

**THE PHILODRILL CORPORATION**

QUAD ALPHA CENTRUM, 125 PIONEER, MANDALUYONG CITY, PHILIPPINES
 TEL. NOS. 631-1801 TO 05 ; 631-8151/52 ; FAX: (632) 631-8080 , (632) 631-5310

January 4, 2013

THE DISCLOSURE DEPARTMENT

4th Floor The Philippine Stock Exchange, Inc.
 PSE Centre, Exchange Road, Ortigas Center
 Pasig City

Gentlemen:


We hereby submit the Quarterly Progress Report on the application of the proceeds from the stock rights offering for the period ended December 31, 2012 as follows:

CASH FLOW	OCT	NOV	DEC	TOTAL
BEGINNING BALANCE	12,932,305.64	12,932,353.94	12,932,353.94	12,932,305.64
COLLECTION OF SUBSCRIPTIONS		0	0	0
NET INTEREST EARNED	48.30	0	82,785.61	82,833.91
TRANSFER OF INTEREST EARNED	0	0	0	0
USE OF PROCEEDS:				
<i>Payment of Loans</i>	0	0	0	0
<i>Operating expenses (Galoc/Nido/Matinloc)</i>				
<i>Exp related to SRO</i>	0	0	0	0
<i>Refund to stockholders</i>	0	0	0	0
ENDING BALANCE	12,932,353.94	12,932,353.94	13,015,139.55	13,015,139.55

USES OF SRO FUNDS	PROJECTS/ BEGINNING BALANCE SEPT 30, 2012	AMOUNT UTILIZED FOURTH QUARTER	TOTAL AS OF DEC 31, 2012	TOTAL ALLOCATION BASED ON PROSPECTUS 1 ST 25% AND 2 ND 25%	AMOUNT OF ALLOCATION BUT NOT YET UTILIZED
LOANS					
<i>MBTC</i>	30,906,720.52	-	30,906,720.52		-
<i>UCPB</i>	69,444,861.11	-	69,444,861.11		-
<i>Loans arranged by Penta</i>	30,216,481.04	-	30,216,481.04		-
National Book Store	7,148,236.33	-	7,148,236.33		-
Sub-total	137,716,299.00	-	137,716,299.00	137,716,299.00	-
OPERATING EXPENSES:					
<i>Galoc</i>	41,334,839.00	-	41,334,839.00	41,334,839.00	-
<i>Nido/Matinloc</i>	11,011,434.00	-	11,011,434.00	11,011,434.00	-
EXP RELATED TO SRO	5,000,000.00	-	5,000,000.00	5,000,000.00	-
TOTALS	195,062,572.00	-	195,062,572.00	195,062,572.00	-

The foregoing disclosures are made in compliance with the rules and regulations of the Exchange.

Very truly yours,


REYNALDO E. NAZAREA
Treasurer & VP-Administration