



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 **30 September 2013**
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 30 September 2013)

<b>Title of each Class</b>	<b>Number of shares of common stock outstanding and amount of debt outstanding</b>
Common	2,737,044,807
Outstanding Loans	nil

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

Yes [ X ]    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 [ X ]    No [   ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ X ]    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 30 September 2013, total assets stood at P1,413,983 which is 35% higher from 31 December 2012. The increase is attributable to a 55% increase in cash, primarily due to advances from major shareholders, coupled by a 10% increase in input value-added tax on audit and listing fees.

Total liabilities decreased from P4,282,392 as of 31 December 2012 to P569,907 as of 30 September 2013 due to the conversion of Deposits for Future Subscription to capital.

During the quarter, the Company recorded a net loss of P50,674 compared to last year's P23,600. The increase is attributable to higher operating expenses due to payment of documentary stamp tax on the issuance of additional shares of stock. Likewise, for the nine month period, the Company posted a net loss of P404,751 compared to last year's P357,827.

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

Ratios	Formula	30-September-13	30-September-12	31-Dec-12
Current Ratio	Current assets/ Current liabilities	2.48:1 1,413,983 / 569,907	0.85:1 483,401 / 568,654	0.25:1 1,050,319 / 4,282,392
Debt to Equity Ratio	Total liabilities/ Stockholders' equity	0.68:1 569,907 / 844,706	-0.16:1 568,654 / (3,666,153)	-1.32:1 4,282,392 / (3,232,073)
Capital Adequacy Ratio	Stockholders' equity/ Total assets	0.60:1 844,076 / 1,413,983	-7.58:1 (3,666,153) / 483,401	-3.08:1 (3,232,073) / 1,050,319
Book value per share	Stockholders' equity/ Total # of shares	0.00031 844,076 / 2,737,044,807	-0.00134 (3,666,153) / 2,733,463,907	-0.0012 (3,232,073) / 2,733,463,907
Loss per Share	Net loss/ Total # of shares	-0.00015 (404,751) / 2,737,044,807	-0.00013 (357,827) / 2,733,463,907	-0.00025 (673,747) / 2,733,463,907

**Current Ratio** shows the Company's ability to meet its short-term financial obligation. As of 30 September 2013, the Company has P2.48 worth of current assets for every one peso liability as compared to last year's current ratio of P0.25. The increase is attributable to increase in cash.

**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 30 September 2013, the Company has a positive ration of P0.68.

**Capital Adequacy Ratio** is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 30 September 2013, the Company's Capital Adequacy Ratio increased to P0.60.

**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 0.00031 as of 30 September 2013.

**Loss Per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 September 2013, the Company's loss per share remained at negative 0.00015.

(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: 14 November 2013

  
**RONALD P. SUGAPONG**  
Treasurer  
Date: 14 November 2013

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2013 AND DECEMBER 31, 2012**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b><u>SEPTEMBER 2013</u></b>	<b><u>DECEMBER 2012</u></b>
<b><u>A S S E T S</u></b>		
<b>CURRENT ASSETS</b>		
Cash (Note 4)	P891,548	P575,932
Input Value Added tax (Note 5)	<u>522,435</u>	<u>474,387</u>
<b>TOTAL ASSETS</b>	<b><u><u>P1,413,983</u></u></b>	<b><u><u>P1,050,319</u></u></b>
 <b><u>LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses (Note 6)	P569,907	P701,492
Deposits for future stock subscriptions (Note 7)	-	3,580,900
Total Current Liabilities	<u>P569,907</u>	<u>P4,282,392</u>
 <b>EQUITY (CAPITAL DEFICIENCY)</b>		
Capital stock	2,737,044,807	2,733,463,907
Additional paid-in capital	36,293,941	35,393,941
Deficit	<u>(2,772,494,672)</u>	<u>(2,772,089,921)</u>
Total Equity (Capital Deficiency)	<u>844,076</u>	<u>(3,232,073)</u>
 <b>TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)</b>	 <b><u><u>P1,413,983</u></u></b>	 <b><u><u>P1,050,319</u></u></b>

