issuer's authority to issue the STCPs.

c. The Joint Lead Arrangers, Issue Managers and Underwriters agree during the validity period of the Issuer's authority to issue the STCPs to submit to the SEC the following reports:

   i. Monthly reports on commercial papers outstanding as of the end of each month, to be submitted within ten (10) working days following the end of the reference month;

ii. Quarterly reports on commercial paper transactions accompanied by an interim quarterly financial statement to be submitted within forty-five (45) days following the end of the reference quarter

iii. All other reports which are or may required by the SEC from time to time.

SECTION 6
FULFILLMENT OF UNDERWRITING COMMITMENT

6.1 The Joint Lead Arrangers, Issue Managers and Underwriters shall be deemed, as of 5:00 p.m. on the Closing Date of the relevant issuance, to have irrevocably agreed to purchase on the terms set forth herein and in the Application, all of its Underwritten Securities for that particular issuance.

SECTION 7
CONDITIONS TO THE UNDERWRITING COMMITMENT

7.1 Save to the extent any of the conditions set out below has been waived by the Joint Lead Arrangers, Issue Managers and Underwriters, the Underwriting Commitment of the Joint Lead Arrangers, Issue Managers and Underwriters herein is conditioned upon the following:

(a) The representations and warranties of the Issuer in this Agreement being true and correct as of the date hereof up to Issue Date and the Issuer having performed all of their respective obligations herein as they may become due;

(b) The receipt by the Joint Lead Arrangers, Issue Managers and Underwriters of the following documents, each in form and substance acceptable to the Joint Lead Arrangers, Issue Managers and Underwriters, on or before Closing Date, unless otherwise specified herein:

(1) Copies of the latest Amended Articles of Incorporation and By-laws of the Issuer together with the SEC Certificate of Filing of the same, duly certified by the corporate secretary of the Issuer;

(2) Copies of all corporate approvals, duly certified by the corporate secretary of the Issuer, authorizing the Issuer to execute, deliver and perform its obligations hereunder and authorizing its

signatories hereto to execute and deliver this Agreement and all other documents incidental hereto;

(c) The receipt by the Joint Lead Arrangers, Issue Managers and Underwriters of the copies of the Order of the SEC declaring effective the Registration Statement and the Permit to Offer and Sell Securities no later than the start of the Offer Period; and

7.2 The Joint Lead Arrangers, Issue Managers and Underwriters shall notify the Issuer in writing in the event that any of the above conditions are not complied with on the dates that compliance is required (or, in the absence of any such dates, o Issue Date), and thereupon, this Agreement shall, upon prior written notice to the Issuer, be deemed cancelled and terminated, with the effect set forth in Section 10.1 hereof.

SECTION 8
UNDERWRITING FEES

8.1 In consideration of the services rendered by the Joint Lead Arrangers, Issue Managers and Underwriters pursuant to this Agreement, the Issuer shall pay to the Joint Lead Arrangers, Issue Managers and Underwriters such fees on Issue Date, at such rate agreed upon by the parties in a separate agreement.

8.2 All the foregoing fees shall be paid from the proceeds of the Offer before the proceeds therefrom are released to the Issuer.

8.3 All the foregoing fees to be paid to the Joint Lead Arrangers, Issue Managers and Underwriters shall be paid in Philippine Pesos, net of the applicable gross receipt tax which shall be for the account of the Issuer.

8.4 Other than the fees and expenses described under this section, and such other fees and expenses that may be agreed between the Issuer and the Joint Lead Arrangers, Issue Managers and Underwriters in the separate fee agreement referred to in Section 8.1, there shall be no other charge, fee or other amount for the services rendered by the Joint Lead Arrangers, Issue Managers and Underwriters to the Issuer hereunder or the rights granted hereunder.

SECTION 9
FEES, TAXES AND EXPENSES

9.1 Reasonable out-of-pocket expenses, such as, but not limited to, photocopying, printing, transportation and communication expenses shall be for the Issuer's account duly supported by proper receipts and other supporting documents.

For the avoidance of doubt, and subject to the foregoing paragraph, the Issuer shall be responsible for all expenses relating to this Agreement, including, but not limited to:

(a) registry and listing fees;

(b) fees and expenses of the Issuer's legal counsel and other professional fees;

(c) documentary stamp tax applicable to the Offer of the STCPs (if applicable);

(d) expenses relating to the preparation, printing and filing with the SEC of the Registration Statement and Prospectus (including any and all amendments and supplements thereto);

(e) expenses relating to the marketing and road show activities for the Offer; and

(f) any and all printing, mailing and communication expenses and other out-of-pocket expenses which may be reasonably incurred by the Issuer and the Joint Lead Arrangers, Issue Managers and Underwriters in connection with the Offer, the transfer of the STCPs, in connection with this Agreement and other related agreements in implementation thereof duly supported by receipts and other supporting documents.

Notwithstanding any other provisions in this Agreement, in the event that the Joint Lead Arrangers, Issue Managers and Underwriters cancel or terminate this Agreement citing any of the events listed in sub-sections 12.1 (b), (c), (d), (e), (f) or (g), the Issuer shall only be liable for the fees, disbursements and expenses listed above that are actually incurred as of the date of such cancellation or termination.

9.2 The Issuer shall pay for the cost of any documentary stamp tax that may be required by law for the offer and sale of the STCPs, and it shall hold the Joint Lead Arrangers, Issue Managers and Underwriters and purchasers of the STCPs, their successors and assigns, free and harmless from any liability, cost, damage and expense that may arise from any failure of the Issuer to discharge this obligation.

9.3 Subject to Section 8.1, the aforementioned expenses shall be paid directly by the Issuer out of the proceeds of the Offer. The Issuer shall cause the Joint Lead Arrangers, Issue Managers and Underwriters to release payments of the aforesaid fees and expenses within five (5) Banking Days from presentation by the Joint Lead Arrangers, Issue Managers and Underwriters of the pertinent statements and/or supporting documents.

SECTION 10
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER

10.1 The Issuer represents and warrants to and covenants with the Joint Lead Arrangers, Issue Managers and Underwriters that:

(a) The Issuer is a corporation duly organized, validly existing and in good standing under and by virtue of the laws of the Philippines, has its principal office indicated in this Agreement and has the corporate power and authority to conduct its business as presently being conducted and to own all its properties and assets now owned by it as well as those to be hereafter acquired by it for the purpose of its business.

(b) This Agreement has been duly authorized, executed and delivered, and constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms.

(c) All corporate and/or governmental authorizations, approvals, rulings, registrations then required or desirable on the part of the Issuer for the Offer, for the circulation of the Prospectus, and for the Issuer to enter into and comply with its obligations under this Agreement, will have been obtained or effected on/or before the commencement of the Offer Period.

(d) All conditions imposed under the Securities Regulation Code and any subsequent conditions imposed by the SEC for the Offer under this Agreement have been or will have been complied with by the Issuer as of the date and/or time that they are required to be complied with.

