

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

ATTY. DAISY L. PARKER

(Contact Person)

884-1106

(Company Telephone Number)

1	2	3	1
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Month Day
(Fiscal Year)

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(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

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Amended Articles Number/Section

Total No. of Stockholders

□ □ □ □ □

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

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Document ID

Cashier

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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 **31 March 2012**
2. Commission identification number **102415** 3. BIR Tax Identification No **000-056-514**

ZEUS HOLDINGS, INC.

4. Exact name of issuer as specified in its charter

Metro Manila, Philippines

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

6. Industry Classification Code: (SEC Use Only)

20/F, LKG Tower, 6801 Ayala Avenue, Makati City

1226

7. Address of issuer's principal office Postal Code

(632) 884-1106

8. Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA (as of 31 March 2012)

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,733,463,907
Outstanding Loans	nil

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code 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 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 ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

(Please see attached unaudited financial statements)

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

As of 31 March 2012, total assets stood at P664,731, which is 31.5% lower from 31 December 2011. The decrease is attributable to a 59.52% decrease in cash, primarily due to payment of operating expenses, cushioned by a 7.35% increase in input value-added tax on audit and listing fees.

During the quarter, the Company recorded a net loss of P289,847 compared to last year's P294,955

The top 5 performance indicators of the Company are as follows:

Ratios	Formula	31-March-12	31-March-11	31-Dec-11
Current Ratio	Current assets/ Current liabilities	0.97:1 864,731 / 882,004	1.14:1 801,832 / 704,927	1.39:1 965,426 / 692,852
Debt to Equity Ratio	Total liabilities/ Stockholders' equity	-39.48:1 682,004 / (17,273)	7.27:1 704,927 / 96,905	2.54:1 692,852 / 272,574
Capital Adequacy Ratio	Stockholders' equity/ Total assets	0.026:1 (17,273) / 664,731	0.12:1 96,905 / 801,832	0.28:1 272,574 / 965,426
Book value per share	Stockholders' equity/ Total # of shares	-0.0000063 (17,273 / 2,733,463,907	0.000035 96,905 / 2,733,463,907	0.00010 272,574 / 2,733,463,907
Loss per Share	Net loss/ Total # of shares	-0.00011 (289,847) / 2,733,463,907	-0.00011 (294,955) / 2,733,463,907	-0.00024 (669,286) / 2,733,463,907

Current Ratio shows the Company's ability to meet its short-term financial obligation. As of 31 March 2012, the Company has P0.97 worth of current assets for every one peso liability as compared to last year's current ratio of P1.39 for every peso of liability. The increase is attributable to the increase in cash and input value added tax.

Debt to Equity Ratio indicates the extent of the Company's debt which is covered by shareholder's fund. It reflects the relative position of the equity holders. As of 31 March 2012, the Company's equity is not sufficient to cover its liabilities. However, its major shareholder is willing to support the Company as the need arises.

Capital Adequacy Ratio is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 March 2012, the Company's Capital Adequacy Ratio decreased to negative P0.026 compared to positive P0.28 as of 31 December 2011.

Book Value Per Share measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has a book value per share of negative 0.0000063 as of 31 March 2012.

Loss Per Share is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 31 March 2012, the Company's loss per share remained at negative 0.00011.

(B) Interim Periods

Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

- (i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

- (ii) *Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation*

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- (iii) *Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.*

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

- (iv) *Material Commitment for Capital Expenditure*

The Company has not entered into any material commitment for capital expenditure.

- (v) *Others*

There are no known trends, events or uncertainties that have material impact on net sales/revenues/income from continuing operations.

The Company did not recognize income or loss during the quarter that did not arise from continuing operations.

The causes for any material change from period to period, including vertical and horizontal analysis of material items, are included in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations).

There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

SIGNATURES

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

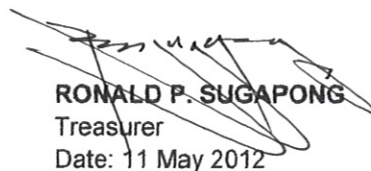
Issuer:

ZEUS HOLDINGS, INC.

