01 June 2020

Securities & Exchange Commission
Secretariat Building, PICC Complex
Roxas Blvd, Metro Manila

Philippine Stock Exchange
Disclosure Department
6/F PSE Tower, 28th Street corner 5th Avenue,
BGC, Taguig City, Metro Manila

Philippine Dealing & Exchange Corporation
Philippine Dealing & Exchange Corp.
29/F, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Market and Securities Regulation Department
Securities & Exchange Commission

Ms. Janet Encarnacion
Head - Disclosure Department
Philippine Stock Exchange

Atty. Marie Rose M. Magallen-Lirio
Head - Issuer Compliance and Disclosure Department (ICDD)

Gentlemen and Madam:

We are herewith submitting the Company's first quarter report for period ended 31 March 2020 (SEC 17-Q) in compliance with the Securities Regulation Code and Revised Disclosure Rules.

Thank you and warm regards.

Very truly yours,

Atty. Socorro Ermac Cabreros
Corporate Secretary

COVER SHEET

A	2	0	0	2	0	7	2	8	3	

S.E.C. Registration Number

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

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

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

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

DENNIS A. UY
Contact Person

(082) 235-8888
Company Telephone Number

1 2	3 1	SEC FORM 17-Q	3	last Friday XX
Month	Day	FORM TYPE	Month	Day
Fiscal Year Ending			Annual Meeting	

CERTIFICATE OF PERMIT TO OFFER SECURITIES FOR SALE
Secondary License Type, if applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total Amount of Borrowings

76
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q, AS AMENDED

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

1.	For the quarterly period ended:	31 March 2020
2.	SEC identification number:	A200207283
3.	BIR Tax Identification No.	006-036-274
4.	Exact name of issuer as specified in its charter	**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.**
5.	Province, country or other jurisdiction of incorporation or organization	Davao City, Philippines.
6.	Industry Classification Code:	(SEC Use Only)
7.	Address of issuer's principal office:	Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City
	Postal Code:	8000
8.	Issuer's telephone number, including area code:	(082) 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	1,406,204,232.00
PREFERRED	27,000,000.00

Amount of Debt Outstanding as of 31 March 2020:	Php59,178,194, 362.00

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 MARCH 31, 2020
(With Comparative Figures as of December 31, 2019
(Amounts in Philippine Pesos)

	Notes	**UNAUDITED** March 31, 2020	*AUDITED* December 31, 2019
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents		**P 5,776,851,533**	9,810,770,115
Trade and other receivables - net		**16,217,335,063**	15,973,133,966
Inventories - net		**10,438,397,365**	11,679,616,905
Due from related parties - net		**72,569,542**	1,986,811
RESTRICTED DEPOSITS		**55,065,081**	54,462,326
INPUT VAT - NET		**2,332,816,060**	2,905,878,621
Derivative Asset		**828,738,254**	-
Prepayments and other current assets		**2,639,588,035**	1,931,536,398
Total Current Assets		**38,361,360,933**	42,357,385,142
NON-CURRENT ASSETS			
Property, plant and equipment - net		**26,260,375,085**	27,378,864,900
Right-of-use assets - net		**1,617,701,882**	1,142,726,144
Investment properties		**1,908,849,024**	1,908,972,835
Intangible assets - net		**301,869,996**	310,277,916
Investments in joint ventures		**1,439,279,294**	1,432,709,636
Goodwill - net		**4,632,397,417**	4,632,397,418
Deferred tax assets - net		**265,445,981**	155,781,031
Other non-current assets		**5,907,566,477**	7,638,262,244
Total Non-current Assets		**42,333,485,156**	44,599,992,124
TOTAL ASSETS		**P 80,694,846,089**	P 86,957,377,266
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**P 37,734,613,508**	38,143,058,891
Trade and other payables		**6,622,024,198**	11,841,661,093
Derivative financial liabilities		-	311,019,650
Lease liabilities		**127,704,840**	153,360,799
Due to related parties		-	-
Income tax payable		**54,044,896**	49,872,393
Total Current Liabilities		**44,538,387,442**	50,498,972,826
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**11,650,683,459**	11,753,129,172
Lease liabilities		**1,255,339,297**	1,096,852,276
Deferred tax liabilities - net		**804,398,320**	748,398,599
Other non-current liabilities		**929,385,844**	937,269,144
Total Non-current Liabilities		**14,639,806,920**	14,535,649,191
Total Liabilities		**59,178,194,362**	65,034,622,017
EQUITY			
Equity attributable to parent company			
Capital stock		**1,119,904,232**	1,119,904,232
Additional paid-in capital		**12,042,788,045**	12,042,788,045
Revaluation reserves		**832,687,377**	806,868,975
Retained earnings		**7,449,621,776**	7,876,463,627
		21,445,001,430	21,846,024,879
Non-controlling interest		**71,650,297**	76,730,370
Total Equity		**21,516,651,727**	21,922,755,249
TOTAL LIABILITIES AND EQUITY		**P 80,694,846,089**	P 86,957,377,266

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 YEAR THREE-MONTH PERIOD MARCH 31, 2020 AND 2019
UNAUDITED
(Amounts in Philippine Pesos)

	Notes	2020	2019
REVENUES			
Sale of goods		P 21,328,170,156	23,943,611,160
Fuel service and other revenues		526,156,594	133,845,671
Rent income		40,070,443	15,175,539
		21,894,397,193	24,092,632,370
COST AND EXPENSES			
Cost of sales and services		20,153,987,485	21,600,233,278
Selling and administrative expenses		1,561,446,577	1,471,240,106
		21,715,434,062	23,071,473,384
OTHER CHARGES (INCOME)			
Finance costs		459,914,645	582,444,290
Finance income		(8,832,521)	(9,727,678)
Fair value gains on investment properties		-	-
Equity share in net income of joint ventures		(6,343,088)	(11,507,240)
Others - net		(26,540,105)	(6,122,023)
		418,198,931	555,087,349
PRE-ACQUISITION PROFIT		-	
PROFIT/ (LOSS) BEFORE TAX		(239,235,800)	466,071,637
TAX EXPENSE		(24,584,961)	51,400,534
NET PROFIT / (LOSS)		(P 214,650,839)	P 414,671,103
NET PROFIT ATTRIBUTABLE TO:			
Parent company		(209,570,761)	417,698,931
Non-controlling interest		(5,080,073)	(3,027,828)
		(214,650,834)	P 414,671,103
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to profit or loss			
Translation adjustment related to a foreign subsidiary		24,123,094	(P 28,823,946)
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land			
Remeasurements of post-employment defined benefit obligation		-	
Tax expense		-	
		-	-
Other Comprehensive Income - net of tax		24,123,094	(28,823,946)
TOTAL COMPREHENSIVE INCOME / (LOSS)		(P 190,527,745)	P 385,847,157
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Parent company		(P 185,447,672)	P 388,874,985
Non-controlling interest		(P 5,080,073)	(P 3,027,828)
		(P 190,527,745)	P 385,847,157
Basic Earnings per share		(P 0.27)	P 0.24
Diluted Earnings per share		(P 0.27)	P 0.24

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH ENDED 2020 AND 2019
(Amounts in Philippine Pesos)

