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
   Mar 31, 2024
2. SEC Identification Number
   38683
3. BIR Tax Identification No.
   000-315-612-000
4. Exact name of issuer as specified in its charter
   THE PHILODRILL CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   8TH FLOOR, QUAD ALPHA CENTRUM, 125 PIONEER ST., MANDALUYONG CITY
   Postal Code
   1550
8. Issuer's telephone number, including area code
   (632) 86318151
9. Former name or former address, and former fiscal year, if changed since last report
   N.A.
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	191,868,805,358

11. Are any or all of registrant's securities listed on a Stock Exchange?
    ☑ Yes ☐ No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    PHILIPPINE STOCK EXCHANGE
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 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 that 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

The Philodrill Corporation
OV

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2024
Currency (indicate units, if applicable)	PHILIPPINE PESO

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2024	Dec 31, 2023
Current Assets	707,011,898	700,128,985
Total Assets	2,727,183,207	2,713,838,207
Current Liabilities	36,892,642	41,885,938
Total Liabilities	69,313,383	73,823,258
Retained Earnings/(Deficit)	951,612,861	935,915,659
Stockholders' Equity	2,657,869,824	2,640,015,549
Stockholders' Equity - Parent	2,375,825,095	2,359,443,962
Book Value per Share	0.01	0.01

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	65,023,630	58,990,745	65,023,630	58,990,745
Gross Expense	54,146,447	74,849,653	54,146,447	74,849,653
Non-Operating Income	6,447,858	7,106,417	6,447,858	7,106,417
Non-Operating Expense	7,658,797	22,929,910	7,658,797	22,929,910
Income/(Loss) Before Tax	10,877,183	-15,858,908	10,877,183	-15,858,908
Income Tax Expense	-5,084,072	-14,917,881	-5,084,072	-14,917,881
Net Income/(Loss) After Tax	15,961,255	-941,027	15,961,255	-941,027
Net Income Attributable to Parent Equity Holder	15,961,255	-941,027	15,961,255	-941,027
Earnings/(Loss) Per Share (Basic)	0	-0	0	-0
Earnings/(Loss) Per Share (Diluted)	0	-0	0	-0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0	-0
Earnings/(Loss) Per Share (Diluted)	0	-0

Other Relevant Information
-

Filed on behalf by:

Name	Josephine Ilas
Designation	Assistant Corporate Secretary

COVER SHEET

3 8 6 8 3

S.E.C. Registration Number

THE PHILODRILL CORPORATION

(Company's Full Name)

8th Floor, Quad Alpha Centrum Building, 125 Pioneer Street Mandaluyong City

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

Reynaldo E. Nazarea

Contact Person

8631-8151

Company Telephone Number

0 3 | 3 1

Month *Day*

SEC Form 17-Q (March 2024)

FORM TYPE

0 6 | 1 9

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8 5 2 9

Total No. of Stockholders

P0.00

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY 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 March 31, 2024

2. SEC Identification Number: 38683

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

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

5. Philippines 6. ______________ (SEC Use Only)
Province, Country or other Industry Classification Code
jurisdiction of incorporation or organization

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

8. (632) 8631-8151/52
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

Number of Common Stock Outstanding
191,868,805,358

Amount of Debt Outstanding

Total Loans Payable ₱ 0.00

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 Rule 17 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 Consolidated Financial Statements of the Company for the 1st quarter ended 31 March 2024 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 31 March 2024), with comparative Statement of Operations for the comparable period (01 January to 31 March 2023) are attached to this report.

3. A statement showing changes in equity cumulatively for the current financial year to date (01 January to 31 March 2024), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 31 March 2023) 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 31 March 2024), as well as the basis of computation thereof.

5. The Company's interim financial report for the 1st quarter 2024 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 31 March, 2024) as compared with the most recent annual financial statements (2023), and no policies or methods have been changed. There were NO reclassifications of financial assets made into and from each category as of the current reporting period.

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 31 March 2024), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company.

9. There were NO changes in the estimates of amounts reported in prior financial year (2023), which had a material effect in the current interim period (01 January to 31 March, 2024).

10. There were NO issuances, repurchases and repayments of debt and equity securities during the current interim period (January 1 to March 31, 2024).

11. For the period January 1 to March 31, 2024, NO cash dividends were declared by the Board of Directors.

12. The Company does not generate revenues from a particular segment and its business is not delineated into segments, 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 March 31, 2024) 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 March 31, 2024) 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, 2023) and as of end of current interim period (March 31, 2024).

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 March 31, 2024).

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

<u>Financial Performance</u>
Total revenues for the first quarter ended March 31, 2024 increased by ₱6.0 million or 10% to ₱65.0 million from ₱59.0 million for the same period last year. Petroleum revenues increased by ₱6.7 million or 13% to ₱58.6 million from ₱51.9 million for the same period last year. The increase was brought mainly by the increase in crude prices and peso-dollar reference rates for the first quarter of 2024 as compared to the same period last year. The combined gross production decreased to 117,803 barrels for the first quarter ended March 31, 2024, from 127,020 barrels produced for the same period last year. The average price per barrel increased to $81.13 for the period ended March 31, 2024 as compared to $79.99 for the same period last year. The peso-dollar reference rates amounted to ₱56.24 and ₱54.36 as of March 31, 2024 and March 31, 2023, respectively. Equity in net earnings of associates decreased by ₱1.4 million. Interest income increased by ₱0.7 million.

Total costs and expenses net of foreign exchange gains/losses decreased by ₱20.7 million from ₱74.8 million for the first quarter of 2023 to ₱54.1 million for the first quarter of 2024.