By:



DAISY L. PARKER
Corporate Secretary
Date: 11 May 2012



RONALD P. SUGAPONG
Treasurer
Date: 11 May 2012

ZEUS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2012 AND DECEMBER 31, 2011

	<u>UNAUDITED</u> <u>MARCH 2012</u>	<u>AUDITED</u> <u>DECEMBER 2011</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash (Note 4)	P224,962	P555,765
Input Value Added tax (Note 5)	439,769	409,661
	<hr/>	<hr/>
TOTAL ASSETS	P664,731	P965,426
	<hr/>	<hr/>
 <u>LIABILITY AND EQUITY (CAPITAL DEFICIENCY)</u>		
CURRENT LIABILITY		
Accounts payable and accrued expenses (Note 6)	P682,004	P692,852
	<hr/>	<hr/>
EQUITY (CAPITAL DEFICIENCY)		
Capital stock	2,733,463,907	2,733,463,907
Additional paid-in capital	34,643,941	34,643,941
Deposit for future stock subscriptions	3,580,900	3,580,900
Deficit	(2,771,706,022)	(2,771,416,174)
	<hr/>	<hr/>
Total Equity (Capital Deficiency)	(17,273)	272,574
	<hr/>	<hr/>
TOTAL LIABILITY AND EQUITY (CAPITAL DEFICIENCY)	P664,731	P965,426
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ZEUS HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2012 AND 2011

	Three Months Period Ended	
	<u>March 2012</u>	<u>March 2011</u>
OPERATING EXPENSES		
Taxes and licenses	P263,540	P264,840
Professional fees	21,000	21,000
Photocopying and reproduction	500	6,553
Other operating expenses	4,807	2,562
NET LOSS FOR THE PERIOD	<u>289,847</u>	<u>294,955</u>
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>P289,847</u></u>	<u><u>P294,955</u></u>
 Loss Per Share	 0.00011	 0.00011

Loss per share is determined by dividing net loss by 2,733,463,907 shares issued and outstanding.

ZEUS HOLDINGS, INC.
STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE PERIOD ENDED MARCH 31, 2012 AND 2011

	<u>March 2012</u>	<u>March 2011</u>
CAPITAL STOCK		
Balance, beginning of year	₱2,733,463,907	₱2,733,463,907
Issuance of shares	-	-
	<hr/>	<hr/>
Balance, end of the period	2,733,463,907	2,733,463,907
	<hr/>	<hr/>
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year	34,643,941	33,393,941
	<hr/>	<hr/>
Balance, end of the period	34,643,941	33,393,941
	<hr/>	<hr/>
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION		
Balance, beginning of year	3,580,900	3,580,900
Additions	-	700,000
	<hr/>	<hr/>
Balance, end of the period	3,580,900	4,280,900
	<hr/>	<hr/>
DEFICIT		
Balance, beginning of year	(2,771,416,174)	(2,770,746,888)
Net loss for the period	(289,847)	(294,955)
	<hr/>	<hr/>
Balance, end of the period	(2,771,706,022)	(2,771,041,843)
	<hr/>	<hr/>
TOTAL EQUITY (CAPITAL DEFICIENCY)	(₱17,273)	₱96,905
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ZEUS HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2012 AND 2011

	<u>MARCH 2012</u>	<u>MARCH 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss representing operating loss	(P 289,847)	(P 294,955)
before working capital; changes		
Increase in input value added tax	(30,108)	(30,108)
Decrease in accounts payable and accrued expenses	(10,848)	(16,904)
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Net Cash Used in Operating Activities	(330,803)	(341,967)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits for future stock subscription received	-	700,000
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH	(330,803)	358,033
CASH AT BEGINNING OF THE YEAR	555,765	67,364
	<hr/>	<hr/>
CASH AT END OF THE PERIOD	P 224,962	P 425,397
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ZEUS HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Zeus Holdings, Inc. (the Company) was incorporated in the Philippines on December 17, 1981 to engage in the purchase and sale of investments. The Company has not yet started its commercial operations as of March 31, 2012.