		Capital Stock												
	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	Total Equity Attributable to the Shareholders of Parent Company	Non-controlling Interest	Total Equity
Balance at January 1, 2020		**37,000,000**	**(10,000,000)**	**1,437,204,232**	**(344,300,000)**	**1,119,904,232**	**12,042,788,045**	**806,868,975**	**-**	**-**	**7,876,463,627**	**21,846,024,879**	**76,730,370**	**21,922,755,249**
Cash dividends											**(170,776,632)**	**- 170,776,632.00**		**- 170,776,632.00**
Adjustments for adoption of PFRS 16												**-**		**-**
Preferred Stock Redemption						**-**						**-**		**-**
Issuance of shares during the year						**-**						**-**		**-**
Employee Share Options						**-**						**-**		**-**
Stock Options Exercised												**-**		**-**
Business combination														**0**
Translation adjustments during the year												**-**		**0**
Transfer to Retained Earnings								**46,494,430**			**(46,494,430)**			
Total comprehensive income											**(209,570,789)**	**(209,570,789)**	**(5,080,073)**	**(214,650,862)**
for the year										**(20,676,028)**		**(20,676,028)**		**(20,676,028)**
Balance at March 31, 2020		**37,000,000**	**(10,000,000)**	**1,437,204,232**	**(344,300,000)**	**1,119,904,232**	**12,042,788,045**	**853,363,405**	**-**	**(20,676,028)**	**7,449,621,776**	**21,445,001,430**	**71,650,297**	**21,516,651,727**
Balance at January 1, 2019														
As previously reported		**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
Ac Adjustment from adoption of PFRS 9											158,812,135	158,812,135		158,812,135
Re Restatements														
As restated														
Cash dividends											(79,665,000)	(79,665,000)		(79,665,000)
Issuance of shares during the year														
Acquisition of shares during the year														
Share-based compensation														
Business combination													**11,641,883**	**11,641,883**
Translation adjustments during the year										**(28,823,905)**		**(28,823,905)**	**(3,027,828)**	**(31,851,733)**
Total comprehensive income											**417,698,931**	**417,698,931**		**417,698,931**
for the year														
Balance at March 31, 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**	**- 3,895,511**	**8,039,690,027**	**16,478,639,937**	**- 28,330,864**	**16,450,309,073**

PHOENIX PETROLEUM PHILIPPINES INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
(Amounts in Philippine Pesos)

	2020 (Unaudited)	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(P 239,235,800)	P 466,071,637
Adjustments for:		
Gain on revaluation of investment properties	-	
Interest expense	441,471,003	611,233,424
Depreciation and amortization	324,303,619	383,749,646
Unrealized foreign currency exchange losses (gains) - net	(50,095)	(12,516,660)
Equity share in net loss (income) of joint ventures and an associate	(6,343,088)	
Impairment losses on trade and other receivables	-	
Impairment losses on other non-current assets	-	
Interest income	(8,837,606)	(7,887,168)
Share based benefit expense	-	
Provisions for lost cylinder	-	
Gain on bargain purchase	-	
Loss (gain) on disposal of property and equipment	-	(28,823,905)
Operating profit (loss) before working capital changes	511,308,033	1,411,826,974
Decrease (increase) in trade and other receivables	(244,201,097)	439,097,160
Decrease in inventories	1,241,219,540	423,750,128
Decrease in Input value-added tax - net		234,945,185
Decrease (increase) in land held for sale and land development costs	-	-
Increase in other current assets	(964,330,089)	(912,377,737)
Decrease in trade and other payables	(5,569,443,379)	163,307,581
Cash generated from operations	(5,025,446,992)	1,760,549,291
Cash paid for income taxes	(6,646,722)	(7,841,932)
Net Cash From Operating Activities	(5,032,093,714)	1,752,707,359
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of new subsidiaries	-	(651,951,494)
Acquisitions of property, plant and equipment	(3,076,080,951)	(3,454,528,427)
Additions to investment properties	-	
Increase in other non-current assets	1,679,121,241	80,995,525
Acquisitions through business combinations, net of cash acquired	-	
Advances to related parties	-	
Translation of financial statement of foreign subsidiary	24,123,094	
Additional investments in joint ventures	(226,570)	(6,285,743)
Proceeds from disposal of property and equipment	3,407,192,978	1,903,840
Interest received	8,837,606	7,627,873
Acquisitions of intangible assets	(3,369,839)	-
Net Cash Used in Investing Activities	2,039,597,559	(4,022,238,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional loans and borrowings	18,349,416,261	10,934,737,477
Repayments of interest-bearing loans and borrowings	(18,860,307,357)	(11,525,441,562)
Interest paid	(441,471,003)	(611,233,424)
Changes in non-controlling interests	-	-
Payments made to related parties	-	-
Additional borrowings from related parties	-	-
Collections from related parties	-	-
Employee Share Options	-	-
Payment of Cash Dividends	(170,776,632)	(79,665,000)
Advances to related parties	(70,582,731)	-
Acquisition of treasury shares	-	-
Increase (decrease) in other non-current liabilities	150,603,721	843,472,436
Deposit for future stock subscription	-	-
Decrease in revaluation reserves	1,695,308	-
Proceeds from issuance for shares of stock	-	-
Increase/decrease in APIC	-	-
Redemption of Preferred Stock	-	-
Proceeds from total return equity swap (TRES) transaction	-	-
Net Cash From Financing Activities	(1,041,422,433)	(438,130,073)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,033,918,588)	(2,707,661,140)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,810,770,115	7,889,708,807
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 5,776,851,527	P 5,182,047,667

(UNAUDITED) P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES SELECTED NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(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 41.88% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a company organized in the Philippines.

The Parent Company's made its initial public offering with the Philippine Stock Exchange (PSE) on July 11, 2007. The Parent Company is presently engaged in trading of petroleum products on wholesale and retail basis and operating of gas stations, 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.

PPHI was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) 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 (UC), 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.

The Parent Company has a total of 660 operating retail service stations, and a total of 49 service stations under construction as of March 31, 2020.

1.1 Subsidiaries, Joint Ventures and their Operations

As of December 31, 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 2020	2019
Direct interest:			
Subsidiaries			
P-F-L Petroleum Management, Inc. (PPMI)	(a)	100%	100.00%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	(b)	100%	100.00%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	(c)	100%	100.00%
PNX Petroleum Singapore Pte. Ltd. (PNX SG)	(d)	100%	100.00%
Phoenix LPG Philippines, Inc. (PLPI)	(e)	100%	100.00%
Duta, Inc. [4]	(f)	100%	100.00%
Philippine FamilyMart CVS, Inc. (PFM)	(g)	100%	100.00%
PNX Energy International Holdings, Pte. Ltd. (PNX Energy)	(h)	100%	100.00%
Phoenix Pilipinas Gas and Power, Inc.[1]	(i)	100%	-
Action.Able, Inc.(AAI)	(j)	74.90%	74.90%
Think.Able Limited (TAL)	(k)	74.90%	74.90%
Phoenix Road Transport Pilipinas Inc.	(l)	100%	-
Joint venture			
Phoenix Asphalt Philippines, Inc. (PAPI)[3]	(m)	40.00%	40.00%
Indirect interest:			
Kaparangan, Inc. (Kaparangan) [2, 4]	(n)	100.00%	100.00%
PNX (Vietnam) Pte. Ltd. (PNX Vietnam) [5]	(o)	100.00%	100.00%
PT Phoenix Petroleum Indonesia (PNX Indonesia)[7]	(p)	100.00%	100.00%
Phoenix Gas (Vietnam) Limited Liability Company (PGV LLC)[6]	(q)	75.00%	75.00%
Galaxi Petroleum Fuel, Inc. (Galaxi)[8]	(r)	51.00%	51.00%
Phoenix Southern Petroleum Corp. (PSPC)[8]	(s)	49.00%	51.00%
Top Concord Quality Petroleum Corp. (TCQPC)[8]	(t)	49.00%	49.00%
CJI Fuels Corp. (CJI)[8]	(u)	49.00%	49.00%
Firebird Evzon Fuels Corp. (FEFC)[8]	(v)	49.00%	49.00%
Eastan Prime Development Corporation (EPDC)[8]	(w)	49.00%	49.00%
Zae Falco Energy Corp. (ZFEC)[8]	(x	49.00%	49.00%
Tarlac Black Gold Petroleum Corporation[8]	(y)	49.00%	-

Notes:
1 Newly incorporated subsidiary
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
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. In February 2019, it acquired a 75% interest in Phoenix Gas Vietnam (formerly Origin LPG Vietnam) through its 100%-owned subsidiary, PNX Vietnam.

