06 August 2010

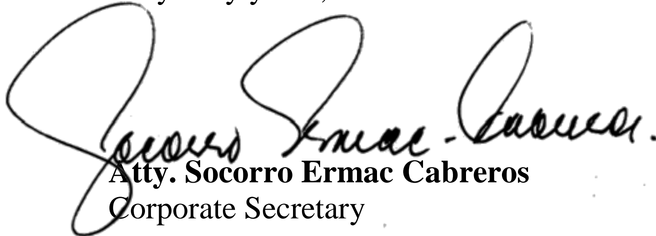
Ms. Janet A. Encarnacion
Head, Disclosure Department
Philippine Stock Exchange
3/F PSE Plaza, Ayala Ave.
Makati City, Metro Manila

Dear ***Ms. Encarnacion***:

We are herewith submitting the attached Second Quarterly Report for the period ended June 30, 2010 or SEC Form 17-Q in compliance with the Securities Regulation Code and the Revised Disclosure Rules.

Thank you and best regards.

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

COVER SHEET

A	2	0	0	2	0	7	2	8	3

S.E.C. Registration Number

P-	H-	O-	E-	N-	I-	X		P	E	T	R	O	L	E	U	M				
P	H	I	L	I	P	P	I	N	E	S		I	N	C.						

P-H-O-E-N-I-X Petroleum Philippines, Inc.
(Company's Full Name)

S	T	E	L	L	A		H	I	Z	O	N		R	E	Y	E	S		R	D.
B	O.		P	A	M	P	A	N	G	A		L	A	N	A	N	G			
D	A	V	A	O		C	I	T	Y											

(Business Address: No. Street City / Town / Province)

Dennis A. Uy
Contact Person

(082) 233-0168
Company Telephone Number

1	2		3	1	**SEC Form 17-Q**	6	XX (last Thursday)
Month			Day		FORM TYPE	Month	Day

Fiscal Year Ending — Annual Meeting

Secondary License Type, if applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders — Domestic — Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q, AS AMENDED

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: June 30, 2010

2. SEC identification number: A200207283

3. BIR Tax Identification No. 006-036-274

4. Exact name of issuer as specified in its charter: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**

5. Province, country or other jurisdiction of incorporation or organization: Davao City, Philippines.

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office: Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City
   Postal Code: 8000

8. Issuer's telephone number, including area code: (082) 233-0168

9. Former name, former address and former fiscal year, if changed since last report: Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of Shares Outstanding
COMMON	267,660,674

Amount of Debt Outstanding as of June 30, 2010: P 4,478,447,258.00

11. Are any or all of the securities listed on the Stock Exchange? Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein: Philippine Stock Exchange 269,160,674

12. Check whether the issuer has:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports): Yes [✓] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days: Yes [✓] No [ ]

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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.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND DECEMBER 31, 2009
(Amounts in Philippine Pesos)

	Notes	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	P 431,707,448	P 365,957,067
Trade and other receivables - net	6	1,847,112,177	1,368,763,974
Inventories	7	841,632,720	457,924,415
Land held for sale and development costs	8	498,964,199	533,545,205
Due from related parties	23	14,691,311	14,421,693
Restricted deposits	9	59,600,629	58,899,604
Input value-added tax		57,562,121	66,993,093
Other current assets	10	51,274,959	52,337,797
Total Current Assets		3,802,545,564	2,918,842,848
NON-CURRENT ASSETS			
Land held for future development	12	315,874,750	315,874,750
Property and equipment - net	11	1,958,462,962	1,699,955,777
Deferred tax assets	23	17,213,694	17,213,693
Other non-current assets	13	64,686,072	51,525,874
Total Non-current Assets		2,356,237,477	2,084,570,094
TOTAL ASSETS		P 6,158,783,041	P 5,003,412,942
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	14	P 3,160,024,038	P 1,548,806,973
Trade and other payables	15	428,790,205	1,059,260,639
Due to parent company	23	53,109,019	53,114,682
Total Current Liabilities		3,641,923,262	2,661,182,294
NON-CURRENT LIABILITIES			
Loans and borrowings	14	786,829,908	769,650,760
Other non-current liabilities	16	49,694,088	43,720,366
Total Non-current Liabilities		836,523,996	813,371,126
Total Liabilities		4,478,447,258	3,474,553,420
EQUITY	24		
Capital stock		269,160,674	269,160,674
Additional paid-in capital		267,289,024	261,614,249
Treasury shares		(6,865,928)	(17,252,140)
Deposits on future stock subscriptions		44,625,000	44,625,000
Retained earnings		1,106,127,012	970,711,739
Total Equity		1,680,335,783	1,528,859,522
TOTAL LIABILITIES AND EQUITY		P 6,158,783,041	P 5,003,412,942

See Notes to Consolidated Financial Statements.

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.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SEMESTER ENDED JUNE 30, 2010 AND 2009
(Amounts in Philippine Pesos)

	Note	June 30, 2010 (Unaudited)	JUNE 30, 2009 (Unaudited)
CAPITAL STOCK	24		
Balance at beginning of year		P 269,160,674	188,000,198
Stock dividends			
Additional issuance during the semester		-	-
Balance at end of semester		269,160,674	188,000,198
ADDITIONAL PAID-IN CAPITAL	24		
Balance at beginning of year		261,614,249	227,114,249
Additions		5,674,775	-
Balance at end of semester		267,289,024	227,114,249
DEPOSITS ON FUTURE STOCK SUBSCRIPTIONS	24	44,625,000	-
TREASURY SHARES - At Cost	24		
Balance at beginning of year		(17,252,140)	(17,252,140)
Additional purchases during the semester		(1,057,000)	-
Sales during the semester		11,443,213	
Balance at end of semester		(6,865,928)	(17,252,140)
RETAINED EARNINGS			
Balance at beginning of year		970,711,739	292,895,556
Net profit		135,415,273	551,204,861
Stock dividends	24	-	-
Cash dividends	24	-	-
Balance at end of semester		1,106,127,012	844,100,417
TOTAL EQUITY		P 1,680,335,783	1,241,962,724
		-	

See Notes to Consolidated Financial Statements.

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.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED June 30, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	For six Months January to June 30		For three Months April to June 30	
		2010	2009	2010	2009
REVENUES					
Sale of goods - net		P 6,058,329,587	P 2,159,688,291	P 3,393,223,357	P 1,161,005,755
Sale of Real Estate		45,785,096	-	-	-
Fuel service, storage income and other revenue		83,881,745	58,146,690	41,335,938	33,967,258
		6,187,996,428	2,217,834,981	3,434,559,295	1,194,973,013
COST AND EXPENSES					
Cost of sales and services	17, 18	5,642,034,987	1,989,142,417	3,176,184,294	1,064,764,787
Cost of Sales on Real Estate		34,754,376	-	-	-
Selling and administrative expenses	18	285,816,555	160,193,632	150,542,307	95,586,135
	18	5,962,605,919	2,149,336,049	3,326,726,601	1,160,350,922
OTHER INCOME (CHARGES)					
Excess of fair value of net assets acquired over acquisition cost	28		497,188,358		-
Finance costs-Net		(87,058,462)	(16,768,716)	(43,288,637)	(9,270,615)
Others		2,936,607	2,286,288	2,045,453	2,456,595
		(84,121,855)	482,705,930	(41,243,184)	(6,814,020)
INCOME BEFORE TAX		141,268,654	551,204,861	66,589,509	27,808,070
PROVISION FOR INCOME TAX	22	(5,853,381)	-	(1,197,665)	-
NET PROFIT		P 135,415,273	P 551,204,861	P 65,391,844	P 27,808,070
Earnings per share	25	P 0.51	P 2.99		

See Notes to Consolidated Financial Statements.