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013 AND 2012**

	Three Months Period Ended		Nine Months Period Ended	
	Sept. 2013	Sept. 2012	Sept. 2013	Sept. 2012
<b>OPERATING EXPENSES</b>				
Taxes and licenses	<b>P17,905</b>	-	<b>P282,745</b>	P265,140
Professional fees	<b>21,000</b>	21,000	<b>63,000</b>	63,000
Photocopying & Reproduction	<b>3,542</b>	-	<b>4,542</b>	1,728
Other operating expenses	<b>8,227</b>	2,600	<b>54,464</b>	27,959
<b>NET LOSS FOR THE PERIOD</b>	<b>50,674</b>	23,600	<b>404,751</b>	357,827
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>P50,674</b>	P23,600	<b>P404,751</b>	P357,827
<b>Loss Per Share</b>	<b>0.00002</b>	0.00001	<b>0.00015</b>	0.00013

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

**STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>September 2013</u>	<u>September 2012</u>
<b>CAPITAL STOCK</b>		
Balance, beginning of year	<b>₱2,733,463,907</b>	₱2,733,463,907
Issuance of shares	<b>3,580,900</b>	-
	<hr/>	<hr/>
Balance, end of the period	<b><u>2,737,044,807</u></b>	<u>2,733,463,907</u>
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance, beginning of year	<b>35,393,941</b>	34,643,941
Addition during the period	<b>900,000</b>	-
	<hr/>	<hr/>
Balance, end of the period	<b><u>36,293,941</u></b>	<u>34,643,941</u>
<b>DEFICIT</b>		
Balance, beginning of year	<b>(2,772,089,921)</b>	(2,771,416,174)
Net loss for the period	<b>(404,751)</b>	(357,827)
	<hr/>	<hr/>
Balance, end of the period	<b><u>(2,772,494,672)</u></b>	<u>(2,771,774,001)</u>
<b>TOTAL EQUITY (CAPITAL DEFICIENCY)</b>	<b><u><u>₱844,076</u></u></b>	<b><u><u>(₱3,666,153)</u></u></b>

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013 AND 2012**

	<b>September 2013</b>	September 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	<b>(P404,751)</b>	(P357,827)
Working capital changes:		
Increase in other current assets	<b>(48,048)</b>	(46,668)
Decrease in accounts payable and accrued expenses	<b>(131,585)</b>	(124,198)
	<b>(584,384)</b>	(528,693)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional Paid In Capital	<b>900,000</b>	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>315,616</b>	(528,693)
<b>CASH AT BEGINNING OF THE PERIOD</b>	<b>575,932</b>	555,765
<b>CASH AT END OF THE PERIOD</b>	<b><u>P891,548</u></b>	<b><u>P27,072</u></b>



## 1. CORPORATE INFORMATION

### ***1.1 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 September 30, 2013.

As of September 30, 2013 the largest stockholder of the Company is Zamcore Realty & Development Corporation which holds a 26.65% ownership interest in the Company.

The shares of the Company are listed and 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 20<sup>th</sup> 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 September 30, 2013 were authorized for issue by the Company's Board of Directors and Audit Committee on 14 November 2013.

### ***1.2 Status of Operations***

The Company's recurring net losses which resulted in a capital deficiency 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, particularly, in engaging to mining activities in the foreseeable future to revitalize its operations. On September 28 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. 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 September 30, 2013 the MPSA has not yet been issued by the DENR while the approval of the APSA is still pending with the MGB.

On August 6, 2013, the Securities and Exchange Commission ("SEC" issued a certificate of Approval of Valuation of the Deposit for Future Subscription of two

shareholders in the amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company.

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the recoverability of its assets and settlement 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 ("IASB").

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, 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 Standard ("PAS") 1, *Presentation of Financial Statements*. The Company presents all items of income and expense in a single statement of comprehensive income.

#### *(c) Functional and Presentation Currency*

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

Items included in the financial statements of the Company are measures 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 2012, Relevant to the Company*

In 2012, the Company adopted the amendment to PFRS 7, *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; hence, the amendment did not result in any significant change in the Company's disclosures in its financial statements.

*(b) Effective in 2012, not Relevant to the Company*

The following amendments are mandatory for accounting periods beginning on or after July 1, 2011 or January 1, 2012 but are not relevant to the Company's financial statements:

- (i) PAS 12 (Amendment), *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*. The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretations Committee 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. The amendment has no significant impact on the Company's financial statements as the Company has no investment properties property, plant and equipment.
- (ii) PFRS 1 (Amendment), *First-Time Adoption of PFRS* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Company's financial statements.

*(c) Effective in 2013, not Relevant to the Company*

- (i) PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within

the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess. The standard is not applicable to the Company as it has no subsidiaries.

