

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 - Q

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

1. For the quarterly period ended September 30, 2006

2. Commission identification number

7443

3. BIR Tax Identification No.

000 – 062 – 736

4. Exact name of issuer as specified in its charter

VULCAN INDUSTRIAL & MINING CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office

Postal Code

125 Pioneer Street Mandaluyong City

1550

8. Issuer's telephone number, including area code

Telefax (632) 631 – 38 – 80

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the RSA

Title of each class

Number of shares of common
stock outstanding

Common

600,000,000

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

Yes [X]

No []

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and RSC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 28 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or such shorter period 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 ☐ []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements are filed as part of this Form 17-Q.

The interim financial reports of the Company is in compliance with the generally accepted accounting principles applied on a basis consistent with that of the preceding quarters/period.

The financial statements are prepared in conformity with the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Other disclosures on the financial statements required under SRC rule 68.1 are not applicable to the Company

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

The consolidated gross revenue for the nine months ended September 30, 2006 amounts to P43.04 million compared to P32.93 million for the nine months ended September 30, 2005, resulting in net loss after minority interest of P1.89 million compared to net loss after minority interest of P6.66 million in September 30, 2005. There was an increase in sale of aggregates for the third quarter of 2006 compared to the third quarter of 2005 due to the effort exerted by the Company to sell more and to reduce costs. The Company's revenue was mainly derived from the sale of aggregates of subsidiary, Vulcan Materials Corporation, since the Issuer Vulcan Industrial & Mining Corporation is concentrating on exploration activities

and has no active mine at the moment. So far the results of the exploration work in Panaon Island is very encouraging.

Total cost and expenses increase to P47.11 million as of September 30, 2006 from P46.04 million as of September 30, 2005 due to the increase in the sales and increase in power cost.

Total assets were P815.88 million as of September 30, 2006, 3.02% lower than the P841.32 million as of December 31, 2005. Accounts receivable increased due to the increase in sales during the quarter and non-collection of some of the non-trade receivables during the period. The decrease in investments in associates was used to partially pay the advances to related party and other payables. Deferred charges increased because of the costs incurred in various exploration activities.

Liabilities were P288.64 million as of September 30, 2006 decreased by 7.54% compared to P312.19 million on December 31, 2005. Liabilities decreased due to the partial payment of some payables and advances to related party as of September 30, 2006

Deficit showed a balance of P72.85 million as of September 30, 2006 compared to P68.78 million on December 31, 2005.

The top five (5) key performance indicators of the Company and its majority owned subsidiary are as follows:

	<u>SEPT 30, 2006</u>	<u>Dec.31,2005</u>
Current Ratio	0.22 : 1	0.12 : 1
<u>Current Assets</u>	<u>62,469,352</u>	<u>34,733,079</u>
Current Liabilities	280,737,542	281,793,856
Debt to Equity Ratio	0.55 : 1	0.59 : 1
<u>Total Liabilities</u>	<u>288,642,676</u>	<u>312,188,372</u>
Stockholders Equity	527,236,926	529,133,029
Equity to Debt Ratio	1.83 : 1	1.69 : 1
<u>Stockholders Equity</u>	<u>527,236,926</u>	<u>529,133,029</u>
Total Liabilities	288,642,676	312,188,372
Book Value per Share	P 0.89	P 0.89
<u>Stockholders Equity</u>	<u>527,236,926</u>	<u>529,133,029</u>
Total # of Shares	592,271,739	592,271,739
Earnings per Share	P 0.0001	P 0.028
<u>Net Income (Loss)</u>	<u>75,921</u>	<u>(16,837,282)</u>
Total # of Shares	592,271,739	592,271,739

Except as discussed below, Management is not aware of any material event/s and uncertainties that would address the past nor would have material impact on future operations of the Company.

MBTC Loan (A)

On December 27, 2002, the Company and MBTC entered into an agreement to refinance the maturing short-term loan on December 26, 2002 amounting to P30.0 million. As approved by MBTC's Executive Committee, the short-term loan was converted into a five – year term loan, inclusive of a six-month grace period on principal re-payments. The principal will be paid in eighteen equal quarterly installments of P1.7 million commencing at the end of the 9th month from the draw down date. The term loan is fully secured by properties of National Bookstore, Inc., a related company.

Interest will be at the prevailing lending rate. MBTC waived the commitment fees and pre-payment penalties on the loan.

In 2005 and 2004, the Company was unable to pay the principal installments due amounting to P6.7 million and has difficulty paying interest accruing the principal loan balances but it has obtained advances from its related company to pay obligation as they fall due. Starting November 2003, the Company was not able to pay the quarterly installments on the principal loan balances. Accordingly, the whole amount of the loan was classified as current.

