

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES



1. For the fiscal year ended 31 December 2018
2. SEC Identification Number 0102415
3. BIR Tax Identification No. 000-056-514
4. ZEUS HOLDINGS, INC.
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 21/F, Lepanto Bldg, 8747 Paseo de Roxas, Makati City
Address of principal office
- 1226
Postal Code
8. (632) 815-9447
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common</u>	<u>2,737,044,807</u>
<u>Outstanding loans</u>	<u>Nil</u>
11. Are any or all of these securities listed on a Stock Exchange.
 Yes [☒] No [☐]
 If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE
12. Check whether the issuer:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 that 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 ☒

13. Aggregate market value of the voting stock held by non-affiliates of the registrant.

₱547,408,961.40 as of 31 December 2018.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes ☒ No ☐

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

Description	Exhibit
N/A	N/A

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Zeus Holdings, Inc. ("Company") was incorporated on 31 December 1981 as JR Garments, Inc. under Securities and Exchange Commission (SEC) registration number 0102415, as a corporation engaged in garments manufacturing, distribution and export.

On 9 September 1996, the SEC approved the change of name of the Company from JR Garments, Inc. to ZEUS HOLDINGS, INC. and the change in its primary purpose to that of an investments holding company. The Company now has the following primary purpose:

"To purchase, subscribe for or otherwise acquire and own, hold, use, manage, develop, sell, assign, transfer, mortgage, pledge exchange or otherwise dispose of real and personal property of every kind and description, including but not limited to shares of stock, debentures notes, evidence of indebtedness and other securities, contracts or obligations of any corporation or corporations, association or associations, domestic or foreign and to pay therefore in whole or in part, in cash or by exchanging therefore, stocks, bonds and other evidences of indebtedness of securities of this or any other corporation, while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidence of indebtedness or other securities, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers on any stock so owned, without however engaging in dealership in securities or in the stock brokerage business or in the business of an investment company under the Investment Company Act; to do any act designed to protect, preserve, improve or enhance the value of, or otherwise develop any real or personal property at any time held or controlled by the Corporation or in which it at that time may be interested."

The Company discontinued its garments operation on 31 August 1996 and consequently, all of its employees were terminated. On 27 December 1996, the Company disposed all its assets and liabilities relating to the garments operation.

The Company also increased its authorized capital stock from P100 million to P3 billion. The increase was approved by the SEC on 6 January 1997. Of the capital increase, 1,538,463,907 shares were subscribed and paid by way of assignment of rights in real property worth P31.423 million and common shares of stock of Mindanao Portland Cement Corporation ("MPCC") at a transfer value of P1.457 billion by the new investors and the conversion of advances to equity of P50 million by existing shareholders. This major transaction marked the entry of the Company in the cement business. The Company became the majority owner (99.63%) of MPCC, a company engaged in the manufacturing and distribution of cement.

On 1 July 1998, the Company's major stockholders, Far East Cement Corporation and Eagle Cement Corporation sold in favor of Blue Circle Philippines, Inc. ("BCPI") and Round Royal, Inc. ("RRI") shares of stock comprising 57% of its outstanding capital stock. As of 31 December 1999, the shareholdings of Round Royal, Inc. comprised 50% while BCPI was at 24%.

Also on 1 July 1998, MPCC issued a One Billion Peso Convertible Note with a maturity date of 1 July 2003 in favor of BCPI. The Convertible Note can be settled either by: (1) payment of the principal amount plus interest, or (2) conversion into such number of common shares of MPCC issued at par value sufficient to cover the Note plus interest.

The Company, for its part, entered into an Option Agreement with BCPI on 1 July 1998. Under the Option Agreement, the holder of the Convertible Note issued by MPCC was given the right to require the Company to purchase from it the whole (and not just a part) of the Convertible Note. The Put Option may be exercised at any time within five (5) years from the execution of the Option Agreement. The holder of the Convertible Note may be paid either: (1) the principal amount plus accrued interest, or (2) such number of new shares of the Company issued at par value as may be sufficient to cover the value of the Convertible Note.

BCPI subsequently assigned its rights under the Option Agreement in favor of RRI. In a letter dated 7 December 1999, RRI served notice upon the Company that it was exercising its option under the Option Agreement to require the Company to issue, in its favor, new shares in the amount of P1,095,000,000.00 (principal amount of the loan plus interest) in exchange for the Convertible Note. As a result thereof, the outstanding capital stock of the Company was increased to P2,733,463,907.00 from P1,638,463,907.00.

On 8 December 1999, the Board of Directors of the Company approved the integration of its operations and activities with the operations and activities of Fortune Cement Corporation ("Fortune") and its subsidiary, Republic Cement Corporation ("Republic") and Iligan Cement Corporation ("Iligan") under the following swap ratios:

1,000 common shares of Republic	= 1,575 Fortune shares
	= 14,411 Company shares
	= 206 Iligan shares

The integration of the four (4) companies was effected on 20 October 2000. As a result thereof, Republic obtained majority control of the Company.

On 15 December 2000, the Company divested its equity interest in MPCC in favor of Republic.

In accordance with the SEC Tender Offer Rules, PICOP Holdings, Inc. (now known as ZHI Holdings, Inc. or "ZHIHI") offered to purchase the 98.18% equity interest of Republic in the Company at a price of P0.04826 per share. ZHIHI likewise offered to buy the remaining 1.82% equity stake of minority shareholders under the same terms. The offer period began on 22 November 2000 and ended on 20 December 2000. Republic accepted the offer of ZHIHI and divested all its equity holdings in the Company in favor of the latter. Minority shareholders owning 290,000 common shares of the Company also accepted the tender offer of ZHIHI. As a result, ZHIHI acquired a 98.533% equity stake in the Company.

In August 2001, ZHIHI sold off 14,864,576 of its shares in the Company or approximately 0.53% of its equity therein. Thus, ZHIHI retained a 98% equity stake in the Company.

In June 2007, ZHIHI further sold off 2,555,788,753 of its shares in the Company, or approximately 93.5% of the outstanding capital stock of Zeus, to F. Yap Securities, Inc.-In Trust For Various Clients, namely Zamcore Realty Corporation ("Zamcore"), Horizon Resources Corporation, Lindsay Resources Corporation, Sharone King, Charles Paw, Grace Cerdenia, and George Ivan Ang, thus further reducing its equity stake in the Company to 4.5%. At present, the largest stockholder of the Company is Zamcore, holding a 26.65% equity stake in the Company.

On 13 July 2009, pursuant to its business plan of going into the mining industry, the Company entered into an Operating Agreement with Olympic International Sales Corporation ("Olympic"), whereby the Company was appointed as operator of Olympic's mining claims situated in the municipalities of Carrascal, Cantillan and Madrid, Province of Surigao del Sur, with an approximate area of 4,656.9165 hectares (the "Mining Claims"). The Mining Claims are currently the subject of Application for Production Sharing Agreement No. 000115-XI ("APSA"), pending with the Mines and Geosciences Bureau ("MGB"), CARAGA Regional Office No. XIII, Surigao City. Under the Operating Agreement, the Company will be responsible for the prosecution of the APSA until the same is approved and a Mineral Production Sharing Agreement issued. The Company will explore, and if warranted, develop and operate the Mining Claims.

