18 August 2023

Securities & Exchange Commission
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

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

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

Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department
Philippine Stock Exchange

Sir and Madam:

We are herewith submitting the Company's first quarter report for period ended 31 March 2023 (SEC Form 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)

SOCORRO ERMAC CABREROS
Contact Person

(082) 235-8888
Company Telephone Number

1	2		3	1	**SEC FORM 17-Q**	4	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

N/A
Amended Articles Number/Section

Total Amount of Borrowings

68
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 2023
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	1,442,216,332.00
PREFERRED	14,500,000.00

Amount of Debt Outstanding as of 31 March 2023:	Php70,668,482,956.00

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 [ ]

TABLE OF CONTENT

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of MARCH 31, 2023
(With Comparative Figures as of December 31, 2022 (AUDITED)
(Amounts in Philippine Pesos)

	Notes	March 31, 2023	December 31, 2022
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	6	**P 4,023,381,095**	4,180,736,772
Trade and other receivables - net	6	**17,756,219,017**	18,718,914,355
Inventories - net	7	**1,211,426,014**	1,448,973,140
Due from related parties - net	12	**13,039,876**	2,861,779
Restricted Deposits		**78,069,076**	78,069,076
Input VAT Net		**3,730,990,263**	3,951,612,713
Derivative Asset		**48,498,579**	96,513,941
Prepayments and other current assets		**3,045,408,518**	2,896,265,261
		29,907,032,438	31,373,947,037
Non-current Asset Held for Disposal		**310,048,000**	675,697,000.0
Total Current Assets		**30,217,080,438**	32,049,644,037
NON-CURRENT ASSETS			
Property, plant and equipment - net	8	**32,409,556,877**	32,797,051,654
Right-of-use assets - net	8	**1,159,423,047**	1,191,123,363
Investment properties		**913,579,640**	913,579,640
Intangible assets - net	9	**136,346,811**	142,330,029
Investments in joint ventures		**1,635,118,151**	1,644,897,326
Goodwill - net		**4,412,034,204**	4,412,034,206
Deferred tax assets - net		**2,221,646,337**	1,930,281,336
Other non-current assets	5	**10,615,090,143**	10,711,046,222
Total Non-current Assets		**53,502,795,210**	53,742,343,776
TOTAL ASSETS		**P 83,719,875,648**	P 85,791,987,813
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	**P 28,866,505,261**	29,203,788,366
Trade and other payables		**18,534,549,195**	19,285,458,425
Lease liabilities	11	**106,284,156**	91,730,809
Income tax payable		**101,991,238**	97,093,775
Total Current Liabilities		**47,609,329,850**	48,678,071,375
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	10	**19,698,279,424**	19,624,220,044
Lease liabilities	11	**1,231,563,792**	1,259,611,713
Deferred tax liabilities - net		**900,185,593**	903,747,130
Other non-current liabilities	5	**1,229,124,297**	1,246,405,687
Total Non-current Liabilities		**23,059,153,106**	23,033,984,574
Total Liabilities		**70,668,482,956**	71,712,055,949
EQUITY			
Equity attributable to parent company			
Capital stock	13	**1,456,716,332**	1,456,716,332
Additional paid-in capital		**10,886,771,041**	10,886,771,041
Revaluation reserves		**2,950,281,134**	3,001,315,167
Retained earnings (Deficit)		**(2,508,435,254)**	(1,544,703,677)
		12,785,333,253	13,800,098,863
Non-controlling interest		**266,059,439**	279,833,001
Total Equity		**13,051,392,692**	14,079,931,864
TOTAL LIABILITIES AND EQUITY		**P 83,719,875,648**	P 85,791,987,813

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2023 AND 2022
UNAUDITED
(Amounts in Philippine Pesos)

	Notes	MARCH YTD 2023	2022
REVENUES			
Sale of goods	4	P 12,346,136,888	36,015,304,462
Fuel service and other revenues	4	566,702,888	423,290,515
Rent income	4	43,587,534	43,192,744
		12,956,427,310	36,481,787,721
COST AND EXPENSES			
Cost of sales and services	5	11,914,614,521	34,697,578,253
Selling and administrative expenses	5	1,277,286,740	1,505,211,376
		13,191,901,261	36,202,789,629
OTHER CHARGES (INCOME)			
Finance costs		945,933,019	783,757,211
Finance income		(35,076,393)	(10,773,029)
Equity share in net income of joint ventures		9,779,176	(38,675,037)
Others - net		82,410,965	(5,647,809)
		1,003,046,767	728,661,336
PROFIT BEFORE TAX		(1,238,520,718)	(449,663,244)
TAX EXPENSE/(TAX INCOME)		(273,963,008)	(186,983,629)
NET PROFIT/(LOSS)		(964,557,710)	(262,679,615)
NET PROFIT ATTRIBUTABLE TO:			
Parent company		(963,731,576)	(264,287,412)
Non-controlling interest		(826,134)	1,607,797
		(964,557,710)	(262,679,615)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified subsequently to profit or loss			
Translation adjustment related to a foreign subsidiary		(63,981,460)	95,873,749
Other Comprehensive Income - net of tax		(63,981,460)	95,873,749
TOTAL COMPREHENSIVE INCOME (LOSS)		(1,028,539,170)	(166,805,866)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Parent company		(1,013,225,438)	(184,353,664)
Non-controlling interest		(15,313,732)	17,547,798
		(1,028,539,170)	(166,805,866)
Basic Earnings per share		(0.67)	(0.30)
Diluted Earnings per share		(0.67)	(0.30)

PHOENIX PETROLEUM PHILIPPINES INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	2023 (Unaudited)	2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(1,238,520,718)	(449,663,244)
Adjustments for:		
Interest expense on bank loans and other borrowings	972,805,118	748,133,834
Interest expense from lease liabilities	31,881,292	
Depreciation and amortization	460,068,789	361,156,162
Unrealized foreign currency exchange losses (gains) - net	18,564,362	50,636,886
Equity share in net loss (income) of joint ventures and an associate	9,779,176	(38,675,037)
Impairment losses on trade and other receivables	1,442,402	
Interest income	(16,216,005)	(129,522,380)
Translation adjustment	68,815,928	(72,387,637)
Operating profit (loss) before working capital changes	308,620,344	469,678,584
Decrease (increase) in trade and other receivables	961,252,936	(6,144,781,895)
Decrease (increase)in inventories	237,547,126	2,167,567,961
Decrease(increase) in Input value-added tax - net	220,622,450	-
Decrease (increase) in prepaymnets and other current assets	216,505,743	(108,011,806)
increase in trade and other payables	(468,217,948)	4,498,967,237
Cash generated from operations	1,476,330,651	883,420,081
Cash paid for income taxes	(9,899,405)	(15,003,528)
Net Cash From Operating Activities	1,466,431,246	868,416,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(103,266,906)	(275,534,135)
Advances to related parties	(93,847,493)	(168,338)
Collections from related parties	83,669,396	-
Decrease (Increase) in other non-current assets	(209,860,308)	(294,093,219)
Interest received	16,216,005	129,522,380
Acquisitions of intangible assets	(439,500)	(405,422)
Net Cash Used in Investing Activities	(307,528,804)	(440,678,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional loans and borrowings	1,356,153,632	10,578,098,724
Repayments of interest-bearing loans and borrowings	(1,619,377,357)	(10,681,280,809)
Interest paid	(972,805,118)	(748,133,834)
Payment of Cash Dividends	-	148,824,500
Increase (decrease) in other non-current liabilities	(29,195,241)	(4,171,940)
Increase (Decrease) in revaluation reserves	(51,034,035)	76,718,154
Net Cash From Financing Activities	(1,316,258,119)	(629,945,205)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(157,355,677)	(202,207,386)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,180,736,772	4,903,236,346
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 4,023,381,095	P 4,701,028,960

