COVER SHEET

3 8 6 8 3
S.E.C. Registration Number

T H E P H I L O D R I L L C O R P O R A T I O N

(Company's Full Name)

8 t h F l o o r , Q u a d A l p h a C e n t r u m

B u i l d i n g , 1 2 5 P i o n e e r S t r e e t

M a n d a l u y o n g C i t y

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

Reynaldo E. Nazarea — **Contact Person**

631-8151 — **Company Telephone Number**

0 9 3 0
Month Day

SEC Form 17Q - 2006
FORM TYPE

Month Day
Annual Meeting

Secondary License

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1 0 6 4 6
Total No. of Stockholders

P110.0 million
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES.

1. For the quarterly period ended September 30, 2006

2. SEC Identification Number: 38683

3. BIR Tax Identification No.: 041-000-315-612

4. Exact name of registrant as specified in its charter :
THE PHILODRILL CORPORATION

5. Philippines
Province, Country or other jurisdiction of incorporation or organization

6. ________________ (SEC Use Only)
Industry Classification Code

7. 8th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550
Address of principal office / Postal Code

8. (632) 631-8151/52
Registrant's telephone number, including area code

9. Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and of the RSA

Title of Each Class	Number of Common Stock Outstanding
Class A	918,567,703
Class B	616,376,313
	1,534,944,016

Amount of Debt Outstanding

Total Liabilities P243,155,430.00

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes [x] No [ ]

12. Check whether the issuer

(a) has filed all reports required to be filed by Section 11 of the SRC and SRC Rule17 thereunder or Section 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 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

1. The unaudited Financial Statements of the Company for the 3rd quarter ended 30 September 2006 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of the SEC Form 17Q.

2. Interim Statements of Operations for the current interim period (01 January to 30 September 2006), with comparative Statement of Operations for the comparable period (01 January to 30 September 2005) are attached to this report.

3. A statement showing changes in equity cumulatively for the current financial year to date (01 January to 30 September 2006), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 30 September 2005) are attached to this report.

4. The basic and diluted earnings/loss per share are presented on the face of the attached Statement of Operations (01 January to 30 September 2006), as well as the basis of computation thereof.

5. The Company's interim financial report for the 3rd quarter 2006 is in compliance with Generally Accepted Accounting Principles ("GAAP"). Included in this report is a summary of the Company's significant accounting policies.

6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 30 September 2006) as compared with the most recent annual financial statements (2005), and no policies or methods have been changed.

7. There were NO seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.

8. There were NO unusual items during the interim period (01 January to 30 September 2006), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company, except for the sale of the Company's shareholdings in EDSA Properties Holdings Inc. (EPHI) as discussed in the latter part of this report.

9. There were NO changes in the estimates of amounts reported in prior financial year (2005), which had a material effect in the current interim period (01 January to 30 September 2006).

10. There were NO issuances, repurchases and repayments of debt and equity securities during the current interim period (January 1 to September 30, 2006).

11. There were NO dividends paid on any Company share during the interim period (January 1 to September 30, 2006).

12. The Company does not generate revenues from any particular segment and its business is not delineated into any segment, whether by business or geography. The Company is not required to disclose segment information in its financial statements.

13. Up to the time of filing of this quarterly report, there were NO material events subsequent to the end of the interim period (January 1 to September 30, 2006) that have not been reflected in the financial statements for said interim period.

14. There were NO changes in the composition of the Company during the interim period (January 1 to September 30, 2006) and there were NO business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.

15. The Company has NO contingent liabilities or contingent assets as of its last annual balance sheet date (December 31, 2005) and as of end of current interim period (September 30, 2006), except as disclosed below:

    The Company has made no provisions for penalty charges on unpaid principal and interest due to certain local banks as of December 31, 2005 and September 30, 2006. The local banks charge penalty ranging from 24% to 36% of outstanding unpaid principal and interest. Management believes that the final amount of penalties to be charged by the banks will depend on the outcome of ongoing negotiations for the settlement/restructuring of the loans.

