

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 2017**
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: XXXXXXXXXX (SEC Use Only)

20/F, Lepanto Bldg., 8747 Paseo de Roxas, Makati City

1226

7. Address of issuer's principal office

Postal Code

(02) 815-9447

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 2015)

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 ☒ No ☐

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

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

(Please see attached unaudited financial statements)

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

As of 30 September 2017, total assets stood at P873,085, 15% higher from 31 December 2016 level. The increase was mostly attributable to a 104% increase in cash representing cash infusion received from stockholders and 8% increase in input Value-Added-Tax on listing fee and operating expenses. Accounts Receivable – Non Trade represents security deposit. Decrease in accounts payable and accrued expenses is due to settlement of accounts.

During the quarter, the Company recorded a net loss of P62,086, which was 45% higher compared with last year's P42,839 due to higher operating expenses for the period. For the nine month-period, net loss totaled P481,701 compared with last year's P491,657.

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

Ratios	Formula	30-September-17	30-September-16	31-December-16
Current Ratio	Current assets/ Current liabilities	1.54 873,085 / 566,816	0.62:1 769,921 / 1,237,971	0.98 759,599 / 771,629
Debt to Equity Ratio	Total liabilities/ Stockholders' equity	1.85:1 566,816 / 306,269	-2.64:1 1,237,971 / -468,049	-64.14 771,629 / -12,030
Capital Adequacy Ratio	Stockholders' equity/ Total assets	0.35 306,269 / 873,085	-0.61:1 -468,049 / 769,921	-0.02 :1 -12,030 / 759,599
Book value per share	Stockholders' equity/ Total # of shares	0.00011 306,269 / 2,737,044,807	-0.00017 -468,049 / 2,737,044,807	-0.00001 -12,030 / 2,737,044,807
Loss per Share	Net loss/ Total # of shares	-0.00018 -481,701 / 2,737,044,807	-0.00018 491,657 / 2,737,044,807	-0.00025 -685,638 / 2,737,044,807

Current Ratio shows the Company's ability to meet its short term financial obligation. As of 30 September 2017, the Company has P1.54 worth of current assets for every one peso liability, which is higher than last year's P0.62. The increase 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 September 2017, the Company has a positive ratio of P1.85.

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 September 2017, the Company's Capital Adequacy Ratio increased to positive 0.35.

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 0.00011 as of 30 September 2017.

Loss Per Share is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 September 2017, the Company's loss per share is negative 0.00018.

(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:


ODETTE A. JAVIER
Corporate Secretary
Date: 10 November 2017


MA. LOURDES B. TUASON
Treasurer
Date: 10 November 2017

ZEUS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND DECEMBER 31, 2016
(Amounts in Philippine Peso)

	UNAUDITED SEPTEMBER 2017	AUDITED DECEMBER 2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	106,721	52,386
Accounts Receivable - Non Trade	5,000	-
Input Value Added Tax	761,364	707,213
TOTAL ASSETS	873,085	759,599
<u>LIABILITY AND EQUITY</u>		
CURRENT LIABILITY		
Accounts Payable and accrued expenses	566,816	771,629
Total Current Liability	566,816	771,629
EQUITY		
Capital Stock	2,737,044,807	2,737,044,807
Additional paid-in capital	37,293,941	37,943,941
Deficit	(2,774,032,479)	(2,775,000,778)
Total Equity	306,269	(12,030)
TOTAL LIABILITY AND EQUITY	873,085	759,599

ZEUS HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 AND 2016
(Amounts in Philippine Peso)

	Three Months Period Ended		Nine Months Period Ended	
	<u>September 2017</u>	<u>September 2016</u>	<u>September 2017</u>	<u>September 2016</u>
OPERATING EXPENSES				
Taxes and Licenses	-	-	31,839	21,724
Professional Fees	21,000	21,000	63,000	106,200
Insurance	-	-	900	900
Listing Fee	-	-	258,000	253,000
Director's Fee	9,000	-	9,000	-
Communication	-	-	1,496	1,774
Notarial Fee	-	530	100	1,630
Trainings, Seminars & Conferences	-	-	-	36,471
Stockholder's Meetings & Other	28,162	-	102,595	-
Other Operating Expenses	3,924	21,309	14,771	69,958
NET LOSS FOR THE PERIOD	<u>62,086</u>	<u>42,839</u>	<u>481,701</u>	<u>491,657</u>
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>62,086</u>	<u>42,839</u>	<u>481,701</u>	<u>491,657</u>
 Loss Per Share	 0.00002	 0.00002	 0.00018	 0.00018