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Capital Stock			0				Total Equity Attributable to the Shareholders of Parent Company		
	Preferred Stock	**Preferred Treasury Stock - At Cost**	**Common Stock**	**Total Capital Stock**	**Additional Paid-in Capital**	**Revaluation Reserves**	**Retained Earnings**		**Non-controlling Interest**	**Total Equity**
Balance at January 1, 2023	**24,500,000**	**(10,000,000)**	**1,442,216,332**	**1,456,716,332**	**10,886,771,041**	**3,001,315,167**	**(1,544,703,677)**	**13,800,098,863**	**279,833,001**	**14,079,931,864**
Net Income							**(963,731,576)**	**(963,731,576)**	**(826,134)**	**(964,557,710)**
Comprehensive Income						**(51,034,033)**		**(51,034,033)**	**(12,947,428)**	**(63,981,460)**
Balance at March 31, 2023	**24,500,000**	**(10,000,000)**	**1,442,216,332**	**1,456,716,332**	**10,886,771,041**	**2,950,281,134**	**(2,508,435,253)**	**12,785,333,254**	**266,059,438**	**13,051,392,692**
Balance at January 1, 2022	**24,500,000**	**(10,000,000)**	**1,441,915,332**	**1,456,415,332**	10,884,918,470	2,362,007,586	5,763,700,576	20,467,041,964	12,401,498	20,479,443,462
Cash dividends							(148,824,500)	(148,824,500.00)		(148,824,500.00)
Issuance of shares during the year								-		-
Net Income							(264,287,412)	(264,287,412.00)	**(1,607,797.00)**	(265,895,209.00)
Comprehensive Income						**76,718,154**		76,718,154.00	**19,155,595.00**	95,873,749.00
Balance at March 31, 2022	**24,500,000**	**- 10,000,000**	**1,441,915,332**	**1,456,415,332**	**10,884,918,470**	**2,438,725,740**	**5,350,588,664**	**20,130,648,206**	**29,949,296**	**20,160,597,502**

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, 2023 AND 2022
(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 40.84% owned by P-H-O-E-N-I-X Petroleum Holdings, Inc. (PPHI), a company organized in the Philippines.

The Parent Company 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 522 operating retail service stations as of March 31, 2023.

1.2 Subsidiaries, Joint Ventures and their Operations

As of March 31, 2023, the Parent Company holds ownership interests in the following entities, presented below and in the succeeding page, which are all incorporated and domiciled in the Philippines or otherwise stated:

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership 2023	Percentage of Ownership 2022
Direct interest:			
Subsidiaries			
P-F-L Petroleum Management, Inc. (PPMI)	(a)	**100.00%**	100.00%
P-H-O-E-N-I-X Global Mercantile, Inc. (PGMI)	(b)	**100.00%**	100.00%
Subic Petroleum Trading and Transport Phils., Inc. (SPTT)	(c)	**100.00%**	100.00%
PNX Petroleum Singapore Pte. Ltd. (PNX SG)	(d)	**85.00%**	85.00%
Phoenix LPG Philippines, Inc. (PLPI)	(e)	**100.00%**	100.00%
Duta, Inc.(Duta)[4]	(f)	**100.00%**	100.00%
Philippine FamilyMart CVS, Inc. (PFM)	(g)	**100.00%**	100.00%
PNX Energy International Holdings, Pte. Ltd. (PNX Energy)	(h)	**100.00%**	100.00%
Phoenix Pilipinas Gas and Power, Inc.	(i)	**100.00%**	100.00%

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership 2023	2022
Phoenix Road Transport Pilipinas, Inc. (PNXRT)	(j)	**100.00%**	100.00%
Action.Able, Inc.(AAI)	(k)	**74.90%**	74.90%
Think.Able Limited (TAL)	(l)	**74.90%**	74.90%

Subsidiaries/Joint Venture	Explanatory Notes	Percentage of Ownership 2023	2022
Direct interest:			
Joint venture			
Phoenix Asphalt Philippines, Inc. (PAPI)[2]	(m)	**40.00%**	40.00%
Indirect interest:			
Subsidiaries			
Kaparangan, Inc. (Kaparangan) [1, 3]	(n)	**100.00%**	100.00%
PNX (Vietnam) Pte. Ltd. (PNX Vietnam)[4]	(o)	**100.00%**	100.00%
PT Phoenix Petroleum Indonesia (PNX Indonesia)[6]	(p)	**100.00%**	100.00%
Phoenix Gas (Vietnam) Limited Liability Company (PGV LLC)[5]	(q)	**75.00%**	75.00%
Joint ventures			
Galaxi Petroleum Fuel, Inc. (Galaxi)[7]	(r)	**51.00%**	51.00%
Phoenix Southern Petroleum Corp. (PSPC)[7]	(s)	**49.00%**	49.00%
Top Concord Quality Petroleum Corp. (TCQPC)[7]	(t)	**-**	49.00%
CJI Fuels Corp. (CJIFC)[7]	(u)	**49.00%**	49.00%
Firebird Evzon Fuels Corp. (FEFC)[7]	(v)	**49.00%**	49.00%
Eastan Prime Development Corporation (EPDC)[7]	(w)	**49.00%**	49.00%
Zae Falco Energy Corp. (ZFEC)[7]	(x)	**49.00%**	49.00%
Tarlac Black Gold Petroleum Corporation[7]	(y)	**49.00%**	49.00%
Abound Business Ventures Corporation[7]	(z)	**49.00%**	49.00%
F1rstEnergy Corp. (FEC)[7]	(aa)	**49.00%**	49.00%
JV Hauling and Trucking Corp. (JHTC)[8]	(bb)	**49.00%**	49.00%
NGT Ventures Incorporated (NGTVI)[9]	(cc)	**49.00%**	49.00%
Road Fuel Joint Transporter, Inc. (RFJTI)[8]	(dd)	**49.00%**	49.00%
Petrocontinental and Energy Corporation (PEC)[7]	(ee)	**51.00%**	51.00%

Notes:
1 Wholly-owned subsidiary of Duta
2 Joint venture of Parent Company
3 Duta and Kaparangan, collectively known as Duta Group
4Subsidiary of PNX Energy
5 Subsidiary of PNX Vietnam
6Subsidiary of PGMI
7 Joint venture of PPMI
8 Joint venture of PNXRT
9 Joint venture of PLPI

(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.

(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 February 19, 2020 to engage in and carry on the business of organizing, managing, administering, running, and supervising the operations and marketing of various kinds of services-oriented companies, such as petroleum service stations, hauling companies and such other companies desirous of strengthening and establishing their operation process, except management of funds, securities and portfolio of similar assets in managed entities.

(k) 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.

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

(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.

(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.

(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 Northern part and other areas of Luzon.

(y) Incorporated on February 20, 2020to buy and sell on retail basis, refined petroleum, LPG, and various kinds of products; to operate, manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business.

(z) Incorporated on June 10, 2020 to buy and sell on retail basis, refined petroleum, LPG, and various kinds of products; to operate, manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business.

(aa) Incorporated on July 10, 2019 to buy and sell, on a retail basis, refined petroleum, LPG, and various kinds of products; , manage, and carry out gasoline retail stations and such other services necessary to the business; and to operate convenience stores and such other non-fuel related businesses that may complement that business, in the areas of Cebu.

(bb) Incorporated on November 21, 2019 to engage in the business of hauling services including but not limited to fuel products; to do and perform such other acts as necessary or incidental to the accomplishment of the foregoing corporate business.

(cc) Incorporated on January 29, 2021 to buy, refill, and sell liquefied petroleum gas (LPG) and various kinds of products; to operate, manage and carry out LPG refilling plants, selected dealership within an area as authorized by PLPI, and such other services necessary, incidental and complementary to the business; and to operate other LPG-related businesses that may complement the business of operating an LPG Plant Facility and, buy and sell such other merchandise, wares, goods, and services that may complement the business activities of the NGTVI. NGTVI started its commercial operation in May 2021.

(dd) Incorporated on November 26, 2020 primarily engage in the business of hauling services including but not limited to fuel and petroleum products; To do and perform such other acts as necessary or incidental to the accomplishment of the foregoing corporate business and objects insofar as may be allowed by applicable laws and rules and regulations, including without limitation, to invest, own, or hold interest in similar business. In 2021, PNXRT paid the subscribed 8.9 million common shares and 18.8 million preferred shares of RFJTI.

