

22 February 2019

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

**Philippine Stock Exchange**  
Disclosure Department  
3/F PSE Plaza, Ayala Triangle Plaza  
Makati City, Metro Manila

**Philippine Dealing & Exchange Corporation**  
37th Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave. corner Paseo de Roxas  
Makati, 1226 Metro Manila, Philippines

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

**Ms. Janet Encarnacion**  
Head - Disclosure Department  
Philippine Stock Exchange

**Ms. Paula Beatrice A. Bueno**  
OIC - Issuer Compliance and Disclosure Department  
(ICDD)

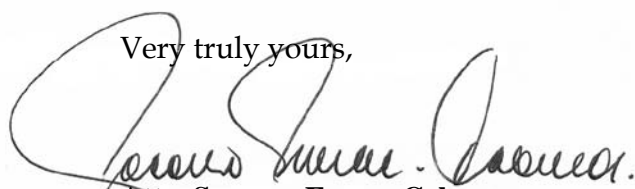
*Sir and Mesdames:*

We would like to submit our recently concluded Financial Statement for period ended 31 December 2018 as will be attached to our Definitive Information Statement (SEC Form 20-IS) and distributed to our shareholders.

We shall be submitting our complete Annual Audited Financial Statement (AAFS) once completed and available.

Thank you and warm regards.

Very truly yours,



**Atty. Socorro Ermac Cabreros**  
Corporate Secretary

# COVER SHEET

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S.E.C. Registration Number

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**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)

<b>MA. CONCEPCION F.DE CLARO</b>
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Contact Person

<b>(082) 235-8888</b>
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Company Telephone Number

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Fiscal Year Ending					

**AAFS**

FORM TYPE

**Last Friday**

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<b>March</b>			
XX			
Annual Meeting			

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Secondary License Type, if applicable

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Total No. of Stockholders

Total Amount of Borrowings											
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**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018, AND 2017**  
*(With Corresponding Figures as at January 1, 2017)*  
*(Amounts in Philippine Pesos)*

	Notes	<b>December 31, 2018</b>	December 31, 2017 (As Restated - see Note 2)	January 1, 2017 (As Restated - see Note 2)
<b><u>A S S E T S</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	6	P 7,889,708,807	P 1,831,557,883	P 2,338,780,526
Trade and other receivables - net	7	15,030,714,704	7,705,307,762	8,789,006,059
Inventories - net	8	11,135,494,286	12,416,237,073	2,998,780,146
Due from related parties - net	27	937,904,172	518,004,898	1,506,997,926
Restricted deposits	9	52,719,265	51,281,559	50,925,404
Input value-added tax - net		1,517,537,410	1,773,091,281	731,735,790
Prepayments and other current assets	10	695,698,779	610,271,176	595,963,599
Total Current Assets		<u>37,259,777,423</u>	<u>24,905,751,632</u>	<u>17,012,189,450</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment - net	11	18,715,994,505	13,399,979,808	9,002,313,141
Investment properties	15	1,739,021,205	1,114,780,281	-
Intangible assets - net	12	328,054,350	295,458,242	275,037,490
Investments in joint ventures	13	455,436,370	-	-
Goodwill - net	14	4,418,842,831	3,990,666,606	10,221,849
Deferred tax assets - net	26	147,484,516	235,996,230	46,191,775
Other non-current assets	16	1,595,667,530	223,467,068	192,084,216
Total Non-current Assets		<u>27,400,501,307</u>	<u>19,260,348,235</u>	<u>9,525,848,471</u>
<b>TOTAL ASSETS</b>		<b><u>P 64,660,278,730</u></b>	<b><u>P 44,166,099,867</u></b>	<b><u>P 26,538,037,921</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings	17	P 26,309,487,284	P 16,796,874,145	P 11,262,858,843
Trade and other payables	19	7,434,839,252	3,584,623,798	3,232,652,616
Income tax payable		99,380,682	3,671,202	100,283,443
Total Current Liabilities		<u>33,843,707,218</u>	<u>20,385,169,145</u>	<u>14,595,794,902</u>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings	17	13,590,520,166	11,374,559,853	1,921,565,000
Deferred tax liabilities - net	26	631,776,224	225,027,052	-
Other non-current liabilities	20	620,602,265	497,806,312	258,584,286
Total Non-current Liabilities		<u>14,842,898,655</u>	<u>12,097,393,217</u>	<u>2,180,149,286</u>
Total Liabilities		<u>48,686,605,873</u>	<u>32,482,562,362</u>	<u>16,775,944,188</u>
<b>EQUITY</b>				
Equity attributable to parent company	28			
Capital stock		1,112,004,232	1,456,538,232	1,123,097,449
Additional paid-in capital		7,233,692,486	5,709,303,309	5,320,816,182
Revaluation reserves		827,510,428	( 2,306,049 )	( 12,148,102 )
Other reserves		( 730,361,725 )	( 730,361,725 )	( 730,361,725 )
Accumulated translation adjustment		24,928,394	( 3,791,486 )	-
Retained earnings		7,542,843,961	5,254,155,224	4,060,689,929
		<u>16,010,617,776</u>	<u>11,683,537,505</u>	<u>9,762,093,733</u>
Non-controlling interest		( 36,944,919 )	-	-
Total Equity		<u>15,973,672,857</u>	<u>11,683,537,505</u>	<u>9,762,093,733</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 64,660,278,730</u></b>	<b><u>P 44,166,099,867</u></b>	<b><u>P 26,538,037,921</u></b>