Also on 13 July 2009, in consideration for the Company's appointment as operator of the Mining Claims, the Company entered into an Agreement to Subscribe to Shares and to Issue Shares with Olympic, whereby the Company would issue to Olympic 10,000,000 shares out of the Company's unissued capital and granted Olympic the option to subscribe to 110,000,000 shares of the Company as follows:

- a) Ten Million (10,000,000) shares from the Company's unissued capital within one (1) year from the issuance of the Mineral Production Sharing Agreement ("MPSA"); and
- b) One Hundred Million (100,000,000) shares from the Company's unissued capital within five (5) years from the issuance of the MPSA.

To date, the MGB has yet to issue the MPSA.

Notwithstanding the foregoing, the Company currently has minimal operations and, thus, has no full-time employees.

On 5 July 2013, the Company approved the conversion of the existing Deposits for Future Subscription ("DFS") of ZHIHI and F. Yap Securities, Inc.-In Trust For Various Clients, in the total amount of P3,580,900, to common shares of stock the Company. On 6 August 2013, the SEC approved the valuation of the DFS as full payment for 3,580,900 common shares of stock of the Company, at P1.00 per share.

Business of Issuer

Competition

The Company is engaged in business as an investment holding company. As an investment holding enterprise, the Company competes with other investment holding companies in the Philippines in terms of investment prospects. Its previous lone subsidiary, MPCC, was engaged in the manufacture and distribution of cement but, as heretofore stated, the Company divested its equity interest therein in December 2000.

However, with the execution of the Operating Agreement with Olympic for the Company's operation of Olympic's mining claims in Surigao Del Sur, the Company has begun its entry into the mining industry and could possibly compete with other mining companies in the Philippines in terms of generation of mineral products should its planned exploration of Olympic's mining claims be successful.

At this time, the Company is not in a position to discuss the relative financial and market strengths of its competitors either in the holding or mining sector because it does not have the relevant data.

Major Risks

Given the divestment by the Company of all its interest in its lone subsidiary and its current limited operations, the business risks facing the Company at present are minimal.

Franchises

The Company has no existing or pending patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements, and these are not expected to play a significant role in the operations of the Company in the immediate and medium term.

Government Approvals for Principal Services

Except as regards the operation of the Olympic mining claims which is the subject of an APSA currently pending with the MGB, if and when such is pursued, the present operations of the Company do not necessitate the obtainment of any special government approvals for its products and services.

The Company does not foresee any major impact of existing or probable government regulations on its business.

Research and Development Activities

Given the minimal operations of the Company, it has not engaged in research and development activities during the preceding year.

Costs and Effects of Compliance with Environmental Laws

Compliance costs are minimal given the present status of operations of the Company.

Item 2. Properties

The Company sold all of its real properties valued at P31,423,000.00 in August 2001 and used the proceeds thereof to settle in part its accumulated advances from its previous stockholders. With the disposition of its equity interest in its sole subsidiary and the sale of all of its real estate assets, the Company does not have any major properties at this time.

Item 3. Legal Proceedings

There is no pending legal proceeding involving the Company.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Stockholders' Meeting ("ASM") of the Company was held on 28 June 2018. In the course thereof, the following matters were submitted to the vote of the stockholders:

1. Call to Order
2. Proof of due notice of the meeting and determination of quorum
3. Approval of the Minutes of the Annual Meeting on June 29, 2017
4. Approval of the 2017 Management Report and Audited Financial Statements
5. Ratification of Corporate Acts
6. Election of Directors
7. Appointment of External Auditor
8. Transaction of such other and further business as may properly come before the meeting.

Items 1 to 4 and 6 above were unanimously approved/ratified. In addition, the following were elected as members of the Company's Board of Directors: Felipe U. Yap, Artemio F. Disini, Jose G. Cervantes, Pablo T. Ayson, Jr., Jose Raulito E. Paras, Odette A. Javier, Stephen Y. Yap and two independent directors, Douglas John Kirwin and Manuel Jeffrey N. David.

Punongbayan & Araullo was re-appointed as the Company's external auditor.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The Company's common equity is traded at the Philippine Stock Exchange. For the last three years, the highs and lows of stock market prices are as follows:

		HIGH	LOW
2018	January – March	0.2110	0.194
	April – June	0.2210	0.2040
	July – September	0.2000	0.2000
	October – December	0.2230	0.2230
2017	January – March	0.26	0.255
	April – June	0.25	0.24
	July – September	0.22	0.22
	October – December	0.207	0.207
2016	January – March	0.32	0.29
	April – June	0.305	0.295
	July – September	0.26	0.26
	October – December	0.2490	0.25

The Company's stock was last traded at the PSE on 10 April 2019 at the price of P0.365 per share.

Holders

As of 31 March 2019, the Company has a total of eight hundred twenty-five (825) stockholders, the top twenty (20) of whom are as follows:

	<u>Name of Stockholder</u>	<u>No. of Shares</u>	<u>Percentage (%) of Shareholding</u>
1.	PCD NOMINEE CORPORATION (FILIPINO)	1,438,554,612	52.60%
2.	ZAMCORE REALTY AND.	599,377,728	21.90%

3a.	DEVELOPMENT CORPORATION		
	F. YAP SECURITIES IN TRUST FOR	410,019,586	14.98%
	LINDSAY RESOURCES CORPORATION		
3b.	F. YAP SECURITIES IN TRUST FOR	120,000,000	4.38%
	HORIZON RESOURCES CORPORATION		
4.	F. YAP SECURITIES, INC.	65,000,000	2.37%
5.	PCD NOMINEE CORPORATION	51,834,101	1.89%
	(NON-FILIPINO)		
6.	R. COYIUTO SECURITIES, INC.	10,310,000	0.37%
7.	FAR EAST CEMENT CORPORATION	6,283,906	0.23%
8.	LI CHIH-HUI	3,000,000	0.11%
9.	LUCIO W. YAN	2,500,000	0.09%
10.	F. YAP SECURITIES IN TRUST FOR	2,405,300	0.09%
11.	VARIOUS CLIENTS		
	LINDA H. BUGARIN	2,325,006	0.08%
12.	ZHI HOLDINGS, INC.	1,175,600	0.04%
13.	PEREGRINE SECURITIES PHILS., INC.	592,000	0.02%
14a.	JOLLY R. BUGARIN	500,000	0.02%
14b.	TIONG SHOU SY &/OR JUANITA S. TAN	500,000	0.02%
15.	MARTIN P. LORENZO	300,000	0.01%
16.	WANDA MICHELLE BUENCAMINO	232,000	0.01%
17.	VICTORIA Z. EGAN	160,000	0.01%
18.	IMELDA TAN UY	88,000	0.003%
19.	DAVID OSMEÑA	70,000	0.003%
20.	LUZ SIY	65,000	0.002%

Dividends

The Company has not declared any cash dividend for the last two (2) fiscal years.

Aside from the general legal restrictions that dividends may be paid only from surplus profits and in such a manner as will not impair the capital of the corporation, there are no other restrictions on the Company from paying dividends on common equity. It is not likely that any additional restrictions will arise in the foreseeable future.

Recent Sales of Unregistered Securities

The Company has not sold any unregistered securities in the past three (3) years.