(i) Incorporated on March 14, 2019 to engage in, conduct and carry on the business of selling, trading, on wholesale basis, natural gas and liquefied natural gas (LNG).

(j) 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.

(k) Incorporated on May 5, 2014 and is a Hong Kong based company that handles the trademark of AAI.

(l) Incorporated on February 19, 2020 and is engage owning, investing, and/or operating road transport business.

(m) 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.

(n) Incorporated on January 21, 1994 to engage in the business of buying, investing, exchanging, selling securities of every kind and description and leasing land.

(o) 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 as of December 31, 2019.

(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. PNX Indonesia has not yet started its commercial operations as of December 31, 2019.

(q) Formerly known as Origin LPG (Vietnam) Limited Liability Company, was incorporated and licensed to conduct business under the laws of Vietnam on August 6, 2008 to engage in wholesale of solid, liquid, gas fuels and other related products.

(r) 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.

(s) Incorporated on July 5, 2018 to operate petroleum service stations in areas within Southern Luzon under the Parent Company's name and brand.

(t) Incorporated on July 15, 2019 to operate petroleum service stations in areas of Cotabato.

(u) Incorporated on July 31, 2019 to operate petroleum service stations in areas of Iloilo.

(v) Incorporated on August 28, 2019 to operate petroleum service stations in areas of South Luzon.

(w) Incorporated on August 28, 2019 to operate petroleum service stations in areas of Metro Manila.

(x) Incorporated on November 6, 2019 to operate petroleum service stations in the Northern part and other of Luzon.

(y) Incorporated on February 20, 2010 to operate petroleum service stations in Tarlac.

1.2 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	–	Room 203 Greenwoods Park, Central Business District, Subic Bay Freeport Zone, Zambales
PNX SG, PNX Energy and PNX Vietnam	–	350 Orchard Road, #17-05/06 Shaw House, Singapore
PLPI	–	Phoenix Petroleum Corporate Headquarters, Stella Hizon Reyes Road, Bo. Pampanga, Lanang, Davao City
Duta	–	15th Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
Kaparangan	–	15th Floor, Citibank Tower, Valero St., Salcedo Village, Makati City
PFM	–	4th Floor, Tara Building, No. 389 Sen. Gil Puyat Avenue, Makati City, Metro Manila
AAI	–	2nd 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	–	25th Floor Fort Legend Tower, 3rd Avenue Fort corner 31st Street, Bonifacio Global City, Taguig City
PNX Indonesia	–	The Prominence Office Tower, 12th Floor B, Jl. Jalur Sutera Barat No. 15, Alam Sutera, Indonesia
Galaxi	–	1846 FB Harrison Street Pasay City
PGV LLC	–	No. 456 Phan Xich Long Street, Ward 2, Phu Nhuan District, Ho Chi Minh City, Vietnam

1.3 Business Combinations

a) On February 21, 2019, the Group, through PNX Vietnam, a subsidiary of PNX Energy, completed its acquisition of 51.00% and 24.00% interest in PGV LLC from Origin Energy Holdings PTY LTD and Cong Ty TNHH Cong Nghiep, respectively. The acquisition of a total of 75.00% interest in PGV LLC resulted in a goodwill of P103.1 million (see Note 15), as the total consideration paid of P682.8 million exceeds the fair value of the acquired interest. The acquisition is part of the growth and expansion footprint of the Group not only in the Philippines but also within the region.

b) On January 11, 2018, the Parent Company has signed a deed of absolute sale and concluded the acquisition of the 100.00% shares in PFM from its previous shareholders, namely: SIAL CVS Retailers, Inc., FamilyMart Co. Ltd. and ITOCHU Corporation, for P352.1 million. Objective of the acquisition is to broaden Group's portfolio of retail offers.

c) On May 25, 2018, the Parent Company entered into a deed of absolute sale of shares with Wildlemon, Inc. And Seawood Prime Limited for the acquisition of the voting rights for AAI and TAL, respectively (referred to as "AAI Group"). Total non-controlling interests from the acquisition of AAI Group amounted to P27.8 million and is measured at the proportionate share of the net identifiable assets.

AAI and TAL are the owner of Pos!ble.net, digital transactions-platform that offers remittances, bills payments, and other financial services. The acuisition supports business operations of the Parent Company and PFM Stores.

d) On August 14, 2017, the Parent Company finalized the purchase and sale agreements with PDB (Netherlands) B.V., an entity organized under the laws of Netherlands and is an investment holdings Company of PETRONAS Dagangan Berhad (a Malaysia-listed entity), for the acquisition of the 100.00% voting rights of PLPI and Duta Group for P6,481.1 million and P394.2 million, respectively.

The excess of the fair value of the nets assets of Duta Group over the acquisition cost amounting to P650.2 million is presented in the 2017 consolidated statement of comprehensive income as Excess of Fair Value of Net Assets Acquired Over Acquisition Cost (see Note 2.12).

e) The Parent Company acquired 100.00% of voting rights of SPTT in 2011, and PGMI and PPMI in 2011. These acquisitions prior to 2017 resulted to a total goodwill of P11.5 million as the total cash consideration paid of P9.5 million exceeded the Parent Company's acquired fair values of the identifiable net assets.

There were no contingent consideration arrangements for all of the above acquisitions.

Aggregate information of the entitites at the acquisition date are as follows:

		Entities Acquired		
		2019	2018	
	Reference	PGV LLC	PFM	AAI Group
Fair value of assets acquired and liabilities assumed				
Cash and cash equivalents		P 53,887,074	P 21,601,695	P 5,009,121
Trade and other receivables	(i)	76,894,099	22,534,222	1,110,622
Inventories		17,777,095	80,744,545	772,585
Prepayments and other current assets			15,380,510	158,786,825
3,384,490				
Property, plant and equipment	(ii)	714,233,170	369,603,000	537,357
Intangible asset		-	21,476,320	-
Other non-current assets		127,184,991	46,832,211	344,712
Total assets		1,005,356,939	721,578,818	11,158,887
Trade and other payables		120,611,380	642,639,484	94,208,594
Short-term loans and borrowings		240,855,843	-	-
Other non-current liabilities		64,177,091	-	-
Total liabilities		425,644,314	642,639,484	94,208,594
Total identifiable net assets (liabilities)		579,712,625	78,939,334	(83,049,707)
Fair value of cash consideration transferred		682,820,389	352,070,202	71,995,652
Goodwill		P 103,107,764	P 273,130,868	P 155,045,359
Excess of fair value of net assets acquired over cash consideration transferred		n/a	n/a	n/a

Cash consideration settled in cash		P682,820,389	P352,070,202	P 71,995,652
Less: Cash and cash equivalents acquired		53,887,074	21,601,695	5,009,122
Net Cash Flow of Acquisition		P628,933,315	P330,468,507	P 66,986,530
Acquisition costs charged to expenses		P 1,458,944	P 6,440,651	P 1,738,116
Pre-acquisition income	(iii)		(7,821,881)	-
1,628,790				
Revenue contribution		1,472,189,346	1,307,944,277	34,957,821
Net profit (loss) contribution		(43,127,051)	(193,507,767)	(36,310,130)

(i) The carrying amount of the acquired trade and other receivables is determined to be the reasonable approximation of fair value as these are only short-term and are expected to be collectible in whole.