Operating costs decreased by 10%. Foreign exchange gain amounted to ₱6.5 million for the first quarter of 2024 as compared foreign exchange loss of ₱9.6 million for the same period last year. The company's net income after tax amounted to ₱16.0 million for the first quarter of 2024 as compared net loss of ₱0.9 million for the same period last year.

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

	March 31, 2024	December 31, 2023
Current Ratio	*19.16 : 1*	*16.72 : 1*
Current Assets	707,011,898	700,128,985
Current Liabilities	36,892,642	41,885,938
Debt to Equity Ratio	*0.03 : 1*	*0.03 : 1*
Total Liabilities	69,313,383	73,823,258
Stockholders Equity	2,657,869,824	2,640,015,549
Equity to Debt Ratio	*38.35 : 1*	*35.76 : 1*
Stockholders Equity	2,657,869,824	2,640,015,549
Total Liabilities	69,313,383	73,823,258
Book Value per Share	*0.0140*	*0.0140*
Stockholders Equity	2,657,869,824	2,640,015,549
Shares outstanding	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	*0.000083*	*0.000005*
Net Income (Loss)*	15,961,255	(941,027)
Weighted ave. no. of shares	191,868,805,358	191,868,805,358

**for the period January 1 to March 31*

The current ratios as of December 31, 2023 and March 31, 2024 are 16.72:1 and 19.16:1, respectively. The Company's current assets exceeded its current liabilities by ₱668.4 million and ₱658.2 million as of March 31, 2024 and December 31, 2023, respectively. The "Financial assets at fair value through other comprehensive income (FVOCI)" 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 ₱58.8 million as of March 31, 2024 and ₱56.6 million as of December 31, 2023. If these shares would be considered part of Current Assets, the recomputed current ratio would be 19.86:1 as of March 31, 2024 and 18.07:1 as of December 31, 2023.

Total assets increased from ₱2.713 billion as of December 31, 2023 to ₱2.727 billion as of March 31, 2024. Cash and cash equivalents reflected a net increase of ₱32.3 million or 8% due to the collection of trade receivables during the period. Crude oil inventory decreased by ₱25.5 million or 43% due to lower volume of crude oil on storage as of March 31, 2024. Other current assets decreased by ₱0.5 million due to the amortization of prepaid expenses. Property and equipment reflected a net decrease of ₱4.4 million to ₱257.5 million as of March 31, 2024 mainly due to the booking of depletion and depreciation costs. Financial assets at FVOCI increased by ₱2.1 million due to the adjustment in the valuation reserve of the company's listed stock investments. Deferred oil exploration costs increased by ₱1.4 million due to additional project costs. Deferred tax assets increased by ₱5.5 million due to adjustments in the recognition of deferred tax assets as of end of the interim period.

Total liabilities decreased by ₱4.5 million from ₱73.8 million as of December 31, 2023 to ₱69.3 million as of March 31, 2024.

Stockholders' equity increased by P17.8 million from ₱2.640 billion as of December 31, 2023 to P2.658 billion as of March 31, 2024. For the first quarter, an adjustment for the decline in value of financial assets at FVOCI of ₱2.1 million in the valuation reserve of the company's listed stock investments was booked. As of March 31, 2024, net unrealized loss on the decline in value of financial assets at FVOCI amounted to ₱51.9 million as compared to ₱54.0 million as of December 31, 2023. The company's retained earnings amounted to ₱0.952 billion as of March 31, 2024 as compared to ₱0.936 billion as of December 31, 2023.

The Company has a majority-owned subsidiary, Philodrill Power Corporation (PPC) (formerly Phoenix Gas & Oil Exploration Co., Inc.). The Company acquired 100% of its capital stock in May 2007. Since PPC has NOT yet started commercial operations, disclosure on performance indicators are as follows:

	March 31, 2024	December 31, 2023
Current Ratio	*178 :1*	*178 :1*
Current Assets	8,373,081	8,373,081
Current Liabilities	47,040	47,040
Debt to Equity Ratio	*0.006 :1*	*0.006 :1*
Total Liabilities	47,040	47,040
Stockholders' Equity	8,326,041	8,326,041
Equity to Debt Ratio	*177 :1*	*177 :1*
Stockholders' Equity	8,326,041	8,326,041
Total Liabilities	47,040	47,040
Book Value per Share	*0.0006658*	*0.0006658*
Stockholders Equity	8,326,041	8,326,041
Average shares outstanding	12,505,000,000	12,505,000,000
Income (loss) per Share	-	-
Net Income (Loss)	No operation	No operation
Average shares outstanding	12,505,000,000	12,505,000,000

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 assets;
    c) generating cash from loans and advances; and
    d) issuing subscriptions call on the balance of the subscriptions receivable.

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.

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. The Company expects to be able to fund such expenditures from: operations, collection of subscriptions and other receivables, and from loans/financing, 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 and cash equivalents reflected a net increase of ₱32.3 million or 8% mainly due to the collection of trade receivables during the period.

   Crude oil inventory decreased by ₱25.5 million or 43% due to the lower volume of crude oil on storage as of end of the interim period.

   Other current assets decreased by ₱0.5 million due to the amortization of prepaid expenses booked during the interim period.

   Property and equipment reflected a net decrease of ₱4.4 million to ₱257.5 million as of March 31, 2024 due to the booking of depletion and depreciation costs.

   Financial assets at FVOCI increased by ₱2.2 million or 4% due to the adjustment in the valuation reserve of the company's listed stock investments.

   Deferred tax assets increased by ₱5.5 million due to adjustments in the recognition of deferred tax assets as of end of the interim period.

   Accounts payable and accrued liabilities reflected a ₱5.0 million decrease due to the payments of accrued expenses during the interim period.

   Retirement benefit liability increased by ₱0.5 million or 41% due to the pension expense booked during the interim period.