Item 6. Management's Discussion and Analysis or Plan of Operation

Plan of Operation for 2019

The Company shall continue to prosecute Application for Production Sharing Agreement No. 000115-XI ("APSA") in the name of Olympic International Sales Corporation ("Olympic") with whom the Company has an Operating Agreement. The Company is also evaluating other mining sites located in the Northern and Southern regions.

Since the Company has no operations/source of revenues, the major stockholders will continue to provide the cash requirements of the Company. Until the APSA is approved, no major changes in the Company's activities and expenses are expected.

Management's Discussion and Analysis of Financial Condition and Results of Operations for 2018, 2017 & 2016

YEAR 2018

As of December 31, 2018, total assets of the company amounted to P868,690 compared against last year's P875,171.

Decrease in cash is due to settlement of accounts.

Input Value Added Tax increase on account of listing and audit fees. Increase in accounts payable and accrued expenses is due to accrual of expenses.

The Company posted a net loss of P708,488 during the year, higher by 0.04% from last year's P683,042 due to higher administrative expenses.

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

Ratios	Formula	31-Dec-18	31-Dec-17	31-Dec-16
Current Ratio	Current assets / Current liabilities	1.10 868,690 / 792,250	1.14 875,171 / 770,243	0.98 :1 759,599 / 771,629
Debt to Equity Ratio	Total liabilities / Equity	10.36 792,250 / 76,440	7.34 770,243 / 104,928	-64.14 :1 771,629 / -12,030
Capital Adequacy Ratio	Equity / Total assets	0.09 76,440 / 868,690	0.12 104,928 / 875,171	-0.02 :1 -12,030 / 759,599
Book value per share	Equity / Total # of shares	0.00003 76,440 / 2,737,044,807	0.00004 104,928 / 2,737,044,807	-0.00004 -12,030 / 2,737,044,807
Loss per Share	Net loss / Total # of shares	-0.00026 -708,488 / 2,737,044,807	-0.00025 -683,042 / 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 December 31, 2018, the Company has P1.10 cents worth of current assets for every peso of liabilities as compared to last year's P1.14.

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 and the lenders. As of December 31, 2018, the

Company's debt to equity is 10.36 compared to last year's 7.34. The major shareholder is willing to support the Company as the need arises.

Capital Adequacy Ratio is computed by dividing the Total Equity over Total Assets. It measures the financial strength of the Company. As of December 31, 2018, the Company's Adequacy Ratio is 0.09 compared to last year's 0.12.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has book value per share of P0.00003 as of December 31, 2018.

Loss per share is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of December 31, 2018, the Company's loss per share posted at P0.00026 per share.

(a) Full Fiscal Years

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 and its subsidiaries 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.

There are no known causes for material change (of material item) from period to period.

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

YEAR 2017

As of December 31, 2017, total assets of the company amounted to P875,171 compared against last year's P759,599.

Increase in cash represents cash infusion received from stockholders.

Increase in other current assets is attributable to input value added tax on listing and audit fees. Decrease in accounts payable and accrued expenses is due to settlement of accounts.

The Company posted a net loss of P683,042 during the year, lower by 0.004% from last year's P685,638 which is attributable to the decrease in other operating expenses

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

Ratios	Formula	31-Dec-17	31-Dec-16	31-Dec-15
Current Ratio	Current assets / Current liabilities	1.14 875,171 / 770,243	0.98 :1 759,599 / 771,629	1.03 :1 753,305 / 729,697
Debt to Equity Ratio	Total liabilities / Equity	7.34 770,243 / 104,928	-64.14 :1 771,629 / -12,030	30.91 :1 729,697 / 23,608
Capital Adequacy Ratio	Equity / Total assets	0.12 104,928 / 875,171	-0.02 :1 -12,030 / 759,599	0.03 :1 23,608 / 753,305
Book value per share	Equity / Total # of shares	0.00004 104,928 / 2,737,044,807	-0.00004 -12,030 / 2,737,044,807	0.00001 23,608 / 2,737,044,807
Loss per Share	Net loss / Total # of shares	-0.00025 -683,042 / 2,737,044,807	-0.00025 -685,638 / 2,737,044,807	-0.00027 -738,056 / 2,737,044,807

Current ratio shows the Company's ability to meet its short term financial obligation. As of December 31, 2017, the Company has P1.14 cents worth of current assets for every peso of liabilities as compared to last year's P0.98.

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 and the lenders. As of December 31, 2017, the Company's debt to equity is 7.34 compared to last year's -64.14. The major shareholder is willing to support the Company as the need arises.

Capital Adequacy Ratio is computed by dividing the Total Equity over Total Assets. It measures the financial strength of the Company. As of December 31, 2017, the Company's Adequacy Ratio is 0.12 compared to last year's -0.02.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has book value per share of P0.00004 as of December 31, 2017.

Loss per share is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of December 31, 2017, the Company's loss per share posted at P0.00025 per share.

(a) Full Fiscal Years

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 and its subsidiaries 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.

(vi) *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.

There are no known causes for material change (of material item) from period to period.

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

YEAR 2016

As of December 31, 2016, total assets of the company amounted to P759,599 compared against last year's P753,305.

Decrease in cash is mainly due to payments of rental of the company's annual stockholders' meeting and various administration costs.

Increase in other current assets is attributable to input value added tax on listing and audit fees. Increase in accounts payable and accrued expenses is due to accrual of expenses.

The Company posted a net loss of P685,638 during the year, lower by 7% from last year's P738,056 which is attributable to the decrease in contracted services from outside suppliers during board of directors meetings.

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

Ratios	Formula	31-Dec-16	31-Dec-15	31-Dec-14
Current Ratio	Current assets / Current liabilities	0.98 :1 759,599 / 771,629	1.03 :1 753,305 / 729,697	2.04 :1 1,490,322 / 728,658
Debt to Equity Ratio	Total liabilities / Equity	-64.14 :1 771,629 / -12,030	30.91 :1 729,697 / 23,608	0.96 :1 728,658 / 761,664
Capital Adequacy Ratio	Equity / Total assets	-0.02 :1 -12,030 / 759,599	0.03 :1 23,608 / 753,305	0.51 :1 761,664 / 1,490,322
Book value per share	Equity / Total # of shares	-0.000004 -12,030 / 2,737,044,807	0.00001 23,608 / 2,737,044,807	0.00028 761,664 / 2,737,044,807
Loss per Share	Net loss / Total # of shares	-0.00025 -685,638 / 2,737,044,807	-0.00027 -738,056 / 2,737,044,807	-0.00028 -765,746 / 2,737,044,807

Current ratio shows the Company's ability to meet its short term financial obligation. As of December 31, 2016, the Company has P0.98 cents worth of current assets for every peso of liabilities as compared to last year's P1.03.

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 and the lenders. As of December 31, 2016, the Company's debt to equity is -64.14 compared to last year's 30.91. The major shareholder is willing to support the Company as the need arises.

Capital Adequacy Ratio is computed by dividing the Total Equity over Total Assets. It measures the financial strength of the Company. As of December 31, 2016, the Company's Adequacy Ratio is -0.02 compared to last year's 0.03.

Book value per share measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has book value per share of -P0.000004 as of December 31, 2016.