(ii) The property, plant and equipment of PGV LLC and PFM were appraised by an independent appraiser [see Note 3.2*(i)*]. The fair values of the said properties are determined by reference to market-based evidence, which are the amounts for which the assets could be exchanged between the knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transactions as at the valuation date.

(iii) The 2020 and 2019 consolidated statements of comprehensive income are presented net of the pre-acquisition income of the entities acquired.

1.2 Approval of Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements (unaudited) of the Group as of and for the three months ended March 31, 2020 (including the comparative consolidated financial information as of December 31, 2019 and for the three months ended March 31, 2019 were authorized for issue by the Parent Company's Board of Directors (BOD) on **May 29, 2020**.

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, 2019.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the three months ended March 31, 2020 and 2019 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, 2019.

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 P42.0 million as part of the depreciation and an interest expense of P14.1 million as part of the finance cost were recorded during the three months of 2020, in accordance with 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 P175.4 million was recognized as rent expense for short term leases during the three 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 are 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, 2019, 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, 2020 and as of December 31, 2019, 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).

	Three months to March 31, 2020							
	Sale of Goods		Fuel Service & Other Revenue					
	Trading		Depot and Logistics		Real Estate		Total	
Primary Geographical Markets								
Philippines	**P**	15,877,444	P	561,463	P	4,765	P	16,443,670
Singapore		4,380,449		-				4,380,449
Vietnam		1,070,278		-		-		1,070,278
	P	21,328,171	**P**	561,463	**P**	4,765	**P**	21,894,397

Major goods/service lines								
Fuels	**P**	18,126,682	P	-			P	18,126,682
LPG		2,799,942		-		-		2,799,942
Merchandise		264,424		-		-		274,571
Lubricants		126,939		-		-		126,939
Terminalling/hauling		-		561,463		-		561,463
Rentals				-		4,765		4,765
POS device		10,147		-		-		
Others				-		-		
	P	**21,328,171**	**P**	**561,463**	**P**	**4,765**	**P**	**21,894,397**

	Three months to March 31, 2019							
	Trading		Depot and Logistics		Real Estate		Total	
Primary Geographical Markets								
Philippines	**P**	17,561,821	P	63,526	P	15,175	P	17,640,522
Singapore		6,304,175						6,304,135
Vietnam		147,935						147,935
Major goods/service lines								
Fuel	**P**	22,273,401	P	-	**P**	-	**P**	22,273,401
Lubricants		162,731		-		-		162,731
LPG		1,370,155		-		-		1,370,155
Rentals		15,035		-		140		15,175
Terminalling/hauling		-		63,526		-		63,526
Merchandise		175,060		-		-		175,060
POS devise		32,584		-		-		32,584
Others				-		-		
	P	**24,028,966**	**P**	**63,526**	**P**	**140**	**P**	**24,092,632**

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 of properties used in the Company's 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 March 31, 2020, 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 three months ended March 31, 2020 and March 31, 2019 and certain asset and liability information regarding segments as at March 31, 2020 and December 31, 2019 (amounts in thousands).

	Trading		Depot and Logistics		Real Estate		Total	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	**March 31, 2020 (Unaudited)**	March 31, 2019 (Unaudited)	**March 31, 2020 (Unaudited)**	March 31, 2019 (Unaudited)	**March 31, 2020 (Unaudited)**	March 31, 2019 (Unaudited)
TOTAL REVENUES								
Sales to external customers	**P 21,328,170**	P 24,013,931	**P 573,445**	P 63,526	**P 4,765**	P 15,175	**P 21,906,379**	P 24,092,632
Intersegment sales	**9,365,545**	7,234,813	**96,339**	92,321	**2,099**	4,120	**9,463,983**	7,331254
Total revenues	**30,693,715**	31,248,744	**669,784**	155,847	**6,864**	19,295	**31,370,362**	31,423,886
COSTS AND OTHER OPERATING EXPENSES								
Cost of sales and services excluding depreciation and amortization	**30,854,297**	29,951,380	**5,989**	65,830	**6,809**	1,767	**30,867,096**	30,018,977
Depreciation and amortization	**274,672**	289,000	**49,508**	59,355	**124**	35,395	**324,304**	383,750
	31,128,969	30,240,380	**55,497**	125,185	**6,933**	37,162	**31,191,399**	30,402,727
SEGMENT OPERATING PROFIT (LOSS)	**(P 435,254)**	P 1,008,364	**P** 614,287	P 30,662	**P(69)**	P (17,867)	**P 178,693**	P 1,021,159

	Trading		Depot and Logistics		Real Estate		Total	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)
ASSETS AND LIABILITIES								
Segment assets	**P 91,464,183**	P 99,840,747	**P**	P 567,205	**P 1,861,822**	P1,421,142	**P 93,326,005**	P101,829,094
Segment liabilities	**65,478,783**	73,,370,565		416,632	1,181,083	1,312,806	**66,659,866**	75,100,003

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).

	March 31 2020 (Unaudited)	March 31 2019 (Unaudited)
Revenues		
Total segment revenues	**P 31,370,362**	P 31,423,886
Elimination of intersegment revenues	**(9,475,965)**	(7,331,254)
Revenues as reported in profit or loss	**P 21,894,397**	P 24,092,632
Profit or loss		
Segment operating profit	**P 178,963**	P 1,021,159
Other unallocated income		
Other unallocated expense	**-**	
Operating profit as reported in profit or loss	**178,963**	1,021,159
Finance costs	**(459,915)**	(582,444)
Finance income	**41,716**	27,357
Profit/(Loss) before tax as reported in profit or loss	**(P 239,236)**	P 466,072

	March 31 2020 (Unaudited)	December 31 2019 (Audited)
Assets		
Segment assets	**P 93,326,005**	P 101,829,094
Right-of-use assets- net	**1,617,702**	1,142,726
Deferred tax liabilities – net	**265,446**	155,781
Elimination of intercompany accounts	**(14,514,306)**	(16,170,224)
Total assets reported in the consolidated statements of financial position	**P 80,694,846**	P 86,957,377
Liabilities		
Segment liabilities	**P 66,659,866**	P 75,100,003
Lease Liability	**1,383,044**	1,096,852
Deferred tax liabilities – net	**804,398**	748,399
Elimination of intercompany accounts	(**9,669,114)**	(11,910,632)
Total liabilities as reported in the consolidated statements of financial position	**P 59,178,194**	P 65,034,622

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.

