



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 June 2015**
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 June 2015)

<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 June 2015, total assets stood at P982,445 which is 34% lower from 31 December 2014. The decrease is attributable to a 68% reduction in cash, primarily due to payment of listing fee and operating expenses, cushioned by a 7% increase in input value-added tax on listing fee and operating expenses. Accounts payable and accrued expenses decreased due to settlement of an outstanding payable and accrued audit fee.

During the quarter, the Company recorded a net loss of P45,841, which is 47% lower compared to last year's P87,070 due to lower operating expenses for the period. For the six months period, net loss posted at P344,054, which is 13.80% lower compared to last year's P399,125.

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

Ratios	Formula	30-June-15	30-June-14	31-Dec-14
Current Ratio	Current assets/ Current liabilities	1.74:1 982,445 / 564,835	1.23:1 695,795 / 567,509	2.04:1 1,490,322 / 728,658
Debt to Equity Ratio	Total liabilities/ Stockholders' equity	1.35:1 564,835 / 417,610	4.42:1 567,509 / 128,286	0.96:1 728,658 / 761,664
Capital Adequacy Ratio	Stockholders' equity/ Total assets	0.42:1 417,610 / 982,445	0.18:1 128,286 / 695,795	0.51:1 761,664 / 1,490,322
Book value per share	Stockholders' equity/ Total # of shares	0.00015 417,610 / 2,737,044,807	0.00005 128,286 / 2,733,463,907	0.00028 761,664 / 2,737,044,807
Loss per Share	Net loss/ Total # of shares	-0.00013 (344,054) / 2,737,044,807	-0.00015 (399,125) / 2,737,044,807	-0.00028 (765,746) / 2,733,044,807

**Current Ratio** shows the Company's ability to meet its short term financial obligation. As of 30 June 2015, the Company has P1.74 worth of current assets for every one peso liability, which is lower than last year's P2.04. The decrease is attributable to settlement of various operating expenses.

**Debt to Equity Ratio** indicates the extent of the Company to which debt is covered by shareholder's fund. It reflects the relative position of the equity holders. As of 30 June 2015, the Company's equity is P1.35.

**Capital Adequacy Ratio** is computed by dividing the total Stockholder's Equity over Total Assets. It measures the financial strength of the Company. As of 30 June 2015, the Company's Capital Adequacy Ratio decreased to 0.42.

**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 0.00015 as of 30 June 2015.

**Loss Per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 June 2015, the Company's loss per share is negative 0.00013.

(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: 13 August 2015

  
**RONALD P. SUGAPONG**

Treasurer

Date: 13 August 2015

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND DECEMBER 31, 2014**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b><u>JUNE 2015</u></b>	<b><u>DECEMBER 2014</u></b>
<b><u>A S S E T S</u></b>		
<b>CURRENT ASSETS</b>		
Cash (Note 11)	P282,684	P875,742
Input Value Added tax (Note 3.2)	660,461	614,580
Other current assets (Note 4)	39,300	-
<b>TOTAL ASSETS</b>	<b>P982,445</b>	<b>P1,490,322</b>
<b><u>LIABILITY AND EQUITY</u></b>		
<b>CURRENT LIABILITY</b>		
Accounts payable and accrued expenses (Note 5)	P564,835	P728,658
Total Current Liability	<b>564,835</b>	<b>728,658</b>
<b>EQUITY</b>		
Capital stock	2,737,044,807	2,737,044,807
Additional paid-in capital	37,293,941	37,293,941
Deficit	(2,773,921,138)	(2,773,577,084)
Total Equity	<b>417,610</b>	<b>761,664</b>
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>P982,445</b>	<b>P1,490,322</b>