Loss per share is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of December 31, 2016, the Company's loss per share posted at P0.00025 per share.

(a) Full Fiscal Years

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 and its subsidiaries 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.

(vii) *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.

There are no known causes for material change (of material item) from period to period.

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

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 and its subsidiaries liquidity increasing or decreasing in any material way. Neither are there *known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;* or Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

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

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 and its subsidiaries liquidity increasing or decreasing in any material way. Neither are there *known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;* or Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

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

Item 7. Financial Statements

The Audited Consolidated Financial Statements of the Company for the years ended 31 December 2018 and 2017 is attached hereto.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There are no known disagreements with the external auditors on accounting principles or practices, financial disclosures, or on the scope or procedure of the audit.

Audit and Audit-Related Fees

The total fees for services rendered by the external auditor are as follows:

	2018	2017	2016
Professional Fee	165,000.00	160,000.00	150,000.00
Out of pocket expenses (15%)	24,750.00	24,000.00	22,500.00
Vat (12%)	22,770.00	22,080.00	20,700.00
Total	212,520.00	206,080.00	193,200.00

The services rendered by the external auditor includes the audit of the Company's annual financial statements, review of interim financial statements and services that are normally provided by the external auditors in connection with statutory and regulatory filings or engagements for the years ended 31 December 2018 and 2017. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

Other than the audit fees, we did not have any other audit-related fees for the years ended December 31, 2018 and 2017.

As a matter of policy, the Audit Committee pre-approves all audit and non-audit services as these are proposed or endorsed before these services are performed by the external auditors, with the objective, among others, of ensuring that non-audit fees do not outweigh the fees earned from the external audit.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Company's Board of Directors is composed of nine (9) members of proven competence and integrity, led by a Chairman who is tasked to ensure that the Board functions in an effective and collegial manner. Two of the Company's nine (9) directors are independent directors.

The following are the members of the Board of Directors and the Senior Officers of the Corporation, each of whom was elected as such for a period of one (1) year at the ASM held on 28 June 2018, with their respective age, nationality period of service, and directorships/officerships in other companies indicated:

- a. **FELIPE U. YAP** – Director/Chairman (4 November 1998 to present)
 - *Chairman and Chief Executive Officer of Lepanto Consolidated Mining Company** (1988 to present), Lepanto Investment & Development Corporation, Diamant Manufacturing and Trading Corporation, Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc., Manila Mining Corporation* (1998 to present), and Shippside, Inc.
 - *Director and Chairman of Prime Orion Philippines, Inc.* from 2000-2016; Vice-Chairman effective February 24, 2016.
 - *Director/Chairman of FLT Prime Insurance Corporation, Orion Land Inc., Tutuban Properties, Inc., Orion I Holdings Philippines, Inc., and Kalayaan Copper-Gold Resources, Inc.*
 - *Director of Manila Peninsula Hotel, Inc., Philippine Associated Smelting & Refining Corporation, Orion Property Development, Inc., and BA-Lepanto Condominium Corporation*
- b. **JOSE G. CERVANTES** – Director (28 November 2007 to present)
 - *Director of Lepanto Consolidated Mining Company from 2006 until 2017.*
- c. **ARTEMIO F. DISINI** – Director (14 November 2014 to present) and President (25 April 2016)
 - *Chairman of the Chamber of Mines of the Philippines until 2017*
 - *President of Sulu Sea Mineral Management Corporation*
 - *Trustee of the Philippine-Australian Business Council*
 - *Trustee of JVO Foundation, Inc.*

- d. **DOUGLAS JOHN KIRWIN** – Independent Director (29 June 2017 to present)
- *Exploration Manager of Ivanhoe Mines from 1995 (when it was known as Indochina Goldfields Ltd) until 2012*
 - *Vice President of the Society of Economic Geology from 2009 to 2011, where he continues to serve as an honorary lecturer. He is now semi-retired with a part time consulting business.*
 - *Director, Manila Mining Corporation since 2014.*
- e. **STEPHEN Y. YAP** – Director (28 November 2007 to present)
- *President of Starman Sales, Inc.*
 - *Vice-President for Group Property Investments of Tutuban Properties, Inc. until 2017*
 - *Director of Manila Mining Corporation* (April 2013 to present)*
- e. **ATTY. MANUEL JEFFREY N. DAVID** – Independent Director
- *Associate at Aranas Law Offices*
 - *Director, Fastmedia Solutions, Inc.*
 - *Director, Softmedia Marketing and Services, Inc.*
 - *Director, Aroma Asia Food Trading Enterprises, Inc.*
- f. **ATTY. JOSE RAULITO E. PARAS** - Director
- *Managing Partner of Andres Padernal and Paras Law Offices*
 - *Director of Philippine Fire and Marine Insurance Corporation from 15 April 2008; Chairman and Chief Executive Officer effective 12 May 2016.*
- g. **ATTY. PABLO T. AYSON, JR.** - Director
- *Vice President-Mining Claims of Lepanto Consolidated Mining Company.*
 - *Vice President of Manila Mining Corporation and Far Southeast Gold Resources, Inc. and a Director of Kalayaan Copper-Gold Resources, Inc.*
- h. **ATTY. ODETTE A. JAVIER** – Director and Corporate Secretary
- *Vice President-Assistant Corporate Secretary of Lepanto Consolidated Mining Company.*
 - *Assistant Corporate Secretary of Manila Mining Corporation and Far Southeast Gold Resources, Inc.*
 - *Director and Corporate Secretary of Lepanto Investment & Development Corporation and Diamant Manufacturing and Trading Corporation.*

The Nomination Committee of the Company is composed of Mr. Stephen Y. Yap with Atty. Jose G. Cervantes, and Atty. Manuel Jeffrey N. David as members. The Audit Committee is chaired by Mr. Douglas John Kirwin, with Atty. Jose G. Cervantes and Mr. Stephen Y. Yap as members.

Other than the aforementioned executive officers, there are no employees at present who are expected to make a significant contribution to the Company's business.

Terms of Office

The directors of the Company are elected each year to serve until the next annual meeting of stockholders and until their successors are elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of all officers is coterminous with that of the board of directors that elected or appointed them.

Family Relationships

The Chairman, Mr. Felipe U. Yap, is the uncle (third civil degree) of Director Stephen Y. Yap.

Involvement in Certain Legal Proceedings

There has been no occurrence of any of the following events during the past five (5) years that are material to any evaluation of the ability of any director or executive officer of the Company:

- a. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b. Any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c. Being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Development Program for Directors and Senior Management

As part of the Company's continuing education program, the Company's directors and officers attend at least one corporate governance seminar per year. They also attend external courses relevant to their role in the Company.

