

FROM PASSION TO PERFORMANCE

 **PHOENIX** *Fuels Life*

DIESEL
PREMIUM
UNLEADED

DIESEL
PREMIUM
UNLEADED

PHOENIX
Petroleum

AIR & WATER

PHOENIX PETROLEUM PHILIPPINES, INC.
2011 ANNUAL REPORT

About the Cover

Outstanding performance is a result of passionate people working together to achieve a common goal. Our individual efforts combine to make Phoenix Petroleum Philippines a bigger, stronger, and the leading independent oil company.





Contents

- 2** *Corporate Profile*
- 3** *Vision, Mission, Core Values*
- 4** *Financial Highlights*
- 5** *2011 Highlights*
- 6** *Message to Shareholders from the Chairman and President/CEO*
- 9** *Q&A with the Chief Operating Officer*
- 10** *Review of Operations*
- 24** *Awards and Recognitions*
- 26** *Corporate Social Responsibility*
- 30** *Board of Directors*
- 33** *Corporate Governance*
- 36** *Management Team*
- 38** *Statement of Management's Responsibility for Financial Statements*
- 39** *Report of Independent Auditors*
- 40** *Consolidated Financial Statements*
- 46** *Management's Discussion and Analysis of Financial Conditions*
- 50** *List of Phoenix Stations*
- 51** *Corporate Offices*

Phoenix Petroleum Philippines, Inc.

Phoenix Petroleum Philippines, Inc. (PPPI) was originally incorporated on May 8, 2002 as Davao Oil Terminal Services Corporation. On August 7, 2006, the Securities and Exchange Commission approved the change in the company's name to its present one. PPPI was registered with the Board of Investments in 2005 as a New Industry Participant with new investment in storage, marketing and distribution of petroleum products pursuant to the Downstream Oil Industry Deregulation Act.

PPPI is engaged in the business of trading refined petroleum products, lubricants and other chemical products on a wholesale basis, operation of oil depots and storage facilities, and allied services. Its products and services are distributed and marketed under the *PHOENIX Fuels Life* trademark.

The company's operations are divided between trading, and terminaling and hauling services. Under trading, PPPI offers its refined petroleum products and lubricants to retailers and industrial customers. The company's terminaling and hauling services involve leasing of storage space in its terminal depot, and hauling and into-plane services, such as hauling of Jet A1 fuels to airports and refueling of aircraft, in Davao, Cagayan de Oro, General Santos City and Cotabato City. Starting 2005, Cebu Pacific designated PNX as its exclusive logistics partner in Mindanao.





Our Vision

As the first homegrown publicly listed independent company in the Philippine petroleum industry, we will be:

The market leader in the retail business among independent oil players by the end of 2012

Our Mission

Make “Phoenix Fuels Life” an experience.

- » We value our customers by delivering excellent service
- » We honor and develop business relations with our stakeholders
- » We deliver attractive returns to our shareholders
- » We enrich the quality of life of our people and their families, while creating opportunities to maximize the potential of each individual
- » We take social responsibility to heart by building programs to nurture the environment and welfare of the communities we serve

Our Core Values

Integrity

We adhere to the highest standards of ethics and conduct. Our reputation defines who we are.

Excellence

We strive to be better in everything we do.

Service

All stakeholders are our customers, thus we provide unrivalled customer experience.

Innovation

We believe that change is constant. We challenge convention with fresh, better, and more valuable products, services and ideas.

Teamwork

We value relationships. We achieve our goals through collaborative efforts, recognizing the contribution of team members and respecting each other’s opinions and ideas.

Stewardship

We nurture our resources responsibly.

Financial Highlights

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
(A Subsidiary of P-H-O-E-N-I-X Petroleum Holdings Inc.)
SUMMARY AND HIGHLIGHTS
Years 2008, 2009, 2010 and 2011

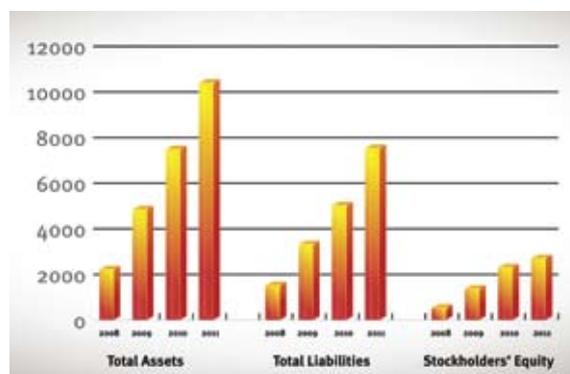
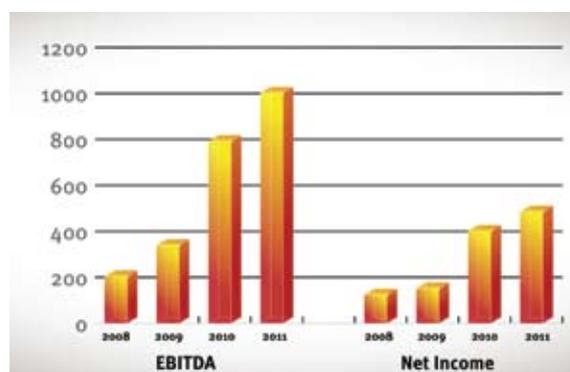
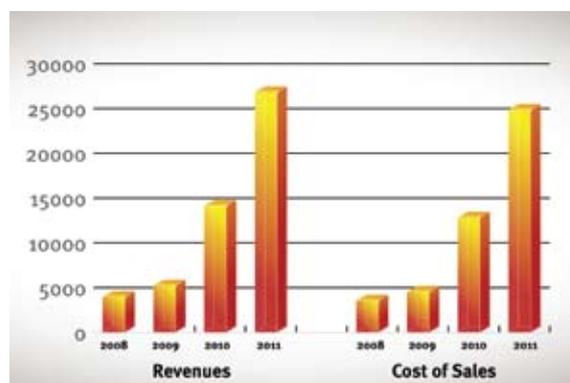
(All amounts expressed in millions, unless otherwise stated)

	2008	2009	2010	2011
Income Statement Data:				
Revenues	4,615	5,873	14,792	27,468
Cost of Sales and Services	4,194	5,181	13,477	25,492
Net Income - TOTAL	150	751	427	511
Net Income - Excluding Non-Recurring Income	150	178	427	511
EBITDA	230	365	818	1,028
Balance Sheet Data:				
Current Asset	1,457	2,919	4,871	6,731
Non-current Asset	911	2,085	2,771	3,820
Total Assets	2,368	5,003	7,641	10,551
Current Liabilities	1,582	2,661	4,394	6,177
Total Liabilities	1,677	3,475	5,180	7,688
Stockholders' Equity	691	1,529	2,461	2,863
Bank Debts	904	2,277	3,409	5,073
Financial Ratios				
Current Ratio ¹	0.92 : 1	1.1 : 1	1.11 : 1	1.09 : 1
Debt to Equity ²	2.43 : 1	2.27 : 1	2.1 : 1	2.68 : 1
Return on Equity ³	23.91%	67.71%	21.41%	19.18%
Return on Assets ⁴	8.44%	20.39%	6.76%	8.69%
Return on Sales	3.26%	12.80%	2.89%	1.86%
Net Book Value Per Share ⁵	3.75	5.76	6.53	5.85
Earnings Per Share ⁶	0.91	3.48	1.43	1.00
Earnings Per Share-Core ⁷	0.91	0.83	1.43	1.00
Debt Service Cover Ratio:				
Stock Information: (Figures in millions except per share)				
Weighted Average No. of Shares	165.31	215.84	288.97	451.16
Number of Shares Issued	188.00	269.16	376.82	489.87
Total Number of Shares Outstanding-Year End	184.15	265.31	376.82	489.87
Market Capitalization-Year End	695.60	1,884.12	4,657.56	5,525.72
Stock Price-Closing (Year End)	3.70	7.00	12.36	11.28
Treasury Stock-Shares	4	4	0	0

Notes:

- 1 - Total current assets divided by current liabilities
- 2 - Total liabilities divided by tangible net worth
- 3 - Net income divided by average total stockholders' equity
- 4 - Net income divided by average total assets
- 5 - Total stockholders equity divided by the total number of shares issued and outstanding
- 6 - Net income after tax divided by weighted average number of outstanding common shares
- 7 - Net income after tax (Excluding Non-Recurring Income) divided by weighted average number of outstanding common shares

Amount in millions Php



2011 Highlights

Stronger financials

We successfully closed the company's first ever corporate notes of P750 million to help finance capital expenditures, on August 16. Noteholders are Banco de Oro Unibank, Maybank Philippines, and Robinsons Bank Corporation, while issuance was arranged by BDO Capital and Investment Corporation.

On April 1, 2011, CLSA Philippines in their Market Outlook report named Phoenix Petroleum one of 7 companies they believe had what they described as "economic moats." CLSA said, "These [companies] should continue to generate positive EVA (economic value added) and have strong franchises and consequently result in share price gains over the next decade." CLSA is Asia's leading, independent brokerage and investment group.

Expansion of facilities

In January, we completed the expanded port facility of Phoenix Petroterminal and Industrial Park in Calaca, Batangas. This allows vessels to dock directly at the port, making it more convenient to locators.

On November 11, we inaugurated our most modern installation yet in Cagayan de Oro, with a capacity of 37 million liters. Expansion of storage facilities at Calaca, Batangas, our biggest terminal, was also completed; it can now hold up to 82 million liters.

With installations and depots in Davao City, Batangas, Cagayan de Oro, Aklan, Zamboanga, Tagum, and Surigao del Sur, Phoenix Petroleum now has the largest storage capacity among local independent oil companies.



Bigger network

On October, we opened our 200th station in Mindanao Avenue, Valenzuela City. By yearend, we increased our retail network from 161 stations in 2010 to 220 in 2011, with 151 in Mindanao, 58 in Luzon, and 11 in Visayas. Our market share grew from 3.2% to 5.93%.

Awards and recognitions

We received recognitions in business, leadership, branding, and social responsibility.

The Bureau of Customs awarded us as the Top 7 Importer in the country for 2011 and the Top 1 Importer in the Port of Davao City.

CNBC Asia named our President and CEO Dennis Uy a finalist to the prestigious 10th Asia Business Leaders Award (ABLA), one of 41 Asian CEOs recognized.

Our first corporate television ad, "The Journey" won the Catholic Mass Media Award for Best TV Ad-Branded in October, besting bigger companies.

Our "Phoenix for Education" program that benefits public schools, teachers, and students in Davao City won an Asia Responsible Entrepreneurship Award (AREA) in Singapore.

The state-of-the-art Phoenix Petroleum installation in Cagayan de Oro



Message to Shareholders

From the Chairman and President/CEO

The year 2011 was another outstanding year for our Company. We continued our growth momentum, even as we faced squarely the challenges hurled our way.

Passion to Perform

Inspired by what we achieved in 2010, we began 2011 with a passion to perform. The Philippine economy was on its way to recovery, and by yearend grew 3.7%, driven by robust growth in the agriculture, industry and service sectors.

Our first quarter results showed our passion with higher sales and revenue year-on-year. By May, we were about to raise P3 billion in our first ever Corporate Notes Issuance.

However on the day of the closing of our Notes, the Bureau of Customs (BOC) announced they had filed a case of smuggling against us. This caught us by surprise; earlier we had been recognized by the BOC for paying our customs taxes. In fact, they awarded us as a top importer in the Port of Davao City.

Prior to their announcement, the BOC did not inform us of their accusations. We did not receive any notice of assessment on the payment of our taxes or a notice to explain; otherwise we could have shown our complete invoices for payments. We learned later, after our verification, that at the time of their announcement to the media, they had not yet actually filed the case against us with the Department of Justice. As we were falsely accused and in our defense, we were constrained to file cases – administrative, criminal, and civil in nature – against the then BOC Commissioner and the people involved.

While we had to defer our corporate notes by a few months and reduce it, we were encouraged by the support of our banking partners. Subsequently, in vindication to the case filed by BOC against the Company, on February 2012, the Bureau of Customs awarded us as the Top 7 Importer in the country. Of the independent oil companies, we were the biggest importer. In the port of Davao, we were recognized as the number one importer.

The BOC incident, even if discouraging, revealed our character as a team – strong, motivated, and united. The cases they filed before the Department of Justice as well as those of our countercharges filed in the regular courts and administrative bodies are still pending resolution. We are confident of positive results and the dismissal of the criminal charges against us.

Industry challenges

The petroleum industry faced other challenges.

The price of MOPS for ADO and MOGAS was \$106.37 and \$103.34 per barrel respectively at the start of the year. These suddenly dropped by \$14.52 and \$12.95 per barrel on May 6, days after the death of Bin Laden. The price drop cut into our margins for most of the second quarter. However, prices gradually moved up, closing at \$122.85/barrel for ADO and \$114.38/barrel for MOGAS at the end of 2011.

More than 90% of our supply is imported from

the region, and in the first two quarters, supply was consistent. However in the third quarter, our supplier refineries in Singapore and Taiwan caught fire, resulting to shortage in gasoline. We were also affected by typhoons that hit the country, which delayed deliveries to our import terminals.

In the Philippines, total demand for petroleum products decreased 5% from 56.2 MMB of 2010 to 53.4 MMB as of first half of 2011, according to the Department of Energy. The decrease was brought about by the shutdown of the Manila-Batangas pipeline. However, the closure did not affect our Company's operations. With our supply and own logistics network, we were able to serve more industrial and commercial accounts.

Demand was also affected by the decline in sales of the country's auto industry, which decreased 4% to 141,616 units due to supply disruptions after the disasters in Japan and Thailand.

Onwards

Nevertheless, the adversities we faced did not deter us from pursuing our goals.