16. There are NO material contingencies and any other events or transactions that are material to an understanding of the current interim period (January 1 to September 30, 2006).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Performance

Revenues for the three quarters ended September 30, 2006 totaled P137.6 million compared with P119.1 million for the same period last year. Gross revenues increased by P18.4 million or 15.5% due to the increase in other income from P7.0 million to P33.3 million. The increase in other income was due to the condonation of previously accrued interest on advances as of December 31, 2005. Petroleum revenues increased by P5.3 million on account of high crude prices. The average price per barrel for the three quarters of 2006 was $57.688 as compared to $43.567 for the same period last year. The combined production from Nido and Matinloc wells totaled 123,810 barrels for the three quarters ended September 30, 2006, around 17.3% lower than the 149,637 barrels produced for the same period last year. The major reason behind the decrease was the temporary suspension of production in April and May 2006 due to the rehabilitation of the buoy at Matinloc, the drydocking of the Matinloc crude carrier and the temporary off hiring of the Nido oil tanker for the renewal of its accreditation with Shell. Equity in net earnings of associates decreased by P13.1 million or 87.2% due to the discontinuance of the equitization of the EPHI investment.

Expenses increased by P185.7 million from P128.0 million for the three quarters of 2005 to P313.7 million for the three quarters of 2006. The increase was due mainly to the P215.2 million loss booked from the sale of the company's investment in EPHI. However, interest and financing charges decreased by P20.1 million due to the lower level of borrowings and the reversal of the accrued interest on advances for the interim period as a result of its condonation. Operating costs decreased by 20% due to the lower level of production. The company's net loss amounted to P176.1 million for the three quarters of 2006 as compared with a P8.9 million loss for the same period last year.

The Company's top five (5) key performance indicators are as follows:

	September 30, 2006	Dec. 31, 2005

Current Ratio	*0.26 : 1*	*0.16 : 1*
Current Assets	62,143,385	77,070,904
Current Liabilities	242,495,615	496,234,778
Debt to Equity Ratio	*0.18 : 1*	*0.28 : 1*
Total Liabilities	243,155,430	496,894,593
Stockholders Equity	1,316,063,579	1,796,124,094
Equity to Debt Ratio	*5.41 : 1*	*3.61 : 1*
Stockholders Equity	1,316,063,579	1,796,124,094
Total Liabilities	243,155,430	496,894,593
Book Value per Share	*0.85740*	*1.17016*
Stockholders Equity	1,316,063,579	1,796,124,094
Average shares outstanding	1,534,944,016	1,534,944,016
Loss per Share	*0.11473*	*0.00578**
Net Loss	176,111,553	8,872,066
Average shares outstanding	1,534,944,016	1,534,944,016

*for the period January to September 2005

The current ratio increased from 0.16:1 as of December 31, 2005 to 0.26:1 as of September 30, 2006. The Company's current liabilities exceeded its current assets by P180.4 million as of September 30, 2006 and P419.2 million as of December 31, 2005. However, a portion of the "Investments" account in the balance sheet consists of shares of stock which are listed with the Philippine Stock Exchange and which could be sold to meet the Company's obligations as might be called for by future circumstances. These shares of stock had an aggregate market value of P88.4 million as of September 30, 2006 and P243.4 million as of December 31, 2005. If these shares would be considered part of Current Assets, the recomputed current ratio would be 0.62: 1 as of September 30, 2006 and 0.65:1 as of December 31, 2005.

The Company has NO majority-owned subsidiaries and as such, NO disclosure on performance indicators was made.

Total assets decreased from P2.293 billion as of December 31, 2005 to P1.559.2 billion as of September 30, 2006. Receivables increased by P12.6 million due to the trade receivables from crude deliveries to Pilipinas Shell booked as of September 30, 2006. The current portion of advances to related companies decreased by P39.5 million due to a P32.0 million collection of the accounts and a reclassification to noncurrent assets. The net carrying cost of the property and equipment decreased by P18.9 million due to adjustments made in previously capitalized costs. The carrying value of the investments decreased by P704.4 million mainly due to the sale of the EPHI investment booked in June and July 2006 and the adjustment in the valuation reserve of the company's listed stock investments. Advances to related companies – noncurrent, increased by P8.0 million or 29.9%. Other noncurrent assets decreased by P13.1 million due to the collection of certain receivables from affiliates.