(e) The Issuer shall promptly advise the Joint Lead Arrangers, Issue Managers and Underwriters: (i) of any request by the SEC to the Issuer for any updating, amendment or supplement to the Registration Statement or the Prospectus or for any additional information thereon;

and (ii) of the issuance by any governmental agency or office of any cease and desist order suspending the distribution or sale of the STCPs or the initiation of any proceeding for any such purpose. No amendment or supplement to the Registration Statement or Prospectus have been or will be made during the Offer Period without prior written approval of the Joint Lead Arrangers, Issue Managers and Underwriters and of the SEC, which approval shall not be unreasonably withheld.

(f) The Registration Statement and the Prospectus as of their respective dates, and if amended or supplemented, as of the date of such amendment of supplement, are not violative of any statute, or any rule or regulation of any government agency or office, and do not contain any untrue statement of a material fact, nor do they omit any material fact required to be stated therein for purposes of a fair disclosure or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Registration Statement and the Prospectus contain a reasonably complete description of the business, properties and operations of the Issuer, its capitalization, the STCPs, and the Terms of the Offer. The Registration Statement and the Prospectus shall continue to be in the aforementioned condition during the Offer Period up to the Issue Date save to the extent any such change in the condition is not reasonably expected to have a material adverse effect on the Issuer.

(g) The Offer, the distribution and sale of the STCPs to the public and the obligations of the Issuer under this Agreement will constitute its legal, valid and binding obligations enforceable in accordance with the terms thereof and the Offer, and the execution and delivery of this Agreement, the public offer, distribution of the STCPs, the compliance by the Issuer with its obligations under this Agreement and the consummation of the transactions contemplated herein will not conflict with, nor constitute a breach of or default of, the Articles of Incorporation, as amended, By-laws, as amended, or any resolution of the Board of Directors of the Issuer, or any rights of the stockholders of the Issuer, or any contract or instrument by which the Issuer or any of its properties is bound, or by any law of the Republic of the Philippines or any regulation, judgment, or order of any office, agency or instrumentality thereof applicable to the Issuer or its properties.

(h) No information has been withheld from the Issuer's independent public accountants for the purposes of the relevant audited financial statements as set out in the Prospectus and as used in connection with the Offer, save to the extent any information that has not been disclosed to such accountants would not have a material adverse effect on the Issuer. The

Issuer's independent public accountants are independent auditors within meaning of applicable regulation in the Philippines.

(i) The audited financial statements of the Issuer as of December 31, 2013 and 2012 (hereinafter, the "Financial Statements") are prepared in conformity with Philippine Financial Reporting Standards and in accordance with the books and records of the Issuer, are true, complete and correct in all material respects, have been prepared in accordance with generally accepted accounting principles prevailing as of March 31, 2012, and fairly present the Issuer's financial condition and results of operations as of the date thereof and for the period then ended. Unless otherwise disclosed in the Prospectus, since the date of its last audited accounts, the Issuer has carried on business in the ordinary and usual course and since such date has not entered into any contracts or commitments of an unusual or onerous nature outside the ordinary and usual course of its business which are material in the context of its business, and except as disclosed in the Prospectus, there has been no change in the business, condition (financial or otherwise), results of operations, properties or prospects of the Issuer, whether or not arising in the ordinary course of business, which is reasonably expected to have a material adverse effect on the Issuer.

(j) Except to the extent disclosed in the Prospectus or reflected or adequately reserved against in the Financial Statements or in the explanatory notes thereto, the Issuer has, as of the date thereof, no material liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise, including but not limited to, tax liabilities due or to become due and whether incurred in respect of, or measured by any income for, any period prior to such date or arising out of transactions entered into, or any state of facts existing, prior thereto, except for such tax liabilities which may be contested in good faith by the Issuer, or such tax liabilities the non-payment of which is not expected to have a material adverse effect on the Issuer.

(k) The Issuer is conducting its business and operations in compliance with the applicable laws and directives of government authorities having the force of law. The Issuer has filed true and complete tax returns and has paid all taxes due in the conduct of its operations, except to the extent the payment of such taxes is being contested in good faith and by appropriate proceedings or any non-payment or non-filing is not reasonably expected to have a material adverse effect on the Issuer.

(l) Save as otherwise disclosed in the Prospectus, the Financial Statements, or otherwise in writing to the Joint Lead Arrangers, Issue Managers and

Underwriters, there are no legal, administrative or arbitration actions, suits or proceedings pending or, to the best of the knowledge after due diligence of the directors and senior officers of the Issuer listed in the Prospectus, threatened against or affecting the Issuer which, if adversely determined, would have a material adverse effect on the Issuer or which enjoin or otherwise adversely affect the execution, delivery or performance of this Agreement.

(m) Since the respective dates as of which information is given in the Registration Statement and the Prospectus and except as otherwise indicated therein, there has been no material change in the management, ownership, business, condition (financial or otherwise), results of operations, properties, or prospects of the Issuer, whether or not arising in the ordinary course of business.

(n) The Issuer has not performed, and shall not perform, any act or enter into contractual arrangements which render or shall render the Issuer's permits and/or governmental authorizations subject to suspension and/or revocation.

The above representations and warranties are true and correct as of the date of this Agreement and shall remain true and correct from the start of the Offer Period to the Issue Date.

SECTION 11
INDEMNITY CLAUSE

11.1 The Issuer shall indemnify and hold the Indemnified Persons free and harmless from any and all losses, claims, damages, liabilities and expenses, or any actions (including, without limitation, legal expenses incurred in investigating and defending against claims arising from the Joint Lead Arrangers, Issue Managers and Underwriters' performance of its obligations under this Agreement) with respect thereto, arising out of or by virtue of any actual or alleged: (i) failure of the Issuer to comply with any of its undertakings, covenants or other obligations in this Agreement and related agreements, and will pay for or reimburse within three (3) Banking Days from demand of the Joint Lead Arrangers, Issue Managers and Underwriters for any legal or other expense reasonably incurred by it in connection with investigating or defending against such losses, claims, damages, expenses, liabilities or actions, save to the extent that any such loss, claim, damage, expense, liability or action results from the misconduct or negligence of the relevant Indemnified Person.

11.2 The Issuer shall indemnify and hold the Indemnified Persons free and harmless from any and all losses, claims, damages, liabilities and expenses including, without limitation, legal expenses incurred in investigating and defending against such judgment arising from a final and executory judgment rendered by a court of competent jurisdiction, or actions with respect thereto arising directly out of, or in connection with the appointment of the Joint Lead Arrangers, Issue Managers and Underwriters as such pursuant to this Agreement. Notwithstanding these, nothing in this Agreement shall be construed as excusing the Joint Lead Arrangers, Issue Managers and Underwriters from their obligation under section 5(A) of the Omnibus Rules and Regulations for Investment Houses and Universal Banks as Underwriters of Securities.

11.3 The obligation and undertaking herein of the Issuer to indemnify and hold the Joint Lead Arrangers, Issue Managers and Underwriters free and harmless shall survive or remain in full force and effect notwithstanding the completion of the Offer and the complete performance of the other terms and conditions of this Agreement.