We opened our landmark 200th station in Mindanao Avenue, Valenzuela City in October – a fortunate coincidence considering that we opened our first station in Mindanao. From 161 stations in 2010, we expanded our network to 220 stations nationwide: 151 in Mindanao, 58 in Luzon, and 11 in Visayas.

We continue to improve the efficiency of our retail stations so that volume continually increases. Sales from our retail accounts increased by 24% from the previous year. An initiative that will further grow in the coming years is our non-fuel related business. These are gradually transforming our Phoenix Petroleum stations into a destination.

Our commercial account business grew 65% in volume, with more new accounts and higher volume from clients.

Total volume thus increased 52%, improving our market share in the industry from 3.2% to 5.93%.

As a whole, independent oil companies continue to increase their market share, moving up from 21.2% in 2010 to 27.4% as of first half of 2011. The three major oil companies' take dropped to 72.6% of the market from 77.2% in 2010.

In Mindanao, we are now the number one independent oil company and number four oil company. Our total market share in the island grew from 7.74% to 12.47% while our retail network share increased from 10% to 13%.

The expansion of our retail network nationwide and the increase in sales from our commercial and industrial accounts drove our revenue upwards to P27.5 billion, 85% higher than the previous year.

Sales to commercial accounts make up 59% of our revenue, with retail at 28% and sales to airlines at 13%.

Our lubricants contributed 1.36% to revenue, with sales volume of 3.57 million liters. Our terminaling and other services revenue increased by 58%.

However, return on sales declined to 1.86% due to lower gross profit rate triggered by the one-day drop of MOPS by around US\$15/barrel in early May, and the squeeze in supply of MOGAS in July and August brought about by the refinery fire in the region.

Operating expenses increased 52% due to increasing volume, ongoing expansion, and growth of the organization and business operations. Our capital expenditure reached P1.145 billion, 49% higher from P767 million a year ago.

With the gains in our revenue, net recurring income increased 19% from P427 million to P510.5 million in 2011. This translates to earnings per share of P1.00.

Return on equity slightly declined to 19.18% from 21.41%. Total shareholders' equity increased to P2.863 billion from P2.461 billion a year ago.

For the first time in the Company's history, our total assets reached P10 billion.

Despite the challenges and the volatility in the market, our stock is up over 20% year on year – making PNx truly an investment that pays off. This is net of the 30% stock dividend and 10 cents cash dividend that the shareholders approved during the Annual Stockholders Meeting on March 11, 2011 in Davao City.

Bigger and better

To support our network growth, we opened our most modern installation yet in Cagayan de Oro last November. Expansion of our installations in Davao City and Calaca, Batangas was also completed. Combined storage capacity is now at 167 million liters from 98.6 million liters in 2010.

Our subsidiary, Phoenix Petroterminals and Industrial Park Corporation (PPIPC), now has an expanded pier deck from 135 meters to 192 meters, with additional liquid berths to accommodate more vessels.

PPIPC also completed the sale of 14.1 hectares valued at P396.28 million to South Luzon Thermal Energy Corporation (SLTEC) on December 2011. SLTEC is a joint venture between AC Energy Holdings of Ayala Corporation and Trans Asia Oil and Energy Development Corporation of the PHINMA Group. SLTEC will build a power plant that is seen to be operational by 2014.

These developments affirm our decision to buy Bacnotan Industrial Park Corporation, now PPIPC, in 2009 at a cost of P680 million. Net income recognized in 2009 out of the purchase of the then BIPC was P573 million. This accounts the excess of fair value against the acquisition costs. From 2009 to 2011, the Company was already able to realize P100 million net margin from sale of lots, the difference against

actual selling price vs. the fair value recorded during acquisition. For the 58-hectare lot as acquired, PPIPC still maintains 48 hectares of saleable lots, with value continuing to appreciate.

In January 2012, we completed the acquisition of Subic Petroleum Trading and Transport Philippines, Inc. This will enable us to expand our presence in the northwest and parts of Central Luzon, Bataan, Zambales, Pampanga, and Tarlac, and establish operations inside the Subic Bay Freeport Zone.

Recognitions

In 2011 we received our share of prestigious recognitions in various fields. On leadership and management, we were recognized by CNBC Asia with their nomination of our President and CEO to the 10th Asia Business Leaders Award.

Our CSR program on education was awarded an Asia Responsible Entrepreneurship Award, one of the first Philippine companies recognized.

Finally, our first TV commercial, "The Journey," bested bigger companies when it won for Best TV Ad-Branded at the 33rd Catholic Mass Media Awards. The TV commercial is part of our "Ikaw Anong Trip Mo?" brand campaign launched in January to convey Phoenix as a partner in life's journeys. This campaign as well as below-the-line efforts, supported by increased marketing expenditures, have translated to results in sales and brand recognition.

Forward

Truly we have showed resilience despite adversity. We are on track to becoming the nation's leading independent oil company!

As we focus on further growing our business, we will strengthen our relationships with dealers and business partners and provide the best service experience to our customers.

We thank all those who believe in us. We are grateful to our shareholders and our business partners for their unwavering faith. To our business partners who supported us and supported us even more and inspired us, no words could ever express our gratitude. We thank you all for your faith and confidence.

The challenges that we faced in 2011 will not deter us from pursuing our passion to perform nor dampen our drive to excel. With your support, we are confident that we will emerge victorious.

Indeed, we are inspired to perform, to be great by choice.

Together, we will soar higher.

Sincerely,


Domingo T. Uy
Chairman


Dennis A. Uy
President and CEO



Q&A with the Chief Operating Officer



Romeo B. De Guzman

Chief Operating Officer

How would you evaluate the company's performance in 2011?

For 2011, though we faced unforeseen challenges, the combined growth in stations and volume year on year can be considered great achievements. You can recall that our growth in both number of stations and in volume have been increasing the past three years in great proportions. It is a testament that our Company is being accepted as a reputable and dependable name in the industry.

The Company did not realize its targets in terms of number of stations as well as volume for Retail Sales due to several factors that were really beyond our control. For instance, the long process in securing the various local permits needed to construct and operate retail stations. There were also the fires that hit big refineries abroad that somewhat contributed to tight demand and lack of oil supply in the region.

Despite these, overall, we performed well since we were able to attain our total volume target on all products wherein Commercial Sales contributed immensely in terms of volume sales.

What three areas are your priority to improve the business and operations?

There is no hard and fast rule in maintaining the smooth flow of business operations since improving it is always a continuing process.

However, I believe that we need to focus more on Organizational Development in order to increase our effectiveness. We need to focus on the ability of the employees to change their attitudes and values as well as provide the viable organizational structure so that the company and its employees can better and easily adapt to new technologies, market and industry challenges.

I guess with Organizational Development, along with the three business principles of Honesty, Integrity, and

Respect for People, the Company and its employees will be professional in their dealings and will be able to hurdle any challenge that will come its way.

What culture are you building at the company and how will it be a driver in the company's growth?

The culture of *Malasakit*. We have always stressed in everyone to think that this Company is their very own. To spend the Company's resources as if it is their own resources. To bear in their minds that wherever they go, they carry with them the name and reputation of Phoenix. Once they have sufficiently addressed these matters, then the culture of *Malasakit* will set in and find its place.

Genuine concern for the employees will now emanate from the top. The recruitment program, the career planning program for all the Staff would be a good start to manifest Management's sincerity in developing people in the organization. Professionalism must be emphasized. Let's work on trust and not on doubts. However, Management must be prepared to penalize violators. No ifs and buts.

How capable is the Team in steering the Company to be the leading independent oil company?

Our Team represents a good mix of officers who served in various capacities from other known companies. I firmly believe, while there is still the need for a few important changes in some key positions, that the current crop will be able to bring us to the number 1 status. These key changes in positions will be needed for sustained momentum and for us to stay long in that status.

There's no doubt, we will be the leading independent oil company in 2012, based on the annual trade survey conducted by us, and using the DOE submitted figures. When we set this vision in 2009, we were in the fourth position among the independents. Thus, when we did the mission, we were able to identify our strengths and weaknesses and also that of our competitors. This enabled us to position ourselves to where we are today.

What differentiates Phoenix Petroleum from other independent oil companies?

People! There is a combination of seasoned veterans and youthful experience. The hiring of the seasoned executives from the majors were undertaken not only to avoid learning curve but also to train the young but intelligent recruits. The younger strata provide unconventional and out-of-the box thinking that will account for the fresh and bold ideas that the Company is embarking on.

With all due respect to the other independents, I strongly suggest that we are a better and a professionally-run Company than the others. We have invested a lot in brand activities compared with the others. We are determined to establish our brand equity and credibility not only to our stockholders but also to our business partners. In sum, what separates us from the other independents are simply Credibility to our business partners, Responsibility to our stakeholders, and Accountability to the public.

Operations Review

Sales

On track to lead

A wider retail network, higher commercial orders, and new accounts increased our fuel sales volume by 52% in 2011. Retail sales made up 28% of our revenue, commercial sales 59%, and sales to airlines 13%.

Our market share in the industry grew to 5.93% from 3.2% the previous year. We are on track to becoming the leading independent oil company in the country.

From 161 stations the previous year, we expanded our network to 220 stations in 2011. Of these, 151 are in Mindanao, 58 in Luzon, and 11 in Visayas. As a result of more stations and improved efficiency per station, retail volume grew 24%.

Sales to commercial accounts, primarily to companies in the shipping, mining, fishing, power, and transportation industries, increased 63%.

Jet A1 volume grew 74%, as we continue to be the exclusive logistics partner of Cebu Pacific in its Mindanao flights. We serve almost 50% of Cebu Pacific's total fuel requirements.



Service with a smile in our retail stations nationwide



Phoenix Petroleum is the exclusive logistics provider of Cebu Pacific in all its Mindanao flights

The Phoenix station in Sta. Rosa, Laguna





Non-Fuel Related Business

Phoenix retail stations are becoming not just places to gas up but a one-stop shop for basic services.

A number of Phoenix stations now offer Western Union money transfer service. From Cotabato in Mindanao to Cagayan Valley in Northern Luzon, our dealers are proud to offer another necessary and convenient service to the community.

We have also partnered with Coca-Cola and Nature Spring to provide cold drinks in our stations.

Motorists appreciate our Clean and Cool Restrooms, found already in 31 Phoenix stations nationwide. These restrooms are air-conditioned and kept clean to provide comfort and convenience to travelers.

We will continue to expand our services to make Phoenix retail stations a destination for the community.



Dealer Ramil and Elsie Fabella at their pioneer Phoenix station in Bislig, Surigao del Sur, which also offers Western Union services

Operations Review

Lubricants

In 2011 we completed our group of distributors nationwide. This, and more aggressive presence in retail stations, increased our lubricant sales 8.5%.

We successfully penetrated erstwhile vacant high street markets in the Ilocos Region, Cagayan Valley, Benguet, Batangas, Laguna, Panay Island, Leyte, and Samar. We appointed new territory distributors and wholesalers for these territories and, coupled with an expanding retail network nationwide, were able to increase our lubricant sales. In fact, resellers of more popular and established brands have started carrying our products.

In the first quarter of the year, we established the 4T Cyclomax Motorcycle Oil as our flagship product, focusing our efforts to promote the brand through the following below-the-line activities:

- » To promote product visibility, merchandising blitzes were conducted together with territory distributors in the high street markets in established territories. Activities included stickering, postering, & signage installation in auto supply stores which were carrying Phoenix lubricants.
- » To establish our presence in motorcycle circuit racing, we continued our support for the multi-awarded V-Man Racing Team from Davao and sponsored them in several races nationwide.
- » To further strengthen our foothold in motocross in Vismin, we actively participated in various motocross events in Mindanao and Visayas through our partnership with Moto-X Davao and Kleiz BJ of Cebu. Towards the end of the year, we sponsored a team of motocross riders from Davao which participated in the international motocross event in Tubod, Lanao del Norte. The team won several awards during the competition.
- » We tied up with Suzuki Philippines as the major sponsor of their Raider Breed Wars, which was a 7-leg drag race competition, and their Invasion Run, a 4-leg convergence of various Suzuki Riders clubs all over the country. This tie-up with a major motorcycle manufacturer gave Phoenix Cyclomax effective brand recall among Suzuki riders all over the country.



Various motocross events showcase the quality of our lubes

- » To complement the sales efforts of our territory distributors, we organized the first Phoenix Cyclomax Motocyclo National series, which invited various motorcycle clubs in the regions to converge in the one-day event. We conducted various activities for the riders, including a safety driving seminar, fun games, talent portion, raffle of various items including motorcycle units, and giveaways of various Phoenix promotional items. Due to the success of the series and upon the request of the clubs, we will organize the second national series in 2012.
- » As proof of the growing acceptability of the Cyclomax product among motorcycle enthusiasts, several motorcycle dealer store chains such as Motortrade and Emcor have signed supply agreements with our territory distributors. Toward the end of 2011, other motorcycle dealers such as Rusi, Motorzone, Muti, Transcycle, and Motorstar, agreed to enter into similar supply agreements with our distributors.

The Cyclomax brand awareness was further boosted by TV ads aired over primetime shows over a few months and a series of full-page print ads in Inside Racing, the most widely-read motorcycle magazine. All these efforts have resulted in a 49% growth in Cyclomax sales versus 2010.

2012 promises to be an even more exciting year. We will launch our new-look packaging for our 1-liter and 4-liter products in the first quarter, together with the launch of the first-ever fully synthetic engine oil, the Phoenix Accelerate Vega, which can match the performance of any of the fully synthetic oil brands available in the market today, at a more affordable price. We will support this new product through participation in major transport shows; sponsorship of auto rally, circuit racing or drag race series; and various year-round marketing and branding activities.