Total current liabilities decreased by P253.7 million from P496.2 million as of December 31, 2005 to P242.5 million as of September 30, 2006. Trade and other payables and advances from related companies decreased by 54% and 72% respectively, due to the settlement of some accounts during the period.

Stockholders' equity decreased by P480.1 million from P1.796 billion as of December 31, 2005 to P1.316 billion as of September 30, 2006. Of the 40.7 million treasury shares, which the company acquired last quarter, 10.85 million shares have been sold as of end of the interim period. The valuation reserve pertaining to the company's listed stock investments was adjusted from P129.7 million as of December 31, 2005 to P111.8 million as of September 30, 2006. Retained earnings decreased by P176.1 million due to the net loss booked for the three quarters of 2006.

Discussion and Analysis of Material Events and Uncertainties

In general, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

1. There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider: a) collecting a portion of accounts receivables; b) selling a portion of its existing investments and/or treasury shares and c) generating cash from loans and advances.

2. There are NO events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation, except as discussed below:

   For the third quarter of 2006, the Company continued servicing the loan principal and interest due to Metropolitan Bank & Trust Company.

   As of September 30, 2006, the Company was awaiting approval from RCBC of the proposed restructuring of its loan.

   These local banks usually charge penalty on unpaid interest ranging from 24% to 36% of the outstanding unpaid principal and interest. As of September 30, 2006, the Company had not fully recognized the penalty charges pending the final outcome of negotiations for loan restructuring which usually involves the condonation of a substantial part of the accrued penalties.

3. There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

4. The Company has NO material commitments for capital expenditures, except for the Company's share in the exploration and development expenditures in the SCs and GSECs approximately US$0.5 (P27.8 million) in 2006. The Company expects to be able to fund such expenditures from the possible sale of a portion of its investments and/or treasury shares, or to avoid incurring these expenditures altogether by way of farm-outs.

5. There are NO known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income of the Company from continuing operations.

6. There are NO significant elements of income or loss that did not arise from the Company's continuing operations.

7. There have been NO material changes from period to period in one or more line items of the Company's financial statements, except those discussed below:

   Cash increased by P7.9 million or 90.5% due to collection of accounts.

   Receivables increased by P12.6 million or 47% due to additional trade receivables booked as of September 30, 2006.

   Other current assets decreased by P0.039 million or 23.4%.

   Property and equipment decreased by P18.9 million or 6.4% due to adjustments made in capitalized costs.

   Investments in associates and available for sale investments reflected a net decrease of P704.4 million due to the sale of the Company's EPHI holdings and the adjustment in the valuation reserve pertaining to the listed stock investments of the Company.

   Advances to related companies increased by P7.9 million due to the reclassification made from current to noncurrent advances.

   Other noncurrent assets decreased by P13.1 million or 17.8% due to the collection of accrued interest receivable during the period.

   Trade and other payables and advances from related companies decreased by P64.2 million and P186.3 million respectively due to the payments made on these accounts during the interim period.

   Unrealized losses on decline in market value of investments decreased by P17.9 million or 13.8% due to the adjustment in the valuation reserve pertaining to the listed stock investments of the Company.

   Petroleum revenues increased by P5.3 million due to higher crude prices. Total production for the third quarter of 2006 was 123,810 barrels as compared to 149,637 barrels for the same period last year.

   Equity share in net earnings of associates decreased by P13.1 million due to the sale of the Company's investment in EPHI.

   Interest, dividends and other income increased by P26.3 million due to the condonation of interest on advances previously accrued as of December 31, 2005.

   Interests and financing charges went down by 58%. The decrease was due to the reversal of booked interest expense on advances and lower level of borrowings.

Share in costs and operating decreased by 20% due to lower level of production during the interim period.

A loss of P215.2 million was booked on the sale of the Company's EPHI holdings.

Net loss amounted to P176.1 million for the three quarters of 2006, as compared to P8.9 million for the same period last year.