SECTION 12
TERMINATION OR CANCELLATION OF THE UNDERWRITING COMMITMENT

12.1 Subject to Section 12.2, the Joint Lead Arrangers, Issue Managers and Underwriters may cancel or terminate the Underwriting Commitment by giving written notice to the Issuer if, prior to the issue date of the STCPs, any of the following events occurs:

(a) The Issuer fails to perform any of its material undertakings, covenants and obligations herein.

(b) An order canceling or terminating the offer, sale, distribution or issuance of the STCPs is issued by any competent governmental authority.

(c) A change or impending change in the law, rule, regulation, policy or practice, or a ruling, interpretation, decree or order is issued, made or adopted which shall: (i) materially and adversely affect any of the features or marketability of the STCPs; or (ii) materially and adversely affect the business, condition (financial or otherwise), results of operations, properties or prospects of the Issuer; or (iii) render illegal the performance by the Joint Lead Arrangers, Issue Managers and Underwriters of any of its material obligations hereunder.

(d) There occurs any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or there occurs any adverse change in local, national or international financial, political, economic or stock market conditions which, in the reasonable opinion of the Joint Lead Arrangers, Issue Managers and Underwriters, would materially affect the distribution, offer and sale of the STCPs in the Philippines.

(e) There occurs or is seriously threatened, or there becomes known to the Joint Lead Arrangers, Issue Managers and Underwriters, any adverse change or development in the Issuer's management, finances or assets, corporate structure or relationships, actual or potential liabilities, investments, revenues, operations, and the conditions thereof, or business and profitability prospects.

(f) The Issuer is compelled or ordered by a competent government authority to cease and desist from continuing any material portion of its operations.

(g) The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay all or substantially all its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such receiver, trustee or similar officer shall be appointed and such appointment shall continue undischarged for a period of forty-five (45) days; or the Issuer shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization (other than an increase in capital or a revision in the capital structure of the Issuer as disclosed or envisioned in the Prospectus), arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or such proceeding shall be instituted against it without its consent and shall remain undismissed for a period of forty-five (45) days; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Issuer and such judgment, writ or similar process shall not be released, vacated or fully bonded within forty-five (45) days after its issue or levy; or any event occurs which under the laws of the Philippines or the regulations of any applicable political subdivision thereof has an effect equivalent to any of the foregoing.

(h) Any other event, whether or not similar to any of the foregoing, should occur or be revealed which, in the reasonable determination of the Joint Lead Arrangers, Issue Managers and Underwriters, involves a material change in the circumstances existing when this Agreement was entered into which, in each case, in the reasonable opinion of the Joint Lead Arrangers, Issue Managers and Underwriters, (i) makes it impracticable or inadvisable to proceed with the offering of the sale of the STCPs on the terms and in the manner contemplated in the Prospectus; (ii) would be likely to materially prejudice the success of the offering, distribution and sale of the STCPs; (iii) is or will make it impracticable to proceed with the Offer; or (iv) is or will make it impracticable or inadvisable for any material part of this Agreement and/or the Offer to be performed or implemented as envisaged.

12.2 The Joint Lead Arrangers, Issue Managers and Underwriters may cancel or terminate the Selling Commitment by giving written notice to the Issuer if, on or prior to the Offer of the STCPS, performance of or compliance with any of the undertakings of the Joint Lead Arrangers, Issue Managers and Underwriters, or its covenants and obligations herein becomes impossible due to conditions beyond its control, including, *force majeure*, natural calamities and disasters, flood, storm, earthquake, wars, riots, insurrections, terrorist acts and/or any other cause beyond the reasonable control of the Underwriter.

12.3 The Joint Lead Arrangers, Issue Managers and Underwriters shall not exercise the right to cancel or revoke the Underwriting Commitment for any of the above grounds until and unless it has taken its best efforts to first consult the Issuer.

12.4 In all instances of termination of this Agreement, the Issuer and Joint Lead Arrangers, Issue Managers and Underwriters shall give notice to the SEC (specifically to the Markets and Securities Regulation Department) of the fact of termination, as well as the cause and circumstances surrounding the termination.

SECTION 13
EFFECT OF CANCELLATION

13.1 Immediately upon receipt by the Issuer of a notice of cancellation or termination from the Joint Lead Arrangers, Issue Managers and Underwriters, the Joint Lead Arrangers, Issue Managers and Underwriters shall desist from receiving any application for the STCPs and shall return or otherwise cause to return to the applicants all monies so far received from them.

SECTION 14
MISCELLANEOUS PROVISIONS

14.1 *Governing Law and Disputes*

This Agreement shall be governed by the laws of the Republic of the Philippines. Any legal proceeding arising out of, in relation to, or in connection with this Agreement shall be brought before the appropriate courts of Taguig City, Philippines to the exclusion of all other courts and venue.

14.2 *Notices*

For purposes of this Agreement, all instructions, notices, requests and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been fully given on the date of actual receipt if delivered personally or through a reputable courier service to the parties at their respective addresses given above.

14.3 *Binding Effect*

This Agreement shall be binding upon, and inure solely to the benefit of the Joint Lead Arrangers, Issue Managers and Underwriters, the Issuer, their respective directors, stockholders, officers, consultants, employees, professional advisers and agents, their respective successors and assignees, and no other person shall acquire or have any right under or by virtue of this Agreement.

14.4 *Non-waiver; Cumulative Remedies*

No failure or delay by any party to exercise or to insist upon the performance, in whole or in part, of any term, condition, covenant, right, legal or equitable remedy or any provision of this Agreement, shall constitute a waiver of any such term, condition, covenant, right, legal or equitable remedy or provision, or preclude such party from exercising or insisting upon the performance, in whole or in part, of any such term, condition, covenant, right, legal or equitable remedy or provision of this Agreement at any later time. No waiver of the applicability of any provision of this Agreement shall be deemed implied from the execution by the Joint Lead Arrangers, Issue Managers and Underwriters, and the Issuer of this Agreement. All remedies, rights and options under this Agreement or otherwise afforded a party shall be cumulative and not alternative, and shall be in addition to and not in substitution for or in derogation of the rights and remedies conferred by law. Unless otherwise required under this Agreement, no notice to or demand on a party in any case shall entitle it to any other or further notice or demand in similar or other circumstances.

14.5 *Severability of Provisions*

If any one or more of the provisions contained in this Agreement shall be declared invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions herein shall not, to the extent permitted by law, in any way be affected or impaired.

14.6 *Entire Agreement*

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter contemplated in this Agreement and supersedes all prior agreements and undertakings, both written and oral between the Parties with respect to the subject matter of this Agreement.

14.7 *Counterparts*

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same Agreement. Each Party may execute this Agreement by signing any such counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers on the date first above written.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
(Issuer)

By:

Joseph John L. Ong
Chief Finance Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
____________________________) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this _____________, personally appeared the following:

Name	Competent Evidence of Identity	Issued On/At
Joseph John L. Ong	EC1282932	01 JUN 14 / DFA NCR SOUTH

known to me and by me known to be the same persons who executed the foregoing Underwriting Agreement and they acknowledged to me that the same is their own free and voluntary act and deed as well as of the corporations they respectively represent.