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.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SEMESTERS ENDED JUNE 30, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	June 30, 2010 (Unaudited)	June 30, 2009 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		135,415,273	551,204,861
Adjustments for:			
Excess of fair value of net assets acquired over acquisition cost	28		(497,188,358)
Interest expense		115,059,189	39,573,892
Depreciation and amortization	11	40,321,692	42,181,215
Interest income		(28,000,727)	(18,054,065)
Operating income before working capital changes		262,795,428	117,717,546
Increase in trade and other receivables		(383,708,305)	65,156,285
Decrease (increase) in inventories		(478,348,203)	(217,417,780)
Decrease (increase) in restricted deposits		(701,025)	19,923,239
Increase in input value-added tax		9,430,972	
Increase in other current assets		1,112,989	(48,060,204)
Decrease (Increase) in land held for sale and development costs		34,581,006	(465,142,400)
Increase (Decrease) in trade and other payables		(630,470,434)	90,289,818
Cash generated from (used in) operations		(1,185,307,572)	(437,533,497)
Excess of fair value of net assets acquired over acquisition cost			497,188,358
Net Cash From (Used in) Operating Activities		(1,185,307,572)	59,654,861
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisitions of property and equipment	11	(298,828,879)	(565,099,607)
Increase in land held for future development		0	(315,874,750)
Net increase in other non-current assets		(13,210,348)	(28,075,979)
Interest received		28,000,727	18,054,065
(Payment) Collections from related parties		(266,787)	16,240,706
Decrease in due from related parties		-	37,181,814
Net Cash From (Used) in Investing Activities		(284,305,286)	(837,573,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (Decrease) increase in loans and borrowings		1,628,396,213	620,317,796
Interest paid		(115,059,189)	(39,573,892)
Borrowings from related parties	23	(8,494)	
Increase in additional paid-in capital	24	5,674,775	
Increase (Decrease) in non-current liabilities		5,973,722	(3,108,776)
Proceeds from issuance of treasury stock	24	10,386,213	-
Net Cash From (Used) Financing Activities		1,535,363,239	577,635,128
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		65,750,381	(200,283,763)
CASH AND CASH EQUIVALENTS AT BEGINNING OF SEMESTER	6	365,957,067	357,397,360
CASH AND CASH EQUIVALENTS AT END OF SEMESTER	6	431,707,448	157,113,597

See Notes to Consolidated Financial Statements.

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.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND DECEMBER 31, 2009
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Parent Company) was incorporated in the Philippines on May 8, 2002 and is 53% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI or Holding Company), a company organized in the Philippines.

PPHI was incorporated in the Philippines on May 31, 2006 but has not started commercial operations. PPHI's primary purpose is to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises. PPHI's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The ultimate parent of the Group is the Udenna Corporation, which was primarily organized to purchase, acquire, take over and manage all or any parts of the rights, assets, business and property, undertake and assume all the liabilities of others. The ultimate parent company's registered office is located Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

The Parent Company is registered with the Board of Investments (BOI) effective November 16, 2005 as a New Industry Participant with New Investment in storage, marketing and distribution of petroleum products under Republic Act (RA) 8479 (Downstream Oil Industry Deregulation Act of 1998). Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investment Code of 1987. Under its registration, the Company is also entitled to certain tax and non-tax incentives to include Income Tax Holiday (ITH) for five (5) years from November 16, 2005. In February 26, 2010, the Board of Investments issued Certificate of Registration of the Calaca, Batangas storage terminal still under RA 8479, which gives the Parent Company Income Tax Holiday of five (5) years from February 2010 for the said storage, marketing and distribution activity.

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

The Parent Company 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 service. Its products and services are distributed and marketed under the "PHOENIX Fuels Life™" trademark.

Its operations are divided between Trading, Terminaling and Hauling Services. Under Trading, the Company offers its refined petroleum products and lubricants to retailers and commercial/industrial customers. The Parent Company has a total of one hundred thirty one (131) service stations, where twenty six (26) service stations is in Luzon, two (2) in Visayas and one hundred three (103) in Mindanao operating as of June 30, 2010 and there are a total of twenty eight (28) service stations under different stages of construction. The retail service stations are classified as Company-Owned, Company-Dealer-Operated (CODO) or Dealer-Owned, Dealer-Operated (DODO).

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

Subsidiaries:

At present, PPPI has six (6) subsidiaries, namely:

- **Petroterminals Philippines Corp.** ("Petroterminals") was established last March 26, 2007 to conduct and carry on the business of manufacturing, processing, trading and delivery of petroleum and other chemical products and to engage in the business of operating oil depots and storage facilities.

- **Petrologistix Services Corporation** ("Petrologistix") is a logistics and trucking company established on January 31, 2007. Its main business purpose is the delivery, hauling and transport of various petroleum products and other logistical services. Currently, Petrologistix serves the logistics needs of the Group in its Luzon operations.

- **P-h-o-e-n-i-x Global Mercantile, Inc.** ("PGMI") was incorporated on July 31, 2006. It is the exclusive Philippine Distributor of Emarat Lubricants, a major petroleum company based in the United Arab Emirates. In October 2007, the commercial operation on the importation and distribution of lubricants was transferred to PPPI.

- **PFL Petroleum Management Inc.** ("PFL or PPMI") was incorporated last January 31, 2007 and is currently engaged in the management the Parent Company's retail service stations which are used as training sites and stations for prospective dealers.

- **P-H-O-E-N-I-X Philippines Foundation, Inc.** ("Phoenix Foundation") was organized on July 3, 2007 primarily for the purposes of supporting and participating in social and charitable projects, activities geared toward the development, protection, alleviation, education or empowerment of the needy and less fortunate members of society. Phoenix Foundation likewise supports and participates in activities which are aimed toward the promotion of sports

and takes active role in the protection, conservation and preservation of our natural environment. Phoenix Foundation is the Corporate Social Responsibility arm of the Company

- **Bacnotan Industrial Park Corporation** (BIPC) is engaged in real estate development. BIPC was registered with SEC on March 7, 1996. BIPC is also registered with the Housing and Land Use Regulatory Board (HLURB) under Executive Order No. 648 and was granted a license to sell parcels of land on March 31, 2000 covering 25.4 hectares for Phase 1 of BIPC's project, the Phoenix Petroleum Industrial Park (Park), formerly Batangas Union Industrial Park, located at Km. 117, National Highway, Calaca, Batangas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with PAS 1 (Revised 2007), *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional currency (the currency of the primary economic environment in which the Group operates), and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New Interpretations, Revisions and Amendments to PFRS

(a) Effective in 2009 that are Relevant to the Group

In 2009, the Group adopted the following new revisions and amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after January 1, 2009:

PAS 1 (Revised 2007)	:	Presentation of Financial Statements
PAS 23 (Revised 2007)	:	Borrowing Costs
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures
PFRS 1 and PAS 27 (Amendments)	:	PFRS 1 – First Time Adoption of PFRS and PAS 27 – Consolidated and Separate Financial Statements
PFRS 8	:	Operating Segments
Various Standards	:	2008 Annual Improvements to PFRS

Discussed in the succeeding pages are the effects on the financial statements of the new and amended standards.PAS 1 (Revised 2007), *Presentation of Financial Statements*, requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate statement of income and a statement of comprehensive income. Income and expense recognized in profit or loss is presented in the statement of income in the same way as the previous version of PAS 1. The statement of comprehensive income includes the profit or loss for the period and each component of income and expense recognized outside of profit or loss or the "non-owner changes in equity," which are no longer allowed to be presented in the statements of changes in equity, classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). A statement showing an entity's financial position at the beginning of the previous period is also required when the entity retrospectively applies an accounting policy or makes a retrospective restatement, or when it reclassifies items in its financial statements.

The Group's adoption of PAS 1 (Revised 2007) did not result in any material adjustments in its financial statements as the change in accounting policy only affects presentation aspects. The Group has elected to present a single statement of comprehensive income (see Note 2.1).

(i) PAS 23 (Revised 2007), *Borrowing Costs*. Under the revised PAS 23, all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The option of immediately expensing borrowing costs that qualify for asset recognition has been removed. The adoption of this new standard did not have any significant effect on the 2009 financial statements, as well as for prior periods, as the Group's existing accounting policy is to capitalize all interest directly related to qualifying assets.

(ii) PFRS 1(Amendment), *First-time Adoption of PFRS* and PAS 27(Amendment), *Consolidated and Separate Financial Statements* (effective from January 1, 2009). The amended standards allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from PAS 27, and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment has no significant impact on the consolidated financial statements.

(iii) PFRS 7 (Amendment), *Financial Instruments Disclosures*. The amendments require additional disclosures for financial instruments that are measured at fair value in the statement of financial position. These fair value measurements are categorized into a three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. A separate quantitative maturity analysis must be presented for derivative financial liabilities that shows the remaining contractual maturities, where these are essential for an understanding of the timing of cash flows. The change in accounting policy only results in additional disclosures (see Note 5.2).

(iv) PFRS 8, *Operating Segments*, (effective from January 1, 2009). Under this new standard, a reportable operating segment is identified based on the information about the components of the entity that management uses to make decisions about operating matters. In addition, segment assets, liabilities and performance, as well as certain disclosures, are to be measured and presented based on the internal reports prepared for and reviewed by the chief decision makers. The Group identifies operating segments and reports on segment assets, liabilities and performance based on internal management reports therefore, adoption of this new standard did not have a material impact on the Group's financial statements as it merely improved the disclosure of operating segments.

(v) 2008 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to Philippine Financial Reporting Standards 2008* which became effective for the annual periods beginning on or after January 1, 2009. Among those improvements, the following are the amendments relevant to the Group.