8. There are NO seasonal aspects that had material effect on the financial condition or results of operations.

PETROLEUM PROJECTS

1.0 Service Contract 6A (Octon)

In early July 2006, a consultant for Vitol Services Limited did a preliminary review of the available Octon wells data including an examination of the Octon cores, as part of Vitol's technical review of the Octon Block. Vitol's initial observations are encouraging. They observed that the apparent low permeability of the Galoc Clastic Unit (GCU) reservoir was mainly due to the rather inaccurate sampling method earlier applied by Corelab on the cores, as sampling then missed the good intervals because of the relatively thin nature of the Galoc sands. Upon the recommendation of their consultant, Vitol had requested Philodrill to send all the cores from Octon-2 as well as from Octon-3 well to Corelab in Kuala Lumpur, Malaysia for further core studies.

While SC6A consortium is still finalizing the farm-in documentation, Vitol completed a number of studies of the area including full 3D seismic data interpretation of the Octon structure, petrophysical review, initial static and dynamic modeling for the Octon reservoir, and simulation studies for the Octon Field. The modeling work resulted in a mean case reserve of 2.5 MM bbl, which was based only on the northern half of the Octon structure. The untested southern half of the structure could most likely have similar potential, doubling the mean reserve potential to ± 5 million barrels. Vitol also plans to complete before the end of the year their assessment of the exploration potential of the northern area of the Octon Block.

2.0 Service Contract 6 (Cadlao)

Oriental Petroleum, as the new block operator, continued to promote the block to potential partners. They have signed a confidentiality agreement with one potential farminee, which have started accessing Cadlao technical data for their review.

3.0 Service Contract 6B (Bonita)

Exploration activities on the Bonita Block remain suspended.

4.0 Service Contract No. 14 (Nido and Matinloc Production Blocks)

Production and Operations Review

3rd Quarter 2006 Crude Oil Production Summary

(in barrels)

	Nido	Matinloc	Total
July	13,909	5,400	19,309
August	13,766	4,108	17,874
September	0	5,757	5,757
Total	27,675	15,265	42,940

Total 3rd quarter 2006 production from the two fields increased to 42,940 barrels from the 28,266 barrels produced during the previous quarter. Both fields resumed operations in June after some rehabilitation works and the off hiring of the vessel in Nido for the renewal of its accreditation with Shell.

The consortium completed 2 shipments to Pilipinas Shell during the 3rd quarter of 2006, involving 27,744 barrels of crude from Nido and 8,205 barrels from Matinloc.

Block Operator Philodrill embarked on new projects that will sustain economic operations of both fields. The operator is also studying the possibility of putting the Pandan field back into production.

5.0 Service Contract No. 14 C-1 (Galoc)

During the 3rd quarter 2006, the major contracts for the Galoc development have been awarded including contracts for the drilling rig, surface production facilities (FPSO), tubulars and sub-sea trees.

In August, the DOE finally signed the Extended Production Test Agreement for the Galoc Field, formally completing the DOE's approval of the Galoc Plan of Development. Additionally, the DENR through the Environmental Management Bureau, granted the Environmental Compliance Certificate to the Galoc Area Development which also covers the Octon Field.

The Consortium is now finalizing the Block C Agreement that will define the distribution of revenues from the Galoc Field production to all parties. A new JOA for the Galoc Block has been signed.

6.0 Service Contract 14 C-2 (West Linapacan)

For the most part of the 3rd quarter, the West Linapacan Consortium worked on the finalization of the Memorandum of Agreement (MOA) formalizing the terms of the farm-in proposal of Framework Solutions into the West Linapacan area. The initial work program being offered is for a series of geological and geophysical studies at the end of which Framework would decide whether to continue with the re-activation of the West Linapacan Field or not. Under the proposed MOA, Framework will pay 100% of the farmors' cost to earn 75% of the farmors' equity up to the first commercial oil.

In September, Philodrill started transmitting technical data to the consultants for Framework Solutions for their due diligence review of the block.

