

# COVER SHEET

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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)

**Socorro Ermac Cabreros**

Contact Person

**(082) 235-8888**

Company Telephone Number

## PRELIMINARY INFORMATION STATEMENT

last Friday

1	2
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Month

3	1
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Day

Fiscal Year Ending

SEC FORM 20-IS

FORM TYPE

3
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Month

XX
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Day

Annual Meeting

## CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE

Secondary License Type, if applicable

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Dept. Requiring this Doc

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Amended Articles Number/Section

74
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel Concerned

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File Number

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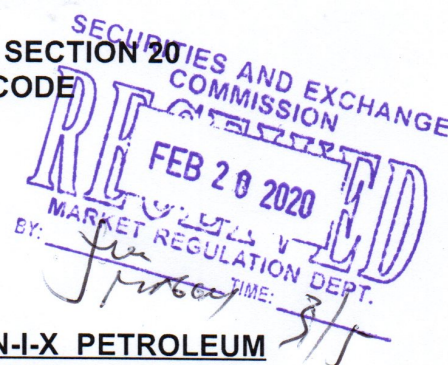
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Document I.D.

Cashier

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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**  
**INFORMATION STATEMENT PURSUANT TO SECTION 20**  
**OF THE SECURITIES REGULATION CODE**



1. Check the appropriate box:  
[ ☒ ] Preliminary Information Statement  
[ ☐ ] Definitive Information Statement
2. Name of Company as specified in its charter: **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
3. Country of Incorporation: **Philippines**
4. SEC Identification Number: **A200207283**
5. BIR Tax Identification Code: **006-036-274**
6. Address of principal office: **Stella Hizon Reyes Road, Bo. Pampanga**  
**Lanang, Davao City 8000**
7. Company's telephone number, including area code: **(082) 235-8888**
8. Date, time and place of the meeting of security holders:

**March 27, 2020, 2:00 p.m.**  
**Phoenix Petroleum Corporate Headquarters**  
**Stella Hizon Reyes Rd. Bo. Pampanga,**  
**Lanang, Davao City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **March 6, 2020.**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the SRC:

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common Shares, Php1.00 par value	1,406,204,232
Preferred Shares, Php 1.00 par value	27,000,000

11. Are any or all of Company's securities listed on a Stock Exchange?

Yes   X   No       

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, 1,406,204,232 Common Shares  
27,000,000 Preferred Shares

*To be an indispensable partner in the journey of everyone  
whose life we touch*



## **NOTICE AND AGENDA**



The Annual Stockholders' Meeting of P-H-O-E-N-I-X Petroleum Philippines, Inc. will be held on the following date and place:

**Friday, March 27, 2020, 2:00 PM**  
**Phoenix Petroleum Corporate Headquarters**  
**Phoenix Bulk Plant**  
**Lanang, Davao City**

The agenda for the Meeting shall be, as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held last March 15, 2019
4. Report of the President and Chief Executive Officer
5. Approval of the 2019 Audited Financial Statements and 2019 Annual Report
6. Corporate Actions
  - a) Proposed Authority to Amend the Corporation's Articles of Incorporation particularly Article IV on corporate term from fifty (50) years to perpetual existence from and after the date of incorporation as allowed in the Revised Corporation Code.
  - b) Proposed Authority to Amend the Corporation's By-Laws particularly Article II Section 1 on the Annual Meeting of Stockholders from Last Friday of March of each year to Last Friday of April of each year.
7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 February 2019 until 31 January 2020

**HEAD OFFICE:** Phoenix Bulk Depot, Lanang, Davao City  
8000 Philippines  
Trunkline: +63 82 236 8868  
Fax: +63 82 233 0168

**MANILA OFFICE:** 15th-17th Floors, UDENNA Tower, Rizal Drive cor. 4th Avenue,  
Bonifacio Global City, Taguig 1634 Philippines  
Trunkline: +63 2 403 4013  
Fax: +63 2 403 4009

**CEBU OFFICE:** Phoenix Magikay Gasoline Station, M.C. Briones Street,  
National Highway, Magikay, Mandaue City, Cebu 6014 Philippines  
Telephone: +63 32 236 8168 / 236 8198

**[www.phoenixfuels.ph](http://www.phoenixfuels.ph)**

8. Election of the Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

All stockholders as of **28 February 2020** shall be entitled to participate and vote in the said annual meeting.



**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

## **PART I.**

### **INFORMATION REQUIRED IN INFORMATION STATEMENT**

#### **A. GENERAL INFORMATION**

##### **Item 1. Date, time and place of meeting of security holders**

- (a)     Date                :     **March 27, 2020**  
         Time                :     **2:00 p.m.**  
         Place                :     **Phoenix Petroleum Corporate Headquarters  
                                 Stella Hizon Reyes Rd.  
                                 Davao City**
- Mailing                **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**  
         Address:               **Office of the Corporate Secretary  
                                 Phoenix Petroleum Corporate Headquarters  
                                 Stella Hizon Reyes Road, Bo. Pampanga  
                                 Lanang, Davao City 8000**

- (b)     Approximate date on which the Information Statement is first to be sent or given to security holders: **March 6, 2020.**

##### **Item 2. Dissenter's Right of Appraisal**

###### **Procedure for the exercise of Appraisal Right**

Pursuant to Section 81 of the Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares in case of any amendment to the articles of incorporation that, (1) in case of an amendment to the articles of incorporation, has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case of lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code, and (3) in case of merger or consolidation. Such appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Within ten (10) days after demanding payment for his shares, a dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Company for notation thereon that such shares are dissenting shares **and proof that such dissenting shareholder has voted against the proposed corporation action in order to exercise his appraisal right.**



His failure to do so shall, at the option of the Company, terminate his appraisal rights. No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Company consents thereto.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

One of the proposed corporate actions in the annual meeting is the amendment of the Company's Articles of Incorporation, particularly Article IV on the term of Corporate existence. The Proposed amendment of Article IV particularly under Secondary Purpose consists as follows:

***"FOURTH: That the Corporation shall exist perpetually from the date of incorporation."***

The foregoing proposed amendment in Article IV of the Company's Articles of Incorporation is intended to effectively extend the corporate existence of the Corporation from a maximum of fifty (50) years to a perpetual existence, and to prevent any possible oversight in the future.

Another one of the proposed corporate actions in the annual meeting is the amendment of the Company's By-Laws, particularly Article II, Section 1 on the date of the Annual/Regular Meeting of the Stockholders. The Proposed amendment of Article II, Section 1 particularly consists of the following:

***"Section 1. Annual/Regular Meetings - The annual/regular meetings of stockholders shall be held at the principal office on the Last Friday of April of each year, if a legal holiday, then on the following business day."***

Considering the considerable growth of the company, in its dealings and subsidiaries, this will afford the Company more time to accurately prepare and evaluate its year end reports and its Financial Statements, while at the same time provide its stockholders a more comprehensive view of the Company and its subsidiaries.

The said proposed amendments have no effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending the term of the corporation existence.

**HENCE, THERE ARE NO MATTERS THAT WILL BE PRESENTED FOR SHAREHOLDERS' APPROVAL DURING THE ANNUAL MEETING THAT MAY OCCASION THE EXERCISE OF THE RIGHT OF APPRAISAL.**

**Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

- (a) No director or officer of the Company since the beginning of the last fiscal year, nominee for election as director of the Company, nor any of their associates, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Annual Meeting, other than election to office.
- (b) No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company during the meeting.

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

- (a) Voting Securities

As of **31 January 2020**, the total number of shares outstanding and entitled to vote on all corporate matters to be acted upon during the Annual Meeting are 1,406,204,232 common shares.

- (b) Record Date

The record date for purposes of determining the stockholders entitled to notice of and to vote at the Annual Meeting is **February 28, 2020**.

- (c) Voting Rights and Trust

In the matters to be voted upon in the Annual Meeting, stockholders of record as of **February 28, 2020** shall be entitled to one vote per share in person or by proxy. If he will vote thru a proxy, the By-Laws of the Company requires the submission of the accomplished proxy form to the Corporate Secretary for validation and authentication at least ten (10) days before the date of the Annual Meeting.

The validation of proxies chaired by the Corporate Secretary or Assistant Corporate Secretary and attended by the Stock and Transfer Agent shall be convened at least five (5) days before the Annual Meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding upon the shareholders, and those not settled at such

forum shall be deemed waived and may no longer be raised during the Annual Meeting.

With respect to the election of the members of the Board of Directors, cumulative voting is allowed. A stockholder may vote such number of shares for as many persons as there are directors to be elected; or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or he may distribute these shares on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

(d) **Security Ownership of Certain Record and Beneficial Owners and Management as of January 31, 2020.**

(1) **Security Ownership of Certain Record and Beneficial Owners**

As of **January 31, 2020**, the following are the owners of the Company's common stock in excess of five percent (5%) of the total outstanding shares:

<b>Title of Class of Securities</b>	<b>Name/Address of Record Owners and Relationship with Phoenix</b>	<b>Name of Beneficial Owners/Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>% of Ownership</b>
Common	Phoenix Petroleum Holdings, Inc. Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City  Majority Shareholder	Record Owner is the direct beneficial owner	Filipino	588,945,630	41.88%
Common	ES Consultancy Group, Inc. Unit 1506, 15th/F The Centerpoint Bldg., Julia Vargas cor., Garnet Road, Ortigas Center Pasig City	Record Owner is the direct beneficial owner	Filipino	340,270,980	24.20%
Common	Top Direct Investments Limited	Record Owner is the direct beneficial owner	Filipino	142,000,000	10.10%
Common	Udenna Corporation Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City Shareholder	Record Owner is the direct beneficial owner	Filipino	117,245,918	8.34%



Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is the indirect beneficial owner	Filipino	75,251,238	5.35%
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As of **January 31, 2020**, there are no beneficial owners under the PCD Nominee Corp. of the Company's common stock in excess of five percent (5%) of the total outstanding shares.

There are NO voting trust agreement entered into by the Company or any of the major stockholders of the Company.

However, the persons are authorized for purposes of this annual meeting to vote for and in behalf of the following stockholders are as follows:

<b>Name of Stockholders</b>	<b>Representative</b>
1. Phoenix Petroleum Holdings, Inc.	Dennis A. Uy
2. Udenna Corporation	Cherylyn C. Uy
3. Udenna Management & Resources Corp.	Igna S. Braga IV
4. PCD Nominees/ Trading Participants	<i>Ultimate Beneficial Owners representing the trading participants shall be made available after lapse of the Record Date and only after submission of their respective proxy forms for validation</i>

## Security Ownership of Management

As of **January 31, 2020**, the security ownership of Management is as follows:

### Common

<b>Title of Class of Securities</b>	<b>Name/Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>% of Ownership</b>
<b>Directors:</b>				
Common	Dennis A. Uy Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City	5,304,811  direct beneficial owner	Filipino	0.38%
Common	Dennis A. Uy &/or Cherylyn C. Uy	1,098,099	Filipino	0.08%

	Stella Hizon Reyes Rd., Bo. Pampanga, Lanang, Davao City	direct beneficial owner		
Common	Domingo T. Uy Insular Village Phase II, Lanang, Davao City	645,919 direct beneficial owner	Filipino	0.05%
Common	Romeo B. De Guzman Hillsborough, Alabang Village, Muntinlupa City	1,325,746 direct beneficial owner	Filipino	0.09%
Common	J.V. Emmanuel A. De Dios 95 A. Melchor St., Loyola Heights, Quezon City	776,819 direct beneficial owner	Filipino	0.06%
Common	Minoru Takeda Daita, Setagaya-ku, Tokyo, Japan	1 direct beneficial owner	Japanese	0.00%
Common	Consuelo Ynares Santiago Santiago Cruz & Associates Law Office Unit 1702 East Tower PSE Center, Pasig City	1 direct beneficial owner	Filipino	0.00%
Common	Monico V. Jacob 7 <sup>th</sup> flr Philippine First Bldg, 6764 Ayala Ave., Makati City	1 direct beneficial owner	Filipino	0.00%
Common	Frederic C. DyBuncio	1 direct beneficial owner	Filipino	0.00 %
Common	Nicasio I. Alcantara	1 direct beneficial owner	Filipino	0.00 %
Common	Stephen T. CuUnjieng	1 direct beneficial owner	Filipino	0.00 %

## Senior Management

Common	Socorro T. Ermac Cabrerios 223 V. Mapa St., Davao City	139,216	Filipino	0.01%
		direct beneficial owner		
Common	Reynaldo A. Phala Block 5 Lot 20 Pioneers Village	24,830	Filipino	0.00%
		direct beneficial owner		

**Preferred**

Title of Class of Securities	Name/Address of Beneficial Owner	Amount and Nature of Beneficial Ownership			% of Ownership
		Number of Shares			
Directors:		PNX3A	PNX3B	Total	% to total I/O shares
Preferred	<b>Domingo T. Uy*</b> Ph2 Blk 07 Insular Village Phase II, Lanang, Davao City	-	10,000  direct beneficial owner	10,000	0.05%
Preferred	<b>Romeo B. De Guzman</b> Hillsborough, Alabang Village, Muntinlupa City Bacaca, Davao City	25,000  Indirect beneficial owner thru Spouse	-	25,000	0.13%
Preferred	<b>Consuelo Ynares Santiago</b> Santiago Cruz & Associates Law Office Unit 1702 East Tower PSE Center, Pasig City	-	10,000  direct beneficial owner	10,000	0.05%

\*named directors are likewise officers of the Company or Corporation per By-Laws

The other executive officers of the Company, Alan Raymond T. Zorrilla – SVP for External Affairs, Business Development and Security; Ericson Inocencio-General Manager for Retail Business; Joselito De Jesus-General Manager for Business Development, Strategies and Portfolio Unit; Ma. Rita A. Ros – Asst. Vice President for CME; Richard Tiansay-General Manager for Supply & Pricing and Demand, Roy Jimenez-General Manager for Commercial and Industrial Business; Celina I. Matias-AVP for Integrated Marketing and Strategies, Celeste Marie G. Ong-AVP for Human Resources; Jonarest Z. Sibog, Asst. Vice President for

Comptrollership; and Joven Jesus G. Mular-General Manager for Lubricant Sales and Distribution Business own common shares in scripless form through the Company's Employees Stock Option Plan (ESOP) as of December 6, 2019 as follows:

<b>Names</b>	<b>No. of Shares</b>
Alan Raymond T. Zorrilla	267,000
Ericson S. Inocencio	143,000
Joselito G. De Jesus	164,000
Ma. Rita A. Ros	164,000
Richard R. Tiansay	135,000
Roy O. Jimenez	102,000
Ma. Celina I. Matias	146,000
Celeste Marie G. Ong	110,000
Jonarest Z. Sibog	62,800
Joven Jesus G. Mular	44,000

However, some of the officers have disposed of their shares through their respective brokers.

The numbers of aggregate shares for all directors and executive officers is TEN MILLION SIX HUNDRED FIFTY-THREE THOUSAND TWO HUNDRED FORTY-SIX (10,653,246) for common shares and Forty Five Thousand (45,000) for preferred shares.

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

**(e) Change in Control**

On 22 May 2017, the Corporation was informed by its major stockholders, Udenna Corporation (UC) and Udenna Management & Resources Corp. (UMRC) of a joint block sale, using the Philippine Stock Exchange's (PSE) facilities, of a total of 340,270,958 common shares of the Corporation in favor of a certain ES Consultancy Group, Inc. (ESGI), a consulting firm that is focused on financial strategy, capital mergers and acquisitions as well as joint ventures. This consists of about 23.77% of the Corporation's outstanding capital stock.

On 04 January 2018, the Corporation received a copy of SEC Form 18-A from a certain Top Direct Investments Limited (Top Direct Investments), a foreign corporation organized in the British Virgin Islands with registered office in Hongkong, SAR through a reporting person identified as Miguel Jose C. Valencia who is holding office at the PSE Center in Ortigas, Metro Manila. The form indicated that Top Direct Investments acquired about 142,000,000 shares in the Corporation representing about 9.92% of the total outstanding capital stock, through a special block sale crossed at the PSE at the price of Php15.00 per share. It further disclosed that the purpose of the acquisition of equity interest in the Corporation is for investment purposes in the petroleum industry and it does not intend to acquire shares of the Corporation for purposes of taking over the same.

As of 31 January, 2020, the major stockholders of the Corporation include Phoenix Petroleum

Holdings, Inc., who represents around 41.88% of the the total outstanding capital stock, ES Consultancy Group, Inc. who owns 24.20% of the common shares, and Top Direct Investments Limited, representing around 10.10% of the total outstanding capital stock.

## Item 5. Directors and Executive Officers

- (a) The incumbent members of the Board of Directors and the executive officers of the Company are as follows:

Office	Name	Age	Citizenship
<b>Directors</b>			
Chairman	Domingo T. Uy	73	Filipino
Director/President and Chief Executive Officer	Dennis A. Uy	46	Filipino
Director/Vice-Chairman	Romeo B. De Guzman	70	Filipino
Director	Stephen T. CuUnjieng	60	Filipino
Director	Cherylyn C. Uy	40	Filipino
Director	Frederic C. DyBuncio	59	Filipino
Director	Jose Victor Emmanuel A. de Dios	55	Filipino
Director	Monico V. Jacob	74	Filipino
Independent Director	Nicasio Alcantara	77	Filipino
Independent Director	Consuelo Ynares Santiago	80	Filipino
Independent Director	Minoru Takeda	66	Japanese
Corporate Secretary/Vice President for Corporate Legal	Socorro T. Ermac Cabrerros	55	Filipino
<b>Other Executive Officers</b>			
Chief Operating Officer	Henry Albert R. Fadullon	52	Filipino
Chief Finance Officer	Ma. Concepcion F. De Claro	62	Filipino
Senior Vice President for Corporate Affairs, Business Development and Security	Alan Raymond T. Zorrilla	50	Filipino
Asst. Vice President for Engineering	Ignacio Raymund S. Ramos, Jr.	57	Filipino
General Manager for Supply, Pricing and Terminal Operations	Richard C. Tiansay	56	Filipino
General Manager for Retail Business	Ericson S. Inocencio	45	Filipino
General Manager for Business Development, Strategies and Portfolio	Joselito G. De Jesus	64	Filipino
General Manager for Lubricants Sales and Distributions	Joven Jesus G. Muiar	49	Filipino
General Manager for Commercial and Industrial Business	Roy O. Jimenez	57	Filipino
General Manager for Joint Ventures	Joriz B. Tenebro	41	Filipino
General Manager for CME	Ma. Rita A. Ros	60	Filipino
Asst. Vice President for Treasury	Reynaldo A. Phala	53	Filipino
Asst. Vice President for Comptrollership	Jonarest Z. Sibog	39	Filipino
Asst. Vice President for Integrated	Celina I. Matias	55	Filipino

Marketing and Strategies			
Asst. Vice President for Human Resources	Celeste Marie G. Ong	52	Filipino
Asst. Vice President for Retail Operations and NFRB, Network Development	Arnel G. Alban	52	Filipino
Asst. Vice President for Technical Services and QAPD	Jaime T. Diago, Jr.	64	Filipino
General Manager for Shared Service	Magtanggol C. Bawal	58	Filipino
General Manager for Aviation Business	Lester C. Khan	39	Filipino
Chief Digital Officer	Charlie R. Valerio	52	Filipino
General Manager for LPG Trading	Elmer A. Baguioro	47	Filipino
General Manager for Philippine FamilyMart	Bernard C. Suiza	52	Filipino
General Manager for PLPI Luzon	Julgin Anthony G. Villanueva	35	Filipino

***Since the last Stockholders' Meeting, NO officer or director has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.***

### **Directors**

The members of the Board of Directors of the Company are elected during the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until their successors have been appointed or elected and qualified. The following is the list of the incumbent members of the Board of Directors, and their business experiences during the past five (5) years:

#### **Domingo T. Uy** **Chairman**

Mr. Domingo T. Uy, Filipino, 73 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

#### **Dennis A. Uy**

**Director, President and Chief Executive Officer**

Mr. Dennis A. Uy, Filipino, 46 years old, is the founder of the Company and has served as President and Chief Executive Officer since inception. He is the Chairman and President of Udenna Corporation, the parent company, which has businesses in the shipping, logistics, distribution, real estate, and service industries. Among the subsidiaries of Udenna Corporation are Phoenix Petroleum Holdings, Inc. (PPHI), Udenna Management & Resources Corp. (UMRC), Chelsea Logistics Corp., Udenna Investments BV, and Udenna Trade Corporation. The subsidiaries of Phoenix Petroleum Philippines are Phoenix Global Mercantile, Inc., Subic Petroleum Trading & Transport Philippines, Inc., and PFL Petroleum Management. The subsidiaries of Udenna Management & Resources Corp. (UMRC) are Udenna Development Corporation (UDEVCO), Global Synergy Trade and Distribution Corp., Value Leases, Inc., Udenna Capital, PNX-Udenna Insurance Brokers, Udenna Environmental Services, Udenna Energy Corporation, and F2 Logistics. Under UDEVCO are Phoenix Petroterminals & Industrial Park Corp. (PPIPC), Udenna Tower Corporation, and GoHotels Davao. The Chelsea Logistics Corp. has the shipping businesses Chelsea Shipping Corp. and Trans-Asia Shipping Lines. Mr. Uy is also Chairman of Phoenix Philippines Foundation and Udenna Foundation. He is director of shipping and logistics provider 2Go Group, Inc. through his Udenna Investments BV subsidiary KGLI-NM Holdings Inc. He also serves as independent director of Apex Mining Corp. Mr. Uy is a member of the Young Presidents Organization's Philippine chapter and the Philippine Business for Social Progress. Since November 2011, Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines. In 2016, he was appointed as the Presidential Adviser on Sports. He is a graduate of De La Salle University with a degree in Business Management.

**Romeo B. De Guzman**  
**Director, Vice Chairman**

Mr. Romeo B. De Guzman, Filipino, 70 years old, was elected Director of the Company in 2009. He is the Vice Chairman and Senior Strategic Adviser, and previously was Chief Operating Officer of the Company, bringing over 40 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to December 2006. He was with the said company holding various management and executive positions. Prior to that, he worked at Getty Oil Philippines Inc. for 10 years. Mr. De Guzman is also the Chairman of the Board of Directors of Mirait Philippines, Inc. He holds a Marketing Management and MBA degrees from San Sebastian College – Manila.

**Atty. Jose Victor Emmanuel A. De Dios**



**Director**

Atty. J.V. Emmanuel A. De Dios, Filipino, 55 years old, was elected Director of the Company on February 15, 2007 and regular director on March 7, 2008. He is the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

**Frederic C. DyBuncio**

**Director**

Mr. Frederic C. DyBuncio, Filipino, 59 years old, was elected as a Director of the Company on May 27, 2017. He is the President of SM Investments Corporation. He is a Director of Atlas Consolidated Mining and Development Corporation, Premium Leisure Corp., 2GO Group, Inc., and Pacific Online Systems Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and completed a Master's degree in Business Management from the Asian Institute of Management.

**Cherylyn C. Uy**

**Director**

Ms. Cherylyn Chiong-Uy, Filipino, 40 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is one of the pioneers/incorporators of Udenna Corporation, the ultimate parent company of Phoenix Petroleum, and which has subsidiaries engaged in the petroleum, shipping, logistics, services, and real estate businesses, among others. She is the Corporate Treasurer of Udenna Corporation. Ms. Uy is also one of the Executive Directors of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is the Corporate Treasurer of Udenna Management and Resources Corporation and Chelsea Shipping Corp.

**Stephen T. CuUnjieng**

**Director**

Stephen T. CuUnjieng, Filipino, 60 years old, was elected as a Director of the

Company on January 15, 2018, after being a long-time adviser to the Board. He is Chairman of Evercore Asia Limited, and has substantial and wide experience in investment banking. He has acted as Financial Adviser to several financial transactions of companies involving initial public offerings, major and strategic acquisitions, and mergers of various companies from various industries. He is a member of the Executive Advisory Board for Asia of the Wharton School of Business, and an Independent Director of Century Properties Group and Aboitiz Equity Ventures. He has received several awards and distinctions, such as the Best Independent Advisory Firm in Asia in 2016 for Evercore, and Deals of the Year for various acquisitions. He graduated from Ateneo de Manila University and Ateneo School of Law, and completed an MBA in Finance from the Wharton School of Business.

**Monico V. Jacob**  
**Director**

Monico V. Jacob, Filipino, 74 years old, has been a Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; of Philippine Life Financial, Inc., a life insurance company, and of Republic Surety and Insurance Co., a non-life insurance Company. He likewise sits as an independent director of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2GO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc., an HMO, Philippine Women's University and IAcademy.

**Consuelo Yñares-Santiago**  
**Independent Director**

Ms. Consuelo Ynares-Santiago, Filipino, 80 years old, is a Retired Justice of the Philippine Supreme Court. Justice Santiago (Ret) is currently an independent director of Anchor Insurance Brokerage Corp., a leading insurance brokerage company based in New York, USA, SMC Global Power Holdings, Inc., one of the country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp., and Top Frontier Investment Holdings, Inc. She is the Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the Philippines. After being admitted to the bar, she started her career as a Legal Officer of the Securities and Exchange Commission (SEC). After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional Trial Court judge, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she became the chairperson of the Supreme Court's 3rd Division and also joined various committees, among them the Justice on

Wheels Program as Chairperson, the Foreign Travel Committee as Chairperson, the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the Presidential Electoral Tribunal. She was also a consultant of the Judicial and Bar Council (JBC) and a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law in the 1998 Bar Examination.

**Nicasio I. Alcantara**  
**Independent Director**

Nicasio I. Alcantara, Filipino, 77 years old, is the Chairman and President of ACR Mining Corporation and Chairman of Conal Corporation. He currently serves as the Chairman of the Corporate Governance Committee of BDO Private Bank, Inc. and is a member of the Bank's Audit Committee and Related Party Transactions Committee. He is currently a Director of Alsons Corporation, Alsons Development and Investment Corporation and several other prestigious corporations. Prior to this, Mr. Alcantara also held the position of Chairman and President in various corporations, namely, Petron Corporation, Alsons Consolidated Resource Inc., Iligan Cement Corporation, Alsons Cement Corporation, Northern Mindanao Power Corporation, Refractories Corporation of the Philippines, and Alsons Insurance Brokers Corporation. He was also the Chairman of Alsons Prime Investments Corporation. Mr. Alcantara holds a Masters degree in Business Administration (MBA) from Sta. Clara University, California, and a Bachelor of Science degree in Business Administration from Ateneo de Manila University.

**Minoru Takeda**  
**Independent Director**

Minoru Takeda, Japanese, 66 years old is the Chairman of aNew Energy (an advisory company for Renewables/LNG), Senior Advisor of GLX LNG (LNG Trading Platform Company), Director of Oxalis Chemicals KK, and Sr. Advisor of Uyeno Kosan KK. Mr. Takeda was with ExxonMobil for 22 years and with Royal Dutch Shell group for 14 years. He was the Chairman of the Board of Showa Shell KK, Country Chairman of Shell Group of Companies in Japan, and GM of Shell Upstream International in charge of the ASEAN/India LNG Market Development. For Mobil Oil Corporation, in addition to holding key positions in Japan, he was Director of Mobil Oil New Zealand, and has experience in Global HQ Downstream Corporate Planning. He also spent over 4 years in Deloitte, as Partner of Deloitte Tohmatsu Consulting and served as CEO of Deloitte Tohmatsu Corporate Finance. He holds BS and MS from Keio University and MS from MIT Sloan School of Management. He was a Visiting Researcher at Harvard University, Energy and Environmental Policy Center.

*\* Independent director – the Company is compliant with the Guidelines set forth by the Securities Regulation Code (SRC)) Rule 38 regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent*

director/s in accordance with the requirements of the said Rule.

### **Period of Directorship in the Company**

<b><u>Name</u></b>	<b><u>Period of Service</u></b>	<b><u>Term of Office</u></b>
Dennis A. Uy	since incorporation to present	1 year
Domingo T. Uy	since incorporation to present	1 year
Romeo B. De Guzman	since 2009 to present	1 year
J.V. Emmanuel De Dios	2007 to present	1 year
Cherylyn C. Uy	2004 to 2006, 2013 to present	1 year
Monico V. Jacob	2008 to present	1 year
Consuelo Ynares Santiago	2013 to present	1 year
Stephen T. CuUnjieng	January 15, 2018 to present	1 year
Frederic C. DyBuncio	May 27, 2017 to present	1 year
Minoru Takeda	2019 to present	1 year
Nicasio I. Alcantara	2019 to present	1 year

### **Directorships in Other Reporting Companies**

The following are directorships held by the directors and executive officers in other reporting companies during the last five (5) years:

<b>Name of Director</b>	<b>Name of Reporting Company</b>	<b>Position Held</b>
Consuelo Ynares Santiago	Top Frontier Investment Holdings, Inc.	Independent Director
Dennis A. Uy	ISM Communications Corporation; PH Resorts Group Holdings, Inc.; Apex Mining Co., Inc.; Chelsea Logistics and Infrastructure Holdings Corp.; 2GO Group, Inc.	President & CEO  Chairman  Independent Director Chairman  Chairman
Cherylyn C. Uy	ISM Communications Corporation; PH Resorts Group Holdings, Inc.; Chelsea Logistics and Infrastructure Holdings Corp.	Director/Treasurer  Director  Treasurer
Frederic C. Dybuncio	2GO Group, Inc. SM Investments	President/Director President/Director

	Corporation	
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and the following Independent Directors have held directorships in other reporting companies for the last five (5) years:

Name of Director	Name of Reporting Company	Position Held
Nicasio I. Alcantara	ACR Mining Corporation.	Chairman & President
Minoru Takeda	Showa Shell Sekiyu K.K.	Chairman

### **Certificate of Qualification of the Independent Directors**

The Company will submit an updated Certificate of Qualification of all independent directors pursuant to the October 20, 2006 notice of the Commission on or before the Company's distribution of the Definitive Information Statement to the security holders on March 6, 2020.

### **Executive Officers**

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

**Henry Albert R. Fadullon**, Filipino, 52 years of age, was appointed Chief Operating Officer of the Company on April 17, 2017. Prior to this, he served Shell Shared Services (Asia) B.V. as General Manager for its global businesses. He has over 25 years of experience in the petroleum industry, having held various roles at Pilipinas Shell Petroleum Corp., a decade of which were spent overseas with postings in Malaysia, Oman, and London. He has a wealth of experience in Retail and B2B performing a variety of frontline and functional roles leading into General Management positions. He completed his BS Industrial Management Engineering, minor in Mechanical Engineering, from De La Salle University.

**Ma. Concepcion F. De Claro**, Filipino, 62 years of age, holds a Bachelor of Science degree in Commerce, Major in Accounting from the Colegio de San Juan de Letran. She has been the Company's Chief Financial Officer since March 2018. She was Director of Alsons Prime Investment Corporation and Alsons Power Holdings Corporation and the Vice-President and Chief Operating officer of Alsons Corporation. She also served as the Director of Limay Energen Corporation and Manila North Harbour Port, Inc. Ms. de Claro also worked with Petron Corporation for several years.

She was a Consultant for M&A Projects and a member of the Board of Trustees of Petron Corporation Employees Retirement Fund. She also served as Petron's Vice President for Corporate Planning & Services, Controller for the company and its subsidiaries, and held various positions in Corporate Planning. In addition, Ms. De Claro also served as a Director of New Ventures Realty Corporation, Las Lucas Development Corporation, Petron Marketing Corporation and Petron Freeport Corporation.

**Alan Raymond T. Zorrilla**, Filipino, 50 years of age, is the Senior Vice President for External Affairs, Business Development, and Security of the Company. Prior to his employment with the Company, he was Chief Legal Counsel of the Unioil Group of Companies where he headed the Legal, Human Resources, and Administrative Departments. He also served as Director for Freeport Services Corporation, a 100% subsidiary of Subic Bay Metropolitan Authority and was once a Legal Consultant of the Department of Environment and Natural Resources. Atty. Zorrilla was engaged in litigation practice with Pangilinan, Britanico, Sarmiento and Franco Law Offices before he entered corporate practice. He formerly worked as Corporate Legal Counsel of publicly-listed Fil-Estate Group of Companies in its Litigation and Labor Department. Atty. Zorrilla completed his law studies at the San Beda College of Law in 1994 and was admitted to the Philippine Bar in 1995. He also took up his masteral studies at the Ateneo Graduate School of Business. He is an Army Reservist and a concurrent Commander (Lt. Colonel) of the Philippine Coast Guard Auxiliary.

**Charlie R. Valerio**, Filipino, 52 years old, is the Chief Digital Officer. He also leads the IT group of parent company Udenna Group of Companies. Charlie has more than 20 years of in-depth exposure and experience in the Oil & Gas, Power Generation, and Fast-Moving Consumer Goods (FMCG) industries as well as a local conglomerate, having worked for Procter & Gamble for 7 years, Royal Dutch Shell for 14 years, and 5 years for First Gen Corporation and First Philippine Holdings in concurrent capacity. He was Chief Information Officer at First Gen Corp. and for First Philippine Holdings, leading IT for the conglomerate (composed of 11 companies covering 5 industries - power generation, manufacturing, real estate/property, health care, and construction). Charlie received his Bachelor of Science degree in Computer Science from De La Salle University. He is a certified Project Management Professional and completed several leadership trainings in Switzerland and Singapore.

**Socorro T. Ermac-Cabrerros**, Filipino, 55 years old, is concurrently the Vice President for Corporate Legal and Corporate Secretary of the Company. She is also the Corporate Secretary of Phoenix Petroleum Holdings, Inc. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She was President for the Davao City Chapter of the Integrated Bar of the Philippines, Davao City Chapter from 2009-2011 and President of the Davao Lady Lawyers Association from 2000-2002.

**Jonarest Z. Sibog**, Filipino, 39 years old, is the Asst. Vice President for Comptrollership. She joined the company in 2006, starting her career in Procurement which she headed for seven years before moving to Finance. She is a graduate of Ateneo de Davao University with a degree in Bachelor of Science in Accountancy. She finished her Masters in Business Administration at the University of Mindanao where she also earned a few units in LLB. She is a Certified Public Accountant and is currently a Board of Director of the Association of CPAs in Commerce and Industry (ACPACI) - Davao City Chapter

**Richard C. Tiansay**, Filipino, 56 years old, is the General Manager for Pricing and Demand. Mr. Tiansay has more than 22 years of experience in the oil industry covering domestic and international operations. His last position in Royal Dutch Shell is as Global SAP IT Order to Cash Team Lead in London, U.K. This after being assigned to various key managerial positions not limited in the Philippines but as well as in a number in Asia Pacific and other countries. Mr. Tiansay completed his Bachelor of Science in Mechanical Engineering degree from the University of San Carlos, Cebu City.

**Roy O. Jimenez**, Filipino, 57 years of age is currently the General Manager for Commercial and Industrial Business. Prior to joining the Company he was connected with Chevron Phil. Inc for almost 30 years and handled various National and District Managerial positions, as well as supervisory positions for various trades such as Retail, Commercial/Industrial, Marketing Support, Liquefied Petroleum Gas and Lubricants. He also handled regional position as a Programs Manager and have been the team lead for Philippines in various Chevron Regional projects. He was assigned as a District Manager covering various areas like North Metro Manila/North Luzon, Visayas and Mindanao. He is a licensed Mechanical Engineer and graduated in University of Santo Tomas. He has MBA units in De La Salle University and attended various Leadership and Management programs in Asian Institute of Management, as well as in-house training programs of Chevron in Asia Pacific and South Africa.

**Joselito G. de Jesus**, Filipino, 64 years old, is the General Manager for Business Development, Strategies and Portfolio Unit. Prior to joining the Company, Mr. de Jesus was the Assistant Vice-President for Reseller Trade of Petron Corporation. He joined the oil industry in late 1970's when became a Corporate Planning Analyst, then later on Corporate Planning Manager/Coordinator, of the Philippine National Oil Company (PNOC). Mr. de Jesus also became a Manager in the Corporate Planning Department of PNOC Shipping and Transport Corporation and at the same time, he was also an assistant to the Chairman of PNOC. In the late 90's, Mr. de Jesus transferred to Petron Corporation and stayed with said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from the University of the Philippines and holds a Masters in Business Administration from the Ateneo Graduate School of Business.



**Ericson S. Inocencio**, Filipino, 45 years old, is the General Manager for Retail Business. Eric has more than 20 years of extensive experience in the petroleum industry. Prior to joining the Company, he was connected with Chevron Phils. where he held various positions primarily leading the Commercial and Industrial business as District Sales Manager for more than five(5) years and as concurrent National Fleet Cards Sales Manager. He has exposure in marketing support function in charge of developing and executed local & global process/programs which includes profitability modelling. He is a certified Mechanical Engineer from De La Salle University and attended his MBA at Ateneo Graduate School of Business.

**Joven Jesus G. Muja**, Filipino, 49 years of age, is the General Manager for Lubricants Sales and Distribution Business. He joined Phoenix last May 4, 2015. He brought with Him twelve and a half years of pure lubricant experience from a major petroleum company holding various positions in sales, business development and marketing handling both B2C and B2B. Within those years, he had 2 years assignment in the Asia Pacific Region doing Channel Development Specialist work.

**Maria Rita A. Ros**, Filipino, 60 years old, is the Asst. Vice President for CME. Ms. Ros has more than thirty (30) years of experience in the oil industry covering materials management, supply chain management, production planning, imports-exports, warehousing and logistics. She held various positions in Petron Corporation from 1981 up to 2011 when she handled Biofuels and Special Projects, and Supply Optimization. Ms. Ros set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2013. She is a graduate of B.S. Chemical Engineering from the University of the Philippines, and is a licensed Chemical Engineer, and took up Basic Management at the Asian Institute of Management.

**Celina I. Matias**, Filipino, 55 years old, is presently the Asst. Vice President for Brand and Marketing Group of the Company. Ms. Matias has more than 25 years of expertise on strategic marketing and client servicing. She honed her skills from Ogilvy & Mather and McCann Erickson and had worked with local Ad Agency as partner. She handled over 25 local and global brands across different product categories from petroleum, telecoms, real estate, automotive, pharmaceutical and a lot more. She finished Communication Arts major in Advertising & Public Relations in Assumption College.

**Reynaldo A. Phala**, Filipino, 53 years old, is the Asst. Vice President for Treasury. He joined the Company in 2008 as its Credit and Collection Manager. Before joining the Company, he led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He recently finished his Master in Business Administration (MBA) under the Regis Program at the Ateneo Graduate School of Business.

**Celeste Marie G. Ong**, Filipino, 52 years old, is currently the Asst. Vice President for

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

**Ignacio Raymund S. Ramos, Jr.**, Filipino, 57 years old, is the AVP for Engineering. He has more than 25 years of specialized practice in the fuel industry. He previously worked with Shell Philippines (1985 to 2003) and worked his way up to key positions like Special Projects Manager, Head Retail Construction, Retail Engineering Manager and Field Facilities Engineering Manager. He also worked in Enmar Construction Inc. (2004-2009) where his role as General Manager propelled the business in the field of construction and maintenance of bulk oil terminal facilities and equipment for major petroleum companies. Among the projects he managed from 2006-2017 were: SMART Piggling (Intelligent Inspection of Pipelines) Shell Guam Inc.; In Indonesia: Pulau Laut Terminal bulk storage & distribution and jetty facility' PT Banten Energy for the construction of Refrigerated LPG Terminal, New IBT Barge Fuel Loading facility and in Singapore the construction of Lube Oil & Grease Manufacturing Plant. He finished Civil Engineering from the University of the Philippines.