MBTC Loan (B)

This loan bears interest of 12% per annum under a pledged agreement by the Company, a continuing surety agreement executed by the Company and certain stockholders, assignment of trade receivables and/or inventories and by chattel mortgage on certain machinery and equipment of VMC.

VMC failed to pay the full amount of the monthly installments on the principal loan balances starting October 2003. On March 18, 2004, VMC was able to restructure the loan and the maturity of the loan has been extended to March 11, 2006. VMC was still unable to pay the loan as of May 12, 2006.

The Company intends to undertake program in 2006 to raise additional funds. The Company has prospective investors for its various projects. There is delay in the funds flow because we are waiting for the issuances of mining permits needed to spin off the projects. In the mean time, substantial shareholders of the Company are expected to make advances for additional funding.

The Company intends to have drilling program for Sipalay Copper project to confirm the high grade copper in the area. There will be no purchase /sale of significant equipment on the next twelve months. The number of employees will not have any significant changes during 2006.

Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures - Not applicable

The section any known trends, events or uncertainties that have had of that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations is not applicable

Any significant elements of income or loss that did not arise from the issuer's continuing operations - Not applicable

Any seasonal aspects that had material effect on the financial condition or results of operations - Not applicable

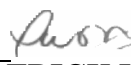
PART II - OTHER INFORMATION

Report on Form 17- C (Current Report) had been filed during the third quarter of 2006. Re: Panaon Project Update

SIGNATURES

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

Issuer VULCAN INDUSTRIAL & MINING CORPORATION

Principal Financial/Accounting Officer/Controller  PATRICK V. CAOILE.

Date 11 - 13 - 06.

Vulcan Industrial & Mining Corporation
Balance Sheet
September 30, 2006

	2006 <u>September 30</u>	AUDITED 2005 <u>DECEMBER 31</u>
ASSETS		
Current Assets		
Cash and cash equivalents	6,680,664	3,758,257
Accounts receivable – net	48,160,781	43,406,583
Inventories – net	4,439,681	4,888,754
Prepaid expenses and other current assets	3,188,226	2,679,485
Total current assets	<u>62,469,352</u>	<u>54,733,079</u>
Non-current Assets		
Investments in associates	138,871,232	179,583,789
Available-for-sale investments	21,026,127	21,026,127
Advances to related companies	24,203,876	24,203,876
Property, plant and equipment	60,221,474	65,054,000
Deferred exploration cost and other charges	509,087,541	496,720,530
Total non-current Assets	<u>753,410,250</u>	<u>786,588,322</u>
	815,879,602	841,321,401
TOTAL ASSETS	<u>=====</u>	<u>=====</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	23,900,000	23,900,000
Trade and other payables	184,741,354	185,757,024
Current Portion of long term debt	64,760,030	64,760,030
Subscriptions payable	7,336,158	7,336,158
Income Tax Payable	-0-	40,644
Total current liabilities	<u>280,737,542</u>	<u>281,793,856</u>
Non-current Liabilities		
Advances from related companies	5,971,308	28,460,690
Pension liability	1,891,884	1,891,884
Deferred Tax liability	41,942	41,942
Total Non-current liabilities	<u>7,905,134</u>	<u>30,394,516</u>
Stockholder' Equity		
Capital Stock	600,000,000	600,000,000
Capital in excess of par value	531,737	531,737
Share in Associate's unrealized losses on the		
Decline in market value of long term investment	(15,560,434)	(15,560,434)
Unrealized valuation gain	5,936,594	5,936,594
Deficit	(72,852,082)	(68,775,847)
	<u>518,055,815</u>	<u>522,132,050</u>
Treasury Stock	(5,837,398)	(5,837,398)
	<u>512,218,417</u>	<u>516,294,652</u>
Minority Interest	15,018,509	12,838,377
	<u>527,236,926</u>	<u>529,133,029</u>
	815,879,602	841,321,401
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>=====</u>	<u>=====</u>