Product List

FUELS

Automotive Fuels

Diesel Regular
Unleaded 93 Premium 95
Kerosene

Aviation Fuel Jet A1

LUBRICANTS & SPECIALTIES

Gasoline Engine Oils

Accelerate Vega (4L, 1L)
Accelerate Supreme (18L, 4L, 1L)
Accelerate Supreme (200L)*
Accelerate Plus (200L, 18L)*

Diesel Engine Oils

ZOELO Extreme (200L, 18L, 4L, 1L)
ZOELO Super (200L, 18L)*
ZOELO 15W-40 (200L, 18L)*
ZOELO 40 (200L, 18L, 4L, 1L)
ZOELO 30 (18L)
ZOELO 30 (200L)*
ZOELO Diesel Oil 40 (200L, 20L, 4L, 1L)
ZOELO Diesel Oil 30 (200L)
ZOELO Diesel Oil 10W (200L, 20L)

Motorcycle Oils

Cyclomax Titan (1L)
Cyclomax Titan (18L)*
Cyclomax Force (1L)
2T TA (200L, 20L, 1L, 200ml)
2T Max (200L, 200ml)*
Cycle Fork Oil (200ml)

Other Automotive Engine Oils

Phoenix Oil SMO 30, 40 (1L)

Transmission Oils

Gear Oil 90 (18L, 1L)
Gear Oil 90 (200L)*
Gear Oil 140 (200L, 18L, 1L)
Automatic Transmission
& Power Steering Fluid (18L, 1L)
ATF Dexron II (200L, 18L, 1L)*
ATF Dexron III (200L)*

Automotive Greases

MP3 Grease (16KG, 0.5KG)
MP3 Grease (180KG)*
EP2 Grease (16KG)
EP2 Grease (180KG)*
EP2 Lithium Complex Grease (180KG)

Industrial Oils

Hydraulic Oil AW 68 (200L, 18L)
Hydraulic 100/460 (18L)
Hydraulic Oil AW 32/46 (200L, 18L)*
Hydraulic 100/460 (200L)*
Industrial Gear Oil 150/220/460 (200L, 18L)
Industrial Gear Oil 320 (200L, 18L)*
Compressor Oil 68/100/150 (200L, 18L)
Straight Cutting Oil (200L, 18L)*
Water-Soluble Cutting Oil (200L, 18L)*
Heat Transfer Oil (200L, 18L)*
Knit Oil 22 (200L)*
Turbine Oil (R&O) 68 (200L)*
Rubber Process Oil (200L)
Manta Marine Engine Oils (Bulk, 200L)*
Nautilus Cylinder Oils TBN 5070 (Bulk, 200L)*
Transformer Oil (200L)

Automotive Specialties

Brake & Clutch Fluid (900ml, 300ml, 170ml)
Brake & Clutch Fluid (200L, 18L)*
Tire Black (120ml)
All-Purpose Oil (120ml)
All-Purpose Oil (100ml)*
Car Freshener in Lemon and Apple Scents (80g)

*Products are made to order, blended and prepared for delivery in 3-4 days

Gasoline Engine Oils



Motorcycle Oils



Diesel Engine Oils



Transmission Oils



Automotive Grease



Other Automotive Engine Oils



Automotive Specialties



Operations Review

Depot, Logistics & Supply

Strengthening Operations

Phoenix Petroleum has an integrated nationwide supply network which allows the seamless distribution of petroleum and petroleum-based products from importation, terminals, storage depots, lorries, delivery vans, time-chartered vessels and retail service stations.

Currently we import more than 90% of our petroleum products, resulting to significant savings in storage and distribution costs. To ensure control over the shipment of our importations as well as trans-shipments between depots, Phoenix Petroleum entered into a Contract of Affreightment with affiliate Chelsea Shipping Corporation, which manages a fleet of 12 vessels to transport petroleum products.

In line with the nationwide expansion of our retail network, we have established strategically located storage installations and depots with sizable capacities across the country. The installations are designed to receive imported petroleum products.

In 2011 we completed the construction of the Cagayan de Oro installation and the expansions of our installations in Calaca, Batangas and Davao City. We now have a total capacity of 167 million liters from 98.6 million liters a year ago. The Company's other depots are in Zamboanga, Aklan, Surigao del Sur, Davao del Norte, and Bacolod.

The Cagayan de Oro installation, inaugurated in November, has a capacity of 37.2 million liters. Its location in Misamis Oriental makes it a hub for the supply of nearby depots such as in Zamboanga, Cebu, Bacolod and Iloilo, easing the supply chain and ensuring reliable supply of these depots and terminals.



Phoenix Petroleum has integrated logistics from supply to delivery

The Cagayan de Oro installation is our most modern, with design and construction of facilities and equipment complying with international standards. Product transfer equipment consists of high-rating service and cargo pumps for efficient loading of tank trucks and marine tankers. Automatic blending system was also installed for the blending of ethanol to Mogas and CME to Diesel. Safety features of the terminal are also world-class.

Our Calaca, Batangas installation was expanded and remodeled to increase operational efficiency. The repositioned new gantry now boasts of a faster loading time. Additional two storage tanks were also completed, one 20 million liters and the other 10 million liters capacity, to meet the increasing demand in Luzon.

From our depots, our own fleet of trucks delivers fuel to various accounts nationwide, 24/7. From 41 trucks the past year, our fleet increased to 56 in 2011. Volume capacity grew from 857 kl to 1.32 million liters. Of this, 50.3% hold Jet A1 fuel while 49.7% serve our commercial and retail accounts.

Phoenix Petroleum installation in Calaca, Batangas



At the new Cagayan de Oro installation and in all our other offices and depots, safety is a priority

Health, Safety, Security and Environment

Making safety a way of life

At Phoenix Petroleum, we aim to build a safety culture that is deeply ingrained and readily apparent in the way every Phoenix employee performs his and her respective job in the workplace.

Our vision is for occupational health, safety, security, and environmental management issues and concerns to be addressed and effectively integrated in top management's and each business unit's day-to-day business decision-making processes and strategic planning.

The formalization of our HSE policy in 2010 signifies top management's full commitment in supporting and promoting HSE management programs and initiatives.

Our goal is zero incidents, accidents, and injuries. To achieve this, we are inculcating in all employees safety as a way of life. It is everyone's responsibility. We provide continuing education and comprehensive training on safe work practices and operational competence. Employees are also evaluated on their compliance through HSE audits and reviews.

For 2011, employees underwent basic HSE training modules. A "Bulk Receiving Operations" seminar was also conducted for Terminal and Depot Operations, Logistics & Engineering staff.

In cooperation with Luzon and VisMin Marketing Sales groups, Customer and Haulers Forums were held nationwide to educate participants in proper tank truck delivery receiving procedures. This is to assure product quality and guard against product pilferage.

More HSE programs and documents are underway, such as a Safety Orientation Program for New Hires, Work Permitting Program, Accident/Incident Investigation and Reporting System, Emergency Response Organization, Bulk Receiving Operations, Tank Truck Loading Operations, and Tank Truck Delivery Operations. New HSE programs will continue to be developed and written as deemed necessary.

Operations Review

Human Resources

Nurturing passionate performers

A company is as great as its people. At Phoenix Petroleum, we are nurturing our people to be passionate performers.

Our growing company increased 16% to 383 people from 329 last year. Our team is a combination of experience and youthful energy. Through competitive salary and benefits packages, Phoenix Petroleum is becoming a top choice of applicants, especially in the south where most of our people are based.

To increase knowledge and efficiency, trainings and seminars are conducted regularly such as on Sales, Security, Health, and Skills Improvement. The Performance Management and Career Development Plan (PACE-Pro) is conducted annually between managers and staff to evaluate performance and set key indicators.

Our health program includes annual physical exam, executive check-up, flu vaccination, cholesterol and FBS screening, and random drug test. We also provide free lunch and snacks to employees in our offices.

To celebrate milestones and accomplishments, we hold events that bring together the Phoenix family. The PhoenixXtreme Quest sportsfest was revived to foster



Team Phoenix at the Davao office



teamwork, camaraderie, and sports in employees. Our Christmas parties are a time to get together and present the other talents of the team. With business partners, we hold the annual Business Partners' Appreciation Night, a grand affair where we recognize outstanding partners and celebrate the growing Phoenix family.

In May, the anniversary month of the Company, we launched the "I Love Phoenix" contest. We asked employees to demonstrate how much they love Phoenix, and they did so in various creative ways, from poems to artwork to videos.

Through training, recognition, and a culture of professionalism and teamwork, we aim to make Phoenix Petroleum an employer of choice.



Operations Review

Branding

Partner in life's journeys

Phoenix Petroleum is expanding and growing to become closer to the hearts of Filipinos as we travel with them in their life's journeys. Through our various brand and marketing programs, we aim to make Phoenix Petroleum their partner.

We communicate this with our brand campaign, "Ikaw, Anong Trip Mo?" launched at the start of the year. This was led by our first TV commercial, which aired on primetime shows. "The Journey" tells the story of an overseas Filipino worker who endures a long trip to come home to his family.

In July we rolled out our first nationwide raffle promo, "Trip Mo Sagot ng Phoenix," where we gave away monthly prizes of motorcycles and the latest gadgets,



Clips from "The Journey" TVC



and grand prizes of brand new cars, vacation packages, and iPads, among other prizes. The promo which ran until November was a success, increasing sales and generating new customers in our stations.

We introduced our loyalty rewards program, "Todo Karga, Insured Ka!" in April in partnership with Malayan Insurance, the number one non-life insurance provider in the country. The free personal accident insurance program gives loyal customers and their family monetary compensation for death or bodily injury. The loyalty and insurance card in one is valued especially by public utility drivers.



Placement in "Enteng ng Ina Mo" movie, where the character of Vic Sotto fuels up at Phoenix Petroleum

Sports

Sports is another venue where Phoenix is making a mark. From established sports like basketball and golf to emerging ones like football and running, Phoenix is an active supporter and organizer.

We continue to sponsor the country's top basketball league, the Philippine Basketball Association. In March we brought the PBA-Phoenix Fuels On Tour provincial game to Davao City. The game benefited the Mindanao Heart Fund, which provides free heart surgery to poor patients.



**TRIP KO
PHOENIX FUELS
BASKETBALL CUP**



A major program launched was the "Trip Ko Phoenix Fuels Basketball Cup," a first-of-its-kind tournament for young players in Davao City. The tournament is a venue for 13-16 year old players to practice their basketball skills in a professional setting, with former PBA coaches mentoring them and players assigned randomly to teams. The two seasons of the tournament in 2011 have been a great success, supported avidly by the youth. The tournament is gaining a reputation as a training and recruitment ground.

In golf, our 3rd Phoenix Open golf tournament in Davao City on March was joined by hundreds of enthusiasts. Proceeds went to the Missionaries of Charity, who take care of the old and abandoned.



Emerging sports

Running became a popular sport nationwide in 2011. We organized the Phoenix Run Series in three cities which was participated by thousands of runners and supported our foundation's advocacies. The 1st Araw ng Dabaw Phoenix Run in March became the biggest footrace yet in Davao City. This, and the Kadayawan Phoenix Run in August, supported the Book Donation drive of Phoenix.



Team Air Force Phoenix, champions of the United Football League

The Phoenix Night Run in Tagum City was held for the benefit of the local government's free housing renovation to poor residents, while the Phoenix "Run 2 Build" in Compostela Valley supported their Gawad Kalinga housing program.

Football is touted to be the country's next big sport. At the United Football League, our sponsored team, Air Force Phoenix, won the championship.

Our partnership with world boxing champion and Phoenix dealer Manny Pacquiao continues, with our support to him at his two victorious fights in 2011. All these brand and marketing initiatives are establishing Phoenix Petroleum as truly the partner in life's adventures and aspirations. Whatever journey one takes in life, Phoenix Petroleum is at your side.

Operations Review

Finance

Supporting growth

Capital Raising

2011 was a very busy year for the Finance team. The company's aggressive growth strategy required a lot of funding to finance capex and working capital and refinance expensive loans. In March, the Company announced that it had signed a mandate with Hongkong Shanghai Banking Corp, BPI Capital Corp., Land Bank of the Philippines and Development Bank of the Philippines as joint lead managers to arrange a 5-7 year corporate note issue amounting to P3 billion - P5 billion.



The Company Briefing on Fixed and Floating Rate Corporate Notes on March 29 at the Marriott Hotel in Manila

The issue was on its way to becoming a highly successful landmark transaction for the company, when on May 5, 2011, the deadline for the submission of the lenders' irrevocable bids, the Bureau of Customs (BOC) announced in a press conference that they were recommending the filing of a smuggling case against the company with the Department of Justice (DOJ). In order to allay any negative repercussions, the company voluntarily opted to defer the corporate notes and focus on addressing the wrong accusation. As of the printing of this report, the case is still pending resolution at the DOJ.



Signing a P700-M credit facility from Philippine Bank of Communications (PBCom), March 2 at the PBCom Tower in Makati

Fortunately, the banking community at large did not support the notion that Phoenix Petroleum was engaged in illegal activity. All existing credit lines were maintained and in the case of a number of banks were even increased. Total working capital credit lines actually grew from P6 billion in 2010 to P10 billion by the end of 2011.



Signing a P350-M credit facility from China Banking Corporation, January 6 at the Phoenix Petroleum office in the Fort, Taguig City



Phoenix Petroleum and partner banks after the signing of the 5-year and 7-year Corporate Notes Facility, August 16, 2011 at the BDO Corporate Tower in Manila. The noteholders are Banco de Oro Unibank, Maybank Philippines, and Robinsons Bank Corporation. The issuance was arranged by BDO Capital and Investment Corporation. BDO Trust and Investments Group was the facility agent, registrar and paying agent.