- PAS 1 (Amendment), *Presentation of Financial Statements*. The amendment clarifies that financial instruments classified as held for trading in accordance with PAS 39 are not necessarily required to be presented as current assets or current liabilities. Instead, normal classification principles under PAS 1 should be applied. Presently, the Group has no held for trading financial assets, hence, this amendment had no impact on the Group's 2009 financial statements.

- PAS 23 (Amendment), *Borrowing Costs*. The amendment clarifies the definition of borrowing costs to include interest expense determined using the effective interest method under PAS 39. This amendment had no significant effect on the 2009 financial statements.

- PAS 27 (Amendment), *Consolidated and Separate Financial Statement*. When an entity prepares separate financial statements and accounts for investments in subsidiaries, jointly controlled entities and associates in accordance with PAS 39 (rather than at cost), such investments will continue to be measured using PAS 39 even if classified as held for sale in accordance with PFRS 5. Investment measured at cost will continue to be re-measured in accordance with PFRS 5 when classified as held for sale. The amendment has no significant impact in the Group's financial statements.

- PAS 36 (Amendment), *Impairment of Assets*. Where fair value less cost to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Appropriate disclosures were made in the Group's 2009 financial statements.

- PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement*. The definition of financial asset or financial liability at fair value through profit or loss as it related to items that are held for trading was changed. A financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The Group determined that adoption of this amendment had no material effect on its 2009 financial statements.

- PFRS 5 (Amendment), *Non-current Assets Held-for-Sale and Discontinued Operations*. The amendment clarifies that all the assets and liabilities of a subsidiary should be classified as held for sale if the entity is committed to a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply this amendment prospectively to all partial disposals of subsidiaries from January 1, 2009.

(b) Effective in 2009 but not Relevant to the Group

The following amendments and interpretations to published standards are mandatory for accounting periods beginning on or after
January 1, 2009 but are not relevant to the Group's financial statements:

PFRS 2 (Amendment)	:	Share-based Payment
Philippine Interpretations International Financial Reporting Interpretations		

Committee (IFRIC) 13	:	Customer Loyalty Programme
IFRIC 16	:	Hedges of a Net Investment in a Foreign Operation

(c) *Effective Subsequent to 2009*

There are new PFRS, revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2009. Among those, management has initially determined the following, which the Group will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 27 (Revised), *Consolidated and Separate Financial Statements* (effective from July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the equity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The Group will apply this revised standard prospectively from January 1, 2010 to all transactions with non-controlling interests.

(ii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* (effective from July 1, 2009). The amendment clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. Management does not expect it to have a significant impact on the Group's financial statements.

(iii) Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14* (effective on or before January 1, 2011). This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a PAS 19 surplus for defined benefit plans that are subject to a minimum funding requirement. Management does not expect that its future adoption of the amendment will have a material effect on its financial statements because its pension plan is unfunded.

(iv) Philippine Interpretation IFRIC 18, *Transfers of Assets from Customers* (effective from July 1, 2009). This interpretation provides guidance on how to account for items of property, plant and equipment received from customers; or cash that is received and used to acquire or construct specific assets. It is only applicable to agreements in which an entity receives from a customer such assets that the entity must either use to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. Management does not anticipate the adoption of the interpretation to have material impact on its financial statements.

(v) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective on or after July 1, 2010). It addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps, and have happened with increased regularity during the financial crisis. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as described below:

i. the issue of equity instruments to a creditor to extinguish all (or part of a financial liability) is consideration paid in accordance with PAS 39;

ii. the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;

iii. if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,

iv. the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

Management has determined that the adoption of the interpretation will not have a material effect on its financial statements as it does not normally extinguish financial liabilities through equity swap.

(vi) 2009 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to Philippine Financial Reporting Standards 2009*. Most of these amendments became effective for annual periods beginning on or after July 1, 2009, or January 1, 2010. Among those improvements, only the following amendments were identified to be relevant to the Group's financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements* (effective from January 1, 2010). The amendment clarifies the current and non-current classification of a liability that can, at the option of the counterparty, be settled by the issue of the entity's equity instruments. The Group will apply the amendment in its 2010 financial statements but expects to have no material impact in the Group's financial statements.

- PAS 7 (Amendment), *Statement of Cash Flows* (effective from January 1, 2010). The amendment clarifies that only an expenditure that results in a recognized asset can be classified as a cash flow from investing activities. The amendment will not have a material impact on the financial statements since only recognized assets are classified by the Group as cash flow from investing activities.

- PAS 17 (Amendment), *Leases* (effective from January 1, 2010). The amendment clarifies that when a lease includes both land and building elements, an entity assesses the classification of each element as finance or an operating lease separately in accordance with the general guidance on lease classification set out in PAS 17. Management has initially determined that this will not have material impact on the financial statements since the Group does not enter into a lease agreement that includes both land and building.

- PAS 18 (Amendment), *Revenue* (effective from January 1, 2010). The amendment provides guidance on determining whether an entity is acting as a principal or as an agent. Management will apply this amendment prospectively in its 2010 financial statements.

- PAS 36 (Amendment), *Impairment of Assets* (effective from January 1, 2010). PAS 36 clarifies that the largest unit permitted for the purpose of allocating goodwill to cash-generating units for goodwill impairment is the operating segment level defined in PFRS 8 before aggregation. This amendment will not have material impact on the Group's financial statements.

- PFRS 8 (Amendment), *Operating Segments* (effective from January 1, 2010). It clarifies that a measure of segment assets should be disclosed only if the amount is regularly provided to the chief operating decision maker (CODM). The Group reports total assets for each of its reportable segments as they are regularly provided to the CODM, hence, does not expect any significant effect on the Group's segment reporting.

- PFRS 9, *Financial Instruments*. The FRSC is yet to adopt International Financial Reporting Standards (IFRS) 9, Financial Instruments as of the financial report date. With IFRS 9, which will become effective for annual periods beginning January 1, 2013, the IASB aims to replace IAS 39 (PAS 39 in the Philippines), *Financial Instruments: Recognition and Measurement*, in its entirety by the end of 2010. IFRS 9 is the first part of Phase 1 of this project. The main phases are (with a separate project dealing with derecognition):

    - Phase 1: Classification and Measurement
    - Phase 2: Impairment Methodology
    - Phase 3: Hedge Accounting

  IFRS 9 introduces major simplifications of the classification and measurement provisions under IAS 9. These include reduction from four measurement categories into two categories, i.e. fair value and amortized cost, and from several impairment methods into one method.

Management is yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, it does not expect to implement the amendments until all chapters of the PAS 39 replacement have been published at which time the Group expects it can comprehensively assess the impact of the revised standard.

2.3 Basis of Consolidation

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries (see Note 1) after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate an impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Group, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries as follows:

Subsidiaries are all entities over which the Parent Company has the power to control the financial and operating policies. The Parent Company obtains and exercises control through voting rights.

Subsidiaries are consolidated from the date the Parent Company obtains control until such time that such control ceases.

Acquired subsidiaries are subject to the application of the purchase method for acquisitions. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiaries, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiaries prior to acquisition. On initial recognition, the assets and liabilities of the subsidiaries are included in the statement of financial position at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

Goodwill (positive) represents the excess of acquisition cost over the Group's share in the fair value of the identifiable net assets of the acquired subsidiaries at the date of acquisition (see Note 13). Negative goodwill represents the excess of Parent Company's share in the fair value of identifiable net assets of the subsidiaries at date of acquisition over acquisition cost.

2.4 Financial Assets

Financial assets, which are recognized when the Group becomes a party to the contractual terms of the financial instrument, include cash and other financial instruments. Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit or loss are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

A more detailed description of the loans and receivable category of financial assets which is relevant to the Group is as follows.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables, Due from Related Parties, Restricted Deposits and Refundable Rent Deposits (presented as part of Other Non-Current Assets in the consolidated statements of financial position). Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.6 Land Held for Sale and Development Costs

Land held for sale and development costs are valued at the lower of cost and net realizable value. Land held for sale and development costs includes the cost of land and actual development costs incurred up to the end of reporting period. Interest incurred during the development of the project is capitalized.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of developing and the estimated costs necessary to make the sale.

2.7 Property and Equipment

Property and equipment, other than land which is stated at cost less any impairment in value, are carried at acquisition cost less accumulated depreciation and amortization and any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings, depot and pier facilities	5-25 years
Gasoline station equipment	1-5 years
Office furniture and equipment	1-3 years
Hauling and heavy equipment	1-5 years
Transportation and other equipment	1-10 years

Leasehold and land improvements are amortized over the terms of the related leases or the useful lives of the improvements, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted, if appropriate, at the end of each reporting period. In 2009, the estimated useful lives of buildings, depot and pier facilities and gasoline station and equipment were revised from 5 to 15 years to 5 to 25 years and 1 to 3 years to 1 to 5 years, respectively, to reflect the appropriate useful based on management's assessment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss the year the item is derecognized.