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, 2017 AND 2016
(Amounts in Philippine Peso)

	September 2017	September 2016
CAPITAL STOCK		
Balance, beginning of year	2,737,044,807	2,737,044,807
Issuance of shares	-	-
Balance, end of the period	<u>2,737,044,807</u>	<u>2,737,044,807</u>
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year	37,293,941	37,293,941
Addition during the period	-	-
Balance, end of the period	<u>37,293,941</u>	<u>37,293,941</u>
DEFICIT		
Balance, beginning of year	(2,773,550,779)	(2,774,315,141)
Net Loss for the period	(481,701)	(491,657)
Balance, end of the period	<u>(2,774,032,479)</u>	<u>(2,774,806,797)</u>
TOTAL EQUITY	<u><u>306,269</u></u>	<u><u>(468,049)</u></u>

ZEUS HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 AND 2016
(Amounts in Philippine Peso)

	September 2017	September 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	(481,701)	(491,657)
Working Capital changes:		
Increase in input value added tax		(42,777)
Increase in other current assets	(59,151)	-
Increase (Decrease) in accounts payable and accrued expenses	(204,813)	(146,726)
Net Cash Used in Operating Activities	<u>(745,665)</u>	<u>(681,160)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash infusion received from stockholders	<u>800,000</u>	<u>655,000</u>
 NET INCREASE (DECEREASE) IN CASH	54,335	(26,160)
 CASH AT BEGINNING OF THE PERIOD	52,386	83,869
 CASH AT END OF THE PERIOD	<u><u>106,721</u></u>	<u><u>57,708</u></u>

ZEUS HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
(Amounts in Philippine Pesos)

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 December 31, 2016.

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

In their respective meetings dated November 17, 2015 and November 20, 2015, the Board of Directors (BOD) and the stockholders approved the change in the Company's registered office address, which is also its principal place of business, from 20th Floor, LKG Tower, 6801 Ayala Avenue, Makati City to 21/F, Lepanto Building, 8747 Paseo de Roxas, Barangay Bel-Air, Makati City. The change in the Company's registered address was approved by the SEC on February 4, 2016 and the Bureau of Internal Revenue (BIR) on July 28, 2016.

The finance and administrative functions of the Company are being handled by a third party (see Note 5.3).

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 raise substantial doubt about its ability to continue as a going concern. The Company, however, continuously evaluates possible business opportunities, particularly, in engaging in mining activities in the foreseeable future to revitalize its operations. On September 28 and November 28, 2007, the BOD and the stockholders, respectively, approved a proposed business plan involving the contemplated shift in the Company's primary purpose from an investment holding company to a mining entity.

On July 13, 2009, the Company entered into an operating agreement with Olympic International Sales Corporation (Olympic) which allows the Company to explore and, if warranted, develop Olympic's mining claims in the province of Surigao del Sur. The mining claims are the subject of an Application for Production Sharing Agreement (APSA) filed by Olympic with the Mines and Geosciences Bureau (MGB). The Company can only operate the mining claims upon the approval of the APSA and issuance of the Mineral Production Sharing Agreement (MPSA) by the Department of Environment and Natural Resources (DENR). The operating agreement shall take effect for a period of 25 years from the date of issuance of MPSA (see also Note 11). As at September 30, 2017, 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. Accordingly, these financial statements do not include any adjustments on the recoverability and reclassifications of the remaining assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

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.