**Arnel G. Alban**, Filipino, 52 years old, has been recently appointed as the Asst. Vice President for Network Development, Non-Fuels Retailing Business and Capital Investment, while concurrently handling the position of Asst. Vice President for Retail Operations. He joined Phoenix in April 2018, moving from Total (Philippines) Corporation as Asst. Vice President for Retail Development and Compliance. He has a solid 25 years experience in the oil industry, starting out as a Business Counselor (or Retail Territory Manager) in 1993 at Caltex (Philippines), Inc. where he stayed for 5 years. In 1998, he moved to Total where he stayed for 20 years, moving in various Sales positions, including a stint as AVP for Retail Development and Compliance. Arnel is a licensed Civil Engineer and graduated from the University of the Philippines.

**Jaime T Diago Jr.**, Filipino, 64 years old, joined Phoenix Petroleum in September 2018 as AVP Technical Service and QAPD. Prior to joining the company, he was connected with Pilipinas Shell where he served for 32 years holding the following key roles: Fuels Product Quality (PQ) Lead (PH & HK), Fuels PQ Manager (MEA), Fuels Technical Manager, Head Trading & Economics, Marketing Sales Manager, Commercial Development Manager and Lubricants Assistant Supply. Prior to his employment with Pilipinas Shell, Jaime also had six years with Mobil Philippines where he served as Marketing Representative and Technical Service Engineer. He finished BSME from Silliman University and is a licensed Mechanical Engineer.

**Joriz Tenebro**, Filipino, 41 years old, is the General Manager for Joint Ventures. Prior

to joining Phoenix in November 2018, he has 15 years of combined business and commercial finance experience with Shell in retail, trading, upstream and integrated gas covering Asia Pacific, Middle East, and Europe. Role includes retail territory management; reporting, planning and economics; finance management; M&A and New Business Development; and internal audit. He was based in Davao, Manila and a combined 10 years in Singapore and Dubai. Prior to joining Shell, he spent a total of 3 years as P&G distributor Finance Manager and PwC Finance Auditor. Most of his key development trainings were in Shell Headquarter in Netherlands and INSEAD France. He graduated from Ateneo de Davao University.

**Magtanggol C. Bawal**, Filipino, 58 years old, is the General Manager for Shared Services and is a Certified Public Accountant with 35 years of work experience in the oil industry, IT, and Services. Prior to joining Phoenix in 2017 after the company's acquisition of Family Mart, he was with Shell Shared Services (Asia) B.V. as Contracts & Procurement Operations Delivery Center Manager. Among his other work, he was previously IT consultant of Phoenix Petroleum in 2010; Chief Finance Officer and COO of Microsoft Phils.; and LPG Finance Manager, among other roles, at Pilipinas Shell Petroleum Corp. He earned a Bachelor of Science degree in Commerce, major in Accounting, from the University of Batangas, and took MBA classes at the DLSU Graduate School of Business.

**Lester C. Khan**, Filipino, 39 years old, the General Manager for Aviation Business is a driven sales and technical professional with nearly two decades of experience in the FMCG and oil/gas industry. Previously, he served as General Manager for both Pure Essence Inc. and Margarrett Enterprise Inc., which produce biodiesel and toll-packs for major FMCG companies. He started his career in Procter & Gamble where he was recognized for leading the reformulation and process development of the company's soap brands. In between his stints in manufacturing, he worked in Pilipinas Shell Petroleum Corp., handling Retail in South Mindanao. He is a licensed Chemical Engineer from the University of the Philippines Los Baños and a Six Sigma Green Belt Certified Practitioner. He completed his MBA studies at the Ateneo Graduate School of Business with Gold Honors.

**Elmer A. Baguioro**, Filipino, 47 years old, is the General Manager for LPG Trading. Before joining Phoenix in 2018, he worked for multinational corporations such as Procter & Gamble, Coca-Cola, and Royal Dutch Shell in over 20 years, performing various roles, including Global LPG Trader in the field of research and development, manufacturing, strategic infrastructure planning, logistics and supply chain planning and network optimization, and global LPG trading and chartering. He graduated Cum Laude at the University of St. La Salle Bacolod with a Bachelor of Science degree in Chemical Engineering and placed 7th in the Chemical Engineering Licensure Exams.

**Bernard C. Suiza**, Filipino, 52 years old, is the General Manager for Philippine FamilyMart. Bernard has 30 years of experience in network planning, marketing, and operations, having worked in industries from fuel to food. He joined Phoenix in 2017, and was previously with San Miguel Foods as its Area Sales Manager for North Luzon.

He was formerly marketing director of Prominex Ventures, and General Manager of Emerging Channels Inc. where he handled marketing and distribution of food and non-food products. He spent 11 years in Pilipinas Shell Petroleum Corp. in various roles in retail, finance, network planning, and non-fuels retailing. Bernard graduated cum laude from the University of the Philippines with a degree in Business Administration, and obtained his MBA from UP in 2017.

**Julgin Anthony G. Villanueva**, Filipino, 35 years old, is the General Manager for LPG Trading. Ton is a sales professional with over a decade of experience in selling and negotiation, account management, and business development. Before joining Phoenix in 2017, he was Head of the Mid and High-Rise Segment of Republic Cement Services, formerly Lafarge Cement Services Phils. He started his career at Pilipinas Shell Petroleum Corp., where he was assigned to the LPG business (Shellane LPG) for nine years in retail and industrial trades across the country. He is a graduate of De La Salle University with a degree in Management of Financial Institutions, and holds an MBA from the Ateneo Graduate School of Business where he graduated with first class honors.

Period of Service in the Company

<u>Name</u>	<u>Period of Service</u>
Henry Albert R. Fadullon	April 17, 2017 to present
Ma. Concepcion F. De Claro	May 1, 2018 to present
Charlie R. Valerio	March 1, 2019 to present
Socorro Ermac Cabrerros	July 2, 2006 to present
Jonarest Z. Sibog	March 27, 2006 to present
Reynaldo A. Phala	October 16, 2008 to present
Alan Raymond T. Zorrilla	April 1, 2009 to present
Joselito G. De Jesus	March 15, 2011 to present
Richard C. Tiansay	March 1, 2013 to present
Ericson S. Inocencio	February 15, 2014 to present
Roy O. Jimenez	May 11, 2015 to present
Joven Jesus Mugar	May 4, 2015 to present
Ma. Rita A. Ros	November 1, 2013 to present
Celeste Marie G. Ong	July 2, 2012 to present
Celina I. Matias	July 2, 2012 to present
Ignacio Raymund Ramos, Jr.	January 16, 2018 to present
Arnel G. Ablan	April 16, 2018 to present
Jaime T. Diago, Jr.	September 3, 2018 to present
Joriz B. Tenebro	November 5, 2018 to present
Magtanggol C. Bawal	December 1, 2017 to present
Lester C. Khan	February 18, 2019 to present
Elmer A. Baguioro	August 1, 2018 to present
Bernard C. Suiza	August 16, 2017 to present
Julgin Anthony G. Villanueva	October 16, 2017 to present

### Nominations of Directors and Independent Directors for the term 2020-2021

The following are the final nominees who were duly screened by the nomination committee for election to the Board of Directors for the following fiscal year 2020 at the forthcoming Annual Meeting:

1. Dennis A. Uy
2. Henry Albert R. Fadullon
3. Romeo B. De Guzman
4. J.V. Emmanuel A. de Dios
5. Minoru Takeda (Independent Director)
6. Cherylyn C. Uy
7. Nicasio I. Alcantara (Independent Director)
8. Consuelo Ynares-Santiago (Independent Director)
9. Monico V. Jacob
10. Frederic C. DyBuncio
11. Stephen T. CuUnjieng

Minoru Takeda, Nicasio I. Alcantara and Consuelo Ynares-Santiago are nominated as Independent Directors based on following qualifications:

1. They have no transaction, affiliations or relations with the Issuer/Corporation
2. Their current business activities are different from the current business activities of the Corporation. Thus, their credentials add diversity in the business backgrounds of the Board of Directors
3. They have and will maintain independent judgment and views with the Board of Directors
4. Except for the 1 share each, they do not own any shares in the Corporation
5. Prior to initially being elected as Directors of the Company, they have not, at any time, rendered any service to the Company.
6. They possess none of the disqualifications of an Independent Director.

Retired Supreme Court Justice Consuelo Ynares-Santiago was nominated as Independent Director by Atty. J.V. Emmanuel A. de Dios. On the other hand, Mr. Nicasio I. Alcantara and Mr. Minoru Takeda were nominated by Ms. Cherylyn C. Uy. Atty. de Dios and Ms. Cherylyn C. Uy or any of the nominated directors are not related to either Retired Justice Santiago, Mr. Alcantara or Mr. Takeda by consanguinity or affinity and has no professional or business dealings with them. Retired Justice Santiago, Mr. Takeda and Mr. Alcantara are neither officers nor substantial stockholders of the Company. They possess the qualifications and none of the disqualifications of independent directors. Retired Justice Santiago, Mr. Alcantara and Mr. Takeda hold only one (1) share each in the Company. Prior to being elected as

Director of the Company, they have not, at any time, rendered any service to the Company.

The members of the Nomination and Governance Committee are: Nicasio I. Alcantara (Chairman), Minoru Takeda, and J.V. Emmanuel A. De Dios as members.

For the scheduled Annual Meeting, the Committee has screened and evaluated the candidates for Independent Directors based on the Rule 38 of the Securities Regulation Code ("SRC") and the Company's amended By-laws and New Code of Corporate Governance. Amendments to the By-laws of the Company incorporating the provisions of SRC Rule 38 were approved by the SEC on February 19, 2007.

*(For the individual write-ups of the other nominees, please refer to item 5 of this Information.)*

(b) Significant Employees

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

(c) Family Relationships

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

(d) Involvement in Certain Legal Proceedings

The Company's Independent Director, Monico V. Jacob, in his capacity as then Chairman of Petron Corporation, was impleaded in a case together with some government officials for Violation of Republic Act 3019 otherwise known as the Anti-Graft and Corrupt Practices Act involving tax credit payments. The case have been **dismissed** by the Sandiganbayan, Fourth Division, Quezon City in a Resolution dated March 2, 2017.

The Department of Justice (DOJ) filed twenty-five (25) Informations against Dennis A. Uy, President and CEO of the Company, for alleged violations of the Tariff and Customs Code of the Philippines, twenty-two (22) of which were filed with the Regional Trial Court of Davao City, and three (3) Informations filed with the Regional Trial Court

of Batangas City.

With respect to the Informations filed with the Regional Trial Court of Batangas City, upon filing by Mr. Uy on September 2, 2013 of an *Omnibus Motion for the Determination of Lack of Probable Cause*, the Regional Trial Court of Batangas City granted said motion on September 17, 2013 and DISMISSED all three (3) Informations. The DOJ filed a *Motion for Reconsideration with Motion for Inhibition* of Judge Ruben A. Galvez, which was subsequently denied on December 6, 2013. On July 7, 2014, the Regional Trial Court of Batangas City issued a Certificate of Finality certifying that its Order dated December 6, 2013, which denied the Motion for Reconsideration and affirmed the Order dated September 17, 2013 which **dismissed** the 3 Informations filed against Mr. Uy for lack of probable cause, has already become final and executory since no appeal was filed therefrom.

With respect to the Informations filed with the Regional Trial Court of Davao City, on October 4, 2013, the Regional Trial Court of Davao City ordered the DISMISSAL of the criminal cases against Mr. Uy. The subsequent Motion for Reconsideration of the Plaintiff, People of the Philippines, was also denied in an Order dated August 18, 2014. Hence, the People of the Philippines ("Petitioner") filed on October 27, 2014 with the Court of Appeals (CA), Cagayan de Oro City a *Petition for Certiorari* under Rule 65 of the Rules of Court docketed as **CA G.R. SP No. 06500-MINm CA, CDO, 23<sup>rd</sup> Division**. On October 24, 2016, Mr. Uy received a copy of the Decision of the CA dated October 12, 2016 **DENYING** the Petition for Certiorari. On November 10, 2016, Mr. Uy received a copy of the Motion for Reconsideration filed with the CA.

As of January 25, 2017, the Court of Appeals has **DENIED** the Petitioner's Motion for Reconsideration and upheld the decision the Court on October 12, 2016.

On 4 April 2017, we received a copy of the Petition for Review on Certiorari dated 27 March 2017 filed by petitioner docketed as GR No. 229705, SC, Manila, 3<sup>rd</sup> Division. While awaiting Resolution from the Supreme Court on the parties' Memoranda, in a "Manifestation in Lieu of Reply" filed by the Office of the Solicitor General on July 10, 2019, the SOJ has prayed that their manifestation be duly considered and to DISMISS all three (3) petitions without prejudice to the possible filing, if the Court desires, of supplemental memoranda from the parties.

Several cases of Grave Coercion, Robbery and Libel were filed against the Sales Team of South Mindanao and other officers, including all the members of the Board of Directors except for Domingo T. Uy, Stephen Cu-Unjieng, Minoru Takeda, Nicasio Alcantara and Justice Consuelo Ynares-Santiago in relation to the Company's closure and take-over of six (6) Phoenix Fuel Stations in Davao City. To date, the cases have been dismissed by the City Prosecutor's office of Davao City.

Other court cases typical and customary in the course of the business operations of the Company such as those, among others, involving collection, qualified theft, breach of contract and reckless imprudence have been filed by and against the Company, by and



against its employees and/or third parties. The results of which will not significantly affect the financial standing of the Company. Other than the above stated, no other significant cases were filed by and against the Company and its subsidiaries.

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

- Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree or any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and
- Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the Commission, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

**There are no other pending significant legal cases as far as records of the Company is concerned.**

(e) Certain Relationships and Related Transactions

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

The Company has an operating lease agreement with its ultimate parent company, Udenna Corporation, for the use of various properties for its operations and for office space. Furthermore, the Company regularly charts the use of marine tankers from its affiliate, CSC, for the hauling of its fuel products from suppliers' terminals and from its own depots to Company depots and to its customers. These contracted services are made on reasonable arms-length terms as would be obtainable from third party providers. The following are the transactions with related parties:

a.) **Rentals**

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

2016	2017	2018	2019	TOTAL
75,198,160.90	68,093,074.22	7,106,448.53	10,776,681.00	<b>161,174,364.65</b>

b.) **Contract of Affreightment**

The Company entered into a Contract of Affreightment with CSC, an affiliate to haul the Company's petroleum supplies for both regional and domestic markets.

c.) **Due to and Due from Related Parties**

The breakdown of due from related parties as of December 31, 2018 and 2019 is as follows:

The breakdown of the Due from Related Parties as of December 31 is as follows:

	Note	2019	2018
CISC	P	-	P 933,096,022
PAPI		1,979,537.64	5,241,248
Galaxi Petroleum Fuels, Inc.		-	876,256
Udenna Corporation		-	540,810
P-H-O-E-N-I-X Philippines Foundation, Inc. (PPFI)		94,089.52	58,118
			-
			939,812,454
Allowance for impairment	4.3(b)	( )	( 1,908,282)
		<u>P 2,073,627</u>	<u>P 937,904,172</u>

The movement of Due from Related Parties as of December 31 is as follows:

	Notes	2019	2018
Balance at beginning of year	P	939,812,454	P 518,004,898
Additions		<b>44,315,728</b>	524,778,830
Reclassification	7	(939,096,022)	(77,018,291)
Collections		(42,242,101)	(25,952,983)
Allowance for impairment	4.3(b)	( )	(1,908,282)
Balance at end of year		<u>P 2,073,627</u>	<u>P 937,904,172</u>

As a result of adoption of PFRS 9, allowance for impairment losses on due from related parties that is charged to opening retained earnings amounted to P1.9 million [see Note 4.3 (b)].

**Key Management Compensations.**

The compensations of key management personnel are broken down as follows:

	2019	2018
Salaries	209,333,343	117,509,743
Honoraria and Allowances	13,110,558	50,361,318
13th Month and Bonuses	21,772,957	9,792,478
SSS,PHIC,HDMF and Others	1,236,715	1,895,874
	<b>245,453,573</b>	<b>179,559,413</b>

#### Item 6. Compensation of Directors and Executive Officers

The Company's executives are regular employees and are paid a compensation package of twelve (12)-months pay. They also receive performance bonuses similarly to those of the managerial, supervisory and technical employees.

The members of the Board of Directors who are not employees of the Company are elected for a period of one (1) year. The Company pays its non-executive directors a per diem of P30,000.00 for each meeting. There are no other arrangements for which the members of the Board of Directors are compensated.

The members of the Board of Directors are elected for a period of one (1) year.

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the executive officers of the Company are as follows:

#### *Summary of Compensation Table*

Projected Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ended December 31, 2020		
Name	Principal Position	Salaries (in P)	Bonuses / 13 <sup>th</sup> Month / Other Income (in P)	Total (in P)
Dennis A. Uy	President and Chief Executive Officer	67,109	11,185	78,294
Henry Albert R. Fadullon	Chief Operating Officer			
Ma. Concepcion F. De Claro	Chief Finance Officer			
Alan Raymond T. Zorrilla	SVP – External Affairs, Business Development and Security			
Charlie R. Valerio	Chief Digital Officer			
All other officers and directors as a group unnamed		71,434	5,953	77,387

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ending December 31, 2019		
Name	Principal Position	Salaries (in P)	Bonuses / 13 <sup>th</sup> Month / Other Income (in P)	Total (in P)
Dennis A. Uy	President and Chief Executive Officer	48,898	4,074	52,972
Henry Albert R. Fadullon	Chief Operating Officer			
Ma. Concepcion F. De Claro	Chief Finance Officer			
Alan Raymond T. Zorrilla	SVP – External Affairs, Business Development and Security			
William M. Azarcon	VP – Business development for terminals and depots			
All other officers and directors as a group unnamed		80,363	6,697	87,060

Compensation of Executive Officers and Directors (in thousand Pesos)				
		Year ending December 31, 2018		
Name	Principal Position	Salaries (in P)	Bonuses / 13 <sup>th</sup> Month / Other Income (in P)	Total (in P)
Dennis A. Uy	President and Chief Executive Officer	44,453	3,704	48,157
Henry Albert R. Fadullon	Chief Operating Officer			
Joseph John L. Ong	Chief Finance Officer			
Alan Raymond T. Zorrilla	VP – External Affairs, Business Development and Security			
William M. Azarcon	VP – Business development for terminals and depots			
All other officers and directors as a group unnamed		73,057	6,088	79,145

The Directors and Officers of the Company hold no Outstanding Warrants and Options.

Generally, a typical employment contract executed between the Company and its named executive officers has the following terms:

1. Specification of job title, commencement date of employment, work

assignment and possible need for reassignment of work or location as the need may arise;

2. A probation period of six months probationary period from commencement of employment. If the job performance is found to be satisfactory, employment shall be converted to regular basis.
3. Salary & Benefits: specifies that the executive shall receive his monthly salary and a guaranteed 13<sup>th</sup> month pay less the necessary government deductions allowed by law such as but not limited to SSS premium, Philhealth, Pag-IBIG contributions. The same section likewise provides that the executive's salary shall be subject to annual review which shall take into consideration his performance and the achievement of a mutually-agreed goals.
4. Exclusivity: The employment contract provides that the executive shall render exclusive service to the Company and the prohibition to work with other companies regardless of whether such work is done outside office hours, without the consent of the Company.
5. Confidentiality: The executive/employee is duty bound to keep all information, materials and records which he or she may access in the course of his/her employment with the Company are confidential in nature and he or she may not disclose or reproduce the same without the consent of the Company.
6. Professional Conduct: The executive concerned is expected to comply with all the policies and procedures which the Company may issue from time to time. It is specifically prohibited to accept any or all kinds of gifts from suppliers and customers without the consent of the Company

**Compensation Committee** (Now under the Nomination and Governance Committee)

The duties and functions of the Company's Compensation Committee has now been folded into the Nomination and Governance Committee, as such it shall be composed of at least three (3) members of the Board, one of whom shall be an Independent Director. The function of the Compensation Committee to be folded into the Nomination and Governance Committee include establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provides oversight over remuneration of senior management and other key personnel.

The following are the members of the Nomination and Governance Committee:

Nicasio I. Alcantara (Independent Director)	Chairperson
Minoru Takeda (Independent Director)	Member
J.V. Emmanuel A. de Dios	Member

## Item 7. Independent Public Accountants

The financial statements of the Company were audited by Punongbayan & Araullo for the years ended December 31, 2019, 2018, 2017 and 2016. Said external auditor has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Punongbayan & Araullo will be recommended for re-appointment at the scheduled Annual Meeting.

Representatives of the firm are expected to be present at the Annual Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Punongbayan & Araullo was first appointed external auditor of the Company in 2006. The Company is compliant with SRC Rule 68, paragraph 3(b)(IV) (Rotation of External Auditors) and the two year cooling off period. The certifying partner for the examination of the Company's financial statements for the year 2019 is Mr. Ramilito Nañola. The last of the Company's Financial Statement that Mr. Nañola certified was the Company's 2017 and 2018 Financial Statements.

### Audit Fees

The following table sets out the aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company's external auditors.

<b>Audit and Related Fees</b>				
		Amount in Thousands Php		
Particulars	Nature	2017	2018	2019
Punongbayan and Araullo	Audit of FS for the year 2016 - Parent and Subsidiaries	<b>1,920.00</b>		
Punongbayan and Araullo	Audit of FS for the year 2017 - Parent and Subsidiaries	<b>2,728.00</b>	<b>3,460.80</b>	
Punongbayan and Araullo	Audit of FS for the year 2018 - Parent and Subsidiaries		<b>1,904.17</b>	<b>4,637.52</b>
Punongbayan and Araullo	Audit of FS for the year 2019 - Parent			<b>3,616.54</b>

	and Subsidiaries			
<b>Sub-total</b>		<b>4,648.00</b>	<b>5,364.97</b>	<b>8,254.06</b>
<b>Tax Advisory Services</b>				
Sycip, Gorres and Velayo	Tax Consultancy	120.18	120	120
<b>Sub-total</b>		<b>120.18</b>	<b>120</b>	<b>120</b>
<b>All Other Fees</b>				
Entia Accounting Office	Professional Fee for BOI Registration of Depot Facilities	1,526.63	2,885.8	1,445.17
Punongbayan and Araullo	Professional Fee for Special Audit, Transfer Pricing, tax Compliance for PLPI and Due Diligence Engagement	5,557.75		-
<b>Sub-total</b>		<b>7,084.38</b>	<b>2,885.80</b>	<b>1,445.17</b>
<b>GRAND TOTAL</b>		<b>11,852.56</b>	<b>8,370.77</b>	<b>9,819.23</b>

### **Audit Committee and Policies**

Under the Company's By-laws, the Audit Committee is responsible for, among others, the setting-up of an internal audit department and considers the appointment of an internal auditor as well as the independent external auditor, the audit fees and any question of resignation or dismissal, and the review of the quarterly, half-year and annual financial statements before their submission to the Board of Directors.

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

The following are the members of the Audit Committee: Consuelo Ynares Santiago (Independent Director) as Chairman, Monico V. Jacob, Domingo T. Uy as members.



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

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

#### Changes In and Disagreements With Accountants

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

#### **Item 8. Compensation Plans**

No action is to be taken by the Company with respect to any compensation plans.

#### **Employee's Stock Options Plan**

On June 22, 2011, the Commission has approved the application for exemption from the registration requirement of the Securities Regulations Code of the Company for the proposed issuance of 24,493,620 common shares for the Company's Employees Stock Options Plan (ESOP).

On May 14, 2014, the Philippine Stock Exchange (the Exchange) has approved the listing of 24,493,620 Common shares pertaining to the Company's Employee Stock Option Plan (ESOP);

On July 26, 2017, the Company, through its Stock Transfer Agent, implemented for the first time the Corporation's ESOP after its vesting period for 1 year. For the first tranche, the Company issued additional 2,160,000 PNX Common shares to qualified employees pursuant to the Employee Stock Option Plan (ESOP) in scripless form and on November 15, 2017, the company issued additional 601,000 PNX Common shares at the price of Php5.68 per share.

As of January 31, 2020, a total of 8,427,000 common shares(ESOP) have been exercised and subscribed by the company's grantees.

As of February 18, 2020, the Company's closing share price is at Php 11.80, with a market capitalization of approximately Php16,593,209,937.60

The ESOP was granted to the following persons:

- a) Dennis A. Uy, Chief Executive Officer
- b) other top executives
- c) all current executive officers as a group
- d) there are no directors who were granted any ESOP shares of the Corporation since ESOP shares are granted only to regular employees
- e) there are no persons who receive or is to receive 5% of the ESOP
- f) there are no current directors who are not executive officers who received or was granted any ESOP shares
- g) all other employees as a group

ESOP Grantee	No. of Shares
Top 5 Executives:	1,342,000
Other Executive Officers	1,229,800
All qualified employees	3,320,073
<b>TOTAL</b>	<b>5,891,873</b>

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

There are no authorization or issuance of securities other than for exchange for outstanding securities for the registrant.

### **Item 10. Modification or Exchange of Securities**

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

### **Item 11. Financial and Other Information**

The Management Report is attached herein as **Annex B** and the SEC FORM 17-Q (3rd quarter Report) Financial Statement for Period ended September 30, 2019 is attached herein as **Annex "C"**;

## **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

There are no transactions to be taken up by the Company with respect to any transaction involving mergers, consolidations, acquisitions, and similar matters.

## **Item 13. Acquisition or Disposition of Property**

There will be no actions to be taken with respect to the acquisition or disposition of any property of the Company.

## **Item 14. Reclassification of Accounts**

*(Please refer to Note 2 of the Notes to the Financial Statements found in the Company's Audited Financial Statements, included herein as Annex C).*

## **D. OTHER MATTERS**

### **Item 15. Action with Respect to Reports and Other Proposed Action**

1. Approval of the Minutes of the Annual Stockholders' Meeting held last 15 March 2019.
2. Report of the President and Chief Executive Officer
3. Approval of the 2019 Audited Financial Statements and 2019 Annual Report
4. Corporate Actions:
  - A. Proposed authority to amend the Corporation's Articles of Incorporation particularly Article IV, on corporate term from fifty (50) years to perpetual existence from and after the date of incorporation as allowed in the Revised Corporation Code.
  - B. Proposed authority to amend the Corporation's By-Laws, particularly Article II, Section 1, on the Annual Meeting of the Stockholders from the last friday of March of each year to the last friday of April of each year.
5. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 February 2019 until 31 January 2020 as set forth in **Annex "A."**
6. Election of the Members of the Board of Directors
7. Election of External Auditor.

Aside from the Election of the Members of the Board of Directors, election and appointment of

the External Auditor, Approval of the 2019 Financial Statements and Annual Report, the approval Minutes of the Minutes of the previous year's Annual Stockholders' Meeting, and the items of Corporate action mentioned above, there are no other items that was discussed and approved by the Stockholders in the 2019 Annual Stockholders' Meeting.

Below was the agenda of the 2019 Annual Stockholders' Meeting held in the Company's Corporate Headquarters in Davao City.

*To be an indispensable partner in the journey of everyone  
whose life we touch.*



#### **NOTICE AND AGENDA**

The Annual Stockholders' Meeting of P-H-O-E-N-I-X Petroleum Philippines, Inc. will be held on the following date and place:

**Friday, March 15, 2019, 2:00 PM**  
**Phoenix Petroleum Corporate Headquarters**  
**Stella Hizon Reyes Rd. Bo. Pampanga,**  
**Lanang, Davao City**

The agenda for the Meeting shall be, as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held last March 15, 2018
4. Report of the President and Chief Executive Officer
5. Approval of the 2018 Audited Financial Statements and 2018 Annual Report
6. Approval of Corporate Actions:
  - A. Proposed Authority for the Corporation or any of its subsidiaries to enter into a Joint Venture Agreement or cooperation with China National Offshore Oil Corporation (CNOOC) to operate and establish various LNG related trade and services under the LNG Integrated Hub Project which includes the operation of an LNG import terminal and gas-fired power plant;
    - a. Proposed Authority to form and organize a new corporation, a wholly-owned subsidiary of the Company to manage the Corporation's LNG interest in the LNG Integrated Hub Project;
    - b. Proposed Authority to invest corporate funds in the initial amount of Php250,000,000.00 for the LNG Integrated Hub Project which shall include the formation of a new corporation.
  - B. Ratification of the Company's corporate actions:
    - a. increase investments in the following wholly-owned subsidiaries:

<u>Name of Subsidiary</u>	<u>Amount of Investment</u>
Subic Petroleum Trading and Transport Inc. (SPTT)	Php 55,800,000.00
Phoenix Global Mercantile, Inc. (PGMI)	22,500,000.00
<u>P-F-L Petroleum Management, Inc.</u>	<u>429,625,000.00</u>
<b>TOTAL</b>	<b>Php 507,925,000.00</b>

**HEAD OFFICE:** Phoenix Bulk Depot, Lanang, Davao City 8000, Philippines  
 Telephone: +63 (82) 235-8888  
 Fax: +63 (82) 235-0100

**MANILA OFFICE:** 25/F Fort Legend Towers, 3rd Avenue corner 31st St., Fort Bonifacio Global City, Taguig City 1634, Philippines  
 Telephone: +632-405-4013  
 Fax: +632-405-4009

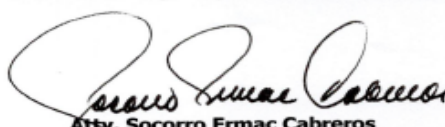
**CEBU OFFICE:** Phoenix Magulay Gasoline Station, M.G. Briones St., National Highway, Magulay, Mandaue City, Cebu 6014, Philippines  
 Tel. No.: +63 (32) 236-8168 / 236-8198

**www.phoenixfuels.ph**



- b. investment of corporate funds through acquisition of shares in Action.Able, Inc. and think.able, Limited.
  - c. formation and organization of a new wholly-owned subsidiary in Singapore, **PNX Energy International Holdings, Pte. Ltd. (PEIH)**, to manage the Company's international investments, including expansion of related business activities and operation in the Asia Pacific Region, and the Company's initial investment of USD10,000 intended for PEIH's initial operations.
- 7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 Feb 2018 until 31 January 2019
  - 8. Election of the Members of the Board of Directors
  - 9. Appointment of External Auditor
  - 10. Other Matters
  - 11. Adjournment

All stockholders as of **14 February 2019** shall be entitled to participate and vote in the said annual meeting.

  
**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

**HEAD OFFICE:** Phoenix Bulk Depot, Linao, Caven City 8000,  
Philippines  
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Philippines  
Tel. No.: +63 (20) 236-8168 / 236-8198

[www.phoenixfuels.ph](http://www.phoenixfuels.ph)

## Item 16. Matters Not Required to be Submitted

There are no actions to be taken with respect to any matter, which are not required to be submitted to a vote by security holders.

## Item 17. Amendment of Articles of Incorporation, By-laws or Other Documents

One of the proposed corporate actions in the annual meeting is the amendment of the Company's Articles of Incorporation, particularly Article IV on the term of Corporate existence. The Proposed amendment of Article IV particularly under Secondary Purpose consists as follows:

***"FOURTH: That the Corporation shall exist perpetually from the date of incorporation."***

The foregoing proposed amendment in Article IV of the Company's Articles of Incorporation is intended to effectively extend the corporate existence of the Corporation from a maximum of fifty (50) years to a perpetual existence, and to prevent any possible oversight in the future.

Another one of the proposed corporate actions in the annual meeting is the amendment of the Company's By-Laws, particularly Article II, Section 1 on the date of the Annual/Regular Meeting of the Stockholders. The Proposed amendment of Article II, Section 1 particularly consists of the following:

***"Section 1. **Annual/Regular Meetings** - The annual/regular meetings of stockholders shall be held at the principal office on the Last Friday of April of each year, if a legal holiday, then on the following business day."***

Considering the considerable growth of the company, in its dealings and subsidiaries, this will afford the Company more time to accurately prepare and evaluate its year end reports and its Financial Statements, while at the same time provide its stockholders a more comprehensive view of the Company and its subsidiaries.

#### **Item 18. Other Proposed Action**

Other than those matters previously mentioned above, there are no actions to be taken with respect to any other significant matter.

#### **Item 19. Voting Procedures**

Under the Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Company shall be necessary for the approval of the proposed amendment to the Articles of Incorporation and the investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

Except in cases provided above, or where the law provides otherwise, all matters subject to vote shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

Stockholders of record are entitled to one (1) vote per share. There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done by *viva voce*, raising of hands or by balloting.

The external auditor of the Company, Punongbayan & Araullo, will validate the votes when voting is done by secret ballot. Likewise, Punongbayan & Araullo will count the number of hands raised when voting by show of hands is done.

The following items will be included in the agenda for the meeting:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held last March 15, 2019
4. Report of the President and Chief Executive Officer
5. Approval of the 2019 Audited Financial Statements and 2019 Annual Report
6. Corporate Actions
  - a) Proposed Authority to Amend the Corporation's Articles of Incorporation particularly Article IV on corporate term from fifty (50) years to perpetual existence from and after the date of incorporation as allowed in the Revised Corporation Code.
  - b) Proposed Authority to Amend the Corporation's Articles of Incorporation particularly Article II Section 1 on the Annual Meeting of Stockholders from Last Friday of March of each year to Last Friday of April of each year.
7. Ratification and Confirmation of all Acts and Resolutions of the Board and Management executed in the normal course of business covering the period of 01 Feb 2019 until 31 January 2020
8. Election of the Members of the Board of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

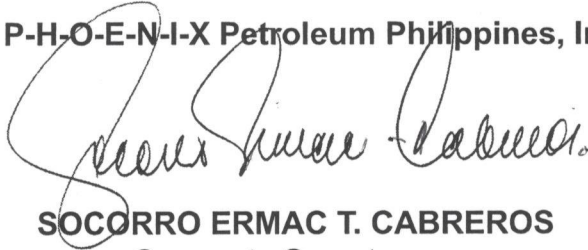
*(signature page follows)*

## SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in Davao City on FEB 20 2020.

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



**SOCORRO ERMAC T. CABREROS**  
Corporate Secretary



**ACTS AND RESOLUTIONS OF THE  
BOARD OF DIRECTORS  
February 1, 2019 to January 31, 2020**

**4-Feb-2019**

- **RESOLVED** that the Corporation to apply, obtain and sign and all documents necessary for availing from **Development Bank of the Philippines (DBP)**, in the name of the corporation, the DBP Digital Banking Portal which agreement may contain such representations and warranties, covenants and undertaking and other conditions stipulations as the designated authorized representatives of the corporation may deem necessary and reasonable in the premises. DBP Digital Banking Portal (DBP) cover services such as but not limited to account balance viewing, fund transfers, 3<sup>rd</sup> party payments, payroll, bills payment ,auto credit payments, auto debit payments check cutting, BancNet Services. **RESOLVED FURTHER**, that any of the two (2) of the following officers whose names and positions and signatures appear hereunder are authorized to act as signatories to these deposit accounts:

**DOMINGO T. UY**

Chairman

**MA. CONCEPCION F. DE CLARO**

Chief Finance Officer

**REYNALDO A. PHALA**

AVP for Treasury

**JONAREST Z. SIBOG**

AVP for Comptrollership

**RESOLVED**, further that the said signatory/ies be authorized, as authority is hereby given, to execute, sign and deliver any and all such agreements, contracts and other documents as are or may be necessary to implement the foregoing authorities.

- **RESOLVED**, that PHOENIX be, as it is hereby authorized to participate in the bidding of **SUPPLY and DELIVERY** of Industrial Fuel Oil for Malaya Thermal Power Plant for Calendar 2019, that if awarded the tender shall enter into a contract with the **Power Sector Assets and Liabilities Management Corporation (PSALM)**; Therewith hereby appoint any one of the our officers:

**HENRY ALBER FADULLON (CHIEF OPERATION OFFICER)**

**ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL & INDUSTRIAL BUSINESS),**

**RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)**

acting as duly authorized and designated representative of **Phoenix** granted full power and authority to do execute and perform any and all acts necessary and/or to represent **Phoenix** in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;

- **RESOLVED**, that PHOENIX be, as it is hereby authorized to participate in the bidding of **SUPPLY and DELIVERY** of DND Wide Petroleum, Oil and Lubricant (POL) for Calendar 2019, that if awarded the tender shall enter into a contract with the **Department of National Defense**; and in connection therewith hereby appoint any one of the our officers:

**HENRY ALBER FADULLON (CHIEF OPERATION OFFICER)**

**ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL & INDUSTRIAL BUSINESS),**

**RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)**

acting as duly authorized and designated representative of **Phoenix** granted full power and authority to do execute and perform any and all acts necessary and/or to represent **Phoenix** in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;

- **RESOLVED**, as it hereby resolved **P-H-O-E-N-I-X Petroleum Philippines Inc.** (the Corporation) as it is hereby authorized and empowered to execute a JOINT AFFIDAVIT OF UNDERTAKING for maintenance of the use of the road right of way leading to another co-lessee over a portion property leased by the Corporation with Siddharta Holdings, Co. situated in Lanang, Davao City; **RESOLVED FURTHER**, that the Corporation's General Manager for Retail Sales **ERICSON S. INOCENCIO** be hereby authorized and empowered to sign, deliver, receive and receipt for and in behalf of the Corporation any and all contracts, documents and instruments required to carry out the foregoing resolution;

- **RESOLVED**, as it hereby resolved **P-H-O-E-N-I-X Petroleum Philippines Inc.** (the Corporation) as it is hereby authorized and empowered to apply, transact and/or renew its corporate accounts with **SMART Enterprises** and enter into any agreements and such other pertinent contracts pertaining the issuance of additional line application forms and documents in connection with the said application; **RESOLVED**, as it is hereby resolved that pursuant to the foregoing transaction, the Company designates the following offices to be the authorized signatories;

**DENNIS A. UY**

**ALAN RAYMOND T. ZORRILLA**

**CELESTE MARIE G. ONG**

**President & CEO**

**SVP for Corp. Affairs Buss. Dev't & Security**

**AVP for Human Resources**

**RESOLVED FURTHER**, that pursuant to the single point of contact (SPOC) transaction, the Company designates the following employees to be the authorized signatories:

ISRAEL MONTEGRANDE

ANGEL GRACE TIO

MYLEN A. SAMONTE

IT Infrastructure

Employee Engagement Lead

HR Manager

**RESOLVED**, that any one (1) from above the said signatory/ies be authorized, as authority is hereby given, to execute, sign and deliver any and all such agreements, contracts and other documents as are or may be necessary to implement the foregoing authorities.