7.0 Service Contract No. 41 (Sulu Sea)

In August 2006, Tap Oil formally submitted to the SC 41 consortium the Contract Year 9 Work Program and Budget outlining the key activities for Year 9 which includes prospectivity review in August/September and the acquisition and interpretation of 300 sq km of 3D seismic data starting on the 4th quarter. A total budget amount of US$7.08 million will be required to implement these activities.

In September, Forum Energy Philippines formally withdrew from the SC 41 consortium. Forum's entire interests on the block will be assigned to Tap Oil, which will be getting a total 85% share on the block. Philodrill, together with Oriental Petroleum, Anglo, South China, Philex and Southwest Resources, are now the "continuing parties" with their respective interests maintained. Philodrill holds a 3.398% interest on the Sulu Sea Block.

8.0 Service Contract No. 53 (Onshore Mindoro)

LAXMI had retrieved vintage early '80s seismic field tapes of Onshore Mindoro. A set of tapes had been sent to a company in Perth, Australia to try and recover and read the data on the tapes. If successful, the rest of the field tapes will be sent for recovery procedures.

9.0 SWAN BLOCK

The DOE replied to the consortium letter dated July 6, 2006 expressing the consortium's concern over the DOE's inaction on the SWAN Block application. We are drafting a reply to clarify further points we raised in our July 2006 letter which the DOE failed to acknowledge and sufficiently explain.

PART II – OTHER INFORMATION

There were NO items for disclosure that were not made under SEC Form 17C during the current interim period (01 January to 30 September 2006).

SIGNATURES

Pursuant to the requirements of Securities Regulation Code, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By:

Date: 11/13/06
FRANCISCO A. NAVARRO
Executive Vice President

Date: 11/13/06
REYNALDO E. NAZAREA
Treasurer & VP-Administration

THE PHILODRILL CORPORATION
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*These schedules, which are required by Part IV(e) of RSA 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or the notes to financial statements.

THE PHILODRILL CORPORATION

Balance Sheets

	(Unaudited) September 30 2006	(Audited) December 31 2005
ASSETS		
Current Assets		
Cash	16,558,318	8,692,353
Receivables	39,337,647	26,753,828
Crude oil inventory	6,119,867	1,954,754
Advances to related companies - net	0	39,503,358
Other current assets	127,553	166,611
Total Current Assets	62,143,385	77,070,904
Noncurrent Assets		
Property and equipment - net	277,460,120	296,420,442
Investment Property	325,957	325,957
Investments - Associates	207,483,255	929,398,112
Available-for-sale Investments	102,104,207	84,555,279
Advances to related companies - net	34,645,205	26,677,076
Deferred oil exploration and development costs	814,798,261	805,248,819
Other noncurrent assets	60,258,619	73,322,098
Total Noncurrent Assets	1,497,075,624	2,215,947,783
TOTAL ASSETS	1,559,219,009	2,293,018,687
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Loans payable	27,259,206	28,248,902
Trade and other payables	54,502,046	118,725,702
Current portion of long-term debt	82,724,515	84,987,965
Advances from related companies	71,333,253	257,595,614
Dividends payable	5,013,853	5,013,853
Subscriptions payable	1,662,742	1,662,742
Total Current Liabilities	242,495,615	496,234,778
Noncurent Liabilities		
Pension liability	659,815	659,815
Total Noncurent Liabilities	659,815	659,815
Total Liabilities	243,155,430	496,894,593
Stockholders' Equity		
Capital stock - P1 par value		
Authorized - 1.55 billion shares		
Issued	1,527,632,861	1,482,073,379
Subscribed	7,311,156	52,870,637
Subscriptions receivable	(1,157,679)	(2,112,487)
Treasury Stocks	(29,862,557)	0
Paid in capital from sale of treasury	1,913,320	0
Share in associate's revaluation increment	0	294,860,608
Unrealized losses on decline in market value of investments	(111,830,953)	(129,737,028)
Retained Earnings	(77,942,569)	98,168,985
Total Stockholders' Equity	1,316,063,579	1,796,124,094
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,559,219,009	2,293,018,687

* includes listed marketable securities amounting to P102,104,207
and P808,398,388 as of September 2006 and December 2005, respectively.