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED JUNE 30, 2015 AND 2014**

	<b>Three Months Period Ended</b>		<b>Six Months Period Ended</b>	
	<b>June 2015</b>	<b>June 2014</b>	<b>June 2015</b>	<b>June 2014</b>
<b>OPERATING EXPENSES</b>				
Taxes and licenses	<b>₱-</b>	<b>₱-</b>	<b>₱267,800</b>	₱272,800
Professional fees	<b>21,000</b>	21,000	<b>42,000</b>	42,000
Photocopying & Reproduction	<b>256</b>	-	<b>256</b>	3,052
Other operating expenses	<b>24,585</b>	66,070	<b>33,998</b>	81,273
<b>NET LOSS FOR THE PERIOD</b>	<b>45,841</b>	87,070	<b>344,054</b>	399,125
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>₱45,841</b>	₱87,070	<b>₱344,054</b>	₱399,125
<b>Loss Per Share</b>	<b>0.00002</b>	0.00003	<b>0.00013</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 JUNE 30, 2015 AND 2014**

	<b>June 2015</b>	June 2014
<b>CAPITAL STOCK</b>		
Balance, beginning of year	<b>₱2,737,044,807</b>	₱2,737,044,807
Issuance of shares	-	-
	<b>2,737,044,807</b>	2,737,044,807
Balance, end of the period	<b>2,737,044,807</b>	2,737,044,807
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance, beginning of year	<b>37,293,941</b>	36,293,941
Cash infusion during the period	-	-
	<b>37,293,941</b>	36,293,941
Balance, end of the period	<b>37,293,941</b>	36,293,941
<b>DEFICIT</b>		
Balance, beginning of year	<b>(2,773,577,084)</b>	(2,772,811,337)
Net loss for the period	<b>(344,054)</b>	(399,125)
	<b>(2,773,921,138)</b>	(2,773,210,462)
Balance, end of the period	<b>(2,773,921,138)</b>	(2,773,210,462)
<b>TOTAL EQUITY</b>	<b>₱417,610</b>	₱128,286

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30, 2015 AND 2014**

	<u><b>JUNE 2015</b></u>	<u><b>JUNE 2014</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss representing operating loss before working capital changes	(P344,054)	(P399,125)
Increase in input value added tax	(45,881)	(57,878)
Increase in other current assets	(39,300)	-
Decrease in accounts payable and accrued expenses	<u>(163,823)</u>	<u>(140,457)</u>
Net Cash Used in Operating Activities	<u>(593,058)</u>	<u>(597,460)</u>
<b>NET DECREASE IN CASH</b>	<b>(593,058)</b>	<b>(597,460)</b>
<b>CASH AT BEGINNING OF THE YEAR</b>	<u><b>875,742</b></u>	<u><b>694,940</b></u>
<b>CASH AT END OF THE PERIOD</b>	<u><u><b>P282,684</b></u></u>	<u><u><b>P97,480</b></u></u>



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

1. **GENERAL INFORMATION**

***1.1 Corporate Information***

Zeus Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 17, 1981 to engage in the purchase and sale of investments. The Company has no commercial operations as of June 30, 2015.

As of June 30, 2015, Zamcore Realty & Development Corporation holds a 27% 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.

***1.2 Status of Operations***

The recurring net losses and the inability of the Company to undertake any investing or operating activity in the current and previous years raised substantial doubt about its ability to continue as a going concern. The Company, however, 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 Board of Directors (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 10). As at June 30, 2015, the

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

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

### **1.3 Approval of Financial Statements**

The financial statements of the Company for the period ended June 30, 2015 (including the comparative financial statements for December 31, 2014) were authorized for issue by the Company's BOD on August 13, 2015.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. 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*

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

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 (see Note 3) and presentation currency, and all values represent absolute amounts except when otherwise indicated.

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

## 2.2 Adoption of New and Amended PFRS

### (a) Effective in 2014 that are Relevant to the Company

In 2014, the Company adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Company and effective for financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below are the relevant information about these amended standards and interpretation.