- **RESOLVED**, as it hereby resolved **P-H-O-E-N-I-X Petroleum Philippines Inc.** (the Corporation) as it is hereby authorized and empowered to apply, transact and/or renew its corporate accounts with **Globe Telecom Inc.** and enter into any agreements and such other pertinent contracts pertaining the issuance of additional line application forms and documents in connection with the said application; **RESOLVED**, as it is hereby resolved that pursuant to the foregoing transaction, the Company designates the following offices to be the authorized signatories;

**DENNIS A. UY**

**ALAN RAYMOND T. ZORRILLA**

**CELESTE MARIE G. ONG**

**President & CEO**

**SVP for Corp. Affairs Buss. Dev't & Security**

**AVP for Human Resources**

**RESOLVED FURTHER**, that pursuant to the single point of contact (SPOC) transaction, the Company designates the following employees to be the authorized signatories:

ISRAEL MONTEGRANDE

ANGEL GRACE TIO

MYLEN A. SAMONTE

IT Infrastructure

Employee Engagement Lead

HR Manager

**RESOLVED**, that any one (1) from above the said signatory/ies be authorized, as authority is hereby given, to execute, sign and deliver any and all such agreements, contracts and other documents as are or may be necessary to implement the foregoing authorities.

- **RESOLVED**, as it hereby resolved that **P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.** ( the Corporation) be as it hereby authorized and empowered to apply and process the Company's application for renewal of its permits and accreditation to, renewal of its Permit to Operate, Bunkering Permit, Ports User's Pass and vehicle Pass with the Philippine Ports Authority (PPA); **RESOLVED** as it hereby resolved, that any of all foregoing transactions shall be negotiated, concluded obtained and/or contracted for , by the

	<p>company's Phoenix Calapan Depot's Superintendent JAMES EDWARD D. DE OCAMPO under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.</b> ( the Corporation) be as it hereby authorized and empowered to apply and submit all pertinent documents to BUREAU OF CUSTOMS prior and post arrival of importations; RESOLVED, as it is hereby that any of all foregoing transactions shall be negotiated, concluded, obtained and/or contracted for by any one (1) of the follow Company Officers;</li> </ul> <p><b>HENRY ALBER FADULLON (CHIEF OPERATION OFFICER)</b>  <b>ALLAN FRANCIS A. BAKING (MANAGER FOR SUPPLY)</b>  <b>RICHARD TIANSAY (GEN. MANAGER FOR SUPPLY)</b></p> <p>under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation;</p>
4-March-2019	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that PHOENIX be, as it is hereby authorized to participate in the bidding of <b>SUPPLY and DELIVERY</b> of Engine Lubricant Oil to SPUG Power Plants and Barges for Calendar 2019, that if awarded the tender shall enter into a contract with the <b>National Power Corporation</b>; and in connection therewith hereby appoint any one of the our officers:</li> </ul> <p><b>HENRY ALBER FADULLON (CHIEF OPERATION OFFICER)</b>  <b>ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL &amp; INDUSTRIAL BUSINESS)</b>  <b>RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)</b>  <b>JOSELITO G. DE JESUS (GEN. MANAGER for BUSS. DEV'T STRATEGIES&amp; PORTFOLIO)</b></p> <ul style="list-style-type: none"> <li>• acting as duly authorized and designated representative of <b>Phoenix</b> granted full power and authority to do execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;</li> </ul> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to apply, transact and process and enter into a Renewal of Certificate of Accreditation of its CME Refinery situated at Villanueva, Misamis Oriental from the Department of Energy (DOE) pursuant to Sec. 3.1, Chapter III joining AO # 2008-01 Series of 2008 of the DOE, Renewal of Certificate of Accreditation from the Philippine Coconut Authority (PCA); RESOLVED FURTHER, as hereby resolved, that this corporation be authorized, as it is hereby authorized, directed and empowered to transact business with <b>PHILEXPORT</b>, and for said purpose hereby authorized its General Manager for CME Plant <b>MARIA RITA A. ROS</b>, to represent sign and negotiate for and in behalf of the corporation;</li> </ul> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to negotiate conclude and enter into contracts in connection with the sales and operations of the Corporation, which includes but, not limited to Contract of Lease and/or Sublease for airport installations or other businesses and other leases arrangement, Memorandum, of Agreements, Distributor Agreement for Commercial Sales Transactions, including any bidding transactions, and other legal and related transactions relative to the operation of the Corporation in Luzon, Visayas and Mindanao; RESOLVED, as it hereby resolved, that in relation to the aforementioned transactions, the Company designates the specified officer for all the transactions, agreements, or contracts nationwide;</li> </ul> <p><b>LESTHER C. KHAN      General Manger for Aviation Sales Operations Group</b></p> <p>under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolved, that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC.</b>, hereby declares and approves the payment of cash dividends for</li> </ul>

	<p>the following preferred shares for the first quarter of 2019 as follows:</p> <p><u>3<sup>rd</sup> Tranche:</u></p> <table><tr><td>PNX3A February 19, 2019</td><td>March 18, 2018</td><td>7.427%</td></tr><tr><td>PNX3B February 19, 2019</td><td>March 18, 2018</td><td>8.1078%</td></tr></table> <p><b>RESOLVED LIKEWISE</b>, that the payment of aforesaid dividends for the Preferred shares shall be implemented and paid through Banco de Oro, Inc. – Trust and Investment Group, the Company’s Stock Transfer agent;</p>	PNX3A February 19, 2019	March 18, 2018	7.427%	PNX3B February 19, 2019	March 18, 2018	8.1078%						
PNX3A February 19, 2019	March 18, 2018	7.427%											
PNX3B February 19, 2019	March 18, 2018	8.1078%											
8-March-2019	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, that the Board of Directors hereby accept all the terms and conditions listed in “D” and “E” of the Project approval sheet, in connection with its application for registration for its Bulk Marketing of Petroleum Products – General Santos City Oil terminal Project; <b>RESOLVED</b>, that the Board Directors hereby adopt and affirm all representations and commitments made to the Board, whether in the pre and post registration, and stating that all the information and date heretofore submitted to the Board are true and correct.</li><li>• <b>RESOLVED</b>, that Ms. JONAREST Z. SIBOG – AVP for comptrollership be as it is hereby designated as the Authorized Responsible Official of the Company for its registration with the Board of Investments (BOI) as “Marketing of Petroleum Products – General Santos City Oil terminal Project”</li></ul>												
4-April-2019	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to apply for , negotiate and obtain loans from UNITED COCONUT PLANTERS BANK acting through its Trust Baking Group (the “Bank”); <b>RESOLVED FURTHER</b>, to empower and authorize the authorized signatories for the Corporation;</li></ul> <p><b>Class A</b></p> <table><tr><td><b>Dennis A. Uy</b></td><td><b>President &amp; CEO</b></td></tr><tr><td><b>Henry Albert R. Fadullon</b></td><td><b>COO</b></td></tr><tr><td><b>Ma. Concepcion F. De Claro</b></td><td><b>CFO</b></td></tr><tr><td><b>Reynaldo A. Phala</b></td><td><b>AVP for Treasury</b></td></tr></table> <p><b>Class B</b></p> <table><tr><td><b>Matthew Kenji Chan</b></td><td><b>Manager – Fund Management Financial Market</b></td></tr><tr><td><b>Vicente Miguel R. Jayme</b></td><td><b>Manager – Corporate Debt &amp; Trade Finance</b></td></tr></table> <p>To sign, execute, receive and deliver, for and in behalf of the Corporation, the necessary agreements, including but not limited to loan agreement, trust agreements, promissory notes, drafts, surety agreements, instruments, notes certificates, certifications and all supplements or amendments thereto, under such terms and conditions as they may deem necessary and proper to implement the foregoing resolution; <b>RESOLVED FINALLY</b>, that these resolutions shall remain in full force and effect until a contrary certification is served by the Corporation;</p> <ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to apply, transact and process and claim for and in behalf of the corporation with the (1) Bureau of Internal Revenue (BIR) the Certificate of Authorizing Registration (CAR) and Tax Clearance Certificate, for the transfer of ownership of title over one (1) parcel of land situated at Brgy. Coronon Mun. Sta. Cruz Davao Del Sur, covered by TCT 61978 pursuant to a Deed of Absolute Sale executed and between <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, and Armi Gido; (2) office of the Registry of Deeds, (ROD) for the transfer of the previous title to the new owners name; and clearance if any from Department of Agrarian Reform (DAR) or any government agency as may be further required; <b>RESOLVED FURTHER</b>, that ESTHER A. GALLAMOZA and/or MARIA TERESA P. RAVANES be hereby authorized and empowered to sign execute, deliver, receive and receipt, for and on behalf of the Corporation any and all contracts, documents and instruments required to carry out the foregoing resolutions;</li><li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it</li></ul>	<b>Dennis A. Uy</b>	<b>President &amp; CEO</b>	<b>Henry Albert R. Fadullon</b>	<b>COO</b>	<b>Ma. Concepcion F. De Claro</b>	<b>CFO</b>	<b>Reynaldo A. Phala</b>	<b>AVP for Treasury</b>	<b>Matthew Kenji Chan</b>	<b>Manager – Fund Management Financial Market</b>	<b>Vicente Miguel R. Jayme</b>	<b>Manager – Corporate Debt &amp; Trade Finance</b>
<b>Dennis A. Uy</b>	<b>President &amp; CEO</b>												
<b>Henry Albert R. Fadullon</b>	<b>COO</b>												
<b>Ma. Concepcion F. De Claro</b>	<b>CFO</b>												
<b>Reynaldo A. Phala</b>	<b>AVP for Treasury</b>												
<b>Matthew Kenji Chan</b>	<b>Manager – Fund Management Financial Market</b>												
<b>Vicente Miguel R. Jayme</b>	<b>Manager – Corporate Debt &amp; Trade Finance</b>												

	<p>hereby authorized and empowered to apply for and Income Tax Holiday Entitlement with the Board of Investment (BOI) for the year 2018; <b>RESOLVED</b>, as it is hereby resolved that pursuant to the foregoing transaction, the Company designates its comptroller to be the authorized signatory JONAREST Z. SIBOG be hereby authorized and empowered to sign execute, deliver, receive and receipt, for and on behalf of the Corporation any and all contracts, documents and instruments required to carry out the foregoing resolutions;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to negotiate, transact and deal for the purchase of 40,000 sqm parcel of land covered by TCT No. T – 61978 situated in Brgy. Coronon Sta. Cruz Province of Davao Del Sur, Island of Mindanao and registered in the name of Armi Gido; <b>RESOLVED</b>, as it is hereby resolved to sign execute and deliver an ABSOLUTE DEED OF SALE for the implementation of the foregoing authority; <b>RESOLVED</b>, as I is hereby resolved that any and foregoing transactions shall be negotiated in concluded, obtained and/or contacted for, by the Company's authorized representative <b>DOMINGO T. UY</b>, under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation;</li> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b> (the Corporation) as it is hereby authorized and empowered to apply, transact and/or its with <b>PHILIPPINE AIRASIA INC.</b>, with credit lines/corporate accounts for E-ticket purchase agreements and other pertinent contracts pertinent contracts and documents in connection with the said application; <b>RESOLVED</b>, as it is hereby resolved that pursuant to the foregoing transaction, the Company designates the following employee to be the authorized signatories:</li> </ul> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>DEBBIE U. RODOLFO</b> <b>MYLEN A. SAMONTE</b></p> </div> <div style="width: 45%;"> <p><b>General Manager for Shared Services</b> <b>Human Resources Manager</b></p> </div> </div> <p><b>RESOLVED</b>, that any one (1) from above the said signatory/ies be authorized, as authority is hereby given, to execute, sign and deliver any and all such agreements, contracts and other documents as are or may be necessary to implement the foregoing authorities.</p>
<p><b>3-May-2019</b></p>	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that PHOENIX be, as it is hereby authorized to participate in the bidding of <b>Procurement of fleet Card Distributor / Credit Facility for Petroleum, Oil and Lubricants needs of DSWD field office</b> for Calendar 2019, that if awarded the tender shall enter into a contract with the <b>DEPARTMENT OF SOCIAL WELFARE and DEV'T field office VII Cebu City</b> ; and in connection therewith hereby appoint any one (1) of the our officers:</li> </ul> <div style="margin-left: 40px;"> <p><b>HENRY ALBER FADULLON (CHIEF OPERATION OFFICER)</b> <b>ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL &amp; INDUSTRIAL BUSINESS)</b> <b>RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)</b></p> </div> <ul style="list-style-type: none"> <li>• acting as duly authorized and designated representative of <b>Phoenix</b> granted full power and authority to do execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;</li> <li>• <b>RESOLVED</b>, as it is hereby resolved, <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized to open and maintain time deposits, savings accounts, checking account, special savings deposit accounts or other deposit and investment accounts in Peso and Foreign Currency with the Following banks:</li> </ul> <div style="margin-left: 40px;"> <p><b>AUSTRALIA and NEW ZEALAND BANKING GROUP LTD.</b> <b>ASIA UNITED BANK</b> <b>BANCO DE ORO UNIBANK</b> <b>BANK OF THE PHILIPPINES ISLANDS</b> <b>CHINA BANKING CORPORATION</b></p> </div>

	<p><b>CTBC BANK (PHILIPPINES) CORP.</b> <b>DEVELOPMENT BANK OF THE PHILIPPINES</b> <b>EASTWEST BAKING CORPORATION</b> <b>HONGKONG AND SHANGHAI BANKING LTD.</b> <b>LANDBANK OF THE PHILIPPINES</b> <b>MAYBANK PHILIPPINES INC</b> <b>ROBINSONS BANK CORPORATION</b> <b>RIZAL COMMERCIAL BANKING CORPORATION</b> <b>PHILIPPINE NATIONAL BANK</b> <b>UNION BANK OF THE PHILIPPINES</b> <b>UNION OVERSEAS BANK LTD</b> <b>UNITED COCONUT PLANTERS BANK.</b></p> <p><b>RESOLVED FURTHER</b>, as it is hereby resolved that the corporation authorized to enter into foreign exchange spot and derivatives transactions with aforementioned banks. Derivatives transactions include, but are not limited to financial and investment contracts, non deliverable forward contracts, foreign exchange swaps, interest rate swaps, cross-currency swaps or any combination of these transactions.</p>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. ( the Corporation)</b> be as it hereby authorized and empowered to apply and process the Company’s application for renewal of its permits and accreditation to, renewal of its Permit to Operate, Bunkering Permit, Ports User’s Pass and vehicle Pass with the Philippine Ports Authority (PPA) of General Santos (GENSAN) or SOCSARGEN REGION; <b>RESOLVED</b> as it hereby resolved, that any of all foregoing transactions shall be negotiated, concluded obtained and/or contracted for , by the company’s Road Transport Operation <b>Head JUNAS VILLANUEVA</b> under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation;</li></ul>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. ( the Corporation)</b> be as it hereby authorized and empowered to apply and register for an appointment of its Data Privacy Officer (DPO) with National Privacy Commission (NPC) and its website; <b>RESOLVED FURTHER</b>, that the Corporation Data Privacy <b>Officer Benzloise Ma. L Sambrano</b> and/or Chief Operating Officer <b>Henry Albert R. Fadullon</b>, be hereby authorized and empowered to sign execute, deliver, receive and receipt, for and on behalf of the Corporation any and all contracts, documents and instruments required to carry out the foregoing resolutions;</li></ul>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED, as it is hereby resolved, that P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC</b>, hereby declares and approves the payment of cash dividends for the following preferred shares for the second quarter of 2019 as follows:  <div><u>3<sup>rd</sup> Tranche:</u><table><tr><td>PNX3A</td><td>May 22, 2019</td><td>June 18, 2019</td><td>7.427%</td></tr><tr><td>PNX3B</td><td>May 22, 2019</td><td>June 18, 2019</td><td>8.1078%</td></tr></table></div> <b>RESOLVED LIKEWISE</b>, that the payment of aforesaid dividends for the Preferred shares shall be implemented and paid through Banco de Oro, Inc. – Trust and Investment Group, the Company’s Stock Transfer agent;</li></ul>	PNX3A	May 22, 2019	June 18, 2019	7.427%	PNX3B	May 22, 2019	June 18, 2019	8.1078%
PNX3A	May 22, 2019	June 18, 2019	7.427%						
PNX3B	May 22, 2019	June 18, 2019	8.1078%						
3-June-2019	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, that <b>PHOENIX PETROLEUM PHILIPPINES INC.</b>, do hereby authorized and empowered the following officers/employees to send instructions via email to UNION BANK OF THE PHILIPPINES Davao-Monte Verde Branch pertaining to is bank deposit accounts as the depository bank of this Corporation:  <table><thead><tr><th>NAME</th><th>E-MAIL ADDRESS</th></tr></thead><tbody><tr><td>NEL MARIE P. RODRIGUEZ</td><td>nel.rodriguez@phoenixfuels.ph</td></tr><tr><td>JERAMIE LEI C. LUMBA</td><td>jeramie.lumba@phoenixfuels.ph</td></tr><tr><td>NIKKI MAEFIL A. MAHIPUS</td><td>nikki.mahipus@phoenixfuels.ph</td></tr></tbody></table> <b>RESOLVED</b> further, that the Corporation agree to indemnify and hold the bank and their affiliates (and their respective directors, officers, employees, and agents) harmless from acting upon the instructions believed to have originated from the e-mail addresses of the officers/employees mentioned above.</li></ul>	NAME	E-MAIL ADDRESS	NEL MARIE P. RODRIGUEZ	nel.rodriguez@phoenixfuels.ph	JERAMIE LEI C. LUMBA	jeramie.lumba@phoenixfuels.ph	NIKKI MAEFIL A. MAHIPUS	nikki.mahipus@phoenixfuels.ph
NAME	E-MAIL ADDRESS								
NEL MARIE P. RODRIGUEZ	nel.rodriguez@phoenixfuels.ph								
JERAMIE LEI C. LUMBA	jeramie.lumba@phoenixfuels.ph								
NIKKI MAEFIL A. MAHIPUS	nikki.mahipus@phoenixfuels.ph								

	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that <b>PHOENIX PETROLEUM PHILIPPINES, INC.</b> ("Corporation") authorizes and designates any one (1) of the following individuals, whose specimen signatures appear opposite their names below, to open an account with <b>Maybank ATR Kim Eng Securities, Inc.</b> under the name of <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.</b> and to transact any shares of stocks that are listed in the Philippine Stock Exchange, Inc. and to sign, execute and deliver any and all documents pertaining thereto.</li> </ul> <p style="text-align: center;">DENNIS A. UY MA. CONCEPCION F. DE CLARO</p> <p><b>RESOLVED, FURTHER</b>, that any one (1) of said individuals is likewise authorized to transact, sign, execute and deliver any and all documents involving transfers of the shares of stocks owned by the Corporation in various companies, and to do all acts necessary thereto.</p>
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to apply, transact, process and claim for electrical power connection and/or reconnection with <b>METROPOLITAN CEBU WATER DISTRICT (MCWD)</b> and <b>VISAYAN ELECTRIC COMPANY (VECO)</b> and Tax Declaration for the Company's Corporate office in Maguikay Cebu; <b>RESOLVED</b> as it is hereby authorized CYCEL LYN S. SUGAROL under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in the best interest of the Corporation.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>WHEREAS</b>, the Corporation offered and issued to the public P1.375 billion Fixed-Rate Notes (the "Notes") and pursuant to which, entered into the Trust Agreement Date 16 March 2018 between the Company and China Banking Corporation – Trust and Asset Management Group, as trustee ( the "Trust Agreement") and the Terms and Conditions of the Notes, governing the said Notes. <b>RESOLVED FURTHER</b>, that the Corporation is hereby authorized to (1) enter into and execute (a) the Supplemental Trust (with Amended Terms and Conditions) with China Banking Corporation – Trust and Asset Management Group as trustee to formalize the proposed amendments, as set forth in the consent solicitation statements (b) consent solicitation statements and subject to the required consents as set forth in the Consent Solicitation Statement, and (2) Make proper disclosures with the Philippine Dealing &amp; Exchange Corp. and the Philippines Stock Exchange in respect of the Consent Solicitation, as may be necessary;</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to conduct the issuance of up to FIVE MILLION (5,000,000) non voting preferred shares ("Pref.Shares") the board hereby affirms and authorizes the offer to the public of subscriptions (the "Subscriptions") to the Preferred Shares which shares will be issued and taken out of the authorized but unissued portion of its capital stock, for the purpose of refinancing debt, and finance the working capital and capital expenditures of the Corporation;</li> </ul> <p><b>RESOLVED FURTHER</b>, that the Corporation as it is hereby authorized and empowered to file and register the Registration Statement in relation to the issuance of up to Five million non-voting preferred shares with the Securities and exchange commission, and its listing in the Philippine Stock Exchange;</p>
3-July -2019	<p><b>RESOLVED, AS IT IS HEREBY RESOLVED</b>, that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC.</b> be, as it is hereby authorized and empowered to negotiate and obtain with <b>LAND BANK OF THE PHILIPPINES (LBP)</b> for the renewal without change of its Short Term Loan Line in the amount of <b>PESOS: TWO BILLION (P2,000,000,000.00)</b>; <b>RESOLVED FURTHER, AS IT IS HEREBY RESOLVED</b>, that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC.</b> be, as it is hereby authorized to negotiate and obtain with <b>LAND BANK OF THE PHILIPPINES (LBP)</b> for its <b>DP/DA/OA/LC/TR Line</b> in the amount of <b>PESOS: ONE BILLION FIVE HUNDRED MILLION (P1,500,000,000.00 )</b>; <b>RESOLVED FURTHER</b>, that the corporation is authorized to negotiate for the renewal without change of its <b>Domestic Bills Purchase Line (DBPL)</b> in the amount of <b>PESOS: FIFTY MILLION (P50,000,000.00)</b>, and the renewal of its <b>Stand-by Letter of Credit (SBLC) Line</b> in the principal amount of <b>DOLLARS: THIRTY MILLION (USD</b></p>

	<p><b>30,000,000.00)</b> or its peso equivalent (If availed in Peso, the Lender's Internal Reference Rate (IRR) for the day shall be used as the conversion rate), wherein the Standby LC shall also be utilized as a guarantee for payment of an obligation or as warranty/security of a contract executed by the company, and designating the following as signatories to the Term Loan Agreement, Credit Line Agreement, DBPLA, Promissory Note, Trust Receipt Agreement and such other documents as may be necessary to implement the approved transactions and that they be, as they are hereby authorized, to negotiate and conclude such loan, to sign, execute and deliver loan and collateral agreements, promissory notes and such other pertinent papers, instruments, and documents and to do all acts and things necessary proper and convenient under the premises for and in behalf of the Company;</p>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, That <b>PHOENIX PETROLEUM PHILIPPINES, INC.</b> (the 'Corporation') be, as it is hereby is, authorized and empowered to enter into Contracts/Agreements in connection with the operation of the company's Davao Terminal Depot which includes but not limited to applications and renewals of business permit, submission of reports with any government entities such as DENR-EMB, DOLE, and PPA and Memorandum of Agreements with any accredited third-party supplier to haul and transport bulk and packaged petroleum/lubricant products and equipment to and from any supply point of the company and/or any designated delivery point under such terms and conditions which may be in the best interest of the Corporation; <b>RESOLVED, FURTHER</b>, That the Corporation's Terminal Superintendent, <b>HALLMARK HE-CIREEL A. CARRILLO</b>, be hereby authorized and empowered to negotiate the terms of the transactions herein authorized, as well as to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all contracts, documents and instruments required to carry out the foregoing resolution."</li> <li>• <b>RESOLVED</b>, That the Corporation be, as it is hereby authorized to create and adopt the multi-employer CORPORATE RETIREMENT FUND under the name "Phoenix Multi-Employer Retirement Fund – PPPI", and that the Phoenix Retirement Plan Rules &amp; Regulations, attached hereto as <b>Exhibit A</b>, be, and the same are hereby adopted, approved and confirmed as the Corporation's Retirement Plan Rules &amp; Regulations; <b>RESOLVED</b>, That PHILIPPINE NATIONAL BANK – TRUST BANKING GROUP (PNB-TBG) is hereby appointed as the Trustee Bank to manage the funds of the said account subject to the terms and conditions of the Trust Agreement between PNB-TBG and the Corporation; and that the Chairman and President &amp; CEO of the Corporation, <b>DENNIS A. UY and DOMINGO UY</b>, whose specimen signature appear below is hereby named and constituted as the authorized representative of the Corporation for and its behalf to <b>sign singly</b>, execute and enter into such Trust Agreement; <b>RESOLVED FURTHER</b>, That the authorized signatories with regard to any transaction, including disbursements from the Fund, with respect to the Corporation's Employees' Retirement Plan and the Trust Agreement, are any one of the following:</li> </ul> <table> <tr> <td>Name</td><td>Position</td></tr> <tr> <td>Dennis A. Uy</td><td>President/ CEO</td></tr> <tr> <td>Domingo T. Uy</td><td>Chairman</td></tr> </table> <p><b>RESOLVED FINALLY</b>, That the foregoing authorities shall and continue to be in full force and effect until revoked or modified by written notice duly notarized and actually received by the Bank at its office setting forth a Resolution to that effect certified to have been adopted by the Board of Directors of the Corporation, provided that such notice shall not be effective with respect to any exercise of said authorities prior to the receipt thereof.</p>	Name	Position	Dennis A. Uy	President/ CEO	Domingo T. Uy	Chairman
Name	Position						
Dennis A. Uy	President/ CEO						
Domingo T. Uy	Chairman						
<b>2-Aug-2019</b>	<ul style="list-style-type: none"> <li>• <b>Resolved</b>, That the Partnership be, as it is hereby authorized and empowered to, transact with <b>New Cross Credit Gate PH Inc.</b>, and is hereby authorized to enter into transactions and/or avail of products or facilities of, or brokered by, or through the intermediation of <b>New Cross Credit Gate PH Inc.</b> or any of its branches, affiliates, and wholly/partly owned subsidiaries (hereinafter individually or collectively referred to as "<b>Uplloan</b>" for the purpose of these resolutions), including but not limited to, online loaning facilities (including phone/electronic/internet money transfer facilities), cash</li> </ul>						



	<p>management services, and similar transactions as the Corporation may deem reasonable, beneficial and in furtherance of the interest of the Partnership. <b>RESOLVED FURTHER</b>, that the following persons be, as they are hereby appointed and designated as authorized signatories of the Partnership, for the purpose of signing and maintaining the aforesaid transaction of the Partnership with Uploan.</p> <p><b>CELESTE MARIE G. ONG</b> AVP for Human Resources Group</p> <p><b>REYNALDO A. PHALA</b> AVP for Treasury Group</p>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it is hereby resolved, to authorized the corporation to enter into an compromise/amicable settlement for the early disposition of the cases entitled <b>"People of the Philippines vs. Gerard Rabonza" denominated as Crim. Case No. 141-392-A-D-12 to 141-395-A-D-12</b> for violation of Batas Pambansa and <b>"People of the Philippines vs. Gerard Rabonza and Ambrosia Padilla" denominated as Crim. Case No. 140,806-C-2011</b> for Other Deceits at the Municipal Trial Courts in Cities, Branch 2, Davao City;<b>RESOLVED FURTHER</b>, That any one of the following: the Corporation's Asst. Vice President for Treasury and <b>REYNALDO A. PHALA</b> and the Corporation's Manager for Credit Risk Management Unit <b>MARIA THEA T. VILLORENTE</b>, be as they are hereby authorized, individually and separately, and empowered to represent the Corporation, to sign and execute, for and in behalf of the Corporation, the Compromise/Amicable Settlement before the Municipal Trial Courts in Cities, Branch 2, Davao City</li></ul>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to apply the Corporation's Mayor/Business Permit with the local government unit where the Corporation is operate its office and/or branches; <b>RESOLVED FURTHER</b> as it is hereby authorize ENTIA ACCOUNTING FIRM and to further delegate to its any of their authorized staffs, <b>MEL ANTHONY CASTANARES</b> and <b>MELISA PELINIO</b>, to sign, execute, deliver, receive and receipt for and in behalf of the Corporation.</li></ul>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it is hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. "Company")</b>, be authorized to appoint BDO Unibank, Inc. as its Receiving Agent and Stock and Transfer and Dividend Paying Agent relative to the Company's offer to the public of Five Billion Pesos of its Preferred Shares (PNX4), with option for oversubscription of up to Seven Billion Pesos to be issued out of the unissued portion of its authorized capital stock; <b>RESOLVED</b>, as it is hereby resolved that the company shall enter into a Stock and Transfer Dividend Paying Agency Agreement and Receiving Agency Agreement with BDO Unibank, Inc. for the said offer of Preferred Shares; <b>RESOLVED FURTHER</b>, as it is hereby resolved, that relative to the aforementioned transaction, <b>President and Chief Executive , DENNIS A. UY, and or its Chief Finance Officer, MA. CONCEPCION F. DE CLARO</b>, is further authorized to sign all pertinent documents in behalf of the company under such terms and conditions and stipulations advisable and desirable in the best interest of the Corporation;</li></ul>								
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it is hereby resolved, that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC</b>, hereby declares and approves the payment of cash dividends for the following preferred shares for the third quarter of 2019 as follows:  <u>3<sup>rd</sup> Tranche:</u><table><tr><td>PNX3A</td><td>August 22, 2019</td><td>June 18, 2019</td><td>7.427%</td></tr><tr><td>PNX3B</td><td>August 22, 2019</td><td>June 18, 2019</td><td>8.1078%</td></tr></table> <b>RESOLVED LIKEWISE</b>, that the payment of aforesaid dividends for the Preferred shares shall be implemented and paid through Banco de Oro, Inc. – Trust and Investment Group, the Company's Stock Transfer agent;</li></ul>	PNX3A	August 22, 2019	June 18, 2019	7.427%	PNX3B	August 22, 2019	June 18, 2019	8.1078%
PNX3A	August 22, 2019	June 18, 2019	7.427%						
PNX3B	August 22, 2019	June 18, 2019	8.1078%						
14-Aug-2019	<p><b>RESOLVED, AS IT IS HEREBY RESOLVED</b>, that the Corporation be, as it is hereby, authorized and empowered to conduct the public offer and issuance of up to Seven Million (7,000,000) Offer Shares at an issue price of One Thousand</p>								

	<p>Pesos (Php1,000.00) per Offer Share, which shares will be issued and taken out of the authorized but unissued portion of its capital stock, for the purpose of refinancing debt, finance the working capital and capital expenditures of the Corporation and/or for such other purposes as the Authorized Signatory may determine; <b>RESOLVED, FURTHER</b>, that the Corporation be authorized and empowered to engage the services of (a) advisors, (b) issue manager and lead arranger, (c) China Bank Capital Corporation, PNB Capital and Investment Corporation, and/or such other duly qualified investment houses as underwriters for the Offer; (d) legal counsel; and (e) other agents as may be necessary, proper or desirable to effect and implement the registration of the Offer Shares with the SEC and the listing of the Offer Shares with the PSE, in each case, under such terms and conditions as the Chairman of the Board, President or Senior Management may deem to be fair and reasonable and in the best interest of the Corporation;</p>
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolved, that <b>Phoenix Petroleum Philippines, Inc.</b> (the "Corporation") it is hereby authorized, to open and maintain time deposit/s , savings accounts, checking account, special savings deposit account/s or other deposit and investment accounts in Peso and Foreign Currency with the following Banks: <b>ING Bank NV</b>; <b>RESOLVED FURTHER</b>, as it is hereby resolved, that the Corporation be authorized to enter into foreign exchange spot and derivatives transactions with aforementioned banks. Derivatives transactions include, but are not limited to financial and investment products, funding mechanisms, option contracts, deliverable forward contracts, non-deliverable forward contracts, foreign exchange swaps, interest rate swaps, cross-currency swaps or any combination of these transactions; <b>RESOLVED FURTHER</b>, as it is hereby resolved, that the Corporation be authorized as it is hereby authorized to maintain market placement/s, including, without limitation, T-Bills, ROP's, Time Deposit/s and Fixed-Income Instruments denominated in PHP or any other foreign currency (such as but not limited to sovereign and corporate bonds), with aforementioned Banks; <b>RESOLVED FURTHER</b>, that the Corporation be authorized, as it is hereby resolved, to open and maintain a trust account , investment management agency account , Unit Investment Trust Fund (UITF) account/s or other accounts with aforementioned Banks;</li> <li>• <b>RESOLVED</b>, That the Corporation be, as it is hereby authorized to invest Php4.9 billion of corporate funds in its wholly-owned subsidiary, Duta, Inc. over a period of three (3) years</li> </ul>
4-Sept-2019	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolved, to authorized to file its Answer/Explanation, Position paper, motions and/or such other pleadings as the Corporation's Legal Counsel and/or Recruitment Specialist may deem appropriate in the case entitled; " EDWIN MOLINA JOSE VS. PHOENIX PETROLEUM PHILIPPINES, INC. that is pending before, the Department of Labor and Employment (DOLE) National Labor Relations Commission, National Capital Region, Quezon City and docketed as NLRC Case No. NCR-08-00870-19 ("Subject Case") and to file such actions before any court, tribunal or agency intertwined , interconnected or inter related with Subject Case. <b>RESOLVED FURTHER</b>, that the Corporations Legal Counsel <b>ATTY ROSALIO D. ROQUE II</b> and/or Recruitment Specialist <b>ROSE ANN B. VALDEZ</b>, be as hereby authorized to sign, execute, deliver, receive and receipt for and in behalf of the Corporation.</li> </ul>
5-Sept-2019	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to do the Corporation's transaction with Local/Regional Government Units such as but not limited to City Assessor's Office, City Treasurer's Office, Municipal Government Offices, Bureau of Internal Revenue and Board of Investments valid until February 9, 2020.<b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>SARAH JANE CONCON</b> of PRIME POWER MANPOWER SERVICES, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that PHOENIX be, as it is hereby authorized to participate in the bidding of <b>Procurement of Gasoline (DIESEL, GASOLINE and UNLEADED) FOR USE IN VARIOUS CEBU CITY GOVERNMENT VEHICLES AND EQUIPMENT (OCTOBER TO MARCH 2020)</b> that awarded the tender shall enter into a contract with City Government of Cebu through the Department of General Services and in connection therewith hereby appoint any one (1) of the our officer:</li> </ul> <p><b>ROY O. JIMENEZ(GEN. MANAGER FOR COMMERCIAL &amp; INDUSTRIAL BUSINESS)</b></p> <p>acting as duly authorized and designated representative of <b>Phoenix</b> granted full power and authority to do execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;</p>
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that the <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.</b> (the "Corporation") shall purchase and acquire any Sun Life Financial product from Sun Life Financial group of companies, or any member thereof; <b>RESOLVED FURTHER</b>, that the following officer(s)/employee(s) of the Corporation are hereby authorized to do and perform any or all such acts, including execution of any and all documents, instruments, or certificates as such officers shall deem necessary to carry out the purposes and intent of the foregoing resolutions;</li> </ul>
24-Sept-2019	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.,</b> as it hereby authorized to invest additional equity amounting USD 12.60Mn in PNK Petroleum Singapore Pte. Ltd. To support its trading business operations; <b>RESOLVED FURTHER</b>, that the Corporation authorizes and designates its President and Chief Executive Officer <b>DENNIS A. UY</b> and/or its Chief Finance Officer <b>MA. CONCEPCION F. DE CLARO</b>, to negotiate and enter into contracts relative to the above-mentioned transaction, under such terms and conditions as they may be deem necessary and proper to implement the foregoing resolution;</li> </ul>
4-Oct-2019	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that PHOENIX be, as it is hereby authorized to participate in the bidding of <b>Procurement of Gasoline DIESEL with PHILIPPINE NATIONAL RAILWAYS (PNR)</b> that awarded the tender shall enter into a contract with PNR and in connection therewith hereby appoint any one (1) of the our officers:</li> </ul> <p><b>HENRY ALBERT R. FADULLON (CHIEF OPERATION OFFICER)</b>  <b>ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL &amp; INDUSTRIAL BUSINESS)</b>  <b>RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)</b></p> <p>acting as duly authorized and designated representative of <b>Phoenix</b> granted full power and authority to do execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;</p>
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that PHOENIX be, as it is hereby authorized to participate in the bidding of <b>SUPPLY &amp; DELIVER of</b> oil based fuel to SPUG Power Plants and Barges for calendar year 2019, that awarded the tender shall enter into a contract with PNR and in connection therewith hereby appoint any one (1) of the our officers:</li> </ul> <p><b>HENRY ALBERT R. FADULLON (CHIEF OPERATION OFFICER)</b>  <b>ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL &amp; INDUSTRIAL BUSINESS)</b>  <b>RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)</b>  <b>JOSELITO G. DE JESUS (GEN. MANAGER FOR BUSS. DEV'T STRAT. &amp; PORTFOLIO)</b></p> <p>acting as duly authorized and designated representative of <b>Phoenix</b> granted full power and authority to do execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;</p>

	<p>thereof;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that PHOENIX be, as it is hereby authorized to participate in the bidding of <b>SUPPLY &amp; DELIVER of ADDITIONAL</b> oil based fuel to SPUG Power Plants and Barges for calendar year 2019, that awarded the tender shall enter into a contract with PNR and in connection therewith hereby appoint any one (1) of the our officers:</li> </ul> <p><b>HENRY ALBERT R. FADULLON (CHIEF OPERATION OFFICER)</b>  <b>ROY O. JIMENEZ (GEN. MANAGER FOR COMMERCIAL &amp; INDUSTRIAL BUSINESS)</b>  <b>RICHARD TIANSAY (GEN. MANAGER FOR PRICING AND DEMAND)</b>  <b>JOSELITO G. DE JESUS (GEN. MANAGER FOR BUSS. DEV'T STRAT. &amp; PORTFOLIO)</b></p> <p>acting as duly authorized and designated representative of <b>Phoenix</b> granted full power and authority to do execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the Phoenix might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue thereof;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to do the Corporation's transaction with Local/Regional Government Units such as but not limited to City Assessor's Office, City Treasurer's Office, Municipal Government Offices, Bureau of Internal Revenue and Board of Investments valid until March 7, 2020; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>JUNREL A. VILLASON</b> of PRIME POWER MANPOWER SERVICES, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize to submit bid and and proposals with the Local Government of Butuan City and perform related transactions such as to send/receive documents, sign follow up and collect all payment and issue corresponding official receipts; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>HERBERT G. DOMINGO</b> and/or <b>DENVER C. BIRCHES</b>, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b>, as it hereby authorized and empowered to apply, transact and process claim documents necessary including payments withholding tax certificates with any private and government entities, including the Bureau of Internal Revenue (BIR) pertaining to the company's Fleet Card Transactions: <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize the following Phoenix Sales Representative for the said mention areas:</li> </ul> <p><b>DHYRIS S. CAJES                      VISAYAS MINDANAO AREA</b>  <b>OLIA LACHICA                      VISAYAS AREA</b></p> <p>by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</p>				
6-Nov-2019	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that the Board of Directors of the Corporation desires to include its Corporate Secretary SOCORRO ERMAC CABREROS and update the signatories for the above-transaction and replace as one of the signatories Joseph John L. Ong to its current Chief Finance Officer, MA. CONCEPCION F. DE CLARO;</li> </ul> <p><b>RESOLVED</b> as it is hereby resolved, that the following officers:</p> <table> <tr> <td><b>Name</b></td><td><b>Position</b></td></tr> <tr> <td>DENNIS A. UY</td><td>President and CEO</td></tr> </table>	<b>Name</b>	<b>Position</b>	DENNIS A. UY	President and CEO
<b>Name</b>	<b>Position</b>				
DENNIS A. UY	President and CEO				

MA. CONCEPCION F. DE CLARO

Chief Finance Officer

SOCORRO ERMAC CABREROS

Corporate Secretary and VP for Corporate Legal

are hereby authorized to issue instruction and sign correspondence with BDO Trust relating to the implementation of the agreement entered by and between the Corporation and BDO Trust; **RESOLVED FURTHER**, that the Corporation hereby approved and confirms all that the above-named individuals may lawfully do or cause to be done by virtue of this authority given to them

- **RESOLVED**, that to adopted and unanimously approved an "**Amendment of Resolution No. 01-04 Series of 2018**" ( With Doc No. 515, Page 104 and Book No 93 Series of 2018) . Under Resolution Number 2 and of the second (2<sup>nd</sup>) resolution stating the " Signing Rules" be amended for the accounts of the company with **METROPOLITAN BANK AND TRUST CO. (Metrobank)** as follows:

**Signature Combination**

<b>ANY AMOUNT</b>	Concurrence of any two (2) of the signatories in Class A or any one (1) of the signatories of Class A and a combination from any one (1) in Class B provided that there should always be two (2) signatories
<b>PHP 3,000,000 and below</b>	one (1) of the signatories of Class A and a combination from any one (1) in Class B provided that there should always be two (2) signatories  In the absence of another A or B. Signatory A Signature from C as alternative signatory.