2.8 Land Held for Future Development

Land held for future development is valued at the lower of cost and net realizable value. Cost includes purchase price and other costs directly attributable to the acquisition of land.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of developing and estimated costs necessary to make the sale.

2.9 Financial Liabilities

Financial liabilities include loans and borrowings, trade and other payables, due to parent company and security deposits (presented under Other Non-Current liabilities in the consolidated statements of financial position) which are measured at amortized cost using the effective interest method.

Financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as part of Finance Costs in the statement of comprehensive income.

Loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Trade and other payables, due to parent party, advances from a subsidiary and security deposits are initially recognized at their nominal value and subsequently measured at amortized cost less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.10 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Business Combinations

Business acquisitions are accounted for using the purchase method of accounting.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost a business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (see Note 2.15) and is presented under Other Non-current Assets account in the consolidated statements of financial position (see Note 13).

Transfers of assets between commonly controlled entities are accounted for under historical cost accounting.

2.12 Revenue and Expense Recognition

Revenue comprises revenue from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably. In addition, specific recognition criteria must also be met before revenue is recognized as discussed

(a) *Sale of goods* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, i..e. when the customer has acknowledged delivery of goods.

(b) *Fuel service, storage income and other revenues* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. This account includes franchise income, which has minimal amount. In addition, this includes revenue arising from port and cargo handling services. Revenue from port operations is recognized when services are rendered.

(c) *Interest income*– Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(d) *Rent income* – Revenue is recognized over the lease term as it becomes receivable according to the provision of the lease.

(e) *Sale of real estate* – Revenue from the sale of real estate, which includes cost of land and development, is accounted for under the percentage of completion method when the Group has material obligations under the sales contracts to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured on the basis of the ratio of actual cost incurred to date over the estimated total costs of the project as determined by the Group's contractors and technical personnel.

    Any excess of collections over the recognized receivables is included under Trade and Other Payables account in the statement of financial position.

    If none of the revenue recognition criteria are met, deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers is presented as part of advances from locators included under Trade and Other Payables account (see Note 16).

Cost and expenses are recognized in the profit or loss upon utilization of the service or at the date they are incurred. All finance costs are reported in profit or loss, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset on an accrual basis.

2.13 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item, are classified as finance leases and are recognized as assets and liabilities in the statement of financial position at amounts equal at the

inception of the lease to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are directly charged against profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) Group as Lessor

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.14 Foreign Currency Transactions

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.15 Impairment of Non-financial Assets

The Group's property and equipment and goodwill are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.16 Employee Benefits

Post-employment benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's post-employment benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified and non-contributory.

The liability recognized in the consolidated statement of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of reporting period less unrecognized actuarial losses. The DBO shall be calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

2.17 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.18 Income Taxes

Tax income recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of each reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax income in the profit or loss.

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Most changes in deferred tax assets or liabilities are recognized as component of tax income in the consolidated statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

2.19 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of re-acquiring such shares irrespective of whether these are acquired below or above par value.

Deposits on future stock subscriptions include all amounts received for future stock subscriptions.

Retained earnings include all current and prior period results as disclosed in the consolidated statement of comprehensive income.

2.20 Basic Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The Group has no dilutive potential common shares outstanding that would require disclosure of diluted earnings per share in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(b) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.10 and relevant disclosure is presented in Note 28.

(c) Estimating Development Costs

The accounting for real estate requires the use of estimates in determining costs and gross profit recognition. Cost of real estate sold includes estimated costs for future development. The development cost of the project is estimated by the Group's technical staff. At the end of reporting period, these estimates are reviewed and revised to reflect the current conditions, when necessary.

3.2 Key Sources of Estimation Uncertainty

Presented in the subsequent pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Allowance for Impairment of Trade and Other Receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

The carrying value of trade and other receivables amounted to P1.4 billion and P765.2 million as at December 31, 2009 and 2008, respectively (see Note 6). Impairment losses on trade and other receivables in 2009 amounted to P1.2 million and is presented as part of miscellaneous expense account (under Selling and Administrative Expenses account in the consolidated statement of comprehensive income - see Note 18). There were no impairment loses recognized in 2008 and 2007.

(b) Determining Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is continuously subject to rapid technology changes which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories (P457.9 million and P156.0 million as at December 31, 2009 and 2008, respectively, as presented in Note 7) is affected by price changes. Both aspects are considered key sources of estimation uncertainty

and may cause significant adjustments to the Group's inventories within the next financial year.

(c) *Determining Net Realizable Value of Land Held for Sale and Development Costs and Land Held for Future Development*

In determining the net realizable value of land held for sale and development costs and land held for future development, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of land held for sale and development costs (P533.5 million as of December 31, 2009 – see Note 8) and land held for future development (P315.9 million as at December 31, 2009 – see Note 12) is affected by price changes in different market segments. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments within the next financial year.

(d) *Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are summarized in Note 11.

(e) *Impairment of Non-financial Assets*

The Group's policy on estimating the impairment of non-financial assets is discussed in Note 2.15. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

The management has assessed that there are no impairment losses to be provided in 2009, 2008 and 2007.

(f) *Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying value of deferred tax assets as of December 31, 2009 and 2008 is disclosed in Note 23.

(g) *Liability for Land Development*

Obligations to complete development of real estate are based on actual costs and project estimates of contractors and Group's technical staff. These costs are reviewed at least annually and are updated if expectations differ from previous

estimates. Liability to complete the project included for land development are presented as part of trade payables under Trade and Other Payables account in the consolidated statements of financial position amounted to P0.8 million as of December 31, 2009 and 2008, respectively (see Note 15).

(h) Retirement and Other Benefits

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 19 and include, among others, discount rates and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The retirement benefit obligation amounted to P4.2 million December 31, 2009 (see Note 19.2).

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 4. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated with its parent company, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short- to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

4.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its operating and investing activities.

(a) Foreign Currency Sensitivity

The Group has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency.

(b) Interest Rate Sensitivity

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowing interest rates range from 7.16% to 10.25% per annum. At June 30, 2010 and December 31, 2009, the Group is exposed to changes in market interest rates through its bank borrowings and cash and cash equivalents, which are

subject to variable interest rates (see Notes 5 and 14). All other financial assets and liabilities have fixed rates.

The following table illustrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates of +/- 1.82%, +/- 1.90% and +/- 1.80% in 2009, 2008 and 2007, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	2009		2008		2007	
	+ 182/ 88	**- 182/ 88**	+190/ 90	-190/ 90	+180/80	-180/80
Net profit	**(P34,489,575)**	**P34,489,575**	(P7,395,332)	P 7,395,332	(3,503,095)	3,503,095

4.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below.

	Notes	**June 30, 2010**	December 31, 2009
Cash and cash equivalents	5	**P 429,640,933**	P 363,705,435
Trade and other receivables	6	**1,847,112,177**	1,368,763,974
Due from related parties	23	**14,691,311**	14,421,693
Restricted deposits	9, 13	**60,780,792**	60,079,767
Refundable rent deposits	13	**43,305,303**	39,033,405
		P2,395,530,516	**P 1,846,004,274**

As part of the Group policy, bank deposits are only maintained with reputable financial institution.

As part of the Group policy, bank deposits are only maintained with reputable financial institutions.

The Group's management considers that all the above financial assets that are not impaired or past due for each reporting dates are of good credit quality.

(a) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

As part of the Group's policy, bank deposits are only maintained with reputable financial institutions. For the determination of credit risk, cash do not include cash on hand amounting to P2,066,514 in June 30, 2010 and P2,251,633 in December 31, 2009 (see Note 5). Cash in banks, which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to maximum coverage of P500,000 per depositor per banking institution, as provided for under Republic Act (RA) 9302, Charter of PDIC, are still subject to credit risk.

(b) Trade and other receivables

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

The Group has a Credit Committee which approves credit lines given to its customers. The Group's Credit and Collection Department, which regularly reports to the Credit Committee, continuously monitors customers' performance and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	June 30, 2010	December 31, 2009
Not more than one month	**P 101,646,641**	P 145,052,920
More than one month but not more than two months	**37,235,438**	42,659,470
More than two months but not more than six months	**13,959,247**	
More than six months but not more than one year	**6,019,879**	92,772,329
More than one year	**48,183,411**	21,025,414
	P 206,044,616	P 301,510,133

4.3 Liquidity Risk Analysis

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Group maintains cash and cash equivalents to meet its liquidity requirements for up to 60-day period. Excess cash are invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

5. CASH AND CASH EQUIVALENTS

This account consists of the following:

	June 30, 2010	December 31, 2009
Cash in banks	**P 393,249,535**	P 348,148,556
Short-term placements	**36,391,398**	15,556,879
Cash on Hand	**2,066,515**	2,251,632
	P 431,707,448	P 365,957,067

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have maturity ranging from 7 to 90 days and earn effective interest ranging from 2.1% to 4.8%.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	June 30, 2010	December 31, 2009
Trade receivables	**P1,656,424,206**	P 946,088,436
Advances to suppliers	**106,788,400**	358,631,703
Non-trade receivables	**77,823,905**	41,626,594
Other receivables	**6,075,667**	22,648,816
	1,847,112,177	1,368,995,549
Allowance for impairment		(231,575)
Balance at end of year	**P 1,847,112,177**	P 1,368,763,974

All of the Group's trade and other receivables have been reviewed for indicators of impairment. There are no trade receivables found to be impaired as of June 30, 2010 and December 31, 2009.