Net unrealized loss on the decline in value of financial assets at FVOCI as of December 31, 2023 amounted to ₱54.0 million. For the interim period, ₱2.1 million adjustment in the valuation reserve pertaining to the listed stock investments of the Company was booked. As of March 31, 2024, net unrealized loss on the decline in market value of financial assets at FVOCI amounted to ₱51.8 million.

The company's retained earnings amounted to ₱0.952 billion as of March 31, 024 as compared to ₱0.936 billion as of December 31, 2023. The increase of ₱15.7 million was due to the net income booked for the first quarter of 2024.

Petroleum revenues increased by ₱6.7 million or 13% to ₱58.6 million from ₱51.9 million for the same period last year due to higher crude price and peso-dollar reference rate. The gross production decreased to 117,803 barrels for the first quarter ended March 31, 2024 from 127,020 barrels produced for the same period last year. The average price per barrel increased to $81.13 for the period ended March 31, 2024 as compared to $79.99 per barrel for the same period last year. The peso-dollar reference rates amounted to P56.24 and ₱54.36 as of March 31, 2024 and March 31, 2023, respectively.

Equity in net earnings of associates decreased by ₱1.4 million due to the lower level of income booked by affiliates.

Interest income increased by ₱0.7 million from ₱4.0 million to ₱4.7 million for the first quarter ended March 31, 2024.

Foreign exchange gain amounted to ₱6.5 million for the first quarter of 2024 as compared to foreign exchange loss of ₱9.6 million for the same period last year.

Share in costs and operating decreased by ₱5.4 million or 10% due to lower level of production costs accrued during the first quarter of 2024.

Net income amounted to ₱16.0 million for the first quarter of 2024, as compared to net loss of ₱0.9 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.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

A. Financial Instruments

Since there were NO financial assets reclassified into and from each category, disclosures on the following are:

a. The financial assets reclassified into and from each category; - Not Applicable

b. For each reporting period until derecognition, the carrying amounts and fair values of all financial assets reclassified in the current reporting period and previous reporting periods;- Not Applicable

c. For financial assets reclassified in rare circumstances, the facts that would establish such kind of circumstances; -Not Applicable

d. In the reporting period to which financial assets are reclassified, the fair value of the gains or losses of those assets as recognized either in profit or loss, or in equity (other comprehensive income) in that reporting period and previous reporting periods;- Not Applicable

e. For the remainder of the instruments' lives, the gains or losses that would have been recognized in profit or loss, or equity had they not been reclassified, together with the gains, losses, income and expenses now recognized;-Not Applicable

f. As at date of reclassification, the effective interest rates and estimated cash flows that the company expects to recover. – Not Applicable

Fair Values of Financial Instruments

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Consolidated Unaudited March 2024	Consolidated Unaudited March 2024	Consolidated Unaudited March 2023	Consolidated Unaudited March 2023
	Fair Values	Carrying Values	Fair Values	Carrying Values
FINANCIAL ASSETS				
Cash and cash equivalents	427,877,863	427,877,863	371,594,391	371,594,391
Advances to related companies	231,370,564	231,370,564	229,490,564	229,490,564
Accrued interest receivables	26,255,070	26,255,070	25,528,331	25,528,331
Other noncurrent assets	0	0	10,104,179	10,104,179
Accounts with partners, others	1,290,387	1,290,387	6,327,187	6,327,187
Financial assets at FVOCI	58,786,713	58,786,713	70,664,335	70,664,335
	745,580,597	**745,580,597**	**713,708,986**	**713,708,986**
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	4,811,981	4,811,981	6,492,720	6,492,720
Dividends payable	33,123,835	33,123,835	33,126,610	33,126,610
	37,935,816	**37,935,816**	**39,619,330**	**39,619,330**

Quoted AFS investments are carried at fair value based on the quoted values of the securities.
B. Financial Risk Management Objectives and Policies

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise mainly of cash and cash equivalents, receivables (except accounts with contract operators and advances to officers and employees), financial assets at FVOCI, other noncurrent assets, accounts payables and accrued liabilities (except withholding taxes) and dividends payable. The main purpose of these financial instruments is to provide financing for the Group's operations and capital intensive projects.

The Board of Directors (BOD) is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

The main risks arising from the Group's financial instruments are credit risks, liquidity risk, and market risks. The market risks exposure of the Group can be further classified to foreign currency risk and equity price risk. The BOD reviews and approves the policies for managing some of these risks and they are summarized as follows:

Credit risks

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Group, which comprise of cash in banks, short term investments, receivables and financial assets at FVOCI, advances to related parties, the Group's exposure to credit risk could arise from default of the counterparty.

The Group trades only with recognized, creditworthy third parties. However, the Group's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production business.

As of March 31, 2024, all of the outstanding trade receivable is from the SC14 C-1 consortium. For SC14 C-1 consortium, the operator has a crude agency agreement with Vitol Asia Pte. Ltd. for the marketing of the Galoc production. The operator also negotiated for the sale of future Galoc cargoes to exclusive buyer Trafigura Pte Ltd. through Vitol Asia which started in May 2019.

The table below summarizes the Group's gross maximum credit risk exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	Unaudited balances as of March 31, 2024
Loans and receivables	
Cash and cash equivalents	427,877,863
Advances to related companies	231,370,564
Accounts with contract operators and partners	1,290,387
Accrued interest	26,255,070
Financial assets at FVOCI	58,786,713
Gross maximum credit risk exposure	745,580,597

The table below shows the credit quality of the Group's financial assets by class as of March 31, 2024 based on the Group's credit evaluation process:

			Past due but not impaired		

	Neither past due nor impaired High Grade	Neither past due nor impaired Standard Grade	1-30 days	31-90 days	Over 90 days	Impaired Financial Assets	Total
Loans and receivables							
Cash and cash equivalents	427,877,863						427,877,863
Advances to related companies	225,240,000				1,376,801	4,753,762	231,370,564
Accounts with partners	1,290,387						1,290,387
Accrued interest	10,088,636					16,166,436	26,255,072
Financial assets at FVOCI	58,786,713						58,786,713
Total	723,283,598				1,376,801	20,920,198	745,580,597

Credit quality of cash and cash equivalents, receivables and AFS financial assets are based on the nature of the counterparty.