See Notes to Consolidated Financial Statements.

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**  
*(Amounts in Philippine Pesos)*

	Notes	<u>2018</u>	<u>2017</u> (As Restated - see Note 2)	<u>2016</u> (As Restated - see Note 2)
<b>REVENUES</b>				
Sale of goods	2, 27	P 87,672,722,663	P 44,148,952,252	P 29,346,197,021
Fuel service and other revenues	2, 20	824,182,312	301,402,792	205,587,559
Rent income	15, 31	113,863,129	92,626,832	148,340,733
Charter fees and other charges		-	-	624,704,375
Port revenues		-	-	126,128,262
		<u>88,610,768,104</u>	<u>44,542,981,876</u>	<u>30,450,957,950</u>
<b>COST AND EXPENSES</b>				
Cost of sales and services	21	78,838,964,820	38,345,104,529	25,123,949,229
Selling and administrative expenses	22	5,741,750,297	4,207,027,951	3,327,065,843
		<u>84,580,715,117</u>	<u>42,552,132,480</u>	<u>28,451,015,072</u>
<b>OTHER CHARGES (INCOME)</b>				
Finance costs	23	1,449,247,671	804,707,861	906,290,170
Fair value gains on investment properties	15	( 624,941,000 )	-	-
Finance income	23	( 73,374,342 )	( 56,313,476 )	( 207,687,618 )
Equity share in net income of joint ventures	13	( 7,342,245 )	-	50,068,966
Excess of fair value of net assets acquired over acquisition cost	1	-	( 650,182,327 )	-
Others - net	15	( 87,267,127 )	( 36,852,747 )	( 11,006,428 )
		<u>656,322,957</u>	<u>61,359,311</u>	<u>737,665,090</u>
<b>PROFIT BEFORE TAX</b>		<b>3,373,730,030</b>	<b>1,929,490,085</b>	<b>1,262,277,788</b>
<b>TAX EXPENSE</b>	26	<b>606,588,321</b>	<b>408,067,238</b>	<b>169,802,891</b>
<b>NET PROFIT</b>		<b>P 2,767,141,709</b>	<b>P 1,521,422,847</b>	<b>P 1,092,474,897</b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Parent company		P 2,776,255,552	P 1,521,422,847	P 1,092,474,897
Non-controlling interest		( 9,113,843 )	-	-
		<u>P 2,767,141,709</u>	<u>P 1,521,422,847</u>	<u>P 1,092,474,897</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Item that will be reclassified subsequently to profit or loss</b>				
Translation adjustment related to a foreign subsidiary	2	( 28,719,880 )	( 3,791,486 )	-
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Gain on revaluation of land	11	1,219,846,043	-	-
Remeasurements of post-employment defined benefit obligation	24	( 34,393,933 )	14,060,076	15,360,800
Tax expense	26	( 355,635,633 )	( 4,218,023 )	( 4,608,240 )
		<u>829,816,477</u>	<u>9,842,053</u>	<u>10,752,560</u>
<b>Other Comprehensive Income - net of tax</b>		<b>801,096,597</b>	<b>6,050,567</b>	<b>10,752,560</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 3,568,238,306</b>	<b>P 1,527,473,414</b>	<b>P 1,103,227,457</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Parent company		P 3,577,352,149	P 1,527,473,414	P 1,103,227,457
Non-controlling interest		( 9,113,843 )	-	-
		<u>P 3,568,238,306</u>	<u>P 1,527,473,414</u>	<u>P 1,103,227,457</u>
<b>Basic Earnings per share</b>	29	<b>P 1.72</b>	<b>P 0.97</b>	<b>P 0.64</b>
<b>Diluted Earnings per share</b>		<b>P 1.72</b>	<b>P 0.96</b>	<b>P 0.64</b>

See Notes to Consolidated Financial Statements.