The carrying amounts of these short-term financial assets are reasonable approximations of their fair values.

7. INVENTORIES

Inventories which are stated at cost are broken down as follows:

	Note	June 30, 2010	December 31, 2009
Lubricants	14	**P 161,205,374**	P 139,454,710
Fuel		**680,427,346**	318,469,705
		P 841,632,720	P 457,924,415

Under the terms of agreements covering the liabilities under trust receipts, certain inventories have been released to the Group in trust for the bank. The Group is accountable to the bank for the trusteed inventories or their sales proceeds (see Note 14.1).

8. LAND HELD FOR SALE AND LAND DEVELOPMENT COSTS

The land held for sale and land development costs relate to the following as of December 31, 2009:

Land held for sale	**P 512,156,885**
Land development costs	**21,388,320**
	P 533,545,205

Land development costs pertain to expenditures for the development and improvement of the land held for sale for Phase 1 of the Park. Balance of this account as of June 30, 2010 is P 498,964,199.

9. RESTRICTED DEPOSITS

This account pertains to the time deposits that are used as securities for various credit banking facilities covered by hold-out agreements. As such, these are restricted as to withdrawals. These credit facilities are used by the Parent Company in the purchase of Petroleum and Lubricants inventory. The time deposit has interest rates ranging from 3.125% to 5.975% per annum.

10. OTHER CURRENT ASSETS

The composition of this account as of June 30, 2010 and December 31, 2009 is shown below:

	June 30, 2010	December 31, 2009
Prepayments	**P 45,508,978**	P 44,756,747
Creditable Withholding Tax	**1,186,896**	5,811,092
Supplies	**2,056,432**	-
Others	**2,522,653**	1,769,958
	P 51,274,959	P 52,337,797

11. PROPERTY AND EQUIPMENT

June 30, 2010		
Land		P 174,613,522
Property, Plant and Equipments	2,111,911,940	
Less: Accumulated Depreciation	(328,062,500)	P 1,783,849,440
Net Book Value-June 30, 2010		P 1,958,462,962

December 31, 2009		
Land		P 164,684,194
Property, Plant and Equipments	1,829,838,850	
Less: Accumulated Depreciation	(294,567,267)	P 1,535,271,583
Net Book Value-December 31, 2009		P 1,699,955,777

Certain properties with an aggregate carrying value of P 25,146,333 and P30,656,433 as of June 30, 2010 and December 31, 2009 respectively, are mortgaged with local banks.

12. LAND HELD FOR FUTURE DEVELOPMENT

Land held for future development represents the Group's land property totaling to 44 hectares in Phase 2 and 3 of the Park that are intended for sale once developed.

Certain land with carrying value of P22.1 million as of December 31, 2009 are used as collaterals for certain interest-bearing loans and borrowings (

13. OTHER NON-CURRENT ASSETS

The composition of this account as of June 30, 2010 and December 31, 2009 is shown below:

	June 30, 2010	December 31, 2009
Refundable rent deposits	**P 43,305,303**	P 39,033,405
Goodwill	**9,344,134**	9,344,134
Restricted Deposits	**1,180,163**	1,180,163
Deferred minimum lease payments	**5,977,513**	939,388
Others	**4,878,959**	1,028,784
	P 64,686,072	P 51,525,874

Goodwill amounting to P9.3 million represents the excess of acquisition cost over the Group's share in the fair value of identifiable net assets of the acquired subsidiaries at the date of the acquisition.

Refundable rent deposits represent deposit of the Group for the lease of various parcels of land. These deposits are refundable at the end of the term of agreement and are measured at amortized cost. The total day one loss amounting to P2.2 million is determined by calculating the present value of the cash flows anticipated until the end of the lease terms using the related market interest free rates and is amortized over the lease term. As the refundable rent deposits do not have an active market, the underlying interest rates were determined by reference to market interest rate of comparable financial instrument.

14. LOANS AND BORROWINGS

This account consists of the following as of June 30, 2010 and December 31, 2009:

	June 30, 2010	December 31, 2009
Current:		
Liabilities under letters of credits and trust receipts	**P 2,981,396,995**	P 1,394,432,784
Installment and notes payable	**166,773,138**	151,179,007
Mortgage payable	**11,853,905**	3,195,182
	P 3,160,024,038	P 1,548,806,973
Non-current:		
Installment and notes payable	**P 768,510,201**	P 758,098,335
Mortgage payable	**18,319,707**	11,552,425
	P 786,829,908	P 769,650,760

14.1 Liabilities Under Letters of Credits and Trust Receipts

The Group avails of letter of credit (LC) and trust receipt (TR) lines with local banks to finance its purchases of inventories. These short-term trust receipts bear interest based in prevailing market interest rates at an average of 8.25%.

The Group is required by the banks to maintain certain collaterals for the credit line facility provided to the Group for working capital requirement. The collateral are variously in the form of compensating deposits, properties of a related party and a surety of a stockholder.

The carrying values of liabilities under letters of credits and trusts receipts recognized in the consolidated balance sheets are reasonable approximation of their fair values.

14.2 Credit Line

The Parent Company has an available credit line of P5.31 billion and P3.20 billion under LC/TR in June 30, 2010 and December 31, 2009 respectively. These lines obtained from various banks are being utilized by the Parent Company for procurement of inventories both local and foreign.

14.3 Installment Payable

The installment payable in 2009 includes borrowings from a local bank and liability to PHINMA Group for the purchase of the 100% shares of stocks of BIPC. The installment payable bears interest at Philippine Dealing System Treasury-Fixing (PDST-F) rate plus three percent. Such is payable monthly starting on the seventh month from the date of signing of the agreement on March 10, 2009 until March 15, 2014.

On December 18, 2009, the Group's loan application with Land Bank of the Philippines (LBP) amounting to P580.0 million was approved. Of the total loan approved, P490.0 million was intended to refinance the Group's installment payable with PHINMA Group. The refinanced installment payable is payable for seven years with one year grace period on principal and bears an interest rate based on the prevailing LBP rate at the time of availment subject to quarterly repricing with reference to a three month PDST-F rate plus minimum spread of 2.5%.

The above-mentioned liabilities are to be secured by certain industrial lots presented under land held for future development (see Note 12).

The P490.0 million loan was subsequently disbursed by Land Bank on April 16, 2010 to the PHINMA Group in full settlement of the installments payable.

14.4 Mortgage Payable

The mortgage payable represents secured loans which bear interest rates ranging from 7.6% to 11.4% per annum, and with terms ranging from 18 months to 36 months. The mortgages are secured by certain service vehicles of the Group, presented as part of Property and Equipment account in the consolidated statements of financial position (see Note 11).

15. TRADE AND OTHER PAYABLES

This account consists of:

	June 30, 2010	December 31, 2009
Trade payables	**P 299,247,217**	P 970,629,295
Accrued expenses	**70,860,479**	53,181,430
Advances from Locators	**35,760,000**	20,120,000
Others	**22,922,509**	15,329,914
	P 428,790,205	P 1,059,260,639

Accrued expenses mostly pertain to payables to various contractors for construction of retail stations which is based on percentage of completion that remains unpaid during the year.

Due to the short duration of trade and other payables, management considers the carrying amounts recognized in the balance sheets to be reasonable approximations of their fair values.

16. OTHER NON-CURRENT LIABILITIES

This account consists of:

	Note	June 30, 2010	December 31, 2009
Security deposits		**P 34,750,000**	P 34,750,000
Retirement benefit obligation	16.2	**4,245,935**	4,245,935
Unearned rent		**3,944,077**	3,944,044
Deposit for Construction		**848,063**	-
Others		**5,906,013**	780,387
		P 49,694,088	P 43,720,366

Security deposits represent deposits received from dealers for the lease of equipment that are installed in retails stations and are refundable at the end of the lease terms. The deposits are carried at amortized cost using the effective interest rates at the inception of the lease contracts. The day one gain amounting to P3,944,044 is determined by calculating the present value of the cash flows anticipated until the end of the lease term using certain risk free rates and is amortized over the lease terms. As the deposits do not have an active market, the underlying interest rates were determined by reference to market interest rate of comparable financial instrument.

