



27 January 2011

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, 2011 together with our FS for year ended 2010.

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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January 27, 2011
Press Release

Phoenix Petroleum core net earnings rise 140% in 2010

Phoenix Petroleum Philippines, Inc. (PNX.PS), announced today that its consolidated core net earnings from operating sources for 2010 reached PhP427 million, about 140% higher than the PhP178 million earned in 2009.

The Company also reported consolidated revenues of PhP14.79 billion for 2010, an increase of 152% over PhP5.87 billion in 2009. A substantial portion of this growth was brought about by the 127% increase in fuel sales volume during the year plus the 19% average increase in fuel selling prices compared to 2009.

The surge in fuel sales volume in 2010 was driven primarily by the Company's continuously expanding retail station network. After ending 2008 with 86 stations, the Company's network reached 120 and 161 stations at the close of 2009 and 2010, respectively. Of these stations, 123 are based in Mindanao, 5 in Visayas and 33 in Luzon. Approximately 30% are company-owned and 70% dealer-owned. At the same time, sales to commercial accounts, primarily to the airline, shipping, fishing, mining, power and transportation sectors, registered a continuous growth during the year.

Core earnings per share for 2010 was P1.43 based on weighted average shares (taking into account the 40% stock dividend distributed in October 19, 2010) as compared to PhP0.83 recorded in 2009.

The Company expects to sustain its growth momentum into 2011-2012 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 the initial successes of its *Phoenix Fuels Life* brand awareness efforts.

The continuous investment in its retail, depot facilities, and logistics infrastructure brought up the Company's total assets to PhP7.7 billion in 2010, up by 54% from 2009. Total shareholder's equity was PhP2.461 billion at the end of 2010 as against PhP1.53 billion in 2009 as a result of the successful issuance of preferred shares valued at PhP500 million and supported by the significant increase in core net earnings.

Phoenix Petroleum recorded in 2009 an extraordinary gain of P573.4 million 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.

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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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