- (i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. 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 that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risk and process receivables and payables in a single settlement process will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with their transitional provisions. As the Company does not currently present any of its financial assets and financial liabilities on a net basis in accordance with PAS 32, the amendment had no material effect on the Company's financial statements for any periods presented.
- (ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the

financial statements. This amendment did not result in additional disclosure in the financial statements since the Company does not have non-financial assets other than input value-added tax (VAT) which management deemed to be unimpaired.

- (iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. 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 does it apply hedge accounting, the amendment did not have any impact on the Company's financial statements.
- (iv) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Company's financial statements.

(b) *Effective in 2014 that are not Relevant to the Company*

Among the amendments to PFRS which are effective for the annual period beginning on or after January 1, 2014, the Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*, in relation to the exception from consolidation for an investment entity of its investments in subsidiaries are not relevant to the Company.

(c) *Effective Subsequent to 2014 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2014 which are issued by the FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements in accordance with their transitional provisions, and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It further clarifies that in determining the order of presenting the notes and disclosures, an

entity shall consider the understandability and comparability of the financial statements.

(ii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new 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.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) 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 amendment also 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 than in profit or loss.

The Company does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) 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.

- (iii) Annual Improvements to PFRS. Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. 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)*

- 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 information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and should not be the amounts of compensation paid or payable by the key management entity to its employees or directors.
- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, 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 payables 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 definition of financial assets or financial liabilities as defined in PAS 32.

*Annual Improvement to PFRS (2012-2014 Cycle)*

PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

### **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 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 statements 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 (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the profit or loss.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented in the statement of comprehensive income.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company

retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

## ***2.4 Impairment of Non-financial Assets***

The Company's input 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. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

## ***2.5 Financial Liabilities***

Financial liabilities, which include Accounts Payable and Accrued Expenses, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-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 values 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. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.



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

Deposits for future stock subscriptions are recorded upon receipt 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. When 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 utilization of goods or 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 carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in 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 Transactions and Relationships***

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 statement 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 loss per share is presented.

## **2.13 Events After the End of 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.

## **3.1 Critical Management Judgments in Applying Accounting Policies**

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 provisions and contingencies are discussed in Note 2.7 and relevant disclosures are presented in Note 9.

**3.2 Key Sources of Estimation Uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

*(a) Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Based on management's assessment as of June 30, 2015 and December 31, 2014, the Company may not have sufficient taxable profits against which its deferred tax assets can be utilized within the prescribed period. Accordingly, the Company did not recognize the deferred tax assets.

*(b) Impairment of Non-financial Assets*

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

Based on management's assessment, input VAT is fully recoverable; hence, no impairment loss was recognized as at June 30, 2015 and December 31, 2014.

**4. OTHER CURRENT ASSETS**

This accounts represents prepaid rent and refundable deposit on the venue for the annual stockholders' meeting.

## 5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account is as follows.

	<u>June 2015</u>	<u>December 2014</u>
Accounts payable	P 564,835	P 630,658
Accrued expenses	<u>-</u>	<u>98,000</u>
	<u>P 564,835</u>	<u>P 728,658</u>

Due to their short duration, management considers the carrying amounts of Accounts Payable and Accrued Expenses recognized in the statements of financial position to be reasonable approximation of their fair values.

## 6. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders. The summary of the Company's significant transactions for the period ended June 30, 2015 and December 31, 2014 is as follows:

<u>Related Party Category</u>	<u>Notes</u>	<u>June 30, 2015</u>		<u>December 31, 2014</u>	
		<u>Amount of Transaction</u>	<u>Outstanding Balance</u>	<u>Amount of Transaction</u>	<u>Outstanding Balance</u>
Stockholders:					
Cash infusions					
(presented as part of APIC)	6.1	P -	P -	P 1,000,000	P -

### 6.1 Cash Infusions from Stockholders

On the following dates, the BOD authorized the acceptance of additional cash infusions from F. Yap Securities, Inc. – In Trust for Various Clients (FYSI), a stockholder, as follows:

<u>Date Authorized</u>		<u>Amount</u>	<u>Month Received</u>
September 24, 2014	P	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
		<u>P 5,240,300</u>	

Of the total cash infusion received, P1,340,300 was recognized as Deposits for Future Stock Subscriptions (see Note 6.2) and the remaining amount of P3,900,000 was reflected as APIC, P1,000,000 in 2014, P900,000 in 2013, P750,000 in 2012 and P1,250,000 in 2011.

