



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 2014**
- 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 2014)

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
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:

<b>Philippine Stock Exchange</b>	<b>Common</b>
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- 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 2014, total assets stood at P1,642,057 which is 32.92% higher from 31 December 2013. The increase is attributable to a 50.69% increase in cash, primarily due to cash infusion by major shareholders. As a result, additional paid-in capital increased by 2.76%, cushioned by a 10.07% increase in input value-added tax on audit, listing fee, and operating expenses. Accounts payable decreased by 20.5% from 31 December 2013 due to settlement of audit fee.

During the quarter, the Company recorded a net loss of P49,178 compared to last year's P55,674. For the six months period, the Company posted a net loss of P448,303 compared to P404,751 during the same period last year. The increase in the net loss is attributable to the expenses incurred in connection with the attendance of the directors in a seminar.

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

Ratios	Formula	30-September-14	30-September-13	31-Dec-13
Current Ratio	Current assets/ Current liabilities	2.92:1 1,642,057 / 562,948	2.48:1 1,413,983 / 569,907	1.74:1 1,235,378 / 707,967
Debt to Equity Ratio	Total liabilities/ Stockholders' equity	0.52:1 562,948 / 1,079,109	0.68:1 569,907 / 844,706	1.34:1 707,968 / 527,410
Capital Adequacy Ratio	Stockholders' equity/ Total assets	0.66:1 1,079,109 / 1,642,057	0.60:1 844,076 / 1,413,983	0.43:1 527,411 / 1,235,378
Book value per share	Stockholders' equity/ Total # of shares	0.000039 1,079,109 / 2,737,044,807	0.00031 844,076 / 2,733,044,807	0.00019 527,411 / 2,733,044,807
Loss per Share	Net loss/ Total # of shares	-0.00016 (448,303) / 2,737,044,807	-0.00015 (404,751) / 2,733,044,807	-0.00026 (721,417) / 2,733,044,807

**Current Ratio** shows the Company's ability to meet its short-term financial obligation. As of 30 September 2014, the Company has P2.92 worth of current assets for every one peso liability as compared to last year's current ratio of P1.74. The increase is attributable to the increase in cash assets.

**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 2014, the Company has a positive ratio of P0.52 compared to P1.34 as of 31 December 2013.

**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 2014, the Company's Capital Adequacy Ratio increased to P0.66 from P0.43 as of 31 December 2013.

**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 0.000039 as of 30 September 2014.

**Loss Per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 September 2014, the Company's loss per share is 0.00016.

(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.**

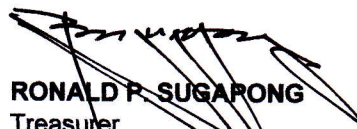
By:



**DAISY L. PARKER**

Corporate Secretary

Date: 7 October 2014



**RONALD P. SUGAPONG**

Treasurer

Date: 7 October 2014

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2014 AND DECEMBER 31, 2013**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b><u>SEPTEMBER 2014</u></b>	<b><u>DECEMBER 2013</u></b>
<b><u>A S S E T S</u></b>		
<b>CURRENT ASSETS</b>		
Cash (Note 4)	P1,047,202	P694,941
Input Value Added tax (Note 5)	594,855	540,437
<b>TOTAL ASSETS</b>	<b><u>P1,642,057</u></b>	<b><u>P1,235,378</u></b>
<b><u>LIABILITY AND EQUITY</u></b>		
<b>CURRENT LIABILITY</b>		
Accounts payable and accrued expenses (Note 6)	P562,948	P707,967
Total Current Liability	<u>562,948</u>	<u>707,967</u>
<b>EQUITY</b>		
Capital stock	2,737,044,807	2,737,044,807
Additional paid-in capital	37,293,941	36,293,941
Deficit	(2,773,259,639)	(2,772,811,337)
Total Equity	<u>1,079,109</u>	<u>527,411</u>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b><u>P1,642,057</u></b>	<b><u>P1,235,378</u></b>

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014 AND 2013**

	Three Months Period Ended		Nine Months Period Ended	
	Sept. 2014	Sept 2013	Sept. 2014	Sept. 2013
<b>OPERATING EXPENSES</b>				
Taxes and licenses	4,050	17,905	P276,850	P282,745
Professional fees	21,000	21,000	63,000	63,000
Photocopying & Reproduction	-	3,542	3,052	4,542
Other operating expenses	24,128	8,227	105,401	54,464
<b>NET LOSS FOR THE PERIOD</b>	<b>49,178</b>	50,674	<b>448,303</b>	404,751
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>P49,178</b>	P50,674	<b>P448,303</b>	P404,751
<b>Loss Per Share</b>	<b>0.00002</b>	0.00002	<b>0.00016</b>	0.00015

Loss per share is determined by dividing net loss by 2,737,044,807 shares issued and outstanding.

