

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
Jun 30, 2025
 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 STREET 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 Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



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	Jun 30, 2025
Currency (indicate units, if applicable)	PHILIPPINE PESO

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2025	Dec 31, 2024
Current Assets	751,212,853	747,418,028
Total Assets	2,680,447,421	2,728,928,728
Current Liabilities	54,267,990	54,286,638
Total Liabilities	97,493,659	96,144,157
Retained Earnings/(Deficit)	887,209,023	944,101,580
Stockholders' Equity	2,582,953,762	2,632,784,571
Stockholders' Equity - Parent	2,338,402,499	2,366,590,132
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	38,506,299	65,835,966	71,519,888	130,859,596
Gross Expense	56,499,129	48,615,528	110,063,481	102,761,975
Non-Operating Income	5,922,532	11,192,617	-7,536,894	17,640,475
Non-Operating Expense	16,485,628	-455,724	30,397,231	7,203,073
Income/(Loss) Before Tax	-17,992,830	17,220,438	-38,543,593	28,097,621
Income Tax Expense	10,375,818	2,012,148	18,348,962	-3,071,924
Net Income/(Loss) After Tax	-28,368,648	15,208,290	-56,892,555	31,169,545
Net Income Attributable to Parent Equity Holder	-28,368,648	15,208,290	-56,892,555	31,169,545
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

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Filed on behalf by:

Name	Josephine Ilas
Designation	Assistant Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

8	t	h		F	l	o	o	r	,		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	
B	u	i	d	i	n	g	,		1	2	5		P	i	o	n	e	e	r		S	t	r	e	e	t			
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y														

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

J.E. Thomas P. Salustiano

Contact Person

8631-8151

Company Telephone Number

0	6
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Month

3	0
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Day

SEC Form 17-Q (June 2025)

FORM TYPE

0	6
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Month

1	8
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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

8	5	0	4
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Total No. of Stockholders

Total Amount of Borrowings

P0.00

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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**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 June 30, 2025
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 P 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 []

TABLE OF CONTENTS

	Page No.
PART I – FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	4
Item 2. Management’s Discussion and Analysis of Financial condition and Results of Operation	5
PART II – OTHER INFORMATION	15
SIGNATURES	16
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	17

PART 1 – FINANCIAL INFORMATION***Item 1. Financial Statements***

1. The unaudited Consolidated Financial Statements of the Company for the 2nd quarter ended 30 June 2025 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of the SEC Form 17Q.
2. Interim Statements of Operations for the current interim period (01 January to 30 June 2025), with comparative Statement of Operations for the comparable period (01 January to 30 June 2024) are attached to this report.
3. A statement showing changes in equity cumulatively for the current financial year to date (01 January to 30 June 2025), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 30 June 2024) are attached to this report.
4. The basic and diluted earnings/loss per share are presented on the face of the attached Statement of Operations (01 January to 30 June 2025), as well as the basis of computation thereof.
5. The Company's interim financial report for the 2nd quarter 2025 is in compliance with Generally Accepted Accounting Principles ("GAAP"). Included in this report is a summary of the Company's significant accounting policies.
6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 30 June 2025) as compared with the most recent annual financial statements (2024), 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 30 June 2025), 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 (2024), which had a material effect in the current interim period (01 January to 30 June 2025).
10. There were NO issuances, repurchases and repayments of debt and equity securities during the current interim period (January 1 to June 30, 2025).

11. For the period January 1 to June 30, 2025, 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 after the end of the interim period (January 1 to June 30, 2025) 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 June 30, 2025) and there were NO business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring 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, 2024) and as of end of current interim period (June 30, 2025).
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 June 30, 2025).

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

Financial Performance

Total revenues for the first two quarters ended June 30, 2025 decreased by ₱59.3 million or 45% to ₱71.5 million from ₱130.9 million for the same period last year. Petroleum revenues decreased by ₱34.1 million or 30% to ₱79.1 million from ₱113.2 million for the same period last year. The decrease was brought mainly by the decline in production volume and crude prices for the first two quarters of 2025 as compared to the same period last year. The total gross production decreased to 206,221 barrels for the first two quarters ended June 30, 2025, from 232,126 barrels produced for the same period last year. The average price per barrel dropped to \$70.58 for the period ended June 30, 2025 as compared to \$82.22 for the same period last year. The peso-dollar foreign exchange rates amounted to ₱56.33 and ₱58.61 as of June 30, 2025 and June 30, 2024, respectively. Equity in net earnings of associates decreased by ₱28.2 million due to the equity take up on net losses of associates. Interest income increased by ₱3.0 million.