- (ii) PFRS 12, *Disclosure of Interest in Other Entities*. This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. The standard is not applicable to the Company.
- (iii) PAS 27 (Amendment), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.
- (iv) PAS 28 (Amendment), *Investments in Associate and Joint Venture*. This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*. The standard is not applicable to the Company.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (“IFRS”) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(d) *Effective Subsequent to 2012 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

- (i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss, and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Company's Management does not expect this amendment to have an impact on the Company's financial statements, as the Company does not have transactions recognized in other comprehensive income.
- (ii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Company has initially assessed that the adoption of the amendment will not have a significant impact on its financial statements.
- (iii) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Company's financial statements.
- (iv) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business, in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

- (v) 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 financial instruments that will replace PAS 39 in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it 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 as such, the entity shall apply measurement to the entire hybrid contract, depending on whether the contract is at fair value or amortized cost.

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.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on Company's financial statements and is committed to conduct a comprehensive study of the potential impact of this standard in the last quarter of 2014 before its adoption in 2015 to assess the impact of all changes.

### **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, discounted at the effective interest rate.

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 the 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, incurred on a financial liability are 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 classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

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

### ***2.6 Deposits for Future Stock Subscriptions***

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

### ***2.7 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. 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. 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. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.



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.

### **2.8 Expense Recognition**

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

### **2.9 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 accounted for, 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 carry forward 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. Unrecognized deferred tax assets are reassessed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

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, respectively.

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

### ***2.10 Related Party Relationships and 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 parties 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.

### ***2.11 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 and subsequent cash infusion from stockholders approved by the BOD to be presented as APIC. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

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

### ***2.12 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.

### ***2.13 Events After the Reporting Period***

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

## **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) Determination of 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) Recognition of 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 2.7 and disclosures on relevant provisions and contingencies are presented in Note 10.

*(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 on September 30, 2013.

**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 September 30, 2013.

## 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account is as follows:

	<u>September 2013</u>	<u>December 2012</u>
Accounts payable	<b>P569,907</b>	P564,492
Accrued professional fees	-	137,000
	<u><b>P569,907</b></u>	<u>P701,492</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

### *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>Month Received</u>
October 24, 2012	P 750,000	October 2012
December 29, 2011	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	<u>690,300</u>	December 2008
Total	<u>P 3,340,300</u>	

The converted amount of advances from FYSI and ZHIHI and the additional cash infusions made by FYSI from 2008 to 2010 totaling P3,580,900 are presented as Deposits for Future Stock Subscriptions in the statements of financial position in 2012.

On August 6, 2013, the SEC issued a certificate of Approval of Valuation of the Deposit for Future Subscription of two shareholders in the amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company.

Similarly, the additional cash infusion received from a stockholder during the period amounting to P900,000 is also presented as part of APIC.

## 8. LOSS PER SHARE

The basic loss per share is computed as follows:

	<u>September 2013</u>	<u>September 2012</u>
Net loss	P 404,751	P 357,827
Divided by the weighted average number of issued and outstanding shares	<u>2,737,044,807</u>	<u>2,733,463,907</u>
Loss per share	P <u>0.00015</u>	P <u>0.00013</u>

Diluted earnings per share were not determined since the Company does not have potential dilutive common shares as at September 30, 2013 and 2012.

## 9. EQUITY

### 9.1 Capital Stock

On May 29, 1991, the 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 September 30, 2013 the Company had an outstanding capital stock of P2,737,044,807 which includes 2,733,463,907 shares that are listed in the PSE.

There are 822 holders of the listed shares which closed at P0.37 per share on September 30, 2013.

On 6 August 2013, the SEC issued a certificate of Approval of Valuation of the Deposit for Future Subscription of two shareholders in the amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company.

### **9.2 Additional Paid-in Capital**

During the period, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to P900,000 to be reflected as part of APIC.

## **10. COMMITMENTS AND CONTINGENCIES**

There are commitments and contingencies which are not reflected in the financial statements. As of September 30, 2013 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 1.2, 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 MPSA by the DENR. As of September 30, 2013 the MPSA has not yet been issued by the DENR.

## **12. RISK MANAGEMENT OBJECTIVES AND POLICIES**

As at September 30, 2013, 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 in 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. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to maximum coverage of P0.5 million for every depositor per banking institution.

### **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 at September 30, 2013 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 subsequently converted into capital stock and has received additional cash infusions from the shareholders which the Company recorded as APIC.