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>September 2014</u>	<u>September 2013</u>
<b>CAPITAL STOCK</b>		
Balance, beginning of year	<b>₱2,737,044,807</b>	₱2,733,463,907
Issuance of shares	-	3,580,900
	<hr/>	<hr/>
Balance, end of the period	<b><u>2,737,044,807</u></b>	<u>2,733,044,807</u>
 <b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance, beginning of year	<b>36,293,941</b>	35,393,941
Addition during the period	<b>1,000,000</b>	900,000
	<hr/>	<hr/>
Balance, end of the period	<b><u>37,293,941</u></b>	<u>36,293,941</u>
 <b>DEFICIT</b>		
Balance, beginning of year	<b>(2,772,811,336)</b>	(2,772,089,921)
Net loss for the period	<b>(448,303)</b>	(404,751)
	<hr/>	<hr/>
Balance, end of the period	<b><u>(2,773,259,639)</u></b>	<u>(2,772,494,672)</u>
 <b>TOTAL EQUITY</b>		
	<b><u>₱ 1,079,109</u></b>	<u>₱ 844,076</u>
	<hr/> <hr/>	<hr/> <hr/>

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2014 AND 2013**

	<b>September 2014</b>	September 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(P448,303)	(P404,751)
Working capital changes:		
Increase in other current assets	(54,418)	(48,048)
Decrease in accounts payable and accrued expenses	(145,018)	(131,585)
	(647,739)	(584,384)
Net Cash Used in Operating Activities	(647,739)	(584,384)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional Paid In Capital	1,000,000	900,000
	1,000,000	900,000
<b>NET INCREASE IN CASH</b>	352,261	315,616
<b>CASH AT BEGINNING OF THE PERIOD</b>	694,941	575,932
<b>CASH AT END OF THE PERIOD</b>	P 1,047,202	P891,548



**ZEUS HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**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, 2014.

As of September 30, 2014 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, 2014 were authorized for issue by the Company's Board of Directors and Audit Committee on October 7, 2014.

***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, 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. 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, 2014 the MPSA has not yet been issued by the DENR while the approval of the APSA is still pending with the MGB.

On 6 August 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 2013 that are Relevant to the Company*

In 2013, the Company adopted for the first time the following new PFRS and amendments thereto that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 13	:	Fair Value Measurement

Discussed below and in the succeeding pages are the relevant information about these new and amended standards.

- (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 PFRSs: (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 amendment did not 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

application of this amendment had no significant impact on the Company's financial statements as the Company does not have relevant potential or enforceable offsetting arrangements on its financial instruments.

- (iii) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instruments items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. The new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application. The application of this new standard has no significant impact on the amounts recognized and disclosed in the Company's financial statements.

*(b) Effective in 2013 that are not Relevant to the Company*

The following new PFRS, revisions, amendments, interpretation and improvements to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the Company's financial statements:

PAS 19 (Revised)	:	Employee Benefits
PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Government Loans
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PFRS 12	:	Disclosure of Interests in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associates and Joint Ventures
PFRS 10, 11 and 12 (Amendments)	:	Amendments to PFRS 10, 11 and 12 Transition Guidance to PFRS 10, 11 and 12
Philippine Interpretation International Financial Reporting Interpretation Committee 20	:	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements		
PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Cost
PAS 16 (Amendment)	:	Property, Plant and Equipment – Classification of Servicing Equipment
PAS 32 (Amendment)	:	Financial Instruments: Presentation – Tax

## Effect of Distributions to Holders of Equity Instruments

PAS 34 (Amendment) : Interim Financial Reporting – Interim  
Financial Reporting and Segment  
Information for Total Assets  
and Liabilities

### (c) *Effective Subsequent to 2013 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2013. 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 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.
- (ii) PAS 39 (Amendment), *Financial Instruments: Recognition Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective from January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Company neither enters into transactions involving derivative instruments nor it applies hedge accounting, the amendment will have no impact on the financial statements.
- (iii) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued on November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held

within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

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 the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS and PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Company does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (iv) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the

following amendments are relevant to the Company but management does not expect a material impact on the Company's financial statements:

*Annual Improvements to PFRS (2010-2012 Cycle)*

- (a) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the financial statements, and not the amounts of compensation paid or payable by the key management entity to its employees or directors.
- (b) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payable with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

*Annual Improvement to PFRS (2011-2013 Cycle)*

PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in PAS 32.

### **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 to another party.

Due to their short-term duration, the carrying amount of the Company's loans and receivables approximates its fair value as of the end of the reporting period.

#### ***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 to be converted to equity.

## ***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 Equity***

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, 2014.

### **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, 2014.

## 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account is as follows:

	<u>September 2014</u>	<u>December 2013</u>
Accounts payable	<b>P562,948</b>	P571,187
Accrued professional fees	-	136,780
	<u><b>P562,948</b></u>	<u>P707,967</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>
September 24, 2014	1,000,000	September 2014
September 4, 2013	900,000	September 2013
October 24, 2012	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 5,240,300</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 6 August 2013, the Securities and Exchange Commission 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.

## 8. LOSS PER SHARE

The basic loss per share is computed as follows:

	<u>September 2014</u>	<u>September 2013</u>
Net loss	P 448,303	P 404,751
Divided by the weighted average number of issued and outstanding shares	<u>2,737,044,807</u>	<u>2,737,044,807</u>
Loss per share	P <u>0.00016</u>	P <u>0.00015</u>

Diluted earnings per share were not determined since the Company does not have potential dilutive common shares as of September 30, 2014 and 2013.

## 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.

On August 6, 2013, 3,580,900 shares were issued at an issue price of P1.00 per share as a result of the conversion of Deposits for Future Stocks Subscription.

As of 30 September 30, 2014 the Company has an outstanding capital stock of P2,737,044,807 covering 2,737,044,807 shares, of which 2,733,463,907 are listed in the PSE. There are 822 holders of the listed shares which closed at P0.380 per share on September 30, 2014.

### *9.2 Additional Paid-in Capital*

In their meetings held on September 24, 2014 and September 4, 2013, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to P1,000,000 and 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, 2014 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 September 30, 2014 the MPSA has not yet been issued by the DENR.

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

As of September 30, 2014, 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 of September 30, 2014 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 entity. As indicated in Note 1, 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 statements of financial position.

To support its business plan, the Company has converted its deposits for future stock subscription into capital stock and has received additional cash infusions from certain stockholders.