"High grade" credit quality financial assets pertain to financial assets with insignificant risk of default based on historical experience and/or counterparty credit standing. "Standard grade" credit quality financial assets are not yet past due, yet are from counterparties with a history of default. However, the Group cannot declare any of these amounts as uncollectible because they arise from related companies for which there is a common control.

"Past due but not impaired" are items which are already past their maturity dates, but the amount due is still judged as collectible by the Group based on its assessment of the age and creditworthiness of the counterparties. Lastly, "Impaired financial assets" are those that are long-outstanding and has been provided with allowance for impairment losses.

Liquidity risk
Liquidity risk is the risk where the Group becomes unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and operating cash flows. The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings.

The table below summarizes the aging analyses of the Group's financial assets as of March 31, 2024 that is used to manage the liquidity risk of the Company:

	Less than three months	Three to twelve months	Total
Cash and cash equivalents	427,877,863	0	427,877,863
Receivables			
Advances to related parties		231,370,564	231,370,564
Accounts with partners	1,290,387	0	1,290,387
Accrued interest	2,419,943	23,835,127	26,255,070
AFS financial assets	58,786,713	0	58,786,713
	490,374,906	255,205,691	745,580,597

The table below summarizes the maturity profile of the Group's accounts payable, accrued liabilities and dividends payable based on contractual undiscounted payments.

	Less than three months	Three to twelve months	Total
March 31, 2024	37,935,816		37,935,816

Market Risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchange rates and equity price.

Foreign currency risk
Foreign currency risk is the risk that the value of the Group's financial instruments diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents and receivables. The Parent Company's entire share in petroleum operations revenue is denominated in United States Dollar (USD). Consequently, the Group is exposed to foreign exchange risk arising from its USD-denominated receivables and cash and cash equivalents.

As of March 31, 2024, the exchange rate of the Philippine peso to the US$ is ₱56.24 to US$1.00.

Equity price risk
Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the consolidated statements of financial position as financial assets at FVOCI.

PETROLEUM PROJECTS

SERVICE CONTRACT NO. 14 C-1 (Galoc)

The field's average daily production for the last five days of March 2024 was 1,251 barrels of oil. As of March 31, 2024, the overall production from the Galoc Field was 24,602,457 barrels of oil. The calculated commercial oil in storage is currently at 76,475 barrels. The MT Grand Ace 1 completed the Palawan Cargo No. 77 lifting operations for 196,826 barrels of oil on February 1, 2024, and departed from the Galoc Field for Yosu, South Korea on the same day. According to NPG, the operator, the price for the Cargo was $79.95 per barrel.

On February 7, 2024, NPG issued the Competent Person's Report as of December 31, 2023, for the Galoc Field prepared by Dr. Mike Reeder of Three60 Energy. The range of remaining Developed Producing Oil Reserves from the field are identified as follows:

Developed Producing Oil Reserves (MMstb)	Proved (1P)	Proved plus Probable (2P)	Proved plus Probable plus Possible (3P)
Gross (100% License) Interest	0.86	0.89	0.91

The range of the remaining reserves is based on the earlier occurrence of either the Galoc Field's Economic Limit or the Service Contract expiry date of December 2025.

The range of Contingent Resources and the projected Field Economic Limit Dates were likewise identified and are as follows:

Oil Contingent Resources (MMstb)	Low Estimate (1C)	Best estimate (2C)	High Estimate (3C)
Field Economic Limit Date	June 2027	April 2028	August 2029
Gross (100% License) Interest	0.55	0.92	1.54
Chance of Commerciality	80%	80%	80%

The range of Contingent Resources is incremental to the Developed Producing Oil Reserves and is contingent on the continued production operation beyond December 2025 under a new DPPSC with the same terms and conditions as the previous SC.

Currently, the Operator is maintaining normal operations and compliance vis-à-vis ABS observation.

NEW AREA APPLICATION (SERVICE CONTRACT NO. 6A, Octon)

The Department of Energy is still waiting for the communication on the schedule of the signing of a new service contract from the Office of the President.

SERVICE CONTRACT NO. 6B (Bonita)

The Amendment to the Farm in Agreement between Nido and the rest of the members of the Joint Venture was completely signed on 11 January 2024 to ensure that the condition/provisions under the Farm-in Agreement between Nido and the rest of the Joint Venture will continue to apply even after a new Development and Production Petroleum Service Contract (DPPSC) is awarded.

A revised 2024 Work Program and Budget to cover only up to February 2024 or until the expiration of the contract area was submitted as requested by DOE. The submission of the Revised WP&B was made to be consistent with the remaining term of SC 6B. On January 26, 2024, Nido submitted to the DOE all the documentary requirements for the DPPSC application. The DOE, after its initial review of the documents, directed Nido to reconfigure the DPPSC area application to meet the minimum area requirement of 80,000 hectares provided under the DOE DC-2023-12-0033. The DPPSC application area was expanded by incorporating 22,000 hectares of acreage from the surrounding free area of SC6B.

In a release to the Australian Stock Exchange (ASX), Sacgasco (owner of Nido), reported that in a general meeting held on January 19, 2024, its stockholders approved the amended Share and Purchase Agreement (SPA) between Blue Sky Resources Limited (Blue Sky) and

Sacgasco for the sale of Nido Petroleum Pty. Ltd., Nido Petroleum Philippines Pty. Ltd. and Yilgarn Petroleum Philippines Pty. Ltd.