17. COST OF SALES – Petroleum

This account is composed of the following:

	Note	June 30, 2010	June 30, 2009
Inventories at beginning of year	7	**P 457,924,415**	P 155,966,344
Net purchases during the period		**5,972,898,735**	2,187,060,985
Goods available for sale		**6,430,823,150**	2,343,027,329
Inventories at end of the period	7	**(841,632,720)**	(373,384,124)
		P 5,589,190,430	P 1,969,643,205

18. OPERATING EXPENSE BY NATURE

The details of selling and administrative expenses by nature are shown below:

	June 30, 2010	June 30, 2009
Cost of Sales and Service		
Fuels	5,494,658,580	1,884,357,482
Lubricants	94,531,850	85,285,723
Real Estate	34,754,376	
Services	52,844,558	19,499,212
Salaries and employees' benefits	45,450,145	31,354,411
Depreciation and amortization	40,321,692	37,556,072
Trucking charges	20,263,745	9,032,541
Fuel, oil and lubricants	14,586,933	8,288,855
Advertisements and promotion	18,732,273	8,103,465
Rent	47,532,268	17,540,104
Office supplies	3,186,975	2,397,810
Repairs and maintenance	9,417,379	5,762,808
Travel and transportation	9,801,167	5,952,486
Professional fees	9,939,706	5,332,915
Taxes and licenses	7,028,339	8,212,396
Representation	3,911,213	2,216,971
Insurance	12,087,264	3,463,894
Documentary Stamps	11,051,586	3,701,904
Security fees	2,358,153	1,556,600
Dues and Subscription	1,643,583	872,254
Service Fee	9,411,003	2,216,134
Utilities	7,836,757	3,985,358
Bank Charges	3,750,905	2,197,700
Provisions for Bad Debts	1,200,000	-

Rebates	3,744,980	-
Miscellaneous	2,560,488	448,954
	5,962,605,919	**2,149,336,049**

The expenses are classified in the consolidated income statements as follows:

	June 30, 2010	June 30, 2009
Cost of Sales and Services	5,676,789,364	1,989,142,417
Selling and Administrative Expense	285,816,555	160,193,632
	5,962,605,919	**2,149,336,049**

19. EMPLOYEE BENEFITS

19.1 Employee Benefits

Expenses recognized for salaries and employee benefits (see Note 15) are presented below:

	June 30, 2010	June 30, 2009
Salaries and Wages	33,582,777	25,732,754
13th Month Pay	3,774,383	903,716
Other Benefit	8,092,986	4,816,941
	45,450,146	**31,453,411**

19.2 Retirement Benefit Obligation

The Parent Company has an unfunded defined benefit pension plan covering all qualifying employees. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. The present value of the obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The amount of retirement benefit obligation, which is presented as part of Other Non-current Liabilities account (see Note 13) in the consolidated balance sheets as of December 31 follows:

		2009
Present value of obligation	P	4,976,200
Unrecognized actuarial gains (losses)		(730,265)
	P	4,245,935

The movements in present value of the retirement benefit obligation recognized in the books are as follows:

	2009
Balance at beginning of year	P 2,418,400
Current service cost	928,400
Interest cost	374,852
Actuarial loss (gain)	1,254,458
Balance at end of year	P 4,976,200

The amounts of retirement benefits expense recognized in the consolidated income statement are as follows:

	2009
Current service cost	P 928,400
Interest cost	374,852
Loss recognized in the year	(28,244)
	P 1,275,008

For the determination of the retirement benefit obligation, the following actuarial assumptions were used:

	2009
Discount rate	10.44%
Expected rate of salary increase	10.00%

Assumptions regarding future mortality are based on published statistics and mortality tables.

20. REGISTRATION WITH THE BOARD OF INVESTMENTS (BOI)

The Parent Company was registered with the BOI on November 16, 2005, as new industry participant with new investment in storage, marketing and distribution of petroleum products under Republic Act (RA) No. 8479 (Downstream Oil Industry Deregulation Act). Under its registration, the Parent 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 Parent Company is also entitled to certain tax and non-tax incentives as follows:

(a) Income tax holiday (ITH) for five years from November 16, 2005 without extension or bonus year from the date of registration;

(b) Additional deduction from taxable income of 50% of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to number of workers set by the board of not more than US$10,000 to one worker and provided that this incentive shall not be availed of simultaneously with the ITH;

(c) Minimum duty of three percent and VAT on imported capital equipment;

(d) Tax credit on domestic capital equipment shall be granted on locally fabricated capital equipment;

(e) Importation of consigned equipment for a period of five years from the date of registration, subject to posting of a re-export bond; and,

(f) Other non-fiscal incentives, which may be applicable.

21. REGISTRATION WITH DAVAO CITY INVESTMENT INCENTIVE CODE OF 1994

The Parent Company was registered with the Davao City Investment Incentive Code of 1994 through Board Resolution Number 3 series of 2004 which was approved on April 29, 2004. As a registered entity under the said ordinance, the Parent Company is granted the following:

(a) Exemption from payment of Building permit fees, and other fees and charges;

(b) Exemption from payment of Mayor's permit fees, local business sales taxes, and other local fees and charges imposed under existing ordinances for a period of three years to start on the first day of operations; and

(c) Exemption from payment of the basic real property tax but excluding the barangay share for two years from the effectivity (accrual) of the property tax.

The Parent Company got an approval from the Board of Investments (BOI) under R.A. 8479 or Oil Industry Deregulation Law. This entitles the Parent Company for an Income Tax Holiday (ITH) for five (5) years starting February 2010.

22. TAXES

22.1 Current and Deferred Tax

The components of tax income as reported in the consolidated profit or loss follow:

	2009	2008	2007
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**(P 1,587,244)**	P -	P -

Final tax at 20%	(108,651)	(4,926)	(1,682)
	(1,695,895)	(4,926)	(1,682)
Deferred tax income:			
Deferred tax income relating to net operating loss carryover (NOLCO)	6,959,670	9,021,080	4,351,788
Reversal of NOLCO	(369,088)	-	-
Deferred tax relating to reversal of temporary difference	(283,380)	-	-
Relating to tax application of NOLCO	(26,915)	(1,409,840)	-
Deferred tax resulting from reduction in tax rate	-	(1,775,005)	-
	6,280,287	5,836,235	4,351,788
	P 4,584,392	P 5,831,307	P 4,350,106

A reconciliation of tax on pretax income computed at the applicable statutory rates to tax income reported in the consolidated profit or loss is as follows:

	2009	2008	2007
Tax on pretax income at 30% in 2009, 35% in 2008 and 2007	**P 4,868,812**	P 7,604,209	P 4,348,444
Adjustment for income subjected to lower income tax rates	**54,324**	3,693	1,662
Tax effects of:			
Reversal of NOLCO	**(369,088)**	-	-
Reduction in tax rate	-	(1,775,005)	-
Non-deductible interest expense	**30,344**	(1,590)	-
Tax income reported in profit or loss	**P 4,584,392**	P 5,831,307	P 4,350,106

The tax income for the years 2009, 2008 and 2007 pertains to the subsidiaries. The Parent Company availed of the income tax holiday under its registration with the BOI (see Note 20) starting on January 1, 2006.

The deferred tax assets relate to the following as of December 31:

	Statements of Consolidated Financial Position		Statements of Consolidated Comprehensive Income	
	2009	2008	**2009**	2008
NOLCO	**P 17,213,693**	P 10,650,027	**P 6,563,667**	P 5,836,235
Deferred tax asset from BIPC	**283,380**	-	**-**	-

Payment of retirement benefits	(283,380)	-	(283,380)	-
Deferred Tax Income			**P6,280,287**	P 5,836,235
Deferred Tax Assets	**P17,213,693**	P10,650,027		

The amounts of NOLCO and the applicable years these are valid and deductible from the taxable income are shown below:

Taxable Years	Original Amount	Tax Effect	Valid Until
2009	P 23,198,900	P 6,959,670	2012
2008	25,774,508	7,732,352	2011
2007	8,405,572	2,521,671	2010
	P 57,378,980	P 17,213,693	

22.2 Optional Standard Deduction

Effective July 2008, RA 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2009 and 2008, the Group opted to continue claiming itemized deductions.

22.3 Change in Applicable Tax Rates

Effective January 1, 2009, in accordance with RA 9337, RCIT rate was reduced from 35% to 30% and non-allowable deductions for interest expense from 42% to 33% of interest income subjected to final tax.

23. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate parent company, parent company, stockholders, the Group's key management and others as described below and in the succeeding pages. The following are the transactions with related parties:

23.1 Rentals

The Group has an operating lease agreement with Udenna Corporation, the ultimate parent Company. Total rent expense incurred in the years 2009, 2008 and 2007 is P3.8 million, P4.8 million and P2.8 million, respectively and is presented as part of Rent expense in the profit or loss (see Note 18).

23.2 Due from Related Parties

The Group grants and obtains unsecured advances to and from parent company and other related companies for working capital purposes. The advances bear a 9% interest per annum and are due on demand.

The breakdown of due from related parties as of June 30, 2010 and December 31, 2010 are as follows:

The breakdown of due from related parties as of June 30, 2010 and December 31 is as follows:

		June 30, 2010		December 31, 2009
Due to Parent Company				
Balance at beginning of year	P	-	P	2,937,730
Additions		-		
Collections		-		(2,937,730)
Balance, end	P	-	P	-0-
Due to Related Parties				
Balance at beginning of year	P	**14,421,693**	P	13,302,975
Additions		**269.618**		1,118,712
Collections				(-)
Balance, end	P	**14,691,311**	P	14,421,693
TOTAL Due to Related Parties				
Balance at beginning of year	P	**14,421,693**	P	16,240,705
Additions		**269,618**		1,118,712
Collections				(2,937,730)
Balance, End	P	**14,691,311**	P	14,421,693

The Group's advances to related parties is presented as Due from Related Parties in the consolidated balance sheet.

24. EQUITY

24.1 Capital Stock

Capital stock consists of:

	June 30, 2010			June 30, 2009		
	Shares		**Amount**	**Shares**		**Amount**
Common shares – P1 par value						
Authorized:						
Balance at beginning of year	**400,000,000**	**P**	**400,000,000**	**400,000,000**	**P**	**400,000,000**

Increase during the year						
Balance at end of year	**400,000,000**	**P**	**400,000,000**	**400,000,000**	**P**	**400,000,000**
Issued:						
Balance at beginning of year	**269,160,674**	**P**	**269,160,674**	**188,000,198**	**P**	**188,000,198**
Stock dividends						
Issued during the year						
Balance at end of year	**269,160,674**	**P**	**269,160,674**	**188,000,198**	**P**	**188,000,198**

24.2 Increase in Authorized Capital Stock

In 2006, the SEC approved the Parent Company's application for the increase in authorized capital stock as follows:

(a) On June 12, 2006, the Parent Company's authorized capital stock was increased from P10,000,000 divided into 10,000,000 shares with par value of P1 per share to P50,000,000 divided into 50,000,000 shares with par value of P1 per share;

(b) On August 7, 2006, the Parent Company's authorized capital stock was increased from P50,000,000 divided into 50,000,000 shares with par value of P1 per share to P100,000,000 divided into 100,000,000 shares with par value of P1 per share;

(c) On December 29, 2006, the Parent Company's authorized capital stock was increased from P100,000,000 divided into 100,000,000 shares with par value of P1 per share to P400,000,000 divided in to 400,000,000 shares with par value of P1 per share.

In January 18, 2010, the Board of Directors approved that the Parent Company's P400,000,000 authorized capital stock divided into 400,000,000 common shares with a par value P1 per share be reclassified into 350,000,000 common shares with Par value of P1 per share and 50,000,000 preferred shares with Par value of P1 per share.

The Securities and Exchange Commission (SEC) issued the Certificate of Filing of Amended Articles of Incorporation to this effect last March 08, 2010.

24.3 Additional Paid-in Capital

In first quarter of 2010, 2,500,000 shares of treasury stocks with cost of Php 11,443,212.50 was sold at Php 17,117,987.39 which resulted to Additional Paid-in Capital arising from sale of Treasury Shares amounting of Php 5,674,774.89.

In 2009, the Social Security System (SSS) subscribed an initial 2.83% stake in the Parent Company representing 7,500,000 subscribed common shares for P42,000,000 or at P5.60 per share. The excess of par value for such subscription amounting to P34,500,000 was recorded under Additional Paid-in Capital account in the consolidated statements of

financial position.

In 2007, the Parent Company listed its shares of stock with PSE. Premiums received in excess of the par value during the public offering amounting to P227,114,249 were recorded under Additional Paid-in Capital account in the consolidated statements of financial position.

24.4 Deposits on Future Stock Subscriptions

In 2009, the Parent Company received subscriptions amounting to P44,625,000. Pending agreement between the Parent Company and the investor as to the number of shares to be issued, the amount received was presented as Deposits on Future Stock Subscriptions in the 2009 statement of financial position.

24.5 Retained Earnings

On May 29, 2009, the parent Company's stockholders ratified the Board of Directors' approval of a 40% stock dividend (or a total of 73,660,677 shares), valued at par and distributed on August 3, 2009 to all stockholders of record as of July 8, 2009.

On May 8, 2008, the parent Company's Board of Directors declared a 30% stock dividend (or a total of 43,000,198 shares), valued at par and distributed on August 8, 2008 to stockholders of record as of July 17, 2008. In addition, 10% cash dividends amounting to P14,500,002 were also declared and paid in 2008.

25. EARNINGS PER SHARE

Earnings per share were computed as follows:

		June 30, 2010		June 30, 2009
Net income	P	**135,415,273**	P	551,204,861
Divided by weighted average number of outstanding common shares		**266,886,471**		184,151,198
Earnings per share	**P**	**0.51**	P	2.99

The Parent Company does not have dilutive shares as of June 30, 2010 and December 31, 2009. Accordingly, no diluted earnings per share was computed by the Group.

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital Commitments

As of December 31, 2009, the Parent Company has commitments of more than P300.0 million for expansion on petroleum retail network, depot, terminalling and logistics facilities, information technology infrastructure and other major expansions related to its business development. The Parent Company has a network of 131 operational retail

service stations as of June 30, 2010.

In this year, the Parent Company plans to expand further its petroleum retail service stations and carry out its investments in it subsidiaries to put up depot and terminalling facilities in strategic locations, complete its chain of logistical support to strengthen its foothold in the industry.

26.2 Letters of Credits

As of June 30, 2010, December 31, 2009 the Parent Company has unused letters of credit amounting to P 1.48 billion and P 537 million respectively.

27. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and,
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet. Capital for the reporting periods under review is summarized as follows:

The Group's goal in capital management is to maintain at most debt-to-equity structure ratio of 2.7 to 1.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

	June 30, 2010	December 31, 2009
Total liabilities	**P 4,478,447,258**	P2,422,003,650
Total equity	**1,680,335,783**	1,241,962,725
Debt-to-equity ratio	**2.67: 1.0**	1.95 : 1.0

28. EXCESS OF FAIR VALUE OVER ACQUISITION COST

In March 2009, PPPI acquired 100% interest in BIPC equity. PPPI acquired the BIPC's net assets with a fair value of P1.2 billion on the date of the acquisition for a consideration of P658.8 million, of which P540.0 million was through installment payments (see Note 14.3).

The excess of the fair value of the nets assets of BIPC over the acquisition cost amounting P497.2 million is presented in the consolidated statement of comprehensive income as Excess of Fair Value of Net Assets Acquired Over Acquisition Cost. The real properties of BIPC which is composed of land held for sale, land held for future development and port facilities were appraised by an independent appraiser. The fair values of the said properties are determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between the knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transactions as at the valuation date.

Item II - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Comparable discussion on Material Changes in Results of Operations for the Six Months' Period Ended June 30, 2010 vs. June 30, 2009

Revenues

The Group generated total revenues of ₱ 6,188 million in 2010 which is 179% higher than its 2009 level of ₱ 2,218 million, primarily due to the 125% increase in sales volume of refined petroleum products plus higher revenues from fuels service and storage. In 2010, the Group recorded ₱45.8 million revenue on sale of real estate under Bacnotan Industrial Park Corporation which yielded ₱11 million in realized gross profits.

Sales revenues from trading and distribution of petroleum products increased by 181% from ₱2,160 million in 2009 to ₱6,059 billion in 2010 resulting principally from a wider distribution network and expanded institutional customer base and also as a result of improved price competitiveness. Average selling price for the current year is also higher by 26% at ₱31.19 per liter compared to ₱24.61 per liter during the same period in 2009 as a factor of higher average crude prices and improved product sales mix. The Parent Company had one hundred thirty one (131) operational Phoenix Fuels Life retail service stations as of June 30, 2010 compared to one hundred eight (108) retail stations as of the same period last year. The Parent Company intends to continue opening more stations for the rest of 2010.

The Group generated ₱ 66.2 million from its fuels service, storage, port and other income in 2010 versus ₱ 46 million in 2009 or a 44% increase compared to the same period last year.

Cost and expenses

The Group recorded cost of sales and services of ₱ 5,642 million, an increase of 184% from its 2009 level of P 1,989 million primary due to the 127% increase in the sales volume of petroleum products. Average unit costs this year were also higher compared to the same period last year.