Total costs and expenses net of foreign exchange gains/losses increased by ₱7.3 million from ₱102.8 million for the first two quarters of 2024 to ₱110.1 million for the first two quarters of 2025.

Operating costs and General and administrative expenses decreased by 17% and 9%, respectively. Foreign exchange loss amounted to ₱3.4 million for the first two quarters of 2025 as compared to a foreign exchange gain of ₱22.3 million for the same period last year. Provision

for income tax amounted to ₱18.3 million for the first two quarters of 2025 as compared to benefit from income tax of ₱3.1 million for the same period last year. The amount of provision for income tax in 2025 mostly pertains to the amortization of deferred tax assets from the expiring NOLCO. The company's net loss after tax amounted to ₱56.9 million for the first two quarters of 2025 as compared to net income of ₱31.2 million for the same period last year.

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

	June 30, 2025	December 31, 2024
Current Ratio	<i>13.84 : 1</i>	<i>13.77 : 1</i>
Current Assets	751,212,853	747,418,028
Current Liabilities	54,267,990	54,286,638
Debt to Equity Ratio	<i>0.04 : 1</i>	<i>0.04 : 1</i>
Total Liabilities	97,493,659	96,144,157
Stockholders' Equity	2,582,953,762	2,632,784,571
Equity to Debt Ratio	<i>26.49 : 1</i>	<i>27.38 : 1</i>
Stockholders' Equity	2,582,953,762	2,632,784,571
Total Liabilities	97,493,659	96,144,157
Book Value per Share	<i>0.014</i>	<i>0.014</i>
Stockholders' Equity	2,582,953,762	2,632,784,571
Shares outstanding	191,868,805,358	191,868,805,358
Earnings (Loss) per Share	<i>(0.000297)</i>	<i>0.000162</i>
Net Income (Loss)*	(56,892,555)	31,169,545
Weighted ave. no. of shares	191,868,805,358	191,868,805,358

**for the period January 1 to June 30*

The current ratios as of December 31, 2024 and June 30, 2025 are 13.77:1 and 13.84:1, respectively. The Company's current assets exceeded its current liabilities by ₱696.9 million and ₱693.1 million as of June 30, 2025 and December 31, 2024, 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 stocks had an aggregate market value of ₱54.5 million as of June 30, 2025 and ₱47.5 million as of December 31, 2024. If these shares would be considered part of Current Assets, the recomputed current ratio would be 14.85:1 as of June 30, 2025 and 14.64:1 as of December 31, 2024.

Total assets decreased from ₱2.729 billion as of December 31, 2024 to ₱2.680 billion as of June 30, 2025. Receivables increased by ₱43.5 million to ₱344.5 million as of June 30, 2025. Crude oil inventory decreased by ₱29.1 million or 70% due to the lifting last June 1, 2025 resulting to lower volume of crude oil on storage as of month end. Other current assets decreased by ₱1.2 million due to the amortization of prepaid expenses. Property and equipment reflected a net decrease of ₱22.0 million to ₱205.8 million as of June 30, 2025 mainly due to the booking of depletion and depreciation costs. Financial assets at FVOCI increased by ₱7.1 million due to the adjustment in the valuation reserve of the company's listed stock investments. Deferred tax assets reflected a net decrease of ₱17.7 million primarily due to the amortization of deferred tax assets from the NOLCO expiring in 2025.

Total liabilities increased by ₱1.3 million from ₱96.1 million as of December 31, 2024 to ₱97.5 million as of June 30, 2025 mainly due to the accrual of retirement benefit liability.

Stockholders' equity decreased by ₱49.8 million from ₱2.632 billion as of December 31, 2024 to ₱2.583 billion as of June 30, 2025. The decrease was due to the ₱56.9 million net loss recorded for the first two quarters of 2025, net of ₱7.1 million adjustment for the recovery in value of financial assets at FVOCI in the valuation reserve of the company's listed stock investments. As of June 30, 2025, net unrealized loss on the decline in value of financial assets at FVOCI amounted to ₱56.1 million as compared to ₱63.2 million as of December 31, 2024. The company's retained earnings amounted to ₱0.887 billion as of June 30, 2025 as compared to ₱0.944 billion as of December 31, 2024.