WITNESS MY HAND AND SEAL on the date and at the place first abovewritten.

Doc. No. 271;
Page No. 56;
Book No. I;
Series of 2015.

Maria Pilar S. Henson
Appointment No. 210 (2015-2016)
Notary Public for Pasig, Taguig, San Juan, Pateros
Until December 31, 2016
Attorneys Roll No. 48500
Suite 2401 The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR No. 0381598; 01.07.15; Pasig City
IBP Lifetime No. 08738; RSM

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers on the date first above written.

MULTINATIONAL INVESTMENT BANCORPORATION
Joint Lead Arranger, Issue Manager and Underwriter

By:

Marilou C. Cristobal
President

Dindo Antonio T. Caguiat
Vice President

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_______________________) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, this __________, personally appeared the following:

Name	**Competent Evidence of Identity**	**Issued On/At**
Marilou C. Cristobal	EB 9138679	13 Sep 13 / DFA MANILA
Dindo Antonio T. Caguiat	EB 792 7611	19 April 13 / DFA MANILA

known to me and by me known to be the same persons who executed the foregoing Underwriting Agreement and they acknowledged to me that the same is their own free and voluntary act and deed as well as of the corporations they respectively represent.

WITNESS MY HAND AND SEAL on the date and at the place first abovewritten.

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PTR No. 0381598; 01.07.15; Pasig City
IBP Lifetime No. 08738; RSM

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers on the date first above written.

AB CAPITAL AND INVESTMENT CORPORATION
Joint Lead Arranger, Issue Manager and Underwriter

By:

Senen L. Matoto
President

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
______________________ **) S. S.**

BEFORE ME, a Notary Public for and in the above jurisdiction, this __________, personally appeared the following:

Name	Competent Evidence of Identity	Issued On/At
Senen L. Matoto	EB4172976	29 NOV 11/DFA MANILA

known to me and by me known to be the same persons who executed the foregoing Underwriting Agreement and they acknowledged to me that the same is their own free and voluntary act and deed as well as of the corporations they respectively represent.

WITNESS MY HAND AND SEAL on the date and at the place first abovewritten.

Doc. No. 273
Page No. 56;
Book No. I;
Series of 2015.

Maria Pilar S. Henson
Appointment No. 210 (2015-2016)
Notary Public for Pasig, Taguig, San Juan, Pateros
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PTR No. 0381598; 01.07.15; Pasig City
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ANNEX A
OFFER TERMS AND CONDITIONS

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
₱3,500,000,000.00 SHORT-TERM COMMERCIAL PAPER
TERMS AND CONDITIONS

Issuer	Phoenix Petroleum Philippines, Inc.
Joint Issue Managers and Lead Arrangers	Multinational Investment Bancorporation AB Capital and Investment Corporation
Underwriters	Multinational Investment Bancorporation AB Capital and Investment Corporation
Instrument	Registered Short Term Commercial Papers ("STCPs")
Issue Size	Up to Pesos: Three Billion Five Hundred Million (₱3,500,000,000.00), to be issued in one lump sum or multiple tranches
Tenor/Initial Issuance	Tranche D: Three (3) months from SEC approval of registration or Issue Date Tranche E: Six (6) months from SEC approval of registration or Issue Date Tranche F: Twelve (12) months from SEC approval of registration
Denomination	For Tranche D and E: Minimum of Pesos: Five Million (₱5,000,000.00) face value and increments of Pesos: One Hundred Thousand (₱100,000.00) For Tranche F: Minimum of Pesos: One Hundred Thousand (₱100,000.00) face value and increments of Pesos: Ten Thousand (₱10,000.00)
Issue Price	Discount to face value
Issue Date	The STCPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the SEC and issuance of the Permit to Offer and Sell Securities

Interest/ Discount Rate For Initial Issuance	Tranche D: Tranche E: Tranche F:	3.7983% 4.1743% 4.1717%
Interest/Discount Rate	Tranche D: Tranche E: Tranche F:	Benchmark Rate + 100 to 250 bps Benchmark Rate + 100 to 250 bps Benchmark Rate + 100 to 250 bps

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Rollover Interest /Discount Rate	The rollover interest rate shall be computed based on the corresponding Benchmark Rate plus Spread of the corresponding Tenor
Rollover Benchmark Rate	The higher of the PDST-R2 benchmark rate of the corresponding tenor or the closest tenor of the Special Deposit Account of the Bangko Sentral ng Pilipinas The corresponding benchmark rates are as follows: Tranche D: PDST-R2 3M, or its successor benchmark rate Tranche E: PDST-R2 6M, or its successor benchmark rate Tranche F: PDST-R2 12M, or its successor benchmark rate
Rollover Spread	The spread over the benchmark shall be the following: Tranche D: 100 to 250 bps Tranche E: 100 to 250 bps Tranche F: 100 to 250 bps
Rollover Procedure	Below is an illustration of the procedure for the rollover of the STCP upon maturity of the respective tranches: 5 days before maturity: Issuer informs underwriters their intention to roll-over and provides roll-over discount rate; underwriters relay information to existing STCP holders and asks for their disposition whether they will roll or pay–out; existing STCP holders provide written instructions to pay the entire maturity amount; or rollover the entire maturity amount; or pay a specified portion of the maturity amount and rollover a specified portion of the same. 3 days before maturity: Underwriters inform Issuer and PDTC of the amount that will be rolled over / paid out; duly completed Applications to Purchase for the roll–over amount are submitted by the rolling STCP holders to the Underwriters, for further submission to the PDTC

	Within 3 days before maturity: Rollover holdings of the STCP holders are recorded by PDTC On maturity date: Issuer remits net amount to be paid out, through the Registry and Paying Agent, for distribution to the relevant maturing STCP holders.
Interest Computation	The Interest/Discount Rate and Rollover Interest/Discount Rate will be calculated on a true-discount basis
Principal Repayment	The principal amount of the STCPs will be repaid in full at their Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof, provided that no STCPs (including rollovers) shall remain outstanding beyond one year from SEC approval. If such principal repayment is due on a day that is not a Business Day, the principal repayment date shall be made on the immediately succeeding Business Day. No additional interest will be paid in such case
Status	The STCPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least *pari passu* in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer
Form	The STCPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	As registered securities, the interest paid on the STCPs shall be subject to a 20% final withholding tax. An STCP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents. Subject to the foregoing, all payments of principal and interest with respect to the STCPs shall be made free and clear of all deductions and withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the