The following are the seminars attended by the Company's directors and officers for the past three (3) years:

Name of Director/Officer	Date of Training	Corporate Governance Seminar	Name of Training Institution
Felipe U. Yap	13 November 2018	Corporate Governance	Institute of Corporate Directors
Artemio F. Disini	13 November 2018	Corporate Governance	Institute of Corporate Directors
Jose G. Cervantes	13 November 2018	Corporate Governance	Institute of Corporate Directors
Pablo T. Ayson, Jr.	13 November 2018	Corporate Governance	Institute of Corporate Directors
Manuel Jeffrey N. David	13 November 2018	Corporate Governance	Institute of Corporate Directors
Douglas John Kirwin	13 November 2018	Corporate Governance	Institute of Corporate Directors
Odette A. Javier	13 November 2018	Corporate Governance	Institute of Corporate Directors
Jose Raulito E. Paras	13 November 2018	Corporate Governance	Institute of Corporate Directors
Stephen Y. Yap	13 November 2018	Corporate Governance	Institute of Corporate Directors

Attendance of Directors in Meetings

The following is the record of the directors' attendance in board meetings held for the year 2018:

Board	Name	Date of Election	No. of Meetings Held During the Year 2018	No. of Meetings Attended	%
Chairman	Felipe U. Yap	21 June 2016	5	5	100%
Member	Jose G. Cervantes	21 June 2016	5	5	100%
Member	Artemio F. Disini	21 June 2016	5	5	100%
Member	Pablo T. Ayson, Jr.	21 June 2016	5	5	100%
Member	Douglas John Kirwin	29 June 2017	3	3	100%
Member	Odette A. Javier	21 June 2016	5	5	100%
Member	Jose Raulito E. Paras	21 June 2016	5	5	100%
Member	Stephen Y. Yap	21 June 2016	5	5	100%
Independent	Manuel Jeffrey N. David	21 June 2016	5	5	100%

All directors attended the Annual Stockholders' Meeting held on 28 June 2018, which is the lone stockholders' meeting held in 2018.

Item 10. Executive Compensation

The members of the Board of Directors and the executive officers of the Company have not received any compensation for the last two fiscal years. There are no other arrangements between the Company and any of its directors for any form of compensation for services rendered during the last completed fiscal year and the ensuing year. There are likewise no arrangements for employment contracts, termination of employment and change in control arrangements between the Company and any of its executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

A. Ownership of Certain Record and Beneficial Owners (more than 5%) (as of 31 March 2019)

Title of Class	Name and Address of Record and Relationship With Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount and Nature of Record/Beneficial Ownership (indicate by "r" or "b")	Percent of Class
Common	PCD Nominee Corporation** / G/F Makati Stock Exchange, Ayala Ave., Makati City / Stockholder	PCD Participants (Brokers) / Various Individuals and Corporations / Clients	Filipino	1,438,554,612 (r)	52.60%
Common	Zamcore Realty and Development Corporation* / 5/F Lepanto Bldg., Paseo De Roxas, Makati City / Stockholder	Zamcore Realty and Development Corporation	Filipino	599,377,728 (r)	21.90%
Common	F. Yap Securities, Inc.*** / 23/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City / Broker	Lindsay Resources Corporation / Client	Filipino	410,019,586 (r)	14.98%
Common	F. Yap Securities, Inc.**** / 23/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City / Broker	Horizon Resources Corporation / Client	Filipino	120,000,000 (r)	4.38%

* PCD Nominee Corporation, a private company and wholly-owned subsidiary of the Philippine Central Depository, Inc. (PCDI), is the registered owner of the Zeus shares. However, beneficial ownership of such shares pertains to the PCD participants (brokers) and/or their clients (corporations or individuals), in whose names these shares are recorded in their respective books. The Company has no knowledge as to whether a single individual or entity holds beneficial ownership of at least 5% or more of Zeus shares registered in the name of PCD Nominee Corporation.

**Zamcore Realty and Development Corporation acquired all of its shares in Zeus through its broker F. Yap Securities, Inc. (FYSI). These shares were part of the 2,555,788,753 shares of stock in the Company sold by ZHI Holdings, Inc. to FYSI In Trust For Various Clients on 20 June 2007.

***FYSI holds the 410,019,586 Zeus shares in trust for Lindsay Resources Corporation.

****FYSI holds the 120,000,000 Zeus shares in trust for Horizon Resources Corporation.

B. Security Ownership of Management (other than as Nominees) (as of 31 March 2019)

NONE

Title of class of the shares owned and percentage of ownership of all directors and executive officers as a group:

Title of Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of class
Common	Felipe U. Yap	1 *(d)	Filipino	0%
	Jose G. Cervantes	1 *(d)	Filipino	0%
	Artemio F. Disini	1 *(d)	Filipino	0%
	Pablo T. Ayson, Jr.	1 *(d)	Filipino	0%
	Douglas John Kirwin	1 *(d)	Australian	0%
	Odette A. Javier	1 *(d)	Filipino	0%
	Jose Raulito E. Paras	1 *(d)	Filipino	0%
	Stephen Y. Yap	1 *(d)	Filipino	0%
	Manuel Jeffrey N. David	1 *(d)	Filipino	0%
		<u>Total 9</u>		

Natural persons owning more than 5% of the registrant's voting shares and who have the power to vote the same: NONE.

C. Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more of the common shares.

D. Changes in Control

There has been no change in the control of the Company since the beginning of the last fiscal year.

Item 12. Certain Relationships and Related Transactions

The Company's related parties include its stockholders. The transactions with related parties are discussed below and in the succeeding page.

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>
June 6, 2018	P 80,000	June 2018
June 5, 2018	200,000	June 2018

January 31, 2018	200,000	January 2018
January 8, 2018	200,000	January 2018
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	300,000	January 2016
September 24, 2014	1,000,000	September 2014
September 4, 2013	900,000	September 2013
October 24, 2012	750,000	October 2012
December 29, 2011	550,000	December 2011
March 16, 2011	420,000	March 2011
January 10, 2011	280,000	January 2011
May 18, 2010	300,000	May 2010
December 18, 2009	350,000	December 2009
November 26, 2008	<u>690,300</u>	December 2008

P 7,370,300

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 P6,030,000 was reflected as part of APIC, P680,000 in 2018, 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 (see Note 7.1).

5.3 Key Management Personnel Compensation

In 2018, 2017 and 2016, 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).

PART IV – CORPORATE GOVERNANCE

To date, the Company has not yet fully complied with the provisions of its Manual on Corporate Governance with respect to the following:

Provisions of the Manual	Explanation
<p><i>Board of Directors; Duties and Functions.</i></p> <p>–</p> <ul style="list-style-type: none"> • Establishment and maintenance of an investor relations program that will keep the stockholders informed of important developments in the Corporation. • Identification of the sectors in the community in which the Corporation operates or which are directly affected by its operations and formulate a clear policy of accurate, timely and effective communications with them. • Establishment and maintenance of an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities. 	<ul style="list-style-type: none"> • Due to limited operations, the Corporation has yet to establish an investor relations program. In any case, all important developments are posted in the Corporation's website (www.zeusholdingsinc.com), which is easily accessible and regularly updated. • Due to limited operations, the Corporation does not perceive a need at this time to formulate a communications policy with regard to relevant sectors of the community. • Due to limited operations, the Corporation has yet to establish an alternative dispute resolution system for settlement of conflicts.
<p><i>Compensation and Remuneration Committee; Duties and Responsibilities.</i> –</p> <ul style="list-style-type: none"> • Establishment of a formal and transparent procedure for developing a policy on executive remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel. • Designation of amount of remuneration sufficient to attract and retain directors and officers who are needed to run the Corporation successfully. 	<p>Due to limited operations, the Company has no compensation scheme for its directors and officers at this time.</p>
<p><i>Audit Committee; Duties and Responsibilities.</i>–</p> <ul style="list-style-type: none"> • Organization of an internal audit department. 	<p>Due to limited operations, the Company does not perceive a need at this time for the organization of an internal audit department.</p>