In a meeting with the JV Partners on February 21, 2024, Nido reported that the DOE continues to review the documents that were submitted for the DPPSC application over the SC 6B area. Nido was assured by the DOE that it would expedite its review of the application and the negotiation for a new DPPSC with Nido to be able to immediately endorse to the Office of the President the award of a contract to the JV. Nido also reported that it was advised by the DOE to continue with the preparation for the drilling of Cadlao while the application/award process for the DPPSC is ongoing.

In the same meeting, Nido introduced the CEO of Saba Drilling, the owner of the drillship Deep Venture, and other Saba and Nido officers appointed by Blue Sky. In a PowerPoint presentation, Saba provided a background of the drillship. The Deep Venture was built in Finland and is designed to drill within a range of water depths from 90-1500m. It is equipped with a DP-2 Dynamic Positioning System and an 8-spread mooring assist system will be installed for shallow water operations once it gets into the Philippines for further refurbishments. The drillship has been in warmstack since 2014 but has been well maintained during that period. Nido also added that repairs and upgrades on the Marine Systems, and Drilling equipment are being progressed with 75% of the required work completed.

The Deep Venture's mobilization to the Philippines would be delayed further because of the amount of work that still needs to be done in Vietnam resulting from the delays in the arrival of equipment and materials.

In preparation for the Cadlao-4 drilling and possible Extended Well Test (EWT), Nido also reported that the application process to secure the Environmental Compliance Certificate (ECC) together with the other permits from government agencies is ongoing.

SERVICE CONTRACT NO. 14 C-2 (West Linapacan)

In a letter dated December 29, 2023, the DOE approved the 2024 Work Program and Budget with a total firm budget of US$120,700 and a contingent budget of US$193,500. With the DOE approval, Philodrill commenced the well review and design for the West Linapacan well. Philodrill issued Requests For Quotation for the required well plan and design work from third-party service providers.

Philodrill remitted the 2023 Training Fund Commitment for $20,000.00 to the DOE.

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

Philodrill continues to review and collate the subsurface data that will be required for the well plan and design work. Philodrill issued requests for quotation to third-party service providers for the work activity as approved under the 2024 WP&B. Four proposals have been received and are presently being evaluated to choose the service provider for the work.

Philodrill issued the Authority for Expenditures for Partner's approval in accordance with the DOE-approved 2024 Work Program and Budget. In a related matter, Philodrill remitted to the DOE the 2023 Training Fund Commitment for $20,000.00.

The NCIP Provincial of Occidental Mindoro has yet to advise on the exact date of the face-to-face meeting with their Legal Affairs Office (LAO) for the finalization of the MOA.

The NCIP Region 4B appointed Engr. Christina Joy Bachini as the new TMSD head vice Mr. Jasen Victoriano who was transferred to Davao. However, another personnel movement was carried out by replacing Engr. Bachini with Engr. Catherine Pagkatipunan. Moreover, the LAO Director was replaced by Atty. B. Masweng.

NCIP Occidental Mindoro sent an amended Work and Financial Plan for Magsaysay, Occidental Mindoro FPIC for Philodrill's approval. They included the amount of P57,000.00 to cover the Commission En-Banc Deliberation Expenses. The NCIP-Occidental Mindoro Office submitted to the NCIP-Head Office the amended Work and Financial Plan (WFP) for Magsaysay FPIC for the approval and signature of the Commissioner-in-Charge. After the approval, Mr. Quevedo sent a copy of the order of payment and the same was paid through NCIP Region 4B Land Bank account.

On the Oriental side, the NCIP-Bulalacao Service Center is waiting for the resolution of the LAO's request for clarification in Magsaysay, Occidental Mindoro before proceeding with the FPIC process in Bulalacao, Oriental Mindoro.

SERVICE CONTRACT NO. 74 (Linapacan)

Mr. Dan Carlos, President of PXP, informed the JV Partners that the remaining financial obligation to the DOE amounts to US$75,000. Philodrill's share is US$18,750. To evaluate the compliance of PXP concerning the 2023 work program, the DOE requested copies of reports and studies generated under Sub-Phase 3 of the service contract.

On March 5, 2024, PXP submitted one (1) external hard drive containing all data generated and interpreted per work program. In a letter dated March 18, 2024, the DOE confirmed that PXP's consolidated submission of all data was in order and credited it as complete fulfillment of all technical work commitments under SC 74. The DOE also informed PXP that the settlement of the remaining financial commitment will be coordinated with PXP upon review of the DOE's Memorandum of Agreement with the Palawan State University.

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 31 March 2024).

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: 5/13/2024
ADRIAN PAULINO S. RAMOS
President