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, disclosures on performance indicators are as follows:

	June 30, 2025	December 31, 2024
Current Ratio	351 :1	351 :1
Current Assets	8,268,249	8,268,249
Current Liabilities	23,520	23,520
Debt to Equity Ratio	0.003 :1	0.003 :1
Total Liabilities	23,520	23,520
Stockholders' Equity	8,244,729	8,244,729
Equity to Debt Ratio	350 :1	350 :1
Stockholders' Equity	8,244,729	8,244,729
Total Liabilities	23,520	23,520
Book Value per Share	0.0006593	0.0006593
Stockholders Equity	8,244,729	8,244,729
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 expenditure, 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:

Receivables increased by P43.5 million due to the trade receivable, representing the company's share in SC14C1 Galoc lifting accrued as of end of the interim period.

Crude oil inventory decreased by P29.1 million or 70% due to the lower volume of crude oil on storage as of end of the interim period.

Other current assets decreased by P1.2 million due to the amortization of prepaid expenses booked during the interim period.

Property and equipment reflected a net decrease of P22.0 million to P205.8 million as of June 30, 2025 due to the booking of depletion and depreciation costs.

Financial assets at FVOCI increased by P7.1 million or 15% due to the adjustment in the valuation reserve of the company's listed stock investments.

Deferred tax assets decreased by P17.7 million primarily due to the amortization of the deferred tax assets from the NOLCO to expire in 2025.

Retirement benefit liability increased by ₱1.4 million or 17% 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, 2024 amounted to ₱63.2 million. For the interim period, ₱7.1 million adjustment in the valuation reserve pertaining to the listed stock investments of the Company was booked. As of June 30, 2025, net unrealized loss on the decline in market value of financial assets at FVOCI amounted to ₱56.1 million.

The company's retained earnings amounted to ₱0.887 billion as of June 30, 2025 as compared to ₱0.944 billion as of December 31, 2024. The decrease of ₱56.9 million was due to the net loss booked for the first two quarters of 2025.

Petroleum revenues decreased by ₱34.2 million or 30% to ₱79.0 million from ₱113.2 million for the same period last year due to lower production volume and crude price. The gross production decreased to 206,221 barrels for the first two quarters ended June 30, 2025 from 232,126 barrels produced for the same period last year. The average price per barrel also decreased to \$70.58 for the period ended June 30, 2025 as compared to \$82.22 per barrel for the same period last year.

Equity in net earnings of associates decreased by ₱28.2 million due to the equity take up on the net losses of associates.

Interest income increased by ₱3.0 million from ₱11.0 million to ₱14.0 million for the first quarter ended March 31, 2025.

Foreign exchange loss amounted to ₱3.4 million for the first two quarters of 2025 as compared to foreign exchange gain of ₱22.3 million for the same period last year. The loss for the first two quarters of 2025 was minimized by maintaining low dollar reserve.

Share in costs and operating decreased by ₱15.9 million or 17% due to lower level of production costs during the first two quarters of 2025.

Net loss amounted to ₱56.9 million for the first two quarters of 2025, as compared to net income of ₱31.2 million for the same period last year.

8. There are NO seasonal aspects that have 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, carrying amounts and fair values of all financial assets are 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 is 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 June 2025	Consolidated Unaudited June 2025	Consolidated Unaudited June 2024	Consolidated Unaudited June 2024
	Fair Values	Carrying Values	Fair Values	Carrying Values
FINANCIAL ASSETS				
Cash and cash equivalents	386,249,482	386,249,482	397,443,463	397,443,463
Advances to related companies	286,706,801	286,706,801	293,740,564	293,740,564
Accrued interest receivables	15,185,989	15,185,989	27,758,079	27,758,079
Accounts with partners, others	42,651,867	42,651,867	1,021,781	1,021,781
Financial assets at FVOCI	54,531,380	54,531,380	53,537,400	53,537,400
	785,325,519	785,325,519	773,501,287	773,501,287
FINANCIAL LIABILITIES				
Accounts payable and accrued liabilities	20,484,345	20,484,345	11,548,198	11,548,198
Dividends payable	33,117,620	33,117,620	33,122,570	33,122,570
	53,601,965	53,601,965	44,670,768	44,670,768

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 payable 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 June 30, 2025, all 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 June 30, 2025
Loans and receivables	
Cash and cash equivalents	386,249,482
Advances to related companies	286,706,801
Accounts with contract operators and partners	42,651,867
Accrued interest	15,185,989
Financial assets at FVOCI	54,531,380
Gross maximum credit risk exposure	785,325,519

The table below shows the credit quality of the Group's financial assets by class as of June 30, 2025 based on the Group's credit evaluation process:

	Neither past due nor impaired High Grade	Neither past due nor impaired Standard Grade	Past due but not impaired			Impaired Financial Assets	Total
			1-30 days	31-90 days	Over 90 days		
Loans and receivables							
Cash and cash equivalents	386,249,482						386,249,482
Advances to related companies	285,330,000				1,376,801		286,706,801
Accounts with partners	42,651,867						42,651,867
Accrued interest	15,185,989						15,185,989
Financial assets at FVOCI	54,531,380						54,531,380
Total	783,948,718				1,376,801		785,325,519

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 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 stressful circumstances. The Group's objective is to maintain a balance between continuity of funding and flexibility using 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 June 30, 2025 that are used to manage the liquidity risk of the Company:

	Less than three months	Three to twelve months	Total
Cash and cash equivalents	386,249,482	0	386,249,482
Receivables:			
Advances to related parties		286,706,801	286,706,801
Accounts with partners	42,651,867	0	42,651,867
Accrued interest	3,359,617	11,826,372	15,185,989
AFS financial assets	54,531,380	0	54,531,380
	486,792,346	298,533,173	785,325,519

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
June 30, 2025	53,601,965		53,601,965

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 because 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 June 30, 2025, the exchange rate of the Philippine peso to the US\$ is ₱56.33 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 because 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)

For the last five days of June 2025, the Galoc Field's average daily production was 1,098 barrels of oil. As of June 30, 2025, total production reached 25,138,667 barrels, with 33,854 barrels of commercial oil in storage.

Production operations are progressing in line with the 2025 Work Program and Budget. The lifting of Cargo #81 was completed on June 1, 2025, with 123,361 barrels loaded via MT *Marlin Azurite*.

With the current service contract expiring in December 2025, operator NPG has applied for a Development and Production Petroleum Service Contract (DPPSC) for the area. The Department of Energy is reviewing the application.

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

Philodrill applied for a Certificate of Non-Overlap (CNO) with the National Commission on Indigenous Peoples (NCIP) via the Energy Virtual One-Stop Shop (EVOSS) on April 14, 2025. The application followed the Department of Energy's (DOE) endorsement of the NCIP, which included the NA-10 map and its technical description prepared by the DOE's Information Technology and Management Services (DOE-ITMS).

The NCIP issued the CNO on April 29, 2025, but it contained an error in the named representative of the Joint Venture. A corrected CNO, dated May 5, 2025, was received on May 14, 2025.

The DOE has since transmitted the complete service contract documents to the Office of the President for signature.

Negotiated Development and Production Contract No. 1 (NDP-1, Cadlao)

The application for an Environmental Compliance Certificate (ECC) and the securing of permits from local government units and various government agencies are ongoing. On May 14, 2025, the NCIP issued a corrected Certificate of Non-Overlap (CNO) dated May 8, 2025.

The NDP-1 SC documents are awaiting the signature of DOE Secretary Sharon Garin before endorsement to the Office of the President.

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

JGS has completed Phase 1 of the Reservoir Engineering Study (RES) for the West Linapacan A Field and provided copies to the partners through the operator. Phase 2, which covers Static Model Generation and Reservoir Simulation (Dynamic Model), has also been completed and presented by CV JGS.

The Static Model estimates the Stock Tank Oil Initially In-Place (STOIIP) at 149 MMBO, with 144.3 MMBO in the reservoir matrix and 4.7 MMBO in fractures. The Dynamic Model, which incorporates a history match with past production data, estimates the Original Oil In-Place (OOIP) at 88 MMBO. JGS is currently working on locating the infill well location(s) and will prepare the production forecasts of these wells.

Once the RES is reviewed and finalized, its results will be used in preparing the Plan of Development (POD) for the West Linapacan Field, as required for the DP PSC application.

SERVICE CONTRACT NO. 53 (Onshore Mindoro)

Philodrill continues to coordinate with the National Commission on Indigenous Peoples (NCIP) on the Certification Precondition (CP) application for the Cambayan Project.

The recommendation of the NCIP regional review team for the issuance of the Certification Precondition (CP) for Magsaysay, Occidental Mindoro, has been submitted to the NCIP through the Ancestral Domains Office (ADO). The ADO has not completed its review of the documents. The DOE is assisting Philodrill to facilitate the inclusion of the CP application in the Commission En Banc deliberation.

For Bulalacao, Oriental Mindoro, Philodrill promptly provided the requested additional information by the NCIP Region 4B for the application of the Certificate of Non-Overlap (CNO) that was submitted on April 14, 2025, through the EVOSS system.