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

<u>Descriptions</u>	<u>Exhibit</u>
1. Audited Financial Statements	1

(b) Reports on SEC Form 17-C

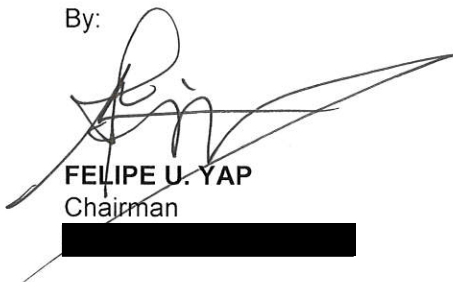
During the period covered by this report, the reports on 17-C (Current Report) filed with the Commission cover the following:

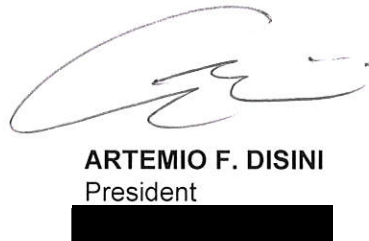
<u>Date of Report</u>	<u>Subject</u>
April 27, 2018	Setting of Annual Stockholders' Meeting
June 28, 2018	Results of Organizational Meeting
June 28, 2018	Results of Annual Stockholders' Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 12, 2019.

By:


FELIPE U. YAP
Chairman
[REDACTED]


ARTEMIO F. DISINI
President
[REDACTED]


MA. LOURDES B. TUASON
Treasurer
[REDACTED]

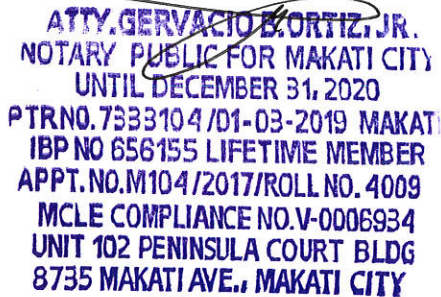

ODETTE A. JAVIER
Corporate Secretary
[REDACTED]

MAKATI CITY

12 APR 2019

SUBSCRIBED AND SWORN TO before me this ____ day of April 2019 at Makati City, affiant exhibiting to me their SSS ID nos. indicated above.

Doc. No. 100
Page No. 101
Book No. 11
Series of 2019.


ATTY. GERVACIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR NO. 7333104/D1-03-2019 MAKATI
IBP NO 656155 LIFETIME MEMBER
APPT. NO. M104/2017/ROLL NO. 4009
MCLE COMPLIANCE NO. V-0006934
UNIT 102 PENINSULA COURT BLDG
8735 MAKATI AVE., MAKATI CITY

Entire copy

ZEUS HOLDINGS, INC.

21/F Lepanto Building, 8747 Paseo de Roxas, Makati City
Tel No. 815-9447 / Fax No. 810-5583

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Zeus Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2018 and 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

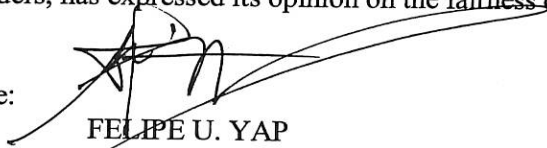
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidated the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.


The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

P & A Grant Thornton., the independent auditor appointed by the stockholders, has audited financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


Signature:


FELIPE U. YAP
Chairman of the Board
SSS#06-0091101-0

Signature:


ARTEMIO F. DISINI
President
SSS#01-0067137-1

Signature:


MA. LOURDES B. TUASON
Treasurer
SSS#03-2082979-6

MAKATI CITY

APR 08 2019

DOC. NO. 286

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BOOK NO. 2

SERIES OF 2019

Signed this 4th day of April 2019.

ATTY. GERVASIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31 2020
PTR NO. 7938404, 03-03-2019, MAKATI
IBP NO. 656755, LIFE-TIME MEMBER
APPT. NO. M109, 02/11/11, NO. 4009
MCLE COMPLIANCE NO. M-0006934
UNIT 102 PENINSULA COURT BLDG
8735 MAKATI AVE., MAKATI CITY



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Grant Thornton

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FOR SEC FILING

**Financial Statements and
Independent Auditors' Report**

Zeus Holdings, Inc.

December 31, 2018, 2017 and 2016



APR 11 2019



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Punongbayan & Araullo

20th Floor, Tower 1
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1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors

The Board of Directors and Stockholders

Zeus Holdings, Inc.

21/F, Lepanto Building

8747 Paseo de Roxas

Barangay Bel-Air, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zeus Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity (capital deficiency) and statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2018, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred net losses of P708,488 and P683,042 for the years ended December 31, 2018 and 2017, respectively, which resulted into deficit amounting to P2,776,392,308 and P2,775,683,820 as of December 31, 2018 and 2017, respectively. This condition indicates that a material uncertainty exists that may cast significant doubt on the Company's 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. In connection with our audit, we have performed audit procedures to evaluate management's plans and actions as to likelihood of improving the situation and as to feasibility under the circumstances. Accordingly, the Company's financial statements have been prepared assuming that the Company will continue as a going concern entity which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2018 required by the Bureau of Internal Revenue as disclosed in Note 15 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Anthony L. Ng.

PUNONGBAYAN & ARAULLO

By: **Anthony L. Ng**
Partner

CPA Reg. No. 0109764
TIN 230-169-270
PTR No. 7333699, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 1638-A (until May 29, 2020)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-38-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 4, 2019



ZEUS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(Amounts in Philippine Pesos)

Notes

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	2	P 43,367	P 109,092
Input value-added tax	15	<u>825,323</u>	<u>766,079</u>
TOTAL ASSETS		<u>P 868,690</u>	<u>P 875,171</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	4	<u>P 792,250</u>	<u>P 770,243</u>
EQUITY			
Capital stock	7	2,737,044,807	2,737,044,807
Additional paid-in capital	7	39,423,941	38,743,941
Deficit	1	(<u>2,776,392,308</u>)	(<u>2,775,683,820</u>)
Total Equity		<u>76,440</u>	<u>104,928</u>
TOTAL LIABILITIES AND EQUITY		<u>P 868,690</u>	<u>P 875,171</u>

See Notes to Financial Statements.

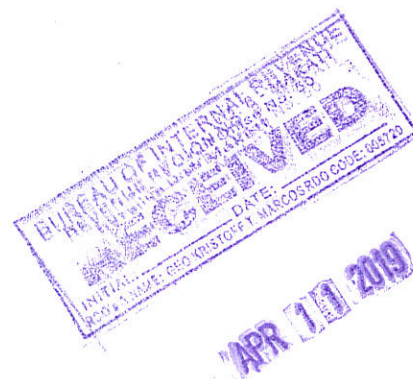


ZEUS HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016*
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
EXPENSES				
Taxes and licenses	15	P 279,764	P 289,839	P 274,724
Professional fees		249,000	244,000	299,700
Meetings and conferences		94,352	66,541	36,471
Transportation and travel		32,043	33,537	8,109
Rental		31,500	31,500	31,500
Photocopying and reproduction		2,662	4,818	6,840
Communication		2,620	1,336	1,774
Insurance		1,800	900	900
Other operating expenses		14,747	10,571	25,620
NET LOSS		708,488	683,042	685,638
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE LOSS		P 708,488	P 683,042	P 685,638
Loss Per Share	8	P 0.00026	P 0.00025	P 0.00025

* The Company was incorporated on December 17, 1981. For the current and past few years, the Company has not undertaken any investing or operating activity.