	March 31, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	P 5,776,851,533	P 5,776,851,533	P 9,810,770,115	P 9,810,770,115
Trade and other receivables-net*	14,997,317,256	14,997,317,256	15,617,098,103	15,617,098,103
Due from related parties	72,569,542	72,569,542	1,986,811	1,986,811
Construction Bond***	7,030,354	7,030,354	6,727,753	6,727,753
Restricted deposits	55,065,081	55,065,081	54,462,326	54,462,326
Refundable rental deposits	249,871,427	249,871,427	323,634,283	289,572,937
	P 21,158,705,193	P 21,158,705,193	P 25,814,679,391	P 25,814,679,391
Financial Liabilities				
Financial liabilities at FVTPL –				
Derivative financial liabilities	-	-	P 311,019,650	P 311,019,650
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P 49,385,296,967	P 49,385,296,967	49,896,188,062	P 48,324,629,062
Trade and other payables**	6,622,024,198	6,622,024,198	11,537,688,607	11,537,688,607
Lease liabilities	1,575,994,259	1,575,994,259	1,250,213,075	1,250,213,075
Customers' cylinder deposits	497,538,316	497,538,316	440,803,046	440,803,046
Security deposits	110,997,265	110,997,265	100,979,556	100,979,556
Cash bond deposits	258,998,996	258,998,996	306,311,395	306,311,395
	P 58,450,850,001	P 58,450,850,001	P 63,843,203,391	P 62,271,644,391

* *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.

	March 31, 2020 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P **5,776,851,533**	P -	P -	P 5,776,851,533
Trade and other receivables - net	-	-	14,997,317,256	14,997,317,256
Due from related parties	-	-	72,569,542	72,569,542
Construction Bond			7,030,354	7,030,354
Restricted deposits	55,065,081	-		55,065,081
Refundable rental deposits	-	-	249,871,427	249,871,427
	P 5,831,916,614	**P -**	**P 15,326,788,579**	**P 21,158,705,193**
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P -	P -	P 49,385,296,967	P 49,385,296,967
Trade and other payables	-	-	6,622,024,198	6,622,024,198
Lease Liability			1,575,994,259	1,575,994,259
Cash bond deposits			258,998,996	258,998,996
Customers' cylinder deposits			497,538,316	497,538,316
Security deposits	-	-	110,997,265	110,997,265
	P -	**P -**	**P 58,450,850,001**	**P 58,450,850,001**

	December 31, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P 9,810,770,115	P -	P -	P 9,810,770,115
Trade and other receivables - net	-	-	15,617,098,103	15,617,098,103
Due from related parties	-	-	1,986,811	1,986,811
Construction bond			6,727,753	6,727,753
Restricted deposits	54,462,326	-	-	54,462,326
Refundable rental deposits	-	-	323,634,283	323,634,283
	P 9,865,232,441	P -	P 15,949,446,950	P 25,814,679,391
Financial Liabilities				
Financial liabilities at amortized cost:				
Interest-bearing loans and borrowings	P -	P -	P 48,324,629,062	P 48,324,629,062
Trade and other payables	-	-	11,537,688,607	11,537,688,607
Lease liability			1,250,213,075	1,250,213,075
Cash bond deposits			306,311,395	306,311,395
Customers' cylinder deposits			440,803,046	440,803,046
Security deposits	-	-	100,979,556	100,979,556
	P -	P -	P 61,960,624,741	P 61,960,624,741

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:

	March 31, 2020 (Unaudited)		
	U.S. Dollar	Singapore Dollar	Vietnamese Dong
Financial assets	**P 5,766,328,342**	**P 6,165,493**	**P 280,556,028**
Financial liabilities	**(6,788,016,362)**	**-**	**(211,243,542)**
Net exposure	**(P 1,021,688,020)**	**P 6,165,493**	**P 69,312,486**

	December 31, 2019 (Audited)		
	U.S. Dollar	Singapore Dollar	Vietnamese Dong
Financial assets	P 6,205,264,630	P 5,988,698	P 165,720,486
Financial liabilities	(15,874,853,970)		(470,584,602
Net exposure	(P 9,669,589,340)	P 5,988,698	(P 304,864,116)

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 three and 12 months, respectively, at a 99% confidence level.

	March 31, 2020 (Unaudited)		
	U.S. Dollar	**Singapore Dollar**	**Vietnamese Dong**
Reasonably possible change in rate	**4.892%**	**10.441%**	**16.317%**
Effect in profit before tax	**(P 50,902,229)**	**P 643,718**	**P 11,309,429**
Effect in equity after tax	**(36,631,560)**	**450,603**	**P 7,916,600**

	December 31, 2019 (Audited)		
	U.S. Dollar	Singapore Dollar	Vietnamese Dong
Reasonably possible change in rate	12.93%	21.49%	13.28%
Effect in profit before tax	(P 1,250,277,902)	(P 1,286,971)	(P 40,485,955)
Effect in equity after tax	(875,194,531)	900,880	(P 28,340,168)

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 March 31, 2020 and 2019, 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 March 31, 2020 and December 31,2019 follows:

	March 31, 2020	Dec. 31, 2019
Standby letter of credits	**P 545,417,176**	P 590,461,106
Cash bond	**302,546,544**	261,881,695
Real estate mortgage	**74,192,730**	74,192,730
	P 922,156,450	P 926,535,531

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.

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash and cash equivalents	**P 5,776,851,533**	P 9,810,770,115
Trade and other receivables – net*	**14,997,317,256**	15,617,098,103
Due from related parties	**72,569,542**	1,986,811
Construction Deposit**	**7,030,354**	6,727,753
Restricted deposits	**55,065,081**	54,462,326
Refundable rental deposits	**249,871,427**	323,634,283
	P 21,158,705,193	P 25,814,679,391

**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 succeeding page.

Phoenix Risk Rating (PRR)	**Description (PRR)**		**Equivalent S&P Rating**	**S&P PD (%)**	
	Financial and Business Profiles	**Other Information**		**2019**	2018
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	**0.13 – 0.56**	0.14 – 0.61
PRR 2A	Counterparties with strong financial profile and very strong business profile or vice versa.		BBB	**0.13 – 0.56**	0.14 – 0.61
PRR 1A	Counterparties with a strong to adequate financial profile and very strong to adequate business profile.		BBB	**0.13 – 0.56**	0.14 – 0.61
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 prolonged unfavorable economic and/or market period would create an immediate deterioration beyond acceptable levels.	BB	**0.57 – 1.73**	0.63 – 1.90
PRR 2B	Counterparties with an average financial profile and sustainable business profile.		BB	**0.57-1.73**	0.63 – 1.90
PRR 1B	Counterparties with	Credit exposure is not at	B	**3.04 – 6.36**	3.16 – 6.53

	both average financial and business profile.	risk of loss at the moment but performance of the client has weakened and unless present trends are reversed, could lead to losses.			
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.	B CCC/C	**3.04 – 6.36**	17.97 – 22.33
PRR 2C	Counterparties with a weak financial profile and adequate business profile.		B CCC/C	**3.04 – 6.36**	17.97 – 22.33
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 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.	D	**100**	100
PRR D	Counterparties with a weak financial profile and average business profile.		D	**100**	100
PRR F	Counterparties with both weak financial profile and business profiles.		D	**100**	100

A reconciliation of the closing loss allowance for trade and other receivables and due from related parties as at March 31, 2020 and December 31, 2019 to the opening loss allowance is presented below

	Trade and Other Receivables	Due from Related Parties
Credit Loss allowance at January1, 2020	655,639,182	P 86,816
Decrease/Increase in credit loss allowance during the year	-	-
Write-offs	-	-
Recoveries	-	-
Credit loss allowance at March 31, 2020	P 655,639,182	P 86,816