Date: 5/13/24
REYNALDO E. NAZAREA
Treasurer & VP-Administration

THE PHILODRILL CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17Q

*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

Consolidated Statements of Financial Position

	(Unaudited) March 31 2024	(Audited) December 31 2023
ASSETS		
Current Assets		
Cash & cash equivalents	427,877,863	395,545,218
Receivables	237,995,823	237,494,304
Crude oil inventory	34,382,902	59,864,176
Other current assets	6,755,310	7,225,287
Total Current Assets	707,011,898	700,128,985
Noncurrent Assets		
Property and equipment - net	257,505,025	261,924,669
Investments - Associates	905,329,329	903,592,135
Financial assets at fair value through other comprehensive income	58,786,714	56,629,640
Deferred oil exploration and development costs	564,591,062	563,138,013
Deferred tax assets	233,884,190	228,425,365
Other noncurrent assets	74,989	0
Total Noncurrent Assets	2,020,171,309	2,013,709,822
TOTAL ASSETS	2,727,183,207	2,713,838,807
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	3,768,807	8,759,328
Dividends payable	33,123,835	33,126,610
Total Current Liabilities	36,892,642	41,885,938
Noncurrent Liability		
Non current portion of provision for plug and abandonment costs	30,748,952	30,748,952
Retirement benefit liability	1,671,789	1,188,368
Total Noncurrent Liabilities	32,420,741	31,937,320
TOTAL LIABILITIES	69,313,383	73,823,258
Equity		
Capital stock - P0.01 par value		
Authorized - 200 billion shares		
Issued	1,568,271,834	1,568,271,834
Subscribed	350,416,220	350,416,220
Subscriptions receivable	(175,208,110)	(175,208,110)
Paid in capital from sale of treasury	1,624,012	1,624,012
Share in other comprehensive income of an associate	55,925,308	55,925,308
Unrealized loss on decline in value of financial assets at FVOCI	(51,859,937)	(54,017,010)
Remeasurement loss on retirement benefit liability	(42,912,363)	(42,912,363)
Retained Earnings	951,612,861	935,915,659
Total Equity	2,657,869,824	2,640,015,549
TOTAL LIABILITIES AND EQUITY	2,727,183,207	2,713,838,807

THE PHILODRILL CORPORATION

Consolidated Statements of Comprehensive Income

	January 1 to March 31 2024	January 1 to March 31 2023
PETROLEUM REVENUE	58,575,772	51,884,328
COSTS AND EXPENSES		
Share in costs and operating	(46,487,650)	(51,919,743)
Plug and abandonment costs	0	0
General and administrative	(14,131,015)	(13,324,160)
	(60,618,665)	(65,243,903)
OTHER INCOME (CHARGES)		
Equity in net earnings of associates - net	1,737,195	3,115,660
Interest income	4,710,401	3,979,961
Foreign exchange gains	6,472,218	(9,605,750)
Others	262	10,796
	12,920,076	(2,499,333)
INCOME (LOSS) BEFORE INCOME TAX	10,877,183	(15,858,908)
(PROVISION FOR) BENEFIT FROM INCOME TAX	5,084,072	14,917,881
NET INCOME	15,961,255	(941,027)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized recovery (loss) on financial assets at FVOCI	2,157,073	1,032,287
TOTAL COMPREHENSIVE INCOME	18,118,328	91,260

Earnings (loss) per share was computed as follows:

Net income (loss)	15,961,255	(941,027)
Weighted average no. of shs	191,868,805,358	191,868,805,358
Income (Loss) per share	0.000083	(0.000005)

THE PHILODRILL CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

	January 1 to March 31 2024	January 1 to March 31 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	15,961,255	(941,027)
Adjustments for:		
Depletion, depreciation and amortization	10,747,147	11,134,773
Equity in net losses (earnings) of associates - net	(1,737,195)	(3,115,660)
Operating loss before working capital changes	24,971,207	7,078,086
Decrease (increase) in:		
Receivables	(4,035,018)	(1,111,509)
Crude oil inventory	25,481,275	7,075,369
Other current assets	333,444	456,350
Increase (decrease) in accounts payable and accrued expens(	(695,452)	(4,778,965)
Increase (decrease) in retirement benefits liability	483,421	(2,671,344)
Net cash from (used in) operating activities	46,538,878	6,047,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of AFS financial assets	0	0
Reductions in (additions to):		
Property and equipment	(6,327,503)	(196,362)
Deferred oil exploration and development costs	(1,453,049)	(1,845,234)
Advances to affiliated companies - net	(889,091)	1,393,030
Other noncurrent assets	(5,533,814)	(15,544,428)
Net cash from (used in) investing activities	(14,203,457)	(16,192,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividend payable	(2,776)	0
Net cash from (used in) financing activities	(2,776)	0
NET INCREASE (DECREASE) IN CASH	32,332,645	(10,145,007)
CASH, BEGINNING	395,545,218	381,739,397
CASH, ENDING	427,877,864	371,594,390

THE PHILODRILL CORPORATION

Consolidated Statement of Changes in Equity

	March 2024	March 2023
CAPITAL STOCK - P0.01 par value		
Authorized -	200 billion shs	200 billion shs
Issued		
Balance at the beginning of year	1,568,271,834	1,568,271,834
Issuances for the period	0	0
Balance at end of first quarter	1,568,271,834	1,568,271,834
Subscribed		
Balance at the beginning of year	350,416,220	350,416,220
Issuances for the period	0	0
Balance at end of first quarter	350,416,220	350,416,220
Subscriptions receivable		
Balance at the beginning of year	(175,208,110)	(175,208,110)
Collection of subscriptions receivable	0	0
Balance at end of first quarter	(175,208,110)	(175,208,110)
Paid in capital from sale of treasury		
Balance at the beginning of year	1,624,012	1,624,012
Acquisition	0	0
Balance at end of first quarter	1,624,012	1,624,012
Unrealized Losses on Decline in Market Value of Long-term Investments		
Balance at the beginning of year	(54,017,010)	(41,014,602)
Adjustments	2,157,073	1,032,287
Balance at end of first quarter	(51,859,937)	(39,982,315)
Share in other comprehensive income of an associate		
Balance at the beginning of year	55,925,308	55,497,116
Acquisition	0	0
Balance at end of first quarter	55,925,308	55,497,116
Remeasurement loss on retirement benefit liabiltiy		
Balance at the beginning of year	(42,912,363)	(42,514,812)
Acquisition	0	0
Balance at end of first quarter	(42,912,363)	(42,514,812)
Retained Earnings		
Balance at the beginning of year	935,651,606	969,793,983
Cash dividend	0	0
Net income (loss) for the period	15,961,255	(941,027)
Balance at end of first quarter	951,612,861	968,852,956
Total Stockholders' Equity	2,657,869,825	2,686,956,902