- **RESOLVED**, that **Phoenix** be, as it hereby is, authorized to participate in the bidding of Supply and Delivery to Northern Foods Corp. (NFC) Sarrat of Petroleum, Oil and Lubricants (Bunker and Diesel Fuel Oil), that if awarded the tender shall enter into a contract with **NFC**; and in connection therewith hereby appoint **any one (1)** of the following officers of the company:

Name

Designation

HENRY ALBERT R. FADULLON  
ROY O. JIMENEZ  
RICHARD C. TIAN SAY  
JOSELITO G. DE JESUS

Chief Operating Officer  
Gen. Manager for Commercial & Industrial Business  
Gen. Manager for Pricing, Demand and Supply  
Gen. Manager for Buss. Development, Strategies  
& Portfolio

acting as duly authorized and designated representatives of **Phoenix** are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent **Phoenix** in the bidding as fully and effectively as the **Phoenix** might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;

- **RESOLVED**, as it is hereby resolved, to authorize the Corporation to redeem from RCBC Capital Corporation perpetual preferred shares of up to **ONE BILLION FIVE HUNDRED MILLION PESOS (PHP 1,500,000,000.00)**; **RESOLVED, FURTHER**, to deal, transact and negotiate with **RCBC Capital Corporation** with regard to the sale or redemption of the shares subscribed via private placement; **RESOLVED, FINALLY**, to authorize **ANY ONE (1)** of the following officers; its President & CEO, Dennis A. Uy and/or Chief Finance Officer, Ma. Concepcion F. De Claro to sign and deliver any and all documents, agreements, and other instruments to implement the foregoing authority and deed for and in behalf of the Corporation.

- **RESOLVED**, as it is hereby resolved, that **P-H-O-E-N-I-X PETROLEUM PHILIPPINES INC.**, hereby declares and approves the payment of cash dividends for

	<p>the following preferred shares for the fourth quarter of 2019 as follows:</p> <p style="text-align: center;"><u>3<sup>rd</sup> Tranche:</u></p> <table><tr><td>PNX3A</td><td>November 22, 2019</td><td>December 18, 2019</td><td>7.427%</td></tr><tr><td>PNX3B</td><td>November 22, 2019</td><td>December 18, 2019</td><td>8.1078%</td></tr></table> <p><b>RESOLVED LIKEWISE</b>, that the payment of aforesaid dividends for the Preferred shares shall be implemented and paid through Banco de Oro, Inc. – Trust and Investment Group, the Company’s Stock Transfer agent;</p>	PNX3A	November 22, 2019	December 18, 2019	7.427%	PNX3B	November 22, 2019	December 18, 2019	8.1078%
PNX3A	November 22, 2019	December 18, 2019	7.427%						
PNX3B	November 22, 2019	December 18, 2019	8.1078%						
	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.</b> ( the Corporation) be as it hereby authorized and empowered to organize, form and register a wholly-owned corporation for the purpose of managing, administering, conduct, own, invest, hold and operate a road transport business</li></ul> <p><b>RESOLVED FURTHER</b>, as it is hereby resolved to invest Php57million of corporation funds as initial capital of the newly formed corporation.</p>								
5-Dec-2019	<ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b> (the Corporation) as it is hereby authorized and empowered to apply, transact and/or renew its any corporate accounts for hotel and lodging and enter into any agreements and other pertinent contracts pertinent contracts and documents in connection with the said application; <b>RESOLVED</b>, as it is hereby resolved that pursuant to the foregoing transaction, the Company designates the following employee to be the authorized signatories;</li></ul> <p style="text-align: center;"><b>CELESTE MARIE G. ONG</b></p> <p><b>RESOLVED</b>, that any one (1) from above the said signatory/ies be authorized, as authority is hereby given, to execute, sign and deliver any and all such agreements, contracts and other documents as are or may be necessary to implement the foregoing authorities</p> <ul style="list-style-type: none"><li>• <b>RESOLVED</b>, as it is hereby resolve to authorize <b>LORENZO GOMEZ &amp; CO.</b> and to further delegate its authorized representative <b>PERLA S. LEGASAN</b> by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li><li>• <b>RESOLVED</b>, that <b>Phoenix</b> be, as it hereby is, authorized to participate in the acquisition of Services for fuel supply requirement of City Government of Davao through fleet Card Facility for the year 2020, that if awarded the tender shall enter into a contract with <b>City Government of Davao</b>; and in connection therewith hereby appoint <b>any one (1)</b> of the following officers of the company:</li></ul> <table><tr><td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr><tr><td>ROY O. JIMENEZ</td><td>Gen. Manager for Commercial &amp; Industrial Business</td></tr><tr><td>RICHARD C. TIANSAY</td><td>Gen. Manager for Pricing, Demand and Supply</td></tr></table> <p>acting as duly authorized and designated representatives of <b>Phoenix</b> are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the <b>Phoenix</b> might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p> <ul style="list-style-type: none"><li>• <b>RESOLVED</b>, that <b>Phoenix</b> be, as it hereby is, authorized to participate in the <b>Rebidding Of Procurement Of Petroleum Oil And Lubricants Needs Of DSWD Field Office VII</b> for CY 2020 , that if awarded the tender shall enter into a contract DSWD Filed office VII Cebu City; and in connection therewith hereby appoint <b>any one (1)</b> of the following officers of the company:</li></ul> <table><tr><td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr></table>	HENRY ALBERT R. FADULLON	Chief Operating Officer	ROY O. JIMENEZ	Gen. Manager for Commercial & Industrial Business	RICHARD C. TIANSAY	Gen. Manager for Pricing, Demand and Supply	HENRY ALBERT R. FADULLON	Chief Operating Officer
HENRY ALBERT R. FADULLON	Chief Operating Officer								
ROY O. JIMENEZ	Gen. Manager for Commercial & Industrial Business								
RICHARD C. TIANSAY	Gen. Manager for Pricing, Demand and Supply								
HENRY ALBERT R. FADULLON	Chief Operating Officer								

	<p>ROY O. JIMENEZ RICHARD C. TIAN SAY</p> <p>Gen. Manager for Commercial &amp; Industrial Business Gen. Manager for Pricing, Demand and Supply</p> <p>acting as duly authorized and designated representatives of <b>Phoenix</b> are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the <b>Phoenix</b> might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that <b>Phoenix</b> be, as it hereby is, authorized to participate in the <b>Bidding on the procurement of Fuel for the DSWD FO XI, Vehicle using the Fleet Cards Services Technology</b> for the year 2020 , that if awarded the tender shall enter into a contract DSWD Filed office XI Davao City; and in connection therewith hereby appoint <b>any one (1)</b> of the following officers of the company:</li> </ul> <p>HENRY ALBERT R. FADULLON ROY O. JIMENEZ RICHARD C. TIAN SAY</p> <p>Chief Operating Officer Gen. Manager for Commercial &amp; Industrial Business Gen. Manager for Pricing, Demand and Supply</p> <p>acting as duly authorized and designated representatives of <b>Phoenix</b> are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the <b>Phoenix</b> might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p>
2-Jan-2020	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to apply, transact, process and claim (1) Tax Declarations (2) Business Permits (3) Light and Water connection/account and (4) other permits necessary with any private and government entities including Lessor's Permit for the business operation of Phoenix Fuels Life Stations within the areas of Agusan Del Sur, Agusan Del Norte, Butuan City, Surigao, Del Norte Surigao Del Sur, Dinagat Island; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize the following Retail Territory Manager for the said mentioned areas:</li> </ul> <p><b>SARAH MAE B. BONGCAS</b> CARAGA</p> <p>to do the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that <b>Phoenix</b> be, as it hereby is, authorized to participate in the <b>bidding of the Procurement of GASOLINE (DIESEL GASOLINE UNLEADED) for the use in Various Lapu Lapu City Government Vehicles and Equipment (January to June 2020)</b> for the year 2020 , that if awarded the tender shall enter into a contract with the City Government of LapuLapu through Dept. General Services; and in connection therewith hereby appoint <b>any one (1)</b> of the following officers of the company:</li> </ul> <p>ROY O. JIMENEZ Gen. Manager for Commercial &amp; Industrial Business</p> <p>acting as duly authorized and designated representatives of <b>Phoenix</b> are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the <b>Phoenix</b> might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p> <ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to renew the Corporations Business permit for the year 2020 and succeeding years thereafter including brgy. clearance, fire safety inspection certificate, Sanitary Permit, City Health, DOLE Clearance and other local permits with the local government unit where the Corporation is operation its office and branches; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>RESURRECION R. CASPE and/or KELVIN A. ANGELES</b>, by virtue of the issuance of a Special Power of</li> </ul>

	<p>Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</p>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to apply transact, process and claim (1) electric power connection with <b>DAVAO LIGHT &amp; POWER CO.</b>, (2) water connection with <b>DAVAO WATER DISTRICT</b> and Panabo Water District and (3) others permits necessary with any private and government entities connection with the construction and business operations of Phoenix fuels Life Stations within Davao and Panabo City; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>NICOMAR BRIONES</b> and/or <b>SAMUEL GAMUTAN</b> and/or <b>MARY CHRISTINE PLAZA</b>, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.</b> ( the Corporation) be as it hereby authorized and empowered to apply and process the Company's application for renewal of its permits and accreditation to, renewal of its Permit to Operate, Bunkering Permit, Ports User's Pass and vehicle Pass with the Philippine Ports Authority (PPA) of Calaca Batangas; <b>RESOLVED</b> as it hereby resolved, that any of all foregoing transactions shall be negotiated, concluded obtained and/or contracted for , by the company's Accreditation and Compliance Lead <b>JEFFREY H. PAMPLONA</b> under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation;</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to apply transact, process and claim (1) Tax Declarations., (2) Business Permits (3) Light and Water connection/account and (4) other permits necessary with any private and government entities including Lessor's Permit for the business operation of Phoenix Fuels Life Stations within the areas Leyte, South Cebu, Mactan, North Cebu, Panay Negros, &amp; Bohol:</li> </ul> <p><b>Roman Del Fierro</b>  <b>Queenie V. Capacio</b>  <b>Angel A. Dungog</b>  <b>Mercideta Oplado</b>  <b>Charnel Macatiag</b></p> <p>to do the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with said locale government unit and other private entities in order to execute and implement the foregoing authority;</p>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize to submit bid and proposals with the Local Government of South Cotabato for supply and delivery of 276, 000 liters of Diesoline and perform related transactions such as to send/receive documents, sign follow up and collect all payment and issue corresponding official receipts; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>HERBERT G. DOMINGO</b> and/or <b>MARIENEL T. GARCIA</b>, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that <b>Phoenix</b> be, as it hereby is, authorized to participate in the <b>Supply and Delivery of 276,000 liters of diesoline</b> for the year 2020 , that if awarded the tender shall enter into a contract PROV. GOVERNMENT of SOUTH COTABATO; and in connection therewith hereby appoint <b>any one (1)</b> of the following officers of the company:</li> </ul> <table> <tr> <td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr> <tr> <td>ROY O. JIMENEZ</td><td>Gen. Manager for Commercial &amp; Industrial Business</td></tr> <tr> <td>RICHARD C. TIAN SAY</td><td>Gen. Manager for Pricing, Demand and Supply</td></tr> </table> <p>acting as duly authorized and designated representatives of <b>Phoenix</b> are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent</p>	HENRY ALBERT R. FADULLON	Chief Operating Officer	ROY O. JIMENEZ	Gen. Manager for Commercial & Industrial Business	RICHARD C. TIAN SAY	Gen. Manager for Pricing, Demand and Supply
HENRY ALBERT R. FADULLON	Chief Operating Officer						
ROY O. JIMENEZ	Gen. Manager for Commercial & Industrial Business						
RICHARD C. TIAN SAY	Gen. Manager for Pricing, Demand and Supply						



	<p><b>Phoenix</b> in the bidding as fully and effectively as the <b>Phoenix</b> might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that <b>Phoenix</b> be, as it hereby is, authorized to participate in the <b>Supply and Consolidated Gasoline &amp; Diesel</b> for the year 2020 , that if awarded the tender shall enter into a contract City of Panabo; and in connection therewith hereby appoint <b>any one (1)</b> of the following officers of the company:</li> </ul> <table> <tr> <td>HENRY ALBERT R. FADULLON</td><td>Chief Operating Officer</td></tr> <tr> <td>ROY O. JIMENEZ</td><td>Gen. Manager for Commercial &amp; Industrial Business</td></tr> <tr> <td>RICHARD C. TIAN SAY</td><td>Gen. Manager for Pricing, Demand and Supply</td></tr> </table> <p>acting as duly authorized and designated representatives of <b>Phoenix</b> are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent <b>Phoenix</b> in the bidding as fully and effectively as the <b>Phoenix</b> might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;</p>	HENRY ALBERT R. FADULLON	Chief Operating Officer	ROY O. JIMENEZ	Gen. Manager for Commercial & Industrial Business	RICHARD C. TIAN SAY	Gen. Manager for Pricing, Demand and Supply
HENRY ALBERT R. FADULLON	Chief Operating Officer						
ROY O. JIMENEZ	Gen. Manager for Commercial & Industrial Business						
RICHARD C. TIAN SAY	Gen. Manager for Pricing, Demand and Supply						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved that <b>P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.</b> ( the Corporation) be as it hereby authorized and empowered to apply and process the Company's application for renewal of its permits and accreditation to, renewal of its Permit to Operate, Bunkering Permit, Ports User's Pass and vehicle Pass with the Philippine Ports Authority (PPA); <b>RESOLVED</b> as it hereby resolved, that any of all foregoing transactions shall be negotiated, concluded obtained and/or contracted for , by the company's Accreditation and Compliance Lead <b>JONATHAN A. HUEVIA</b> under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation;</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it is hereby resolve to authorize the Corporation to renew the Corporations Business permit for the year 2020 and succeeding years thereafter including brgy. clearance, fire safety inspection certificate, Sanitary Permit, City Health, DOLE Clearance and other local permits with the local government unit where the Corporation is operation its office and branches; <b>RESOLVED FURTHER</b>, as it is hereby resolved to authorize <b>RESURRECION R. CASPE and/or KELVIN A. ANGELES</b>, by virtue of the issuance of a Special Power of Attorney or a Board Resolution as the case may be, to the above powers and thereby to execute and sign in behalf of the said Corporation all transactions and negotiations with the said local/regional government offices in order to execute and implement the foregoing authority;</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b> (the Corporation) as it is hereby authorized and empowered to apply, transact and process ENVIRONMENTAL COMPLIANCE CERTIFICATE (ECC) with the Dept. of Natural Resources (DENR) and apply for other necessary permits: <b>RESOLVED FURTHER</b>, as it hereby authorize KIM RYAN M. ALCEBAR under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, as it hereby resolved <b>P-H-O-E-N-I-X Petroleum Philippines Inc.</b> (the Corporation) as it is hereby authorized and empowered to apply, transact and process Valid Permit to cut with Philippine Coconut Authority (PCA) and process ENVIRONMENTAL COMPLIANCE CERTIFICATE (ECC) with the Dept. of Natural Resources (DENR) and apply for other necessary permits: <b>RESOLVED FURTHER</b>, as it hereby authorize <b>JAMES JEORGE V. RODILLO</b> under such terms and conditions and stipulations as the said authorized signatory may deem advisable and desirable in best interest of the Corporation</li> </ul>						
	<ul style="list-style-type: none"> <li>• <b>RESOLVED</b>, that the Board of Directors of the Corporation approved Php2 billion of its capital expenditure allotted for retail expansion be transferred and allocated to its wholly owned subsidiary, PFL Petroleum Management, Inc. (PPMI) as an increase in its capital investments for the same purpose of retail expansion.</li> <li>• <b>RESOLVED</b>, as it hereby resolved that P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. ( the Corporation) be as it hereby authorized and empowered to assign and transfer to its subsidiary PPMI 72 Company-Owned Dealer-Operated (CODO) retail stations worth Php700 million as part of the capital investment in PPMI indicated in the preceding paragraph.</li> </ul>						

# **“ANNEX B”**

## **MANAGEMENT REPORT**

### **I. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

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

### **BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIES**

#### **1. Business Description**

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the “Company” or “PPPI”, interchangeably) was incorporated in the Philippines on May 8, 2002 under its original name of “OILINK MINDANAO DISTRIBUTION, INC.” On 11 January 2004, the Company amended its Articles of Incorporation changing its name from Oilink Mindanao Distribution, Inc. to Davao Oil Terminal Services Corp. On August 7, 2006, the Philippine Securities and Exchange Commission approved the Amended Articles of Incorporation of the Company changing its name from Davao Oil Terminal Services Corp. to “P-H-O-E-N-I-X Petroleum Philippines, Inc.”. The Company is 41.88% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI) and 0.83% owned by Udenna Management & Resources Corp.(UMRC), companies organized in the Philippines.

The Company is registered with the Board of Investments (BOI) since November 16, 2005 then 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.

The Company likewise registered with the BOI in 2010 and 2012 as a new industry participant with new investments in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry

Deregulation Act) for its storage tanks in various locations. Under these registrations, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987.

The Company's transactions relating to the BOI registered investments entitled it to certain tax and non-tax incentives. Details of the registrations are as follows:

<b>Location of Project</b>	<b>Date of Registration</b>	<b>Income Tax Holiday</b>	
<b>Period</b>	<b>Expiry</b>		
Calaca, Batangas	February 26, 2010	5 years	Feb 25, 2015
Davao	May 14, 2010	5 years	May 13, 2015
Expansion			
Zamboanga	November 25, 2010	5 years	Nov 24, 2015
Bacolod City	May 10, 2012	5 Years	May 09, 2017
Villanueva,	May 10, 2012	5 Years	May 09, 2017
Misamis Orienta (near CDO)			
Villanueva,	November 24, 2017	5 Years	Nov 24, 2022
Misamis Orienta (near CDO)			
Expansion			
Tayud, Cebu	September 9, 2017	5 Years	Sept 9, 2022
City			
Calapan,	October 12, 2017	5 Years	Oct 12, 2022
Mindoro			
Calaca, Batangas (Expansion)	December 22, 2017	5 Years	Dec 22, 2022

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

The Company's operations consist of Trading, Terminaling and Hauling Services. Under Trading, the Company offers its refined petroleum products (including Jet A1) and lubricants to retailers and commercial/industrial customers.. The retail service stations are classified as Company-Owned, Company-Dealer-Operated (CODO) or Dealer-Owned, Dealer-Operated (DODO).

The Company's Terminaling and Hauling Services involves the 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, Pagadian City and Zamboanga City. Since 2008, Cebu Air designated the Company as its

exclusive logistics partner in all its Mindanao operations.

### **Subsidiaries:**

At present, the Company has Eight (8) direct wholly-owned subsidiaries, namely:

- **P-h-o-e-n-i-x Global Mercantile, Inc. ("PGMI")** was incorporated on July 31, 2006. It was previously engaged in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI temporarily ceased its operation and is currently dormant.
- **PFL Petroleum Management Inc. ("PFL or PPMI")** was incorporated on January 31, 2007 and is currently engaged in the management of the three retail service stations which are being used as training sites and stations for prospective dealers.
- **Subic Petroleum Trading and Transport Phils., Inc. (SPTT)** was registered with the SEC on February 20, 2007 and is engaged in the buying and selling, supply and distribution, importation and exportation, and the storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use. It does not carry any inventory at any given time. SPTT is duly registered with Subic Bay Metropolitan Authority ("SBMA") and was issued the Certificate of Registration and Tax Exemption on 01 June 2012, which is effective until 31 May 2013 and renewable by SPTT. It is classified as a Subic Bay Freeport Enterprise for the purpose of and with permit to operate the business of engaging in the business of importation, warehousing, transshipment, export, distribution of liquor, wines and spirits, tobacco and cigarettes and general merchandise and commodities such as but not limited to groceries, canned goods and pre-paid cards; convenience store for selling and distribution of gasoline and other petroleum products and other liberalized items.
- **Phoenix LPG Philippines, Inc. (PLPI)** was incorporated last 20 June 1995 with the Securities and Exchange Commission as Petronas Energy Philippines, Inc. (PEPI), and was later renamed as Phoenix LPG Philippines, Inc. after its acquisition in accordance with the Share Purchase Agreement with the Company. It is currently engaged in the importation, distribution, marketing and retail sale of Liquefied Petroleum Gas (LPG), mainly in the Visayas and Mindanao area, with some minor operations in some areas of

Luzon.

- **Duta, Inc.** was incorporated with the SEC last November 09, 1994 and currently holds its principal office in 15th Floor, Citibank Tower, Valero st., Salcedo Village, Makati City. It operates as a property holding company of PLPI and currently owns the real properties where the plants and some distribution offices of PLPI currently stand.
- **Philippine FamilyMart CVS, Inc.** was registered with the SEC last November 29, 2012 and currently maintains its principal office at Fourth Floor, Tara Building, 389 Sen. Gil J. Puyat Avenue, Makati City, Philippines. It is currently engaged in the operation and sub-franchising of convenience stores under the “FamilyMart” brand. It currently holds the exclusive Area Franchise to the “FamilyMart” brand in the Philippines and is granted the right to exclusively sub-franchise the “FamilyMart” convenience stores anywhere in the Philippines.
- **PNX Petroleum Singapore Pte. Ltd.** was registered in Singapore and started operations sometime in October 2017. It is the regional trading arm of the Company. It currently holds office in Singapore and is able to buy directly from the refineries in the region due to its bigger requirements. It also takes orders and sells to other local and regional buyers.
- **PNX Energy International Holdings Pte. Ltd.,** registered in Singapore in 2018, PEIH was established to manage the Company’s international investments, as the Company explores possible investments in different regional markets such as Vietnam, Indonesia, Myanmar, Thailand and Australia.

The Company also has direct investments in Three (3) subsidiaries, namely:

- **Action.Able, Inc.,** registered in 2015, the Company owns 74.9% of the subsidiary. Action.Able is a three year old digital payment platform which enables and facilitates financial transactions between a merchant who avails and uses the service, and his customers who uses the platform to purchase, buy or pay all kinds of prepaid loads bills, and money remittances through a single Point of Sale device.
- **think.able, Limited,** registered in Hong Kong in 05 May 2014, The Company owns 74.9% of the subsidiary. think.able is the company that owns and holds the trademarks and copyrights used by Action.Able, Inc. in its operations and devices, including the trademark for “Pos!ble.net” the more popular name for which the

devices and the service is known.

- **Phoenix Asphalt Philippines, Inc.** is a joint venture of Phoenix Petroleum Philippines, Inc., Tipco Asphalt Public Company Limited of Thailand and Carlito B. Castrillo. Formed in January 2018, the joint venture will manufacture, operate, market, and distribute asphalt, asphalt-related products and other by-products of crude oil and other petroleum products, including operating terminals in the Philippines. Its plant is scheduled to complete construction in 2019 at the Calaca Industrial Seaport Park.

## 2. Directors and Officers

- (a) The incumbent members of the Board of Directors and the executive officers of the Company are as follows:

Office	Name	Age	Citizenship
<b>Directors</b>			
Chairman	Domingo T. Uy	73	Filipino
Director/President and Chief Executive Officer	Dennis A. Uy	46	Filipino
Director	Romeo B. De Guzman	70	Filipino
Independent Director	Minoru Takeda	66	Filipino
Director	Cherylyn C. Uy	40	Filipino
Director	Frederic C. DyBuncio	59	Filipino
Director	J.V. Emmanuel A. de Dios	55	Filipino
Director	Stephen T. CuUnjieng	60	Filipino
Independent Director	Nicasio Alcantara	77	Filipino
Independent Director	Consuelo Ynares Santiago	79	Filipino
Director	Monico V. Jacob	74	Filipino
Corporate Secretary/Vice President for Corporate Legal	Socorro T. Ermac Cabreros	55	Filipino
<b>Other Executive Officers</b>			
Chief Operating Officer	Henry Albert R. Fadullon	52	Filipino
Chief Finance Officer	Ma. Concepcion de Claro	61	Filipino
Senior Vice President for Corporate Affairs, Business Development and Security	Alan Raymond T. Zorrilla	50	Filipino
Chief Digital Officer	Charlie R. Valerio	52	Filipino
General Manager for Shared Services	Magtanggol C. Bawal	58	Filipino
Asst. Vice President for Engineering	Ignacio Raymund Ramos, Jr.	57	Filipino
General Manager for Supply, Pricing and Demand	Richard C. Tiansay	56	Filipino
General Manager for Retail Sales	Ericson S. Inocencio	45	Filipino
General Manager for Business Development, Strategies and Portfolio	Joselito G. De Jesus	64	Filipino
General Manager for Lubricants Sales and Distribution Business	Joven Jesus G. Muiar	49	Filipino

General Manager for Commercial and Industrial Business	Roy O. Jimenez	57	Filipino
General Manager for Joint Ventures	Joriz B. Tenebro	41	Filipino
Asst. Vice President for CME	Ma. Rita A. Ros	60	Filipino
Asst. Vice President for Treasury	Reynaldo A. Phala	53	Filipino
Asst. Vice President for Comptrollership	Jonarest Z. Sibog	39	Filipino
Asst. Vice President for Brand and Marketing	Celina I. Matias	55	Filipino
Asst. Vice President for Human Resources	Celeste Marie G. Ong	52	Filipino
Asst. Vice President for Retail Operations and NFRB, Network Development & Capital Investments	Arnel G. Ablan	52	Filipino
Asst. Vice President for Technical Services and QAPD	Jaime T. Diago, Jr.	64	Filipino
General Manager for Aviation Business	Lester C. Khan	39	Filipino

*Since the last annual meeting of 2018, NO officer or director has resigned because of a disagreement with the Company on any matter relating to the Company's issuance, operations, policies or practices.*

### **Directors**

The members of the Board of Directors of the Company are elected during the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until their successors have been appointed or elected and qualified. The following is the list of the incumbent members of the Board of Directors, and their business experiences during the past five (5) years:

#### **Domingo T. Uy** **Chairman**

Mr. Domingo T. Uy, Filipino, 73 years old, is a co-founder and has been a member of the Board of Directors of the Company since 2002. Mr. Uy was elected Chairman of the Board of Directors of the Company on February 15, 2007. He is also a Director of Granland Resources Corporation, a corporation involved in real estate development. Mr. Uy is actively involved in socio-civic programs and is a Director of the Philippine National Red Cross, Davao Chapter. He is also a Past President of the Davao City Sta. Ana Lions Club and the Kang Ha Uy Association - Davao Chapter.

#### **Dennis A. Uy** **Director, President and Chief Executive Officer**

Mr. Dennis A. Uy, Filipino, 46 years old, is the founder of the Company and

has served as President and Chief Executive Officer since inception. He is the Chairman and President of Udenna Corporation, the parent company, which has businesses in the shipping, logistics, distribution, real estate, and service industries. Among the subsidiaries of Udenna Corporation are Phoenix Petroleum Holdings, Inc. (PPHI), Udenna Management & Resources Corp. (UMRC), Chelsea Logistics Corp., Udenna Investments BV, and Udenna Trade Corporation. The subsidiaries of Phoenix Petroleum Philippines are Phoenix Global Mercantile, Inc., Subic Petroleum Trading & Transport Philippines, Inc., and PFL Petroleum Management. The subsidiaries of Udenna Management & Resources Corp. (UMRC) are Udenna Development Corporation (UDEVCO), Global Synergy Trade and Distribution Corp., Value Leases, Inc., Udenna Capital, PNX-Udenna Insurance Brokers, Udenna Environmental Services, Udenna Energy Corporation, and F2 Logistics. Under UDEVCO are Phoenix Petroterminals & Industrial Park Corp. (PPIPC), Udenna Tower Corporation, and GoHotels Davao. The Chelsea Logistics Corp. has the shipping businesses Chelsea Shipping Corp. and Trans-Asia Shipping Lines. Mr. Uy is also Chairman of Phoenix Philippines Foundation and Udenna Foundation. He is director of shipping and logistics provider 2Go Group, Inc. through his Udenna Investments BV subsidiary KGLI-NM Holdings Inc. He also serves as independent director of Apex Mining Corp. Mr. Uy is a member of the Young Presidents Organization's Philippine chapter and the Philippine Business for Social Progress. Since November 2011, Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines. In 2016, he was appointed as the Presidential Adviser on Sports. He is a graduate of De La Salle University with a degree in Business Management.

**Romeo B. De Guzman**  
**Director, Vice Chairman**

Mr. Romeo B. De Guzman, Filipino, 70 years old, was elected Director of the Company in 2009. He is the Vice Chairman and Senior Strategic Adviser, and previously was Chief Operating Officer of the Company, bringing over 40 years of outstanding experience in the oil industry. Before joining the Company, he was with Pilipinas Shell Petroleum Corporation, where he was Vice President for External Affairs for Asia Pacific and a member of the Board of Directors up to December 2006. He was with the said company holding various management and executive positions. Prior to that, he worked at Getty Oil Philippines Inc. for 10 years. Mr. De Guzman is also the Chairman of the Board of Directors of Mirait Philippines, Inc. He holds a Marketing Management and MBA degrees from San Sebastian College – Manila.

**Atty. Jose Victor Emmanuel A. De Dios**  
**Director**

Atty. J.V. Emmanuel A. De Dios, Filipino, 55 years old, was elected Director of the Company on February 15, 2007 and regular director on March 7, 2008.



He is the CEO of GE Philippines, and prior to that was President and CEO of Nido Petroleum Pty Ltd., an Australian Stock Exchange-listed oil and gas company. He was Managing Director of Merritt Advisory Partners, Inc. and was a member of the Board of Directors of Davies Energy Systems, Inc. He also served as Chairman of the Board of the Philippine National Oil Company Exploration Corporation and was former Undersecretary of the Philippine Department of Energy. Atty. De Dios obtained his Master of Laws degree from Harvard Law School and completed his Bachelor of Laws at the Ateneo School of Law.

**Frederic C. DyBuncio**  
**Director**

Mr. Frederic C. DyBuncio, Filipino, 59 years old, was elected as a Director of the Company on May 27, 2017. He is the President of SM Investments Corporation. He is a Director of Atlas Consolidated Mining and Development Corporation, Premium Leisure Corp., 2GO Group, Inc., and Pacific Online Systems Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets, and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hong Kong and Manila. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and completed a Master's degree in Business Management from the Asian Institute of Management.

**Cherylyn C. Uy**  
**Director**

Ms. Cherylyn Chiong-Uy, Filipino, 40 years old, is a graduate of Business and Finance from Ateneo de Davao University. Ms. Uy is one of the pioneers/incorporators of Udenna Corporation, the ultimate parent company of Phoenix Petroleum, and which has subsidiaries engaged in the petroleum, shipping, logistics, services, and real estate businesses, among others. She is the Corporate Treasurer of Udenna Corporation. Ms. Uy is also one of the Executive Directors of Phoenix Philippines Foundation, Inc., the corporate social responsibility arm of the Company. She is the Corporate Treasurer of Udenna Management and Resources Corporation and Chelsea Shipping Corp.

**Stephen T. CuUnjieng**  
**Director**

Stephen T. CuUnjieng, Filipino, 60 years old, was elected as a Director of the

Company on January 15, 2018, after being a long-time adviser to the Board. He is Chairman of Evercore Asia Limited, and has substantial and wide experience in investment banking. He has acted as Financial Adviser to several financial transactions of companies involving initial public offerings, major and strategic acquisitions, and mergers of various companies from various industries. He is a member of the Executive Advisory Board for Asia of the Wharton School of Business, and an Independent Director of Century Properties Group and Aboitiz Equity Ventures. He has received several awards and distinctions, such as the Best Independent Advisory Firm in Asia in 2016 for Evercore, and Deals of the Year for various acquisitions. He graduated from Ateneo de Manila University and Ateneo School of Law, and completed an MBA in Finance from the Wharton School of Business.

**Monico V. Jacob**  
**Director**

Monico V. Jacob, Filipino, 74 years old, has been a Director of the Company since March 7, 2008. He is President and Chief Executive Officer of the STI Education Systems Holdings, Inc., a publicly listed company; of STI Education Services Group, Inc.; and of West Negros University. He is also the Chairman of Philplans First, Inc., a pre-need company; of Philippine Life Financial, Inc., a life insurance company, and of Republic Surety and Insurance Co., a non-life insurance Company. He likewise sits as an independent director of Jollibee Foods, Inc., Century Properties, Lopez Holdings, Inc. and 2GO Shipping. He sits as Director of Asian Terminals, Inc., Philhealthcare Systems, Inc., an HMO, Philippine Women's University and IAcademy.

**Consuelo Yñares-Santiago**  
**Independent Director**

Ms. Consuelo Ynares-Santiago, Filipino, 80 years old, is a Retired Justice of the Philippine Supreme Court. Justice Santiago (Ret) is currently an independent director of Anchor Insurance Brokerage Corp., a leading insurance brokerage company based in New York, USA, SMC Global Power Holdings, Inc., one of the country's leading power companies which is the power generation unit of San Miguel Corporation, South Luzon Tollway Corp., and Top Frontier Investment Holdings, Inc. She is the Chair Advisory Council of the Office of Alternative Dispute Resolution under the Department of Justice. She earned her Law Degree at the University of the Philippines. After being admitted to the bar, she started her career as a Legal Officer of the Securities and Exchange Commission (SEC). After 5 years of legal practice, she decided to enter the Judiciary and spent 36 years of her career as Municipal Judge, Metropolitan Trial Court judge, Regional Trial Court judge, and Associate Justice of Court of Appeals, before becoming an Associate Justice of the highest court of the country, the Supreme Court. During her time in the Supreme Court, she became the chairperson of the Supreme Court's 3rd Division and also joined various committees, among them the Justice on

Wheels Program as Chairperson, the Foreign Travel Committee as Chairperson, the House of Representative Electoral Tribunal (HRET) as Chairperson, and member of the Presidential Electoral Tribunal. She was also a consultant of the Judicial and Bar Council (JBC) and a Bar Examiner of Labor Law and Social Legislation during the 1996 Bar Examination and Taxation Law in the 1998 Bar Examination.

**Nicasio I. Alcantara**  
**Independent Director**

Nicasio I. Alcantara, Filipino, 77 years old, is the Chairman and President of ACR Mining Corporation and Chairman of Conal Corporation. He currently serves as the Chairman of the Corporate Governance Committee of BDO Private Bank, Inc. and is a member of the Bank's Audit Committee and Related Party Transactions Committee. He is currently a Director of Alsons Corporation, Alsons Development and Investment Corporation and several other prestigious corporations. Prior to this, Mr. Alcantara also held the position of Chairman and President in various corporations, namely, Petron Corporation, Alsons Consolidated Resource Inc., Iligan Cement Corporation, Alsons Cement Corporation, Northern Mindanao Power Corporation, Refractories Corporation of the Philippines, and Alsons Insurance Brokers Corporation. He was also the Chairman of Alsons Prime Investments Corporation. Mr. Alcantara holds a Masters degree in Business Administration (MBA) from Sta. Clara University, California, and a Bachelor of Science degree in Business Administration from Ateneo de Manila University.

**Minoru Takeda**  
**Independent Director**

Minoru Takeda, Japanese, 66 years old is the Chairman of aNew Energy (an advisory company for Renewables/LNG), Senior Advisor of GLX LNG (LNG Trading Platform Company), Director of Oxalis Chemicals KK, and Sr. Advisor of Uyeno Kosan KK. Mr. Takeda was with ExxonMobil for 22 years and with Royal Dutch Shell group for 14 years. He was the Chairman of the Board of Showa Shell KK, Country Chairman of Shell Group of Companies in Japan, and GM of Shell Upstream International in charge of the ASEAN/India LNG Market Development. For Mobil Oil Corporation, in addition to holding key positions in Japan, he was Director of Mobil Oil New Zealand, and has experience in Global HQ Downstream Corporate Planning. He also spent over 4 years in Deloitte, as Partner of Deloitte Tohmatsu Consulting and served as CEO of Deloitte Tohmatsu Corporate Finance. He holds BS and MS from Keio University and MS from MIT Sloan School of Management. He was a Visiting Researcher at Harvard University, Energy and Environmental Policy Center.

### **Directorships in Other Reporting Companies**

The following are directorships held by the directors and executive officers in other reporting companies during the last five (5) years:

<b>Name of Director</b>	<b>Name of Reporting Company</b>	<b>Position Held</b>
Consuelo Ynares Santiago	Top Frontier Investment Holdings, Inc.	Independent Director
Dennis A. Uy	ISM Communications Corporation; PH Resorts Group Holdings, Inc.; Apex Mining Co., Inc.; Chelsea Logistics and Infrastructure Holdings Corp.; 2GO Group, Inc.	President & CEO  Chairman  Independent Director Chairman  Chairman
Cherylyn C. Uy	ISM Communications Corporation; PH Resorts Group Holdings, Inc.; Chelsea Logistics and Infrastructure Holdings Corp.	Director/Treasurer  Director  Treasurer
Frederic C. Dybuncio	2GO Group, Inc. SM Investments Corporation	President/Director President/Director

and the following Independent Directors have held directorships in other reporting companies for the last five (5) years:

<b>Name of Director</b>	<b>Name of Reporting Company</b>	<b>Position Held</b>
Nicasio I. Alcantara	ACR Mining Corporation.	Chairman & President
Minoru Takeda	Showa Shell Sekiyu K.K.	Chairman

### **Period of Directorship in the Company**

<b><u>Name</u></b>	<b><u>Period of Service</u></b>	<b><u>Term of Office</u></b>
Dennis A. Uy	since incorporation to present	1 year
Domingo T. Uy	since incorporation to present	1 year

Romeo B. De Guzman	since 2009 to present	1 year
J.V. Emmanuel De Dios	2007 to present	1 year
Cherylyn C. Uy	2004 to 2006, 2013 to present	1 year
Monico V. Jacob	2008 to present	1 year
Consuelo Ynares Santiago	2013 to present	1 year
Stephen T. CuUnjieng	January 15, 2018 to present	1 year
Frederic C. DyBuncio	May 27, 2017 to present	1 year
Minoru Takeda	2019 to present	1 year
Nicasio I. Alcantara	2019 to present	1 year

### **Executive Officers**

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

**Henry Albert R. Fadullon**, Filipino, 52 years of age, was appointed Chief Operating Officer of the Company on April 17, 2017. Prior to this, he served Shell Shared Services (Asia) B.V. as General Manager for its global businesses. He has over 25 years of experience in the petroleum industry, having held various roles at Pilipinas Shell Petroleum Corp., a decade of which were spent overseas with postings in Malaysia, Oman, and London. He has a wealth of experience in Retail and B2B performing a variety of frontline and functional roles leading into General Management positions. He completed his BS Industrial Management Engineering, minor in Mechanical Engineering, from De La Salle University.