	STCP Holders will receive the full amount of principal and interest which otherwise would have been due and payable, provided however, that the Issuer shall not be liable for: (a) gross receipts tax ("GRT") (or any tax which may supersede GRT with respect to lenders which are currently subject to GRT) which may be payable by any lender on any amount to be received from the Issuer under the Issue; (b) taxes on the overall income of any STCP Holder or the Facility Agent, whether or not subject to withholding; and (c) any withholding tax on any amount payable to any STCP Holder or any entity which is a non-resident foreign corporation. Provided further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges. DST in respect of the primary issuance of the CPs and the documentation, if any, shall be for the Issuer's account
Documentation	Documentation will include (a) the Registration Statement; (b) Underwriting Agreement containing, inter alia, undertakings (including negative pledge), representations and warranties and other provisions in respect of the underwriting arrangement; (c) Registry and Paying Agency Agreement; (d) Facility Agency Agreement; (e) the Commercial Papers; and (f) legal opinion from the Issuer's independent counsel
Registrar	Philippine Depository & Trust Corp.
Paying Agent	Philippine Depository & Trust Corp.
Facility Agent	AB Capital and Investment Corporation – Trust and Investment Division
Secondary Trading	The STCPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEx) for secondary trading of the STCPs and upon such listing, all secondary trading may be coursed through eligible PDEx Trading Participants
Listing and Disclosure	The listing of the initial issuance, follow-on issuances and/or roll-overs of the STCPs shall be in compliance with the listing and disclosure requirements and guidelines of PDEx.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.
₱3,500,000,000.00 SHORT-TERM COMMERCIAL PAPER
TERMS AND CONDITIONS

Issuer	Phoenix Petroleum Philippines, Inc.
Joint Issue Managers and Lead Arrangers	Multinational Investment Bancorporation AB Capital and Investment Corporation
Underwriters	Multinational Investment Bancorporation AB Capital and Investment Corporation
Instrument	Registered Short Term Commercial Papers ("STCPs")
Issue Size	Up to Pesos: Three Billion Five Hundred Million (₱3,500,000,000.00), to be issued in one lump sum or multiple tranches
Tenor/Initial Issuance	Tranche D: Three (3) months from SEC approval of registration or Issue Date Tranche E: Six (6) months from SEC approval of registration or Issue Date Tranche F: Twelve (12) months from SEC approval of registration
Denomination	For Tranche D and E: Minimum of Pesos: Five Million (₱5,000,000.00) face value and increments of Pesos: One Hundred Thousand (₱100,000.00) For Tranche F: Minimum of Pesos: One Hundred Thousand (₱100,000.00) face value and increments of Pesos: Ten Thousand (₱10,000.00)
Issue Price	Discount to face value
Issue Date	The STCPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the SEC and issuance of the Permit to Offer and Sell Securities

Interest/ Discount Rate For Initial Issuance	Tranche D:	3.7983%
	Tranche E:	4.1743%
	Tranche F:	4.1717%
Interest/Discount Rate	Tranche D:	Benchmark Rate + 100 to 250 bps
	Tranche E:	Benchmark Rate + 100 to 250 bps
	Tranche F:	Benchmark Rate + 100 to 250 bps

Rollover Interest /Discount Rate

The rollover interest rate shall be computed based on the corresponding Benchmark Rate plus Spread of the corresponding Tenor

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Rollover Benchmark Rate

The higher of the PDST-R2 benchmark rate of the corresponding tenor or the closest tenor of the Special Deposit Account of the Bangko Sentral ng Pilipinas

The corresponding benchmark rates are as follows:

Tranche D:	PDST-R2 3M, or its successor benchmark rate
Tranche E:	PDST-R2 6M, or its successor benchmark rate
Tranche F:	PDST-R2 12M, or its successor benchmark rate

Rollover Spread

The spread over the benchmark shall be the following:

Tranche D:	100 to 250 bps
Tranche E:	100 to 250 bps
Tranche F:	100 to 250 bps

Rollover Procedure

Below is an illustration of the procedure for the rollover of the STCP upon maturity of the respective tranches:

5 days before maturity: Issuer informs underwriters their intention to roll-over and provides roll-over discount rate; underwriters relay information to existing STCP holders and asks for their disposition whether they will roll or pay–out; existing STCP holders provide written instructions to pay the entire maturity amount; or rollover the entire maturity amount; or pay a specified portion of the maturity amount and rollover a specified portion of the same.

3 days before maturity: Underwriters inform Issuer and PDTC of the amount that will be rolled over / paid out; duly completed Applications to Purchase for the roll–over amount are submitted by the rolling STCP holders to the Underwriters, for further submission to the PDTC

	Within 3 days before maturity: Rollover holdings of the STCP holders are recorded by PDTC On maturity date: Issuer remits net amount to be paid out, through the Registry and Paying Agent, for distribution to the relevant maturing STCP holders.
Interest Computation	The Interest/Discount Rate and Rollover Interest/Discount Rate will be calculated on a true-discount basis
Principal Repayment	The principal amount of the STCPs will be repaid in full at their Maturity Dates, unless the investor provides written instruction to rollover the entire amount or a portion thereof, provided that no STCPs (including rollovers) shall remain outstanding beyond one year from SEC approval. If such principal repayment is due on a day that is not a Business Day, the principal repayment date shall be made on the immediately succeeding Business Day. No additional interest will be paid in such case
Status	The STCPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least *pari passu* in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer
Form	The STCPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	As registered securities, the interest paid on the STCPs shall be subject to a 20% final withholding tax. An STCP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents. Subject to the foregoing, all payments of principal and interest with respect to the STCPs shall be made free and clear of all deductions and withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the

	STCP Holders will receive the full amount of principal and interest which otherwise would have been due and payable, provided however, that the Issuer shall not be liable for: (a) gross receipts tax ("GRT") (or any tax which may supersede GRT with respect to lenders which are currently subject to GRT) which may be payable by any lender on any amount to be received from the Issuer under the Issue; (b) taxes on the overall income of any STCP Holder or the Facility Agent, whether or not subject to withholding; and (c) any withholding tax on any amount payable to any STCP Holder or any entity which is a non-resident foreign corporation. Provided further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges. DST in respect of the primary issuance of the CPs and the documentation, if any, shall be for the Issuer's account
Documentation	Documentation will include (a) the Registration Statement; (b) Underwriting Agreement containing, inter alia, undertakings (including negative pledge), representations and warranties and other provisions in respect of the underwriting arrangement; (c) Registry and Paying Agency Agreement; (d) Facility Agency Agreement; (e) the Commercial Papers; and (f) legal opinion from the Issuer's independent counsel
Registrar	Philippine Depository & Trust Corp.
Paying Agent	Philippine Depository & Trust Corp.
Facility Agent	AB Capital and Investment Corporation – Trust and Investment Division
Secondary Trading	The STCPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEx) for secondary trading of the STCPs and upon such listing, all secondary trading may be coursed through eligible PDEx Trading Participants
Listing and Disclosure	The listing of the initial issuance, follow-on issuances and/or roll-overs of the STCPs shall be in compliance with the listing and disclosure requirements and guidelines of PDEx.

ANNEX B
FORM OF THE APPLICATION TO PURCHASE

ATP No.	
Original copy – Registrar	
Duplicate copy – Underwriter	
Triplicate copy - Applicant	

PHOENIX
Fuels Life

PHOENIX PETROLEUM PHILIPPINES, INC.