Investor Relations

In August, BDO Capital & Investment Corp. arranged an unsecured 5-year loan amounting to P750 million for the company.

Ever since our listing in the Philippine Stock Exchange, the company goes to great lengths to ensure that the investing public is constantly aware of the latest developments in our company. The pace of investor-related activities picked up significantly in 2011 as more investors started to take notice of the consistent growth of the company and its stock price. The company conducted a number of structured Analyst Briefings as well as private meetings with stock analysts and fund managers.

In January, for the first time, the company went on a no-deal roadshow arranged and organized by CLSA, Asia’s

leading, independent brokerage and investment group. The roadshow, which kicked off in Manila, increased awareness of the company and its stock to more than 15 institutional investors and fund managers in Singapore and Hong Kong.

In Jan. 19, 2011, CLSA Philippines’s Leo Venezuela released a report titled “The Little Giant.” In this maiden coverage of Phoenix Petroleum, CLSA started with a BUY recommendation citing the relatively low PE multiple of the stock price coupled with an aggressive expansion strategy.

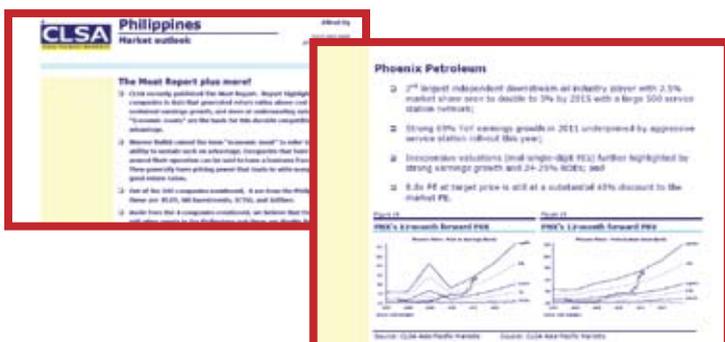
Later that year, on April 1, CLSA Philippines followed up with a Market Outlook report titled “The Moat Report plus more!” by Alfred Dy, CLSA Head of Research. In it, Phoenix Petroleum was named as one of the 7 companies they believe had what they described as “economic moats.”

According to CLSA, firms that have a moat (a term first coined by Warren Buffet) around their operation can be said to have a business franchise. They further define “franchise” as a business that has a comparative advantage which over time will lead to return ratios staying above cost of capital which in turn will result in economic value creation or a positive EVA.

Operational Efficiency

In 2011, a number of projects were also initiated and are in various forms of completion to improve overall operational efficiencies. These include a new Cash Management System (CMS) for payments and collections and an upgrade of our data and voice network. A much improved DRP system was also put in place to ensure business continuity.

A P50-million project to upgrade our ERP was launched. A more robust ERP will not only be able to handle a higher level and complexity of transactions, but increase the level of automation, eliminate multiple handling and provide real time data. The ERP upgrade is expected to be completed by the end of 2013 or early 2014.



Operations Review

Phoenix Petroterminals and Industrial Park Corp. (PPIPC)

Growing business

Phoenix Petroterminals & Industrial Park Corporation (PPIPC) is a wholly-owned subsidiary of Phoenix Petroleum Philippines, Inc. PPIPC owns, manages and develops its industrial park which is located in Calaca, Batangas.

The 94-hectare Phoenix Petroterminals and Industrial Park is situated within the three Calaca barangays of Salong, Puting Bato and Lumbang Calzada.

The newest locator of the industrial park is South Luzon Thermal Energy Corporation (SLTEC), a joint venture between AC Energy Holdings, Inc. (a subsidiary of Ayala Corporation) and Trans Asia Oil and Energy Development Corporation (a subsidiary of PHINMA Group). SLTEC bought 14.1 hectares valued at P396.284 million on December 2011. SLTEC has chosen PPIP as its home for its planned 2 x 135MW power plant. The power plant project is slated to be operational by 2014.

After the SLTEC sale and all lots previously sold within the Park, the remaining land inventory of PPIPC is 48 hectares, or 483,065 sq. m.

SLTEC joins the existing locators composed of Steel Asia Manufacturing Corporation, Steel Corporation of the Philippines, Arvin International Marketing Inc., Sutton Seafair Realty Inc., Jandrick Arvin Realty & Development

Corporation, Taurus Stevedoring & Arrastre Services Corporation, Century Chemical Corporation, Rezcoat Inc., Asian Chemical Corporation, Melaco Enterprises and Phoenix Petroleum Philippines, Inc. The industrial park hosts Phoenix Petroleum's biggest installation in the country, and is strategically located to serve its Luzon market.

The presence of an existing port facility capable of handling vessels of up to 14 meters draft makes the industrial park ideal to host light to heavy industries especially those that are reliant on water transport. The port facility is an L-shape multi-purpose concrete deck with liquid berths. It is International Ship and Port Facility Code (ISPS Code)-Compliant and operates 24x7.

On January 2011, the multi-purpose concrete pier deck completed expansion from 135 meters to 192 meters, or an increase in length of 57 meters with additional liquid berths. This allows the port facility to accommodate more vessels and attract more locators to the industrial park.

In fact, port volume in 2011 increased by 31% vs. previous year with the handling of 924,986MT of various cargoes. Port revenues in 2011 increased by 23% against the previous year and contributed P55 million on the port business alone.



The extension of the port to 192 meters allows PPIPC to accommodate more vessels



PPIP houses the largest installation of Phoenix Petroleum

Awards & Recognitions

2011 was a year of recognition for Phoenix Petroleum. We received a bevy of accolades from various local and international institutions as well as the Philippine Government that affirmed our work in various areas.

Leadership › Nomination to Asia Business Leaders Award



CNBC Asia named our President and CEO Dennis Uy a finalist to the prestigious 10th Asia Business Leaders Award (ABLA) in October. He was one of 41 Asian business leaders recognized for “their continuing commitment to excellence, developing best practices and innovative strategies.” The Asia Business Leaders Awards have distinguished and honored Asian leaders who have contributed and shaped the Asian economy.

Honorary Consul



On November 25, 2011, Phoenix Petroleum President and CEO Mr. Dennis Uy was appointed Honorary Consul of Kazakhstan in the Philippines, making him one of the youngest consuls in the country.

Kazakhstan is the ninth biggest country in the world and is located in Central Asia and Eastern Europe. It has vast mineral resources and economic potential. Gas, oil, and metals make up 72% of its exports. As Honorary Consul, Mr. Uy will enhance bilateral relations in trade, economy, culture and science between Kazakhstan and the Philippines. He will also help with the economic and trade cooperation and with the expansion of business between the two countries.

Business › Top Importer



Phoenix Petroleum Philippines was named by the Bureau of Customs (BOC) as one of the country's top importers for 2011. Phoenix Petroleum emerged as the Top 7 importer, the highest among independents, after paying a total of P3.69 billion in taxes to the government.

BOC Commissioner Rozzano Rufino B. Biazon presented the Plaque of Recognition to Phoenix and the other top importers at the Commissioner's Building on the occasion of BOC's 110th Founding Anniversary on February 6, 2012.



The Company was earlier awarded as Top 1 Importer in the Port of Davao City by the BOC for paying P1.69 billion in duties and taxes for 2011 in the port of Davao. The awarding was held on January 13, 2012 in Davao City.

The award is Phoenix Petroleum's second recognition from the Bureau of Customs Collection District XII. In 2010, BOC awarded Phoenix Petroleum for being the 'Top 3 Importer' for year 2009 in the port of Davao.

Social Responsibility



Enterprise Asia, the region's leading non-governmental organization on entrepreneurship, awarded Phoenix Petroleum an Asia for Responsible Entrepreneurship Award (AREA) for our "Phoenix for Education" program. It was the first time the awards included Philippine companies, and the first CSR award for Phoenix. The awarding was held on June 10, 2011 at Marina Bay Sands, Singapore.

The Company was recognized for our "outstanding and exemplary achievements in social and responsible entrepreneurship," particularly in the Social Empowerment category. Phoenix for Education program benefits public schools, teachers, and students in Davao City.



On October, Phoenix Petroleum was recognized by the Department of Education for its successful implementation of the Adopt-a-School Program in the district level, in Davao City.

Brand › CMMA Best TV Ad



Our first corporate television ad, "The Journey," won the coveted 33rd Catholic Mass Media Award for Best TV Ad-Branded, in October.

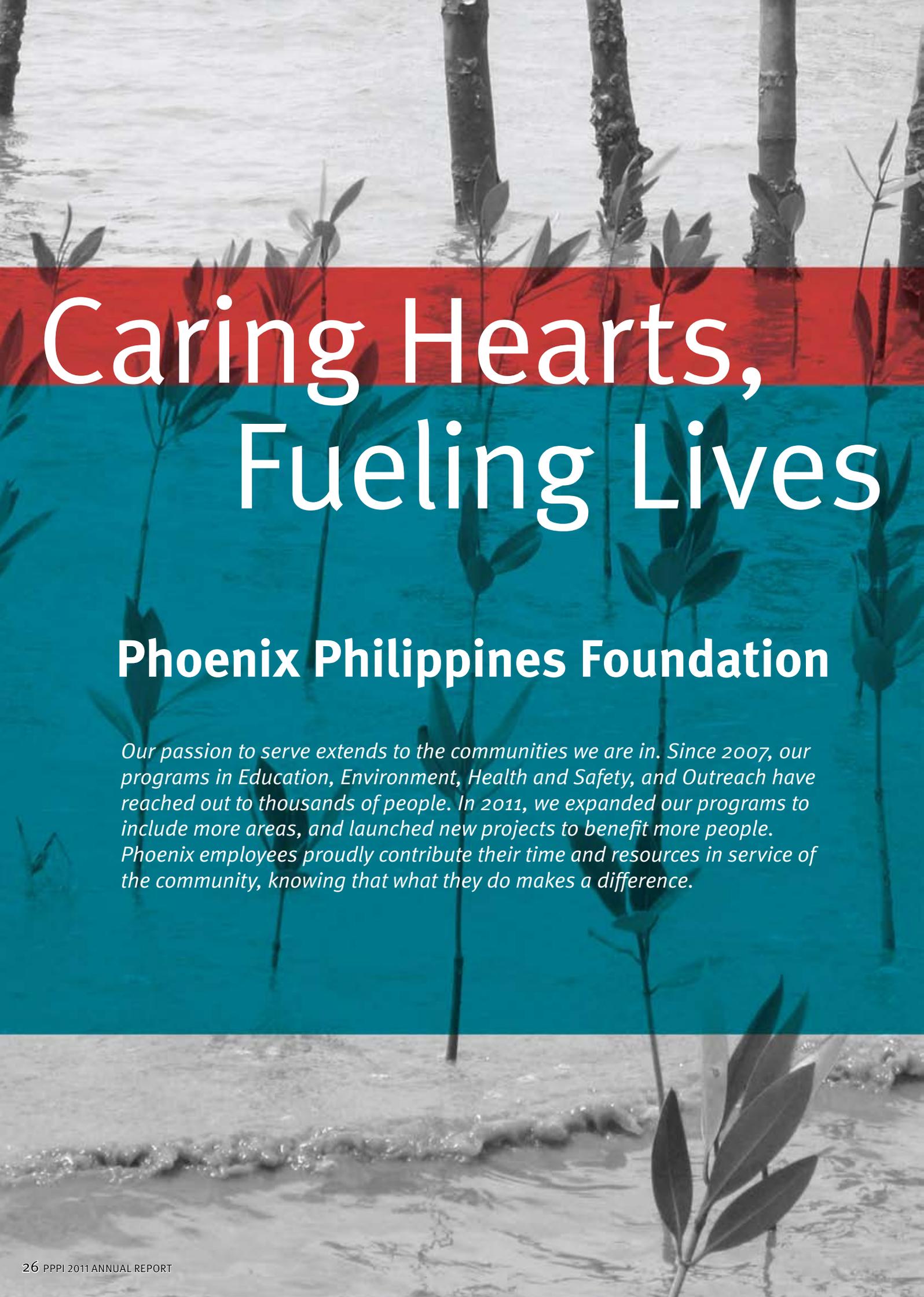
The award recognizes advertisements that promote Filipino-Christian values through effective persuasive messages.

"The Journey" TVC of Phoenix Petroleum shows how far a man would go to be with his family, and the company that brings him there. It is a touching story of love for family; of a man in a long, hard journey and the faith that overcomes distance. It demonstrates Phoenix's aspiration: to be with the Filipino in his life's journeys.

Other Commendations

Phoenix Petroleum was also commended by the Department of Transportation and Communications, through its Land Transportation Office, the Philippine Coast Guard, and the Philippine Ports Authority, for the generous support the company has given in partnership with these government agencies in raising responsible driving on roads and safety awareness in port facilities. The partnership has benefited countless road users who have been made aware of the importance of safety.

Phoenix Petroleum was also recognized by the So Kim Cheng Sports Foundation in Davao City for the company's "strong and continuous support to various sports development programs in the regions."



Caring Hearts, Fueling Lives

Phoenix Philippines Foundation

Our passion to serve extends to the communities we are in. Since 2007, our programs in Education, Environment, Health and Safety, and Outreach have reached out to thousands of people. In 2011, we expanded our programs to include more areas, and launched new projects to benefit more people. Phoenix employees proudly contribute their time and resources in service of the community, knowing that what they do makes a difference.

Education

Adopt-a-School

From three schools, we now have four adopted schools. The first three are in Davao City, namely Vicente Hizon, Doña Asuncion Hizon, and San Roque Central Elementary Schools. The fourth adopted school is Talisayan Elementary School in Zamboanga.