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016  
(Amounts in Philippine Pesos)

Notes	Capital Stock					Additional Paid-in Capital	Revaluation Reserves	Other Reserves	Accumulated Translation Adjustment	Retained Earnings	Total Equity			
	Preferred Stock	Preferred Treasury Stock -		Common Treasury Stock -							Total	Attributable to the Shareholders of Parent Company	Non-controlling Interest	Total Equity
		At Cost	Common Stock	At Cost										
Balance at January 1, 2018	P 30,000,000	(P 5,000,000)	P 1,431,538,232	P -	P 1,456,538,232	P 5,709,303,309	(P 2,306,049)	(P 730,361,725)	(P 6,065,195)	P 5,524,581,532	P 11,951,690,104	P -	P 11,951,690,104	
As previously reported														
Adjustment from adoption of PFRS 9	2	-	-	-	-	-	-	-	-	( 76,725,448)	( 76,725,448)	-	( 76,725,448)	
Restatements	2	-	-	-	-	-	-	-	2,273,709	( 270,426,308)	( 268,152,599)	-	( 268,152,599)	
As restated	2	30,000,000	( 5,000,000)	1,431,538,232	-	1,456,538,232	5,709,303,309	( 2,306,049)	( 730,361,725)	( 3,791,486)	5,177,429,776	11,606,812,057	11,606,812,057	
Cash dividends	28	-	-	-	-	-	-	-	-	( 409,640,735)	( 409,640,735)	-	( 409,640,735)	
Issuance of shares during the year	28	2,000,000	-	2,766,000.00	-	4,766,000	2,019,389,177	-	-	( 8,444,298)	2,015,710,879	-	2,015,710,879	
Acquisition of shares during the year	28	-	( 5,000,000)	-	( 344,300,000)	( 349,300,000)	( 495,000,000)	-	-	-	( 844,300,000)	-	( 844,300,000)	
Share-based compensation	24	-	-	-	-	-	-	-	-	7,243,666	7,243,666	-	7,243,666	
Business combination	1	-	-	-	-	-	-	-	-	-	-	( 27,831,076)	( 27,831,076)	
Translation adjustments during the year	2	-	-	-	-	-	-	-	28,719,880	-	28,719,880	-	28,719,880	
Total comprehensive income for the year		-	-	-	-	-	829,816,477	-	-	2,776,255,552	3,606,072,029	( 9,113,843)	3,596,958,186	
Balance at December 31, 2018	P 32,000,000	(P 10,000,000)	P 1,434,304,232	(P 344,300,000)	P 1,112,004,232	P 7,233,692,486	P 827,510,428	(P 730,361,725)	P 24,928,394	P 7,542,843,961	P 16,010,617,776	(P 36,944,919)	P 15,973,672,857	
Balance at January 1, 2017	P 30,000,000	(P 5,000,000)	P 1,428,777,232	(P 330,679,783)	P 1,123,097,449	P 5,320,816,182	(P 12,148,102)	(P 730,361,725)	P -	P 4,060,689,929	P 9,762,093,733	P -	P 9,762,093,733	
Sale of treasury shares	28	-	-	-	440,087,488	367,136,612	-	-	-	-	807,224,100	-	807,224,100	
Cash dividends	28	-	-	-	-	-	-	-	-	( 331,118,383)	( 331,118,383)	-	( 331,118,383)	
Acquisition of shares during the year	28	-	-	( 109,407,705)	( 109,407,705)	-	-	-	-	-	( 109,407,705)	-	( 109,407,705)	
Issuance of shares during the year	28	-	-	2,761,000	2,761,000	21,350,515	-	-	-	( 8,429,034)	15,682,481	-	15,682,481	
Share-based compensation	24	-	-	-	-	-	-	-	-	11,589,866	11,589,866	-	11,589,866	
Translation adjustments during the year	2	-	-	-	-	-	-	-	( 3,791,486)	-	( 3,791,486)	-	( 3,791,486)	
Total comprehensive income for the year		-	-	-	-	-	9,842,053	-	-	1,521,422,846	1,531,264,899	-	1,531,264,899	
Balance at December 31, 2017 - As Restated - see Note 2	P 30,000,000	(P 5,000,000)	P 1,431,538,232	P -	P 1,456,538,232	P 5,709,303,309	(P 2,306,049)	(P 730,361,725)	(P 3,791,486)	P 5,254,155,224	P 11,683,537,505	P -	P 11,683,537,505	
Balance at January 1, 2016	P 30,000,000	(P 5,000,000)	P 1,428,777,232	P -	P 1,453,777,232	P 5,320,816,182	P 559,295,266	(P 622,952,239)	P -	P 3,312,425,742	P 10,023,362,183	P -	P 10,023,362,183	
Deconsolidation of subsidiaries	1	-	-	-	-	-	( 557,352,943)	( 107,409,486)	-	( 65,599,296)	( 730,361,725)	-	( 730,361,725)	
Acquisition of shares during the year	28	-	-	( 330,679,783)	( 330,679,783)	-	-	-	-	-	( 330,679,783)	-	( 330,679,783)	
Cash dividends	28	-	-	-	-	-	-	-	-	( 309,212,179)	( 309,212,179)	-	( 309,212,179)	
Share-based compensation	24	-	-	-	-	-	-	-	-	5,757,780	5,757,780	-	5,757,780	
Total comprehensive income for the year		-	-	-	-	-	10,752,560	-	-	1,092,474,897	1,103,227,457	-	1,103,227,457	
Transfer of revaluation reserves absorbed through depreciation, net of tax		-	-	-	-	-	( 24,842,985)	-	-	24,842,985	-	-	-	
Balance at December 31, 2016	P 30,000,000	(P 5,000,000)	P 1,428,777,232	(P 330,679,783)	P 1,123,097,449	P 5,320,816,182	(P 12,148,102)	(P 730,361,725)	P -	P 4,060,689,929	P 9,762,093,733	P -	P 9,762,093,733	