Short Term Commercial Paper up to ₱3,500,000,000.00

APPLICATION TO PURCHASE

This is an application to purchase (the "Application") Philippine Peso denominated Short Term Commercial Paper (the "STCP") to be issued by Phoenix Petroleum Philippines, Inc. (the "Issuer"). Any Application submitted by a prospective purchaser (the "Applicant") must be for a denomination of ₱5,000,000.00, as a minimum and increments of ₱100,000.00 for Tranche D (3 months tenor) and Tranche B (6 months tenor) and ₱100,000.00, as a minimum and increments of ₱10,000.00 for Tranche F (12 months tenor). The STCPs will be issued in scripless form and recorded in the electronic book entry system of the Philippine Depository & Trust Corp. (the "Registrar") and shall be subject to the rules and regulations of the Registrar. The Application and all required documentary attachments must be received not later than 5:00 p.m. of January 8, 2016, which is the end of the Offer Period, unless otherwise extended or earlier terminated. Applications and payments received after the Offer Period will be rejected. Any Application improperly or incompletely accomplished may likewise be rejected.

The Application, once accepted, shall constitute the duly executed purchase agreement covering the amount of the STCPs so accepted and shall be valid and binding on the Issuer and the Applicant. Once accepted, an Application to Purchase may not be unilaterally revoked or canceled by the Applicant, in full or in part, and the rights and privileges pertaining thereto shall be non- transferable. Payment in full, through one of the four methods set forth below, must accompany this Application.

The Issuer, together with the Joint Issue Managers, Lead Arrangers and Underwriters (collectively, the "Underwriters"), reserves the right to accept or reject this Application, and in case of oversubscription, allocate the STCPs available to the Applicants in a manner they deem appropriate.

THE APPLICANT MAY OBTAIN A COPY OF THE PROSPECTUS WHICH SHALL BE MADE AVAILABLE AT THE OFFICES OF THE UNDERWRITERS AND AT THE MAIN AND EXTENSION OFFICES OF THE SEC (GREENHILLS, EDSA; BAGUIO CONVENTION CENTER, BAGUIO CITY; SEC BLDG, 2nd FLOOR CHINIEL (AVON) BLDG, RIZAL ST. ALBAY DISTRICT, LEGASPI CITY; SEC BLDG, GEN. HUGHES ST., ILOILO CITY; SEC BLDG, V.RAMA AVE., GUADALUPE, CEBU CITY; SEC BLDG, CORNER LUISA DRIVE & UNIVERSITY AVE. JUNA SUBD., MATINA, DAVAO CITY; SEC BLDG CORNER 14th & TOMOASACO DEL LASA STS., CAGAYAN DE ORO CITY; SEC BLDG, SAN JOSE PANIGAYAN ST., ZAMBOANGA CITY), THROUGHOUT THE OFFER PERIOD, DURING REGULAR BUSINESS HOURS. APPLICANTS MAY ALSO OBTAIN COPIES OF THE PROSPECTUS FROM THE ISSUER.

SELLING AGENT:

TYPE OF INVESTOR: ☐ **INDIVIDUAL** ☐ **CORPORATE** (FOR OTHER CORPORATE OR OTHER JURIDICAL ENTITIES, PLEASE CHECK ONE)

- ☐ Partnership or other Juridical Entity
- ☐ Corporation under the Laws of ____________
- ☐ Investment House
- ☐ Incorporated Mutual Fund
- ☐ Bank
- ☐ Trust Company/Trust Fund/Trust Department
- ☐ Insurance Company
- ☐ Others ____________

Name of Applicant: (Last, First, M.I. / Business Name)*	**Tax Identification Number:***

I/We hereby apply to purchase the following principal amount of the STCPs, subject to the Prospectus distributed or made available by the Issuer and Underwriters in relation to the offer and sale of the STCPs.

Amount of STCPs Applied For: **Tenor of the STCPs Applied For:**

(minimum of ₱5,000,000.00, and increments of ₱100,000.00 for Tranche D and E and minimum of ₱100,000.00 and increments of ₱10,000.00 for Tranche F)

Mode of Payment for the STCPs:

☐ Cash

☐ Personal/Corporate Check number ______________ with ______________________________ branch ______________

☐ Manager's/Cashier's Check number ______________ with ______________________________ branch ______________

☐ Debit peso current/savings account number ______________ with ______________________________ branch ______________

Permanent Address:*	**Present Mailing Address (if different from Permanent Address):***
Telephone Number/s: **Fax Number/s:**	**Email Address (Please fill-in only if you specifically consent to e-mail communications):** **Communications (E-mail Indemnity)** By indicating the email address, I/we consent to receive all notices and communications via email, and such consent shall operate as a waiver of my/our right and privilege to the secrecy of bank deposits in respect of such statements or notices. I/We acknowledge that security of any statement, notice or communication sent through electronic means is not guaranteed and I/we assume all risks in relations to its transmission. I/We are responsible for keeping such email access active and existing during the term of the STCPs, otherwise, I/we shall be liable for any fees or charges that may be imposed or incurred in transmitting or re-transmitting such communication via electronic means.
Primary Contact Person (if other than Applicant):	**Relationship to Applicant:**
Date of Birth / Incorporation (mm/dd/yyyy):*	**Place of Birth / Incorporation:***
Nationality:*	**Name of Spouse (if married):**
Nature of Work or Business:*	**Name of Employer / Business:***
Sources of Income:*	**Tax Status:* (Please indicate if you are an individual, a taxable corporate, a tax-exempt corporate or if a foreign investor, the tax applicable in %)**
Mode of Collection of Principal Payments: I/We hereby unconditionally instruct and authorize the Paying Agent to cause the payments of principal on the STCPs to be paid to the STCP Holders via the following: ☐ Credit **Peso Current/Savings Account** number ______________ with ______________ branch ______________ ☐ Credit **Demand Deposit Account** number ______________ with ______________ branch ______________	**Statement, Notices & Correspondence Delivery Mode:** ☐ Send to email address indicated above ☐ Deliver via courier to Present Mailing Address indicated above (Metro Manila only) ☐ Deliver via registered mail to Present Mailing Address indicated above

If a CORPORATE ENTITY, please fill up Additional Required Information: (Please use additional sheets if necessary):

Name of Parent Company, if Any:

Names of Directors:*

Name of Stockholders Owning at Least 2% of the Authorized Capital Stock:*

Name of Beneficial Owners of Applicant, if any:*

Address of Beneficial Owner/s:*

Tax Identification Number/s of Beneficial Owner/s:*

Name of Attorney-in-Fact:*

Designated as such Pursuant to Special Power of Attorney dated:*

***Required to be filled up**

REQUIRED ATTACHMENTS TO THIS APPLICATION

The Applicant/STCP Holder understands that the Registrar will not issue a Securities Receipt Confirmation nor will the Applicant/STCP Holder be allowed to sell or transfer his/her STCPs until such Applicant/STCP Holder shall have submitted to the Registrar all the documents required for the issuance of the STCPs.