		Trade and Other Receivables		Due from Related Parties
Balance at beginning of year, As previously reported	P	634,396,128	P	1,908,282
Business Combination		2,006,443		
Decrease in credit loss allowance during the year		29,852,136		(1,821,466)
Write-offs	(	6,853,066)		-
Recoveries	(	3,762,459)		-
Credit loss allowance at December 31, 2019	**P**	**655,639,182**	**P**	**86,816**

The credit loss allowance provided as of March 31, 2020 and December 31, 2019 are as follows:

Trade and Other Receivables

PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3A	BBB	0.13 – 0.56	**P 5,927,361,924**	**P 11,701,424**
PRR 2A	BBB	0.13 – 0.56	**993,833,923**	**1,562,717**
PRR 1A	BBB	0.13 – 0.56	**2,934,649,883**	**8,014,488**
PRR 3B	BB	0.57 – 1.73	**2,504,670,300**	**13,179,051**
PRR 2B	BB	0.57 – 1.73	**769,745,228**	**3,916,005**
PRR 1B	B	0.57 – 1.73	**1,778,924,061**	**10,477,726**
PRR 3C	B	3.04 – 6.36	**574,105,409**	**22,086,150**
PRR 2C	B	3.04 – 6.36	**211,818,047**	**7,073,111**
PRR 1C/D/F	D	100	**577,628,510**	**577,628,510**
			P16,272,737,285	**P 655,639,182**

Due From Related Parties

PRR	S&P Rating	PD Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3B	BB	0.57 – 1.73	**P 2,073,627**	**P 86,816**

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.

	March 31, 2020 (Unaudited)
Not more than one month	**P 772,046,969**
More than one month but not more than two months	**813,511,024**
More than two months but not more than six months	**1,117,305,829**
More than six months but not more than one year	**1,063,688,288**
More than one year	**892,741,776**
	P 4,659,293,887

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 March 31, 2020 (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 34,024,944,455	P 3,709,669,053	P 6,663,826,811	P 4,986,856,648
Trade and other payables (excluding tax-related payables)	488,762,583	6,133,261,615	-	
Security deposits	-	-	110,997,265	-
Customers' cylinder deposits	-	-	-	497,538,316
Cash bond	-	-	200,593,440	58,405,556
	P 34,513,707,038	**P** 9,842,930,668	**P** 6,975,417,516	P 5,542,800,520

As of December 31, 2019 (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 30,450,279,323	P 9,886,118,390	P 11,301,955,802	P 4,925,525,000
Trade and other payables (excluding tax-related payables)	793,247,218	10,744,441,389	-	-
Derivative financial Liabilities	311,019,650	-	-	-
Security deposits	-	-	100,979,556	-
Customers' cylinder deposits	-	-	-	440,803,046
Cash bond	-	-	247,905,839	58,405,556
	P 31,554,546,191	**P20,630,559,779**	**P11,650,841,197**	**P 504,133,602**

7. INVENTORIES

Inventories which are stated at cost, which is lower than its net realizable value, are broken down as follows:

	March 31, 2020 (Unaudited)	**December 31, 2019** (Audited)
At cost:		
Fuels and by-products	**P 9,386,325,297**	P 11,007,891,911
Lubricants	**220,386,349**	302,533,668
Merchandise	**351,298,301**	192,832,067
LPG	**390,683,499**	62,167,181
Others	**89,703,919**	114,192,078
	P10,438,397,365	P 11,679,616,905

Under the terms of agreements covering the liabilities under trust receipts, inventories with carrying amount of P **8,405.57** million and P 4,554.20 million as of March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019.

8. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amounts of property, plant and equipment is shown below.

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	**P 28,521,591,044**	P 18,715,994,505	P 18,715,994,505
Business combination – net		215,698,587	952,310,893
Additions	**3,076,080,951**	2,306,819,001	8,953,090,343
Revaluation Increments			145,379,972
Transfers			(85,967,754)
PFRS 16 Leases (Right to Use recognition)		**919,618,497**	1,142,726,144
Disposals – net	**(3,407,192,978)**	(1,903,840)	(84,088,919)
Depreciation and amortization	(312,402,050)	(358,614,923)	(1,196,907,445)
Translation adjustments			(20,946,695)
Balance at end of the period	**P 27,878,076,967**	P 21,797,611,827	P 28,521,591,044

9. INTANGIBLE ASSETS

The reconciliation of the carrying amounts of intangible assets is shown below.

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	December 31, 2019 (Audited)
Balance at beginning of period	P **310,277,916**	P 290,275,877	P 328,054,350
Additions	**3,369,839**	21,172,100	43,332,685
Transfers from PPE			962,754
Amortization expense for the period	**(11,777,759)**	(12,567,361)	(61,534,643)
))Reclassification/adjustment			(537,230)
Balance at end of the period	P **301,869,996**	P 298,880,616	P 310,277,916

10. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are broken down as follow:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Current:		
Liabilities under LC and TR	**P 8,405,668,387**	P 6,206,767,833
Short-term loans	**23,044,027,661**	23,901,759,985
Current portion of long term loans		1843,333,333
Liabilities under short-term commercial papers	**6,284,917,459**	6,191,197,740
	37,734,613,507	38,143,058,891
Non-current –		
Obligations under finance lease*		
Term loans	**11,650,683,459**	11,753,129,172
	P 49,385,296,967	P49,896,188,063

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 5.941 **%** and 6.125% per annum as of March 31, 2020 and December 31, 2019, respectively.

10.2 Borrowings and Repayments

The Group has term loan with outstanding balance as of March 31, 2020 of P 40,868 million. The loans bear interest ranging from 4% to 7% and are repayable in various dates until 2025.

As of March 31, 2020, repayments of term loans amounting to P 15,902 million were made in line with previously disclosed repayment terms.

11. LEASE LIABILITIES

Lease liabilities are presented in the Condensed Interim Financial Statement as follows:

Current	P 127,704,840
Non-current	1,255,339,297
	P 1,383,044,137

Additional Information on lease liabilities are broken down as follows:

	Land	**Vessel**	**Office**	**Warehouse**	**Store Premises**	**TOTAL**
Lease Liabilities	751,799,435	248,892,858	35,325,355	51,533,976	295,492,513	1,383,044,137

As of March 31, 2020, the Group is not committed to leases which has not commenced.

A total of P14.7 million finance cost was recognized related to the lease liabilities.

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.

Summary of the Group's transactions with its related parties for the periods ended March 31, 2020 and 2019 and the related outstanding balances as of March 31, 2020 and December 31, 2019 is presented below.

Related Party Category	Amount of Transactions		Outstanding Balance	
	Mar. 31, 2020 (Unaudited)	Mar. 31, 2019 (Unaudited)	**Mar 31, 2020 (Unaudited)**	December 31 2019 (Audited)
Other related parties under common Ownership				
Sale of subsidiaries			**P**	P 500,000,000
Sale of goods	**485,007,762**	401,011,177	4,223,522,646	4,207,636,773
Sale of service	**114,790,249**		28,114,031	714,935,482
Purchases of services		52,312,216		
Purchase of goods				34,074,046
Advances to suppliers	**352,970,000**	-	4,495,513,963	30,811,857
Management fees	**-**	-		86,614,907
Rentals	**102,355,039**	28,844,845	**-**	
Advances for option to purchase properties				2,500,000,000
Due from related parties	-			1,986,811
Due to related parties	**-**	-	**-**	-
Donations	**-**	-	**-**	-
Udenna Corporation				
Advances to suppliers	**4,745,000**	-	**1,656,366,799**	1,651,621,799
Lease liability				167,656,447
Rentals	-	-		
Sale of Services				497,082,768
Associate				
Technical ship Services	-	-	**-**	-
Key management personnel				
Salaries and employee benefits		61,449,101	-	-

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 March 31, 2020 and 2019 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 three months ended March 31, 2020.