THE PHILODRILL CORPORATION

Statements of Income

	January 1 to Sept 30 2006	January 1 to Sept 30 2005	July 1 to Sept 30 2006	July 1 to Sept 30 2005
REVENUES				
Share in petroleum operations	102,388,304	97,106,032	35,421,071	24,175,739
Equity in net earnings of associates - net	1,928,250	15,023,147	(158,310)	4,730,139
Interest, dividends and other income	33,270,148	7,010,325	7,049,057	3,583,468
	137,586,702	119,139,504	42,311,818	32,489,346
COSTS AND EXPENSES				
Interest and financing charges	14,653,518	34,785,478	6,554,293	11,852,564
Share in costs and operating	64,012,338	80,008,802	18,831,273	22,920,701
General and administrative	19,811,690	13,217,290	8,764,271	4,687,384
Loss on sale of investment	215,193,905	0	107,596,953	0
	313,671,451	128,011,570	141,746,790	39,460,649
INCOME (LOSS) BEFORE INCOME TAX	(176,084,749)	(8,872,066)	(99,434,972)	(6,971,303)
PROVISION FOR INCOME TAX	26,804	0	26,804	0
NET INCOME (LOSS)	(176,111,553)	(8,872,066)	(99,461,776)	(6,971,303)

Earnings (loss) per share was computed as follows:

Net loss	(176,111,553)	(8,872,066)	(99,461,776)	(6,971,303)
Weighted average number of shares	1,534,944,016	1,534,944,016	1,534,944,016	1,534,944,016
Gain (loss) per share	(0.1147348)	(0.0057801)	(0.0647983)	(0.0045417)

THE PHILODRILL CORPORATION

Statements of Cash Flows

(Unaudited)

	January 1 to Sept 30 2006	January 1 to Sept 30 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	(176,111,553)	(8,872,066)
Adjustments for:		
Depletion, depreciation and amortization	2,179,759	2,979,156
Equity in net losses (earnings) of associates - net	(1,928,250)	(15,023,147)
Operating loss before working capital changes	(175,860,044)	(20,916,057)
Decrease (increase) in:		
Receivables	(12,583,819)	(4,868,371)
Crude oil inventory	(4,165,112)	1,518,730
Other current assets	39,056	(16,144)
Increase in accounts payable and accrued expenses	(250,486,017)	63,431,704
Net cash from (used in) operating activities	(443,055,936)	39,149,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	0	9,280,555
Reductions in (additions to):		
Property and equipment	16,780,563	(3,194,895)
Deferred oil exploration and development costs	(9,549,440)	(7,932,860)
Advances to affiliated companies - net	29,131,485	(1,920,679)
Investments	724,200,253	(13,755)
Other noncurrent assets	15,467,222	(3,758,626)
Share in affiliates' revaluation increment	(294,860,608)	0
Net cash from (used in) investing activities	481,169,475	(7,540,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans payable	(3,253,146)	(33,059,106)
Acquisition of treasury stock	(40,712,557)	0
Sale of treasury stock	12,763,320	0
Proceeds from subscriptions receivable	954,809	413
Net cash from (used in) financing activities	(30,247,574)	(33,058,693)
NET INCREASE (DECREASE) IN CASH	7,865,965	(1,449,089)
CASH, BEGINNING	8,692,353	3,286,916
CASH, ENDING	16,558,318	1,837,826