See Notes to Financial Statements.



ZEUS HOLDINGS, INC.
STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016*
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
CAPITAL STOCK - P1 par value	7			
Authorized - 3,000,000,000 shares				
Subscribed, issued and				
outstanding - 2,737,044,807 shares		<u>P 2,737,044,807</u>	<u>P 2,737,044,807</u>	<u>P 2,737,044,807</u>
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		38,743,941	37,943,941	37,293,941
Cash infusion during the year	5, 7	<u>680,000</u>	<u>800,000</u>	<u>650,000</u>
Balance at end of year		<u>39,423,941</u>	<u>38,743,941</u>	<u>37,943,941</u>
DEFICIT				
Balance at beginning of year		(2,775,683,820)	(2,775,000,778)	(2,774,315,140)
Net loss for the year		(<u>708,488</u>)	(<u>683,042</u>)	(<u>685,638</u>)
Balance at end of year	1	(<u>2,776,392,308</u>)	(<u>2,775,683,820</u>)	(<u>2,775,000,778</u>)
TOTAL EQUITY (CAPITAL DEFICIENCY)		<u>P 76,440</u>	<u>P 104,928</u>	(<u>P 12,030</u>)

* The Company was incorporated on December 17, 1981. For the current and past few years, the Company has not undertaken any investing or operating activity.

See Notes to Financial Statements.



ZEUS HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016*
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
CASH FLOWS FROM PRE-OPERATING ACTIVITIES				
Net loss representing pre-operating loss before working capital changes		(P 708,488)	(P 683,042)	(P 685,638)
Increase in input value-added tax	15	(59,244)	(58,866)	(37,777)
Increase (decrease) in accounts payable and accrued expenses		<u>22,007</u>	<u>(1,386)</u>	<u>41,932</u>
Net Cash Used in Pre-operating Activities		(745,725)	(743,294)	(681,483)
CASH FLOWS FROM A FINANCING ACTIVITY				
Cash infusion received from stockholders	5, 7	<u>680,000</u>	<u>800,000</u>	<u>650,000</u>
NET INCREASE (DECREASE) IN CASH		(65,725)	56,706	(31,483)
CASH AT BEGINNING OF YEAR		<u>109,092</u>	<u>52,386</u>	<u>83,869</u>
CASH AT END OF YEAR		<u>P 43,367</u>	<u>P 109,092</u>	<u>P 52,386</u>

* The Company was incorporated on December 17, 1981. For the current and past few years, the Company has not undertaken any investing or operating activity.

See Notes to Financial Statements.



ZEUS HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017, AND 2016
(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, 2018.

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

The Company's registered office address, which is also its principal place of business, is located at 21/F, Lepanto Building, 8747 Paseo de Roxas, Barangay Bel-Air, Makati City.

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 Company incurred net losses of P708,488 and P683,042 for the years ended December 31, 2018 and 2017, respectively, which resulted into deficit amounting to P2,776,392,308 and P2,775,683,820 as of December 31, 2018 and 2017, respectively. For the current and past few years, the Company has not undertaken any investing or operating activity.

The recurring net losses and the inability of the Company to undertake any investing or operating activity in the current and previous years indicate that a material uncertainty exists that may cast significant doubt in the Company's 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 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 Note 10). As at December 31, 2018, 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.

1.3 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2018 (including the comparative financial statements as of December 31, 2017 and for the years ended December 31, 2017 and 2016) were authorized for issue by the Company's BOD on April 4, 2019.

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 2018 that are Relevant to the Company*

The Company adopted for the first time the following PFRS and annual improvement to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018:

PFRS 9	:	Financial Instruments
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

Discussed below are the relevant information about these new standard and improvement.

- (i) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. 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, i.e., financial assets at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);
 - an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; 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.

The Company's new accounting policies relative to the adoption of PFRS 9 is fully disclosed in Notes 2.3.

The adoption of this new standard has no significant impact on the Company's financial statements since the Company's financial instruments are determined to be measured on the same bases as the new requirements of the standard.

- (ii) Among the annual improvements to PFRS 2014-2016 Cycle, the amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions*, is effective for the annual periods beginning on or after January 1, 2018 and is relevant to the Company. The amendments removed short-term exemptions in PFRS 1 covering PFRS 7, *Financial Instruments: Disclosures*, PAS 19, *Employee Benefits*, and PFRS 10, *Consolidated Financial Statements*, because the reporting period to which the exemptions applied have already transpired. The other amendments included in the package are not relevant to the Company.

(b) *Effective in 2018 that are not Relevant to the Company*

The following PFRS, interpretations, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Company's financial statements:

PAS 40 (Amendments)	:	Investment Property – Reclassification to and from Investment Property
PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 with PFRS 4
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration
Annual Improvement to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification

(c) *Effective Subsequent to 2018 but not Adopted Early*

Presented in the succeeding pages are new PFRS, interpretation, amendments to and interpretations of existing standards effective for annual periods subsequent to 2018, which are adopted by the FRSC. Management will adopt these 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) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the “solely payments of principal and interests” (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

Management has assessed that this amendment has no significant impact since the Company has no financial assets other than cash.

- (ii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. 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 similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized 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 has assessed that this amendment has no significant impact on the Company’s financial statements.

- (iii) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax

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

- (iv) Among the annual improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, only PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends* is determined to be relevant to the Company but had no material impact on the Company's financial statements. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

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.

(a) Classification, Measurement and Reclassification of Financial Assets in Accordance with PFRS 9

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of the Company's financial assets are described below and in the succeeding pages.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for receivables, if any, that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's only financial asset at amortized cost is presented in the statement of financial position as Cash. Cash is defined as demand deposits maintained in a local bank. These deposits earn interest based on daily bank deposit rates and are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). Any interest earned is recognized in the statement of comprehensive income.

(b) *Classification, Measurement and Reclassification of Financial Assets in Accordance with PAS 39*

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. 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.

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.

The financial asset category that is currently relevant to the Company is Loans and Receivables (presented as Cash in the statement of financial position). Cash is defined as demand deposits maintained in a local bank. These deposits earn interest based on daily bank deposit rates and are subject to insignificant risk of changes in value.

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. Interest income, if any, is calculated using the effective interest method for financial assets and is recognized in the statement of comprehensive income.

(c) *Impairment of Financial Assets Under PFRS 9*

From January 1, 2018, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

As of December 31, 2018, management has not recognized any expected credit losses since management's only financial asset is cash.

(d) *Impairment of Financial Assets Under PAS 39*

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future 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 if 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.

(e) *Derecognition of Financial Assets*

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.

Impairment loss is recognized in profit or loss for the amount by which the asset'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, except tax related liabilities, 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 case 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.

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 period.

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.

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 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) Determination of 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. Management assessed that the deferred tax assets as of December 31, 2018 and 2017 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.