We shoulder the salary of a total of five pre-school teachers, enabling the schools to provide free primary education to children. In SY 2010-2011, a total of 160 graduated as Phoenix scholars: 100 from V. Hizon and 60 from A. Hizon. For SY 2011-2012, 120 students are expected to graduate from Vicente Hizon, 57 from A. Hizon, and 50 from San Roque Central Elementary Schools.



Mrs. Adelfa Bachanicha and Mrs. Maria Liles Marcellana, two of our adopted pre-school teachers in Vicente Hizon Elementary School, Davao City

Book Donations

Children enjoy reading the colorful and educational books donated by Phoenix



Our adopted schools regularly receive book donations from Phoenix. At V. Hizon school, their new and colorful reference and story books are housed in their own Phoenix Library. V. Hizon, Asuncion Hizon, and San Roque Central Elementary School were the beneficiaries of the 1st “Araw ng Dabaw Phoenix Run: Takbo Para Sa KinaBOOKasan” (Run for the Future) held in March 2011.

After flash floods hit Davao City in late June and badly affected six schools, Phoenix donated books to them as beneficiaries of the Kadayawan Phoenix Run in August.

We also expanded our Book Donation program to north Mindanao and Visayas, by donating books to schools in Zamboanga, Misamis Oriental, and New Washington, Aklan. There are now five Phoenix Libraries: Vicente Hizon, Asuncion Hizon, and San Roque Central Elementary Schools in Davao City; Talisayan Elementary School in Zamboanga City; and Dumaguit Elementary School in New Washington, Aklan.

Alternative Learning Systems



We strengthened our partnership with adopted school Asuncion Hizon Elementary School for the Alternative Learning System (ALS) program, which we have been supporting since 2009.

The ALS Livelihood Education is a free education program implemented by the Department of Education. It benefits those who cannot afford formal schooling and follows a more flexible schedule for students.

Phoenix provides salary to four ALS teachers who teach vocational courses and the Accreditation & Equivalency classes to finish high school. Vocational courses range from welding, electronics, electricity, to cosmetology. The Phoenix Livelihood Training Center was turned over to the school in 2010, and we added more welding and electrical tools and equipment in 2011.

For SY 2010-2011, 186 students graduated from Livelihood Education, while 40 finished high school. For SY 2011-2012, 152 are expected to finish the ALS.

The Livelihood Education is accredited by the Technical Education and Skills Development Authority (TESDA).



After working as a caregiver in the Middle East for five years, Marilou Maca Dael took the free cosmetology course. Shortly after, she signed a contract as a beautician in Saudi Arabia.

“In the five years that I have taught here, it was only in 2010 that we finally got our own set of tools, donated by Phoenix. With these tools, students don’t need to bring anything. This is the biggest opportunity for them.”

– Mr. Allan Salon, ALS welding teacher

Brigada Eskwela

In late May, we joined the nationwide “Brigada Eskwela,” an initiative of the Department of Education to improve and maintain school facilities. Phoenix employees went to our adopted schools V. Hizon and A. Hizon Elementary Schools and painted classrooms, the Phoenix library, and chairs. We also donated chairs for pre-school students.

Environment

Pawikan Conservation Project



Inside the Phoenix Petroterminals and Industrial Park is a hatchery where the community turns over pawikan eggs found along the coast. Adult turtles are released to sea.



The Phoenix Pawikan Conservation Program, the only such in Calaca, Batangas, helps save the pawikan by making communities part of the Program. It began in 2005 and was institutionalized in 2010 with the Department of Environment and Natural Resources, Department of Education, and the Calaca local government.

Since the Program began, coastal residents have transformed from selling or eating endangered marine turtles to protecting them.

Phoenix leads the educational campaign to residents. In the school year of 2011, DepEd began including the Phoenix Pawikan Conservation Program as part of the Science curriculum of Salong Elementary School, the barangay where the Program is located. Students are given educational materials by DENR-Protected Areas and Wildlife Bureau. In the second semester, all coastal elementary schools were given materials on pawikan conservation.

Since 2005 to end-2011, 1,978 eggs have been turned over by residents, and 692 hatchlings and 100 adult turtles released in Balayan Bay. The significant result is in the almost two years since the Program was institutionalized in April 2010, more eggs were turned over (1,087) than the total from five years prior (891).

Tree-planting

Every year since 2009, we plant trees and disperse tilapia fingerlings for the “Phoenix Adopt a Riverbank – Save Davao River Project.” In June, we planted 2,000 mangrove and mahogany seedlings in our adopted area in Davao River Bank as part of the Plant a Billion Trees nationwide campaign.

In 2011, we adopted a second area, in Bunawan, Davao City, where we planted 1,000 mangrove seedlings in June and another 1,000 in August. The tree-planting is part of the “Adopt A Foreshore for Mangrove Rehabilitation, Preservation and Protection” partnership by Phoenix Foundation, the barangay, and the fisherfolks.



Planting mangrove trees in Bunawan, Davao City

Coastal Clean-up



Cleaning the coast in Brgy. Salong, Calaca, Batangas

Since 2008, Phoenix Petroleum has been an active participant in coastal clean-ups. Phoenix employees helped clean the coast as part of the International Coastal Clean-up Day in Davao City and Calaca, Batangas in September. We were joined by students and teachers of our adopted schools in Davao.

Health and Safety



Phoenix Petroleum Philippines turns over to Davao City Mayor Sara Duterte 80 reflector vests for use by Traffic Management Center officers, September 2011

In coordination with the Philippine National Red Cross, Phoenix Petroleum employees donate blood to the blood-letting drive, an annual event since 2008.

We continued our support to the Mindanao Heart Fund, which provides free heart operations to indigent patients. The fund, with our donation this year of another P100,000, was the beneficiary of the PBA-Phoenix On Tour in Davao



Phoenix Petroleum employees donate blood to the blood-letting drive, an annual event since 2008.

City. The heart patient that we helped last year, 10-year-old Almer Viniegas, recovered well. Phoenix gave him a scholarship for this school year last May. We also donated to the St. Luke's Medical Center in Taguig City, and conducted medical missions in Davao and Batangas.

In Davao City and Cagayan de Oro, we donated lighted vests to traffic enforcers as part of our advocacy for road safety.

Outreach



Phoenix playstation at orphanage

The annual Christmas Party for Kids, held since 2007 in Davao City, is an event the community's children look forward to. Phoenix treats them to an afternoon of educational entertainment, snacks, and school materials.

We also support charities: the Lady of Victory Training Center for Handicapped Youth, and the Missionaries of Charity, who take care of the abandoned young and old.

In times of calamities, Phoenix lends a hand to the affected. We donated relief goods, blankets, plastic



Donation to "Sendong" victims

mats, and cooking pans to victims of the flashflood in Davao City in June. We also donated water and relief goods to victims of the typhoon that claimed hundreds of lives in Cagayan de Oro and Iligan in December.

This year we held the "Pamaskong Handog ng Phoenix sa Drayber," where about 400 drivers availed of free medical services, medicine, massage, haircut, and legal consultation. The event was held in partnership with the Davao City government, JCI Davao, IBP-Davao Chapter, and Southern Philippines Medical Center.

Board of Directors





Board of Directors

Domingo T. Uy **Chairman**



Domingo T. Uy, Filipino, 65 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 Grandland Resources Corporation, a corporation involved in real estate development. Mr. Uy is currently 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 **Vice Chairman, President and Chief Executive Officer**



Dennis A. Uy, Filipino, 38 years old, is the founder of PPPI 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 PPPI, and Udenna Corporation, the ultimate parent company of PPPI. Among the subsidiaries of Udenna Corporation are Udenna Management & Resources Corp., Chelsea Shipping Corporation, Global Synergy Trade and Distribution Corp., Udenna Development Corporation, Value Leases, Inc., Udenna Environmental Solutions, and Udenna Energy Corporation. He is Chairman of F2 Logistics, Phoenix Philippines Foundation, Inc. and Udenna Foundation, Inc. He graduated from De La Salle University with a degree in Business Management.

Romeo B. De Guzman **Director**



Romeo B. De Guzman, Filipino, 62 years old, was elected Director of PPPI in 2009. He is Chief Operating Officer of the company, bringing with him over 35 years of outstanding experience in the oil industry. Before joining PPPI, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific. He was with the said company holding various management and executive positions. He also worked with Getty Oil Philippines Inc. for 10 years.

Atty. Socorro T. Ermac-Cabreros **Corporate Secretary**



Socorro T. Ermac-Cabreros, Filipino, 46 years old, was elected Director and appointed Corporate Secretary on February 15, 2007. She is concurrently Asst. Vice President for Corporate Legal of PPPI. She is 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.

Jose Manuel R. Quimson **Director**



Jose Manuel R. Quimson, Filipino, 63 years old, has been a Director of PPPI since February 15, 2007. He is concurrently General Manager of Phoenix Petroterminals and Industrial Park. He is also the Vice President & Chief Operating Officer of Chelsea Shipping Corp. He is a member of the Board of Directors of the Udenna Corporation and its subsidiaries. Previously, he was President of Petrotrade Philippines, Inc. a company providing bunkering services to international vessels. He has more than 30 years of work experience in the shipping industry.

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



J.V. Emmanuel A. De Dios, Filipino, 46 years old, was initially elected as Independent Director of PPPI on February 15, 2007. He was elected regular director on March 7, 2008. He was recently appointed as the new CEO of GE Philippines. He was previously President, CEO and Director of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He is Managing Director of Merritt Advisory Partners, Inc. and is a member of the Board of Directors of Davies Energy Systems, Inc. He is a Special Counsel at the Romulo Mabanta Buenaventura Sayoc & De Los Angeles Law Office. Atty. De Dios completed his Masters of Law at Harvard Law School and is its Alumni Association's Secretary. He was Chairman of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. He took his Master of Laws at the Harvard Law School and completed his Bachelor of Laws at the Ateneo de Manila University School of Law.

Diana Pardo-Aguilar **Director**



Diana Pardo-Aguilar, Filipino, 48 years old, was elected Director of PPPI on December 3, 2010 as the representative of the Social Security System. She was appointed Commissioner of SSS on August 2010. She is a business management professional who has extensive experience in board directorships, entrepreneurship, and investment banking. She sits as Board Director in nine other firms and institutions engaged in asset and real property management, education, information technology, telecommunication and technology transfer, food, and retail. Ms. Pardo-Aguilar possesses a wide experience in investment banking, which she gained from her various stints such as in CLSA Exchange Capital Corporation, a leading Philippine investment house; and as Vice-President for Exchange Capital Corporation and Jardine Fleming Exchange Capital Corporation. She holds a Masters Degree in Business Administration major in International Business and graduated with academic citations from Pepperdine University in Sta. Monica California. She is also a Computer Science graduate from the De La Salle University.

Ricardo S. Pascua **Independent Director**



Ricardo S. Pascua, Filipino, 63 years old, has been Independent Director of PPPI since February 15, 2007. He also sits as Chairman of the Board and President of Happy Communications, Inc., a wireless broadband IP network operator and ITC applications services provider. He is Chairman of the Board of Caelum Developers, Facilities and Property Mgmt Technologies, and Lucena Biodiesel Energy Corporation. He is Chairman of the Executive Committee of Phoenix Land Inc., a farm-oriented and residential resort developer. He was formerly Vice Chairman, President and Chief Executive Officer of the Metro Pacific Corporation and the Fort Bonifacio Development Corporation.

Monico V. Jacob **Independent Director**



Monico V. Jacob, 66 years old, has been Independent Director of PPPI 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. and Philippine Dealing Systems. 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.

Corporate Governance

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

On March 7, 2008, during the regular meeting of the Board, the Manual of Corporate Governance which incorporated the best practices was approved and adopted to establish the principles of good corporate governance for the entire Corporation. The adoption of the new Manual of Corporate Governance replaces the old manual of corporate governance prescribed by the SEC which was then observed and followed by the Company. Moreover, the adoption of the new Manual now complies with the SEC requirement that before assuming office, a director must attend a seminar on corporate governance conducted by a duly recognized government or private institution.

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

BOARD STRUCTURE AND PROCESS

Key Roles

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

Consistent with the amendment of the Corporation's By-laws, the Revised Code now acknowledges the composition of the Board of Directors from 7 to 9 members of which at least 20% shall consist of independent directors. Currently, the Board has 2 independent directors which competently complies with the said Code.

The duties and functions of the Board of Directors more specifically lay out a detailed and minute management of the Corporation's affairs from providing for its mission, vision, policies, mechanism for effective monitoring of management's performances, establishment of programs that can sustain its long term viability and strength to effective implementation in the selection of directors that can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, effective adoption of a system of check and balance within the Board and a regular review of such system to ensure the integrity of the decision-making.

Effectively that function of the Board of Directors has expanded to ensure a more comprehensive monitoring of the implementation of its policies to ensure and foster the success of the Company



The Annual Stockholders Meeting on March 11, 2011 in Davao City

and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and protect the best interest of its stakeholders.

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

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

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

Corporate Governance

the stockholder's meeting. The Nomination Committee shall likewise promulgate the guidelines or criteria to govern the conduct of nominations; provided, that any such promulgated guidelines or criteria governing the conduct of the nomination of Independent Directors shall be properly disclosed in the Corporation's information or proxy statement or such other reports required by the Securities and Exchange Commission.

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

Composition

Corporate powers and governance of the Company is exercised by the Board of Directors which consists of nine (9) members, two (2) of whom are independent directors. As a matter of policy and based on good corporate practice, unless a special meeting is called upon for a specific purpose, the Board regularly meets every quarter wherein which the relevant corporate issues may be raised for discussion and voted by the members of the Board.

On March 11, 2011, the stockholders elected the following stockholders to the Board of Directors namely: DOMINGO T. UY, DENNIS A. UY, ROMEO B. DE GUZMAN, SOCORRO ERMAC CABREROS, MANNY R. QUIMSON, COM. DIANA PARDO AGUILAR, J.V. EMMANUEL A. DE DIOS, MONICO V. JACOB AND RICARDO S. PASCUA.