(ee) Incorporated on January 29, 2021 to engage in, conduct and carry on the business of buying and selling, on retail basis, refined petroleum, LPG, and various kinds of products. PEC started its operations in January 16, 2022.

1.3 Other Corporate Information

The registered office and principal place of business of the existing subsidiaries and joint ventures, except those presented 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
Duta and 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, WWilson House, 19-27 Wyndham Street, Central, Hong Kong
PAPI and PSPC	–	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, PhuNhuan District, Ho Chi Minh City, Vietnam
JHTC	–	Pookni Banal, San Pascual, Batangas
NGTVI	–	Purok 1, Barangay Alasas, San Fernando City, Pampanga
RFJTI	–	Dona Pilar Don Julian Road Sasa, Davao City

Petrocontinental & Energy Corporation – Fusion Station, Km 7 Bangkal Davao City

1.4 Impact of Russia-Ukraine Conflict

In early January 2022, heightened volatility was noted in the oil and gas markets with the growing geopolitical tension between Russia and Ukraine. The feared risk materialized in late February when Russia invaded Ukraine, which caused the imposition of heavy economic sanctions on Russia by othernations. As Russia is the second largest crude oil exporter next to Saudi Arabia, expectedly these developments had significant consequence on markets. At its peak in the first half, crude oil benchmarks had risen more than 60% to historic highs, and as of today, these volatile movements continue. Overall, the impact of the Russia and Ukraine conflict is far-reaching for world economies, markets, and businesses.

From historical lows in 2020 during the peak of the pandemic, global and domestic oil prices had begunto rebound in 2022. Advances in COVID-19 vaccines allowed economies and markets to re-open worldwide. However, the geopolitical tensions between Russia and Ukraine brought about oil and gas price volatility anew. By mid2022, Brent climbed to a high of $123.70 per barrel from $87.22 per barrel at the start of the year. By the fourth quarter of 2022, prices dove and dropped erratically, before closing at $81.12 per barrel in December.

The war between Russia and Ukraine only compounded what was already a significant time in history where the world was only emerging from an unprecedented COVID-19 pandemic. As the situation escalated through 2022, the crisis heavily weighed on global economies and highly affected interest rates, foreign exchange, commodities, and more. In the Philippines, the increase in oil prices drove up the value of foreign exchange as well, as the country imports approximately 90% of its oil requirements.The Philippine Peso has hit an all-time low of close to Php59 to $1 in late October, dropping all the wayfrom Php51 at the start of the year. In effect, as the peso plummets, imported goods become much more expensive.

Furthermore, domestic pump prices were seen to go up to as much as 30% this year – the highest since 2008. The skyrocketing fuel prices have impacted the country's inflation rate, which closed at a staggering 8.1% in December, coming from 3.0% in January. This will only further dampen consumption even as COVID-19 restrictions are eased to Alert Level 1 in the country.

As an independent trader and importer of fuel and oil, the Group, particularly the Parent Company, is heavily affected by the increasing prices of oil in the global market. While the high oil prices are expected to further drive the cost of sales and working capital requirements higher, its volatility has likewise driven losses in the Group's inventory management in 2022. Moving forward, the Group continues to exercise risk management measures in order to mitigate the impact. In addition, there are ongoing initiatives that will reduce the working capital requirement for the Group as well as by actively managing inventories and optimizing volume to maximize sales and profitability.

1.5 COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic and the containment measures implemented by the Philippine Government disrupted domestic businesses and trade. Although the spread of the virus has abated, and most health and safety restrictions have been relaxed and businesses have re-opened, as of the end of 2022, the threat of new variants of the virus still remains. Just when the economic restrictions relaxes and recovery was on its way, in early 2022, the escalating geopolitical tensions in Europe caused an unprecedented increase in fuel prices that hit oil-exporting developing countries like the Philippines.

The double blow of the lingering effects of COVID-19 outbreak and the rising fuel prices hampered the anticipated economic and business recovery of the Group during the year. In response to these matters, the Group has taken the following actions:

- Kept most of its employees on a work from home (WFH) arrangement. However, staff at terminal and depot operations have now started to report to duty on a full-time basis. The HSE (Health, Safety, and Environment) Group, along with the Leadership, monitor and look after the physical and mental wellbeing of the employees
- The Group sought preservation of its resources by keeping inventory at an optimal level while pursuing capital light supply models in order to mitigate the volatility of fuel prices. In 2022, the Group likewise scaled back its capital expenditures spending by 61%, while benefiting from the structural cost actions implemented years prior, which included streamlining supply chains and rationalization of road transport operations.

Continued to build on its digital presence to further capture its customer needs under the 'new normal', banking on cashless payments at retail stations and PFM stores and online ordering and delivery for LPG, as well as the LIMITLESS app, the Group's lifestyle rewards program enjoyed through a free downloadable mobile application.

- Reduce non-essential capital expenditure and defer or cancel discretionary spending;
- Freeze non-urgent recruitment;
- Restructuring of debt with the Liability Management Exercise (LME) conducted by the Company with bankers and other financial institutions to refinance or restructuring and payment deferral of debt service and;

Unfortunately, despite the Group's efforts to minimize the impact of lingering effects of the pandemic and geopolitical tensions, in addition to streamlining its operations, there was a significant dip in revenue and volumes for 2022, driven by pricing volatility and constraints with its working capital. Drop in total domestic volumes was noted in 2022 by 57% against the previous year.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Group would start to churn in positive results of operations, as additional funds are raised and access to working capital is restored.

Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic.

1.6 Approval of Interim Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the three months ended March 31, 2023 (including the comparative consolidated financial statements as of December 31, 2022 and for the three months ended March 31, 2022, were authorized for issue by the Parent Company's Board of Directors (BOD) on May 16,2023.

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, 2022.

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 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, 2022.

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

(a) Effective in 2022 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, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities

PFRS 16 (Amendments) : Leases – Lease Incentives

Discussed below are the relevant information about these amendments.

- PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Group's consolidated financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

- PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Group's consolidated financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.

- Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Group's consolidated financial statements:

  - PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) Effective in 2022 that is not Relevant to the Group

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Group's consolidated financial statements:

i. PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022).

ii. Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are not relevant to the Company:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*

- PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) Effective Subsequent to 2022 but not Adopted Early

There are amendments and annual improvements to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

iii. PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

iv. PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

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 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 P 33.6 million as part of the depreciation and an interest expense of P 31.9 million as part of the finance cost were recorded during the three months of 2023.

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 P 116.3 million was recognized as rent expense for short term leases during the three months of the year.

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.

2.3 Financial Instruments

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

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The financial assets are classified into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Currently, the financial assets category relevant to the Group is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL).

The Group's financial assets measured at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding advances to suppliers, advances subject to liquidation and other receivables), Due from Related Parties, Restricted Deposits, Security deposits and Refundable rental deposits (presented as part of Prepayments and Other Current Assets and Other Non-Current Assets in the consolidated statement of financial position).

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

Refundable rental deposits are initially recognized at fair value. Interest on the rental deposits arising from subsequent amortization is accounted for using the effective interest method and is presented as part of Finance Income under Other Charges (Income) in the consolidated statement of comprehensive income. The excess of the principal amount of the deposit over its present value is immediately recognized as deferred minimum lease payments (presented as part of Other Non-Current Assets in the consolidated statement of financial position). Meanwhile, rent expense arising from subsequent amortization of deferred minimum lease payments is accounted for using the straight-line method over the lease term and is presented as part of Rent under Selling and Administrative Expenses in the consolidated statement of comprehensive income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Other Charges (Income).

(ii) Impairment of Financial Assets

At the end of the reporting period, the Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

For trade and other receivables, and due from related parties, the Group recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period.

The Group determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

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

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It 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 Group would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (excluding tax-related payables), derivative financial liabilities, 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, except for 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) which are capitalized as part of the cost of such asset (see Note 2.18).