Based on management's assessment, input VAT is fully recoverable; hence, no impairment loss was recognized in 2018, 2017 and 2016. As of December 31, 2018 and 2017, the carrying value of input VAT amounted to P825,323 and P766,079, respectively [see Note 14(b)].

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account as of December 31 is shown below.

	<u>2018</u>	<u>2017</u>
Accounts payable	P 561,900	P 561,917
Accrued expenses	229,300	205,701
Withholding tax payable	<u>1,050</u>	<u>2,625</u>
	<u>P 792,250</u>	<u>P 770,243</u>

Accrued expenses represent unpaid professional fees. 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

The Company's related parties include its stockholders. The transactions with related parties are discussed below and in the succeeding page.

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>
June 6, 2018	P 80,000	June 2018
June 5, 2018	200,000	June 2018
January 31, 2018	200,000	January 2018
January 8, 2018	200,000	January 2018
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	300,000	January 2016
September 24, 2014	1,000,000	September 2014
September 4, 2013	900,000	September 2013
October 24, 2012	750,000	October 2012
December 29, 2011	550,000	December 2011
March 16, 2011	420,000	March 2011
January 10, 2011	280,000	January 2011
May 18, 2010	300,000	May 2010
December 18, 2009	350,000	December 2009
November 26, 2008	<u>690,300</u>	December 2008
	P <u>7,370,300</u>	

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 P6,030,000 was reflected as part of APIC, P680,000 in 2018, 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, 2018.

5.3 Key Management Personnel Compensation

In 2018, 2017 and 2016, 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. INCOME TAXES

The Company is in tax loss position in 2018 and previous years. Accordingly, the Company has accumulated net operating loss carryover (NOLCO) which can be claimed as deduction against future taxable income within three years from the year the NOLCO was incurred.

The details of the Company's NOLCO as of December 31, 2018 and their respective availment periods are presented below.

<u>Year</u>		<u>Original Balance</u>	<u>Expired Balance</u>		<u>Remaining Balance</u>	<u>Valid Until</u>
2018	P	708,488	P -	P	708,488	2021
2017		683,042	-		683,042	2020
2016		685,638	-		685,638	2019
2015		<u>738,056</u>	<u>738,056</u>		<u>-</u>	
		<u>P 2,815,224</u>	<u>P 738,056</u>		<u>P 2,077,168</u>	

Management has assessed that the Company may have no sufficient future taxable profits to enable it to utilize the benefits of the NOLCO within their prescribed periods; hence, the related deferred tax assets amounting to P623,150 and P632,021 as of December 31, 2018 and 2017, respectively, have not been recognized in the financial statements.

For the years ended December 31, 2018, 2017, and 2016, the Company did not have minimum corporate income tax (equivalent to 2% of gross income, net of allowable deductions, as defined in the tax regulations) since the Company has no gross income in those years.

In 2018, 2017 and 2016, the Company claimed itemized deductions for income tax purposes.

7. EQUITY

7.1 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 December 31, 2018 and 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 827 and P0.223 per share in 2018, and 826 and P0.206 per share in 2017, respectively.

7.2 Additional Paid-in Capital

In their meetings held on January 8, 2018 and January 16, 2017, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to P680,000 and P800,000, respectively, which was reflected as part of APIC (see Note 5.1).

8. LOSS PER SHARE

The basic loss per share is computed as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net loss for the year	P 708,488	P 683,042	P 685,638
Divided by the weighted average number of issued and outstanding shares	<u>2,737,044,807</u>	<u>2,737,044,807</u>	<u>2,737,044,807</u>
Loss per share	<u>P 0.00026</u>	<u>P 0.00025</u>	<u>P 0.00025</u>

Diluted earnings per share was not determined because the Company does not have potentially dilutive common shares in 2018, 2017 and 2016.

9. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies that arise in the normal course of the Company's operations which are not reflected in the financial statements. As of December 31, 2018, 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 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 December 31, 2018, 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 December 31, 2018 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 December 31, 2018 and 2017 amounted to P43,367 and P109,092, 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 December 31, 2018 and 2017, the Company's financial liabilities amounting to P791,200 and P767,617, respectively, have contractual maturities of 6 to 12 months from the end of the reporting period.

12. CATEGORIES, OFFSETTING AND FAIR VALUE DISCLOSURES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

The Company's financial assets and financial liabilities as of December 31, 2018 and 2017 are carried at amortized cost, of which the management determined that their carrying amounts are equal to or approximate their fair values. Accordingly, no further comparison between the carrying amounts and fair values, as well as fair value hierarchy, is presented. See Notes 2.3 and 2.5 for a description of the accounting policies for each category of financial instruments.

12.2 Fair Value Hierarchy Assets and Financial Liabilities

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

The Company's cash in banks would fall under Level 1 and all the rest are at Level 3 of the hierarchy.

12.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2018 and 2017 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis.

13. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern entity. As indicated in Note 1, the Company's management continues to assess possible investment opportunities and various options regarding operations that it may take in the future. The Company monitors capital on the basis of the carrying amount of equity 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 December 31, 2018, the Company's equity amounted to P76,440.

As of December 31, 2018 and 2017, the Company is not subject to any externally imposed capital requirements.

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

On February 20, 2019, RA 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (The Revised Corporation Code), was signed into law. Among the provisions of the Revised Corporation Code, the following would impact the Company:

- Removal of the 50-year maximum corporate term; hence, stock corporations may have unlimited life unless otherwise provided in the articles of incorporation.
- Requirement for the BOD of a public interest entity to include independent directors constituting at least 20% of the BOD.
- Disqualification and removal of directors or officers being found administratively liable for any offenses involving fraudulent acts; and being found liable by foreign court or equivalent foreign regulatory authority for acts, violations or misconduct.
- Removal the subscription requirement of 25% of authorized capital stock and paid-up capital requirement of 25% of subscribed capital stock.

15. **SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF
INTERNAL REVENUE (BIR)**

Presented in the succeeding page is the supplementary information which is required by the BIR under Revenue Regulations (RR) 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) *Output VAT*

The Company has no output VAT in 2018 as the Company has no commercial operations as of December 31, 2018.

(b) *Input VAT*

The movements in input VAT, which is presented under the current assets section of the 2018 statement of financial position, are summarized below.

Balance at beginning of year	P	766,079
Services lodged under other accounts		<u>59,244</u>
Balance at end of year	P	<u>825,323</u>

(c) *Taxes on Importation*

The Company did not have pay any customs duties and tariff fees in 2018 since it did not engage in any importation activities during the year.

(d) *Excise Taxes*

The Company did not have any transactions in 2018 which are subject to excise tax.

(e) *Documentary Stamp Tax*

The Company did not have any transactions in 2018 which are subject to documentary stamp tax.

(f) *Taxes and Licenses*

The details of Taxes and Licenses account are shown below.

PSE listing fee	P	256,000
Business tax		23,264
Annual registration		<u>500</u>
	P	<u>279,764</u>

(g) *Withholding Taxes*

The taxes withheld for the year ended December 31, 2018 amounted to P1,050, which only pertains to expanded creditable withholding tax. The Company did not have any transactions in 2018 which are subject to final and compensation withholding tax.

(h) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2018, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.