During the said annual meeting, the stockholders approved and ratified the amendment of the Corporations By-laws particularly Article II Section 1 amending the date of the annual meeting from last Thursday of June to any day in March.

Chairman and Chief Executive Officer

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

Independent Directors

As a publicly-listed Company, Phoenix Petroleum conforms to the requirement to have at least two independent directors or at least 20% of its board size, whichever is less. Of the nine directors, two sit as independent directors, Monico V. Jacob and Ricardo S. Pascua.

The Company defines an "Independent Director" as a person independent of management and free from any business or other relationship which could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. The Company complies with the rules of the Securities & Exchange Commission with regard to the nomination and election of the independent director.

BOARD PERFORMANCE

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

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

In 2011, the Board conducted six (6) meetings to include the annual meeting with the stockholders as their first organizational meeting.

Board of Directors

Names of Director	Jan. 28	Mar. 11	Apr. 29	May 12	Aug. 12	Dec. 1
Domingo T. Uy	P	P	P	P	P	P
Dennis A. Uy	P	P	P	P	P	P
Jose Manuel R. Quimson	P	P	P	P	P	P
Romeo B. De Guzman	P	P	P	P	P	P
Socorro T. Ermac Cabrerros	P	P	P	P	A	P
J.V. Emmanuel A. De Dios	P	A	P	P	P	P
Diana Pardo Aguilar	A	P	P	P	P	P
Ricardo S. Pascua	P	P	P	P	A	P
Monico V. Jacob	A	P	P	A	P	P

P = Present A = Absent

Corporate Governance

Committee Members

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

Name	Executive Committee	Nomination Committee	Audit Committee	Compensation Committee
Domingo T. Uy	M		M	C
Dennis A. Uy	C			M
Romeo B. de Guzman	M			
Jose Manuel R. Quimson		M		
J.V. Emmanuel A. de Dios		C		
Diana Pardo Aguilar		M		
Socorro Ermac Cabrerros	M			
Monico V. Jacob			C	M
Ricardo S. Pascua			M	

Two of the management officers are members of certain committees by reason of their functions, namely:

1. Atty. Alan Raymond T. Zorrilla, Asst. Vice President for Human Resources is a member of the Nominations Committee
2. Mr. Joseph John L. Ong, Chief Finance Officer is a member of the Compensation Committee

C = Chairman M = Member

ACCOUNTABILITY AND AUDIT

Independent Public Accountants

The principal accountants and external auditors of the Company is the accounting firm of Punongbayan and Araullo (P&A). Mr. Romualdo V. Murcia III is the partner-in-charge for 2011.

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

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

(in Thousands PHP)	Audit & Audit-related Fees
2011	4,015.19
2010	2,098

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

Phoenix Petroleum Philippines' financial statements comply with Philippine Accounting Standards and Philippine Financial

Reporting standards which are in compliance with International Accounting Standards (IAS).

Compliance System

Phoenix Petroleum Philippines adheres to the highest corporate principles and best practices. Socorro Ermac T. Cabrerros, the Company's Corporate Secretary, is also the concurrent Acting Compliance Officer.

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

DISCLOSURE AND TRANSPARENCY

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

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

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

Internal Audit

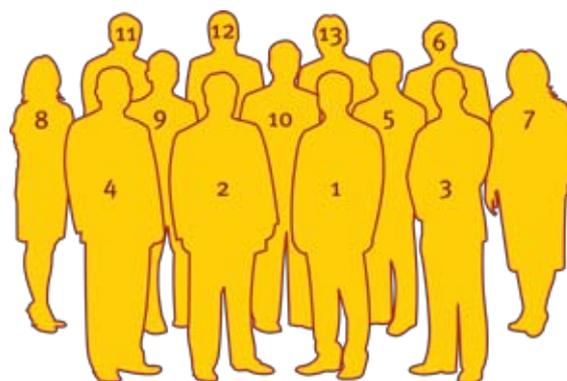
In 2010, the Company established the Internal Audit to assist the Audit Committee of the Board in fulfilling its oversight responsibility to the shareholders by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and internal control processes.

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

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

Management Team





- | | |
|--|-----------|
| Dennis A. Uy
President and CEO | 1 |
| Romeo B. De Guzman
Chief Operating Officer | 2 |
| Joseph John L. Ong
Chief Finance Officer | 3 |
| Jose Manuel R. Quimson
General Manager for Phoenix Petroterminals
and Industrial Park | 4 |
| Chryss Alfonsus T. Damuy
Treasurer | 5 |
| Edgardo A. Alerta
AVP for Fuel Sales-VisMin | 6 |
| Socorro Ermac-Cabreros
AVP for Corporate Legal | 7 |
| Rebecca Pilar C. Caterio
AVP for Credit and Collection | 8 |
| Reynaldo A. Phala
AVP for Treasury | 9 |
| Alan Raymond T. Zorrilla
AVP for HR, External Affairs, and Brand | 10 |
| William M. Azarcon
AVP for Depot Engineering and Operations | 11 |
| Jose Victor L. Cruz
AVP for Retail Sales – Luzon | 12 |
| Alberto D. Alcíd
AVP for Lubricants | 13 |



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries is responsible for all information and representations contained in the consolidated financial statements for the years ended December 31, 2011, 2010, and 2009. The financial statements have been prepared in accordance with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. Management likewise discloses the Group's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls, and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Group.

Punongbayan & Araullo, the independent auditors and appointed by the stockholders, has examined the financial statements of the Group in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

A handwritten signature in black ink, appearing to read "D. T. Uy".

DOMINGO T. UY
Chairman of the Board

A handwritten signature in black ink, appearing to read "D. A. Uy".

DENNIS A. UY
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read "J. J. Ong".

JOSEPH JOHN L. ONG
Chief Finance Officer

REPORT OF INDEPENDENT AUDITORS

The Board of Directors

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

Stella Hizon Reyes Road,
Barrio Pampanga, Davao City

We have audited the accompanying consolidated financial statements of P-H-O-E-N-I-X Petroleum Philippines, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2011, and 2010, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

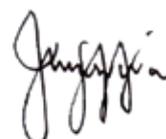
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of P-H-O-E-N-I-X Petroleum Philippines, Inc. and Subsidiaries as of December 31, 2011 and 2010, and of their consolidated financial performance and their cash flows for each of the three years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.



By: Romualdo V. Murcia III

Partner

CPA Reg. No. 0095626

TIN 906-174-059

PTR No. 3174908, January 2, 2012, Makati City

SEC Group A Accreditation

Partner - No. 0628-AR-1 (until August 25, 2013)

Firm - No. 0002-FR-3 (until Jan. 18, 2015)

BIR AN 08-002511-22-2011 (until Feb. 3, 2014)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)

Certified Public Accountants

PL&A is a member of Grant Thornton International Ltd.

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-2

January 28, 2012

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010
(Amounts in Philippine Pesos)

<u>ASSETS</u>	<u>Notes</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS			
Cash and cash equivalents	6	P 886,342,207	P 605,444,745
Trade and other receivables - net	7	2,787,942,121	2,592,845,395
Inventories	8	2,132,622,404	1,051,658,928
Land held for sale and land development costs	9	451,587,118	451,587,118
Due from related parties	24	9,480,803	14,750,495
Restricted deposits	10	69,036,837	73,422,716
Input value-added tax – net		226,507,521	27,539,110
Other current assets	11	167,647,224	53,432,012
		<u>6,731,166,235</u>	<u>4,870,680,519</u>
Total Current Assets			
NON-CURRENT ASSETS			
Installment contract receivable		9,002,788	18,005,640
Land held for future development	13	271,981,834	315,874,750
Advances for future investment	24	150,000,000	-
Property and equipment – net	12	3,288,614,119	2,358,043,160
Deferred tax assets	23	14,989,234	19,263,602
Other non-current assets	14	85,156,823	59,404,222
		<u>3,819,744,798</u>	<u>2,770,591,374</u>
Total Non-current Assets			
TOTAL ASSETS		<u>P 10,550,911,033</u>	<u>P 7,641,271,893</u>

	Notes	2011	2010
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	P 3,772,195,945	P 2,703,702,165
Trade and other payables	16	2,404,549,895	1,637,293,361
Due to parent company	24	-	53,106,188
Total Current Liabilities		<u>6,176,745,840</u>	<u>4,394,101,714</u>
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	1,300,986,896	723,350,472
Other non-current liabilities	17	209,819,730	62,611,981
Total Non-current Liabilities		<u>1,510,806,626</u>	<u>785,962,453</u>
Total Liabilities		<u>7,687,552,466</u>	<u>5,180,064,167</u>
EQUITY			
Common stock	25	489,872,215	376,824,940
Preferred stock		5,000,000	5,000,000
Additional paid-in capital		802,774,593	802,778,234
Retained earnings		1,565,711,759	1,276,604,552
Total Equity		<u>2,863,358,567</u>	<u>2,461,207,726</u>
TOTAL LIABILITIES AND EQUITY		<u><u>P 10,550,911,033</u></u>	<u><u>P 7,641,271,893</u></u>

For further notes and discussions, see SEC 17-A Report at www.phoenixphilippines.com/disclosures-for-2012/

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
REVENUES				
Sale of goods - net	24	P 27,226,659,662	P 14,639,250,037	P 5,738,602,943
Fuel service, storage income and other revenues	28	<u>241,617,641</u>	<u>152,938,176</u>	<u>134,448,520</u>
		<u>27,468,277,303</u>	<u>14,792,188,213</u>	<u>5,873,051,463</u>
COST AND EXPENSES				
Cost of sales and services	18	25,491,661,245	13,315,948,022	5,137,728,389
Selling and administrative expenses	19	<u>1,152,433,560</u>	<u>757,365,711</u>	<u>451,567,077</u>
		<u>26,644,094,805</u>	<u>14,073,313,733</u>	<u>5,589,295,466</u>
OTHER INCOME (CHARGES)				
Finance costs	20	(290,495,842)	(316,387,078)	(114,569,133)
Finance income	20	11,036,718	23,989,997	5,021,908
Excess of fair value of net assets acquired over acquisition cost	29	-	-	573,389,348
Others		<u>7,941,763</u>	<u>4,142,835</u>	<u>259,222</u>
		(<u>271,517,361</u>)	(<u>288,254,246</u>)	(<u>464,101,345</u>)
PROFIT BEFORE TAX AND PRE-ACQUISITION INCOME				
		552,665,137	430,620,234	747,857,342
PRE-ACQUISITION INCOME				
		(<u>3,163,822</u>)	-	(<u>965,075</u>)
PROFIT BEFORE TAX				
		549,501,315	430,620,234	746,892,267
TAX INCOME (EXPENSE)				
	23	(<u>39,000,480</u>)	(<u>3,406,725</u>)	<u>4,584,392</u>
NET PROFIT				
	26	510,500,835	427,213,509	751,476,659
OTHER COMPREHENSIVE INCOME				
		-	-	-
TOTAL COMPREHENSIVE INCOME				
		P <u>510,500,835</u>	P <u>427,213,509</u>	P <u>751,476,659</u>
Earnings per share				
	26	P <u>1.00</u>	P <u>1.43</u>	P <u>3.48</u>

For further notes and discussions, see SEC 17-A Report at www.phoenixphilippines.com/disclosures-for-2012/

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
PREFERRED STOCK				
	25			
Balance at beginning of year		P 5,000,000	P -	P -
Issuance during the year		-	5,000,000	-
Balance at end of year		<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
COMMON STOCK				
	25			
Balance at beginning of year		376,824,940	269,160,875	188,000,198
Stock dividends		113,043,634	107,664,065	73,660,677
Reclassification from additional paid-in capital		3,641	-	-
Issuance during the year		-	-	7,500,000
Balance at end of year		<u>489,872,215</u>	<u>376,824,940</u>	<u>269,160,875</u>
ADDITIONAL PAID-IN CAPITAL				
	25			
Balance at beginning of year		802,778,234	261,614,249	227,114,249
Reclassification to capital stock		(3,641)	-	-
Additions during the year		-	541,163,985	34,500,000
Balance at end of year		<u>802,774,593</u>	<u>802,778,234</u>	<u>261,614,249</u>
DEPOSITS ON FUTURE STOCK SUBSCRIPTIONS				
	25			
Balance at beginning of year		-	44,625,000	-
Withdrawal during the year		-	(44,625,000)	-
Additions during the year		-	-	44,625,000
Balance at end of year		<u>-</u>	<u>-</u>	<u>44,625,000</u>
TREASURY SHARES - At Cost				
	25			
Balance at beginning of year		-	(17,252,140)	(17,252,140)
Issuance during the year		-	17,252,140	-
Balance at end of year		<u>-</u>	<u>-</u>	<u>(17,252,140)</u>
RETAINED EARNINGS				
Balance at beginning of year		1,276,604,552	970,711,538	292,895,556
Net profit		510,500,835	427,213,509	751,476,659
Stock dividends	25	(113,043,634)	(107,664,065)	(73,660,677)
Cash dividends	25	(108,349,994)	(13,656,430)	-
Balance at end of year		<u>1,565,711,759</u>	<u>1,276,604,552</u>	<u>970,711,538</u>
TOTAL EQUITY		<u>P 2,863,358,567</u>	<u>P 2,461,207,726</u>	<u>P 1,528,859,522</u>

For further notes and discussions, see SEC 17-A Report at www.phoenixphilippines.com/disclosures-for-2012/