The NCIP Region 4B review team raised some issues on the application, which included the submission of an Environmental Impact Statement (EIS). The DOE and Philodrill opined that the EIS is not required during the exploration phase. After exchanges of communications, the NCIP and DOE advised Philodrill to withdraw the original application and to come up with another CNO application through EVOSS. On May 19, 2025, Philodrill submitted its application, and on May 29, 2025, NCIP issued the CNO dated May 22, 2025, over Bulalacao, Oriental Mindoro.

Under the ongoing farm-in process, the farminee informed Philodrill that its lawyers have completed the review of the draft Farm In Agreement (FIA). Moreover, their inspection report on the long lead items, composed of well head and casing accessories warehoused in Mabini, Batangas, was shared with Philodrill. After the execution of the FIA, Philodrill will schedule a trip to Mabini, Batangas, with the DOE representative/s and a drilling engineer to evaluate the necessary maintenance processes before the eventual use of the long lead items.

PREDETERMINED AREAS BP-2 AND BP-3 IN THE SULU SEA (DOE/BARMM Bid Round)

The service contracts for these areas are in the office of the President for signature.

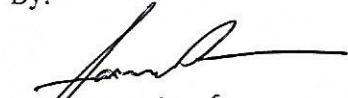
PART II – OTHER INFORMATION

There were NO items for disclosure that were not made under SEC Form 17C during the current interim period (01 January to 30 June 2025).

SIGNATURES

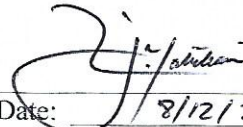
Pursuant to the requirements of Securities Regulation Code, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By:



Date: 8/12/2025

ADRIAN PAULINO S. RAMOS
President



Date: 8/12/25

J.E. THOMAS P. SALUSTIANO
Treasurer / VP-Finance & Administration

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

	Page No.
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position as of June 30, 2025 and December 31, 2024	18
Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2025 and 2024	19
Consolidated Statements of Cash Flows for the quarters ended June 30, 2025 and 2024	20
Consolidated Statements of Changes in Stockholders' Equity for the quarter ended June 30, 2025 and 2024	21
SUPPLEMENTARY SCHEDULES	
A. Marketable Securities – (Current Marketable Equity Securities and Other Short-term Cash Investments)	*
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	22
C. Non-current Marketable Equity Securities, Other Long-term Investments, and Other Investments	23
D. Indebtedness of Unconsolidated Subsidiaries and Affiliates	24
E. Property and Equipment	25
F. Accumulated Depletion, Depreciation and Amortization	26
G. Intangible Assets and Other Assets	27
H. Accumulated Amortization of Intangibles	*
I. Long-term Debt	*
J. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)	*
K. Guarantees of Securities of Other Issuers	*
L. Reserves	*
M. Capital Stock	28
N. Aging of Accounts Receivable	29
O. Financial Ratios	30
P. Summary of Significant Accounting Policies	31

*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) June 30	(Audited) December 31
	2025	2024
ASSETS		
Current Assets		
Cash & cash equivalents	386,249,482	395,644,061
Receivables	344,544,657	301,007,109
Crude oil inventory	12,551,084	41,683,874
Other current assets	7,867,630	9,082,984
Total Current Assets	751,212,853	747,418,028
Noncurrent Assets		
Property and equipment - net	205,792,840	227,807,881
Investments - Associates	867,653,125	889,296,301
Financial assets at fair value through other comprehensive income	54,531,379	47,469,632
Deferred oil exploration and development costs - net	578,138,055	576,367,250
Deferred tax assets	222,827,107	240,569,636
Other noncurrent assets	292,062	0
Total Noncurrent Assets	1,929,234,568	1,981,510,700
TOTAL ASSETS	2,680,447,421	2,728,928,728
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	21,150,370	21,164,788
Dividends payable	33,117,620	33,121,850
Total Current Liabilities	54,267,990	54,286,638
Noncurrent Liability		
Non current portion of provision for plug and abandonment costs	33,786,422	33,786,422
Retirement benefit liability	9,439,247	8,071,097
Total Noncurrent Liabilities	43,225,669	41,857,519
TOTAL LIABILITIES	97,493,659	96,144,157
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	53,316,288	53,316,288
Unrealized loss on decline in value of financial assets at FVOCI	(56,115,271)	(63,177,018)
Remeasurement loss on retirement benefit liability	(46,560,234)	(46,560,234)
Retained Earnings	887,209,023	944,101,580
Total Equity	2,582,953,762	2,632,784,571
TOTAL LIABILITIES AND EQUITY	2,680,447,421	2,728,928,728