**Ma. Concepcion F. De Claro**, Filipino, 62 years of age, holds a Bachelor of Science degree in Commerce, Major in Accounting from the Colegio de San Juan de Letran. She has been the Company's Chief Financial Officer since March 2018. She was Director of Alsons Prime Investment Corporation and Alsons Power Holdings Corporation and the Vice-President and Chief Operating officer of Alsons Corporation. She also served as the Director of Limay Energen Corporation and Manila North Harbour Port, Inc. Ms. de Claro also worked with Petron Corporation for several years. She was a Consultant for M&A Projects and a member of the Board of Trustees of Petron Corporation Employees Retirement Fund. She also served as Petron's Vice President for Corporate Planning & Services, Controller for the company and its subsidiaries, and held various positions in Corporate Planning. In addition, Ms. De Claro also served as a Director of New Ventures Realty Corporation, Las Lucas Development Corporation, Petron Marketing Corporation and Petron Freeport Corporation.

**Alan Raymond T. Zorrilla**, Filipino, 50 years of age, is the Senior Vice President for External Affairs, Business Development, and Security of the Company. Prior to his employment with the Company, he was Chief Legal Counsel of the Unioil Group of Companies where he headed the Legal, Human Resources, and Administrative Departments. He also served as

Director for Freeport Services Corporation, a 100% subsidiary of Subic Bay Metropolitan Authority and was once a Legal Consultant of the Department of Environment and Natural Resources. Atty. Zorrilla was engaged in litigation practice with Pangilinan, Britanico, Sarmiento and Franco Law Offices before he entered corporate practice. He formerly worked as Corporate Legal Counsel of publicly-listed Fil-Estate Group of Companies in its Litigation and Labor Department. Atty. Zorrilla completed his law studies at the San Beda College of Law in 1994 and was admitted to the Philippine Bar in 1995. He also took up his masteral studies at the Ateneo Graduate School of Business. He is an Army Reservist and a concurrent Commander (Lt. Colonel) of the Philippine Coast Guard Auxiliary.

**Charlie R. Valerio**, Filipino, 52 years old, is the Chief Digital Officer. He also leads the IT group of parent company Udenna Group of Companies. Charlie has more than 20 years of in-depth exposure and experience in the Oil & Gas, Power Generation, and Fast-Moving Consumer Goods (FMCG) industries as well as a local conglomerate, having worked for Procter & Gamble for 7 years, Royal Dutch Shell for 14 years, and 5 years for First Gen Corporation and First Philippine Holdings in concurrent capacity. He was Chief Information Officer at First Gen Corp. and for First Philippine Holdings, leading IT for the conglomerate (composed of 11 companies covering 5 industries - power generation, manufacturing, real estate/property, health care, and construction). Charlie received his Bachelor of Science degree in Computer Science from De La Salle University. He is a certified Project Management Professional and completed several leadership trainings in Switzerland and Singapore.

**Socorro T. Ermac-Cabrerros**, Filipino, 55 years old, is concurrently the Asst. Vice President for Corporate Legal and Corporate Secretary of the Company. She is also the Corporate Secretary Phoenix Petroleum Holdings, Inc. Prior to joining the Company, she was a Legal Counsel of Philippine National Bank in Davao City. She has worked for the government such as the Office of the Ombudsman for Mindanao and later as Prosecutor for the Province of Davao del Norte after engaging in the private practice of law. She finished her law degree at the Ateneo de Davao University College of Law. She was President for the Davao City Chapter of the Integrated Bar of the Philippines, Davao City Chapter from 2009-2011 and President of the Davao Lady Lawyers Association from 2000-2002.

**Jonarest Z. Sibog**, Filipino, 39 years old, is the Asst. Vice President for Comptrollership. She joined the company in 2006, starting her career in Procurement which she headed for seven years before moving to Finance. She is a graduate of Ateneo de Davao University with a degree in Bachelor of Science in Accountancy. She finished her Masters in Business Administration at the University of Mindanao where she also earned a few units in LLB. She is a Certified Public Accountant and is currently a Board of Director of the Association of CPAs in Commerce and Industry (ACPACI) - Davao City

## Chapter

**Richard C. Tiansay**, Filipino, 56 years old, is the General Manager for Pricing and Demand. Mr. Tiansay has more than 22 years of experience in the oil industry covering domestic and international operations. His last position in Royal Dutch Shell is as Global SAP IT Order to Cash Team Lead in London, U.K. This after being assigned to various key managerial positions not limited in the Philippines but as well as in a number in Asia Pacific and other countries. Mr. Tiansay completed his Bachelor of Science in Mechanical Engineering degree from the University of San Carlos, Cebu City.

**Roy O. Jimenez**, Filipino, 57 years of age is currently the General Manager for Commercial and Industrial Business. Prior to joining the Company he was connected with Chevron Phil. Inc for almost 30 years and handled various National and District Managerial positions, as well as supervisory positions for various trades such as Retail, Commercial/Industrial, Marketing Support, Liquefied Petroleum Gas and Lubricants. He also handled regional position as a Programs Manager and has been the team lead for the Philippines in various Chevron Regional projects. He was assigned as a District Manager covering various areas like North Metro Manila/North Luzon, Visayas and Mindanao. He is a licensed Mechanical Engineer and graduated in University of Santo Tomas. He has MBA units in De La Salle University and attended various Leadership and Management programs in Asian Institute of Management, as well as in-house training programs of Chevron in Asia Pacific and South Africa.

**Joselito G. de Jesus**, Filipino, 64 years old, is the General Manager for Business Development, Strategies and Portfolio Unit. Prior to joining the Company, Mr. de Jesus was the Assistant Vice-President for Reseller Trade of Petron Corporation. He joined the oil industry in late 1970's when became a Corporate Planning Analyst, then later on Corporate Planning Manager/Coordinator, of the Philippine National Oil Company (PNOC). Mr. de Jesus also became a Manager in the Corporate Planning Department of PNOC Shipping and Transport Corporation and at the same time, he was also an assistant to the Chairman of PNOC. In the late 90's, Mr. de Jesus transferred to Petron Corporation and stayed with said Company for almost 17 years. He is a graduate of Bachelor of Science in Business Administration Major in Marketing and Finance from the University of the Philippines and holds a Masters in Business Administration from the Ateneo Graduate School of Business.

**Ericson S. Inocencio**, Filipino, 45 years old, is the General Manager for Retail Business. Eric has more than 20 years of extensive experience in the petroleum industry. Prior to joining the Company, he was connected with Chevron Phils. where he held various positions primarily leading the Commercial and Industrial business as District Sales Manager for more than five(5) years and as concurrent National Fleet Cards Sales Manager. He has exposure in marketing support function in charge of developing and executed

local & global process/programs which includes profitability modelling. He is a certified Mechanical Engineer from De La Salle University and attended his MBA at Ateneo Graduate School of Business.

**Joven Jesus G. Muja**, Filipino, 49 years of age, is the General Manager for Lubricants Sales and Distribution Business. He joined Phoenix last May 4, 2015. He brought with him twelve and a half years of pure lubricant experience from a major petroleum company holding various positions in sales, business development and marketing handling both B2C and B2B. Within those years, he had 2 years assignment in the Asia Pacific Region doing Channel Development Specialist work.

**Maria Rita A. Ros**, Filipino, 60 years old, is the Asst. Vice President for CME. Ms. Ros has more than thirty (30) years of experience in the oil industry covering materials management, supply chain management, production planning, imports-exports, warehousing and logistics. She held various positions in Petron Corporation from 1981 up to 2011 when she handled Biofuels and Special Projects, and Supply Optimization. Ms. Ros set up a personal business before joining Phoenix Petroleum Philippines, Inc. in November 2013. She is a graduate of B.S. Chemical Engineering from the University of the Philippines, and is a licensed Chemical Engineer, and took up Basic Management at the Asian Institute of Management.

**Celina I. Matias**, Filipino, 55 years old, is presently the Asst. Vice President for Brand and Marketing Group of the Company. Ms. Matias has more than 25 years of expertise on strategic marketing and client servicing. She honed her skills from Ogilvy & Mather and McCann Erickson and had worked with local Ad Agency as partner. She handled over 25 local and global brands across different product categories from petroleum, telecoms, real estate, automotive, pharmaceutical and a lot more. She finished Communication Arts major in Advertising & Public Relations in Assumption College.

**Reynaldo A. Phala**, Filipino, 53 years old, is the Asst. Vice President for Treasury. He joined the Company in 2008 as its Credit and Collection Manager. Before joining the Company, he led a progressive banking career for 17 years, which he started at UCPB. He also worked with the Department of Trade and Industry as Municipal Trade and Industry Officer for a year. He graduated from Mindanao State University-General Santos City with the degree Bachelor of Science in Civil Engineering as a consistent academic scholar and passed the licensure examinations for Civil Engineers in May 1989. He recently finished his Master in Business Administration (MBA) under the Regis Program at the Ateneo Graduate School of Business.

**Celeste Marie G. Ong**, Filipino, 52 years old, is currently the Asst. Vice President for Human Resources. Ms. Ong has more than 20 years of solid human resources management experience from local and multinational companies (Concrete Aggregates Inc., Van Melle Phils., Fujitsu Computer Products and Optodev, Inc.) Her expertise includes compensation



management, talent acquisition, training and development, employee relations/engagement, benefits administration and HRIS. She finished A.B. Psychology from Pamantasan ng Lungsod ng Maynila and took her M.A. in Psychology at University of Santo Tomas. She completed Essilor Management Training course in Singapore & France.

**Ignacio Raymund S. Ramos, Jr.**, Filipino, 57 years old, is the AVP for Engineering. He has more than 25 years of specialized practice in the fuel industry. He previously worked with Shell Philippines (1985 to 2003) and worked his way up to key positions like Special Projects Manager, Head Retail Construction, Retail Engineering Manager and Field Facilities Engineering Manager. He also worked in Enmar Construction Inc. (2004-2009) where his role as General Manager propelled the business in the field of construction and maintenance of bulk oil terminal facilities and equipment for major petroleum companies. Among the projects he managed from 2006-2017 were: SMART Pigging (Intelligent Inspection of Pipelines) Shell Guam Inc.; In Indonesia: Pulau Laut Terminal bulk storage & distribution and jetty facility' PT Banten Energy for the construction of Refrigerated LPG Terminal, New IBT Barge Fuel Loading facility and in Singapore the construction of Lube Oil & Grease Manufacturing Plant. He finished Civil Engineering from the University of the Philippines.

**Arnel G. Alban**, Filipino, 52 years old, has been recently appointed as the Asst. Vice President for Network Development, Non-Fuels Retailing Business and Capital Investment, while concurrently handling the position of Asst. Vice President for Retail Operations. He joined Phoenix in April 2018, moving from Total (Philippines) Corporation as Asst. Vice President for Retail Development and Compliance. He has a solid 25 years experience in the oil industry, starting out as a Business Counselor (or Retail Territory Manager) in 1993 at Caltex (Philippines), Inc. where he stayed for 5 years. In 1998, he moved to Total where he stayed for 20 years, moving in various Sales positions, including a stint as AVP for Retail Development and Compliance. Arnel is a licensed Civil Engineer and graduated from the University of the Philippines.

**Jaime T Diago Jr.**, Filipino, 64 years old, joined Phoenix Petroleum in September 2018 as AVP Technical Service and QAPD. Prior to joining the company, he was connected with Pilipinas Shell where he served for 32 years holding the following key roles: Fuels Product Quality (PQ) Lead (PH & HK), Fuels PQ Manager (MEA), Fuels Technical Manager, Head Trading & Economics, Marketing Sales Manager, Commercial Development Manager and Lubricants Assistant Supply. Prior to his employment with Pilipinas Shell, Jaime also had six years with Mobil Philippines where he served as Marketing Representative and Technical Service Engineer. He finished BSME from Silliman University and is a licensed Mechanical Engineer.

**Joriz Tenebro**, Filipino, 41 years old, is the General Manager for Joint Ventures. Prior to joining Phoenix in November 2018, he has 15 years of

combined business and commercial finance experience with Shell in retail, trading, upstream and integrated gas covering Asia Pacific, Middle East, and Europe. Role includes retail territory management; reporting, planning and economics; finance management; M&A and New Business Development; and internal audit. He was based in Davao, Manila and a combined 10 years in Singapore and Dubai. Prior to joining Shell, he spent a total of 3 years as P&G distributor Finance Manager and PwC Finance Auditor. Most of his key development trainings were in Shell Headquarter in Netherlands and INSEAD France. He graduated from Ateneo de Davao University.

**Magtanggol C. Bawal**, Filipino, 58 years old, is the General Manager for Shared Services and is a Certified Public Accountant with 35 years of work experience in the oil industry, IT, and Services. Prior to joining Phoenix in 2017 after the company's acquisition of Family Mart, he was with Shell Shared Services (Asia) B.V. as Contracts & Procurement Operations Delivery Center Manager. Among his other work, he was previously IT consultant of Phoenix Petroleum in 2010; Chief Finance Officer and COO of Microsoft Phils.; and LPG Finance Manager, among other roles, at Pilipinas Shell Petroleum Corp. He earned a Bachelor of Science degree in Commerce, major in Accounting, from the University of Batangas, and took MBA classes at the DLSU Graduate School of Business.

**Lester C. Khan**, Filipino, 39 years old, the General Manager for Aviation Business is a driven sales and technical professional with nearly two decades of experience in the FMCG and oil/gas industry. Previously, he served as General Manager for both Pure Essence Inc. and Margarrett Enterprise Inc., which produce biodiesel and toll-packs for major FMCG companies. He started his career in Procter & Gamble where he was recognized for leading the reformulation and process development of the company's soap brands. In between his stints in manufacturing, he worked in Pilipinas Shell Petroleum Corp., handling Retail in South Mindanao. He is a licensed Chemical Engineer from the University of the Philippines Los Baños and a Six Sigma Green Belt Certified Practitioner. He completed his MBA studies at the Ateneo Graduate School of Business with Gold Honors.

#### Period of Service in the Company

<u>Name</u>	<u>Period of Service</u>
Henry Albert R. Fadullon	April 17, 2017 to present
Ma. Concepcion F. De Claro	May 1, 2018 to present
Charlie R. Valerio	March 1, 2019 to present
Socorro Ermac Cabreros	July 2, 2006 to present
Jonarest Z. Sibog	March 27, 2006 to present
Reynaldo A. Phala	October 16, 2008 to present
Alan Raymond T. Zorrilla	April 1, 2009 to present
Joselito G. De Jesus	March 15, 2011 to present
Richard C. Tiansay	March 1, 2013 to present

Ericson S. Inocencio	February 15, 2014 to present
Roy O. Jimenez	May 11, 2015 to present
Joven Jesus Muiar	May 4, 2015 to present
Ma. Rita A. Ros	November 1, 2013 to present
Celeste Marie G. Ong	July 2, 2012 to present
Celina I. Matias	July 2, 2012 to present
Ignacio Raymund Ramos, Jr.	January 16, 2018 to present
Arnel G. Ablan	April 16, 2018 to present
Jaime T. Diago, Jr.	September 3, 2018 to present
Joriz B. Tenebro	November 5, 2018 to present
Magtanggol C. Bawal	December 1, 2017 to present
Lester C. Khan	February 18, 2019

## II. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

### A. Comparable discussion on Material Changes in Results of Operations for the Year Period Ended September 30, 2019 vs. September 30, 2018.

#### Revenues, Cost of Sales and Gross Margins

The Group's Revenues during the first nine months of 2019 grew to ₱73.169billion, about 12.6% higher compared to the ₱64.963billion generated in the same period of 2018. This was mainly due to the 15.9% growth in total volume sold for the comparative nine-month period (2019: 2,343million liters vs. 2018: 2,022million liters). This was augmented by the ₱0.875 billion sales contributed by Philippine Family Mart CVS, Inc. (PFM) and ₱91 million sales contributed by Action Able, Inc. On the other hand, despite the implementation of the second round of increase in the excise tax rates of petroleum products under the Tax Reform for Acceleration and Inclusion (TRAIN) law starting January 2019, average price of petroleum products was lower as a result of the 8.7% drop in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD September 2019 vs 2018: US\$64.02/ bbl. vs. US\$70.09/ bbl.).

Of the 321million liters incremental sales volume, 56% came from volume sold by its foreign-based subsidiaries (Pnx Singapore: Pnx Singapore - 132million liters and Pnx Vietnam - 47 million liters); while the balance came from domestic operations.

Similarly, Cost of Sales and Services increased by 12.5%, from ₱58.545billion in the first nine months of 2018 to ₱65.873 billion in the same period of 2019, principally attributable to the volume growth.

As a result mainly of the increase in sales volume, Gross Margin rose by 13.1% or ₱0.843.

## Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the company's Selling and Administrative Expenses amounted to ₱4.822 billion, 15.9% more than the ₱4.161 billion 2018 level, with the increase volume sold. However, considering the volume growth, opex per liter was sustained at ₱2.06 as the company continued to implement cost-effective programs aimed to streamline its processes and reduce cost.

On the other hand, Net Non-operating Charges of ₱1.402 billion was ₱0.548 billion more than the ₱0.854 billion incurred in 2018. The 64.2% increment was mainly on account of the combined effect of the increase in benchmark lending rates implemented starting in May 2018, as well as the additional debts incurred to finance the company's network expansion program, including its support systems and facilities.

## Operating, Net and Comprehensive Incomes

Notwithstanding the increase in operating expenses, the 2019 Operating Income of ₱2.474 billion grew by 9.6% (₱0.217 billion) compared to the 2018 Operating Income of ₱2.257 billion.

However, with the rise in Net Non-operating Charges, the 2019 Net Income Before Tax (NIBT) of ₱1.071 billion declined by 23.6% (₱0.331 billion) vis-à-vis the 2018 NIBT of ₱1.405 billion.

Meanwhile, for the first nine months of 2019, the company recorded a ₱0.020 billion translation adjustment related to PNX SG's operations, 57.2% lower than the ₱0.046 billion recorded in 2018. As such, Comprehensive Income of ₱0.938 billion, was 31.2% lower than the ₱1.364 billion reported in the same period in 2018.

## Financial Condition

(As of September 30, 2019 versus December 31, 2018)

Consolidated resources as of September 30, 2019 stood at ₱68.644 billion, 6.2% higher than ₱64.660 billion level as of December 31, 2018. This was mainly due to the additions in property, plant, and equipment related to our expansion as well as the recognition of the Right-of-Use Asset for the lease contracts with reference to PFRS 15 - Leases which took effect January 1, 2019.

Cash and Cash Equivalents decreased by 11% (from ₱7.890 billion in December 31, 2018 to ₱7.024 billion as of September 30, 2019) as the company settled its maturing loans and partially redeemed Preferred Shares issued via private placement.

Similarly, Trade and Other Receivables increased by 13.9% (from ₱15.031 billion as of December 31, 2018 to ₱12.941 billion as of September 30, 2019) in spite the increase in revenue resulting from the intensified collections strategy.

Inventory was 41.3% lower at ₱6.534 billion as of September 30, 2019, from ₱11.135 billion as of December 31, 2018 as the company effected strategies to reduce its days inventory.

As of September 30, 2019, the Group's Property and Equipment, net of accumulated depreciation, increased to ₱23.927 billion versus the ₱18.716 billion as of December 31, 2018. The 27.8% growth represented the value of the assets of the newly acquired subsidiaries, the continuing expansion program of the group and the implementation of PFRS 16.

Intangible Assets was 6.7% lower at ₱0.306 billion as of September 30, 2019, from ₱0.328 billion as of December 31, 2018 as a result of normal amortization.

Investment in Joint Ventures was 212.0% higher at ₱1.421 billion as of September 30, 2019, from ₱0.455 billion as of December 31, 2018 as the entered into several new Joint Venture Agreement such as Phoenix Southern Philippines Corporation and Galaxi Petroleum Fuels, Inc..

Goodwill was 14.8% higher at ₱0.652 billion as of September 30, 2019, from ₱4.419 billion as of December 31, 2018 as a result of the acquisition of 75% of Origin Energy Vietnam by PNX Vietnam.

Deferred Tax Asset was 46.7% higher at ₱0.216 billion as of September 30, 2019, from ₱0.147 billion as of December 31, 2018 coming from some subsidiaries reporting losses.

Other Non-current Assets was 289.3% higher at ₱6.211 billion as of September 30, 2019, from ₱1.596 billion as of December 31, 2018 as the company made deposits for the acquisition of certain assets.

Interest-bearing Loans and Borrowings, both current and non-current of ₱47.673 billion as of September 30, 2019 increased by 19.5% from ₱39.900 billion as of December 31, 2018, mainly for the financing of Pnx SG's working capital requirements and the Group's capital expenditures; but partly offset by the settlement of debts.

As a result of its effective management of inventory, Trade and Other Payables decreased by 61.3% from ₱7.435 billion as of December 31, 2018 to ₱2.881 billion as of September 30, 2019

Deferred Tax Liabilities decreased by 2.9% from ₱0.631 billion as of December 31, 2018 to ₱0.613 billion as of September 30, 2019 since the level of income tax is only for 9 months net of paid taxes during the prior periods.

Total Stockholders' Equity decreased by 1.4% to ₱15.748 billion as of September 30, 2019 from ₱15.974 billion as of December 31, 2018. The 3.6% growth in retained earnings came from the ₱0.938 billion net income realized during the first nine

months of 2019, but offset by the payment of dividends on both Common and Preferred shares, as well as the partial redemption of Preferred shares issued in prior years.

### Key Performance Indicators and Relevant Ratios

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

	September 30, 2019	December 31, 2018
Current Ratio <sup>1</sup>	0.8x :1x	1.1x :1x
Debt to Equity Interest-Bearing <sup>2</sup>	3.0x : 1x	2.5x : 1x
Net Book Value per Share <sup>3</sup>	₱8.53	₱8.53
Earnings per Share <sup>4</sup>	₱0.47	₱1.72

Notes: Formula are based on Philippine Accounting Standards

1 - Total current assets divided by current liabilities

2 - Interest Bearing Debts divided by Total stockholder's equity

3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

4- Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the 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 (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

Material (5% or more) Changes to the Group's Balance Sheet as of September 30, 2019 vs. December 31, 2018

11% decrease in Cash and Cash Equivalents  
Settlement of debts during the period.

14% decrease in Trade and Other Receivables  
Improved collection strategies.

41% decrease in Inventory  
Reduced days inventory.

99% decrease in Due from Related Party  
Treated as advance payment for properties leased having the option to purchase.

719% increase in Restricted Deposit

Increase in PNX SGs marginal deposit.

63% increase in Prepayments and other current assets.

Due to the renewal of insurances and local government taxes of all the assets, prepaid rentals advertising and other services and acquisitions which will cover the periods beyond September 30, 2019.

28% increase in PPE

Due to new acquisitions, and construction of new retail and depot facilities, and the recognition of Right to Use Asset in compliance with the implementation of PFRS 16.

15% increase in Goodwill

Due to the acquisition of Phoenix Gas Vietnam.

212% increase in Investment in Joint Ventures

Due to the additional Joint Venture Agreements entered into during the period.

289% increase in Non-current Assets

Due to the increase in security and rent deposit for leases and rentals as well as the deposits made for the purchase of certain properties.

35% increase in Interest Bearing Loans- Current

Due to the Long Term Contracts maturing within 12 months from September 30, 2019, including short-term loans and trust receipts.

61% decrease in Trade Payables

In relation to the decrease in days inventory and Trust Receipt Bookings classified as Interest-Bearing Loans-current

11% decrease in Interest Bering Loans - Non-current

Net of the settled and maturing in the next 12 months after September 30, 2019

82% increase in Other Non-current liabilities

Due the recognition of Finance Lease Liabilities in compliance with PFRS 16

7% decrease in Additional Paid-in Capital

Due to the Preferred Shares Redemption

80% decrease in Accumulated Translation Adjustments

Due to increased transaction of the foreign currency denominated subsidiary, Pnx Singapore.

4% increase in Retained Earnings

Increase coming from the Net Income after tax net of the dividends declared and distributed during the year.

Material (5% or more) changes to the Group's Income Statement as of September 30, 2019 vs. September 30, 2018

12% increase in Sale of Goods

Due to the 15.8% growth in overall volume. PPPI's domestic and overseas operations grew 9.4% and 34.2%, respectively. PPPI's overseas operations are carried out by PNX SG and PNX Energy.

101% increase in fuel service, storage income, rental income and other revenue

This is due increase in into-plane services, additional rental income from new retail stations, non-fuel related businesses and from Action Able, Inc.

13% increase in Cost of Sales and Services

This mirrors the increase in the sale of goods, reflecting the price movements in the world market during the year which is little higher compared to the same period in 2018. The increase in excise tax rates on petroleum products also contributed to the increment.

91% increase in Finance Costs

A substantial portion represents interest from the P6B loan used to acquire Petronas during the last quarter of 2017 and from the 7B STCP from PNB capital, as well as Forex Losses.

80% decrease in Finance Income

Net realized and unrealized forex gains.

100% increase in Equity Share in Net Income of a Joint Venture

This is the net share from PAPI, PSPC and Galaxi joint ventures.

1561% increase in Other income

Higher Other income from PNX SG.

80% increase in Tax Expense

Due to the improving performance of the newly acquired companies.

57% decrease in Translation Adjustments

Due to the increased forex exposure on the increased transactions of the foreign denominated subsidiary.

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.



**B. Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2018 vs. December 31, 2017.**

**Revenues, Cost of Sales and Gross Margins**

The Group's Revenues during the year 2018 grew to **₱88.611** billion, about 99% higher compared to the **₱44.426** billion generated in 2017. This was due to the combined effect of the **49%** growth in total volume sold in the same period ( 2018: 2,747 million liters vs. 2017: 1,844 million liters) and the increase in the domestic selling prices of the products as a result of the 31% increase in the price of Dubai crude (benchmark crude of Asian refineries) average (2018: US\$69.65/ bbl vs. US\$53.14/ bbl) as well as the implementation of the new excise tax rates on the sale of domestic petroleum products. This was augmented by the **₱1.308** billion sales contributed by Philippine FamilyMart CVS, Inc. (PFM) and **₱54** million sales contributed by Action Able, Inc.

The 903 million liters incremental sales volume was mainly attributable to the 758 million liters sold by Pnx Singapore. In addition, volume sold by both the parent company and Phoenix LPG Philippines, Inc. rose by 139 million liters (8%) and 31 million liters (22%), respectively, during the comparative years.

Similarly, Cost of Sales and Services increased by 106%, from **₱37.909** billion in 2017 to **₱78.839** billion in 2018, as a result of the volume growth, aggravated by the higher product costs reflecting the global oil price movements, as well as the imposition of the new excise tax rates on petroleum products starting in January 1, 2018.

Consequently, Gross Margin rose by 58% or **₱3.596** billion. On the other hand, Gross Margin Rate decreased to 12% from the 16% registered in 2017. This was primarily due to the change in company's sales volume mix. The volume sold to commercial accounts as well as PNx Singapore sales to external customers grew faster (by 12% and 3877%) than volume sold through the company's retail outlets where margins are generally higher.

**Operating Expenses, Non-operating Expenses, Recurring Income**

Meanwhile, Selling and Administrative Expenses of **₱5.741** billion, up by 36% versus the **₱4.134** billion incurred in 2017, primarily because of the cost outlay of the new businesses.

On the other hand, Other Net Non-operating Charges of **₱0.656** billion was 970% greater than the **₱0.061** billion incurred in 2017. This year includes **₱0.625** billion fair value gains on Investment Property while previous year's balance included **₱0.650** billion one-time gain on fair value of acquired asset. However, even excluding this one-time gain, 2018 Net Non-operating Charges still reflected a 80%, mainly due to the rise in borrowing rates as the Bangko Sentral ng Pilipinas (BSP) increased the benchmark rates three times or an equivalent of 1.75% in 2018. Furthermore, additional debt service was incurred due to the acquisition of the new businesses which were funded by short-term debt.

Despite the increases in both operating and non-operating expenses, the net income after tax of ₱2.767 billion, rose by 82% from 2017 re-stated level of ₱1.521 billion.

### **Non-recurring Transactions and Net Income**

Meanwhile, the company recorded non-recurring transactions, principally as a result of the excess of the fair value over the acquisition cost of the Investment Properties amounting to ₱0.650 billion in 2017. In 2018, the fair value increment of ₱0.625 billion.

Considering these adjustments, as well as the ₱0.029 million translation adjustment related to Pnx SG, and the fair value revaluation of land assets amounting to ₱1.220 total Comprehensive Income stood at ₱3.568 billion, 134% higher than the ₱1.527 billion re-stated report in 2017.

The fair value revaluation of land assets was in compliance with Philippine Accounting Standards No. 16, which requires that revaluations be carried out regularly for the entire class of assets to which that asset belongs. Specifically, since the land assets of the PLPI were recorded at fair market even prior to its purchase by the Company, the company opted to similarly reflect the fair value of all its land holdings.

### **Financial Condition**

*(As of December 31, 2018 versus December 31, 2017)*

Total resources of the Group as of December 31, 2018 stood at ₱64.600 billion, a 46% growth compared to the ₱44.173 billion level as of December 31, 2017. This was mainly due to the increases in Property, Plant, and Equipment, including the revaluation of the Land Assets and Goodwill, the latter of which was incurred in relation to the acquisition of Philippine FamilyMart CVS, Inc. and Action Able, Inc.

As a result of the doubling of revenues, Cash and Cash Equivalents as well Trade and Other Receivables rose by 331% (from ₱1.832 billion in December 31, 2017 to ₱7.890 billion as of December 31, 2018), and 95% (from ₱7.509 billion as of December 31, 2017 to ₱15.031 billion as of December 31, 2018), respectively.

Inventories declined by 10% to ₱11.135 billion as of December 31, 2018, from ₱12.970 billion as of December 31, 2017. The build-up in December 2017 was brought about by the confluence of the following factors: to address the new businesses such as LPG with the purchase of PEPI, operation of Pnx SG and the volume requirements of the new accounts, higher price of imported petroleum products as a result of movement of prices in the international market, and the decrease in the demand for IFO by the power companies.

As of December 31, 2018, the Group's Property and Equipment, net of accumulated depreciation, increased to ₱18.716 billion versus the ₱13.400 billion as of December 31, 2017 (by 40%), representing the assets of the newly acquired subsidiaries, the fair value revaluation of the Land Assets as well as the continuing expansion program of the group.

Interest-bearing Loans and Borrowings, both current and non-current, was up by 42% from ₱28.171 billion as of December 31, 2017 to ₱39.900 billion as of December 31, 2018. The increment of ₱11.728 billion was from the availment of new loans to service the working capital requirements of the new businesses, the bulk of which by PNX SG, as well as the company's various capital expenditures.

Trade and Other Payables increased by 107% from ₱3.584 billion as of December 31, 2017 to ₱7.435 billion as of December 31, 2018 due to the additional trade transactions of the new subsidiaries.

Total Stockholders' Equity increased to ₱15.974 billion as of December 31, 2018 from ₱11.683 billion as of December 31, 2017, (by 37%) resulting from the earnings generated and non-recurring gains during the year. This was partly offset by the declaration of cash dividends for both common and preferred shares. In addition, new stocks were issued in relation to the Company's Employee Stock Option Plan (ESOP).

### Key Performance Indicators and Relevant Ratios

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

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Current Ratio <sup>1</sup>	1.1x : 1x	1.2x : 1x
Debt to Equity Ratio <sup>2</sup>	3.0x : 1x	<u>2.8x : 1x</u>
Net Book Value per Share <sup>3</sup>	₱8.53	₱8.33
Debt to Equity Interest-Bearing <sup>4</sup>	2.5x : 1x	2.4x : 1x
Earnings per Share <sup>5</sup>	<u>₱1.72</u>	<u>₱0.96</u>

Notes:

1 - Total current assets divided by current liabilities

2 - Total liabilities divided by tangible net worth

3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

4 - Interest Bearing Debts divided by Total stockholder's equity (net of Preferred)

5 - Period or Year Net income after tax divided by weighted average number of outstanding common shares

These key indicators were chosen to provide management with a measure of the 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 (Return on Equity, Net

Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

**Material (5% or more) Changes to the Group's Balance Sheet as of December 31, 2018 vs. December 31, 2017**

**331% increase in Cash and Cash Equivalents**

Increased cash inflow due to the 99% increase in revenue compared to the previous period.

**95% increase in Trade Receivables**

A result of the 99% increase in revenue brought about by the increase in sales volume this period compared to the previous period.

**10% decrease in Inventory**

This is the normal minimum inventory requirement given the current growth in revenue.

**81% increase in Due from related parties**

In line with the plan of the company to further expand its operations in Luzon, the company advance funds to CISC to enable the latter to upgrade and improve wharf facilities, which will redound to the benefit and improve the company's supply operations.

**14% decrease in Net Input VAT**

In relation to the decrease in inventory movement.

**14% increase in Prepayments and other current assets**

Due to the renewal of insurances of all the assets, prepaid rentals advertising and other services and acquisitions which will cover the periods beyond December 31, 2018.

**40% increase in PPE**

Due to new acquisitions, and construction of new retail and depot facilities and the fair value revaluation of land assets of ₱1.219 billion.

**11% increase in Intangible Assets**

Due to new software acquisitions for the new subsidiaries.

**100% increase in Investment in a Joint Venture**

Additions from newly concluded Joint Ventures such as Phoenix Asphalt Philippines, Inc.(PAPI), Phoenix Southern Petroleum, Corp. (PSPC) and Galaxi Petroleum Fuel, Inc.

**56% increase in Investment Properties**

Resulting from the latest appraisal of the particular investment properties, specifically the land assets of PLPI.

**11% increase in Goodwill**

Due to the acquisition of PFM, Think Able and Action Able.

614% increase in Other Non-current Assets

Due to the acquisition of PFM and additional rental deposits for the new leases intended for network expansions and option agreements related to property acquisitions.

38% decrease in Deferred Tax Assets

Due to increase in accrued revenues

57% increase in Current Interest-bearing loans

Due to the reclassification of certain long-term loans that are due in the next 12 months as well as the additional loans incurred to finance the working capital requirements of Pnx SG.

107% increase in Trade and Other payables

Due to the increased trade transaction of the new subsidiaries.

2607% increase in Income Tax payable

Due to the increase in Income Tax from Non-ITH segments.

19% increase in Non-current Interest-bearing loans

Due the availment of certain long-term loans within the year.

181% increase in Deferred Tax Liabilities

Increase due the deferred taxes computed on the Fair Value Increment from Investment Property and Land Assets.

25% increase in Non-current liabilities

Due the increase security deposits from customers of PPPI and PLPI.

27% increase in Additional Paid in Capital

Coming from the receipt in excess of the par value of the ₱2.0 million Preferred Shares last December, net of the APIC from the redeemed ₱5.0 million shares.

35984% Decrease in Revaluation Reserve

Due to Fair Value Appraisal of the Land Assets.

757% decrease in Accumulated Translation Adjustments

Due to increased transaction of the foreign currency denominated subsidiary, Pnx Singapore.

44% increase in Retained Earnings

Increase coming the Net Income after tax and fair value revaluation of the Land Assets and Investment properties net of the dividends declared and distributed during the year.

**Material (5% or more) changes to the Group's Income Statement as of December 31, 2018 vs. December 31, 2017**

99% increase in Sale of Goods

Due to the revenues coming from the new subsidiaries namely; PLPI, Duta Group, PFM and Pnx SG, coupled with, higher fuel prices (by 30%) and additional volume sold relative to last year (by 49%). The parent company recorded an 8% improvement on its volume sold this year.

138% increase in fuel service, storage income, rental income and other revenue

This is due to the revenues from the newly acquired subsidiary – PFM and Action Able, Inc.

106% increase in Cost of Sales and Services

This mirrors the increase in the sale of goods, reflecting the price movements in the world market during the year which is higher compared to the same period in 2017. The increase in excise tax rates on petroleum products also contributed to the increment.

36% increase in selling and administrative expenses

This is primarily because of the operating requirements of the new subsidiaries. The expansion program of the group caused higher salaries and wages, depreciation, fuel expenses and other operating expenses. The launching of various advertisements and promotions like PULSE Technology are also factors causing the increment.

70% increase in Finance Costs

A substantial portion represents interest from the P6B loan used to acquire Petronas during the last quarter of 2017.

80% increase in Finance Income and Others

These pertain to the reversal of certain bad debts, which were collected in 2018, expenses accrued in the prior years which would no longer be paid, net realized and unrealized forex gains.

100% increase in Equity Share in Net Income of a Joint Venture

This is the net share from PAPI, PSPC and Galaxi joint ventures.

49% increase in Income Tax Expense

Substantial portion comes from the new businesses net of the ITH holiday benefit of the parent.

657% increase in Translation Adjustments

Due to the increased forex exposure on the increased transactions of the foreign denominated subsidiary.

100% increase in Revaluation of Land

This is the result of the appraisal of the Land Assets of PPPI.

345% decrease in Remeasurement of Retirement Benefit Obligation

This is the result of the Actuarial Valuation Report per revised PAS 19.

8331% increase in Deferred Tax Expense

Due to the increase in Other Comprehensive Income subject to deferred tax liability.

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.

**C. Comparable discussion on Material Changes in Results of Operations for the Year Ended December 31, 2017 vs. December 31, 2016.**

***Revenues***

The Group generated total revenues of ₱46.326 billion in 2017, 52% higher than 2016's ₱30.577 billion, on the back of a 17% increase in sales volume and fuel prices. This includes addition of LPG revenue of ₱3.4 billion and Pnx SG revenue to third party customers of ₱ 250 million . The group reported ₱44.426 billion net of the pre-acquisition revenues, 45% higher than 2016.

Sales revenues from trading and distribution of petroleum products increased by 56% from ₱29.472 billion in 2016 to ₱45.879 billion in 2017. **Excluding the LPG's pre-operating revenue, net increase is 49% amounting to ₱44.051 billion.** Retail volume (station sales) increased by 9% due to growth in both station network and same store sales. The Commercial and industrial segment also increased by 15%, while aviation volume grew by 13%. Lubricants volume also grew by 49% from the prior year.