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 549,501,315	P 430,620,234	P 746,892,267
Adjustments for:				
Interest expense	20	257,380,970	229,169,176	102,099,397
Depreciation and amortization	12	213,944,304	108,888,656	77,254,700
Impairment losses	20	23,668,913	56,530,443	1,190,410
Interest income	20	(9,637,705)	(5,997,242)	(5,021,908)
Excess of fair value of net assets acquired over acquisition cost	29	-	-	(573,389,348)
Operating profit before working capital changes		<u>1,034,857,797</u>	<u>819,211,267</u>	<u>349,025,518</u>
Decrease (increase) in:				
Trade and other receivables		(218,765,639)	(1,280,611,864)	(604,736,327)
Inventories		(1,080,963,476)	(593,734,513)	(301,958,071)
Land held for sale and land development costs		-	81,958,087	(222,674,997)
Restricted deposits		4,385,879	(14,523,112)	21,741,376
Input value-added tax		(198,968,411)	39,453,982	(22,865,192)
Other current assets		(114,215,212)	(1,094,215)	(14,984,420)
Installment contract receivable		(9,002,852)	(18,005,640)	-
Increase in trade and other payables		<u>767,256,534</u>	<u>578,032,722</u>	<u>308,818,356</u>
Cash generated from (used in) operations		<u>202,590,324</u>	<u>(389,313,286)</u>	<u>(487,633,757)</u>
Cash paid for income taxes		<u>(34,726,112)</u>	<u>(5,456,634)</u>	<u>(1,695,895)</u>
Net Cash From (Used in) Operating Activities		<u>167,864,212</u>	<u>(394,769,920)</u>	<u>(489,329,652)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net acquisitions of property and equipment	12	(1,144,515,263)	(766,976,039)	(719,124,499)
Advances for future investment	24	(150,000,000)	-	-
Decrease (increase) in land held for future development		43,892,916	-	(230,095,255)
Net increase in other non-current assets		(25,752,601)	(7,878,348)	(32,669,160)
Interest received		9,637,705	5,997,242	5,021,908
Advances from (repayments to) related parties – net	24	<u>5,269,692</u>	<u>(328,802)</u>	<u>1,819,018</u>
Net Cash Used in Investing Activities		<u>(1,261,467,551)</u>	<u>(769,185,947)</u>	<u>(975,047,988)</u>

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in interest-bearing loans and borrowings		1,646,130,204	1,108,594,904	1,414,682,247
Interest paid		(257,380,970)	(229,169,176)	(102,099,397)
Increase in other non-current liabilities		147,207,749	18,891,616	20,614,816
Payments of cash dividends	25	(108,349,994)	(13,656,430)	-
Borrowings from (repayments to) parent company		(53,106,188)	(8,494)	53,114,682
Increase in additional paid-in capital	25	-	541,163,985	34,500,000
Increase (decrease) in deposits on future stock subscriptions	25	-	(44,625,000)	44,625,000
Decrease in treasury shares	25	-	17,252,140	-
Proceeds from issuance of shares of stock	25	-	5,000,000	7,500,000
Net Cash From Financing Activities		1,374,500,801	1,403,443,545	1,472,937,348
NET INCREASE IN CASH AND CASH EQUIVALENTS		280,897,462	239,487,678	8,559,708
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		605,444,745	365,957,067	357,397,359
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 886,342,207	P 605,444,745	P 365,957,067

Supplemental Information on Non-cash Investing and Financing Activities

Stock dividends declared and distributed by the Group amounted to P113.0 million in 2011, P107.7 million in 2010, and P73.7 million in 2009 (see Note 25.6).

For further notes and discussions, see SEC 17-A Report at www.phoenixphilippines.com/disclosures-for-2012/

Management's Discussion and Analysis of Financial Conditions

The following is a discussion and analysis of the Parent Company (PPPI) and its Subsidiaries' financial performance for the years ended December 31, 2011, 2010 and 2009. The discussion should be read in conjunction with the audited consolidated financial statements and the notes. **In the discussion of financial information, any reference to "the Company" means the Parent Company (PPPI) and its Subsidiaries.**

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, 2011, 2010 and 2009.

The Company's financial statements were audited by Punongbayan & Araullo for 2011, 2010 and 2009, in accordance with Philippine Financial Reporting Standards.

In P thousands, except for Per Share amounts	As of and for the years ended December 31		
	2009	2010	2011
Income Statement Data:			
Revenues	5,873,051	14,792,188	27,468,277
Cost of sales	5,181,074	13,476,620	25,491,661
Net income	751,477	427,214	510,501
Balance Sheet Data:			
Current Assets	2,918,843	4,870,681	6,731,166
Non-current Assets	2,084,570	2,770,591	3,819,745
Total Assets	5,003,413	7,641,272	10,550,911
Total Liabilities	2,661,182	5,180,064	7,687,552
Stockholders' Equity	1,528,860	2,461,208	2,863,359
Earnings per Share	3.48	1.43	1.00
Book Value per Share	5.76	6.53	5.85

ANALYSIS OF RESULTS OF OPERATIONS FOR 2011 AND 2010

REVENUES

The Group generated total revenues of P27.468 billion in 2011 which is 86% higher than its comparative 2010 level of P14.792 billion. This was brought about by the 52% and 8.5% increase in sales volume of Petroleum Products and Lubricants respectively. Service revenue also posted an increase by 17% in volume of fuels handled in year 2010 compared to immediately preceding year. The group also realized P354 million real estate sales in its PPIPC industrial park in Calaca, Batangas.

Sales revenues from trading and distribution of petroleum products increased by 85% from P14.341 billion in 2010 to P26.508 billion in 2011 resulting principally from a wider distribution network and expanded institutional customer base. The 52% increase in sales volume is complemented by the increase in weighted average selling price by 22%, from P31.26 per liter in 2010 to P38.01 per liter in 2011.

PPPI had two hundred twenty (220) Phoenix Fuels Life retail service stations as of December 31, 2011 compared to one sixty one (161) retail stations as of December 31, 2010. The recently opened retail service stations are yet to fully realize their potential peak sales volume, having been in operation for less than a year.

The Group generated P184 million from its fuels service (i.e. hauling and into-plane), lease of its storage facilities, Port Revenue and other service revenue in 2011 versus P153 million in 2010, or a 20% increase compared to last year. It includes revenue from port operation of P58 million and P45 million for 2011 and 2010 respectively on PPIPC, the 2009 acquired wholly-owned subsidiary.

COST AND EXPENSES

The Group recorded this year cost of sales of P26.644 billion, an increase of 89% compared to the 2010 figure of P 14.073 billion. The increase was triggered by the 52% increase in volume plus the higher average cost by 24.5%. Year 2011 average fuel cost is 35.94 per liter compared to 28.87 in 2010 driven by higher average crude prices and product sales mix factor.

Selling and administrative expenses increased as a result of the increasing volume and the ongoing expansion and growth of the Group's organizational build-out and business operations. Major items that increased out of this retail network expansion and increasing volume are rental,

depreciation, travel and transportation, repairs, taxes and licenses and other expenses. The Parent Company is also continuously doing branding and promotional campaign which resulted to higher advertising expenses to improve brand awareness in the market.

NET INCOME

The Group's total net income increased by 19% to P510 million during year 2011 compared to P427 million for 2010. This is a result of the Group's growth on volume on all of its business segments.

BOI REGISTRATIONS

The Parent Company is registered with the Board of Investments on November 16, 2005 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Regulation Act) and, as such, continues to enjoy an income tax holiday for five (5) years from November 16, 2005. It has under application and has further plans to apply for new BOI incentives based on the additional investments in capacity it has made. Following are the recent registrations and are enjoying full income tax holiday incentive:

BOI Registration as New Industry Participant – Batangas Installation

The Company was also registered with the BOI on February 26, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Calaca, Batangas. 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.

Under its registration, the Company is also entitled to certain tax and non-tax incentives as mentioned above. The ITH will expire five years from February 26, 2010.

BOI Registration for the New Investment in Downstream Oil Industry Activities-Davao Installation Expansion

On May 14, 2010, the Company was registered with the BOI for the new investment in downstream oil industry activities under RA 8479 (Downstream Oil Industry

Management's Discussion and Analysis

Deregulation Act) for the additional two storage tanks for petroleum products with storage capacity of 7.4 million liters in Davao depot. Under its registration, the Company shall be entitled to avail of the incentives as cited above.

However, ITH for five years from May 14, 2010 is subjected to the base figure of 148.2 million liters representing the Company's highest attained sales volume of its existing depot facilities (in Davao Depot) prior to the filling of application for registration of new investment.

BOI Registration as New Industry Participant – Zamboanga Depot

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

Under its registration, the Company is also entitled to certain tax and non-tax incentives as also mentioned in the above discussion.

ANALYSIS OF FINANCIAL CONDITION AND BALANCE SHEET ACCOUNTS (AS OF DECEMBER 31, 2011 VERSUS DECEMBER 31, 2010)

Total resources of the Group as of December 31, 2011 stood at P10.551 billion, an increase of 38% over the P7.641 billion as of December 31, 2010.

Cash and cash equivalents increased by 46% from P605 million to P886 million due to higher revenue level during the current year and the need to retain cash on that level due to operational requirements.

The Group's liquidity position continued to hold strong with Current Assets reaching P6.731 billion as of December 31, 2011, up from P4.871 billion as of December 31, 2010.

Trade and other receivables increased by 7%, from P2.593 billion as of December 31, 2010 to P2.788 billion as of December 31, 2011 as a result of the increase in sales

revenue in 2011 compared to the preceding year. The Company continues to exercise prudence in its credit policies in order to manage customer receivables risk. The receivable is spread over a number of industries and a number of clients.

Inventories increased by 103%, from P1.052 billion as of December 31, 2010 to P2.133 billion as of December 31, 2011 as part of the Company's inventory management strategy. The Company maintains more or less one month of inventory to ensure stable supply in retail stations and commercial/industrial clients. Both the comparative year are in the level of around twenty two (22) days inventory as of December 31 cut-off. Prices were also a factor of the inventory costs increase this year. In addition, in a period of rising fuel prices, it would be necessary to build commensurate levels of inventory to improve potential margins.

Land Held for Sale are parcels of subdivided lots owned by PPIPC, a wholly-owned subsidiary of the PPPI. These lots are intended for sale to prospective buyers. The level is the same as that of 2010 as the sold lots are coming from the undeveloped portion which was part of the Land Held for Future development under non-current assets. There are ongoing active negotiations with prospective buyers of these parcels of lot.

Due from related parties net balance is receivable P9.9 million as of December 31, 2011 compared to a payable balance of P38.4 million in 2010. The Company's parent holding company extended advances to support its cash requirement for its capital expenditures on a temporary basis to bridge immediate cash flow requirements.

Restricted deposits decreased by 6% from P73.4 million in December 31, 2010 to P69 million in December 31, 2011. Some of the banks released restricted deposits which were previously required.

Input-VAT-net increased by 722% from P28 million in December 31, 2010 to P226 million in December 31, 2011. These are accumulation of input VAT, current and deferred as a result of the continuous capital expenditures of the Group.

Other current assets increased by 214% from P53.4 million in December 31, 2010 to P168 million in December 31, 2011. These are prepayments on taxes, rentals on retail service stations and depot sites, creditable withholding tax and other various prepayments.

Management's Discussion and Analysis

As of December 31, 2011, the Group's property and equipment, net of accumulated depreciation, increased to P3.289 billion compared to P2.358 billion as of December 31, 2010 as a result of the Company's continuous expansion of retail service stations, storage facilities and other minor capital expenditures.

Land held for future developments are parcel of subdivided lot owned by the wholly-owned subsidiary PPIPC. The balance is reduced by 14% as a result of the land sale realized by the Group this 2011. The remaining lots may be sold at its current state or be developed for better selling prices which will yield better returns to the Company.

Loans and Borrowings increased by 48% from total P3.427 billion as of December 31, 2010 to P5.073 billion as of December 31, 2011. This is due to the P750 million corporate notes issue by the Group and the increase in short-term loans and borrowings that are related to the financing of the inventory build-up and accounts receivable trade gapping.

Trade and other payables increased by 47%, from P 1.637 billion as of December 31, 2010 to P2.404 billion as of December 31, 2011 as a result of the inventory build-up of the Company using suppliers' credit as well as higher unit prices. The increase in Other Payable was mostly payables to contractors and suppliers for construction of depots and retail stations.

Other non-current liabilities increased by 235% in December 31, 2011. Most of this is accumulation of Cash Bond placed by dealers and customers to secure their credit purchases.

Total Stockholders' Equity increased to P2.863 billion as of December 31, 2011 from P2.461 billion as of December 31, 2010 due to the P 510 million net income posted during the year. This however was minimized by the effect of the P108.3 million cash dividend declared and distributed during the year to both common and preferred shareholders.

TOP FIVE (5) KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators and how they are computed are listed below:

	2011	2010	2009
Current Ratio¹	1.09 : 1	1.11 : 1	1.1 : 1
Debt to Equity²	2.68 : 1	2.1 : 1	2.27 : 1
Return on Equity³	19.18%	21.41%	67.71%
Net Book Value Per Share⁴	5.83	6.53	5.76
Earnings Per Share⁵	1.00	1.43	3.48

Notes:

- 1 - Total current assets divided by current liabilities
- 2 - Total liabilities divided by tangible net worth
- 3 - Net income divided by average total stockholders' equity
- 4 - Total stockholders' equity divided by the total number of shares issued and outstanding
- 5 - Net income after tax divided by weighted average number of outstanding common shares

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

The Company current ratio for 2011 is 2.68 : 1 due to needed high level of inventory maintained to support the sales requirement. The immediately preceding two years been steady at 1.1: 1. The DE is looked to be improved this year out of the Group's projected income and various initiatives.

