

23 July 2020

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

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

Philippine Dealing & Exchange Corp.
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

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

Ms. Janet A. Encarnacion
Head, Disclosure Department
The Philippine Stock Exchange, Inc.

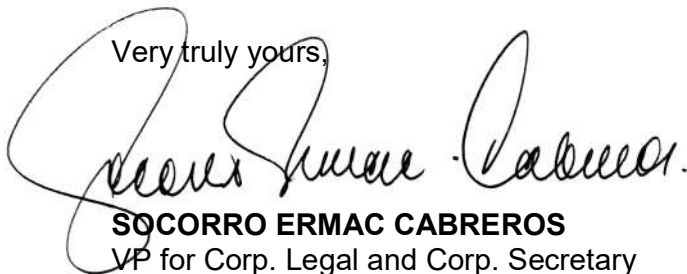
Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)
Philippine Dealing & Exchange Corp.

Sir and Mesdames:

Pursuant to the reportorial requirement of the Exchange, the Company would like to submit the Progress Report on the Application of Proceeds Series 4 Preferred Shares Offering.

Thank you and warm regards.

Very truly yours,



SOCORRO ERMAC CABREROS
VP for Corp. Legal and Corp. Secretary

23 July 2020

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Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department
The Philippine Stock Exchange, Inc.

Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)
Philippine Dealing & Exchange Corp.

Re: Progress Report on the Application of Proceeds Series 4 Preferred Shares Offering.

Mesdames,

In connection with the issuance of the Series 4 Preferred Shares Offering by the Company, as approved by the PSE Board on 24 October 2019, we hereby submit the Report on the application of the Proceeds from the Offer.

Please see Annexes below for the details of such disbursements:

Annex	Document Titles
A	CFO Certification on the Progress Report for the Use of Proceeds
B	Independent Auditor Report on the Use of Proceeds

Please note that based on the report of the Company's External Auditor as of 31 March 2020, all proceeds have been fully disbursed and used accordingly.

I certify that the foregoing is true and correct as of the date of submission.

Thank you.

Kind regards,

Phoenix Petroleum Philippines, Inc.

By:



Ma. Concepcion F. De Claro
Chief Financial Officer

Annex "A"

REPUBLIC OF THE PHILIPPINES)
DAVAO CITY) S.S.

CERTIFICATE

I, **MA. CONCEPCION F. DE CLARO**, Filipino, of legal age, with office address at the Udenna Tower, 4th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City hereby depose and state under oath that:

1. I am the duly elected and qualified Chief Financial Officer of **PHOENIX PETROLEUM PHILIPPINES, INC.** ("**Corporation**"), a corporation duly organized and existing under the laws of the Philippines, with principal office address Udenna Tower, 4th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, Philippines;
2. I hereby certify that the attached Progress Report for the Use of Proceeds submitted to the PSE on 23 July 2020 is true and correct as of the date of submission.

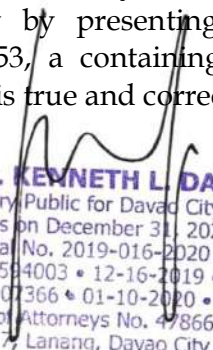
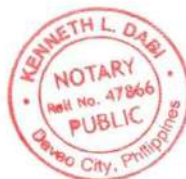
IN WITNESS WHEREOF, I have hereunto affixed my signature this 23rd day of July 2020, at Davao City, Philippines.



MA. CONCEPCION F. DE CLARO
Chief Financial Officer

SUBSCRIBED AND SWORN TO before me on **23 July 2020** in Davao City, Philippines. Affiant has confirmed her identity by presenting her competent evidence of identity which is her TIN 120-135353, a containing her photo and signature and that she further attests that the same is true and correct.

Doc. No. 86 ;
Page No. 19 ;
Book No. 110 ;
Series of 2020.



ATTY. KENNETH L. DABI
Notary Public for Davao City
Expires on December 31, 2020
Serial No. 2019-016-2020
PTR No. 3594003 • 12-16-2019 • D.C.
IBP No. 107366 • 01-10-2020 • D.C.
Roll of Attorneys No. 47866
Km. 7, Lanang, Davao City



P&A
Grant Thornton

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Report on Factual Findings

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors

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

Stella Hizon Reyes Road
Barrio Pampanga, Davao City

We have performed the procedures enumerated below, which have been agreed upon with you, on the accompanying Progress Report on the Application of Proceeds (the Report) for the period November 7, 2019 to December 31, 2019 and the quarter ended March 31, 2020, as required by the Philippine Stock Exchange, Inc. (the PSE). The Report covers the utilization of the P6,887,876,109 net proceeds from and expenses related to the issuance of Series 4 Preferred Shares (the Offering) of P-H-O-E-N-I-X Petroleum Philippines, Inc. (the Company) at the PSE on November 7, 2019. The procedures were performed solely to assist the Company in complying with the PSE requirement.

Our engagement was undertaken in accordance with Philippine Standards on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Agreed-Upon Procedures Performed

The agreed-upon procedures that we performed on the Report are presented below.

1. Obtained and checked the mathematical accuracy of the following:
 - a. The Report;
 - b. Schedule of planned application of proceeds from the Offering;
 - c. Trial balance as of December 31, 2019 and March 31, 2020; and,
 - d. Detailed schedule of utilization of proceeds for the period November 7, 2019 to December 31, 2019 and the quarter ended March 31, 2020.