The Parent has built five hundred five (530) Phoenix retail service stations as of December 31, 2017 compared to four hundred forty-seven (505) retail stations as of the same period last year. The Parent has a number of retail stations undergoing various stages of construction which are projected to be opened within the 1st half of 2018.

The Group generated revenues of ₱ 375 million from fuel service, storage, and others in 2017, down from ₱1.104 billion in 2016. The 66% year-on-year decline was mainly because 2016 includes shipping, port and real estate revenues from the spun-off subsidiaries. Excluding the revenue from CSC and PPIPC in 2016, fuel services, storage and other revenue increased by 6%.

***Cost and expenses***

The Group recorded cost of sales and services of ₱39.298 billion as of December 2017, an increase of 56% from ₱25.124 billion in 2016. Net of the pre-acquisition cost of sales of the LPG business, the group reported ₱37.909 billion, a net increase of 51%. This was due to higher product costs compared to last year, reflecting increasing global oil prices. The 17% increase in volume is also a factor in the increase cost of sales.

Selling and administrative expenses increased by 32%, driven by higher operating expenses for completed expansions, expected growth impact and newly acquired subsidiaries.

### *Net Income*

The Group's net income for 2017 grew to ₱1.792 billion from ₱1.092 billion in 2016. This includes one-time gain coming from the excess of fair value over acquisition cost of the newly - acquired subsidiary, Duta, Inc amounting to ₱ 650 million and the pre-acquisition profit of PLPI and Duta, Inc. amounting to ₱ 279 million. Excluding non-recurring income, core business net income grew by 30% to ₱1.421 billion, driven primarily by 17% increase in sales volume and additions from the new business, particularly LPG.

The Parent was 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, enjoyed an income tax holiday for five (5) years from November 16, 2005 to November 16, 2010.

The Parent Company obtained additional registration approval from the Board of Investments (BOI) under R.A. 8479 or Oil Industry Deregulation Law for its Calaca, Batangas Terminal. This entitled 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 to the Davao Terminal Expansion facility effective February 2010, which entitled the Parent Company another set of incentives, including the five (5) year ITH on its Davao Terminal Marketing and Storage activities.

The Parent Company was also registered with the BOI on November 25, 2010 as new industry participant with new investment in storage, marketing and distribution of petroleum products under RA 8479 (Downstream Oil Industry Deregulation Act) for its storage tanks in Talisayan, Zamboanga City. Under its registration, the Company is required to observe certain general and specific terms and conditions stated in the provisions of the Omnibus Investments Code of 1987. This expired on November 25, 2015.

The Parent Company also obtained new approvals with the BOI for its two (2) new facilities. Both the Cagayan de Oro City and the Bacolod City facilities were registered and issued certification by the BOI on May 12, 2012, entitling the Parent Company ITH for five years from registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities.

The Parent Company also obtained new approvals with the BOI for its four (4) new facilities. Expansions of Cagayan de Oro City and Calaca, Batangas facilities were registered and issued certification by the BOI on November 24, 2017 and December 22, 2017, respectively. New facilities in Tayud, Cebu and Calapan, Mindoro were likewise registered and issued certification by the BOI on September 9, 2017 and October 12, 2017, respectively, entitling the Parent Company ITH for five years from



registration plus other fiscal and non-fiscal incentives accorded to BOI-registered entities. 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 December 31, 2017 versus December 31, 2016)*

Total resources of the Group as of December 31, 2017 stood at ₱44.471 billion, higher by 68% compared to the ₱26.538 billion as of December 31, 2016. This is mainly due to the acquisition of PLPI and Duta, Inc., higher fuel prices and increase in inventory.

Cash and cash equivalents this year decreased by 22% from ₱2.339 billion in December 31, 2016 to ₱1.831 billion as a result of increased operating, acquisition and expansion requirements.

Trade and other receivables decreased by 15% from ₱8.789 billion as of December 31, 2016 to ₱7.510 billion as of December 31, 2017, due to the intensified collection of credit sales and other receivables.

Inventories increased to ₱12.970 billion as of December 30, 2016 from ₱2.999 billion as of December 31, 2016. The increase is brought about by the confluence of the following factors: 1) to address requirements of new businesses, such as LPG with the purchase of PEPI, the operation of Singapore Trading and serving volume of new accounts; 2) higher price of imported petroleum products, mainly because of the increase in crude prices and 3) the continued decrease in demand for IFO by the power sectors also contributed to the higher inventory levels.

Due from related parties decreased to ₱518 million as of December 2017 from ₱1.507 billion as of December 2016. The receivable balance from UDEVCO amounting to ₱50 million for the sale of PPIPC was settled and reclassification of the non-trade receivable from Chelsea Shipping Group Corp. amounting to ₱500 million.

As of December 31, 2017, the Group's property and equipment, net of accumulated depreciation, increased to ₱13.401 billion compared to ₱9.002 billion as of December 31, 2016 due to the acquisition of PEPI and Duta, Inc. as well as the completion of the new retail stations and various facility expansion of the group.

Loans and Borrowings, both current and non-current, increased by 114% from ₱13.184 billion as of December 31, 2016 to ₱28.171 billion as of December 31, 2017. The increase of ₱14.987 billion was from the acquisition of PEPI and Duta, Investment in PNx Singapore, increased inventory value and other capital expenditures of the group.

Trade and other payables increased by 20% from ₱3.333 billion as of December 31, 2016 to ₱3.863 billion as of December 31, 2017 due to longer supplier credit term.

Total Stockholders' Equity increased to ₱11.952 billion as of December 31, 2017 from ₱9.762 billion as of December 31, 2016, resulting from the earnings generated in 2017 net of cash dividend declared and paid during the period for both common shares and preferred shares. The sale of treasury shares and the employee stock also contributed to the increase. The sale of treasury shares increased the Additional paid in capital by ₱367 million while the employee stock option increased the common shares by ₱2.761 million and the additional paid in capital by ₱21.351 million.

### ***Key Performance Indicators and Relevant Ratios***

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

	December 31, 2017	December 31, 2016
Current Ratio <sup>1</sup>	1.22 : 1	1.17:1
Debt to Equity Ratio <sup>2</sup>	2.72 : 1	1.72:1
Return on Equity <sup>3</sup>	17%	11%
Net Book Value per Share <sup>4</sup>	6.60 : 1	5.08:1
Debt to Equity Interest-Bearing <sup>5</sup>	2.36 : 1	1.35:1
Earnings per Share <sup>6</sup>	1.16	0.64
Earnings per Share (net of one-time gain) <sup>6</sup>	0.89	0.64

Notes:

1 - Total current assets divided by current liabilities

2 - Total liabilities divided by tangible net worth

3 - Period or Year Net income divided by average total stockholders' equity

4 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding

5 - Interest Bearing Debts divided by Total stockholder's equity (net of Preferred)

6 - Period or Year Net Income after tax divided by weighted average number of outstanding common shares

7 - Period or Year Net Income after tax (net of one-time gain) divided by weighted average number of outstanding common shares

These 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 (Return on Equity, Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are

used to compare the Group's performance with similar companies.

The Group's debt to equity (DE) ratio for 2017 is higher at 2.72: 1 due to increased liability used for the acquisition of PEPI and Duta, Inc, investment in PNX Singapore, capital expenditures for various expansions and increased inventory requirement.

***Material Changes to the Group's Balance Sheet as of December 31, 2017 compared to December 31, 2016 (Increase/decrease of 5% or more)***

**22% decrease in Cash and Cash Equivalents**

A result of increased operating, acquisition and expansion requirements. The Cash and cash equivalent is within the maintained minimum level to support the operating requirement of the group.

**15% decrease in trade and other receivables**

Due to the intensified collection of credit sales and other receivables.

**333% increase in inventory**

The increase is brought about by the confluence of the following factors: 1) to address requirements of new businesses, such as LPG with the purchase of PEPI, the operation of Singapore Trading and serving volume of new accounts; 2) higher price of imported petroleum products, mainly because of the increase in crude prices and 3) the continued decrease in demand for IFO by the power sectors also contributed to the higher inventory levels.

**66% decrease in due from a related party**

Collection of the receivable balance from UDEVCO for the sale of PPIPC amounting to ₱50 million and reclassification of the ₱500 million to Non-Trade receivable for the CLC for the sale of CSC.

**141% increase in net input vat**

Due to increase in inventory purchases.

**49% increase in property, plant and equipment**

Due to the acquisition of PEPI and Duta, Inc. as well as the completion of the retail stations and expansion of various facilities.

**100% increase in Investment Property**

Due to the acquisition and appraisal of the fair value of the investment properties of Duta Inc. and Kaparangan.

**38,941% increase in Goodwill**

Due to the acquisition of PEPI and Duta, Inc.

**402% increase in Deferred Tax Assets**

Due to the additions from the newly-acquired subsidiaries.

39% decrease in Other Non-Current Assets

Due to additions from the newly-acquired subsidiaries.

49% increase in Current Interest-bearing loans

Due to the increase in inventory requirement

20% increase in Trade Payable

Due to the extended supplier credit terms.

492% increase in Non-current Interest-bearing loans

Used for the acquisition of PEPI and Duta Inc., investment in PNX SG and various capital expenditure requirements.

93% Increase in Other Non-Current Liabilities

Increase in security deposit from new customers especially with the additions from LPG business.

30% increase in Capital Stock

Due to the sale of treasury shares and the employee stock option plan.

7% increase in Additional Paid-in Capital

Due to the sale of treasury shares and the employee stock option plan.

36% increase in Retained Earnings

Due to earnings generated in 2017 net of the dividends paid both to common and preferred shares.

***Material changes to the Group's Income Statement as of December 31, 2017 compared to December 31, 2016 (Increase/decrease of 5% or more)***

49% increase in sale of goods

Due to the increase in volume, increase in fuel prices, addition of the LPG Business and sale coming from PNX SG

66% decrease in fuel service, shipping, storage income, and other revenue

There are no more charter fees, sale of real estate and port revenues after the spin-off of CSC and PPIPC.

51% increase in Cost of Sales

As a result of the increase in revenue, volume and fuel prices

32% increase in selling and administrative expenses

Driven by the Group's expansion and acquisition program that resulted in higher depreciation, rent expense, salaries and wages, taxes and licenses and professional fees.

16% decrease in Finance Costs

Most of the financing transactions were made towards the latter part of the year to fund acquisitions and investments. Moreover, a material portion of the 2016 finance cost were from the spun-off subsidiaries.

73% decrease in Finance Income

The decrease is on account of the depreciation of foreign exchange at year-end which resulted in lower forex gain.

100% decrease in Equity share in Net Loss of a Joint venture

The joint venture was part of the spun-off subsidiary in 2016.

100% increase in Excess of Fair Value over acquisition cost

Due to the acquisition of Duta Inc. which has investment properties with higher appraisal value versus the acquisition cost inclusive of its novated advances from Petronas in favor of PPPI.

640% Increase in other income

Due to other income coming from PLPI and Duta, Inc. related to reversals of previously recognized impairments and allowances.

Recognition of Pre-acquisition Profit

This refers to the Income of PEPI and Duta, Inc. from January to July 2017, prior to the completion of the acquisition.

19% increase in income tax

Due to additions from the newly-acquired subsidiaries, expiration of certain ITH certificates net of the effect of the new approvals.

8% decrease in re-measurement of post-employment benefit obligation

Due to the sale of CSC and PPIPC net of the increase from PLPI.

100% increase in Translation adjustment

This comes from the forex translation of PNX SG to Philippines Peso.

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.

### **III. EXTERNAL AUDIT FEES**

*(please refer to pages 34-35 of the Information Statement - form 20-IS)*

### **IV. Market price of and Dividends on required by Part V of Annex C, as amended**

#### **(1) Market Information**

The Company's common shares were listed and traded at the Philippine Stock Exchange ("PSE") starting on July 11, 2007. The high and low sale prices of each period for years 2018 and 2019 are hereunder shown:

**Year 2018**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
First Quarter	13.80	11.10
Second Quarter	12.80	11.74
Third Quarter	12.20	10.50
Fourth Quarter	11.30	10.50

**Year 2019**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
First Quarter	12.30	10.70
Second Quarter	12.30	11.76
Third Quarter	12.20	10.44
Fourth Quarter	11.94	10.98

As of February 19, 2020, the Company's closing share price is at Php 11.80, with a market capitalization of approximately Php 16,593,209,937.60..

**Preferred Shares**

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

The 2<sup>nd</sup> tranche preferred (PNXP) shares of the Company were redeemed last December 20, 2018 at Php 100.00 per share or a total of Five Hundred Million Pesos (Php500,000,000.00). These PNXP shares shall form part of the preferred treasury shares of the company.

The 3rd tranche preferred shares of the Company consisting of 20,000,000 preferred shares were registered on December 3, 2015 and listed with the Exchange on December 18, 2015. The 3rd tranche were issued under the following series:

Series 3A (PNX3A) is entitled to an Optional Redemption on the 3rd Anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 5th anniversary of the Listing Date; and

Series 3B (PNX3B) is entitled to an Optional Redemption on the 5th anniversary of

the Listing Date and is subject to a Step-Up Dividend Rate on the 7th anniversary of the Listing Date.

The 4th tranche of preferred shares (PNX4) of the Company consisting of 7,000,000 preferred shares was granted by the Securities and Exchange Commission (SEC) a Certificate of Permit to Offer Securities for Sale covering such shares on October 21, 2019 and listed with the Exchange on November 7, 2019.

The high and low sale prices for each period of PNX3A, PNX3B and PNX4 shares for the year **2018 and 2019** are hereunder shown:

**2018**

**Series 3A (PNX3A)**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
First Quarter	105.70	102.00
Second Quarter	104.80	100.10
Third Quarter	104.00	99.50
Fourth Quarter	103.20	99.00

**2018**

**Series 3B (PNX 3B)**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
First Quarter	114.00	108.50
Second Quarter	111.00	106.00
Third Quarter	112.00	103.00
Fourth Quarter	109.90	101.20

**2019**

**Series 3A (PNX3A)**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
First Quarter	102.00	98.75
Second Quarter	104.00	99.00
Third Quarter	102.00	99.50
Fourth Quarter	102.30	100.00

**2019**

**Series 3B (PNX 3B)**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
First Quarter	108.00	103.00
Second Quarter	107.00	102.00

Third Quarter	110.00	103.70
Fourth Quarter	110.00	103.10

**2019**

**Series 4 (PNX4)**

	<b>Highest Close</b>	<b>Lowest Close</b>
<b>Period</b>	<b>Price</b>	<b>Price</b>
Fourth Quarter	1,054.00	1,014.00

**(1) Holders**

**Top 20 Stockholders of Common Shares  
As of January 31, 2020**

#	NAME OF STOCKHOLDERS	OWNERSHIP (in %)	OUTSTANDING & ISSUED SHARES
1	PHOENIX PETROLEUM HOLDINGS INC.	41.88	588,945,630
2	ES CONSULTANCY GROUP, INC.	24.20	340,270,980
3	TOP DIRECT INVESTMENTS LIMITED	10.12	142,000,000
4	UDENNA CORPORATION	8.34	117,245,918
5	PCD NOMINEE CORPORATION (FILIPINO)	5.35	75,251,238
6	PCD NOMINEE CORPORATION - (NON-FILIPINO)	4.68	65,881,451
7	UDENNA MANAGEMENT & RESOURCES CORP.	0.83	11,661,195
8	JOSELITO R. RAMOS	0.335	4,812,600
9	DENNIS A. UY	0.278	3,991,811
10	UDENCO CORPORATION	0.112	1,614,787
11	DENNIS A. UY &/OR CHERYLYN C. UY	0.08	1,098,060
12	DOMINGO T. UY	0.045	645,919
13	ERIC U. LIM OR CHRISTINE YAO LIM	0.022	319,000
14	MARJORIE ANN LIM LEE OR PAULINE ANN LIM	0.021	300,000
15	EDWIN U. LIM OR GENEVIEVE LIM	0.021	300,000
16	ZENAIDA CHAN UY	0.010	149,058
17	REBECCA PILAR CLARIDAD CATERIO	0.010	148,453
18	SOCORRO ERMAC CABREROS	0.007	103,316
19	IGNACIA S. BRAGA IV	0.005	71,019
20	CHRYSS ALFONSUS V. DAMUY	0.005	70,980



### Preferred Shares

The holders of the preferred shares (3rd tranche) and Series 4 of the Company as of 31 January 2019 are as follows:

#### PNX3A (Series A):

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
PCD NOMINEE CORPORATION (FILIPINO)	12,459,070	0	12,459,070	99.873	FILIPINO
PCD NOMINEE CORPORATION (NON-FILIPINO)	28,430	0	28,430	0.227	OTHERS
ANTONIO T. CHUA	9,500	0	9,500	0.078	FILIPINO
TEDDY A. GAERLAN	1,000	0	1,000	0.008	FILIPINO
IRIS VERONICA GO LIM	2,000	0	2,000	0.016	FILIPINO
GRAND TOTAL	12,500,000		12,500,000	100.000	

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#### PNX3B (Series B)

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
PCD NOMINEE CORPORATION (FILIPINO)	7,462,800	0	7,462,800	99.504	FILIPINO
PCD NOMINEE CORPORATION (NON-FILIPINO)	24,590	0	24,590	0.328	OTHERS
ANTONIO T. CHUA	5,700	0	5,700	0.078	OTHERS
KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILS. INC.	6,910	0	6,910	0.092	FILIPINO
GRAND TOTAL	7,500,000		7,500,000	100.000	

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#### PNX4 (Series 4)

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
PCD NOMINEE CORPORATION (FILIPINO)	6,970,060	0	6,970,060	99.572
PCD NOMINEE CORPORATION (NON-FILIPINO)	20,940	0	20,940	0.299
G. D. TAN & CO., INC.	9,000	0	9,000	0.129
GRAND TOTAL (3)	<u>7,000,000</u>	<u>0</u>	<u>7,000,000</u>	

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

## (2) Dividends

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

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

### *History of Dividend Income Payment*

#### 1. Company

##### a. Dividends on Common Shares

Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
March 14, 2019	Cash Dividend of ₱0.15 per share	April 8, 2019	May 8, 2019	₱210,495,634.80
January 25, 2018	Cash Dividend of ₱0.15 per share	Apr 2, 2018	April 26, 2018	₱207,954,037.36
January 25, 2017	Cash Dividend of ₱0.10 per share	March 30, 2017	April 27, 2017	₱136,468,719.08
March 18, 2016	Cash Dividend of ₱0.08 per share	April 05, 2016	April 29, 2016	₱114,302,178.56
March 4, 2015	Cash Dividend of ₱0.05 per share	March 18, 2015	April 16, 2015	₱71,438,861.60
January 29, 2014	Cash Dividend of ₱0.10 per share	March 17, 2014	April 11, 2014	₱142,877,723.20
January 24, 2013	30% Stock Dividend	May 15, 2013	June 10, 2013	₱329,717,232.00
	Cash Dividend of ₱0.10 per share	April 11, 2013	May 8, 2013	₱103,605,941.60

##### b. Cash Dividend on Preferred Shares

Since the issuance of the preferred shares of the Company on September 21, 2010 (the 1<sup>st</sup> tranche), the Company has declared quarterly dividends fixed at 11.50% per annum, calculated in respect of each share with reference to the Issue Price thereof on each dividend period. This translates to a cash dividend amounting to ₱2.875 per share per quarter. The cash dividends were paid on September 21, December 21, March 21 and June 21 of each year starting December 21, 2010 until the preferred shares were redeemed on December 20, 2013.

<b>1<sup>st</sup> Tranche</b>				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
December 5, 2013	P2.875 per share	N/A	Dec. 20, 2013	P14,375,000.00
September 5, 2013	P2.875 per share	N/A	Sep. 21, 2013	P14,375,000.00
June 5, 2013	P2.875 per share	N/A	June 21, 2013	P14,375,000.00
Mar 5, 2013	P2.875 per share	N/A	Mar. 21, 2013	P14,375,000.00
December 5, 2012	P2.875 per share	N/A	Dec. 21, 2012	P14,375,000.00
September 5, 2012	P2.875 per share	N/A	Sep. 21, 2012	P14,375,000.00
June 4, 2012	P2.875 per share	N/A	June 21, 2012	P14,375,000.00
March 05, 2012	P2.875 per share	N/A	Mar. 21, 2012	P14,375,000.00
December 1, 2011	P2.875 per share	N/A	Dec. 21, 2011	P14,375,000.00
August 12, 2011	P2.875 per share	N/A	Sep. 21, 2011	P14,375,000.00
May 12, 2011	P2.875 per share	N/A	June 21, 2011	P14,375,000.00
March 11, 2011	P2.875 per share	N/A	Mar. 21, 2011	P14,375,000.00
September 21, 2010	P2.875 per share	N/A	Dec. 21, 2010	P14,375,000.00

On December 20, 2013, in order to redeem the 1<sup>st</sup> tranche of preferred shares, the Company issued the 2<sup>nd</sup> tranche of preferred shares with the same amount and features except for the rate, which was reduced to 8.25% per annum. The dividends are calculated on a 30/360 day basis and have a priority in the payment of dividends at the fixed rate of 8.25% per annum at the time of issuance, which translates to a cash dividend amounting to P2.0625 per share per quarter. These shares are also preferred in the distribution of corporate assets in the event of liquidation and dissolution of the Company.

The 2<sup>nd</sup> tranche preferred (PNXP) shares of the Company were redeemed last December 20, 2018 at Php 100.00 per share or a total of Five Hundred Million Pesos (Php500,000,000.00). These PNXP shares shall form part of the preferred treasury shares of the company.

<b>2<sup>nd</sup> Tranche</b>				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Nov. 7, 2018	P2.0625 per share	Nov. 23, 2018	Dec. 20, 2018	P10,312,500.00
Aug 6, 2018	P2.0625 per share	Aug 24, 2018	Sep. 20, 2018	P10,312,500.00
May 7, 2018	P2.0625 per share	May 24, 2018	June 20, 2018	P10,312,500.00
Feb, 2018	P2.0625 per share	Feb 22, 2018	Mar. 20, 2018	P10,312,500.00
Nov. 6, 2017	P2.0625 per share	Nov. 23, 2017	Dec. 20, 2017	P10,312,500.00
Aug 3, 2017	P2.0625 per share	Aug. 24, 2017	Sep. 20, 2017	P10,312,500.00
May 4, 2017	P2.0625 per share	May 24, 2017	June 20, 2017	P10,312,500.00
Feb 6, 2017	P2.0625 per share	Feb 22, 2017	Mar. 20, 2017	P10,312,500.00
Nov 7, 2016	P2.0625 per share	Nov 2016	Dec. 2016	P10,312,500.00
Aug 10, 2016	P2.0625 per share	Aug 24, 2016	Sep. 20, 2016	P10,312,500.00
May 11, 2016	P2.0625 per share	May 26, 2016	June 20, 2016	P10,312,500.00
March 10, 2016	P2.0625 per share	Feb 23, 2016	Mar. 21, 2016	P10,312,500.00
Nov 10, 2015	P2.0625 per share	Nov. 26, 2015	Dec. 20, 2015	P10,312,500.00
Aug 10, 2015	P2.0625 per share	Aug. 25, 2015	Sep. 21, 2015	P10,312,500.00
May 12, 2015	P2.0625 per share	May 12, 2015	June 22, 2015	P10,312,500.00
Feb 6, 2015	P2.0625 per share	Feb. 24, 2015	Mar. 20, 2015	P10,312,500.00
N/A	P2.0625 per share	N/A	Dec. 22, 2014	P10,312,500.00
N/A	P2.0625 per share	N/A	Sep. 22, 2014	P10,312,500.00
N/A	P2.0625 per share	N/A	June 20, 2014	P10,312,500.00
N/A	P2.0625 per share	N/A	Mar. 20, 2014	P10,312,500.00

The 3rd tranche preferred shares of the Company consisting of 20,000,000 preferred shares were registered on December 3, 2015 and listed with the Exchange on December 18, 2015.

The 3rd tranche were issued under the following series:

Series 3A (PNX3A) is entitled to an Optional Redemption on the 3rd Anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 5th anniversary of the Listing Date; and

Series 3B (PNX3B) is entitled to an Optional Redemption on the 5th anniversary of the Listing Date and is subject to a Step-Up Dividend Rate on the 7th anniversary of the Listing Date.

<b>3<sup>rd</sup> Tranche PNX3A</b>				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Nov. 6, 2019	P1.857 per share	Nov. 22, 2019	Dec. 18, 2019	P23,212,500.00
Aug. 5, 2019	P1.857 per share	Aug. 22, 2019	Sep. 18, 2019	P23,212,500.00
May 6, 2019	P1.857 per share	May 22, 2019	June 18, 2019	P23,212,500.00
Feb. 4, 2019	P1.857 per share	Feb. 19, 2019	March 18, 2019	P23,212,500.00
Nov. 7, 2018	P1.857 per share	Nov. 21, 2018	Dec. 18, 2018	P23,212,500.00
Aug. 6, 2018	P1.857 per share	Aug. 22, 2018	Sep. 18, 2018	P23,212,500.00
May 7, 2018	P1.857 per share	May. 22, 2018	June 18, 2018	P23,212,500.00
Feb. 5, 2018	P1.857 per share	Feb. 21, 2018	Mar 19, 2018	P23,212,500.00
Nov. 3, 2017	P1.857 per share	Nov. 23, 2017	Dec. 18, 2017	P23,212,500.00
Aug. 2, 2017	P1.857 per share	Aug. 24, 2017	Sep. 16, 2017	P23,212,500.00
May 3, 2017	P1.857 per share	May 24, 2017	June 19, 2017	P23,212,500.00
Feb. 13, 2017	P1.857 per share	Feb. 22, 2017	Mar. 20, 2017	P23,212,500.00
Nov. 7, 2016	P1.857 per share	Nov. 22, 2016	Dec. 19, 2016	P23,212,500.00
Aug. 10, 2016	P1.857 per share	Aug. 23, 2016	Sep. 19, 2016	P23,212,500.00
May 11, 2016	P1.857 per share	May. 25, 2016	June 21, 2016	P23,212,500.00
Mar.10, 2016	P1.857 per share	Feb. 23, 2016	Mar 18, 2016	P23,212,500.00

<b>3<sup>rd</sup> Tranche PNX3B</b>				
Date Declared	Dividend Rate	Record Date	Payment Date	Total Amount
Nov. 6, 2019	P2.027 per share	Nov. 22, 2019	Dec. 18, 2019	P15,202,500.00
Aug. 5, 2019	P2.027 per share	Aug. 22, 2019	Sep. 18, 2019	P15,202,500.00
May 6, 2019	P2.027 per share	May 22, 2019	June 18, 2019	P15,202,500.00
Feb. 4, 2019	P2.027 per share	Feb. 19, 2019	Mar. 18, 2019	P15,202,500.00
Nov. 7, 2018	P2.027 per share	Nov. 21, 2018	Dec. 18, 2018	P15,202,500.00
Aug. 6, 2018	P2.027 per share	Aug. 22, 2018	Sep. 18, 2018	P15,202,500.00
May 7, 2018	P2.027 per share	May. 22, 2018	June 18, 2018	P15,202,500.00
Feb. 5, 2018	P2.027 per share	Feb. 21, 2018	Mar 19, 2018	P15,202,500.00
Nov. 3, 2017	P2.027 per share	Nov. 23, 2017	Dec. 18, 2017	P15,202,500.00
Aug. 2, 2017	P2.027 per share	Aug. 24, 2017	Sep. 16, 2017	P15,202,500.00
May 3, 2017	P2.027 per share	May 24, 2017	June 19, 2017	P15,202,500.00
Feb. 13, 2017	P2.027 per share	Feb. 22, 2017	Mar. 20, 2017	P15,202,500.00
Nov. 7, 2016	P2.027 per share	Nov. 22, 2016	Dec. 19, 2016	P15,202,500.00
Aug. 10, 2016	P2.027 per share	Aug. 24, 2016	Sep. 19, 2016	P15,202,500.00
May 11, 2016	P2.027 per share	May. 26, 2016	June 21, 2016	P15,202,500.00
Mar.10, 2016	P2.027 per share	Feb. 23, 2016	Mar. 18, 2016	P15,202,500.00

**(3) Recent Sale of Unregistered Securities or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction**

The Company has not sold or transferred any securities that is not registered under the Code nor did it issue any additional securities in exchange for any properties, services and other securities.

## **V. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE.**

Corporate powers and governance of the Company is exercised by the Board of Directors which consists of eleven (11) members, three (3) of whom are independent directors. As a matter of policy and based on good corporate practice, unless a special meeting is called upon for a specific purpose, the Board regularly meets every quarter wherein which the relevant corporate issues may be raised for discussion and voted by the members of the Board.

Last March 07, 2008, during the regular meeting of the Board, the Manual of Corporate Governance which incorporated the best practices was approved and adopted to establish the principles of good corporate governance for the entire Corporation. The adoption of the new Manual of Corporate Governance replaces the old manual of corporate governance prescribed by the SEC which was then observed and followed by the Company. Moreover, the adoption of the new Manual now complies with the SEC requirement that before assuming office, a director must attend a seminar on corporate governance conducted by a duly recognized government or private institution.

Last January 30, 2008, the Company through the Corporate Secretary has submitted a document certifying the attendance of the members of the Board of Directors in all regular meetings for the year 2007 as well as the compliance to the provisions of the Manual of Corporate Governance prescribed by the SEC as adopted by the Company.

March 03, 2009 was the submission and compliance with the Certification of the Company's Compliance Officer to the extent of compliance with its Manual for Corporate Governance.

As of 2019, there were no reported deviations on the Company's Manual of Corporate Governance.

In its November 2019 Board of Directors Meeting, the Board approved several new and/or revised policies of the company relating to its Confidentiality of Information, Conflict of Interest, Whistleblowing, Anti-Corruption and Bribery, Insider Trading, Related Party Transactions, and Health, Safety and Environment Policies.

As part of the Corporate Governance, the Group works on the early disclosures of quarterly and annual reports tot SEC and PSE.

Internal Audit Group of the Company conducts regular internal audit review to both processes, compliance to Company policies and procedures and risk analysis. Reports and recommendations submitted for board review and actions.

The Company plans on constantly improving corporate governance. The Company

recognizes that corporate governance is not just a set of rules but a way of life, not just for the directors and officers of the Company but for every single employee. The Company intends to continuously re-evaluate its existing policies, implement reforms, emulate and improve on the best existing corporate practices of industry leaders in order to improve the quality of life of every employee, maximize returns to shareholders, to improve its relationship with business partners, and strengthen and widen the reach of its corporate social responsibility programs.

- VI. AS PART OF THE CORPORATE GOVERNANCE, THE COMPANY WILL PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY OF THE COMPANY AT THE ADDRESS LISTED ON THE COVER PAGE OF THIS INFORMATION STATEMENT, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, INCLUDING THE FINANCIAL STATEMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019 HOWEVER, UPON THE DISCRETION OF THE MANAGEMENT OF THE COMPANY, A CHARGE MAY BE MADE FOR EXHIBITS REQUESTED, WHICH CHARGE SHALL BE LIMITED TO REASONABLE EXPENSES THAT MAY BE INCURRED BY THE COMPANY IN FURNISHING SUCH EXHIBITS.**
- VII. ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2019 (Please see attached Annex "C")**

**COVER SHEET**

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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) 235-8888
----------------

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year Ending

**SEC FORM 17-Q**

FORM TYPE

3
---

Month

**last Friday**

XX
----

Day

Annual Meeting

**CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE**

Secondary License Type, if applicable

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Dept. Requiring this Doc

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Amended Articles Number/Section

72
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Total No. of Stockholders

Total Amount of Borrowings

--	--	--	--	--	--

Domestic

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Foreign

To be accomplished by SEC Personnel Concerned

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File Number

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LCU

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Document I.D.

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Cashier

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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: 30 September 2019
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.  
Postal Code: Pampanga, Lanang, Davao City  
8000
8. Issuer's telephone number, including area code: (082) 235-8888
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	1,405,876,232.00
PREFERRED	21,500,000.00

Amount of Debt Outstanding as of  
30 September 2019:

Php52,896,694,986.00



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  
Common Shares  
Preferred Shares

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**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**UNAUDITED as of SEPTEMBER 30, 2019**  
*(With Comparative Figures as of December 31, 2018*  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<b>UNAUDITED</b> <b>September 30, 2019</b>	<b>AUDITED</b> <b>December 31, 2018</b>
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	P 7,023,843,324	7,889,708,807
Trade and other receivables - net	6	12,941,414,549	15,030,714,704
Inventories - net	7	6,533,775,668	11,135,494,286
Due from related parties - net	12	10,059,004	937,904,172
RESTRICTED DEPOSITS	6	431,912,282	52,719,265
INPUT VAT - NET		1,679,699,133	1,517,537,410
Prepayments and other current assets	6	<u>1,132,589,411</u>	<u>695,698,779</u>
Total Current Assets		<u>29,753,293,371</u>	<u>37,259,777,423</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment - net	8	23,927,275,275	18,715,994,505
Investment properties		1,738,496,144	1,739,021,205
Intangible assets - net	9	306,156,307	328,054,350
Investments in joint ventures		1,420,937,442	455,436,370
Goodwill - net		5,070,794,325	4,418,842,831
Deferred tax assets - net		216,419,588	147,484,516
Other non-current assets		<u>6,211,179,818</u>	<u>1,595,667,530</u>
Total Non-current Assets		<u>38,891,258,899</u>	<u>27,400,501,307</u>
<b>TOTAL ASSETS</b>		<b>P 68,644,552,270</b>	<b>P 64,660,278,730</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	10	P 35,539,240,608	26,309,487,284
Trade and other payables		2,880,813,976	7,434,839,252
Due to related parties		-	-
Income tax payable		<u>69,439,510</u>	<u>99,380,682</u>
Total Current Liabilities		<u>38,489,494,094</u>	<u>33,843,707,218</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	10	12,133,884,908	13,590,520,166
Deferred tax liabilities - net		613,239,468	631,776,224
Other non-current liabilities		<u>1,660,076,516</u>	<u>620,602,265</u>
Total Non-current Liabilities		<u>14,407,200,892</u>	<u>14,842,898,655</u>
Total Liabilities		<u>52,896,694,986</u>	<u>48,686,605,873</u>
<b>EQUITY</b>			
Equity attributable to parent company	13		
Capital stock		1,114,202,287	1,112,004,232
Additional paid-in capital		6,755,056,253	7,233,692,486
Revaluation reserves		827,510,428	827,510,428
Other reserves		( 730,361,725 )	(730,361,725)
Accumulated translation adjustment		5,037,268	24,928,394
Retained earnings		<u>7,814,946,724</u>	<u>7,542,843,961</u>
		15,786,391,235	16,010,617,776
Non-controlling interest		( 38,533,951 )	( 36,944,919 )
Total Equity		<u>15,747,857,284</u>	<u>15,973,672,857</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 68,644,552,270</b>	<b>P 64,660,278,730</b>

See Notes to Consolidated Financial Statements.

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018**  
**UNAUDITED**  
**(Amounts in Philippine Pesos)**

		YTD September		3rd Quarter (July- September)	
		2019	2018	2019	2018
	Notes				
<b>REVENUES</b>					
Sale of goods	4,11	P 72,430,134,877	64,595,464,614	21,647,273,992	24,549,798,136
Fuel service and other revenues	4,11	655,049,339	291,258,526	293,157,035	121,211,763
Rent income	4,11	83,957,779	76,587,930	28,930,690	44,148,990
		<u>73,169,141,995</u>	<u>64,963,311,070</u>	<u>21,969,361,717</u>	<u>24,715,158,889</u>
<b>COST AND EXPENSES</b>					
Cost of sales and services	4	65,873,286,467	58,545,178,249	20,316,296,573	22,732,034,047
Selling and administrative expenses	4	4,822,274,377	4,161,403,493	1,245,923,262	1,426,935,019
		<u>70,695,560,844</u>	<u>62,706,581,742</u>	<u>21,562,219,835</u>	<u>24,158,969,066</u>
<b>OTHER CHARGES (INCOME)</b>					
Finance costs	4	1,779,962,252	930,359,495	663,932,948	270,790,887
Finance income	4	( 11,524,647 )	( 57,825,454 )	( 648,378 )	(19,275,882)
Equity share in net income of joint ventures		( 19,916,873 )	-	( 3,334,641 )	-
Others - net	4	( 346,316,744 )	( 20,851,240 )	( 337,538,856 )	( 9,303,546 )
		<u>1,402,203,988</u>	<u>851,682,801</u>	<u>322,411,073</u>	<u>242,211,459</u>
<b>PRE-ACQUISITION PROFIT</b>		-	2,174,620	-	2,174,620
<b>PROFIT BEFORE TAX</b>		<u>1,071,377,163</u>	<u>1,402,871,907</u>	<u>84,730,809</u>	<u>311,803,744</u>
<b>TAX EXPENSE</b>		<u>153,077,336</u>	<u>84,934,958</u>	<u>63,257,280</u>	<u>( 36,335,627 )</u>
<b>NET PROFIT</b>		<u>P 918,299,827</u>	<u>P 1,317,936,949</u>	<u>P 21,473,529</u>	<u>P 348,139,371</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>					
Parent company	P	931,530,741	1,317,936,949		
Non-controlling interest	(	13,230,914 )	-		
	<u>P</u>	<u>918,299,827</u>	<u>P 1,317,936,949</u>		
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<b>Item that will be reclassified subsequently to profit or loss</b>					
Translation adjustment related to a foreign subsidiary		<u>19,891,126</u>	<u>46,503,535</u>	<u>( 12,380,884 )</u>	<u>7,290,000</u>
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Gain on revaluation of land		-	-	-	-
Remeasurements of post-employment defined benefit obligation		-	-	-	-
Tax expense		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Comprehensive Income - net of tax</b>		<u>19,891,126</u>	<u>46,503,535</u>	<u>( 12,380,884 )</u>	<u>7,290,000</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>P 938,190,953</u>	<u>P 1,364,440,484</u>	<u>P 9,092,645</u>	<u>P 355,429,371</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Parent company	P	951,421,867	1,364,440,484		
Non-controlling interest	(	13,230,914 )	-		
	<u>P</u>	<u>938,190,953</u>	<u>P 1,364,440,484</u>		
<b>Basic Earnings per share</b>		<u>P 0.48</u>	<u>P 0.82</u>		
<b>Diluted Earnings per share</b>		<u>P 0.48</u>	<u>P 0.82</u>		

See Notes to Consolidated Financial Statements.