Stations List

As of end-2011, Phoenix Petroleum has 220 stations nationwide: 58 in Luzon, 11 in Visayas, and 151 in Mindanao.

LUZON

NCR:

Phoenix Imelda Avenue, Pasig City
Phoenix Mindanao Ave.,
Valenzuela City
Phoenix Roosevelt, Quezon City
Phoenix Marikina
Phoenix PNP-SSS Fort Bonifacio,
Taguig City
Phoenix Pulang Lupa, Bacoor, Cavite
Phoenix Marcos Highway, Antipolo
Phoenix Araneta Ave., Quezon City
Phoenix EDSA, Quezon City
Phoenix Congressional Ave. Ext.,
Quezon City
Phoenix Putatan, Muntinlupa

Cagayan Valley:

Phoenix Sta. Ana Cagayan
Phoenix Cordon, Isabela

Calabarzon:

Phoenix Molino 1, Bacoor, Cavite
Phoenix Vineyard, Aguinaldo Highway,
Dasmariñas, Cavite
Phoenix GMA Cavite
Phoenix Amadeo, Cavite
Phoenix Molino 2, Bacoor, Cavite
Phoenix Trece Martirez, Cavite
Phoenix Platero, General Trias, Cavite
Phoenix Kawit, Cavite
Phoenix Daang Hari, Molino, Cavite
Phoenix Sta. Rosa, Laguna
Phoenix Langkiwa, Biñan, Laguna
Phoenix Biñan, Laguna
Phoenix Cabuyao, Laguna
Phoenix PNP-SSS Canlubang, Laguna
Phoenix Balagtas, Batangas
Phoenix Rosario, Batangas
Phoenix Calaca 2, Batangas
Phoenix Calaca, Batangas
Phoenix Lemery, Batangas
Phoenix Lucena
Phoenix San Pablo City
Phoenix General Trias, Cavite

Central Luzon:

Phoenix Minalin, Sto.
Rosario, Pampanga
Phoenix Arayat, Pampanga
Phoenix San Fernando, Pampanga
Phoenix Pampanga
Phoenix Candaba, Pampanga
Phoenix Bacolor, Pampanga
Phoenix San Luis, Pampanga
Phoenix Camp Olivas, San Fernando,
Pampanga
Phoenix Concepcion, Tarlac
Phoenix Cabanatuan
Phoenix Borol, Balagtas
Phoenix Jaen, Nueva Ecija
Phoenix Cabanatuan 2, Nueva Ecija
Phoenix Zaragosa, Nueva Ecija
Phoenix Sta. Maria, Bulacan

Phoenix Bulakan, Bulacan
Phoenix Malolos, Bulacan
Phoenix Aurora
Phoenix Lubao, Pampanga
Phoenix Sta. Rosa, Nueva Ecija

Cordillera and Ilocos:

Phoenix Pidigan, Abra
Phoenix Tayum, Abra
Phoenix Santa, Ilocos Sur

VISAYAS

Phoenix SRP, Cebu City
Phoenix Yati, Liloan, Cebu City
Phoenix Gun-ob, Lapu-Lapu City, Cebu
Phoenix Tayud, Consolacion, Cebu
Phoenix Minglanilla, Cebu
Phoenix Naga, Cebu
Phoenix Camotes Island, Cebu
Phoenix Talisay, Negros Occidental
Phoenix Kabankalan, Negros
Occidental
Phoenix Bredco, Bacolod City
Phoenix Jaro, Iloilo City

MINDANAO

Davao City:

Phoenix Lanang
Phoenix Sasa
Phoenix Ma-a Diversion
Phoenix Mangahan, Toril
Phoenix Bugac, Ma-a
Phoenix Daliao, Toril
Phoenix Dumoy
Phoenix Damosa
Phoenix Saavedra, Toril
Phoenix Mintal
Phoenix Lizada
Phoenix Sasa - 2
Phoenix Ulas
Phoenix Matina Aplaya
Phoenix Bajada
Phoenix Catalunan Grande
Phoenix Acacia
Phoenix Calinan
Phoenix Mcleod, Toril
Phoenix Tibungco
Phoenix Bacaca
Phoenix Maa
Phoenix R. Castillo
Phoenix F. Torres
Phoenix Ponciano
Phoenix Calinan 2
Phoenix Boulevard
Phoenix Cabantian
Phoenix Cabantian
Phoenix Bankerohan
Phoenix Guerrero
Phoenix Cabaguioy
Phoenix Calinan 3
Phoenix Tierra Verde, Sasa

Davao del Norte:

Phoenix Mankilam, Tagum City
Phoenix Tagum City
Phoenix Asuncion
Phoenix Panabo - 1

Phoenix Kapalong
Phoenix Madaum, Tagum
Phoenix Panabo - 2
Phoenix Magdum, Tagum
Phoenix Sto. Tomas
Phoenix Panabo - 3
Phoenix Sobrecarey, Tagum
Phoenix Tagum 3
Phoenix Babak, Samal Island
Phoenix Panabo 4
Phoenix Kapalong 2
Phoenix Apokon, Tagum

Davao del Sur:

Phoenix Digos Tres de Mayo
Phoenix Matanao
Phoenix Sta. Maria
Phoenix Sulop
Phoenix Guihing
Phoenix Malita
Phoenix Malalag
Phoenix San Jose, Digos City
Phoenix San Jose 2, Digos City
Phoenix Hagonoy
Phoenix Cecilia, Digos City
Phoenix Padada
Phoenix Sta. Cruz
Phoenix Aplaya, Digos City
Phoenix Digos Derequito
Phoenix Kiblawan
Phoenix Bansalan
Phoenix Badiang, Digos City

Compostela Valley:

Phoenix Nabunturan
Phoenix Monkayo
Phoenix Mowab
Phoenix Compostela
Phoenix Montevista
Phoenix Mabini
Phoenix Maragusan
Phoenix Mainit, Nabunturan
Phoenix Manat, Nabunturan

Davao Oriental:

Phoenix Mati 1
Phoenix Dahican, Mati
Phoenix Bagangga
Phoenix Caraga

Central Mindanao (SOCCSKSARGEN):

Phoenix Lagao, General Santos City
Phoenix Bulaong, General Santos City
Phoenix Daproza, General Santos City
Phoenix Calumpang, General Santos
Phoenix Bula, General Santos City
Phoenix Fatima, General Santos City
Phoenix Maitum, Sarangani
Phoenix Makilala-2, North Cotabato
Phoenix Makilala-1, North Cotabato
Phoenix Makilala-3, North Cotabato
Phoenix Alamada, North Cotabato
Phoenix Arakan, North Cotabato
Phoenix Antipas, North Cotabato
Phoenix Pigkawayan, North Cotabato
Phoenix Libungan, North Cotabato
Phoenix Bao, Alamada, North
Cotabato
Phoenix Magpet, North Cotabato

Phoenix Aleosan, North Cotabato
Phoenix President Roxas, North
Cotabato
Phoenix Matalam, North Cotabato
Phoenix Cotabato 2
Phoenix Columbio, Sultan Kudarat
Phoenix Lambayong, Sultan Kudarat
Phoenix Tacurong, Sultan Kudarat
Phoenix Marbel, South Cotabato
Phoenix Surallah, South Cotabato
Phoenix Marbel 2, South Cotabato
Phoenix Marbel 3, South Cotabato

Northern Mindanao:

Phoenix Valencia-1, Bukidnon
Phoenix Valencia-2, Bukidnon
Phoenix Seagull, Bukidnon
Phoenix Kadingilan, Bukidnon
Phoenix Aglayan, Bukidnon
Phoenix Maramag, Bukidnon
Phoenix Maramag 2, Bukidnon
Phoenix Lantapan, Bukidnon
Phoenix SM, Cagayan de Oro
Phoenix Kauswagan, Cagayan de Oro
Phoenix Bulua, Cagayan de Oro
Phoenix Puerto, Cagayan de Oro
Phoenix Iligan City
Phoenix El Salvador, Misamis Oriental
Phoenix Tagoloan, Misamis Oriental

CARAGA:

Phoenix Bislig, Surigao del Sur
Phoenix Tandag, Surigao del Sur
Phoenix Lianga, Surigao del Sur
Phoenix San Francisco, Agusan del Sur
Phoenix Talacogon, Agusan del Sur
Phoenix San Francisco 2,
Agusan del Sur
Phoenix Sta. Josefa, Agusan del Sur
Phoenix Esperanza, Agusan del Sur
Phoenix Bayugan, Agusan del Sur
Phoenix Prosperidad, Agusan del Sur
Phoenix Bayugan 2, Agusan del Sur
Phoenix Trento, Agusan del Sur
Phoenix Buenavista, Agusan del Norte
Phoenix Libertad, Butuan City
Phoenix Ampayon, Butuan City

ARMM:

Phoenix Upi, Shariff Kabunsuan,
Maguindanao
Phoenix Shariff Kabunsuan
Phoenix Maguindanao

Zamboanga Peninsula:

Phoenix Suterville, Zamboanga City
Phoenix Labuan, Zamboanga City
Phoenix Boalan, Zamboanga City
Phoenix Tiguma, Pagadian City,
Zamboanga del Sur
Phoenix Danlugan, Pagadian City,
Zamboanga del Sur
Phoenix Kabasalan, Zamboanga
Sibugay
Phoenix Ipil, Zamboanga Sibugay
Phoenix Titay, Zamboanga Sibugay
Phoenix Siay, Zamboanga Sibugay



CORPORATE OFFICES

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Taguig City 1634
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Fax: +63 (88) 855-4528

General Santos Office:

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South Osmena St.,
General Santos City 9500
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+63 (83) 304-0046

Cebu City Office:

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Asia Town IT Park, Lahug,
Cebu City 6000
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Bacolod City Office:

Rm 210-212 A. Chan Building,
Mandalagan, Bacolod City 6100
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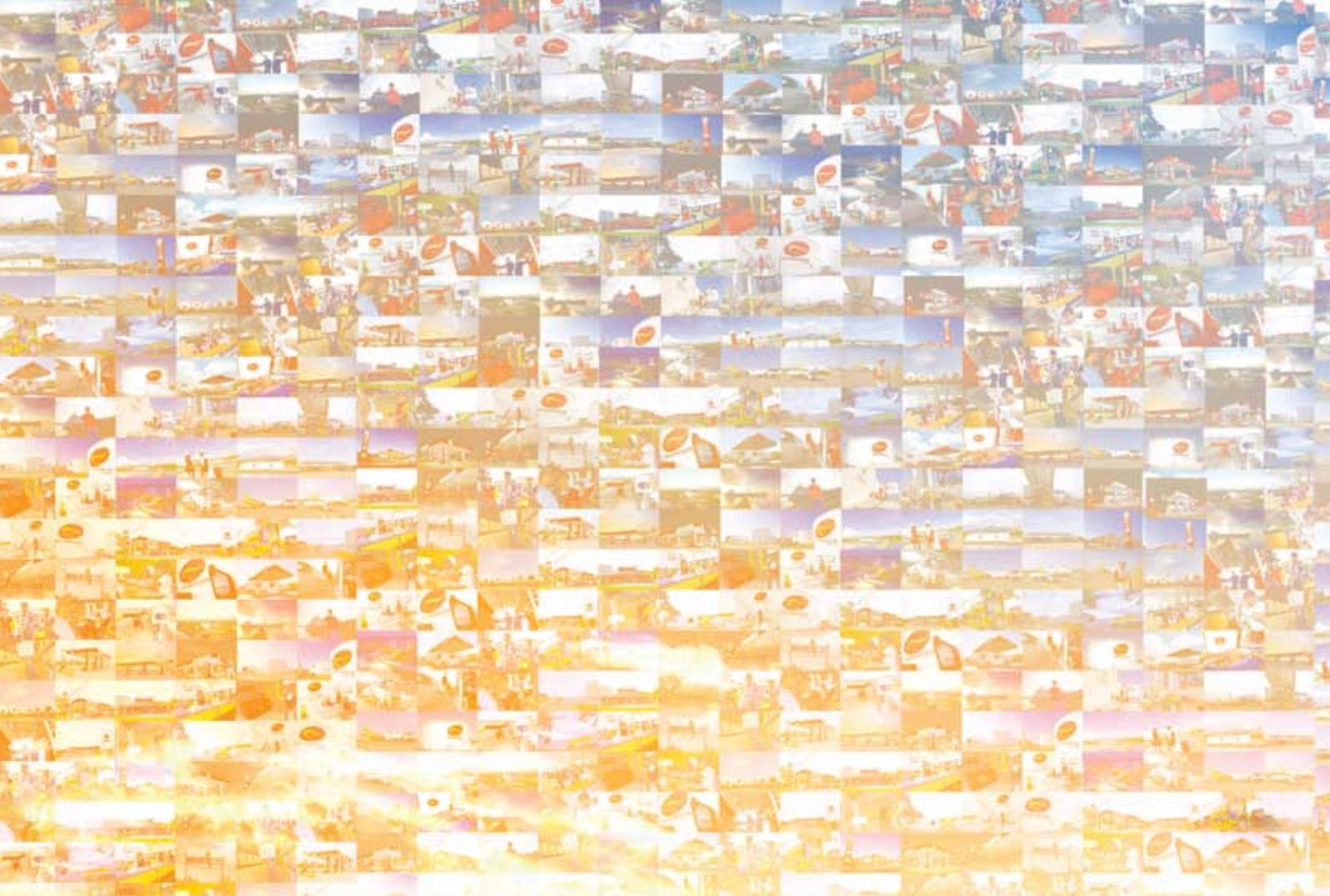
SHAREHOLDER SERVICES

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STOCK TRADING INFORMATION

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



PHOENIX
Energy Group

PHOENIX PETROLEUM PHILIPPINES, INC.
2011 ANNUAL REPORT