2. Compared the schedule of planned application of the proceeds to the Use of Proceeds section of the prospectus. Inquire with the Company's management of the reason for any difference, if any, and requested a copy of the approval by the Board of Directors (BOD) and the PSE, as appropriate, i.e., if it involved reallocation or change in the use of proceeds.



3. Compared the disbursements from the net proceeds shown in the Report with the schedule of planned application of proceeds from the Offering and investigate any difference or excess of disbursements over the planned application of proceeds.
4. Performed the following procedures on the schedules obtained:
 - a. Agreed related totals to the general ledger; and,
 - b. Assessed reasonableness of the movements in the designated cash in bank ledger with the list of disbursements in the Report.
5. Traced to and examined supporting documents, including approval documents, of significant disbursements in the detailed schedule of utilization of proceeds and traced the total amount of disbursements per category to the Report.

Results of Agreed-Upon Procedures Performed

We report the results of our work as follows:

1. We have obtained the required documents and noted no exceptions on the mathematical accuracy of each of the documents.

We present below a summary of the application of the net proceeds for the period November 7, 2019 to December 31, 2019 and the quarter ended March 31, 2020 based on the information provided by management.

	<u>Planned Allocation of The Net Proceeds</u>	<u>Application of Proceeds Incurred as of December 31, 2019</u>	<u>Application of Proceeds Incurred for the 1st Quarter of 2020</u>	<u>Unused Proceeds as of March 31, 2020</u>
Reimbursement of advances to subsidiaries used for Capital Expenditures relating to investment in PFL Petroleum Management, Inc.	P 1,425,955,641	(P 1,425,955,641)	P -	P -
Capital expenditures relating to investment in PFL Petroleum Management, Inc.	991,071,429	(594,642,857)	(396,428,572)	-
Reimbursement of advances to subsidiaries used for Capital Expenditures relating to PNX Energy International	819,461,500	(819,461,500)	-	-
Reimbursement of advances to subsidiaries used for Capital Expenditures relating to investment in PNX Petroleum Singapore Pte Ltd	664,927,200	(664,927,200)	-	-
Depot and network expansion and improvements	<u>2,986,460,339</u>	<u>(2,986,460,339)</u>	<u>-</u>	<u>-</u>
	<u>P 6,887,876,109</u>	<u>(P 6,491,447,537)</u>	<u>(P 396,428,572)</u>	<u>P -</u>

2. We have compared the schedule of planned application of the proceeds to the Use of Proceeds section of the final prospectus. Based on our examination, we noted excess of estimated expenses over actual expenses amounting to P1,560,503, which pertains to the difference between the actual net proceeds and the estimated net proceeds indicated in the Use of Proceeds section of the final prospectus, assuming oversubscription option is exercised in full.

	<u>Estimated expenses based on final prospectus</u>	<u>Actual expenses</u>	<u>Difference</u>
Reimbursement of advances to subsidiaries used for Capital Expenditures relating to investment in PFL Petroleum Management, Inc.	P 1,429,962,500	P 1,425,955,641	P 4,006,859
Capital expenditures relating to investment in PFL Petroleum Management, Inc.	1,000,000,000	991,071,429	8,928,571
Reimbursement of advances to subsidiaries used for Capital Expenditures relating to PNX Energy International	817,185,000	819,461,500	(2,276,500)
Reimbursement of advances to subsidiaries used for Capital Expenditures relating to investment in PNX Petroleum Singapore Pte Ltd	655,830,000	664,927,200	(9,097,200)
Depot and network expansion and improvements	<u>2,986,459,112</u>	<u>2,986,460,339</u>	<u>(1,227)</u>
	<u>P 6,889,436,612</u>	<u>P 6,887,876,109</u>	<u>P 1,560,503</u>

3. We have compared the disbursements from the net proceeds shown in the Report with the scheduled planned application of proceeds from the Offering. We noted the following disbursements:
- a. The Company intended to utilize up to P1,000,000,000 of the estimated Offering Proceeds to fund capital expenditures relating to investment in PFL Petroleum Management, Inc., as shown in item 2 above. Based on the prospectus, these expenditures are expected to be made in the 4th quarter of 2019. Our examination of the disbursements showed that out of the actual disbursements of P991,071,429, a total of P396,428,572 was disbursed in January 2020.
 - b. According to management and as disclosed in the prospectus, capital expenditures for the expansion and improvement of the Company's terminals and deposits were mostly disbursed prior to the receipt of the proceeds and have been funded by internally generated cash and short-term credit facilities of the Company due to the immediate need for payment and so as not to hamper the continuing expansion.
4. We noted no exceptions after performing procedures 4 and 5.

Because the foregoing procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagement (PSRE), respectively, we do not express an opinion or conclusion, respectively, on the use of the proceeds. Had we performed additional procedures or had we performed an audit or a review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention and reported to you.



We have no responsibility to update this report for events or circumstances occurring after the date of this report.

PUNONGBAYAN & ARAULLO

By: Ramilito L. Nañola
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 8116551, January 2, 2020, Makati City

SEC Group A Accreditation

Partner - No. 0395-AR-4 (until Sept. 16, 2022)

Firm - No. 0002-FR-5 (until Mar. 26, 2021)

BIR AN 08-002511-19-2018 (until Jan. 25, 2021)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

July 17, 2020