Selling and administrative expenses increased as a result of the increasing volume and the ongoing expansion of the Group's business operations. With its growing retail presence nationwide and the scaling-up of operations, the Company incurred additions in manpower, and logistics costs including depreciation of facilities.

Net Income

The Group's net income for first semester 2010 is ₱135 million versus 2009 first semester net income of P551 million. In 2009, an initial ₱497 million was booked as non-recurring income or "excess of fair value against acquisition costs". This resulted from the Parent Company's acquisition of 100% of Bacnotan Industrial Park Corporation (BIPC) through an outright share purchase. On a core net income basis, the first semester 2010's ₱135 million is 151% higher than the ₱54 million realized in the same period in 2009.

The Parent Company is registered with the Board of Investments on November 16, 2005 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Regulation Act) and, as such, continues to enjoy an income tax holiday for five (5) years from November 16, 2005.

The Parent Company obtain additional registration approval from the Board of Investments (BOI) under R.A. 8479 or Oil Industry Deregulation Law for its Calaca, Batangas Terminal.. This entitles the Parent Company to an Income Tax Holiday (ITH) on the revenue activities from this additional storage capacity for five (5) years starting February 2010. Another BOI registration was granted for the Davao Terminal Expansion facility effective February 2010 thus entitling the Parent Company another set of incentives including the five (5) year ITH in its Davao Terminal Marketing and Storage activities. These additional ITH incentives will allow the Company to enjoy an effective income tax rate well below 30% as it continuously expands its storage and obtains further incentives from the BOI.

Financial Condition
(As of June 30, 2010 versus December 31, 2009)

Total resources of the Group as of June 30, 2010 stood at ₱6.159 billion, a growth of 23% over the ₱5.0 billion of December 31, 2009.

Cash and cash equivalents increased by 18% from ₱366 million to ₱432 million due to the increase in revenue which translated to improved cash levels.

The Group's liquidity position continued to be strong with Current Assets amounting to ₱3.802 billion as of June 30, 2010, up from ₱2.919 billion as of December 31, 2009.

Trade and other receivables increased by 35%, from ₱1.369 billion as of December 31, 2009 to ₱1, 847 billion as of June 30, 2010, which were mainly due to increased trade receivables as a result of the 179% jump in revenues. The Group continue to enhance its credit policies to minimize overdue customer past due accounts.

Inventories increased by 84%, from ₱458 million as of December 31, 2009 to ₱842 million as of June 30, 2010 as the Group's continued to shift its inventory strategy to bulk importations which resulted in the maintenance of inventory levels at more or less equivalent to one month's sales plus a safety buffer. The Group needed to maintain higher inventory levels relative to the previous with the monthly sales volume trending higher.

Due from related parties and Due to parent company in June 30, 2010 and December 31, 2009 is almost at the same level of ₱38M credit balance. The ultimate Parent Company extended advances to the Parent Company from time to time to support its cash requirements when additions to, or renewals of credit facilities are still in process.

Other current assets almost remains to be at the ₱51 million and ₱52 level for June 30, 2010 and December 31, 2009 respectively. These represent the accumulation of Input VAT on capital expenditures resulting from the ongoing expansion program of the Company and from prepaid rentals on leased retail service stations properties and depot sites, and prepaid insurance.

As of June 30, 2010, the Group's property and equipment, net of accumulated depreciation, increased to ₱1.958 billion compared to ₱1.670 billion as of December 31, 2009 due to investments in additional depot capacity. During the 1st quarter of 2010 the Parent Company completed its Depot facility in Talisayan, Zamboanga City plus retail stations in Luzon, Mindanao and Visayas.

Loans and Borrowings increased by 70.24% from ₱2.318 billion as of December 31, 2009 to ₱3.946 billion as of June 30, 2010. This was driven by the increase in inventory and trade accounts receivable trade alongside the rise in revenues that increased the utilization of trade facility with the higher volume of import letters of credit and trust receipts.

Trade and other payables decreased by 62%, from ₱1.059 billion as of December 31, 2009 to ₱ 399 million as of June 30, 2010 as most part of these trade payables from foreign suppliers were already converted to trust receipts.

Total Stockholders' Equity increased to ₱1.680 billion as of June 30, 2010 from ₱1.529 billion as of December 31, 2009 due to the income realized in the first semester of 2010. A partial sale of the Parent's treasury stock at a premium also contributed to the increase in stockholders' equity.

The Group's top five (5) performance indicators and how they are computed are provided below:

Selected Financial Ratios	**Six (x) Months ended, June 30, 2010**	**Twelve months ended, December 31, 2009**
Current Ratio[1]	1.04 : 1	1 : 1
Debt to Equity[2]	2.67 : 1	2.27 : 1
Return on Equity[3]	8.44%	67.71%
Return on Assets[4]	2.43%	20.39%
Earnings Per Share[6]	0.51	3.48
Net Book Value Per Share[5]	6.28	5.76

Notes:

1 - Total current assets divided by current liabilities

2 - Total liabilities divided by tangible net worth

3 – Semester or Year Net income divided by average total stockholders' equity

4 –Semester or Year Net income divided by average total assets

5 –Total stockholder's equity divided by the total number of shares issued and outstanding

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

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

Material Changes to the Group's Balance Sheet as of June 30, 2010 compared to December 31, 2009 (Increase/decrease of 5% or more)

18% increase in Cash and cash equivalents
Due to higher sales and efficient collection.

35% increase in Trade and other receivables
Primarily due to increase in revenue level.

85% increase in Inventories
Due to greater importation in bulk and the need to maintain higher stock levels due to the increase in monthly volume sales.

6% decrease in land held for sale
Due to sale of marketable properties under Land Held for Sale Inventory

14% increase in input taxes
Application of Net Input taxes previously accumulated against output VAT on increase revenue.

15% increase in Property, Plant and Equipment
Construction and/or completion of additional depot sites, retail service stations and other logistics assets.

These subsidiary companies and its nature of business are:

a.) Petroterminal Philippines Corp. to operate the Depot facility in Calaca, Batangas

b.) Petrologistix Services Corp. to provide ground logistics services and transport petroleum products of the Parent Company.

c) P-F-L Petroleum Management, Inc. (PPMI) , engaged in the management of company owned retail service stations used as training sites and other stations which await the appointment of prospective dealers.

d.) Phoenix Global Mercantile Inc. to handle the Distribution Agreement of Lubricants under Foreign brand.

e.) P-H-O-E-N-I-X Philippines Foundation, Inc. (PPFI), corporate social responsibility arm of the Group.

d.) Bacnotan Industrial Park Corporation, engaged in industrial real estate business and port facilities operations.

70% decrease in Loans and Borrowings
Increase in utilization of trade lines (LC/TR) to finance inventory.

62% decrease in Trade and other payables
Trade Payable to foreign suppliers financed by trade lines (LC/TR)

Material changes to the Group's Income Statement as of June 30, 2010 compared to June 30, 2010 (Increase/decrease of 5% or more)

181% increase in Sale of petroleum products
Principally due to higher sales volume and higher selling prices compared to the same period of 2009.

44% increase in Fuel service, storage and other revenue due to higher volume handled for both liquid storage and handling. Revenue on Port Operations also contributed to the increase.

419% increase in Finance Costs (net)
Due to interest on the instalment payable, bank term loan and TRs availed for the increasing purchases.

184% increase in cost of sales
Primarily due to increase sales in petroleum product plus the effect of higher average costs compared to last year.

78% increase in selling and administrative expenses
The increase arose from the ongoing network and storage expansion activities, increase in trade area coverage, and higher sales volume of activity. Volume increased by 110% for this quarter period compared to the same period of last year due to wider market coverage and additional institutional accounts.

28% increase in other income
Increase in rental revenues to retail station sites.

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

PART II – OTHER INFORMATION

1. The Parent Company held its annual stockholders' meeting last July 15, 2010 at the Marco Polo Hotel, Davao City, Philippines.

2. On April 08, 2010, the Parent Company opened its Zamboanga Depot facilities. This facility will serve the requirements of fishing companies and the retail service stations of the Parent Company in the area.

3. As of June 30, 2010, there are no known trends or demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result, in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity issues. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

4. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

5. There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Parent Company.

6. There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Parent Company.

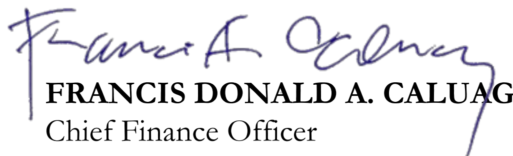
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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

By:

DENNIS A. UY
President and Chief Executive Officer



FRANCIS DONALD A. CALUAG
Chief Finance Officer