VULCAN INDUSTRIAL & MINING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	2006 <u>JAN-SEPT.</u>	2005 <u>JAN-SEPT.</u>	2006 <u>JULY-SEPT.</u>	2005 <u>JULY-SEPT.</u>
REVENUES				
Sale of aggregates	38,934,014	27,366,602	13,863,693	10,370,472
Interest income	3,768,894	3,769,948	1,289,194	1,287,297
Dividend and others	333,951	1,791,154	17,854	(21,593)
	<u>43,036,859</u>	<u>32,927,704</u>	<u>15,170,741</u>	<u>11,636,176</u>
COST, EXPENSE AND OTHER CHARGES				
Cost of aggregates	31,058,249	29,566,075	10,199,473	11,417,929
Marketing, general and administrative Expenses	12,465,914	12,371,200	3,924,745	4,636,107
Interest and financing charges	3,588,931	4,104,070	1,149,563	1,441,813
Others	0	0	0	0
	<u>47,113,094</u>	<u>46,041,345</u>	<u>15,273,781</u>	<u>17,495,849</u>
INCOME (LOSS) BEFORE INCOME TAX	(4,076,235)	(13,113,641)	(103,040)	(5,859,673)
PROVISION FOR INCOME TAX	0	0	0	0
INCOME (LOSS)	(4,076,235)	(13,113,641)	(103,040)	(5,859,673)
Attributable to:				
Equity holders of the parent	(1,896,103)	(6,658,840)	75,921	(2,996,029)
Minority interest	(2,180,132)	(6,454,801)	(178,961)	(2,863,644)
Earnings (Loss) per share was computed as follows:				
Net Income (Loss) Attributable to Equity Holders of the Parent	(1,896,103)	(6,658,840)	75,921	(2,996,029)
Weighted average number of shares	592,271,739	592,271,739	592,271,739	592,271,739
EARNINGS (LOSS) PER SHARE	(P0.0032)	(P0.0112)	P0.0001	(P0.0050)
	=====	=====	=====	=====

VULCAN INDUSTRIAL & MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2006 <u>JAN-SEPT</u>	2005 <u>JAN-SEPT</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) before income tax and minority interest	(4,076,235)	(13,113,641)
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Depletion, depreciation and amortization	4,832,526	3,252,513
Equity in (net earnings) loss of Affiliates	0	0
Changes in operating assets & liabilities:		
Decrease (increase) in:		
Accounts receivable – net	(4,754,198)	(1,019,820)
Inventories – net	449,073	418,400
Prepaid expenses & other current assets	(508,741)	2,441
Increase (decrease) in:		
Accounts payable & accrued expenses	(1,015,670)	31,862,148
Income tax payable	(40,644)	(57,112)
Net cash provided by (used in) operating activities	<u>(5,113,889)</u>	<u>21,344,929</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Property, plant and equipment		
Increase (decrease) in:		
Deferred exploration cost and other charges	(12,367,011)	(18,197,590)
Investments	40,712,557	-
Additions to:		
Property, plant and equipment	-	-
Decrease (increase) in other assets		(3,845,305)
Net cash in investing activities	<u>28,345,546</u>	<u>(22,042,895)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of and subscriptions to capital		
Stock	-	-
Changes in minority interest	2,180,132	-
Decrease in advances to related party	(22,489,382)	-
Increase in due to stockholders	-	1,162,787
Net cash provided by (used in) financing activities	<u>(20,309,250)</u>	<u>11,162,787</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>2,922,407</u>	<u>464,821</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	<u>3,758,257</u>	<u>2,194,875</u>
CASH AND CASH EQUIVALENT AT END OF QUARTER	<u>6,680,664</u>	<u>2,659,696</u>
	=====	=====

VULCAN INDUSTRIAL & MINING CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2006 & 2005

	SEPTEMBER	
	<u>2006</u>	<u>2005</u>
Balances January 1		
Capital stock	600,000,000	600,000,000
Treasury stock	(5,837,398)	(5,837,398)
Capital in excess of par value	531,737	531,737
Share in affiliate's unrealized losses on decline in market		
Value of long term investment	(15,560,434)	(50,535,103)
Net unrealized valuation gain on available for sale		
Investment	5,936,594	
Deficit	(68,775,847)	(21,523,479)
Net income (loss)	(4,076,235)	(6,658,840)
Minority Interest	15,018,509	
	<hr/>	<hr/>
Balances Sept. 30	527,236,926	515,976,916
	=====	=====

VULCAN INDUSTRIAL & MINING CORPORATION
Consolidated Accounts Receivable
September 30, 2006

	Total	Head Office	Isabela/Explo	Palawan	VMC
Accounts Receivable – Trade	5,301,045			388,831	4,912,214
Accounts Receivable – Others	5,987,634	2,358,828	60,072	586,404	2,982,330
Notes Receivable	10,000				10,000
Advances for Liquidation	245,740	117,397			128,343
Advances to Officers & Employees	421,305	388,359			32,946
Advances Against SSS Benefits	24,305	3,713			20,592
Due to Silica Sand Specialist	44,699	44,699			
Advances Against Royalty	2,195,994	1,398,567		5,000	792,427
Accrued interest receivable	39,921,800	39,921,800			
Sub-total	<u>54,152,522</u>	<u>44,233,363</u>	<u>60,072</u>	<u>980,235</u>	<u>8,878.852</u>
Less: Allowance for doubtful accounts	(5,991,741)	=====	=====	=====	=====
Total	<u>48,160,781</u>	=====			