THE PHILODRILL CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Ending Balance
Various officers and employees	2,208,165	514,503	651,036		2,071,632		2,071,632
	2,208,165	514,503	651,036	0	2,071,632	0	2,071,632

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 FIRST QUARTER ENDED MARCH 31, 2024

	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									
Penta Capital Investment Corp.	1,600,000	355,984,419	1,336,800				1,600,000	357,321,219	
Penta Capital Holdings, Inc.	300,000	79,225,162	400,395				300,000	79,625,557	
Atlas Consolidated Mining and Development Corporation	19,000,000	472,555,691					19,000,000	472,555,691	
		907,765,272	1,737,195	0	0	0		909,502,467	
less-allowance for impairment		(4,173,138)						(4,173,138)	
		903,592,134	1,737,195	0	0	0	0	905,329,329	0
Amount shown under the caption "Available For Sale Investments"									
United Paragon Mining Corp.	6,839,068,254	72,983,955					6,839,068,254	72,983,955	
Vulcan Industrial & Mining Corp.	3,100,000	4,080,876					3,100,000	4,080,876	
Oriental Petroleum & Mining Corp.	2,460,800,000	31,230,745					2,460,800,000	31,230,745	
CJH Golf Club, Inc.	17	1,700,000					17	1,700,000	
Shang Properties	202,000	651,076					202,000	651,076	
		110,646,651	0	0	0	0		110,646,651	0
less-allowance for decline in market value		(54,017,010)				2,157,073		(51,859,938)	
		56,629,641	0	0	0	2,157,073	0	58,786,713	
		960,221,775	1,737,195	0	0	2,157,073		964,116,042	0

THE PHILODRILL CORPORATION
SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Name of Affiliate	Beginning Balance	Ending Balance
Alakor Corporation	169,000,000	169,000,000
National Book Store, Inc.	55,370,000	56,240,000
Fil-Energy Corporation	4,753,762	4,753,762
United Paragon Mining Corporation	1,376,801	1,376,801
	230,500,563	231,370,563
less allowance for doubtful accounts	(4,753,762)	(4,753,762)
	225,746,801	226,616,801

THE PHILODRILL CORPORATION
SCHEDULE E - PROPERTY AND EQUIPMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Classification	Beginning Balance	Additions at Cost	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	1,150,454,282	448,504			1,150,902,786
Office condominium units and improvements	18,961,929				18,961,929
Office furniture, fixtures and equipment	8,711,231	469,000			9,180,231
Transportation equipment	14,919,200	5,410,000		(3,381,000)	16,948,200
	1,193,046,643	6,327,504	0	(3,381,000)	1,195,993,146

THE PHILODRILL CORPORATION
SCHEDULE F - ACCUMULATED DEPLETION, DEPRECIATION AND AMORTIZATION
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	899,304,416	10,133,045			909,437,462
Office condominium units and improvements	14,847,074	136,777			14,983,851
Office furniture, fixtures and equipment	8,113,872	89,996			8,203,868
Transportation equipment	8,856,612	387,328		(3,381,000)	5,862,940
	931,121,974	10,747,147	0	(3,381,000)	938,488,121

THE PHILODRILL CORPORATION
SCHEDULE G - INTANGIBLE ASSETS AND OTHER ASSETS
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

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	563,138,013	1,453,050			0	564,591,062
	563,138,013	1,453,050	0	0	0	564,591,062

THE PHILODRILL CORPORATION
SCHEDULE M - CAPITAL STOCK
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

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 P0.01 par value	200,000,000,000	156,827,183,387	35,041,621,971	0	472,002,111	191,396,803,247

THE PHILODRILL CORPORATION
SCHEDULE N - AGING OF ACCOUNTS RECEIVABLES
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

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	past due accts & items in litigation
a) Trade receivables									
1) Account with contract operator	0	0							
less allowance for doubtful accounts	0								
2) Account with partners	1,128,886		1,128,886						
Net Trade Receivables	1,128,886	0	1,128,886	0	0	0	0	0	0
b) Non-trade receivables									
1) Accrued interest receivable	26,255,070	824,376	1,595,567	3,802,500	3,866,192			16,166,436	
less allowance for doubtful accounts	(16,166,436)							(16,166,436)	
2) Advances to related companies	231,370,564			56,240,000	169,000,000			6,130,564	
less allowance for doubtful accounts	(4,753,762)							(4,753,762)	
3) Others	161,502		161,502						
less allowance for doubtful accounts	0								
Net Non-Trade Receivables	236,866,938	824,376	1,757,068	60,042,500	172,866,192	0	0	1,376,802	
Net Receivables	237,995,824	824,376	2,885,954	60,042,500	172,866,192	0	0	1,376,802	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) Accrued interest receivable	interest receivable on advances	
2) Advances to related companies	loans and advances to related parties	

THE PHILODRILL CORPORATION
SCHEDULE O - FINANCIAL RATIOS
MARCH 31, 2024

	March 2024	December 2023
Profitablity Ratios:		
Return on assets	0.59%	-1.25%
Return on equity	0.60%	-1.27%
Gross profit margin	20.64%	6.01%
Net profit margin	18.57%	-32.38%
Liquidity Ratios:		
Current ratio	19.16 :1	16.72 :1
Quick ratio	18.05 :1	15.11 :1
Financial Leverage Ratios:		
Asset to equity ratio	1.03 :1	1.03 :1
Debt to equity ratio	0.03 :1	0.03 :1

Basis of Preparation and Summary of Material Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for crude oil inventory which is valued at net realizable value (NRV) and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's and its subsidiary's functional and presentation currency, rounded off to the nearest peso, except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31 of each year. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In 2023, the Parent Company adopted the amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their "material" accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance.