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, expense and other comprehensive income in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position as at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional [see Note 3.1(a)] 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 2016 that is Relevant to the Company

The Company adopted for the first time PAS 1(Amendments), *Presentation of Financial Statements – Disclosure Initiative* which is mandatorily effective for annual periods beginning on or after January 1, 2016. These amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify 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. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(b) Effective in 2016 that are not Relevant to the Company

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Company's financial statements:

PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 16 and 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts
Annual Improvements to PFRS (2012-2014 cycle)		
PAS 19 (Amendments)	:	Employee Benefits – Discount Rate: Regional Market Issue
PAS 34 (Amendments)	:	Interim Financial Reporting – Disclosure of Information “Elsewhere in the Interim Financial Report”

- PFRS 5 (Amendments) : Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal
- PFRS 7 (Amendments) : Financial Instruments: Disclosures – Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) *Effective Subsequent to 2016 but not Adopted Early*

There are new PFRS and amendments to existing standards effective for annual periods subsequent to 2016, which are adopted by the FRSC. 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 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). It requires an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, it suggests a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.
- (ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.
- (iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will 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.

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.

- (iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the

“right-of-use” asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to as financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee’s benefit).

For lessors, lease accounting is similar to PAS 17’s. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17’s. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard in its financial statements.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

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). Cash is defined as demand deposits maintained in a local bank. These deposits do not earn interest and are subject to insignificant risk of changes in value. 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 those with maturities greater than 12 months after the end of each 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 reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in 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 (or where applicable, a part of a financial asset or part of a group of 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 Other Assets

Other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current 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 in profit or loss 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 pertains to 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 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

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 obligation 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 using 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 the profit or loss section of 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 year.

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 presentation of the Company's financial statements in accordance with PFRS requires 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 10.

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 December 31, 2016

and 2015, the Company may not have sufficient future 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 (see Note 6).

(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.

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account is as follows:

	<u>Sep 2017</u>	<u>Sep 2016</u>
Accounts payable	P 561,898	P 1,235,021
Accrued expenses	3,850	-
Withholding tax payable	<u>1,068</u>	<u>2,100</u>
	<u>P 566,816</u>	<u>P 1,237,971</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.

5. RELATED PARTY TRANSACTIONS

5.1 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>
August 18, 2017	100,000	August 2017
May 26, 2017	200,000	May 2017
March 23, 2017	150,000	March 2017
January 18, 2017	350,000	January 2017
January 11, 2016	250,000	June 2016
January 11, 2016	100,000	April 2016
January 11, 2016	P 300,000	January 2016
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

P 6,690,300

Of the total cash infusion received, P1,340,300 was recognized as Deposits for Future Stock Subscriptions (see Note 5.2) and the remaining amount of P5,350,000 was reflected as APIC, P800,000 in 2017, P650,000 in 2016, P1,000,000 in 2014, P900,000 in 2013, P750,000 in 2012 and P1,250,000 in 2011 (see Note 7.2).

5.2 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 5.1) totaling P3,580,900 are presented as Deposits for Future Stock Subscriptions as of December 31, 2012.

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 (see Note 7.1). 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.

5.3 Key Management Personnel Compensation

As of September 30, 2017, there were no expenses recognized that are related to employee benefits since the Company's finance and administrative activities are being handled by a third party (see Note 1.1).

6. EQUITY

6.1 Capital Stock

The Company has 3,000,000,000 shares of authorized capital with par value of P1.00 per share.

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 5.2).

As of September 30, 2017, 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 826 and P0.249 per share in 2016.

6.2 Additional Paid-in Capital

In their meeting held on January 11, 2016 and September 24, 2014, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to P650,000 and P1,000,000, respectively, which was reflected as part of APIC (see Note 5.1).

7. LOSS PER SHARE

The basic loss per share is computed as follows:

	<u>Sep 2017</u>	<u>Sep 2016</u>
Net loss for the period	P 481,701	P 491,657
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	<u>P 0.00018</u>	<u>P 0.00018</u>

Diluted earnings per share was not determined because the Company does not have potentially dilutive common shares as of September 30, 2017 and 2016.

8. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies which are not reflected in the financial statements. As of September 30, 2017, 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.

9. 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:

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

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 September 30, 2017, the MPSA has not yet been issued by the DENR while the approval of the APSA is still pending with the MGB.

10. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has not yet started commercial operations as of September 30, 2017 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.

10.1 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.

10.2 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, 2017 and 2016, the Company's financial liabilities amount to P566,816 and P771,629, respectively.

11. 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.

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 September 30, 2017, the Company's equity amounted to P306,269.