The shares of the Company are traded at the Philippine Stock Exchange (PSE).

The registered office of the Company, which is also its principal place of business, is located at the 20th Floor, LKG Tower, 6801 Ayala Avenue, Makati City.

The finance and administrative functions of the Company are being handled by a third party.

The unaudited interim financial statements of the Company for the period ended March 31, 2012 were authorized for issue by the Company's Board of Directors and Audit Committee on 10 May 2012.

1.1 Status of Operations

The Company's continuous incurrence of net losses which resulted in a deficit in the current and previous years raised substantial doubt about its ability to continue as a going concern. The Company continuously evaluates possible business opportunities to revitalize its operations. On September 28, 2007 and November 28, 2007, the BOD and the stockholders, respectively, approved a proposed business plan involving the contemplated shift in the Company's primary purpose from an investment holding company to a mining entity.

On July 13, 2009, the Company entered into an operating agreement with Olympic International Sales Corporation (Olympic) which allows the Company to explore and, if warranted, develop Olympic's mining claims in the province of Surigao del Sur.

As of December 31, 2009, the mining claims are the subject of an Application for Production Sharing Agreement (APSA) filed by Olympic with the Mines and Geosciences Bureau (MGB). The Company can only operate the mining claims upon the approval of the APSA and issuance of the Mineral Production Sharing Agreement (MPSA) by the Department of Environment and Natural Resources (DENR). The operating agreement shall take effect for a period of 25 years from the date of issuance of MPSA (see also Note 11).

As of March 31, 2012, the MPSA has not yet been issued by DENR while the approval of the APSA is still pending with the MGB.

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of its assets and satisfaction of its liabilities in the normal course of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) *Statement of Compliance with Philippine Financial Reporting Standards (PFRS)*

The financial statements of the Company have been prepared in accordance with PFRS. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated (see Note 3).

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2011 that are Relevant to the Company

In 2011, the Company adopted the following amendments and annual improvements to PFRS that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2010 and January 1, 2011:

PAS 24 (Amendment)	:	Related Party Disclosures
Various standards	:	2010 Annual Improvements to PFRS

Discussed below are relevant information about these new and amended standards.

- (i) PAS 24 (Amendment), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of a related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant changes on the Company's disclosures of related parties in its financial statements.
- (ii) 2010 Annual Improvements to PFRS. The FRSC has adopted the *2010 Improvements to PFRS*. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments were identified to be relevant to the Company's financial statements but which did not have any material impact on its financial statements.

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statement of Changes in Equity* (effective from July 1, 2010) was identified to be relevant to the Company's financial statements.

The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This amendment did not have a significant impact on the financial statements as the Company did not have other comprehensive income items during the year.

- PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Company does not usually enter into this type of arrangement with regard to transfer of financial assets.

(b) Effective in 2011 that are not Relevant to the Company

The following amendments and improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2010 or January 1, 2011 but are not relevant to the Company's financial statements:

PAS 32 (Amendment)	:	Financial Instruments: Presentation - Classification of Rights Issues
PAS 34 (Amendment)	:	Interim Financial Reporting
PFRS 1 (Amendment)	:	First-Time Adoption of PFRS – Limited Exemption from PFRS 7 Comparative Disclosures
Philippine Interpretations		
International Financial Reporting Interpretations		
IFRIC 14 (Amendment)	:	Prepayments of a Minimum Funding Requirement
2010 Annual Improvements		
PAS 21 (Amendment)	:	The Effects of Changes in Foreign Exchange Rates
PAS 28 (Amendment)	:	Investment in Associates
PAS 31 (Amendment)	:	Interests in Joint Ventures
PAS 34 (Amendment)	:	Interim Financial Reporting – Significant Events and Transactions
PFRS 1 (Amendment)	:	First-time Adoption of PFRS
PFRS 3 (Amendments)	:	Business Combinations
IFRIC 13 (Amendment)	:	Customer Loyalty Programmes – Fair Value Award Credits