The Group applied the materiality guidance in its 2023 accounting policy disclosures

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent Measurement
The Group's financial assets include financial assets at amortized cost and FVOCI.

- Financial assets at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

  The Group's financial assets at amortized cost include cash and cash equivalents, receivables and other financial assets under "Other current assets" and "Other noncurrent assets".

- Financial assets designated at fair value through OCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right to payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group considers a financial asset as past due when contractual payments are over 90 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For financial assets such as advances to related parties, accrued interest, accounts with partners, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also

reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Staging assessment
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been SICR of a financial asset. Three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument at the date of initial recognition.

- Stage 2 is comprised of all non-financial instruments which have experienced SICR since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with negative impact on the estimated future cash flows of a financial instrument or portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

b. Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement
The Group's financial liabilities at amortized cost include trade and other payables, advances from a related party and lease liabilities. The Group did not have financial liabilities at fair value through profit or loss as at December 31, 2023 and 2022.

After initial recognition, financial liabilities at amortized cost which include interest-bearing loans and borrowings, are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair Value Measurement

The Group measures financial assets at FVOCI at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business at the end of the reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Crude Oil Inventory
Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory based on Platt's Dubai monthly average of the mid-day crude oil prices for the reporting month plus the arithmetic average of Upper Zakkum and Arab Extra Light and is adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.).

Property and Equipment
Property and equipment are stated at cost less accumulated depletion and depreciation, and any impairment in value.

Wells, platforms, and other facilities are depleted on a field basis under the unit-of-production (UOP) method based upon estimates of proved developed reserves except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. The depletion base includes the exploration and development cost of producing oil fields.

Depreciation of property and equipment, other than wells, platforms, and other facilities, is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Number of Years
Office condominium units and improvements	20
Transportation equipment	5
Furniture and fixtures	5
Office equipment	3

Investments in Associates

Associates are entities which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Generally, investment holding at least 20% to 49% of the voting power of an investee is presumed to have significant influence. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The investment in associates are accounted using equity method.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss and other comprehensive income as part of operating profit and represents profit or loss after tax and a non-controlling interest (NCI) in the subsidiaries of joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Deferred Oil and Gas Exploration Costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under "Deferred oil and gas exploration costs" account. The Group's deferred oil and gas exploration costs are specifically identified of each Service Contract (SC) area. All oil and gas exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of income when incurred.

If no potentially commercial hydrocarbons are discovered, the deferred oil and gas exploration asset is written off through the consolidated statement of income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred oil and gas exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred oil and gas exploration costs.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the statement of profit or loss and other comprehensive income.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the oil and gas exploration costs relating to the SC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to "Wells, platforms, and other facilities" account shown under the "Property and equipment" account in the consolidated statement of financial position.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of income.

Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

When proved reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil and gas properties. Other than license costs, no amortization is charged during the exploration and evaluation phase. For exchanges/swaps or parts of exchanges/swaps that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

The recoverability of deferred oil and gas exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from sale of petroleum is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer, which is typically upon delivery of the petroleum products to the customers. Revenue is measured at amount that reflects the consideration to which the Group is entitled in exchange of those goods, which is the fair value of the consideration received, excluding discounts and other sales taxes or duty. The Group has generally concluded that it is the principal in its revenue arrangements.

Under the terms of the relevant joint operating agreements, the Group is entitled to its participating share in the sale of petroleum products based on the Group's participating interest. The revenue recognized from the sale of petroleum products pertains to the Group's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11, *Joint Arrangements.*

Costs and Expenses

Share in Costs and Operating Expenses

Share in costs and operating expenses include production costs of SC-14 and transportation costs per lifting and ending inventory which is recognized upon the allocation of the amounts mentioned by the SC. Allocation is done by the use of the Group's participating interest in the SC.

Provision for P&A costs

The Group a P&A liability where it has a present legal or constructive obligation as a result of past events, and it is possible that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells and platforms, and dismantling operating facilities. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related oil assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of income under "Accretion expense". Additional disturbances or changes in P&A costs will be recognized as additions or charges to the corresponding assets and P&A liability when they occur.

Where decommissioning is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous decommissioning work at each end of the reporting period and the cost is charged to the consolidated statement of income. For closed oil fields, changes to estimated costs are recognized immediately in the consolidated statement of income.

The ultimate cost of decommissioning is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in oil reserves or production rates. As a result, there could be material adjustments to the provision for decommissioning, which would affect future financial results.

Income Taxes

The contractor shall be liable each taxable year for Philippine income tax on income derived from its petroleum operations under its contract of service, computed as provided:

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

- *Gross Income*

  Gross income consists of:

- In respect of crude oil exported, the gross proceeds from the sale of crude oil at the posted price;
- In respect of crude oil sold for consumption in the Philippines, the gross income shall consist of the gross proceeds from the sale thereof at market price per barrel;
- In respect of natural gas and/or casinghead petroleum exported or sold for consumption in the Philippines the gross income shall consist of the total quantity sold at the prevailing market price thereof; and
- Such other income which are incidental to and/or arising from any petroleum operation.

▪ *Deductions from gross income*
In computing the taxable net income, the following are allowed as deductions:
- Filipino participation incentive; and
- Operating expenses reimbursed pursuant to Section 8 (1) of Presidential Decree No. 87, which includes amortization and depreciation. On behalf of the government, reimburse the contractor for all operating expenses not exceeding seventy percent (70%) of the gross proceeds from production in any year, Provided, that if in any year, the operating expenses exceed seventy percent (70%) of gross proceeds from production, then the unrecovered expenses shall be recovered from the operations of succeeding years.

Deferred Income Tax
Deferred income tax is provided using the balance sheet liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.