### ***6.2 Conversion of Advances from Stockholders and Application of Deposits for Future Stock Subscriptions***

On September 30, 2008, the Company's BOD approved the conversion of all of its outstanding advances from stockholders, FYSI 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.

The amount of the converted advances from FYSI and ZHIHI and portion of the cash infusions made by FYSI (see Note 6.1) totaling P3,580,900 are presented as Deposits for Future Stock Subscriptions in the 2012 statement of financial position.

On April 4, 2013, the Company's BOD approved the application of the outstanding Deposits for Future Stock Subscriptions to 3,580,900 shares subscriptions. The valuation of the deposits of P3,580,900 as full payment for the 3,580,900 shares of stock with a par value of P1.00 per share was approved by the SEC on August 6, 2013.

## **7. EQUITY**

### ***7.1 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 PSE approved the listing of the Company's shares. The Company offered to the public 25,000,000 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 P100,000,000 to P3,000,000,000.

On August 6, 2013, 3,580,900 shares were issued at an issue price of P1.00 per share as a result of the application of Deposits for Future Stocks Subscriptions (see Note 6.2).

As of June 30, 2015 and December 31, 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. The number of holders and the closing price of the said shares is 823 and P0.285 per share as June 30, 2015, respectively.

### ***7.2 Additional Paid-in Capital***

In their meetings held on September 24, 2014, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to P1,000,000 reflected as part of APIC (see Note 6.1).

## 8. LOSS PER SHARE

The basic loss per share is computed as follows:

	<u>June 2015</u>		<u>June 2014</u>
Net loss for the period	<b>P 344,054</b>	P	399,125
Divided by the weighted average number of issued and outstanding shares	<u><b>2,737,044,807</b></u>		<u>2,737,044,807</u>
Loss per share	<u><b>P 0.00013</b></u>	P	<u>0.00015</u>

Diluted earnings per share was not determined because the Company does not have potential dilutive common shares as of June 30, 2015 and 2014.

## 9. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies which are not reflected in the financial statements. As of June 30, 2015, 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.

## 10. OPERATING AGREEMENT WITH OLYMPIC

Pursuant to the operating agreement with Olympic as 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:

1. 10,000,000 common shares shall be issued to Olympic within one month from the issuance of the MPSA;
2. Olympic shall have the option to subscribe at par, subject to applicable laws, to additional 10,000,000 common shares within one year from the issuance of the MPSA; and,

The aforementioned 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 by the MGB and issuance of the MPSA by the DENR. As of June 30, 2015, the MPSA has not yet been issued by the DENR while the approval of the APSA is still pending with the MGB.

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

The Company has not yet started commercial operations as at June 30, 2015 and is not exposed to significant financial risk, except for credit risk of its cash in bank, and liquidity risk related to its accounts payable and accrued expenses.

### ***11.1 Credit Risk***

Management believes that the credit risk is considered negligible for cash 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 a maximum coverage of P500,000 for every depositor per banking institution. The maximum credit risk exposure of the Company as of June 30, 2015 and December 31, 2014 amounted to P282,684 and P875,742, respectively.

### ***11.2 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 June 30, 2015 and December 31, 2014, the Company's financial liabilities amounting to P562,997 and P728,658, respectively, have contractual maturities of six to twelve months from the end of the reporting period.

## **12. 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 as presented on the face of the statements of financial position.

To support its business plan, the Company has applied the deposits for future stock subscription into capital stock, and has received additional cash infusions, from certain stockholders. As of June 30, 2015 and December 31, 2014, the Company's equity amounted to P417,610 and 761,664, respectively.