IF THE APPLICANT IS A CORPORATION:

Two duly accomplished signature cards containing the specimen signatures of the Applicant's authorized signatories, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies), whose authority(ies) and specimen signatures have been submitted to the Registrar;

A copy of its articles of incorporation and by-laws, and latest amendments thereof, together with the certificate of incorporation or other organizational documents issued by the SEC or equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution or by the Applicant's corporate secretary, or by an equivalent officer(s) who is/are authorized signatory(ies);

A duly notarized certificate of its corporate secretary setting forth the resolution of the board of directors authorizing the purchase of the STCPs indicated in this Application and designating the authorized signatory(ies) with their specimen signatures for the purchase of the said STCPs;

Identification document(s) of Applicant's authorized signatories; and

Such other documents as may be reasonably required by the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

IF THE APPLICANT IS A NATURAL PERSON:

Identification documents of the Applicant;□

Two duly accomplished signature cards containing the specimen signature of the Applicant; and

Such other documents as may be reasonably required by the Underwriter in implementation of its internal policies regarding "know your customer" and anti-money laundering.

IDENTIFICATION DOCUMENTS SHALL CONSIST OF:

Any one (1) of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission (PRC) ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter's ID, Barangay Certification, Government Services Insurance System (GSIS) e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration (OWWA) ID, OFW ID, Seaman's Book, Alien Certificate of Registration/Immigrant Certificate of Registration, Government Office and GOCC ID, e.g. Armed Forces of the Philippines (AFP ID), Home Development Mutual Fund (HDMF ID), National Council for the Welfare of Disabled Persons (NCWDP) Certification, Department of Social Welfare and Development (DSWD) Certification, Integrated Bar of the Philippines ID, Company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age).

Applicants claiming exemption or preferential rate from any applicable tax shall also be required to submit the following documentary proof of its tax-exempt or preferential status together with this Application:

A certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR, confirming the exemption or preferential rate (such as, where the Applicant concerned is claiming preferential tax treatment under any income tax treaty to which the Philippines is a party, a certified true copy of the ruling issued by the International Tax Affairs Division of the BIR, confirming that the preferential tax treatment sought by the Applicant is applicable);

A duly notarized undertaking, accompanied by, for each investment management and trust account, an original notarized certificate of the Applicant's corporate secretary setting forth the resolutions of its board of directors authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose, declaring and warranting the Applicant's tax-exempt status or preferential tax rate entitlement and undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates or treaty privileges, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

Such other documentary requirements as may be required by the Issuer or the Registrar under the applicable regulations of the relevant taxing or other authorities.

Unless properly provided with satisfactory proof of the tax-exempt status of a STCP Holder, the Registrar and the Paying Agent may assume that said STCP Holder is taxable and proceed to apply the tax due on the STCPs. Notwithstanding the submission by the STCP Holder, or the receipt by the Issuer or any of its agents, of documentary proof of tax-exempt status of a STCP Holder, the Issuer may, in its sole and reasonable discretion, determine that such STCP Holder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the STCPs. Any question on such determination shall be referred to the Issuer.

REPRESENTATION, WARRANTIES AND AUTHORIZATION

In executing this Application, the Applicant represents and warrants, under penalty of law, that all information contained herein (including its tax status) and the required attachments are true and correct and that the signatures thereon are genuine, properly authorized, and obtained without use of fraud, coercion or any other vice of consent. The Applicant agrees to immediately notify the Issuer and the Registrar, either directly or through the Underwriter/s, if anything occurs which renders or may render untrue or incorrect in any respect any of the information given herein (including information given with respect to the Applicant's tax status) or any of its representations or warranties. The Applicant understands that the Joint Lead Managers, the Registrar and the Paying Agent and the Issuer will rely solely on its representations and warranties set forth herein including, without limit, its declaration of its tax status, including, if applicable, its tax-exempt status in processing payments due to it under the STCPs. The Applicant agrees to indemnify and hold the Underwriters, the Registrar and the Paying Agent, and the Issuer free and harmless against any and all claims, actions, suits, damages, and liabilities resulting from the non-withholding of the required tax due to the representations as indicated in this Application, any misrepresentation contained herein or any reliance on the confirmations contained herein. The Applicant likewise authorizes the Registrar to verify the information stated in this Application from any and all sources and in any and all manner, including but not limited to, requesting information contained herein from the Underwriter regarding the Applicant's account/s with the said Underwriter. By giving authority to the Registrar and by signing this Application, the Applicant hereby waives its right to privacy of information or confidentiality that may exist by law or by contract, solely and exclusively for the limited purpose of enabling the Registrar to update the information contained herein. The Applicant warrants that the Applicant (or its authorized signatory) has read and understood the Rules and Procedures of the Registrar and unconditionally accepts the same. The Applicant further agrees that completion of this Application constitutes an instruction and authority from the Applicant to the Issuer and/or the Underwriter to execute any application form or other documents and generally to do all such other things and acts as the Issuer, and/or the Underwriter may consider necessary or desirable to effect registration of the STCPs in the name of the Applicant.

APPLICANT'S FULL NAME (IN PRINT):	APPLICANT'S AUTHORIZED SIGNATURE/S:	DATE:

ACKNOWLEDGEMENT AND ACCEPTANCE	
Underwriter's Acceptance: ☐ Acceptance	☐ Rejection due to ____________________

Underwriter's Certification/Endorsement:

We received this Application, with all the required attachments below, at ____________________ a.m. / p.m. on

____________________.

We hereby warrant that:☐The necessary know-your-customer process was conducted on the Applicant pursuant to the Anti-Money Laundering Act and the amendments thereto ("AMLA") as well as its implementing rules and regulations ("IRR") and our own internal policies;☐The identity of the Applicant was duly established pursuant to the AMLA and its IRR;☐To the best of the undersigned's knowledge, all information provided to the Issuer and the Registrar regarding the Applicant are true, complete, current and correct; and☐Any and all authorizations and waivers from the Applicant necessary for the undersigned Underwriter to disclose all information required by the Issuer and the Registrar to determine the eligibility of the Applicant have been duly obtained.

________________	________________	________________
Underwriter	Underwriter's Authorized Signatory Signature over printed name	Underwriter's Authorized Signatory Signature over printed name

READ IMPORTANT INFORMATION ON ALL PAGES OF THIS FORM

CERTAIN RELEVANT INFORMATION CONCERNING THE OFFERING OF THE STCP

The holders of the STCP agree to and accept all the terms and conditions of the STCPs and the offer of the STCPs and shall be bound the Registry and Paying Agency Agreement and the Underwriting Agreement (collectively, the "Transaction Documents"), which agreements may be inspected during business hours on any Business Day at the principal office of the Registrar.

Unless otherwise expressly stated or the context provides otherwise, all terms used herein shall have the meaning ascribed to them in the Prospectus and the Transaction Documents. The information set forth below is an incomplete summary of certain terms of the Offer and the STCPs, and are qualified by the Transaction Documents in every respect. Capitalized terms used below shall have the same meaning given to them in the Prospectus and in the Transaction Documents. All Applicants should read the Prospectus and the Transaction Documents, and no Underwriter or any other person has been authorized by the Issuer or the Issue Manager, to give any information or to make any representation in respect of the Offer.