See Notes to Consolidated Financial Statements.

**P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**  
*(Amounts in Philippine Pesos)*

	Notes	2018	2017 (As Restated - see Note 2)	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 3,373,730,030	P 1,929,490,085	P 1,262,277,788
Adjustments for:				
Interest expense on bank loans and other borrowings	23	1,376,994,786	780,917,196	863,399,371
Depreciation and amortization	22	1,056,749,318	851,080,582	1,002,088,441
Impairment losses on trade and other receivables	22	68,465,111	50,335,399	112,986,854
Interest income	23	( 31,424,946 )	( 18,480,943 )	( 7,110,105 )
Unrealized foreign exchange currency loss (gain) - net		( 30,577,666 )	3,893,468	( 171,372,659 )
Translation adjustment	2	28,719,880	( 3,791,486 )	-
Provision for loss on lost cylinders	11	24,290,486	-	-
Share in net income of an indirectly-owned joint ventures	13	( 7,342,245 )	-	50,068,966
Employee share options	24	7,243,666	11,589,866	5,757,780
Recovery of accounts written off		( 2,768,583 )	-	-
Loss (gain) on disposal of property, plant and equipment		( 1,006,348 )	9,165,790	-
Excess of fair value of net assets acquired over acquisition cost	1	-	( 650,182,327 )	-
Gain on reversal of impairment losses on investment properties	15	-	( 40,785,503 )	-
Impairment losses on non-financial assets		-	92,823	-
Operating profit before working capital changes		5,863,073,489	2,923,324,950	3,118,096,436
Decrease (increase) in trade and other receivables		( 7,415,944,495 )	1,784,568,722	528,697,133
Decrease (increase) in inventories		26,812,185,929	11,723,876,386	( 370,318,364 )
Decrease in land held for sale and land development costs		-	-	22,667,290
Decrease (increase) in restricted deposits		( 1,437,706 )	( 356,155 )	20,046,803
Decrease (increase) in input value-added tax - net		363,028,626	( 1,027,547,440 )	( 36,265,532 )
Increase in prepayments and other current assets		( 1,174,855,871 )	235,826,739	( 637,592,575 )
Increase (decrease) in trade and other payables		3,555,861,543	101,084,787	( 288,096,189 )
Cash generated from operations		28,001,911,515	15,269,124,511	2,357,235,002
Cash paid for income taxes		( 29,603,287 )	( 7,345,345 )	( 4,508,301 )
<b>Net Cash From Operating Activities</b>		<b>27,972,308,228</b>	<b>15,261,779,166</b>	<b>2,352,726,701</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property, plant and equipment	11	( 4,517,753,320 )	( 3,176,343,510 )	( 2,155,960,542 )
Increase in other non-current assets		( 1,698,692,055 )	27,350,919	( 15,994,274 )
Advances to related parties	27	( 524,778,830 )	( 669,526,678 )	( 944,762,083 )
Investments in joint ventures	13	( 448,094,125 )	-	-
Acquisition of subsidiaries	1	( 397,455,037 )	( 6,705,620,931 )	-
Acquisitions of intangible assets	12	( 58,062,515 )	( 50,548,722 )	( 203,908,603 )
Interest received		27,225,602	15,769,301	3,777,233
Collections from related parties	27	25,952,983	1,158,519,706	25,000
Proceeds from disposal of property, plant and equipment		22,618,656	14,531,586	2,434,359