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. These 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. 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.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognized in profit of loss. Derivative financial assets are set off against derivative financial liabilities and the net financial instruments are presented as either Derivative Financial Assets or Derivative Financial Liabilities in the consolidated statement of financial position (see Note 5.6).

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 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 44.00-79.00% 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 statements of financial position, are reduced for estimated non-returns. Estimated non-returns are determined through amortization of the balance over the estimated useful life of cylinders and/or estimated proportion of the provision for lost cylinders (see Note 2.7). The reduction is recognized directly in the consolidated statement of comprehensive income as part of Fuel Service and Other Revenues.

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.

(c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event.

It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

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, 2022.

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, 2022 and as of December 31, 2021, 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 March 31, 2023							
	Sale of Goods		Fuel Service & Other Revenue					
	Trading		Depot and Logistics		Real Estate		Total	
Primary Geographical Markets								
Philippines	P	3,645,551	P	606,034	P	4,257	P	4,255,842
Singapore		7,614,417		-				7,614,417
Vietnam		1,086,169						1,086,169
	P	12,346,137	P	606,034	P	4,257	P	12,956,427
Major goods/service lines								
Fuels	P	8,907,949	P		P		P	8,907,949
LPG		3,318,651						3,318,651
Merchandise		78,885						78,885
Lubricants		39,654						39,654
Terminalling/hauling		-		50,867				50,867
Rentals		-		39,331		4,257		43,588
POS Device		997						997
Others		-		515,836				515,836
	P	**12,346,137**	**P**	**606,034**	**P**	**4,257**	**P**	**12,956,427**

	Three Months March 31, 2022							
	Sale of Goods		Fuel Service & Other Revenue					
	Trading		Depot and Logistics		Real Estate		Total	
Primary Geographical Markets								
Philippines	P	12,417,026	P	462,871	P	3,612	P	12,883,509
Singapore		22,399,534		-				22,399,534
Vietnam		1,198,745						1,198,745
	P	36,015,304	P	462,871	P	3,612	P	36,481,788
Major goods/service lines								
Fuels	P	32,427,098	P		P		P	32,427,098
LPG		3,375,983						3,375,983
Merchandise		121,195						121,195
Lubricants		88,981						88,981
Terminalling/hauling		-		23,120				23,120
Rentals		-		39,580		3,612		43,193
POS Device		2,047						2,047
Others		-		400,171				400,171
	P	**36,015,304**	**P**	**462,871**	**P**	**3,612**	**P**	**36,481,788**

5. SEGMENT INFORMATION

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

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

As of March 31, 2023, 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, 2023 and March 31, 2022 and certain asset and liability information regarding segments as at March 31, 2023 and December 31, 2022 (amounts in thousands).

	Trading		Fuel Service & Other Revenues Depot & Logistics		Real Estate		Total	
	31-Mar-23 (Unaudited)	31-Mar-22 (Unaudited)	**31-Mar-23 (Unaudited)**	**31-Mar-22 (Unaudited)**	**31-Mar-23 (Unaudited)**	31-Mar-22 (Unaudited)	**31-Mar-23 (Unaudited)**	31-Mar-22 (Unaudited)
TOTAL REVENUES								
Sales to external customers	**12,346,137**	36,015,304	**606,034**	462,871	**4,257**	3,612	**12,956,427**	36,481,787
Intersegment Sales	**618**	1,709,479	**573**	3,670	**5,175**	7,028	**6,366**	1,720,177
	12,346,755	37,724,783	**606,607**	466,541	**9,432**	10,640	**12,962,794**	38,201,964
COST AND OTHER OPEX								
Cost of Sales and services	**12,728,528**	37,552,072	**7,731**	8,128	**1,966**	1,600	**12,738,225**	37,561,790
excluding depreciation and amortization							**-**	-
Depreciation and amortization	**376,325**	289,682	**83,717**	71,474	**-**		**460,043**	361,156
	13,104,853	37,841,754	**91,448**	79,602	**1,966**	1,600	**13,198,268**	37,922,946
SEGMENT OPERATING PROFIT (LOSS)	**- 758,098**	- 116,971	**515,158**	386,939	**7,466**	9,040	**- 235,474**	278,998

	Trading		Depot & Logistics		Real Estate		Total	
	31-Mar-23 (Unaudited)	31-Dec-22 (Audited)	**31-Mar-23 (Unaudited)**	31-Dec-22 (Audited)	**31-Mar-23 (Unaudited)**	31-Dec-22 (Audited)	**31-Mar-23 (Unaudited)**	31-Dec-22 (Audited)
ASSETS & LIABILITIES								
Segment Assets	96,756,223	94,732,447	5,293,160	3,986,389	8,419,421	9,295,300	110,468,803	108,014,136
Segment Liabilities	83,378,375	79,369,302	1,586,389	3,722,014	4,394,525	2,731,241	89,359,287	85,822,557

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, 2023		March 31, 2022
Revenues				
Total segment revenues	P	**12,962,794**	P	38,201,964
Elimination of Intersegment revenues		**(6,366)**		(1,720,177)
Revenue as reported in profit and loss	P	**12,956,427**	P	36,481,787
Profit or loss				
Segment Operating profit	P	**- 235,474**	P	278,998
Other Unallocated income		**-**		-
Other Unallocated expense		**-**		-
Operating profit as reported in profit and loss		**- 235,474**		**278,998**
Finance costs		**(945,933)**		(783,757)
Finance income		**- 57,114**		55,096
Profit before tax as reported in profit or loss	**P**	**- 1,238,521**	P	(449,663)

		March 31, 2023		December 31, 2022
Assets				
Segment Assets	P	**107,087,734**	P	108,014,136
Right -of-use assets-net		**1,159,423**		1,191,123
Deferred tax assets-net		**2,221,646**		1,930,281
Elimination of Intercompany accounts		**(26,916,581)**		(25,343,552)
Total Assets reported in the consolidated Statement of Financial Position	**P**	**83,552,222**	**P**	**85,791,988**
Liabilities				
Segment Liabilities		**87,121,255**		85,822,557
Lease Liability		**1,337,848**		1,351,343
Deferred tax Liabilities - net		**900,186**		903,747
Elimination of Intercompany accounts		**(19,493,241)**		(16,365,592)
Total Liabilities as reported in the consolidated statements of financial position	**P**	**69,866,047**	**P**	**71,712,056**

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, 2023 (Unaudited)		December 31, 2022 (Audited)	
Financial Assets	**Carrying Values**	**Fair Values**	**Carrying Values**	**Fair Values**
Derivative Financial Assets			96,513,941	96,513,941
Cash and cash equivalents	4,023,381,095	P 4,023,381,095	P 4,180,736,772	P 4,180,736,772
Trade and other receivables - net *	14,764,238,655	14,764,238,655	16,857,947,152	16,857,947,152
Due from related parties	13,039,876	13,039,876	2,861,779	2,861,779
Construction Bond***	6,777,664	6,777,664	6,777,664	6,777,664
Restricted deposits	78,069,076	78,069,076	78,069,076	78,069,076
Security Deposits	457,942,646	457,942,646	14,312,020	14,312,020
Refundable rental deposits	612,913,739	612,913,739	844,431,730	844,431,730
	19,956,362,751	**P 19,956,362,751**	**P 22,081,650,134**	**P 22,081,650,134**
Financial Liabilities				
Derivative financial liability	-	P -	P	P -
		-		-
Interest -bearing loans and borrowings	48,564,784,685	48,564,784,685	48,828,008,410	47,687,230,205
Trade and other payables**	18,691,616,680	18,691,616,680	19,092,493,737	19,092,493,737
Lease liabilities	1,337,847,948	1,337,847,948	1,351,342,522	1,388,644,173
Customers' cylinder deposits	763,826,154	763,826,154	864,858,470	644,614,320
Security deposits	121,217,036	121,217,036	166,324,369	154,390,227
Cash bond deposits	91,937,170	91,937,170	62,356,616	45,678,323
Contract Liability	22,694,681	22,694,681	22,694,681	20,355,250
	69,593,924,354	**P 69,593,924,354**	**P 70,388,078,805**	**P 69,033,406,235**

**   Excluding advances to suppliers, advances subject to liquidation and other receivables **   Included as part of Others under Prepayments and Other Current Assets*
**** Excluded tax-related payables*

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.