THE PHILODRILL CORPORATION**Consolidated Statements of Comprehensive Income**

	Unaudited January 1 to June 30 2025	January 1 to June 30 2024	Apr 1 to Jun 30 2025	Apr 1 to Jun 30 2024
PETROLEUM REVENUE	79,056,782	113,219,121	32,583,767	54,643,349
COSTS AND EXPENSES				
Share in costs and operating	(79,666,250)	(95,558,902)	(40,013,501)	(49,071,252)
General and administrative	(26,989,417)	(29,523,313)	(13,652,801)	(15,392,298)
	(106,655,667)	(125,082,215)	(53,666,302)	(64,463,550)
OTHER INCOME (CHARGES)				
Equity in net earnings of associates - net	(21,643,175)	6,594,278	(2,223,750)	4,857,083
Interest income	14,056,491	11,014,422	8,096,541	6,304,021
Foreign exchange gains (losses)	(3,407,814)	22,320,240	(2,832,827)	15,848,022
Others	49,790	31,775	49,741	31,513
	(10,944,708)	39,960,715	3,089,705	27,040,639
INCOME (LOSS) BEFORE INCOME TAX	(38,543,593)	28,097,621	(17,992,830)	17,220,438
(PROVISION FOR) BENEFIT FROM INCOME TAX	(18,348,962)	3,071,924	(10,375,818)	(2,012,148)
NET INCOME (LOSS)	(56,892,555)	31,169,545	(28,368,648)	15,208,290
OTHER COMPREHENSIVE INCOME (LOSS)				
Changes in unrealized losses on financial assets at financial value through other comprehensive income	7,061,747	(3,092,241)	10,027,955	(5,249,314)
TOTAL COMPREHENSIVE INCOME (LOSS)	(49,830,808)	28,077,304	(18,340,693)	9,958,976

Earnings (loss) per share was computed as follows:

Net income (loss)	(56,892,555)	31,169,545	(28,368,648)	15,208,290
Weighted average no. of shs	191,868,805,358	191,868,805,358	191,868,805,358	191,868,805,358
Income (Loss) per share	(0.00030)	0.00016	(0.00015)	0.00008

THE PHILODRILL CORPORATION
Statement of Cash flows

	January 1 to June 30 2025	January 1 to June 30 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(38,543,593)	28,097,621
Adjustments to reconcile income before income tax to net cash flows:		
Share in net income of associates	21,643,176	(6,594,277)
Depletion, depreciation and amortization	22,696,502	21,359,582
Dividend income	(31,365)	(31,365)
Movement in retirement liab	1,368,149	966,840
Interest income	(14,056,491)	(11,014,422)
Working capital adjustments		
Decrease (increase) in:		
Receivables	(40,443,886)	(3,611,873)
Crude oil inventory	29,132,790	23,821,265
Other current assets	1,215,356	868,057
Increase (decrease) in:		
Accounts payable and accrued liabilities	(14,418)	5,070,979
Net cash flows from operations	(17,033,780)	58,932,407
Income tax paid	(606,433)	(606,632)
Interest received	10,962,829	10,520,373
Dividend received	31,365	3,891,964
Decrease (increase) in other noncurrent assets	(292,063)	(166,278)
Net cash flows from operating activities	(6,938,082)	72,571,834
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Advances to related party	-	(60,000,000)
Property and equipment	(681,460)	(7,152,572)
Deferred oil exploration costs	(1,770,805)	(3,516,973)
Net cash flows used in investing activities	(2,452,266)	(70,669,546)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(4,230)	(4,040)
Net cash flows used in financing activities	(4,230)	(4,040)
NET INCREASE IN CASH	(9,394,578)	1,898,248
CASH AT BEGINNING OF YEAR	395,644,061	395,545,218
CASH AT END OF YEAR	386,249,483	397,443,463

THE PHILODRILL CORPORATION**Consolidated Statements of Changes in Equity**

	Unaudited	
	June 2025	June 2024
CAPITAL STOCK - P0.01 par value		
Authorized - 200 billion shares		
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 second 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 second 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
Adjustment		
Balance at end of second 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
Movements during the period	0	0
Balance at end of second quarter	1,624,012	1,624,012
Unrealized Losses on Decline in		
Market Value of Long-term Investments		
Balance at the beginning of year	(63,177,018)	(54,017,010)
Adjustment during the period	7,061,747	(3,092,241)
Balance at end of second quarter	(56,115,271)	(57,109,251)
Share in other comprehensive income of associates		
Balance at the beginning of year	53,316,288	55,925,308
Movements during the period	0	0
Balance at end of second quarter	53,316,288	55,925,308
Remeasurement loss on retirement benefit liability		
Balance at the beginning of year	(46,560,234)	(42,912,363)
Movements during the period		
Balance at end of second quarter	(46,560,234)	(42,912,363)
Retained Earnings		
Balance at the beginning of year	944,101,580	935,915,659
Cash dividend declared	0	0
Net income (loss) for the period	(56,892,557)	31,169,545
Balance at end of second quarter	887,209,022	967,085,204
Total Stockholders' Equity	2,582,953,762	2,668,092,856