THE PHILODRILL CORPORATION

Statement of Changes in Stockholders' Equity

	Jan-Sept 2006	Jan-Sept 2005
CAPITAL STOCK - P1 par value		
Authorized - 1.55 billion shares		
Issued		
Balance at the beginning of year	1,482,073,379	1,482,066,842
Issuances for the period	45,559,482	6,537
Adjustments		
Balance at end of third quarter	1,527,632,861	1,482,073,379
Subscribed		
Balance at the beginning of year	52,870,637	52,877,174
Issuances for the period	(45,559,481)	(6,536)
Adjustments		
Balance at end of third quarter	7,311,156	52,870,638
Subscriptions receivable		
Balance at the beginning of year	(2,112,899)	(2,112,899)
Collection of subscriptions receivable	955,220	412
Balance at end of third quarter	(1,157,679)	(2,112,487)
Treasury Stocks		
Balance at the beginning of the year	0	0
Acquisition of treasury stock	(40,712,557)	0
Sale of treasury stock	10,850,000	0
Balance at end of third quarter	(29,862,557)	0
Paid in capital from sale of treasury stock		
Balance at the beginning of the year	0	
Premium (discount) from sale of treasury stock	1,913,320	
Balance at end of third quarter	1,913,320	0
Share in Affiliate's Revaluation Increment		
Balance at the beginning of year	294,860,606	294,860,606
Adjustments	(294,860,606)	0
Balance at end of third quarter	0	294,860,606
Unrealized Losses on Decline in		
Market Value of Long-term Investments		
Balance at the beginning of year	(129,737,028)	(158,419,567)
Adjustments	17,906,075	28,307,584
Balance at end of third quarter	(111,830,953)	(130,111,983)
Retained Earnings		
Balance at the beginning of year	98,168,985	61,062,789
Net income (loss) for the period	(176,111,553)	(8,872,066)
Balance at end of third quarter	(77,942,568)	52,190,723
Total Stockholders' Equity	1,316,063,580	1,749,770,876

THE PHILODRILL CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN
AFFILIATES)
FOR THE THIRD QUARTER ENDED SEPTEMBER 30,
2006

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Ending Balance
Various officers and employees	1,955,547	529,936	544,942		1,940,541		1,940,541
	1,955,547	529,936	544,942	0	1,940,541	0	1,940,541

THE PHILODRILL CORPORATION
SCHEDULE C - LONG TERM INVESTMENTS IN SECURITITES
(NONCURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG TERM INVESTMENTS IN STOCK
INVESTMENTS IN BONDS AND OTHER DEBT SECURITIES)
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends Received/ Accrued from Investments Not Accounted for by the Equity Method
Name of Issuing Entity and Description of Investment	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Equity in Earnings (Losses) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	
Investments in associates-at equity									
EDSA Properties Holdings Inc.	0	0				0	0	0	
Penta Capital Investment Corp.	1,600,000	164,939,031	(158,309)				1,600,000	164,780,722	
Penta Capital Holdings, Inc.	300,000	42,345,389					300,000	42,345,389	
		207,284,420	(158,309)	0	0	0		207,126,111	0
Amount shown under the caption "Available For Sale Investments"									
EDSA Properties Holdings, Inc.	107,072,871	362,100,127				362,100,127	0	0	
Atlas Consolidated Mining and Development Corporation	3,123,293	101,061,306					3,123,293	101,061,306	
Anglo Philippine Holdings Corp.	49,874,000	49,095,645					49,874,000	49,095,645	
Vulcan Industrial & Mining Corp.	12,455,496	16,061,971					12,455,496	16,061,971	
United Paragon Mining Corp.	7,573,570	12,803,152					7,573,570	12,803,152	
Philippine Gold	325,000	10,877,340					325,000	10,877,340	
Fil-Estate Corporation	152,073	170,769					152,073	170,769	
South China Petroleum Explo., Inc.	2,223,658	2,775,235					2,223,658	2,775,235	
Fil-Estate Land, Inc.	5,186,800	10,423,888					5,186,800	10,423,888	
CJH Golf Club, Inc.	17	20,305,556					17	20,305,556	
Asian Oil and Gas (Phils.), Inc.		357,144						357,144	
Lepanto Consolidated Mining Co.	99,279	15,852					99,279	15,852	
Hi-Cement Corporation	50,000	450,000					50,000	450,000	
		586,497,985	0	0	0	0		224,397,858	0
less-allowance for decline in market value		258,723,939		(136,787,432)				121,936,507	
		327,774,046						102,461,351	
		535,058,466	(158,309)	0	0	0	0	309,587,462	0

THE PHILODRILL CORPORATION
SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