Financial Assets	March 31, 2023 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	P 4,023,381,095	P	P	P 4,023,381,095
Trade and other receivables - net *			14,764,238,655	14,764,238,655
Due from related parties			13,039,876	13,039,876
Construction Bond***			6,777,664	6,777,664
Restricted deposits	78,069,076			78,069,076
Security Deposits			457,942,646	457,942,646
Refundable deposits			612,913,739	612,913,739
	P 4,101,450,171	**P -**	**P 15,854,912,580**	**P 19,956,362,751**
Financial Liabilities				
Financial liabilities at amortized cost				
Derivative financial liability	P	P	P -	P -
				-
Interest -bearing loans and borrowings			48,564,784,685	48,564,784,685
Trade and other payables**			18,691,616,680	18,691,616,680
Lease liabilities			1,337,847,948	1,337,847,948
Customers' cylinder deposits			763,826,154	763,826,154
Security deposits			121,217,036	121,217,036
Cash bond deposits			91,937,170	91,937,170
Contract Liability			22,694,681	22,694,681
	P -	**P -**	**P 69,593,924,354**	**P 69,593,924,354**

	December 31, 2022 (Audited)			
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	P 4,180,736,772	P -	P -	P 4,180,734,772
Trade and other receivables - net	-	-	16,857,947,152	16,857,947,152
Due from related parties	-	-	2,861,779	2,861,779
Construction Bond	-	-	6,777,664	6,777,664
Restricted deposits	78,069,076	-	-	78,069,076
Security Deposits	-	-	14,312,020	14,312,020
Refundable deposits	-	-	844,431,730	844,431,730
	P 4,258,805,848	P -	P 17,726,330,345	P 21,985,136,193
Financial Liabilities				
Interest -bearing loans and borrowings	P -	P -	P 47,687,230,205	P 47,687,230,205
Trade and other payables	-	-	19,092,493,737	19,092,493,737
Lease liabilities	-	-	1,388,644,173	1,388,644,173
Customers' cylinder deposits	-	-	644,614,320	644,614,320
Security deposits	-	-	154,390,227	154,390,227
Cash bond deposits	-	-	45,678,323	45,678,323
Contract liability			20,355,250	20,355,250
	P -	P -	P 69,033,406,235	P 69,033,406,235

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, 2023					
	U.S. Dollar		Singapore Dollar		Vietnamese Dong	
Financial assets	**P**	**4,537,155,012**	**P**	**5,185,234**	**P**	**392,387,938**
Financial liabilities		**(3,852,147,15)**		**-**	**(**	**517,818,897)**
Net exposure	**P**	**685,007,853**	**P**	**5,185,234**	**(P**	**125,530,959)**

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

	December 31, 2022					
	U.S. Dollar		Singapore Dollar		Vietnamese Dong	
Financial assets	**P**	**13,328,819,613**	**P**	**5,764,460,943**	**P**	**587,823,828**
Financial liabilities		**(42,890,858,789)**		**(419,430,789)**	**(**	**164,658,146)**
Net exposure	**(P**	**29,652,039,176)**	**P**	**5,345,030,154**	**P**	**423,165,682**

		March 31, 2023				
		U.S. Dollar		**Singapore Dollar**		**Vietnamese Dong**
Reasonably possible change in rate		**3.11%**		**4.20%**		**2.93%**
Effect in profit before tax	**P**	**89,549,117**	**P**	**762,211**	**P**	**(18,926,541)**
Effect in equity after tax		**67,161,838**		**571,568**		**(14,194,906)**

		December 31, 2022 (Audited)				
		U.S. Dollar		Singapore Dollar		Vietnamese Dong
Reasonably possible change in rate		15.94%		21.74%		21.07%
Effect in profit before tax	(P	4,726,535,045)	P	1,162,009,556	P	89,161,009
Effect in equity after tax	(	3,544,901,284)		871,507,167		66,870,757

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, 2023, and 2022, 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, 2023 and December 31, 2022 follows:

		March 31, 2023		Dec. 31, 2022
Standby letter of credits	**P**	**184,331,053**	P	112,942,353
Retail Stations		**460,206,354**		460,842,441
Cash bond		**179,327,578**		222,271,220
Real estate mortgage		**74,192,730**		74,192,730
	P	**898,057,715**	P	870,248,744

Retail stations held as collateral, relate to disposed retail stations to certain JVs in 2020. Based on the agreement of the parties, the Group's management has the discretion to reclaim the unpaid sold retail stations in the event that JVs are unable to pay the outstanding balances.

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 summarized below.

	31-Mar-23 (Unaudited)	**31-Dec-22 (Audited)**
Cash and cash equivalents	4,023,381,095	4,180,736,772
Trade and other receivables - net *	14,764,238,655	16,857,947,152
Due from related parties	13,039,876	2,861,779
Construction Deposit**	6,777,664	6,777,664
Restricted Deposit	78,069,076	78,069,076
Security Deposits	457,942,646	14,312,020
Refundable rental deposits	612,913,739	844,431,731
	19,956,362,751	**21,985,136,193**

**excluding advances to suppliers, advances subject to liquidation and other receivables*
***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 and restricted deposits are 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 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all Trade and Other Receivables and Due from Related Parties. The Group's trade and other receivables and due from related parties are assessed individually or on a per customer basis.

The Group computes expected losses 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 loss rate. 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		Equivalent S&P Rating	S&P Loss Rate (%)	
	Financial and Business Profiles	Other Information		**2022**	2021
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	**0.10 – 0.46**	0.11 – 0.47
PRR 2A	Counterparties with strong financial profile and very strong business profile or vice versa.		BBB	**0.10 – 0.46**	0.11 – 0.47
PRR 1A	Counterparties with a strong to adequate financial profile and very strong to adequate business profile.		BBB	**0.10 – 0.46**	0.11 – 0.47
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	**0.58 – 1.64**	0.54 – 1.58
PRR 2B	Counterparties with an average financial profile and sustainable business profile.		BB	**0.58 – 1.64**	0.54 – 1.58
PRR 1B	Counterparties with both average financial and business profile.	Credit exposure is not at risk of loss at the moment but performance of the client has weakened and unless present trends are reversed, could lead to losses.	B	**3.16 – 6.58**	3.06 – 6.42
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	**3.16 – 6.58**	3.06 – 6.42
PRR 2C	Counterparties with a weak financial profile and adequate business profile.		B	**3.16 – 6.58**	3.06 – 6.42
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.	CCC/C	**100**	100
PRR D	Counterparties with a weak financial profile and average business profile.		CCC/C	**100**	100
PRR F	Counterparties with both weak financial profile and business profiles.		CCC/C	**100**	100

A reconciliation of the closing loss allowance for trade and other receivables and due from related parties as at March 31, 2023 and December 31, 2022 to the opening loss allowance is presented below:

	Trade and Other Receivables	Due from Related Parties
Credit Loss allowance at January 1, 2023	P 4,028,594,261	P 113,743
Impairment loss of the year	1,143,311	-
Written-off during the year	-	-
Reclassification	-	-
Recovery of bad debts	-	-
Credit loss allowance at March 31, 2023	**P 4,029,737,572**	**P 113,743**

	Trade and Other Receivables	Due from Related Parties
Balance at beginning of year, as previously reported	P 3,888,062,822	P 106,130
Impairment loss for the year	186,132,765	7,613
Written-off during the year	(45,773,985)	
Reclassification	172,659	
Recovery of bad debts	-	-
Credit loss allowance at December 31, 2022	P 4,028,594,261	P 113,743

The credit loss allowance provided as of March 31, 2023 and December 31, 2022 are as follows:

March 31, 2023

Trade and Other Receivables

PRR	S&P Rating	Loss Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3A	BBB	**0.10 – 0.46**	**P 1,164,447,345**	**P 4,066,438**
PRR 2A	BBB	**0.10 – 0.46**	**870,222,571**	**1,016,458**
PRR 1A	BBB	**0.10 – 0.46**	**5,360,743,458**	**21,834,755**
PRR 3B	BB	**0.58 – 1.64**	**2,131,041,000**	**14,809,697**
PRR 2B	BB	**0.58 – 1.64**	**197,422,084**	**2,213,668**
PRR 1B	B	**3.16 – 6.58**	**6,276,431,258**	**211,362,485**
PRR 3C	B	**3.16 – 6.58**	**781,791,047**	**26,802,347**
PRR 2C	B	**3.16 – 6.58**	**373,732,542**	**16,921,616**
PRR 1C/D/F	CCC/C	**100**	**3,730,710,108**	**3,730,710,108**
			P 20,886,541,413	**P 4,029,737,572**

Due From Related Parties

PRR	S&P Rating	Loss Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 1A	BBB	**0.10 – 0.46**	**P 285,700**	**P 286**
PRR 3B	BB	**0.58 – 1.64**	**634,077**	**5,094**
PRR 2B	BB	**0.58 – 1.64**	**544,643**	**8,932**
PRR 3C	B	**3.16 – 6.58**	**1,511,102**	**99,431**
			P 2,975,522	**P 113,743**

December 31, 2022

Trade and Other Receivables

PRR	S&P Rating	Loss Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 3A	BBB	**0.10 – 0.46**	**P 1,164,447,345**	**P 2,923,127**
PRR 2A	BBB	**0.10 – 0.46**	**870,222,571**	**1,016,458**
PRR 1A	BBB	**0.10 – 0.46**	**5,360,743,458**	**21,834,755**
PRR 3B	BB	**0.58 – 1.64**	**2,131,041,000**	**14,809,697**
PRR 2B	BB	**0.58 – 1.64**	**197,422,084**	**2,213,668**
PRR 1B	B	**3.16 – 6.58**	**6,276,431,258**	**211,362,485**
PRR 3C	B	**3.16 – 6.58**	**781,791,047**	**26,802,347**
PRR 2C	B	**3.16 – 6.58**	**373,732,542**	**16,921,616**
PRR 1C/D/F	CCC/C	**100**	**3,730,710,108**	**3,730,710,108**
			P 20,886,541,413	**P 4,028,594,261**

Due From Related Parties

PRR	S&P Rating	Loss Rate Range	Estimated Gross Carrying Amount at Default	Credit Loss Allowance
PRR 1A	BBB	**0.10 – 0.46**	**P 285,700**	**P 286**
PRR 3B	BB	**0.58 – 1.64**	**634,077**	**5,094**
PRR 2B	BB	**0.58 – 1.64**	**544,643**	**8,932**
PRR 3C	B	**3.16 – 6.58**	**1,511,102**	**99,431**
			P 2,975,522	**P 113,743**

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.

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, 2023 (Unaudited)
Not more than one month	439,247,522
More than one month but not more than 2 months	146,269,000
More than two months but not more than 6 months	802,890,648
More than six months but not more than 1 year	2,595,785,644
More than one year	9,347,755,767
	13,334,526,697

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, 2023 (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 26,937,910,502	P 1,946,976,059	P 16,379,467,391	P 3,300,430,733
Trade and other payables (excluding tax-related payables)	1,863,083,631	16,828,530,666	-	-
Derivative financial liabilities	-	-	-	-
Security deposits	45,382,124	22,695,945	53,138,966	
Customers' cylinder deposits	-	-	-	763,826,154
Cash bond	-	-	-	91,937,170
	P 28,846,376,257	**P 18,798,202,670**	**P 16,432,606,357**	**P 4,156,194,057**

As of December 31, 2022 (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 29,173,486,432	P 2,082,422,427	P 19,711,935,489	P 3,300,430,733
Trade and other payables (excluding tax-related payables)	2,143,729,883	17,141,728,542	-	-
Derivative financial liabilities		-	-	-
Security deposits	62,269,739	31,141,570	72,913,060	
Customers' cylinder deposits	-	-	-	864,858,741
Cash bond	-	-	-	62,356,616
	P 31,379,486,054	P 19,255,292,539	P 19,784,848,549	P 4,227,645,820

7. INVENTORIES

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
Fuels and by-products	**P 833,279,679**	P 1,070,876,702
Lubricants	**67,716,797**	53,487,350
Merchandise	**26,446,437**	20,912,491
LPG	**246,083,177**	196,017,305
Others	**37,899,925**	107,679,292
	P 1,211,426,015	P 1,448,973,140

Inventories with carrying amount of **P233** million and P1,070.0 million as of March 31, 2023 and December 31, 2022, 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, 2023 and December 31, 2022.

8. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

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

	March 31,		December 31,
	2023 (Unaudited)	**2022 (Unaudited)**	**2022 (Audited)**
Bal. at Beg Period, Jan. 1	**33,988,175,017**	34,924,338,654	P35,157,754,025
Additions	**76,338,363**	275,534,136	1,154,588,063
Revaluation Increments	**-**	-	474,602,884
Transfers		2,614,916	(596,580,533)
Impairment losses on Non-Financial Assets			(178,171,554)
Disposals/Termination	**(2,119,174)**	(334,372)	(169,384,765)
PFRS 16		65,255,046	
Write-off		12,1289	
Depreciation	**(453,639,480)**	(350,097,049)	(1,526,997,038)
Reclassification			
Translation /Adjustment	**(39,774,802)**	4,764,536	(327,636,068)
Provision for loss cylinders	**-**	-	
Balance at the end of the period	**33,568,979,924**	34,922,063,578	33,988,175,017

9. INTANGIBLE ASSETS

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

	March 31,		December 31,
	2023 (Unaudited)	**2022 (Unaudited)**	**2022 (Audited)**
Bal. at Beg Period, Jan. 1	**142,330,029**	238,152,266	238,152,265
Additions	**439,500**	405,422	3,735,523
Transfers from PPE		-	-
Amortization Expense for the period	**(6,401,177)**	(11,059,113)	(32,507,980)
Translation Adjustment	**(21,541)**	99,799	(4,188,119)
Balance at the end of the period	**136,346,811**	227,598,373	142,330,029

10. INTEREST-BEARING LOANS AND BORROWINGS

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current:		
Liabilities under LC and TR	**P 9,236,415,277**	P 9,491,363,349
Short-term loans	**17,076,949,925**	17,362,942,240
Current portion of long-term loans	**2,571,521,359**	2,325,596,702
Liabilities under short-term commercial papers	**-**	-
	28,884,886,561	29,179,902,291
Non-current:		
Term loans	**19,679,898,124**	19,648,106,119
	P 48,564,784,685	P 48,828,008,410

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 7.378% and 5.15% per annum as of March 31, 2023 and December 31, 2022, respectively.

10.2 Borrowings and Repayments

The Group has term loan with outstanding balance as of March 31, 2023 P 33,610.17 million. The loans bearing interest ranging from 5.000% to 11.500% and is repayable in various dates until 2025. Term loans refer to all interest-bearing loans repayable both within the short-term and lone-term periods.

As of March 31, 2023, repayments of term loans amounting to P 183.04 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	**106,284,156**
Non-Current	**1,231,563,792_**
Total	**1,337,847,948**

Additional Information on lease liabilities are broken down as follows:

	Land	Warehouse	Office	Store Premises	TOTAL
Lease Liabilities	1,013,336,762	25,575,861	23,476,284	275,459,041	1,337,847,948

As of March 31, 2023, the Group is not committed to leases which have not commenced.