THE PHILODRILL CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
FOR THE QUARTER ENDED JUNE 30, 2025

Name and Designation of Debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Ending Balance
Various officers and employees	1,341,227	554,334	579,021		1,316,540		1,316,540
	1,341,227	554,334	579,021	0	1,316,540	0	1,316,540

THE PHILODRILL CORPORATION
SCHEDULE C - LONG TERM INVESTMENTS IN SECURITIES
(NONCURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG TERM INVESTMENTS IN STOCK
INVESTMENTS IN BONDS AND OTHER DEBT SECURITIES)
FOR THE QUARTER ENDED JUNE 30, 2025

Name of Issuing Entity and Description of Investment	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends Received/ Accrued from Investments Not Accounted for by the Equity Method
	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:									
Penta Capital Investment Corp.	1,600,000	342,438,032	302,800				1,600,000	342,740,832	
Penta Capital Holdings, Inc.	300,000	54,045,866	(387,714)				300,000	53,658,152	
Atlas Consolidated Mining and Development Corporation	19,000,000	477,566,115	(2,138,836)				19,000,000	475,427,279	
		874,050,013	(2,223,750)	0	0	0		871,826,264	0
less-allowance for impairment		(4,173,138)						(4,173,138)	
		869,876,875	(2,223,750)	0	0	0	0	867,653,126	
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				0	3,100,000	4,080,875	
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	
		110,646,652	0	0	0	0		110,646,651	0
less-allowance for decline in market value		(66,143,226)				10,027,955		(56,115,271)	
		44,503,426	0	0	0	10,027,955	0	54,531,380	0
		914,380,301	(2,223,750)	0	0	10,027,955	0	922,184,506	0

THE PHILODRILL CORPORATION
SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES
FOR THE QUARTER ENDED JUNE 30, 2025

Name of Affiliate	Beginning Balance	Ending Balance
Alakor Corporation	169,000,000	169,000,000
Abacus Book and Card Corporation	117,210,000	116,330,000
United Paragon Mining Corporation	1,376,801	1,376,801
	287,586,801	286,706,801
less allowance for doubtful accounts	0	0
	287,586,801	286,706,801

THE PHILODRILL CORPORATION
SCHEDULE E - PROPERTY AND EQUIPMENT
FOR THE SECOND QUARTER ENDED JUNE 30, 2025

Classification	Beginning Balance	Additions at Cost	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	1,154,434,520	176,546			1,154,611,066
Office condominium units and improvements	18,961,929	0			18,961,929
Office furniture, fixtures and equipment	9,376,630	137,000	(484,772)		9,028,857
Transportation equipment	15,748,200			0	15,748,200
	1,198,521,279	313,546	(484,772)	0	1,198,350,052

THE PHILODRILL CORPORATION
SCHEDULE F - ACCUMULATED DEPLETION, DEPRECIATION AND AMORTIZATION
FOR THE SECOND QUARTER ENDED JUNE 30, 2025

Classification	Beginning Balance	Additions Charged to Costs and Expenses	Retirements	Other Changes- Additions (Deductions)	Ending Balance
Wells, platforms and other facilities	953,050,499	10,313,355			963,363,853
Office condominium units and improvements	15,530,960	136,777			15,667,738
Office furniture, fixtures and equipment	8,629,036	95,943	(484,772)		8,240,206
Transportation equipment	4,460,920	824,495			5,285,415
	981,671,415	11,370,570	(484,772)	0	992,557,212

THE PHILODRILL CORPORATION
SCHEDULE G - INTANGIBLE ASSETS AND OTHER ASSETS
FOR THE SECOND QUARTER ENDED JUNE 30, 2025

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-net	577,439,392	698,663				578,138,055
	577,439,392	698,663	0	0	0	578,138,055

THE PHILODRILL CORPORATION
SCHEDULE M - CAPITAL STOCK
FOR THE QUARTER ENDED JUNE 30, 2025

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	156,827,050,247	35,041,755,111	0	472,002,111	191,396,803,247