P-H-U-E-N-T-A PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES  
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018  
(Amounts in Philippine Pesos)

		Capital Stock					Total Equity							
	Notes	Preferred Stock	Preferred Treasury Stock - At Cost	Common Stock	Common Treasury Stock - At Cost	Total Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Accumulated Translation Adjustment	Retained Earnings	Attributable to the Shareholders of Parent Company	Non-controlling Interest	Total Equity
Balance at January 1, 2019		32,000,000	(10,000,000)	1,434,304,232	(344,300,000)	1,112,004,232	7,233,692,486	827,510,428	(730,361,725)	24,928,394	7,542,843,961	16,010,617,776	(36,944,919)	15,973,672,857
Cash dividends											(454,198,968)	(454,198,968)		(454,198,968)
Adjustments for adoption of PFRS 16											(218,671,979)	(218,671,979)		(218,671,979)
Preferred Stock Redemption			(500,000)			(500,000)	(499,500,000)					(500,000,000)		(500,000,000)
Employee Share Options				2,698,055		2,698,055	20,863,768				4,427,906	27,989,729		27,989,729
Stock Options Exercised											(8,236,870)	(8,236,870)		(8,236,870)
Business combination													11,641,882	11,641,882
Translation adjustments during the year										(19,891,126)	(2,639,194)	(22,530,320)		(22,530,320)
Total comprehensive income for the year											951,421,867	951,421,867	(13,230,914)	938,190,953
Balance at September 30, 2019		32,000,000	(10,500,000)	1,437,002,287	(344,300,000)	1,114,202,287	6,755,056,254	827,510,428	(730,361,725)	5,037,268	7,814,946,724	15,786,391,235	(38,533,951)	15,747,857,284
Balance at January 1, 2018		30,000,000	(5,000,000)	1,431,538,232	-	1,456,538,232	5,709,303,309	(2,306,049)	(730,361,725)	(6,065,195)	5,524,581,532	11,951,690,104		11,951,690,104
Sale of treasury shares		28												
Cash dividends		28									(360,913,235)	(360,913,235)		(360,913,235)
Acquisition of shares during the year		28			(279,500,000)	(279,500,000)					(279,500,000)			(279,500,000)
Stock Options Exercised				2,648,000		2,648,000	20,476,697				(840,390)	22,284,307		22,284,307
OCI of new subsidiary								(2,199,839)				(2,199,839)		(2,199,839)
Issuance of shares during the year		28											(1,732,092)	(1,732,092)
Share-based compensation		24												0
Translation adjustments during the year		2								46,503,535	(83,080,501)	(36,576,966)		(36,576,966)
Total comprehensive income for the year											1,364,440,483	1,364,440,483		1,364,440,483
Balance at September 30, 2018														
		30,000,000	(5,000,000)	1,434,186,232	(279,500,000.00)	1,179,686,232	5,729,780,006	(2,306,049)	(732,561,564)	40,438,340	6,444,187,889	12,659,224,854	(1,732,092.00)	12,657,492,762

**PHOENIX PETROLEUM PHILIPPINES INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2019 AND 2018**  
*(Amounts in Philippine Pesos)*

	2019 (Unaudited)	2018 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before tax	P 1,071,377,163	P 1,405,046,526
Adjustments for:		
Gain on revaluation of investment properties	-	
Interest expense	1,877,284,036	889,956,692
Depreciation and amortization	1,113,889,394	838,427,400
Unrealized foreign currency exchange losses (gains) - net	42,036,455	64,723,209
Equity share in net loss (income) of joint ventures and an associate	( 19,916,873 )	-
Impairment losses on trade and other receivables	-	64,233,948
Interest income	( 14,738,383 )	( 16,169,360 )
Share based benefit expense	8,236,870	7,243,666
Operating profit (loss) before working capital changes	4,078,168,662	3,253,462,081
Decrease (increase) in trade and other receivables	2,089,300,155	( 5,758,218,940 )
Decrease in inventories	4,601,718,618	4,816,866,250
Decrease (increase) in land held for sale and land development costs	-	
Increase in other current assets	( 978,245,372 )	262,833,701
Decrease in trade and other payables	( 4,797,917,712 )	2,344,779,764
Cash generated from operations	4,993,024,351	4,919,722,856
Cash paid for income taxes	( 53,575,085 )	( 75,592,861 )
Net Cash From Operating Activities	<u>4,939,449,266</u>	<u>4,844,129,995</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of new subsidiaries	( 867,650,081 )	( 843,030,591 )
Acquisitions of property, plant and equipment	( 4,982,026,615 )	( 3,436,637,343 )
Increase in other non-current assets	( 5,713,068,808 )	( 208,510,685 )
Advances to related parties	-	514,432,774
Translation of financial statement of foreign subsidiary	( 22,530,320 )	( 36,576,966 )
Additional investments in joint ventures	( 945,584,199 )	( 75,550,200 )
Proceeds from disposal of property and equipment	22,105,209	1,820,769
Interest received	14,738,383	16,169,360
Acquisitions of intangible assets	( 29,570,547 )	-
Net Cash Used in Investing Activities	<u>( 12,523,586,978 )</u>	<u>( 4,067,882,882 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from additional loans and borrowings	62,862,457,274	( 57,991,729,802 )
Repayments of interest-bearing loans and borrowings	( 55,089,339,208 )	58,266,818,784
Interest paid	( 1,877,284,036 )	
Employee Share Options	4,427,906	( 5,436,057 )
Declaration of cash dividends	( 454,198,968 )	( 360,913,235 )
Advances to related parties	927,845,168	
Acquisition of treasury shares	-	( 279,500,000 )
Increase (decrease) in other non-current liabilities	820,802,271	147,708,711
Increase/decrease in APIC	( 478,636,233 )	20,476,697
Redemption of Preferred Stock	2,198,055	-
Net Cash From Financing Activities	<u>6,718,272,229</u>	<u>( 202,574,902 )</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>( 865,865,483 )</u>	<u>573,672,211</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>7,889,708,807</u>	<u>1,831,542,441</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>P 7,023,843,324</u></u>	<u><u>P 2,405,214,652</u></u>

*See Notes to Consolidated Financial Statements.*

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**  
**SELECTED NOTES TO INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**  
*(Amounts in Philippine Pesos)*  
**(UNAUDITED)**

**1. GROUP INFORMATION**

***1.1 Incorporation and Operations***

P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Parent Company) was incorporated in the Philippines on May 8, 2002 and is currently owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a Philippine company, at 41.89% of the Parent Company's outstanding capital stock.

The Parent Company is presently engaged in trading of refined petroleum products on wholesale basis and operation of oil depots, storage facilities and allied services. The registered office of the Parent Company, which is also its principal place of business, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City. The Parent Company is listed with the Philippine Stock Exchange (PSE) with its initial public offering on July 11, 2007. It has a total of 650 opened retail service stations, and a total of 30 service stations under construction as of September 30, 2019.

On the other hand, PPHI was incorporated in the Philippines on May 31, 2006. 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 is Udenna Corporation, which is primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing. The ultimate parent company's registered office is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

## ***Subsidiaries, Associate, Joint Venture and their Operations***

As of September 30, the Parent Company holds ownership interests in the following entities, which are all incorporated and domiciled in the Philippines or otherwise stated:

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership	
		2019	2018
<b>Direct interest:</b>			
<u>Subsidiaries</u>			
P-F-L Petroleum Management, Inc. (PPMI)	(a)	100.00%	100.00%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	(b)	100.00%	100.00%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	(c)	100.00%	100.00%
PNX Petroleum Singapore Pte. Ltd. (PNX SG)	(d)	100.00%	100.00%
Phoenix LPG Philippines, Inc. (PLPI)	(e)	100.00%	100.00%
Duta, Inc.	4 (f)	100.00%	100.00%
Philippine FamilyMart CVS, Inc. (PFM) <sup>1</sup>	(g)	100.00%	-
PNX Energy International Holdings, Pte. Ltd. (PNX Energy) <sup>1</sup>	(h)	100.00%	-
Action.Able, Inc.(AAI) <sup>1</sup>	(i)	74.90%	-
Think.Able Limited (TAL) <sup>1</sup>	(j)	74.90%	-
Phoenix Pilipinas Gas and Power Inc.	(k)	100.00%	
<u>Joint venture</u>			
Phoenix Asphalt Philippines, Inc. <sup>3</sup>	(l)	40.00%	-
<b>Indirect interest:</b>			
Kaparangan, Inc. (Kaparangan) <sup>2,4</sup>	(m)	100.00%	100.00%
PNX (Vietnam) Pte. Ltd. (PNX Vietnam) <sup>5</sup>	(n)	100.00%	-
Phoenix Gas Vietnam <sup>6</sup>	(o)	75.00%	-
PT Phoenix Petroleum Indonesia (PNX Indonesia) <sup>7</sup>	(p)	100.00%	-
Galaxi Petroleum Fuel, Inc. (Galaxi) <sup>7</sup>	(q)	51.00%	-
Phoenix Southern Petroleum Corp. (PSPC) <sup>8</sup>	(r)	51.00%	-
First Energy Corp. <sup>8</sup>	(s)	49.00%	-
Phoenix Northern Mindanao Corp. <sup>8</sup>	(t)	49.00%	-
Top Concorde Quality Petroleum Corp. <sup>8</sup>	(u)	49.00%	-
CJI Fuels Corp. <sup>8</sup>	(v)	49.00%	-
Eastan Prime Development Corp. <sup>8</sup>	(w)	49.00%	-
Firebird Evzon Fuels Corp. <sup>8</sup>	(x)	49.00%	-

Notes:

1 New subsidiaries

2 Wholly-owned subsidiary of Duta

3 Joint venture of Parent Company

4 Duta and Kaparangan, collectively known as Duta Group

5 Subsidiary of PNX Energy

6 Subsidiary of PNX (Vietnam) Pty. Ltd. (PNX VIETNAM)

7 Subsidiary of PGMI

8 Joint venture of PPMI

(a) Incorporated on January 31, 2007 and is engaged in organizing, managing, administering, running and supervising the operations and marketing of various kinds of services-oriented companies such as petroleum service stations.

(b) Incorporated on July 31, 2006 to engage in the manufacture, production and creation of all kinds of motor, and all other transportation lubricants, fluids and additives of all kinds and other petroleum products purposely for motor vehicles and other transportation. PGMI started commercial operations in 2007 and



temporarily ceased its operation in 2008 but has resumed its business in October 2015 through selling of acid oil and coconut fatty acid distillates, both are by-products from manufacturing of coconut methyl ester (CME).

- (c) Incorporated on February 20, 2007 and is engaged in buying and selling, supply and distribution, importation and exportation, storage and delivery of all types of petroleum for industrial, marine, aviation and automotive use.
- (d) Incorporated on October 30, 2012 in Singapore and started operations in October 2017. It is the regional trading arm of the Group. It currently holds office in Singapore and is able to buy directly from the refineries in the region due to its bigger requirements. It also sells to other local and regional buyers.
- (e) Incorporated on June 20, 1995 to engage in the buying, selling, storing, distributing, and marketing at wholesale of all kinds of goods, including but not limited to liquefied petroleum gas (LPG) and other petroleum products.
- (f) Incorporated on November 9, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing of land.
- (g) Incorporated on November 29, 2012. PFM is engaged in the business of operating convenience stores (CVS) under the trademark “FamilyMart” either by direct operation and/or by franchise system in the Philippines and to conduct business activities related to and in support to the aforesaid CVS platforms including importation and export, advertisement and promotion, and in general, to exercise and perform any and all powers necessary, incidental, or convenient to the business.
- (h) Incorporated on October 29, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses but has not yet started commercial operations as of December 31, 2018.
- (i) Incorporated on May 6, 2015 to engage in the business of selling, leasing or distributing electronic devices to distributors, merchants or retailers for the purpose of digital marketing and/or ecommerce and to engage in the business of providing an outline digital network for the purpose of digital marketing and/or e-commerce accessible through electronic devices.
- (j) Incorporated on May 5, 2014 and is a Hong Kong based company that handles the trademark of AAI.
- (k) Incorporated on March 14, 2019 and is engaged in selling, trading, on wholesale basis, natural gas and liquified natural gas (LNG).
- (l) Incorporated on March 23, 2018 and was established to import, store, manufacture, sell market, distribute bitumen, bitumen-related products and such other by-products of crude oil and such other petroleum products including the operation of terminals and depots.
- (m) Incorporated on January 21, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing land.
- (n) Incorporated on October 30, 2018 in Singapore to engage in activities related to investment in downstream and upstream energy activities and businesses and has not yet started its commercial operations.
- (o) Incorporated in Nov. 21, 1998 under the laws of Vietnam to engage in wholesale of solid, liquid, gas fuels and other related products.
- (p) Incorporated on September 10, 2018 in Indonesia to serve as an avenue for the Parent Company to explore business opportunities in different parts of Indonesia. PNK Indonesia has not yet started its commercial operations.
- (q) Incorporated on August 2, 2017 and is a joint venture with its previous owners. Galaxi owns and operates a number of petroleum service stations in different parts of the Philippines.
- (r) Incorporated on July 5, 2018 to operate petroleum service stations in areas within Southern Luzon under the Parent Company’s name and brand.

- (s) Incorporated on July 10, 2019 to operate petroleum service stations in areas of Cebu. Currently, there are seven (7) operating stations.
- (t) Incorporated on July 15, 2019 to operate petroleum service stations in areas of Caraga region, Misamis and Butuan.
- (u) Incorporated on July 15, 2019 to operate petroleum service stations in areas of Cotabato.
- (v) Incorporated on July 31, 2019 to operate petroleum service stations in areas of Iloilo.
- (w) Incorporated on August 28, 2019 to operate petroleum service stations in areas of Metro Manila.
- (x) Incorporated on August 28, 2019 to operate petroleum service stations in areas of South Luzon.

### **1.1 Other Corporate Information**

The registered office and principal place of business of the existing subsidiaries, except those presented in below, is located at Stella Hizon Reyes Road, Barrio Pampanga, Davao City.

SPTT	–	Units 113 and 115 Subic International Hotel, Alpha Building, Rizal Highway, Subic Bay Freeport Zone, Zambales
PNX SG	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
PNX Energy	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
PNX Vietnam	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
Phoenix Vietnam Gas LLC	–	No. 456 Phan Xich Long Street, Ward 2, Phu Nuan District, Ho Chi Minh City
Duta	–	15 <sup>th</sup> Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
Kaparangan	–	15 <sup>th</sup> Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
PFM	–	4 <sup>th</sup> Floor, Tara Building, No. 389 Sen. Gil Puyat Avenue, Makati City, Metro Manila
AAI	–	2 <sup>nd</sup> Floor, Crown Center, 158 Jupiter Street Corner N. Garcia Street, Bel-Air Village, Makati City
TAL	–	Room 1902, W Wilson House, 19-27 Wyndham Street, Central, Hong Kong
PAPI and PSPC	–	25 <sup>th</sup> Floor Fort Legend Tower, 3 <sup>rd</sup> Avenue Fort corner 31 <sup>st</sup> Street, Bonifacio Global City, Taguig City
PNX Indonesia	–	The Prominence Office Tower, 12 <sup>th</sup> Floor B, Jl. Jalur Sutera Barat No. 15, Alam Sutera, Indonesia
Galaxi	–	1846 FB Harrison Street Pasay City

### **1.2 Approval of Interim Condensed Consolidated Financial Statements**

The interim condensed consolidated financial statements (unaudited) of the Group as of and for the nine months ended September 30, 2019 (including the comparative consolidated financial information as of December 31, 2018 and for the nine months ended September 30, 2019) were authorized for issue by the Parent Company's Board of Directors (BOD) November 13, 2019.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are summarized below. The Interim Condensed Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended December 31, 2018.

## **2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements**

These interim condensed consolidated financial statements for the nine months ended September 30, 2019 and 2018 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2018.

The preparation of interim condensed consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

These interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated. The presentation of the interim condensed consolidated financial statement is consistent with the most recent annual consolidated financials except for the amendments introduced by the new accounting standards mentioned in Note 2.2.

## **2.2 Adoption of New and Amended PFRS**

*Effective in 2019 that are Relevant to the Group*

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PFRS 16	:	Leases
PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9	:	Financial Instrument
PAS 28 (Amendments)	:	Investment in Associates – Long- Term Interest in Associates and Joint Ventures
PFRS 10 (Amendments)	:	Consolidated Financial Statements
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements – (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes
PAS 23 (Amendments)	:	Borrowing Costs
PFRS 3 (Amendments)	:	Business Combination
PFRS 11 (Amendments)	:	Joint Arrangements – Remeasurement of Previously Held Interests in Joint Operations

- (i) The Group has applied PFRS 16 using the modified retrospective approach and therefore, comparative information has not been restated. This means comparative information is still reported under PAS 17 and IFRIC 4.

### **The Group as a lessee**

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use.
- The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

### **Measurement and recognition of leases as a lessee**

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to

zero. A total of P330.9 million as part of the depreciation and an interest expense of P2.8 million as part of the finance cost were recorded during the nine month of 2019, as the group initially adopt PFRS 16.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. A total of P373.6 million was recognized as rent expense for short term leases during the nine months of the year.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in Other non-current liabilities.

### **The Group as a lessor**

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

### **Finance leases**

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

### **Operating leases**

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### **The Group as a lessor**

The Group also earns rental income from operating leases of its investment properties. Rental income is recognized on a straight-line basis over the term of the lease.

- (ii) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to

determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

The amendments were approved by the FRSC on March 14, 2018 but is still subject to the approval by the BOA.

The management is still evaluating the impact of this pronouncement. It is not expected to have significant impact on the Group's consolidated financial statements.

- (iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective for annual period beginning or after January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the “solely payments of principal and interests” (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

The management is still evaluating the impact of this pronouncement. It is not expected to have significant impact on the Group's consolidated financial statements.

- (iv) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.
- (v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.
- (vi) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the

expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

- (vii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the amendments presented in the succeeding page are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements.
- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.
  - PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.
  - PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

## **2.3 Financial Instruments**

### **(a) Recognition and derecognition**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

### **(b) Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items.

The financial assets category relevant to the Group is financial assets at amortized cost.

(c) *Subsequent measurement of financial assets*

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables, due from related parties, restricted deposits and refundable rental deposit (presented as part of Other Non-Current Assets in the consolidated condensed statement financial position) fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). This category also contains an equity investment. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Group has no FVTPL as of reporting date.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is hold to collect the associated cash flows and sell; and,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Any gains or losses recognized in OCI will be recycled upon derecognition of the asset. The Group has no FVOCI as of reporting date.

(d) *Impairment of financial assets*

PFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss' (ECL) model. This replaces PAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under PFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and,
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's financial assets fall into this category. '12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The key elements used in the calculation of ECL are as follows:

- Probability of Default – is an estimate of likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the instrument has not been previously derecognized and is still in the portfolio.
- Loss Given Default – is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- Exposure at Defaults – represents the gross carrying amount of the financial instruments subject to the impairment calculation.

(e) *Classification and measurement of financial liabilities*

As the accounting for financial liabilities remains largely the same under PFRS 9 compared to PAS 39, the Group's financial liabilities were not impacted by the adoption of PFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related payables), security deposits, customers' cylinder deposits and cash bond deposits (which are presented under Other Non-Current Liabilities in the consolidated statement of financial position), are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on financial liability are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Interest charges 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 the cost of such asset. All other interest related charges are recognized as an expense in the consolidated condensed statement of comprehensive income under the caption Finance Costs.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables (excluding tax-related payables), security deposits, customers' cylinder deposits and cash bond deposits are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Security deposits are initially recognized at fair value. Interest on security deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Costs. The excess of the principal amount of the deposit over its present value is immediately recognized as Unearned rent (presented as part of Other Non-Current Liabilities in the consolidated statement of financial position). Meanwhile, the rent income arising from subsequent amortization of unearned rent is accounted for using the straight-line method over the lease term and is presented as part of Rent and Storage Income in the consolidated statement of comprehensive income.

The Group purchases LPG cylinders, which are loaned to dealers upon payment by the latter of an amount equivalent to 44.00-77.00% of the acquisition cost of the cylinders. At the end of each reporting date, customers' cylinder deposits, shown under Other Non-Current Liabilities in the consolidated statement of financial position, are reduced for estimated non-returns. The reduction is recognized directly in profit or loss.

Obligations under finance lease (included as part of Interest-bearing Loans and Borrowings) are recognized at amounts equal to the fair value of the leased property or, if lower, at the present value of minimum lease payments, at the inception of the lease.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Parent Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer

settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

## **2.4 Revenues**

Revenue arises mainly from the sale of goods and 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), rebates and trade discounts.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated condensed statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated condensed statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Sale of goods* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, i.e. generally when the customer has acknowledged delivery of goods or when the customer has taken undisputed delivery of goods.
- (b) *Fuel service and other revenues, and storage income* – Revenue is recognized when the performance of contractually agreed tasks has been substantially rendered. In addition, this includes revenue arising from port and cargo handling services.
- (c) *Rent income* – Revenue is recognized on a straight-line basis over the lease term.
- (d) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Except for revenues from rentals and interest, the performance obligation for revenues arising from the rendering of services and sale of goods is determined to be satisfied at a point in time.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as of and for the year ended December 31, 2018, except on the newly applied PFRS 16.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the three months ended March 31, 2019 and as of December 31, 2018, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

### 4. REVENUES

All of the Group's revenues except for rentals (covered under PFRS 16, *Leases*) are transferred at a point in time.

The Group's revenue disaggregated by primary geographical markets and major goods/service lines are presented in the next page (in thousands).

Nine months to September 30, 2019				
	Trading	Depot and Logistics	Real Estate	Total
<i>Primary Geographical Markets</i>				
Philippines	P 53,515,009	P 737,763	P 954	P 54,253,726
Singapore	17,671,330			17,671,330
Vietnam	1,243,796	290	-	1,244,086
	<u>P 72,430,135</u>	<u>P 738,053</u>	<u>P 954</u>	<u>P 73,169,142</u>
<i>Major goods/ service lines</i>				
Fuels	P 68,333,020	P -	-	P 68,333,020
LPG	3,471,627	-	-	3,471,627
Merchandise	87,893	-	-	87,893
Lubricants	446,641	-	-	446,641
Terminalling/hauling	-	738,053	-	738,053
Rentals	-	-	954	954
POS Device	90,954	-	-	90,954
	<u>P 72,430,135</u>	<u>P 738,053</u>	<u>P 954</u>	<u>P 73,169,142</u>
Nine months to September 30, 2018				
	Trading	Depot and Logistics	Real Estate	Total
<i>Primary Geographical Markets</i>				
Philippines	P 49,754,374	P 589,569	P 1,354	P 50,345,297
Singapore	14,618,014			14,618,014
	<u>64,372,388</u>	<u>589,569</u>	<u>1,354</u>	<u>64,963,311</u>
<i>Major goods/ service lines</i>				
Fuel	P 60,678,677	P -	P -	P 60,678,677
Lubricants	398,213	-	-	398,213
LPG	3,204,900	-	-	3,204,900
Rentals	-	-	1,354	1,354
Terminalling/hauling	-	589,569	-	589,569
Merchandise	78,363	-	-	78,363
POS Device	12,235	-	-	12,235
	<u>P 64,372,388</u>	<u>P 589,569</u>	<u>P 1,354</u>	<u>P 64,963,311</u>

## 5. SEGMENT INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products or services and serves different markets. The Group's trading segment is engaged in marketing, merchandising, purchasing, selling, acquiring, disposing and distribution of goods and wares such as but not limited to petroleum products (on wholesale basis), lubricants and other products.

The Group is also engaged in operating of oil depots, storage facilities and provides logistics services to various entities on its Depot and Logistics Services segment. The Group's real estate segment is involved in real estate development, management and operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

As of September 30, 2019, there have been no change from prior periods in the measurement methods used to determine operating segments and reported segment revenues, expenses and performance.

The succeeding tables present revenue and profit information regarding segments for the nine months ended September 30, 2019 and 2018 and certain asset and liability information regarding segments as at September 30, 2019 and December 31, 2018 (amounts in thousands).

	<u>Trading</u>		<u>Depot and Logistics</u>		<u>Real Estate</u>		<u>Total</u>	
	Sept. 30, 2019	Sept. 30, 2019	Sept. 30, 2019	Sept. 30, 2018	Sept. 30, 2019	Sept. 30, 2018	Sept.30, 2019	Sept. 30, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>TOTAL REVENUES</b>								
Sales to external customers	P 72,327,880	P 64,494,111	P 738,053	P 367,846	P 954	P 1,354	P 73,066,887	P 64,963,311
Intersegment sales		35,109	89,894	409,160	12,361	12,260	102,255	456,629
Total revenues	72,327,880	64,629,220	827,947	777,006	13,315	13,714	73,169,142	65,419,940
<b>COSTS AND OTHER OPERATING EXPENSES</b>								
Cost of sales and services excluding depreciation and amortization	68,393,752	62,203,656		672,221 118,181	1,569	2,945	69,067,542	62,324,782
Depreciation and amortization	982,637	601,627	131,252	236,800	-	-	1,113,889	838,427
	69,376,389	65,805,283	803,473	354,981	1,569	2,945	70,243,651	63,163,209
<b>SEGMENT OPERATING PROFIT (LOSS)</b>	P 2,951,491	P 1,823,937	P 24,474	P 422,205	P 11,746	P 10,769	P 2,925,491	P 2,256,731
	<u>Trading</u>		<u>Depot and Logistics</u>		<u>Real Estate</u>		<u>Total</u>	
	Sept. 30, 2019	Dec. 31, 2018	Sept. 30, 2019	Dec. 31, 2018	Sept.30, 2019	Dec. 31, 2018	Sept.30, 2019	Dec. 31, 2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS AND LIABILITIES</b>								
Segment assets	P65,290,958	P 70,099,484	P 11,696,354	P 564,287	P 724,582	P 415,081	P 77,711,894	P 71,078,852
Segment liabilities	47,741,765	51,410,451	-	421,481	320,721	324,206	48,062,486	52,150,138

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its interim condensed consolidated financial statement (in thousands).

	September 30 2019 <u>(Unaudited)</u>	September 2018 <u>(Unaudited)</u>
<b>Revenues</b>		
Total segment revenues	P 102,149,261	P 65,419,940
Elimination of intersegment revenues	( 28,980,119)	( 456,629)
Revenues as reported in profit or loss	<u>P 73,169,142</u>	<u>P 64,963,311</u>
<b>Profit or loss</b>		
Segment operating profit	P 2,473,581	P 2,256,729
Other unallocated income	-	( )
Other unallocated expense	<u>2,473,581</u>	<u>2,256,729</u>
Operating profit as reported in profit or loss	( 1,779,962)	( 930,360)
Finance costs	<u>377,758</u>	<u>78,677</u>
Finance/Other income	<u>377,758</u>	<u>78,677</u>
Profit before tax as reported in profit or loss	<u>P 1,071,376</u>	<u>P 1,405,046</u>
	September 30 2019 <u>(Unaudited)</u>	December 31 2018 <u>(Audited)</u>
<b>Assets</b>		
Segment assets	P 77,711,894	P 71,078,852
Deferred tax liabilities – net	396,819	307,198
Elimination of intercompany accounts	( 9,464,161)	( 6,566,058)
Total assets reported in the consolidated statements of financial position	<u>P 68,644,552</u>	<u>P 64,819,922</u>
<b>Liabilities</b>		
Segment liabilities	P 48,062,486	P 32,673,838
Elimination of intercompany accounts	( )	-
Total liabilities as reported in the consolidated statements of financial position	<u>P 48,062,486</u>	<u>P 32,673,838</u>



## 5. CATEGORIES, FAIR VALUE MEASUREMENTS AND DISCLOSURES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are presented below.

	<u>September 30, 2019 (Unaudited)</u>		<u>December 31, 2018 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
<b>Financial Assets</b>				
Loans and receivables:				
Cash and cash equivalents	P 7,023,843,324	P 7,023,843,324	P 7,889,708,807	P 7,889,708,807
Trade and other receivables-net*	11,662,722,243	11,662,722,243	11,363,226,589	11,363,226,589
Due from related parties	10,059,004	10,059,004	937,904,172	937,904,172
Construction Bond***	5,922,521	5,922,521	5,504,822	5,504,822
Restricted deposits	431,912,282	431,912,282	52,719,265	52,719,265
Refundable rental deposits	<u>317,029,616</u>	<u>317,029,616</u>	<u>289,572,937</u>	<u>289,572,937</u>
	<b>P 19,451,488,990</b>	<b>P 19,451,488,990</b>	<b>P 20,538,636,592</b>	<b>P 20,538,636,592</b>
<b>Financial Liabilities</b>				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P 47,673,125,516	P 47,673,125,516	P 39,945,245,450	P 39,945,245,450
Trade and other payables**	2,573,830,907	2,573,830,907	7,271,897,097	7,271,897,097
Security deposits	322,700,871	322,700,871	266,616,512	266,616,512
Customers' cylinder deposits	403,377,900	403,377,900	276,285,588	276,285,588
Cash bond deposits	<u>54,591,596</u>	<u>54,591,596</u>	<u>56,702,491</u>	<u>56,702,491</u>
	<b>P 51,027,626,790</b>	<b>P 51,027,626,790</b>	<b>P 47,816,747,138</b>	<b>P 47,816,747,138</b>

\* Excludes certain advances to suppliers and advances subject to liquidation

\*\* Excludes tax-related payables

\*\*\* Included as part of Other Non-Current Assets

## ***5.2 Fair Value Hierarchy***

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

## ***5.3 Valuation Methods and Assumptions***

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale. The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model. Management regularly assesses a range of reasonably possible alternatives for the significant unobservable inputs and determines their impact on the total fair value.

#### 5.4 Fair Value Hierarchy of Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the interim condensed consolidated statements of financial position but for which fair value is disclosed.

September 30, 2019 (Unaudited)				
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
<i>At amortized cost:</i>				
Cash and cash equivalents	P 7,023,843,324	P -	P -	P 7,023,843,324
Trade and other receivables - net	-	-	11,662,722,243	11,662,722,243
Due from related parties	-	-	10,059,004	10,059,004
Construction Bond	-	-	5,922,521	5,922,521
Restricted deposits	431,912,282	-	-	431,912,282
Refundable rental deposits	-	-	317,029,616	317,029,616
	<b>P 7,455,755,606</b>	<b>P -</b>	<b>P 11,995,733,384</b>	<b>P 19,451,488,490</b>
<b>Financial Liabilities</b>				
<i>Financial liabilities at amortized cost:</i>				
Interest-bearing loans and borrowings	P -	P -	P 47,673,125,516	P 47,673,125,516
Trade and other payables	-	-	2,573,830,907	2,573,830,907
Cash bond deposits	-	-	54,591,596	54,591,596
Customers' cylinder deposits	-	-	403,377,900	403,377,900
Security deposits	-	-	322,700,871	322,700,871
	<b>P -</b>	<b>P -</b>	<b>P 51,027,626,790</b>	<b>P 51,027,626,790</b>
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
<i>At amortized cost:</i>				
Cash and cash equivalents	P 7,889,708,807	P -	P -	P 7,889,708,807
Trade and other receivables - net	-	-	11,363,226,589	11,363,226,589
Due from related parties	-	-	937,904,172	937,904,172
Restricted deposits	52,719,265	-	-	52,719,265
Refundable rental deposits	-	-	289,572,937	289,572,937
	<b>P 7,942,428,072</b>	<b>P -</b>	<b>P 12,596,208,520</b>	<b>P 20,538,636,592</b>
<b>Financial Liabilities</b>				
<i>Financial liabilities at amortized cost:</i>				
Interest-bearing loans and borrowings	P -	P -	P 39,945,245,450	P 39,945,245,450
Trade and other payables	-	-	7,271,897,097	7,271,897,097
Cash bond deposits	-	-	56,702,491	56,702,491
Customers' cylinder deposits	-	-	276,285,588	276,285,588
Security deposits	-	-	266,616,512	266,616,512
	<b>P -</b>	<b>P -</b>	<b>P 47,816,747,138</b>	<b>P 47,816,747,138</b>

For financial assets with fair value included in Level 1, management considers that the carrying amount of this short-term financial instrument approximates their fair values.

## 6. 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 5. 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 BOD, 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.

### 6.1 Market Risk

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

#### (a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's sales to a certain customer and, fuel and tanker importations, which are primarily denominated in U.S. dollars (US\$).

The liability covering the fuel importation is covered by letter of credits (LCs) which is subsequently closed to Philippine peso trusts receipts (TRs). Further, the Group has several U.S. dollar loans from certain banks, which were used to finance its capital expenditures.

The Group also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate follow:

	<u>September 30, 2019 (Unaudited)</u>	
	<u>U.S. Dollar</u>	<u>Singapore Dollar</u>
Financial assets	P6,844,192,071	P 527,465
Financial liabilities	( 6,588,053,797 )	-
Net exposure	<u>P 256,138,274</u>	<u>P 527,465</u>

	<u>December 31, 2018 (Audited)</u>	
	<u>U.S. Dollar</u>	<u>Singapore Dollar</u>
Financial assets	P 5,361,837,054	P 5,566,810
Financial liabilities	( <u>5,253,328,012</u> )	<u>14,176,750</u>
Net exposure	(P 108,509,042)	P 8,609,940

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against U.S. dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous nine and 12 months, respectively, at a 99% confidence level.

	<u>September 30, 2019 (Unaudited)</u>	
	<u>U.S. Dollar</u>	<u>Singapore Dollar</u>
Reasonably possible change in rate	4.329%	5.891%
Effect in profit before tax	P 11,087,621	P 31,075
Effect in equity after tax	7,761,335	21,753

	<u>December 31, 2018 (Audited)</u>	
	<u>U.S. Dollar</u>	<u>Singapore Dollar</u>
Reasonably possible change in rate	11.14%	16.28%
Effect in profit before tax	P 12,087,907	P ( 1,401,698 )
Effect in equity after tax	8,461,535	981,189

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

*(b) Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually made at fixed rates. As of September 30, 2019 and 2018, the Group is exposed to changes in market interest rates through its cash and cash equivalents and certain interest-bearing loans and borrowings, which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates.

The Group's objectives and policies for managing interest rate risks are described in its recent annual consolidated financial statements.

*(c) Other Price Risk*

The Group's market price risk arises from its purchases of fuels. It manages its risk arising from changes in market prices by monitoring the daily movement of the market price of fuels and to some extent, using forward and other similar contracts to manage the fluctuation of the fuel price.

## 6.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting of loans and selling goods and services to customers including related parties; and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates 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.

Estimate of the fair value of collateral held against trade and other receivables as of September 30, 2019 and December 31, 2018 follows:

	<u>Sept. 30, 2019</u>	<u>Dec. 31, 2018</u>
Standby letter of credits	<b>P 964,138,004</b>	P 940,522,926
Cash bond	<b>339,130,352</b>	318,976,639
Real estate mortgage	<b>74,192,730</b>	68,138,850
	<b><u>P 1,377,461,086</u></b>	<b><u>P 1,327,638,425</u></b>

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as follows.

	<u>September 30, 2019 (Unaudited)</u>	<u>December 31, 2018 (Audited)</u>
Cash and cash equivalents	<b>P 7,023,843,324</b>	P 7,889,708,807
Trade and other receivables – net*	<b>11,662,722,243</b>	11,363,226,589
Due from related parties	<b>10,059,004</b>	937,904,172
Construction Deposit**	<b>5,922,521</b>	5,504,822
Restricted deposits	<b>431,912,282</b>	52,719,265
Refundable rental deposits	<b>317,029,616</b>	289,572,937
	<b><u>P 19,451,488,990</u></b>	<b><u>P 20,538,636,592</u></b>

\*excluding certain advances to suppliers and advances subject to liquidation

\*\*included as part of Others under Prepayments and Other Current Assets

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. The Group's objectives and policies for managing credit risk are described in its recent annual consolidated financial statements.

### (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. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corp. up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Trade and Other Receivables and Due from Related Parties*

The Group applies the PFRS 9 using internal credit ratings translated to external credit ratings [i.e. Standard & Poor's(S&P)] in order to reference/benchmark with published equivalent external cumulative PD. The Group's definition of Trade and Other Receivables and Due from Related Parties classification [known as Phoenix Risk Rating (PRR)] and corresponding credit risk ratings are presented in the next page.