(c) Effective Subsequent to 2011 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2011. Management has initially determined PFRS 9 *Financial Instruments: Classification and Measurement* (effective from January 1, 2015) to be relevant to the Company and which the Company will apply in accordance with its transitional provisions. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial

assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by Management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset category that is currently relevant to the Company is Loans and Receivables (presented as Cash in the statement of financial position).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, except when they are due within one year in which case, they are measured at their nominal values. Impairment loss is provided when there is an objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.4 Impairment of Non-financial Assets

The Company's input value-added tax (VAT) is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, Management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect Management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.5 Financial Liabilities

Financial liabilities include Accounts payable and accrued expenses.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest and related charges, if any, is recognized as an expense in the statement of comprehensive income.

Accounts payable and accrued expenses are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration.

2.6 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, where time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible *inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset* are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.7 Expense Recognition

Expenses are recognized in profit or loss upon receipt of goods and utilization of services or at the date they are incurred.

2.8 Income Taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is provided, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred 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 reporting date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged in other comprehensive income or directly to equity are recognized in other comprehensive income or directly to equity.

2.9 Related Party Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.10 Equity (Capital Deficiency)

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Deposits for future stock subscriptions are recorded based on the advances from stockholders and additional cash infusion from stockholders to be converted to equity.

Deficit includes all current and prior period results as reported in profit or loss in the statements of comprehensive income.

2.11 Loss Per Share

Loss per share is determined by dividing net loss by the weighted average number of issued and outstanding shares during the period.

The Company has no potentially dilutive shares, hence, no information on dilutive earnings per share is presented.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require Management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Functional and Presentation Currency

The Company has determined that its functional currency is the Philippine pesos, which is the currency of the primary economic environment in which the entity operates.

(b) Provisions and Contingencies

Judgment is exercised by Management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.6.

(c) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets, specifically its input VAT, is discussed in detail in Note 2.4. Though Management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on Management's assessment, input VAT is fully recoverable; hence, no impairment loss was recognized as of March 31, 2012.

4. CASH

Cash includes peso currency deposit in bank which is unrestricted and readily available for use in the current operations.

5. INPUT VALUE ADDED TAX

Management has assessed that the balance of Input VAT is fully recoverable, thus, no impairment losses were recognized as of March 31, 2012.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account is as follows:

	<u>March 2012</u>	<u>December 2011</u>
Accounts payable	P562,004	P572,852
Accrued professional fees	120,000	120,000
	<u>P682,004</u>	<u>P692,852</u>

The carrying amounts recognized in the statements of financial position are considered as a reasonable approximation of their fair values.

7. RELATED PARTY TRANSACTIONS

7.1 Advances from Shareholders

On September 30, 2008, the Company's BOD approved the conversion of all of its outstanding advances from F. Yap Securities Inc. – In Trust for Various Clients (FYSI), a stockholder, and ZHI Holdings Inc. (ZHIHI) as of that date totaling P2,240,600 (previously presented under Due to related parties account) to Deposits for future stock subscriptions.

In addition, on the following dates, the BOD authorized the acceptance of additional cash infusions as follows:

<u>Date Authorized</u>		<u>Amount</u>	<u>Date Received</u>
December 29, 2011	P	550,000	December 2011
March 16, 2011		420,000	March 2011
January 10, 2011		280,000	January 2011
May 18, 2010		300,000	May 2010
December 18, 2009		350,000	December 2009
November 26, 2008		690,300	December 2008

The converted amount of advances from FYSI and ZHIHI and the additional cash infusions made by FYSI is shown as part of Deposits for Future Stock Subscriptions in the statements of financial position.