A total of P31.9 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, 2023 and 2022 and the related outstanding balances as of March 31, 2023 and December 31, 2022 is presented below

	Amount of Transactions		Outstanding Balance	
	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Other related parties under common ownership				
Sale of goods	48,235,894	1,127,491,790	3,480,937,124	3,466,724,924
Purchase of goods	30,776,285	213,036,359		616,947,770
Purchase of services	21,969,985	860,926,987	(293,056,240)	5,183,763
Advances to suppliers	(1,462,238)	99,724,947	1,327,250,888	5,112,407,635
Rentals	107,465	268,669	-	-
Due from related parties	15,000	649,077	3,197,547	3,046,143
Management fees	-	-	-	
Sale of subsidiaries	-	-	-	500,000,000
Sale of services	220,592,127 -	192,572,467 -	3,577,292,793	2,931,446,283
Other Income	10,458,146	9,840,247	11,713,124	-
Prepaid rent	-	-		
Transfer of retail stations			364,899,969	328,141,552

Donations				-
Advances for Option to Purchase Properties			2,370,822,660	
Ultimate Parent				
Sale of goods	225,346	417,650	157,932	373,599
Advances to suppliers	(77,400,000)		2,209,672,376	1,907,072,376
Lease Liability				
Rentals				1,443,825
Sale of services	140,680,262	133,719,739	2,571,194,203	2,413,632,310
Due from related parties	9,617,162		9,902,862	285,414
Advances for option to purchase properties		-		200,000
Key management personnel				
Salaries and Employee benefits	63,494,121	63,494,121	-	-

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 three months ended March 31, 2023 and 2022 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, 2023.

12.3 Due from Related Parties

The Group grants unsecured advances to and from related parties under common ownership for working capital requirements and other purposes. The outstanding receivable from related parties are shown as Due from Related Parties in the consolidated statements of financial position. Due from Related Parties 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, 2022 (Audited)	For the three months ended March 31, (Unaudited)		For the year ended December 31, 2022 (Audited)
	2023	2022		**2023**	2022	
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	**14,500,000**	**14,500,000**	37,000,000	**P 14,500,000**	P **14,500,000**	P 37,000,000
Issuance during the year	**-**	**-**	-	**-**	**-**	
Redemption	**-**	**-**	(12,500,000)	**-**	**-**	(12,500,000)
Balance at end of year	**14,500,000**	**14,500,000**	24,500,000	**14,500,000**	**14,500,000**	24,500,000
Treasury shares			(10,000,000)			(10,00,000)
Issued and outstanding	**14,500,000**	**14,500,000**	14,500,000	**14,500,000**	**14,500,000**	14,500,000
Common – P1 par value						
Authorized:	**2,500,000,000**	**2,500,000,000**	2,500,000,000	**P 2,500,000,000**	P **2,500,000,000**	P 2,500,000,000
Issued:						
Balance at beginning of year	**1,442,216,332**	**1,441,915,332**	1,441,915,332	**P 1,442,216,332**	P **1,441,915,332**	P 1,441,915,332
Issuance during the year			301,000			301,000
Balance at end of year	**1,442,216,332**	**1,441,915,332**	1,442,216,332	**1,442,216,,332**	**1,441,915,332**	1,442,216,332
Treasury shares						
Balance at beginning of year	**-**	-	-	**-**	**-**	-
Sale of Treasury Shares	**-**	-	-	**-**	**-**	-
Balance at end of year	**-**	-	-	**-**	**-**	-
Issued and outstanding	**1,442,216,332**	**1,441,915,332**	1,442,216,332	**P 1,442,216,332**	P **1,441,915,332**	P 1,442,216,332
				P 1,456,716,332	P **1,456,415,332**	P 1,456,716,332

13.2 Employee Stock Options

On January 24, 2013, the Parent Company's BOD approved the ESOP for its eligible employees.

The initial offering date of the option was on July 1, 2016 and will vest five years from the date of grant. Pursuant to this ESOP, on July 1, 2016, the Parent Company granted share options to certain key executives to subscribe to 24.5 million common shares of the Parent Company equivalent to 2.2% of the total issued shares, at an exercise price of P5.68 per share.

Stock options will be granted in two tranches until July 1. 2021. The allocation for Tranche 1 every year is computed at 10.0% of the total available shares for exercise. Meanwhile, the allocation for Tranche 2 is based on the forecasted assessment of the executives' performance rating for five years.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Life of the option	5 years
Current share price at grant date	P 6.25
Exercise price at grant date	P 5.68
Standard deviation of the rate of return	0.4
Risk-free interest rate	3.80%

The underlying expected volatility was determined by reference to historical date of the Group's shares over a period of time consistent with the option life.

The underlying expected volatility was determined by reference to historical date of the Company's shares over a period of time consistent with the option life.

A total of 3.1 million and 7.7 million share-based executive compensation are recognized in 2021 and 2020, respectively, and presented as part of Employee benefits under Selling and Administrative Expenses account in the consolidated statements of comprehensive income, respectively, with a corresponding credit to Retained Earnings account. No similar transactions in 2022 and March 2023.

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:

	2023	2022
Common shares	**P -**	P -
Preferred shares		148,824,500
	P -	P **148,824,500**

13.4 Other Interim Disclosures

The Group's management is not aware of the following or is not applicable to the Group's interim operations:

- Unusual items that materially affect the Group's interim condensed consolidated assets, liabilities, equity, net income or cash flows because of their size, nature or incidents;
- Material changes in contingent liabilities or contingent assets since the last annual balance sheet date;
- Existence of material contingencies and other events of transactions that are material to an understanding of the current interim period;
- Events that will trigger direct or contingent material financial obligations to the Group;
- Material off-balance sheet transactions, arrangements, obligations (direct or contingent) and other relationships of the Group;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Material events subsequent to end of the reporting period that have not been reflected in this report;
- Material changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries, restructurings and discontinuing operations; and,
- Any seasonal aspect that had a material effect on the consolidated financial condition or results of operation.

13.5 Earnings Per Share

EPS were computed as follows:

	For the three months ended March, 3: (Unaudited)		For the year ended December 31, 2022
	2023	2022	(Audited)
a) Net profit (loss) pertaining to common shares	**(P 963,731,571)**	(P 429,051,913)	(P 3,872,183,280)
b) Net profit (loss) attributable to common shares and potential common shares	**(963,731,571)**	(429,051,913)	(3,872,183,280)
c) Weighted average number of outstanding	**1,442,216,332**	1,441,915,332	1,440,265,058

common shares			
d) Weighted average number of outstanding common and potential common shares	**1,442,216,332**	1,441,915,332	1,440,265,058
Basic earnings (loss) per share (a/c)	**(P 0.67)**	(P 0.30)	(P 2.69)
Diluted earnings (loss) per share (b/d)	**(P 0.67)**	(P 0.30)	(P 2.69)

14. COMMITMENTS AND CONTINGENCIES

As of March 31, 2023 and December 31, 2022, the Group has commitments of more than P 153.9 million and P1,046.6 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 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, 2023, and December 31, 2022, the Parent Company has unused approved LCs amounting to P 2,069.1 million and P3,364.4 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. 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 and the containment measures implemented by the Philippine Government disrupted domestic businesses and trade. Although the spread of the virus has abated, and most health and safety restrictions have been relaxed and businesses have re-opened, as of the end of 2022, the threat of new variants of the virus still remains. Just when the economic restrictions were relaxed and recovery was seemingly on its way, in early 2022, the escalating geopolitical tensions in Europe caused an unprecedented increase in fuel prices which hit oil-exporting developing countries like the Philippines.

The double blow of the lingering effects of COVID-19 outbreak and the rising fuel prices hampered the anticipated economic and business recovery of the Group during the year. In response to these matters, the Group has taken the following actions:

- Kept most of its employees on a work from home (WFH) arrangement. However, staff at terminal and depot operations have started to report to duty on a full-time basis. The HSE (Health, Safety, and Environment) Group, along with the Leadership, monitor and look after the physical and mental well-being of the employees
- The Group ensured preservation of its resources by keeping inventory at an optimal level while pursuing capital-light supply models in order to mitigate the volatility of fuel prices. In 2022, the Group likewise scaled back its capital expenditures spending by 61%, while benefiting from the structural cost actions implemented years prior, which included streamlining supply chains and rationalization of road transport operations.
- Continued to build on its digital presence to further capture its customer needs under the 'new normal', banking on cashless payments at retail stations and PFM stores and online ordering and delivery for LPG, as well as the LIMITLESS app, the Group's lifestyle rewards program enjoyed through a free downloadable mobile application.
- Reduced non-essential capital expenditure and deferred or cancelled discretionary spending;
- Implemented a freeze on non-urgent recruitment;
- Restructuring of debt with the Liability Management Exercise (LME) conducted by the Company with bankers and other financial institutions to refinance or restructure / defer payment of debt service

Unfortunately, despite the Group's efforts to minimize the impact of the lingering effects of the pandemic and geopolitical tensions, and the streamlining of its operations, there was still a significant dip in revenue and volumes for 2022, due to pricing volatility and constraints with its working capital. Total domestic volumes in 2022 dropped by 57% against the previous year.