Name of Affiliate	Beginning Balance	Ending Balance	Amount shown under caption "Noncurrent Assets" in related balance sheet
United Paragon Mining Corporation	27,172,020	27,421,525	27,421,525
Vulcan Industrial and Mining Corporation	1,397,559	1,397,559	1,397,559
Fil-Energy Corporation	4,753,762	4,753,762	4,753,762
Ocean Composite Yacht, Inc.	4,500,000	4,500,000	4,500,000
Pacific Rim Export Holdings, Corp.	1,114,118	1,114,118	1,114,118
Minoro Mining Corporation	1,031,278	1,031,278	1,031,278
Others	41,081	41,081	41,081
	40,009,818	40,259,323	40,259,323
Less-allowance for doubtful accounts	5,614,118	5,614,118	5,614,118
	34,395,700	34,645,205	34,645,205

THE PHILODRILL CORPORATION
SCHEDULE E - PROPERTY AND EQUIPMENT
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

Classification	Beginning Balance	Additions at Cost	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	562,633,400			(1,184)	562,632,216
Office condominium units and improvements	10,774,461				10,774,461
Office furniture, fixtures and equipment	10,802,868	301,226	(487,000)		10,617,094
Transportation equipment	12,522,239	106,875	(594,631)		12,034,483
	596,732,968	408,101	(1,081,631)	(1,184)	596,058,254

THE PHILODRILL CORPORATION
SCHEDULE F - ACCUMULATED DEPLETION, DEPRECIATION AND AMORTIZATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	292,720,710	276,306			292,997,016
Office condominium units and improvements	10,039,054	175,118			10,214,172
Office furniture, fixtures and equipment	10,085,404	79,762		(487,000)	9,678,166
Transportation equipment	6,035,307	268,103		(594,631)	5,708,779
	318,880,475	799,289	0	(1,081,631)	318,598,133

THE PHILODRILL CORPORATION
SCHEDULE G - INTANGIBLE ASSETS AND OTHER ASSETS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

Classification	Beginning Balance	Additions at Cost	Charged to Costs and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
Deferred oil exploration and development costs	850,678,906	6,198,907				856,877,813
less-Allowance for unrecoverable deferred oil explo costs	(42,079,552)					(42,079,552)
	808,599,354	6,198,907	0	0	0	814,798,261

THE PHILODRILL CORPORATION
SCHEDULE I - LONG TERM DEBT
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Metropolitan Bank and Trust Company	57,724,515	57,724,515	0
Penta Capital Investment Corporation	25,000,000	25,000,000	0
	82,724,515	82,724,515	0

THE PHILODRILL CORPORATION
SCHEDULE M - CAPITAL STOCK
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

Title of Issue	Authorized	Issued and Outstanding	Subscribed	Number of shares Reserved for Options, etc.	Number of shares held by Directors, Officers and Employees	Others
Common shares at P1.00 par value	1,550,000,000	1,527,632,861	7,311,156	0	7,202,439	1,527,741,578

THE PHILODRILL CORPORATION
SCHEDULE N - AGING OF ACCOUNTS RECEIVABLES
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2006

1) AGING OF ACCOUNTS RECEIVABLE

Type of Accounts Receivable	Total	1 month	2-3 months	4-6 months	7 months to 1 year	1-2 years	3-5 years	5 years above	accts & items in litigation
a) Trade receivables									
1) Account with contract operator	37,397,106	20,444,982	14,326,188	2,625,936					
less allowance for doubtful accounts	0								
Net Trade Receivables	37,397,106	20,444,982	14,326,188	2,625,936	0	0	0	0	0
b) Non-trade receivables									
1) Account with officers and employees	1,940,541	168,808	14,352		1,757,382				
less allowance for doubtful accounts	0								
Net Non-Trade Receivables	1,940,541	168,808	14,352	0	1,757,382	0	0	0	0
Net Receivables	39,337,647	20,613,789	14,340,540	2,625,936	1,757,382	0	0	0	0

2) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Accounts Receivable	Nature/Description	Collection Period
a) Trade receivables		
1) Account with contract operator	share in crude oil revenue net of share in production costs	30 days
b) Non-trade receivables		
1) Account with officers and employees	other advances to officers and employees	