Phoenix Risk Rating (PRR)	Description (PRR)		Equivalent S&P Rating	S&P PD (%)
	Financial and Business Profiles	Other Information		
PRR 3A	Counterparties with both very strong financial and business profiles. Lowest risk of default in the scale.	These counterparties do not have a greater-than-normal risk. The track record of the client in terms of profit is very good and exhibits highest quality under virtually all economic conditions. Probability of default is quite low and it bears some degree of stability and substance. However, client may be susceptible to cyclical changes and more concentration of business risk, by product or by market.	BBB	0.01 – 0.02
PRR 2A	Counterparties with strong financial profile and very strong business profile or vice versa.		BBB	0.021 – 0.03
PRR 1A	Counterparties with a strong to adequate financial profile and very strong to adequate business profile.		BBB	0.031 – 0.08
PRR 3B	Counterparties with a sustainable financial profile and adequate business profile.	Counterparties whose risk elements are sufficiently pronounced to withstand normal business cycles but any	BB	0.081 – 0.26
PRR 2B	Counterparties		BB	0.261

	with an average financial profile and sustainable business profile.	prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels.		– 0.41
PRR 1B	Counterparties with both average financial and business profile.	Credit exposure is not at risk of loss at the moment but performance of the client has weakened and unless present trends are reversed, could lead to losses.	B	0.411 – 1.13
PRR 3C	Counterparties with an average financial profile and adequate business profile.	This rating is given to a client where repayment of the receivable, through normal course of business, may be in jeopardy due to adverse events. There exists the possibility of future losses to the institution unless given closer supervision.	CCC/C	1.131 – 1.96
PRR 2C	Counterparties with a weak financial profile and adequate business profile.		CCC/C	1.961 – 3.71
PRR 1C	Counterparties with a weak financial profile and sustainable business profile.	Counterparties credits or portions thereof which exhibit more severe weaknesses. This rating is given to a counterparties whose receivables or portions thereof are considered uncollectible. The collectible amount, with no collateral or	D	3.72- 100
PRR D	Counterparties with a weak financial profile and average business profile.		D	100
PRR F	Counterparties with both weak financial profile and business		D	100



	profiles.	which collateral is of little value, is difficult to measure and more practical to write-off than to defer even though partial recovery may be obtained in the future.		
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A reconciliation of the closing loss allowance for trade and other receivables and due from related parties as at September 30, 2019 and December 31, 2018 to the opening loss allowance is presented below:

	Trade and Other Receivables	Due from Related Parties
Credit loss allowance at December 31, 2018	634,396,128.00	1,908,282.00
<b>Credit loss allowance as of Q2 2019</b>	<b>600,686,385.80</b>	<b>4,359,527.12</b>
Inc/(Dec) in credit loss allowance - Q3 2019	6,006,124.40	(2,115,959.22)
Write-offs	-	-
Additional/(Recoveries)	(758,336.89)	-
AR Long Term Recoverable	(22,439,713.49)	
<b>Credit loss allowance as of September 30, 2019</b>	<b>583,494,459.82</b>	<b>2,243,567.89</b>

	Trade and Other Receivables	Due from Related Parties
Loss allowance at December 31, 2017 – PAS 39 P	478,153,676	P -
Additional loss allowance charged to opening retained earnings	<u>107,699,501</u>	<u>1,908,282</u>
Loss allowance at January 1, 2018 – PFRS 9	585,853,177	1,908,282
Increase in credit loss allowance during the year	68,465,111	-
Write-offs	( 17,153,577)	-
Recoveries	( <u>2,768,583</u> )	<u>-</u>
Credit loss allowance at December 31, 2018	<b><u>P 634,396,128</u></b>	<b><u>P 1,908,282</u></b>

The credit loss allowance provided as of September 30, 2019 is as follows:

<b>Trade and Other Receivables</b>				
	S&P	PD Rate	Estimated Gross Carrying Amount	Credit Loss
<u>PRR</u>	<u>Rating</u>	<u>Range</u>	<u>at Default</u>	<u>Allowance</u>
PRR 3A	BBB	0.01 – 0.02	P 219,385,379	P 21,939
PRR 2A	BBB	0.021 – 0.030	311,697,970	93,509
PRR 1A	BBB	0.031 – 0.080	301,600,863	241,416
PRR 3B	BB	0.081 – 0.260	2,653,224,172	7,175,724
PRR 2B	BB	0.261 – 0.410	851,870,593	3,503,023
PRR 1B	B	0.411 – 1.13	426,833,213	4,893,455
PRR 3C	CCC/C	1.131 – 1.96	465,715,621	9,473,478
PRR 2C	CCC/C	1.961 – 3.71	170,482,059	12,080,813
PRR 1C/D/F	D	3.72-100	<u>2,029,763</u>	<u>2,029,763</u>
			<u>P 5,402,839,633</u>	<u>P 39,513,119</u>

<b>Due From Related Parties</b>				
	S&P	PD Rate	Estimated Gross Carrying Amount	Credit Loss
<u>PRR</u>	<u>Rating</u>	<u>Range</u>	<u>at Default</u>	<u>Allowance</u>
PRR 2A	BBB	0.01 – 0.03	P 1,034,444,808	P 310,333
PRR 1A	BBB	0.04 – 0.08	2,017,684,226	1,614,147
PRR 3B	BB	0.09 – 0.26	73,761,528	191,780
PRR 2B	BB	0.27 – 0.41	19,113,066	78,364
PRR 3C	CCC/C	0.42 - 1.96	2,346,448	45,990
PRR 2C	CCC/C	1.97 – 3.71	<u>79,599</u>	<u>2,953</u>
			<u>P 3,147,429,676</u>	<u>P 2,243,568</u>

The credit loss allowance provided as of December 31, 2018 is as follows:

<b>Trade and Other Receivables</b>				
	S&P	PD Rate	Estimated Gross Carrying Amount	Credit Loss
<u>PRR</u>	<u>Rating</u>	<u>Range</u>	<u>at Default</u>	<u>Allowance</u>
PRR 3A	BBB	0.14 – 0.62	P 52,149,981	P 215,228
PRR 2A	BBB	0.14 – 0.62	2,436,112,580	5,789,403
PRR 1A	BBB	0.14 – 0.62	3,376,579,304	5,932,107
PRR 3B	BB	0.63 – 1.90	3,228,077,625	21,232,653
PRR 2B	BB	0.63 – 1.90	1,569,274,748	6,774,836

PRR 1B	B	3.16 – 6.53	405,322,564	25,020,588
PRR 3C	CCC/C	17.97 – 22.33	68,521,800	13,649,151
PRR 2C	CCC/C	17.97 – 22.33	335,572,541	64,998,979
PRR 1C/D/F	D	100	<u>490,783,183</u>	<u>490,783,183</u>
			<u>P11,962,394,326</u>	<u>P 634,396,128</u>

Due From Related Parties				
	S&P	PD Rate	Estimated Gross Carrying Amount	Credit Loss
<u>PRR</u>	<u>Rating</u>	<u>Range</u>	<u>at Default</u>	<u>Allowance</u>
PRR 3A	BBB	0.14 – 0.62	P 61,149,279	P 85,609
PRR 1A	BBB	0.14 – 0.62	808,510,976	1,414,100
PRR 3B	BB	0.63 – 1.90	<u>70,152,199</u>	<u>408,573</u>
			<u>P 939,812,454</u>	<u>P 1,908,282</u>

Some of the unimpaired trade and other receivables are past due at the end of the reporting date. The age of financial assets past due but not impaired is presented below.

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Not more than one month	P 520,754,858	P 577,035,340
More than one month but not more than two months	198,896,273	681,732,537
More than two months but not more than six months	1,187,674,271	1,475,835,606
More than six months but not more than one year	890,030,015	579,628,183
More than one year	<u>977,033,021</u>	<u>455,810,155</u>
	<u>P 3,774,388,438</u>	<u>P 3,770,041,821</u>

In respect of due from a related party, the Group has assessed that these advances are collectible and the credit risk exposure is considered to be low.

### 6.3 Liquidity Risk

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 periods. 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.

This compares to the maturity of the Group's financial liabilities as of September 30, 2019 (Unaudited) as presented below.

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P 30,935,831,578	P 4,603,409,030	P 7,233,884,908	P 4,900,000,000
Trade and other payables (excluding tax-related payables)		2,573,830,907	-	
Security deposits	-	-	322,700,871	-
Customers' cylinder deposits	-	-	-	403,377,900
Cash bond	-	-	-	54,591,596
	<u><u>P 30,935,831,578</u></u>	<u><u>P 7,177,239,937</u></u>	<u><u>P 7,556,585,779</u></u>	<u><u>P 5,357,969,496</u></u>

As of December 31, 2018 (Audited), the Group's financial liabilities have contractual maturities which are summarized as follows:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Interest-bearing loans and borrowings	P 21,479,255,558	P 6,272,692,441	P 11,302,340,399	P 4,925,525,000
Trade and other payables (excluding tax-related payables)	819,565,247	6,452,331,850	-	-
Security deposits	-	-	266,616,512	-
Customers' cylinder deposits	-	-	-	276,285,588
Cash bond	-	-	-	56,702,491
	<u><u>P 22,316,820,805</u></u>	<u><u>P 12,725,024,291</u></u>	<u><u>P 11,568,956,911</u></u>	<u><u>P 5,258,513,079</u></u>

## 7. INVENTORIES

Inventories which are stated at cost, which is lower than its net realizable value, are broken down as follows:

	<b>September 30, 2019 (Unaudited)</b>	December 31, 2018 (Audited)
At cost:		
Fuels	<b>P 5,684,023,045</b>	P10,303,317,190
Lubricants	<b>380,906,479</b>	427,496,011
LPG	<b>248,221,441</b>	157,495,582
Others	<b><u>220,624,703</u></b>	<u>247,185,503</u>
	<b><u>P 6,533,775,668</u></b>	<u>P11,135,494,286</u>

Under the terms of agreements covering the liabilities under trust receipts, inventories with carrying amount of P 7,482.2 million and P3,045.6 million as of September 30, 2019 and December 31, 2018, respectively, have been released to the Group in trust for by the bank.

The Group is accountable to the bank for the trusted inventories or their sales proceeds.

There was no Inventory write-down in September 30, 2019 and December 31, 2018.

## 8. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amounts of property, plant and equipment is shown below.

	September 30, 2019 (Unaudited)	2018 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period	P 18,715,994,505	13,400,687,345	P 13,400,687,345
Business combination – net	215,698,587*	321,905,372	370,140,357
Additions	4,982,026,614	3,387,546,575	4,779,363,474
Revaluation Increments			1,219,846,043
PFRS 16 Leases (Right to Use recognition)	1,097,556,520		
Disposals – net	( 22,105,209 )	( 1,820,769 )	( 28,844,956 )
Depreciation and amortization	( 1,061,895,743 )	( 803,919,616 )	( 1,025,197,758 )
Balance at end of the period	<u>P 23,927,275,275</u>	<u>P 16,304,398,907</u>	<u>P 18,715,994,505</u>

\*Related to PhoenixVietnam Gas LLC

## 9. INTANGIBLE ASSETS

The reconciliation of the carrying amounts of intangible assets is shown below.

	September 30, 2019 (Unaudited)	2018 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period	<b>P 328,054,350</b>	P 274,931,452	P 274,931,452
Additions	<b>29,570,547</b>	49,090,768	-
Amortization expense for the period	<b>( 51,468,590 )</b>	( 33,982,726 )	( 53,122,898 )
Balance at end of the period	<b><u>P 306,156,307</u></b>	<u>P 290,039,494</u>	<u>P 328,054,350</u>

## 10. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are broken down as follow:

	September 30, 2019 <u>(Unaudited)</u>	December 31, 2018 <u>(Audited)</u>
Current:		
Liabilities under LC and TR	<b>P10,136,766,538</b>	P 3,045,567,756
Term loans	<b>17,551,863,693</b>	16,667,005,937
Liabilities under short-term commercial papers	<u><b>7,540,110,377</b></u>	<u>6,596,913,591</u>
	<b>35,539,240,608</b>	26,309,487,284
Non-current –		
Term loans	<u><b>12,133,884,908</b></u>	<u>13,590,520,166</u>
	<b>P 47,673,125,516</b>	<b>P39,900,007,450</b>

### ***10.1 Liabilities under Letters of Credits and Trust Receipts***

The Group avails of LC and TR lines with local banks to finance its purchases of inventories. These short-term trust receipts bear interests based on prevailing market interest rates at an average of **6.589%** and 6.14% per annum as of September 30, 2019 and December 31, 2018, respectively.

### ***10.2 Borrowings and Repayments***

The Group has term loan with outstanding balance as of September 30, 2019 of P 14,077 million. The loans bear interest ranging from 5.3884% to 8.1150% and is repayable in various dates until 2025.

As of September 30, 2019, repayments of term loans amounting to P 2,895 million were made in line with previously disclosed repayment terms.

## 11. LEASE LIABILITIES

Below is the reconciliation of the Lease liabilities recognized under PFRS 16, effective January 1, 2019 (Note 2).

Total Operating Lease Disclosed at December 31, 2019		4,593,487,223
Recognition Exemption:		
Leases of Low Value Assets	( 420,000,000 )	
Leases with remaining lease term of less than 12 months	( 1,371,237,541 )	
Variable Lease payments not recognized	( 1,592,471,979 )	( 3,383,709,520 )
Operating Lease Liabilities Before Discounting		1,209,777,703
Discounted Using Incremental Borrowing Rate		( 112,221,183 )
Operating Lease Liability		1,097,556,520
Finance Lease Obligation (Dec. 31, 2019) Note 11.2		-
Depreciation of Right of Use Asset		330,886,904
Total Lease Liability Recognized as of September 30, 2019		<u>937,747,029</u>

## 12. RELATED PARTY TRANSACTIONS

The Group's related parties include the ultimate Parent Company, PPHI, stockholders, the Group's key management personnel, entities under common ownership by the ultimate parent Company and others as described below and in the succeeding pages.

The summary of the Group's transactions with its related parties for the periods ended September 30, 2019 and 2018 and the related outstanding balances as of September 30, 2019 and December 31, 2018 is presented below.

Related Party Category	Amount of Transactions		Outstanding Balance	
	September 30, 2019	September 30, 2018	September 30, 2019	December 31 2018
<b>Other related parties under common Ownership</b>				
Sale of subsidiaries			P	P 500,000,000
Sale of goods	1,390,675,384		3,428,771,137	1,851,288,462
Purchases of services	108,505	316,538,256		2,467,366
Advances to suppliers	576,199,647	-	4,015,820,100	-
Management fees		-		86,598,808
Rentals				5,774,879
Due from related parties	-			929,271,644
Due to related parties	-		-	-
Donations	-	30,000,000	-	-
<b>Udenna Corporation</b>				
Advances to suppliers	500,000,000		1,600,869,472	
Rentals		7,603,900	-	1,167,194,841
<b>Associate</b>				710,545
Technical ship			-	
Services	-	-		-
<b>Key management personnel</b>				
Salaries and employee benefits	163,605,856	121,520,446	-	-

### ***12.1 Sale of Goods***

The Group sells products to certain related parties under common ownership. Goods are sold on the basis of the price lists in force with non-related parties. The outstanding receivables from related parties are unsecured, do not bear any interest and collectible in cash on demand. No impairment loss was recognized for the nine months ended September 30, 2019 and 2018 based on management's assessment.

### ***12.2 Purchases of Goods and Services***

The Group purchased goods and services from related parties on the basis of price lists in force with non-related parties. The outstanding balances are unsecured, non-interest bearing, payable on demand and normally settled in cash.

In addition, the Group advances certain amount to certain related parties for the purchase of services. The amount is credited upon the performance of the contractual obligation by the related parties. Management has assessed that there are no impairment losses required to be recognized on the advances to suppliers as of the nine months ended September 30, 2019.

### ***12.3 Due from Related Parties***

The Group grants and obtains unsecured advances to and from related parties under common ownership for working capital requirements and other purposes. Due from Related Parties (excluding advances to CISC) are either receivable in cash or paid through offsetting, unsecured non-interest-bearing liabilities and are expected to be paid within one year.

### ***12.4 Disposal and Acquisition of Subsidiaries / Joint Ventures***

On February 21, 2019, Pnx Vietnam, a subsidiary of Phoenix Energy International Holdings Pte. Ltd. based in Singapore completed the purchase of 75% shares of Phoenix Gas Vietnam LLC (PGV LLC). PGV LLC is engaged in LPG business operating based in Ho Chi Minh City, Vietnam.

On March 14, 2019, Phoenix Pilipinas Gas and Power Inc. was incorporated. Its primary business purpose is to engage in trading and selling in wholesale basis of natural gas and liquefied natural gas.

First Energy Corp. was incorporated on July 10, 2019 to operate petroleum service stations in areas of Cebu. Currently, there are seven (7) operating stations.

Phoenix Northern Mindanao Corp. was incorporated on July 15, 2019 to operate petroleum service stations in areas of Caraga region, Misamis and Butuan.

Top Concorde Quality Petroleum Corp. was incorporated on July 15, 2019 to operate petroleum service stations in areas of Cotabato.

CJI Fuels Corp. was incorporated on July 31, 2019 to operate petroleum service stations in areas of Iloilo.

Eastan Prime Development Corp. Corp. was incorporated on August 28, 2019 to operate petroleum service stations in areas of Metro Manila.



Firebird Evzon Fuels Corp. was incorporated on August 28, 2019 to operate petroleum service stations in areas of South Luzon.

There is no disposal of subsidiaries for the nine months ended September 30, 2019.

### 13. EQUITY

#### 13.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	For the nine months Ended September 30, (Unaudited)	2018	For the year ended December 31, 2018 (Audited)	For the nine months ended September 30, (Unaudited)	2018	For the year ended December 31, 2018 (Audited)
	<u>2019</u>	<u>2018</u>	<u>(Audited)</u>	<u>2019</u>	<u>2018</u>	<u>(Audited)</u>
Preferred – cumulative, nonvoting, non-participating, non-convertible into common shares - P1 par value						
Authorized:	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>P 50,000,000</u>	<u>P 50,000,000</u>	<u>P 50,000,000</u>
Issued:						
Balance at beginning of year	<u>22,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>	<u>P 22,000,000</u>	<u>P 30,000,000</u>	<u>P 30,000,000</u>
Issuance during the year	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Balance at end of year	<u>22,000,000</u>	<u>30,000,000</u>	<u>32,000,000</u>	<u>22,000,000</u>	<u>30,000,000</u>	<u>32,000,000</u>
Treasury shares	<u>( 5,000,000)</u>	<u>( 5,000,000)</u>	<u>( 10,000,000)</u>	<u>( 5,000,000)</u>	<u>( 5,000,000)</u>	<u>( 10,000,000)</u>
Issued and outstanding	<u>17,000,000</u>	<u>25,000,000</u>	<u>22,000,000</u>	<u>P 17,000,000</u>	<u>P 25,000,000</u>	<u>P 22,000,000</u>
Common – P1 par value						
Authorized:	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>P 2,500,000,000</u>	<u>P 2,500,000,000</u>	<u>P 2,500,000,000</u>
Issued:						
Balance at beginning of year	<u>1,403,304,232</u>	<u>1,431,538,232</u>	<u>1,428,777,232</u>	<u>P 1,090,004,232</u>	<u>P 1,431,538,232</u>	<u>P 1,431,538,232</u>
Issuance during the year	<u>2,572,000</u>	<u>2,648,000</u>	<u>2,766,000</u>	<u>2,698,055</u>	<u>2,648,000</u>	<u>2,766,000</u>
Balance at end of year	<u>1,405,876,232</u>	<u>1,434,186,232</u>	<u>1,431,538,232</u>	<u>1,092,702,287</u>	<u>1,434,186,232</u>	<u>1,434,304,232</u>
Treasury shares	<u>(25,000,000)</u>	<u>( 31,000,000)</u>	<u>-</u>	<u>( 25,000,000)</u>	<u>( 344,300,000)</u>	<u>-</u>
Issued and outstanding	<u>1,405,876,232</u>	<u>1,409,186,232</u>	<u>1,403,304,232</u>	<u>P 1,092,702,287</u>	<u>P 1,409,186,232</u>	<u>P 1,090,004,232</u>
				<u>P 1,109,702,287</u>	<u>P 1,434,186,232</u>	<u>P 1,112,004,232</u>

### **13.2 Employee Stock Options**

On January 24, 2013, the Parent Company's BOD approved the ESOP for its eligible employees.

The initial offering date of the option was on July 1, 2016 and will vest five years from the date of grant. Pursuant to this ESOP, on July 1, 2016, the Parent Company granted share options to certain key executives to subscribe to 24.5 million common shares of the Parent Company equivalent to 2.2% of the total issued shares, at an exercise price of P5.68 per share.

Stock options will be granted in two tranches until July 1, 2021. The allocation for Tranche 1 every year is computed at 10.0% of the total available shares for exercise. Meanwhile, the allocation for Tranche 2 is based on the forecasted assessment of the executives' performance rating for five years.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Life of the option	5 years
Current share price at grant date	P 6.25
Exercise price at grant date	P 5.68
Standard deviation of the rate of return	0.4
Risk-free interest rate	3.80%

The underlying expected volatility was determined by reference to historical date of the Group's shares over a period of time consistent with the option life.

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of P7.2 million and P11.6 million share-based executive compensation is recognized in 2018 and 2017, respectively, and presented as part of Employee benefits under Selling and Administrative Expenses account in 2017 and 2016 consolidated statements of comprehensive income, respectively, with a corresponding credit to Retained Earnings account.

### **13.3 Cash Dividends**

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, for the nine months ended September 30 (unaudited) are as follows:

	<u>2019</u>	<u>2018</u>
Common shares	<b>P 210,495,635</b>	P 214,730,735
Preferred shares	<u>243,703,333</u>	<u>97,455,000</u>
	<b><u>P 454,198,968</u></b>	<b><u>P 312,185,735</u></b>

### 13.4 Other Interim Disclosures

The Group's management is not aware of the following or is not applicable to the Group's interim operations:

- Unusual items that materially affect the Group's interim condensed consolidated assets, liabilities, equity, net income or cash flows because of their size, nature or incidents;
- Material changes in contingent liabilities or contingent assets since the last annual balance sheet date;
- Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period;
- Events that will trigger direct or contingent material financial obligations to the Group;
- Material off-balance sheet transactions, arrangements, obligations (direct or contingent) and other relationships of the Group;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Material events subsequent to end of the reporting period that have not been reflected in this report;
- Material changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries, restructurings and discontinuing operations; and,
- Any seasonal aspect that had a material effect on the consolidated financial condition or results of operation.

### 13.5 Earnings Per Share

EPS were computed as follows:

	For the nine months ended September 30, (Unaudited)		For the year ended December 31, 2018 (Audited)
	2019	2018	
a) Net profit pertaining to common shares	P 674,596,495	1,171,754,448	P 2,455,907,552
b) Net profit attributable to common shares and potential common shares	674,596,495	1,171,754,448	2,455,907,552
c) Weighted average number of outstanding common shares	1,405,876,232	1,430,799,235	1,424,576,265
d) Weighted average number of outstanding common and potential common shares	1,405,876,232	1,430,799,235	1,426,593,300
Basic EPS (a/c)	P .48	1 .82	P 1.72
Diluted EPS (b/d)	P .48	1 .82	P 1.72

#### **14. COMMITMENTS AND CONTINGENCIES**

As of September 30, 2019 and December 31, 2018, the Group has commitments of more than P2,000.0 million and P6,000.0 million, respectively, for expansion on petroleum retail network, depot, terminalling and logistics facilities, information technology infrastructure and other major expansions related to its business development. The Group has a network of 650 and 615 operating retail service stations as of September 30, 2019 and December 31, 2018, respectively. An additional of 28 and 57 retail service stations are opened and under various stages of completion as of September 30, 2019, respectively.

The Group plans to expand further its petroleum retail service stations and carry out its investments in its subsidiaries to put up depot and terminalling facilities in strategic locations and complete its chain of logistical support to strengthen its foothold in the industry.

As of September 30, 2019, and December 31, 2018, the Parent Company has unused LCs amounting to P8,724.5 million and P17,111.3 million, respectively.

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial statements. Management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its interim condensed consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

#### **15. EVENTS AFTER THE REPORTING PERIOD**

On August, 29, 2019 the Company filed with the Securities and Exchange Commission its intent to list up to PHP 7.00bn in Preferred Shares through the Philippine Stock Exchange. To be designated as PNX4 upon approval by the both the SEC and PSE, the Company shall price the offer at PHP 1,000 per share.

On September 26, 2019 the SEC resolved in its meeting to render effective the registration of up to Seven Million (7,000,000) Preferred Shares consisting of a Five Million (5,000,000) share base offer, with an oversubscription option of up to Two Million (2,000,000) shares, at an offer price of PHP 1,000 per share, subject to the fulfilment of the required submissions.

On 06 November 2019, the Company's Board of Directors approved and ratified the full and final redemption of 1,500,000 Preferred Shares issued via private placement to RCBC Capital Corporation at Php1,000 per share. The issuance was an exempt transaction under Section 10(k) of R.A. No. 8799 otherwise known as the Securities Regulations Code.

On October 9, 2019, the Philippine Stock Exchange issued its Notice of Approval for the Follow-on offer of PNX4 Preferred Shares with a primary offering of 5,000,000 shares and an oversubscription of 2,000,000 shares at a value of P1,000 per share.

On 21 October 2019, the SEC has ordered the effectivity of the Registration Statement and consequently issued the Permit to Sell the Company's Series 4 Preferred Shares Offering of up to 7,000,000,000 shares at Php1,000.00 per share – base offering of 5,000,000 preferred shares with oversubscription of 2,000,000 preferred shares.

The Offer Shares have the following features, rights and privileges:

- The Offer had a base offer of 5,000,000 Preferred Shares and an oversubscription option of up to 2,000,000 Preferred Shares.
- The Offer Price of the Offer Share is at ₱1,000.00 per share;
- The Initial Dividend Rate of the Offer Rates shall be at a fixed rate of 7.5673% per annum, calculated in respect of each share by reference to the Offer Price thereof in respect of each Dividend Period;
- Cumulative in payment of current dividends as well as any unpaid back dividends;
- Non-convertible into common shares;
- Preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Company and in the payment of the dividend at the applicable dividend rate;
- Non-participating in any other or further dividends beyond the dividends specifically payable on the Offer Shares;
- Non-voting except in those cases specifically provided by law;
- No pre-emptive rights to any subsequent issuance or disposition by the Company of its shares of stock; and
- Redeemable at the option of the Company under such terms and conditions as specified in the Prospectus. The holders of the Offer Shares (the “PNX4 Shareholders”) do not have identical rights and privileges with holders of the existing common shares and existing preferred shares of the Company.

The Series 4 Preferred Share Offering was listed with the Philippine Stock Exchange on 07 November 2019 under PNX4.

As of September 30, 2019, 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.

There are no material events that occurred subsequent to the interim period that is required to be recorded or disclosed in these interim condensed consolidated financial statements.

## **16. SEASONAL FLUCTUATIONS**

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

## 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 Period Ended September 30, 2019 vs. September 30, 2018.

### Revenues, Cost of Sales and Gross Margins

The Group's **Revenues** during the first nine months of 2019 grew to ₱73.169billion, about 12.6% higher compared to the ₱64.963billion generated in the same period of 2018. This was mainly due to the 15.9% growth in total volume sold for the comparative nine-month period (2019: 2,343million liters vs. 2018: 2,022million liters). This was augmented by the ₱0.875 billion sales contributed by Philippine Family Mart CVS, Inc. (PFM) and ₱91 million sales contributed by Action Able, Inc. On the other hand, despite the implementation of the second round of increase in the excise tax rates of petroleum products under the Tax Reform for Acceleration and Inclusion (TRAIN) law starting January 2019, average price of petroleum products was lower as a result of the 8.7% drop in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD September 2019 vs 2018: US\$64.02/ bbl. vs. US\$70.09/ bbl.).

Of the 321million liters incremental sales volume, 56% came from volume sold by its foreign-based subsidiaries (Pnx Singapore: Pnx Singapore – 132million liters and Pnx Vietnam – 47 million liters); while the balance came from domestic operations.

Similarly, **Cost of Sales and Services** increased by 12.5%, from ₱58.545billion in the first nine months of 2018 to ₱65.873 billion in the same period of 2019, principally attributable to the volume growth.

As a result mainly of the increase in sales volume, **Gross Margin** rose by 13.1% or ₱0.843.

### Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the company's **Selling and Administrative Expenses** amounted to ₱4.822 billion, 15.9% more than the ₱4.161 billion 2018 level, with the increase volume sold. However, considering the volume growth, opex per liter was sustained at ₱2.06 as the company continued to implement cost-effective programs aimed to streamline its processes and reduce cost.

On the other hand, **Net Non-operating Charges** of ₱1.402 billion was ₱0.548 billion more than the ₱0.854billion incurred in 2018. The 64.2% increment was mainly on account of the combined effect of the increase in benchmark lending rates implemented starting in May 2018, as well as the additional debts incurred to finance the company's network expansion program, including its support systems and facilities.

### Operating, Net and Comprehensive Incomes

Notwithstanding the increase in operating expenses, the 2019 **Operating Income** of ₱2.474 billion grew by 9.6% (₱0.217 billion) compared to the 2018 Operating Income of ₱2.257 billion.

However, with the rise in Net Non-operating Charges, the 2019 **Net Income Before Tax**(NIBT) of ₱1.071 billion declined by 23.6% (₱0.331 billion) vis-à-vis the 2018 NIBT of ₱1.405 billion.

Meanwhile, for the first nine months of 2019, the company recorded a ₱0.020 billion translation adjustment related to PNx SG's operations, 57.2% lower than the ₱0.046 billion recorded in 2018. As such, **Comprehensive Income** of ₱0.938 billion, was 31.2% lower than the ₱1.364 billion reported in the same period in 2018.

### **Financial Condition**

*(As of September 30, 2019 versus December 31, 2018)*

Consolidated resources as of September 30, 2019 stood at ₱68.644billion, 6.2% higher than ₱64.660 billion level as of December 31, 2018. This was mainly due to the additions in property, plant, and equipment related to our expansion as well as the recognition of the Right-of-Use Asset for the lease contracts with reference to PFRS 15 – Leases which took effect January 1, 2019.

**Cash and Cash Equivalents** decreased by 11% (from ₱7.890 billion in December 31, 2018 to ₱7.024 billion as of September 30, 2019) as the company settled its maturing loans and partially redeemed Preferred Shares issued via private placement.

Similarly, **Trade and Other Receivables** increased by 13.9% (from ₱15.031 billion as of December 31, 2018 to ₱12.941billion as of September 30, 2019) in spite the increase in revenue resulting from the intensified collections strategy.

**Inventory** was 41.3% lower at ₱6.534billion as of September 30, 2019, from ₱11.135 billion as of December 31, 2018 as the company effected strategies to reduce its days inventory.

As of September 30, 2019, the Group's **Property and Equipment**, net of accumulated depreciation, increased to ₱23.927 billion versus the ₱18.716 billion as of December 31, 2018. The 27.8% growth represented the value of the assets of the newly acquired subsidiaries, the continuing expansion program of the group and the implementation of PFRS 16.

**Intangible Assets** was 6.7% lower at ₱0.306 billion as of September 30, 2019, from ₱0.328 billion as of December 31, 2018 as a result of normal amortization.

**Investment in Joint Ventures** was 212.0% higher at ₱1.421 billion as of September 30, 2019, from ₱0.455 billion as of December 31, 2018 as the entered into several new Joint Venture Agreement such as Phoenix Southern Philippines Corporation and Galaxi Petroleum Fuels, Inc..

**Goodwill** was 14.8% higher at ₱0.652 billion as of September 30, 2019, from ₱4.419 billion as of December 31, 2018 as a result of the acquisition of 75% of Origin Energy Vietnam by PNx Vietnam.

**Deferred Tax Asset** was 46.7% higher at ₱0.216 billion as of September 30, 2019, from ₱0.147 billion as of December 31, 2018 coming from some subsidiaries reporting losses.

**Other Non-current Assets** was 289.3% higher at ₱6.211 billion as of September 30, 2019, from ₱1.596 billion as of December 31, 2018 as the company made deposits for the acquisition of certain assets.

**Interest-bearing Loans and Borrowings**, both current and non-current of ₱47.673 billion as of September 30, 2019 increased by 19.5% from ₱39.900 billion as of December 31, 2018, mainly for the financing of Pnx SG's working capital requirements and the Group's capital expenditures; but partly offset by the settlement of debts.

As a result of its effective management of inventory, **Trade and Other Payables** decreased by 61.3% from ₱7.435 billion as of December 31, 2018 to ₱2.881billion as of September 30, 2019

**Deferred Tax Liabilities** decreased by 2.9% from ₱0.631 billion as of December 31, 2018 to ₱0.613 billion as of September 30, 2019 since the level of income tax is only for 9 months net of paid taxes during the prior periods.

**Total Stockholders' Equity** decreased by 1.4% to ₱15.748 billion as of September 30, 2019 from ₱15.974 billion as of December 31, 2018. The 3.6% growth in retained earnings came from the ₱0.938 billion net income realized during the first nine months of 2019, but offset by the payment of dividends on both Common and Preferred shares, as well as the partial redemption of Preferred shares issued in prior years.

### Key Performance Indicators and Relevant Ratios

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Current Ratio <sup>1</sup>	0.8x :1x	1.1x :1x
Debt to Equity Interest-Bearing <sup>2</sup>	3.0x : 1x	2.5x : 1x
Net Book Value per Share <sup>3</sup>	₱8.53	₱8.53
Earnings per Share <sup>4</sup>	₱0.48	₱1.72

*Notes: Formula are based on Philippine Accounting Standards*

*1 - Total current assets divided by current liabilities*

*2 - Interest Bearing Debts divided by Total stockholder's equity*

*3 - Total stockholder's equity (net of Preferred) divided by the total number of shares issued and outstanding*

*4- Period or Year Net income after tax divided by weighted average number of outstanding common shares*

These key indicators were chosen to provide management with a measure of the 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 (Net Book Value Per Share and Earnings Per Share). Likewise, these ratios are used to compare the Group's performance with similar companies.

### Material (5% or more) Changes to the Group's Balance Sheet as of September 30, 2019 vs. December 31, 2018

11% decrease in Cash and Cash Equivalents

Settlement of debts during the period.

14% decrease in Trade and Other Receivables

Improved collection strategies.

41% decrease in Inventory

Reduced days inventory.

99% decrease in Due from Related Party

Treated as advance payment for properties leased having the option to purchase.

719% increase in Restricted Deposit

Increase in PNX SGs marginal deposit.

63% increase in Prepayments and other current assets.



Due to the renewal of insurances and local government taxes of all the assets, prepaid rentals advertising and other services and acquisitions which will cover the periods beyond September 30, 2019.

28% increase in PPE

Due to new acquisitions, and construction of new retail and depot facilities, and the recognition of Right to Use Asset in compliance with the implementation of PFRS 16.

15% increase in Goodwill

Due to the acquisition of Phoenix Gas Vietnam.

212% increase in Investment in Joint Ventures

Due to the additional Joint Venture Agreements entered into during the period.

289% increase in Non-current Assets

Due to the increase in security and rent deposit for leases and rentals as well as the deposits made for the purchase of certain properties.

35% increase in Interest Bearing Loans- Current

Due to the Long Term Contracts maturing within 12 months from September 30, 2019, including short-term loans and trust receipts.

61% decrease in Trade Payables

In relation to the decrease in days inventory and Trust Receipt Bookings classified as Interest-Bearing Loans-current

11% decrease in Interest Bering Loans - Non-current

Net of the settled and maturing in the next 12 months after September 30, 2019

82% increase in Other Non-current liabilities

Due the recognition of Finance Lease Liabilities in compliance with PFRS 16

7% decrease in Additional Paid-in Capital

Due to the Preferred Shares Redemption

80% decrease in Accumulated Translation Adjustments

Due to increased transaction of the foreign currency denominated subsidiary, Pnx Singapore.

4% increase in Retained Earnings

Increase coming from the Net Income after tax net of the dividends declared and distributed during the year.

**Material (5% or more) changes to the Group's Income Statement as of September 30, 2019 vs. September 30, 2018**

12% increase in Sale of Goods

Due to the 15.8% growth in overall volume. PPPI's domestic and overseas operations grew 9.4% and 34.2%, respectively. PPPI's overseas operations are carried out by PNx SG and PNx Energy.

101% increase in fuel service, storage income, rental income and other revenue

This is due increase in into-plane services, additional rental income from new retail stations, non-fuel related businesses and from Action Able, Inc.

13% increase in Cost of Sales and Services

This mirrors the increase in the sale of goods, reflecting the price movements in the world market during the year which is little higher compared to the same period in 2018. The increase in excise tax rates on petroleum products also contributed to the increment.

91% increase in Finance Costs

A substantial portion represents interest from the P6B loan used to acquire Petronas during the last quarter of 2017 and from the 7B STCP from PNB capital, as well as Forex Losses.

80% decrease in Finance Income

Net realized and unrealized forex gains.

100% increase in Equity Share in Net Income of a Joint Venture

This is the net share from PAPI, PSPC and Galaxi joint ventures.

1561% increase in Other income

Higher Other income from PNX SG.

80% increase in Tax Expense

Due to the improving performance of the newly acquired companies.

57% decrease in Translation Adjustments

Due to the increased forex exposure on the increased transactions of the foreign denominated subsidiary.

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 March 15, 2019 at the Phoenix Petroleum Corporate Headquarters, Lanang, Davao City, Philippines.
2. The Board of Directors approved the declaration of cash dividend of ₱0.15 per share as disclosed last March 14, 2019, with record date of April 8, 2019 and payment date of May 8, 2019.
3. The Board of Directors has declared cash dividends for the Company's preferred shares (3<sup>rd</sup> Tranche) for the first half of 2019 as follows:

Shares	Record Date	Payment Date	Interest Rate Per Annum
PNX3A	February 19, 2019	March 18, 2019	7.427%
PNX3B	February 19, 2019	March 18, 2019	8.1078%
PNX3A	May 22, 2019	June 18, 2019	7.427%
PNX3B	May 22, 2019	June 18, 2019	8.1078%
PNX3A	August 22, 2019	September 18, 2019	7.427%
PNX3B	August 22, 2019	September 18, 2019	8.1078%

4. On December 2018, the Company obtained approval from the Securities and Exchange Commission (SEC) for the registration and listing of Short Term Commercial Papers through the Philippine Dealing and Exchange Corporation (PDEX) up to the amount of PHP 10B with a three year validity period. On December 27, 2018 it listed and raised a total of PHP 7B in two tranches: Series A-1 amounting to PHP 3.5B with a discount rate of 7.0937% and is due in 180 days, and Series A-2 amounting to PHP 3.5B with a discount rate of 7.4717% and is due in 360 days. Series A-1 was fully redeemed on June 25, 2019 and on July 26, 2019 the Company filed notice with the SEC to subscribe and list up to PHP 3.5B under Series B of the Commercial Paper Program. Series B shall have a tenor of 360 days. On August 5, 2019, the company listed Series B of its Commercial Paper Program with a tenor of 360 days discounted rate of 7.00% and was fully subscribed for the amount of PHP 3.5B.
5. On August, 29, 2019 the Company filed with the Securities and Exchange Commission its intent to list up to PHP 7.00bn in Preferred Shares through the Philippine Stock Exchange. To be designated as PNX4 upon approval by the both the SEC and PSE, the Company shall price the offer at PHP 1,000 per share.
6. On September 26, 2019 the SEC resolved in its meeting to render effective the registration of up to Seven Million (7,000,000) Preferred Shares consisting of a Five Million (5,000,000) share base offer, with an oversubscription option of up to Two Million (2,000,000) shares, at an offer price of PHP 1,000 per share, subject to the fulfilment of the required submissions.
7. On 06 November 2019, the Company's Board of Directors approved and ratified the full and final redemption of 1,500,000 Preferred Shares issued via private placement to RCBC Capital Corporation at Php1,000 per share. The issuance was an exempt transaction under Section 10(k) of R.A. No. 8799 otherwise known as the Securities Regulations Code.
8. On October 9, 2019, the Philippine Stock Exchange issued its Notice of Approval for the Follow-on offer of PNX4 Preferred Shares with a primary offering of 5,000,000 shares and an oversubscription of 2,000,000 shares at a value of P1,000 per share.
9. On 21 October 2019, the SEC has ordered the effectivity of the Registration Statement and consequently issued the Permit to Sell the Company's Series 4 Preferred Shares Offering of up to 7,000,000,000 shares at Php1,000.00 per share – base offering of 5,000,000 preferred shares with oversubscription of 2,000,000 preferred shares.

The Offer Shares have the following features, rights and privileges:

- The Offer had a base offer of 5,000,000 Preferred Shares and an oversubscription option of up to 2,000,000 Preferred Shares.
- The Offer Price of the Offer Share is at ₱1,000.00 per share;
- The Initial Dividend Rate of the Offer Rates shall be at a fixed rate of 7.5673% per annum, calculated in respect of each share by reference to the Offer Price thereof in respect of each Dividend Period;
- Cumulative in payment of current dividends as well as any unpaid back dividends;
- Non-convertible into common shares;
- Preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Company and in the payment of the dividend at the applicable dividend rate;
- Non-participating in any other or further dividends beyond the dividends specifically payable on the Offer Shares;
- Non-voting except in those cases specifically provided by law;
- No pre-emptive rights to any subsequent issuance or disposition by the Company of its shares of stock; and
- Redeemable at the option of the Company under such terms and conditions as specified in the Prospectus. The holders of the Offer Shares (the “PNX4 Shareholders”) do not have identical rights and privileges with holders of the existing common shares and existing preferred shares of the Company.

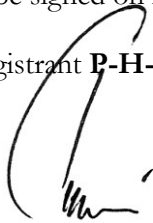
The Series 4 Preferred Share Offering was listed with the Philippine Stock Exchange on 07 November 2019 under PNX4.

10. As of September 30, 2019, 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 decline in Current Ratio and the increase in Debt to Equity Ratio are seen to be temporary and will normalize at year-end. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.
11. 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.
12. 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.
13. 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



**MA. CONCEPCION DE CLARO**  
Chief Finance Officer



**JONAREST Z. SIBOG**  
Controller