Management will continue to take actions to continually improve operations as the need arises. Based on the foregoing improvements, Management projects that the Group will start to see positive results of operations, as additional funds are raised and access to working capital is restored. Accordingly, Management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to the effects of the pandemic and of geo-political events.

Comparable discussion on Material Changes in Results of Operations for the Period Ended March 31, 2023 vs. March 31, 2022.

Revenues, Cost of Sales and Gross Margins
The Group's **Revenues** during the 1st quarter of 2023 were lower by 64% at ₱12.956 billion compared to the ₱36.482 billion generated in the same period of 2022. This was mainly due to the 63% decrease in total volume sold for the comparative periods (2023: 331 million liters vs. 2022: 904 million liters). The decline in domestic volume was a result of the implementation of the Third-Party Supply Model (3PS) where a 3rd party supplies our retail requirements directly and the Company in return earns Service income. Total volume thru the 3PS model aggregated 37 million during the quarter. While volume from overseas subsidiaries shrank by 62%, the domestic business contracted by 66%. Moreover, the average price of petroleum products was lower as a result of the 16% decrease in the price of Dubai crude (benchmark crude of Asian refineries) average (YTD March 2023 vs 2022: US$80.32/ bbl. vs. US$95.56/ bbl).

Cost of Sales and Services decreased by 66%, from ₱34.698 billion in the 1st quarter of 2022 to ₱11.915 billion in 2023, principally attributable to decline in volume.

Consequently, **Gross Margin** decreased by 42% or ₱742 million.

Operating Expenses, Non-operating Expenses, Recurring Income

Meanwhile, the Company's **Selling and Administrative Expenses** amounted to ₱1.277 billion, 15% lower than the ₱1.505 billion level comparing the same quarter of 2023 versus 2022 and even 24% lower than the 4th quarter of 2022. The decrease was primarily due to lower delivery cost as a result of decline in volume and as a result of Company's effective cost management.

On the other hand, **Net Non-operating Charges** of ₱1 billion was ₱274 million higher than the ₱729 million incurred in the same period of 2022. This is 16% higher than the 4th quarter of 2022. The 38% increase was driven by the ₱162 million increase in the Finance Cost as average interest rates increased and the Company deferred payments of its loans and TRs, carrying more debts for a longer period. This was aggravated by the ₱88 million increase in other Non-operating charges and ₱48 million increase in loss on equity share from JV.

Operating, Net and Comprehensive Incomes

The 1st quarter 2023 Operating loss of ₱235 million reversed by 184% (₱514 million) from the prior year's ₱279 million operating income, mainly attributable to decrease in gross margins.

The Net Loss Before Tax of ₱1.239 billion during the quarter increased by 175% (₱786 million) vis-à-vis the prior year's Net Income Before Tax of ₱450 million.

Meanwhile, the Company recorded a ₱64 million translation adjustment loss related to PNX SG's operations, 168% reversed the ₱96 million gain recorded in the same period of 2022. As such, Comprehensive Loss of ₱1.029 billion was 517% higher than the ₱167 million Comprehensive income reported in the 1st quarter of 2022.

Financial Condition
(As of March 31, 2023, versus December 31, 2022)

Consolidated resources as of March 31, 2023 stood at ₱83.720 billion, 2% lower than ₱85.792 billion level as of December 31, 2022.

Cash and Cash Equivalents decreased by 4% (from ₱4.181 billion in December 31, 2022 to ₱4.023 billion as of March 31, 2023), net of the interest paid, loan repayments and proceeds.

Trade and Other Receivables decreased by 5% (from ₱18.719 billion as of December 31, 2022 to ₱17.756 billion as of March 31, 2023) along with the decrease in sales.

Inventory was 16% lower at ₱1.211 billion as of March 31, 2023 than the ₱1.449 billion as of December 31, 2022, driven by the strategic inventory management executed.

Due from Related Parties increased by 356% at ₱13 million as of March 31, 2023 than ₱2.9 million as of December 31, 2022, due to additional advances to JVs for working capital.

Input VAT reduced by 6% from ₱3.952 billion as of December 31, 2022 to ₱3.731 billion as of March 31, 2023, relative to decrease in inventories.

Assets Held for Sale was lower by 54% at ₱310 million as of March 31, 2023 to ₱676 million as of December 31, 2022, due to disposal of certain property of Duta.

Deferred Tax Asset was 15% higher at ₱2.222 billion as of March 31, 2023, from ₱1.930 billion as of December 31, 2022, coming from reported losses for the year, thereby recognizing Income Tax Benefits.
Interest-bearing Loans and Borrowings, both current and non-current of ₱48.565 billion as of March 31, 2023 decreased by 1% from ₱48.828 billion as of December 31, 2022, with the reduction in cash cycle days, loan level was also decreased.

Trade and Other Payables decreased by 4% from ₱19.285 billion as of December 31, 2022 to ₱18.535 billion as of March 31, 2023, due to settlement of trade payables.

Total Stockholders' Equity decreased to ₱13.051 billion as of March 31, 2023 from ₱14.080 billion as of December 31, 2022 (by 7%). The decrease is due to the 62% reduction in Retained Earnings which came from the Net Loss for the period.

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, 2023	December 31, 2022
Debt to Equity Ratio Debt to Equity Interest-Bearing[2]	5.41 : 1x 3.72 : 1x	5.09 : 1x 3.47 : 1x
Net Book Value per Share[3]	₱3.84	₱4.55
Earnings per Share[4]	(₱0.67)	(₱2.69)

Notes: Formula are based on Philippine Accounting Standards
1 – Total Debts divided by Total Stockholder's Equity
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, 2023 vs. December 31, 2022

5% decrease in Trade & Other Receivables,
Timing in the collection

16% decrease in Inventory
Due to supply bottlenecks brought about by the Ukrain-Russian War

356% increase in Due from Related Party
Advances made to certain JVs for their working capital needs.

6% decrease in Input Vat Net
Due to the decreased tax base value of the recent importations compared to the prior year average.

5% increase in Prepayments and Other Assets
Due to prepaid taxes and renewed licenses.

15% increase in Deferred Tax Assets
Coming from Parent and some subsidiaries reporting losses for the period.

16% increase in Lease Liabilities current as a result of reclassification from non-current to current and lease payments.

62% decrease in Retained Earnings, as a result of the losses incurred for the period

Material (5% or more) changes to the Group's Income Statement as of March 31, 2023 vs. March 31, 2022

64% decrease in revenues
Due to the 63% decrease in volume

66% decrease in Cost of Sales and Services
This is relative to decline in volume.

15% decrease in Selling and Admin Expenses
The decrease is relative to decline in volume that lowers the customer delivery cost and coupled with effective cost saving strategies of the Company.

38% Net increase in Other income/(charges)

Mainly due to the lower allowable capitalization of certain finance costs on related projects under construction, higher interest expense as a result of the higher working capital requirement due to the increase in oil prices.

47% decrease in Tax Expense
This came from the losses of certain subsidiaries during the period.

There are no other material changes in the Group's financial position (5% or more) and conditions 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 on 17 June 2022, at the Phoenix Corporate Headquarters in Davao City via remote communications or live streaming.

2. As of March 31, 2023, 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 decline in Current Ratio and the increase in Debt to Equity Ratio are seen to be temporary and will normalize as the economy gets back to normal. The Group has not been declared in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

3. 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.

4. 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.

5. 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:

HENRY ALBERT R. FADULLON
President and Chief Executive Officer

IGNACIA S. BRAGA IV
OIC-Chief Finance Officer

KHAREN P. HUSAIN
Comptroller