THE STCPS. Phoenix Petroleum Philippines, Inc. (the "Issuer") is offering Philippine Peso denominated short term commercial papers to be issued by the Issuer in the aggregate principal amount of up to ₱3,500,000,000.00.

FORM, TRADING AND DENOMINATION. The STCPs will be issued in scripless form lodged under the scripless book-entry system of the Philippine Depository & Trust Corp. ("PDTC"). The holder of the STCPs will be shown in the electronic Register of STCP Holders maintained by PDTC, as the Registrar. The holder of the STCPs will abide by the PDTC's Registry Rules and Procedures for Corporate STCPs dated December 2007, as such rules and procedures may be amended from time to time. The Issuer intends to list the STCPs in PDEx for secondary market trading. Upon such listing, secondary market trading in PDEx shall follow the applicable PDEx rules and conventions, among others, rules and conventions on trading and settlement. Upon listing of the STCPs with PDEx, investors shall course their secondary market trades through PDEx Brokering Participants for execution in the PDEx Public Market Trading Platform in accordance with PDEx Trading Rules, Conventions and Guidelines, and shall settle such trades on a Delivery versus Payment (DvP) basis in accordance with PDEx Settlement Rules and Guidelines. The PDEx rules and conventions are available in the PDEx website (www.pdex.com.ph). An Investor Frequently Asked Questions (FAQ) discussion on the secondary market trading, settlement, documentation and estimated fees are also available in the PDEx website.

The STCPs will be issued and transferable in minimum denominations of ₱5,000,000.00 and increments of ₱100,000.00 for Tranche D and E and minimum denominations of ₱100,000.00 and increments of ₱10,000.00 for Tranche F, subject to the Terms and Conditions of the STCPs.

OFFER PERIOD. The Offer Period shall commence at 9:00 a.m. on January 4, 2016 and end at 5:00 p.m. on January 8, 2016 or such other dates as may be determined by the Issuer and the Issue Manager.

ISSUE DATE. The Issuer will issue the STCPs on January 14, 2016 or such other date as the Issuer and the Issue Manager may agree in writing, provided that such date shall be a date which is within the validity of the SEC Permit to Sell Securities.

ISSUE PRICE. The STCPs will be issued at discount to face value computed on true discount basis.

MATURITY VALUE. The STCPs will be redeemed at an amount equal to one hundred percent (100%) of the face value of the STCPs on its Maturity Date.

INTEREST/DISCOUNT RATE FOR INITIAL ISSUANCE. The interest rates for the initial issuance of the STCP are as follows:

Tranche D:	3.7983%
Tranche E:	4.1743%
Tranche F:	4.1717%

ROLLOVER INTEREST/DISCOUNT RATE. The rollover interest rate shall be computed based on the corresponding Benchmark Rate plus Spread of the corresponding Tenor.

BENCHMARK RATE. The higher of the PDST-R2 benchmark rate of the corresponding tenor or the closest tenor of the Special Deposit Account of the Bangko Sentral ng Pilipinas.

The corresponding benchmark rates are as follows:

Tranche D:	PDST-R2 3M, or its successor benchmark rate
Tranche E:	PDST-R2 6M, or its successor benchmark rate
Tranche F:	PDST-R2 12M, or its successor benchmark rate

SPREAD. The spread over the benchmark shall be the following:

Tranche D:	100 - 250 bps
Tranche E:	100 - 250 bps
Tranche F:	100 - 250 bps

INTEREST COMPUTATION. The Interest will be calculated on a true-discount basis

PAYMENTS. All payments to be made by the Issuer to the STCP Holder shall be made by crediting to the Cash Settlement Banks via Real-Time Gross Settlement ("RTGS") the proper amounts net of final taxes and fees (if any). Payment by the Cash Settlement Banks to the STCP Holders shall be made via direct crediting of the Peso current/savings account or Demand Deposit Account indicated in this Application.

TAXATION. Interest income on the STCPs is subject to a final withholding tax at rates of between twenty percent (20%) and thirty percent (30%) depending on the tax status of the relevant STCP Holder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any.

Documentary stamp tax for the primary issue of the STCPs, if any, shall be for Issuer's account. Prospective applicants are urged to consult their tax advisors regarding the taxation of their purchase and holding of STCPs.

REDEMPTION. Unless previously redeemed or purchased and cancelled, the STCPs will be redeemed at 100% of face value at the Maturity Date. Payment of all amounts due on such date shall be made by the Issuer through the Paying Agent, without adjustment on the succeeding Business Day, if any, should the Maturity Date fall on a day other than a Business Day.

APPLICATION AND PAYMENT FOR THE STCPs. Applicants may purchase STCPs during the Offer Period by submitting to the relevant Underwriter a properly completed Application, together with all the required supporting documents, and the full payment of the purchase price of the STCPs.

The fully and duly accomplished Application and the corresponding payment must be received by the relevant Underwriter no later than 5:00 p.m. on [*]. Applications shall be subject to the availability of STCPs and acceptance by the Issuer and the Underwriters. The relevant Underwriter shall be responsible for accepting payments accompanying the Applications of their respective clients which can be through any of the modes of payment set out in this Application. Any payment received pursuant to this Application does not mean approval or acceptance by the Issuer or the relevant Underwriter of the Application.

STCP RATING. The STCPs have been rated Prs Aa minus by Philippine Rating Services Corporation. This rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the STCPs are outstanding.

REFUNDS. If any Application is rejected or accepted in part only, the purchase price for the STCPs or the appropriate portion thereof will be returned without interest by the Underwriter with whom the Application is filed.

REGISTRATION. The Philippine Securities and Exchange Commission has issued a Permit to Sell Securities in respect of the STCPs.

Each Applicant represents and warrants to the Issuer that it has independently and, without reliance on the Issuer, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information it has deemed appropriate and that it has subscribed to the STCPs on the basis of such independent appraisal, and that it shall continue to make its own credit appraisal without reliance on the Issuer.

STCP Holders who opt to receive statements, reports, files and/or advice electronically shall be required to execute an indemnity clause in the Application or Investor Registration Form to hold the Registrar free and harmless from all liabilities, losses, suits or damages that may arise due to the electronic delivery of such statements.

The STCP Holders shall be bound by the registry rules and procedures of the Registrar, as the same may be amended from time to time.

Any written advice issued by the Registrar to a STCP Holder confirming every receipt or transfer of the STCPs that is effected in the Registrar's system shall be at the cost of the STCP Holder.

COSTS. The STCP Holder may be subject to the following fees: transfer fee for trade transactions; transfer fee for non-trade transactions; report generation fee for specialized reports without backup file restoration; report generation fee for specialized reports requiring backup file restoration; PDTC certification fee; request fee for monthly statements of account; request fee for replacement of transaction confirmation advice. These fees are payable upon submission of the request by the STCP Holder and are subject to change at the option of the Registrar.

THE STCPS AND THIS APPLICATION ARE GOVERNED BY AND SUBJECT TO THE TERMS AND CONDITIONS HEREOF AS WELL AS THOSE DESCRIBED IN THE PROSPECTUS AND THE TRANSACTION DOCUMENTS.