Proceeds from disposal of subsidiaries	27	-	-	2,450,000,000
Increase in land held for future development		-	-	( 151,281,172 )
<b>Net Cash Used in Investing Activities</b>		<b>( 7,569,038,642 )</b>	<b>( 9,385,868,329 )</b>	<b>( 1,015,670,082 )</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of interest-bearing loans and borrowings		( 71,873,587,858 )	( 43,104,708,403 )	( 19,886,544,848 )
Proceeds from additional interest-bearing loans and borrowings		57,798,571,804	37,016,647,657	20,684,209,975
Proceeds from issuance of shares of stock	28	2,015,710,879	15,682,481	-
Interest paid		( 1,638,604,940 )	( 741,202,295 )	( 801,737,593 )
Acquisition of treasury shares	28	( 844,300,000 )	( 109,407,705 )	( 330,679,783 )
Payments of cash dividends	28	( 409,640,735 )	( 331,118,383 )	( 309,212,179 )
Increase in other non-current liabilities		606,732,188	63,749,068	13,900,134
Proceeds from sale of treasury shares	28	-	807,224,100	-
<b>Net Cash Used in Financing Activities</b>		<b>( 14,345,118,662 )</b>	<b>( 6,383,133,480 )</b>	<b>( 630,064,294 )</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6,058,150,924</b>	<b>( 507,222,643 )</b>	<b>706,992,325</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>1,831,557,883</b>	<b>2,338,780,526</b>	<b>1,631,788,201</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>P 7,889,708,807</b>	<b>P 1,831,557,883</b>	<b>P 2,338,780,526</b>

**Supplemental Information on Non-cash Investing and Financing Activities:**

- 1) In 2018, the Parent Company acquired certain land from a related party amounting to P92.9 million, of which, P19.8 million remained unpaid as of December 31, 2018 (see Note 27).
- 2) On August 14, 2017, the Parent Company acquired the 100.00% shares of stocks of Duta, Inc. and Subsidiary for the amount of P394.2 million, of which P267.3 million advances of Duta, Inc.'s previous stockholder was novated in favor of the former (see Note 1.4).
- 3) Interest payments amounting to P261.6 million, P19.7 million, and P61.7 million in 2018, 2017 and 2016, respectively, were capitalized as part of the cost of property, plant and equipment (see Notes 11.1).
- 4) Certain hauling and heavy equipment with carrying amount of nil as of December 31, 2018 and 2017 and P3.1 million as of December 31, 2016, respectively, are accounted for under finance leases.
- 5) On November 24, 2016, the Parent Company sold its entire investments in Chelsea Shipping Corp. and Calaca Industrial Seaport Corp. to related parties under common ownership for a total consideration of P3,000.0 million (see Note 1.5). The disposal of the subsidiaries resulted to a recognition of Other Reserves, accounted as the difference between the net asset values of the subsidiaries and consideration received (see Notes 1.5 and 2.12). As of December 31, 2018 and 2017, the outstanding receivable from the sale of subsidiaries is presented as part of Non-trade receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Notes 7 and 27.9).

**See Notes to Consolidated Financial Statements.**