8. LOSS PER SHARE

The basic loss per share is computed as follows:

	<u>March 2012</u>	<u>March 2011</u>
Net loss	P 289,847	P 294,955
Divided by the weighted average number of issued and outstanding shares	<u>2,733,463,907</u>	<u>2,733,463,907</u>

Loss per share

P 0.00011 P 0.00011

Diluted earnings per share were not determined since the Company does not have potential dilutive common shares as of March 31, 2012 and 2011.

9. EQUITY

9.1 Capital Stock

On May 29, 1991, the Securities and Exchange Commission (SEC) issued an Order approving the Registration Statement covering the securities which comprised the Company's entire authorized capital stock. On July 15, 1991, the Philippine Stock Exchange (PSE) approved the listing of the Company's shares. The Company offered to the public 25 million shares at an offer price of P2.20 per share.

On January 6, 1997, the SEC approved the increase of the Company's authorized capital stock from P100 million to P3 billion.

As of December 31, 2011, the Company had an outstanding capital stock of P2,733,463,907 covering 2,733,463,907 shares, all of which are listed in the PSE.

There are 823 holders of the listed shares which closed at P0.75 per share on March 31, 2012.

9.2 Additional Paid-in Capital

In its meeting on December 15, 2011, the Company's BOD approved the conversion of the Company's deposit for future stock subscription amounting to P1,250,000 into additional paid-capital of the Company, without the issuance of shares of stock from the unissued portion of its authorized capital stock.

10. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies which are not reflected in the financial statements. As of March 31, 2012, Management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

11. OPERATING AGREEMENT WITH OLYMPIC

Pursuant to the operating agreement with Olympic mentioned in Note 1, which shall take effect for a period of 25 years from the date of issuance of MPSA, the Company, in consideration of the agreement, shall pay Olympic in the form of royalties in an amount equivalent to 3% of the Net Smelter Return on metal sales. Moreover, as additional consideration for Olympic's appointment of the Company as operator of the mining claims, the Company has entered into an additional agreement with Olympic for the issuance of the Company's shares of stock from its unissued capital in favor of Olympic in accordance with the following provisions:

- (a) Ten million (10,000,000) common shares shall be issued to Olympic within one month from the issuance of the MPSA
- (b) Olympic shall have the option to subscribe at par, subject to applicable laws, to additional ten million (10,000,000) common shares within one year from the issuance of the MPSA; and
- (c) Olympic shall have the option to subscribe at par, subject to applicable laws, to one hundred million (100,000,000) common shares within five years from the issuance of the MPSA.

The above-mentioned agreements were unanimously passed and approved by the Company's BOD during a special meeting held on July 13, 2009 and ratified by the Company's stockholders representing 83.27% of the outstanding capital stock of the Company during the annual meeting of the stockholders held on November 5, 2009.

The Company can only operate the mining claims upon the approval of the APSA and issuance of the Mineral Production Sharing Agreement (MPSA) by the DENR. As of March 31, 2012 the MPSA has not yet been issued by the DENR.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES

As of March 31, 2012, the Company is not exposed to any financial risks as it has no significant financial instruments.

12.1 Credit Risk

The Company's exposure to credit risk is limited to the amount of Cash as shown on the face of the statements of financial position. However, the credit risk for cash is considered negligible since the counterparty is a reputable bank with high quality external credit ratings.

12.2 Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.

The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost. Funding for expenditures are advanced by the stockholders of the Company.

As of March 31, 2012, the Company's maximum liquidity risk is the carrying amount of accounts payable and accrued expenses.

13. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern. The Company's Management continues to assess possible investment opportunities and various options regarding operations that it may take in the future. The Company monitors capital on the basis of the carrying amount of equity (capital deficiency) as presented on the face of the balance sheets.

To support its business plan the Company has converted advances from related parties to deposits for future stock subscription and has received additional cash infusions which the Company intends to convert subsequently converted into capital stock.

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