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.

13. EQUITY

13.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	For the three months Ended March 31, (Unaudited)		For the year ended December 31, 2019 (Audited)	For the three months ended March 31, (Unaudited)		For the year ended December 31, 2019 (Audited)
	2020	2019		**2020**	2019	
Preferred – cumulative, nonvoting, non-participating, non-convertible into common shares - P1 par value						
Authorized:	**50,000,000**	50,000,000	50,000,000	**P 50,000,000**	P 50,000,000	P 50,000,000
Issued:						
Balance at beginning of year	**27,000,000**	22,000,000	32,000,000	**P 27,000,000**	P 22,000,000	P 30,000,000
Issuance during the year		-	7,000,000	-		7,000,000
Redemption		-	(2,000,000)	**-**	-	(2,000,000)
Balance at end of year	**27,000,000**	22,000,000	37,000,000	**22,000,000**	22,000,000	37,000,000
Treasury shares	**(-)**	( )	(10,000,000)	**(-)**	( )	(10,000,000)
Issued and outstanding	**27,000,000**	22,000,000	27,000,000	**P 27,000,000**	P 22,000,000	P 27,000,000
Common – P1 par value						
Authorized:	**2,500,000,000**	2,500,000,000	2,500,000,000	**P2,500,000,000**	P2,500,000,000	P 2,500,000,000
Issued:						
Balance at beginning of year	**1,406,204,232**	1,403,304,232	1,434,304,232	**P 1,119,904,232**	P1,090,004,232	P 1,434,304,232
Issuance during the year		-	2,900,000		-	2,900,000
Balance at end of year	**1,406,204,232**	1,403,304,232	1,437,204,232	**1,119,904,232**	1,090,004,232	1,437,204,232
Treasury shares	**-**		(31,000,000)	**-**		(344,300,00)
Issued and outstanding	**1,406,204,232**	1,403,304,232	1,406,204,232	**P 1,119,904,232**	P 1,090,004,232	P 1,092,904,232
				P 1,119,904,232	P1,112,004,232	P 1,119,904,232

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 vested five years from the date of grant. Pursuant to this ESOP, on July 1, 2016, the Parent Company granted share options to certain qualified employees 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 P8.6 million and P7.2 million share-based compensation is recognized in 2019 and 2018, respectively, and presented as part of Employee benefits under Selling and Administrative Expenses account in 2019 and 2018 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 three months ended March 31 (unaudited) are as follows:

	2020	2019
Common shares	**P -**	P 210,495,635
Preferred shares	**170,776,632**	79,665,000
	P 170,776,632	P 290,160,635

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, other than items related to COVID 19.

- 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 three months ended March 31, (Unaudited)		For the year ended December 31, 2019
	2020	2019	(Audited)
a) Net profit pertaining to common shares	**P (380,347,398)**	P 335,006,103	P 853,982,096
b) Net profit attributable to common shares and potential common shares	**(380,347,398)**	335,006,103	853,982,096
c) Weighted average number of outstanding common shares	**1,404,437,174**	1,403,304,232	1,404,437,174
d) Weighted average number of outstanding common and potential common shares	**1,405,612,929**	1,403,304,232	1,405,612,929
Basic EPS (a/c)	**P (0.27)**	P 0.24	P 0.61
Diluted EPS (b/d)	**P (0.27)**	P 0.24	P 0.61

14. COMMITMENTS AND CONTINGENCIES

As of March 31,2020, and December 31, 2019, 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 660 and 655 operating retail service stations as of March 31, 2020 and December 31, 2019, respectively. An additional of 5 and 50 retail service stations are opened and under various stages of completion as of March 31, 2020, 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 March 31, 2020, and December 31, 2019, the Parent Company has unused LCs amounting to **P9,637.5** million and P12,620.2 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 May 4, 2020, the Board of Directors of the company approved the declaration of cash dividends for Series 3A and Series 3B Preferred Shareholders with the following details.

Type of Preferred Security	Dividend Per Share (in P)	Date of Record	Date of Payment
PNX 3A	1.875	May 22, 2020	June 18, 2020
PNX 3B	2.027	May 22, 2020	June 18, 2020
PNX 4	18.92	May 18, 2020	May 22, 2020

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

The COVID-19 pandemic has severely impacted the global economy. Measures have been taken to contain the pandemic, including restrictions in travel, nationwide quarantines, social distancing, and closures of non-essential services. These have not only resulted in disruptions in supply chain and production activities of businesses but also reduction in demand and spending that reached across all sectors and industries.

In the latter part of the first quarter of 2020, these actions, which included a Philippine-wide "Enhanced Community Quarantine (ECQ)", began to materially affect our operations and our end markets. Though our LPG business remains resilient and thriving, demand for fuel slowed as the ECQ constrained travel and other industrial activities. Travel-related sectors such as aviation, marine transport, and commercial road transport were particularly impacted.

To adapt to the changing market conditions, we have adjusted businesses practices and operations accordingly. Operational and governance systems across the Company and its subsidiaries have been established to coordinate actions, including an internal team that monitors the health and well being of our employees nationwide, which remains our utmost priority. Business continuity plans have likewise been mobilized and communicated to customers and stakeholders. In line with the changes in demand, original operating and financial plans have been assessed and mitigating and preemptive actions have been prepared in response. Cost and liquidity measures in place also ensure proper management of working capital and other funding requirements.

While the Company cannot quantify the duration or the specific impact the pandemic and its containment measures will have on the business, as well as the pace of the recovery across our end markets, we believe that we are well positioned to navigate the downturn and for the eventual upturn.

Comparable discussion on Material Changes in Results of Operations for the Period Ended March 31, 2020 vs. March 31, 2019.

Revenues, Cost of Sales and Gross Margins

The Group's **Revenues** during the 1st quarter of 2020 were lower by 9.1% at ₱21.894 billion compared to the ₱24.093 billion generated in the same period of 2019. This was mainly due to the 5.3% decrease in total volume sold for the comparative periods (2020: 769 million liters vs. 2019: 812 million liters) and the lower average pump prices in Philippines year-on-year. The decrease in volume was driven by the eruption of the Taal Volcano in January 2020, which disrupted operations of some of our commercial customers, as well as the travel restrictions brought about by the Enhanced Community Quarantine (ECQ), which started on March 16, 2020. This was partially compensated by the growth in retail and LPG coming off of a strong station network growth and expansion into Luzon. This year also marked the full quarter consolidation of our Vietnam LPG business. Meanwhile, the average price of petroleum products was lower as a result of the 25.7% drop in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD March 2020 vs 2019: US$50.26/ bbl. vs. US$63.20/ bbl).

Cost of Sales and Services decreased by 6.70%, from ₱21.600 billion in the 1st quarter of 2019 to ₱20.154 billion in 2020, principally attributable to the decline in volume.

As a result, **Gross Margin** decreased by 30.2% or ₱0.752 billion.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the company's **Selling and Administrative Expenses** amounted to ₱1.561 billion, 6.1% more than the ₱1.471 billion 2019 level. The increase is due to the full consolidation of Vietnam LPG business beginning March 2019.

