



31 March 2010

**Ms. Janet A. Encarnacion**  
Head, Disclosure Department  
Philippine Stock Exchange  
Exchange Road, Ortigas Center  
Pasig City

Dear *Ms. Encarnacion*:

We would like to announce and submit the following press statement in relation to our recently concluded annual audit. We shall soon be submitting our Annual Report or SEC Form 17 A on or before the deadline of April 15, 2010 together with our FS for year ended 2009.

Thank you and best regards.

Very truly yours,

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

**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

**PHOENIX PETROLEUM PHILIPPINES, INC.**

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## **PHOENIX PETROLEUM CORE NET EARNINGS RISE 18.5% IN 2009**

Phoenix Petroleum Philippines, Inc. (PNX.PS), announced today that audited consolidated net earnings from operating sources for 2009 reached PhP178.1 million, about 18.5% higher than the PhP150.3 million earned in 2008. The Company further recorded an extraordinary gain of PhP573.4 million during the year arising from its March 2009 acquisition of Bacnotan Industrial Park Corporation (BIPC). The one-time gain reflects the purchase of BIPC below its fair market value based on an independent appraisal which is required under prevailing accounting rules on business acquisitions. On an aggregate basis the Company's consolidated net income for the year was PhP751.5 million for a return on equity of 49.2% (or 18.6% sans the extraordinary gain). Core earnings per share for 2009 was PhP0.83 based on weighted average shares (taking into account the 40% stock dividend declared in May 2009) as against PhP0.91 in 2008.

The Company also reported consolidated revenues of PhP5.87 billion for 2009 which was an increase of 27.3% over PhP4.62 billion in 2008. A substantial portion of this growth was brought about by the 81% increase in fuel sales volume during the year which offset the 40% average decrease in fuel selling prices from 2008. It will be recalled that after reaching a historical peak in mid-2008, the international price of petroleum plunged to a third of its record high by early 2009 and for the rest of the year recovered to moderate levels that were 40%-45% off the 2008 peak. However, notwithstanding the lower price levels in 2009, the Company managed to improve its gross profit margin from 9.1% 2008 to 11.8% last year.

The surge in fuel sales volume in 2009 (which followed growth of 42% and 61% in 2007 and 2008, respectively) was driven primarily by the Company's continuously expanding retail station network. After ending 2007 with 32 stations, the Company's network reached 86 and 120 stations at the close of 2008 and 2009, respectively. Of these stations, 100 are based in VisMin and 20 are in Luzon with approximately 25% classified as company-owned and 75% being dealer-owned. At the same time, sales to commercial accounts, primarily to the shipping, mining, power and transportation sectors, registered vigorous growth during the year.

The Company expects to sustain its growth momentum into 2010-2011 with further investments in retail stations and depots in key trade areas. Accompanying this growth will be the expansion of its markets for lubricants and other automotive chemicals, as well as building on further the initial successes of its Phoenix Fuels Life brand awareness efforts.

The continuous investment in its retail and logistics infrastructure, plus the BIPC acquisition, brought up the Company's total resources to PhP5.0 billion in 2009, up over 110% from 2008. Total shareholder's equity was PhP1.53 billion at the end of 2009 as against PhP690.8 million in 2008 on the back of the steady rise in earnings.

**Phoenix Petroleum Philippines, Inc.** is a leading domestic independent petroleum company engaged in the storage, hauling and distribution of petroleum products in the Philippine market through its national retail network and to institutional accounts.

*This announcement may contain forward-looking statements which are identified by words including, but not limited to, "believes", "may", "will", "estimates", "continues", "anticipates", "intends" "expects" and similar words. In light of the risks and uncertainties associated with forward-looking statements, readers of this announcement should be aware that the forward-looking events and circumstances in this announcement might not occur. The Company has based these forward-looking statements largely on its current expectations about future events and financial trends affecting its business and operations.*

**Reference:**

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