THE PHILODRILL CORPORATION
SCHEDULE N - AGING OF ACCOUNTS RECEIVABLES
FOR THE SECOND QUARTER ENDED JUNE 30, 2025

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	42,040,447	42,040,447	0						
less allowance for doubtful accounts	0								
2) Account with partners	246,344		246,344						
Net Trade Receivables	42,286,792	42,040,447	246,344	0	0	0	0	0	0
b) Non-trade receivables									
1) Accrued interest receivable	15,185,989	839,904	2,519,713	2,348,767	9,477,606			0	
less allowance for doubtful accounts	0							0	
2) Advances to related companies	286,706,801					60,000,000		226,706,801	
less allowance for doubtful accounts	0							0	
3) Others	365,075	(0)				365,075			
less allowance for doubtful accounts	0								
Net Non-Trade Receivables	302,257,866	839,904	2,519,713	2,348,767	9,477,606	60,365,075	0	226,706,801	0
Net Receivables	344,544,657	42,880,351	2,766,057	2,348,767	9,477,606	60,365,075	0	226,706,801	0

THE PHILODRILL CORPORATION
SCHEDULE O - FINANCIAL RATIOS
JUNE 30, 2025

Profitability Ratios:

June 2025

December 2024

Return on assets	-2.12%	0.30%
Return on equity	-2.20%	0.31%
Gross profit margin	-0.77%	6.06%
Net profit margin	-48.75%	-0.91%

Liquidity Ratios:

Current ratio	13.84 :1	13.77 :1
Quick ratio	13.47 :1	12.83 :1

Financial Leverage Ratios:

Asset to equity ratio	1.04 :1	1.04 :1
Debt to equity ratio	0.04 :1	0.04 :1

Basis of Preparation and Material Accounting Policy Information

Basis of Preparation

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

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 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.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

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 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Group.

**Amendments to PAS 1, Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

**Amendments to PFRS 16, Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that does not recognize any amount of the gain or loss that relates to the right of use retained.

**Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2025

**PFRS 17, Insurance Contracts*

**Amendments to PAS 21, Lack of exchangeability*

Effective beginning on or after January 1, 2026

**Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments*

**Annual Improvements to PFRS Accounting Standards—Volume 11*

- Amendments to PFRS 1, Hedge Accounting by a First-time Adopter

- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

*PFRS 18, *Presentation and Disclosure in Financial Statements*

*PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

*Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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, fair value through other comprehensive income (FVOCI), and fair value through profit or loss.

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. Except for trade receivables that do not contain a significant financing component or for which the Group has applied 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*.

For a financial asset to be classified and measured at amortized cost or FVOCI, 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flow. 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 of holding financial assets to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortized cost (debt instruments).
- *Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments).
- *Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- *Financial assets at fair value through profit or loss.

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 at FVOCI.

*Financial assets designated at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI 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 quoted equity investments under this category.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not 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 flow will include cash flow from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group considers a financial asset in default when contractual payments are 90 days past due. 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 considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow.

ECLs are recognized in two stages. For credit exposures, for which there has not been a significant increase in credit risk 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 trade receivables and refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Group applies low credit risk simplification. The probability of default and loss given defaults are publicly available and are low risk investments. The Group recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

For other financial instruments such as financial assets at FVOCI, the Group applies the general approach where the Group track changes in credit risk at every reporting date.

Exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Staging assessment

PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been an 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 because 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 like the requirements under PAS 39 for impaired financial instruments.

The Group considers a financial asset in default when contractual payments are 90 days past due. 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 considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow.

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 Group'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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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.

The Group's financial liabilities at amortized cost include trade and other payables, advances from a related party and dividends payable.

Subsequent Measurement

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 considering 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

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.

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 Zakum 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 including P&A costs 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.

Wells, platforms, and other facilities include the capitalized plug and abandonment costs for which the Group is constructively liable.

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:

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

Investments in Associates

An associate is an entity over 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.

The Group's investment in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of its associates is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax. The financial statements of the associates 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.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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 for 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 income and statement of 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 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.

A valuation allowance is provided for unrecoverable deferred oil and gas exploration costs based on the Group's assessment of the prospects of the exploration project.

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 been transferred from the Consortium Operator of the joint arrangement to the customer (i.e. lifting), 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*.

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 using the Group's participating interest in the SC.

Provision for Plug & Abandonment (P&A) costs

The Group recognizes P&A liability where it has a present legal or constructive obligation because 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 P&A 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 P&A 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 P&A, which would affect future financial results.

Income Taxes

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.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

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 the 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.