On the other hand, **Net Non-operating Charges** of ₱0.418 billion was ₱0.137 billion less than the ₱0.555 billion incurred in in the same period of 2019. Part of the 24.7% reduction was the ₱0.122 billion decrease in the Finance Cost, ₱0.001 billion decrease in finance income, ₱0.005 billion decrease in the equity share in the JV income and ₱0.020 billion increase in Other Income.

Operating, Net and Comprehensive Incomes

The 1st quarter 2020 **Operating Income** of ₱0.179 billion decreased by 82.4% (₱0.842 billion) from the prior year's ₱1.021 billion, mainly because of the decrease in gross margin (₱0.752 billion) and increase in selling and administrative expenses (₱0.090 billion).

Notwithstanding the lower Net Non-operating Charges, the **Net Loss Before Tax** of₱0.239 billion during the quarter declined by 151.33% (₱0.705 billion) vis-à-vis the prior year's Net Income Before Tax of ₱0.466 billion.

Meanwhile, the company recorded a ₱0.024 billion translation adjustment gain related to Pnx SG's operations, 183.7% higher than the ₱0.029 billion loss recorded in the same period of 2019. As such, **Comprehensive Loss** of ₱0.190 billion was 149.4% lower than the ₱0.386 billion in Comprehensive Income reported in the 1st quarter of 2019.

Financial Condition
(As of March 31, 2020 versus December 31, 2019)

Consolidated resources as of March 31, 2020 stood at ₱80.695 billion, 7.2% lower than ₱86.957 billion level as of December 31, 2019. This was mainly due to the decrease in Liability and in Equity of ₱5.856 billion and ₱0.406 billion, respectively.

Cash and Cash Equivalents decreased by 41.1% (from ₱9.811 billion in December 31, 2019 to ₱5.777 billion as of March 31, 2019) mainly because of the settlement of debts and lower cash from operations as the COVID-19 pandemic affected collections and sales starting March 2020.

Trade and Other Receivables increased by 1.5% (from ₱15.973 billion as of December 31, 2019 to ₱16.217 billion as of March 31, 2020) as the travel restrictions due to the Enhanced Community Quarantine (ECQ) affected the collection schedule.

Inventory was 10.6% lower at ₱10.438 billion as of March 31, 2020 than the ₱11.678 billion as of December 31, 2019, driven by the decline in the global prices of petroleum products.

Interest-bearing Loans and Borrowings, both current and non-current of ₱49.385 billion as of March 31, 2020 decreased by 0.01% from ₱49.896 billion as of December 31, 2019, mainly due to the settlement of certain maturing loans.

Trade and Other Payables decreased by 44.1% from ₱11.841 billion as of December 31, 2019 to ₱6.622 billion as of March 31, 2019, related to the timing and value of purchases especially for Pnx SG.

Lease Liabilities both current and non-current amounting to ₱1.383 billion as of March 31, 2020 is 10.6% higher than the ₱1.250 billion as of December 31, 2019, coming from the new leases concluded during the period.

Total Stockholders' Equity decreased to ₱21.445 billion as of March 31, 2020 from ₱21.846 billion as of December 31, 2019, (by 1.8%). The decrease is due to the 5.4% reduction in retained earnings which came from the ₱0.214 billion net loss realized in the first quarter of 2020, the ₱0.171 payment of dividends on Preferred shares, and the net movement in the revaluation coming from the other comprehensive income.

Key Performance Indicators and Relevant Ratios

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

	March 31, 2020	December 31, 2019
Current Ratio[1]	0.86x : 1x	0.84x : 1x
Debt to Equity Ratio	2.75x : 1x	3.00x : 1x
Debt to Equity Interest-Bearing[2]	2.30x : 1x	2.28x : 1x
Net Book Value per Share[3]	₱9.07	₱9.36
Earnings per Share[4]	₱(0.27)	₱0.61

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 March 31, 2020 vs. December 31, 2019

41% decrease in Cash and Cash Equivalents
Settlement of matured debts.

11% decrease in Inventory
In relation to increase and timing of revenue generated.

3553% increase in Due from Related Party
Advances made to PAPI, Pnx Gas Vietnam and Phoenix Foundation for their working capital needs during the COVID Pandemic.

20% decrease in Input Vat Net
Due to the decreased tax base value of the recent importations in relation to the decline in global oil prices.

366% increase in Derivative Financial Assets
Due to the increase in the estimated fair value of the derivative contract in favor of Pnx SG.

11% Net decrease in Prepayments and other current assets; Other Non-current Asset
Due to a certain option to purchase agreements which was not renewed or negotiated during the period, thus has become due and demandable.

42% increase in Right of Use Asset
Due to new lease agreements entered into during the period.

9% increase in Net Deferred Tax Asset and Liabilities
Net of the estimated tax income and expense from the taxable income / loss of the subsidiaries.

44% decrease in Trade Payables
In relation to the inventory purchases level and value net of intercompany transactions, the decrease of which is attributable to the global oil prices movement during the period

100% decrease in Derivative Financial Liabilities
Related to the favorable forward contracts entered into by PNX SG

8% increase in Income Tax Payable
Net of the offset against creditable withholding taxes applied and decreased net income, unpaid during the period.

5% decrease in Retained Earnings
Driven by the net loss after tax net of the dividends declared and distributed during the period.

Material (5% or more) changes to the Group's Income Statement as of March 31, 2020 vs. March 31, 2019

11% decrease in Sale of Goods
Due to the 5% drop in volume and 20% drop in global petroleum prices.

280% increase in fuel service and other revenue
This is due to higher into-plane service revenues from new accounts, as well as higher revenues from non-fuel related businesses.

7% increase in Cost of Sales and Services
This reflects the lower sales volume as well as the lower global prices year-on-year. The increase in excise tax rates on petroleum products, however tempered the decline in cost of sales.

6% increase in Selling and Admin Expenses
Related to the Company's growth and expansion prior to ECQ, as well as the full quarter consolidation of the LPG business in Vietnam (PGV) through PNX Energy starting March 2019.

25% Net decrease in Other income/(charges)
Mainly due to lower finance costs as average interest rates decreased year-on-year and settlement of certain maturing loans during the period.

148% decrease in Tax Expense
Due to the losses incurred during the period.

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 virtual annual stockholders' meeting last March 29, 2020, Friday, at the Phoenix Corporate Headquarters in Davao City via remote communications or live streaming.

2. The Board of Directors has declared cash dividends for the Company's preferred shares (3rdTranche) for the first quarter of 2020 as follows:

Shares	Record Date	Payment Date	Interest Rate Per Annum
PNX3A	February 20, 2020	March 18, 2020	7.427%
PNX3B	February 20, 2020	March 18, 2020	8.1078%
PNX4	February 19,2020	February 21, 2020	7.5673%

3. In 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. On November 29, 2019, the company filed notice with the SEC to list its STCP Series C and this was listed on December 11, 2019 with a total subscription value of PHP 3.00Bn and a discount rate of 4.6657%. On December 21, 2019 the company redeemed Series A-2 of its STCP in the amount of PHP 3.50B.

4. On 15 August, 2019 the Company's Board of Directors approved the partial redemption of 500,000 preferred shares valued at Php1,000.00 per share, which was a portion of the 2,000,000 preferred shares issued, via private placement, to RCBC Capital Corporation. The issuance was an exempt transaction under Section 10(k) of R.A. No. 8799 otherwise known as the Securities Regulations Code (SRC).

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 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. 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.

11. As of March 31, 2020, 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 movements in Current Ratio and 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.

12. 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.

13. 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.

14. 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