VULCAN INDUSTRIAL & MINING CORPORATION
AGING OF ACCOUNTS RECEIVABLE – OTHERS
AS OF SEPTEMBER 30, 2006

<u>PARTICULARS</u>	<u>NO. OF DAYS</u>				<u>TOTAL</u>
	<u>1-60</u>	<u>61-90</u>	<u>90-120</u>	<u>OVER 120</u>	
AMDA ENTERPRISE	9,172.60				9,172.60
APAC MKTG.			162,828.98	66,999.75	229,828.73
AZTEC CONST.	1,728.52				1,728.52
BINGBONG	3,281.50	5,105.00			8,386.50
CEC				1,005.00	1,005.00
DABAM HAULER	154.40	914.40	147.20		1,216.00
DBMG INC.				20,589.00	20,589.00
DELSAN				23,152.44	23,152.44
J. RODRIGUEZ				115,081.00	115,081.00
MAPA				1,399,003.31	1,399,003.31
MARIAN				15,725.67	15,725.67
MAWIL TRADING	92.00				92.00
PALLADIAN.				19,959.26	19,959.26
R.J.F.				1,888.00	1,888.00
RCBC SAVINGS				12,024.00	12,024.00
SEMIRARA COAL				101,681.63	101,681.63
SUNNY PHILKOR			1,607.20	30.40	1,637.60
SUPERIOR				40,567.50	40,567.50
SVEDALA				6,134.30	6,134.30
VIMC	2,675.12	60.00	1,398.11	27,883.02	32,016.25
VILLARCARTA, B.				941,440.79	941,440.79
TOTAL	<u>17,104.14</u>	<u>6,079.40</u>	<u>165,981.49</u>	<u>2,793.165.07</u>	<u>2,982,330.10</u>
	=====	=====	=====	=====	=====

VULCAN INDUSTRIAL & MINING CORPORATION
AGING OF ACCOUNTS RECEIVABLE – TRADE
AS OF SEPTEMBER 30, 2006

<u>PARTICULARS</u>	<u>NO. OF DAYS</u>				<u>TOTAL</u>
	<u>1-60</u>	<u>61-90</u>	<u>91-120</u>	<u>OVER 120</u>	
4B. CONSTRUCTION				(9,581.00)	(9,581.00)
A.Q. ANTONIO				22,365.16	22,365.16
AMBASSADOR	126,024.00			28,093.20	154,117.20
APAC MKTG.				450,922.56	450,922.56
APAC MKTG.-SUCCOR				44,787.50	44,787.50
APO CEMENT/CEMEX				25,043.81	25,043.81
ARCHWAY (New)				49,669.20	49,669.20
ARMS				8,171.26	8,171.26
BINGBONG	86,153.50	9,048.00	1,658.70	42,632.04	139,492.24
D. MARTIN				3,390.40	3,390.40
DEECON/PREMIERE				1,046.04	1,046.04
DIR. MUYCO				5,655.80	5,655.80
DMCI				4,130.10	4,130.10
E.T. BENEDICTO				73,790.50	73,790.50
EXPRESS NETWORK	589,613.50			(4,438.80)	585,174.70
FK MARKETING				76,245.49	76,245.49
FM CONCRETE				14,544.00	14,544.00
GCF				154,167.35	154,167.35
INTER ROYAL	242,760.00	0.40		169.60	242,930.00
IVAN CEDRIC				79,052.95	79,052.95
J F DIAZ				5,658.43	5,658.43
JES MYR	583,446.00	4,629.60	6,900.10	(3,934.70)	591,041.00
KAMANAVA				6,650.00	6,650.00
KID TRANS	691,394.00			54,886.59	746,280.59
L. PEREZ				7,054.00	7,054.00
PACIFIC				31,297.41	31,297.41
QUIDAY				-0-	-0-
R SANDIEGO				115,684.60	115,684.60
R C SANTOS				117,084.22	117,084.22
READYCON	30.19		912.22	3,599.55	4,541.96
REGAN				2,526.50	2,526.50
RJF/SM FAIRVIEW				2,251.15	2,251.15
RODRIQUEZ MUN. TREAS.				174.00	174.00
RTNJ				170,801.81	170,801.81
SAPAYA				23,758.53	23,758.53
SAN VICENTE	854,681.70	58,497.80	8,341.50	3,441.07	924,962.07
SUPERIOR			1.20	68,587.48	68,588.68
V. GUINGONA				2,372.40	2,372.40
WG RAMOS				91,206.43	91,206.43
SGV ADJUSTMENT				(124,834.65)	(124,834.65)
 TOTAL	 3,174,102.89	 72,175.80	 17,813.72	 1,648,121.98	 4,912,214.39
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS					(626,745.91)
 ACCOUNTS RECEIVABLE TRADE - NET					 4,285,468.48

